

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Jiangsu Anhui Cooperation Demonstration Zone Construction and Development Group Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 16 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 Jiangsu Anhui Cooperation Demonstration Zone Construction and Development Group Co., Ltd. (“JAG”; ‘BBB+/Stable’).

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

Key Rating Rationales

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

JAG’s Issuer Credit Rating reflects a high possibility that the People’s Government of Liyang (“the Liyang government”) would provide strong support to JAG if needed. This mainly considers the Liyang government’s full ownership of JAG, JAG’s strategic importance as an important local investment and development company (“LIDC”) responsible for primary land development, resettlement house and infrastructure construction in Liyang, and the linkage between the Liyang government and JAG, including the appointment of senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Liyang government may face significant negative impact on its reputation and financing activities if JAG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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