

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Jining City Development Capital Holdings Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 27 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 Jining City Development Capital Holdings Co., Ltd. (“JCDCH”; ‘BBB-/Stable’).

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

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

Rating Sensitivities

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

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

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

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