

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Chengdu Dongjin Huaitou Ronghe Industry Investment Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 22 December 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 Chengdu Dongjin Huaitou Ronghe Industry Investment Co., Ltd. (“CDHRI”; ‘BBB-/Stable’).

CDHRI 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 CDHRI’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of CDHRI. The payment obligations of CDHRI 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 Jintang County, Chengdu City (“Jintang government”) would provide strong support to CDHRI if needed, in light of its full ownership of CDHRI, CDHRI’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and land consolidation in Jintang County, Chengdu City (“Jintang”), especially in Huaizhou Xincheng Functional Area, and the linkage between the Jintang government and CDHRI, 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 Jintang government may face significant negative impact on its reputation and financing activities if CDHRI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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

We would consider upgrading CDHRI's rating if there is an upgrade in our internal credit assessment on the Jintang 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 CDHRI'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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