

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Hunan Ruixin Industrial Operation Management Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 11 January 2024 – 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 Hunan Ruixin Industrial Operation Management Co., Ltd. (“HRIOM”; ‘BBB-/Stable’).

HRIOM 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 HRIOM’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of HRIOM. The payment obligations of HRIOM 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 Yuanjiang City (“Yuanjiang government”) would provide very strong support to HRIOM if needed, in light of its 90% ownership of HRIOM, HRIOM’s strategic importance as an important local investment and development company (“LIDC”) responsible for state-owned assets operation and investment in Yuanjiang City (“Yuanjiang”), and the linkage between the Yuanjiang government and HRIOM, 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 Yuanjiang government may face significant negative impact on its reputation and financing activities if HRIOM encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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

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