

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Fujian Zhanglong Group Co., Ltd.’s proposed USD bonds

HONG KONG, 20 October 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 USD bonds (“the Bonds”) to be issued by Fujian Zhanglong Group Co., Ltd. (“Zhanglong Group”; ‘BBB+’/Stable).

Zhanglong Group intends to use the net proceeds from the issue of the Bonds for financing or refinancing of Zhanglong Group’s eligible blue projects in accordance with the Green and Blue Finance Framework.

Key Rating Rationales

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

The Issuer Credit Rating reflects a high possibility that the Zhangzhou Municipal People’s Government (“Zhangzhou government”) would provide strong support to Zhanglong Group if needed, in light of its 90% ownership of Zhanglong Group, Zhanglong Group’s strategic position as an important state-owned assets operation and development entity of Zhangzhou and the strong linkage between the Zhangzhou government and Zhanglong Group, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Zhangzhou government may face significant negative impact on its reputation, business and financing activities should Zhanglong Group encounter any operational or financial difficulties.

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

Rating Sensitivities

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

We would consider downgrading Zhanglong Group’s rating if (1) there is perceived weakening in support from the Zhangzhou government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the

Zhangzhou government's ownership of Zhanglong Group, or (3) there is a downgrade in our internal credit assessment on the Zhangzhou government.

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