

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Changshan County City Investment Group Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 25 August 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Changshan County City Investment Group Co., Ltd. (“CCCI”; ‘BBB-/Stable’).

CCCI intends to use the net proceeds from this offering for project investment and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as CCCI’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of CCCI. The payment obligations of CCCI under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Changshan County, Quzhou City (“Changshan government”) would provide strong support to CCCI if needed, in light of its full ownership of CCCI, CCCI’s strategic importance as the important state-owned entity for infrastructure construction and land development, as well as settlement housing construction in Changshan County (“Changshan”), and the linkage between the Changshan government and CCCI, including control and supervision over the management, strategic alignment and ongoing operational and financial support. In addition, the Changshan government may face significant negative impact on its reputation, business and financing activities if CCCI encounters any operational and financial difficulties.

The Stable Outlook on CCCI’s rating reflects our expectation that CCCI’s strategic importance would remain intact while the Changshan government will continue to ensure CCCI’s stable operation.

Rating Sensitivities

Any rating action on CCCI’s rating would result in a similar rating action on the Bonds.

We would consider downgrading CCCI’s rating if (1) there is perceived weakening in support from the Changshan government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Changshan government’s ownership of CCCI, or (3) there is a downgrade in our internal credit assessment on the Changshan government.

We would consider upgrading CCCI's rating if (1) there is strengthened support from the Changshan government, or (2) there is an upgrade in our internal credit assessment on the Changshan government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this CCCI's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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