

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Guangde State-owned Assets Investment and Management Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 20 November 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 Guangde State-owned Assets Investment and Management Co., Ltd. (“GSAIM”; ‘BBB-/Stable’).

GSAIM 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 GSAIM’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of GSAIM. The payment obligations of GSAIM 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 Guangde City, Xuancheng City (“Guangde government”) would provide strong support to GSAIM if needed, in light of its full ownership of GSAIM, GSAIM’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and operation and resettlement housing construction in Guangde City, Xuancheng City (“Guangde”), and the linkage between the Guangde government and GSAIM, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Guangde government may face significant negative impact on its reputation and financing activities if GSAIM encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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