

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Fuyang Yingquan Industrial Investment Development Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 19 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 Fuyang Yingquan Industrial Investment Development Co., Ltd. (“FYIID”; ‘BBB-/Stable’).

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

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

Rating Sensitivities

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

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

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