

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

HONG KONG, 3 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 Jianli City Development Investment Group Co., Ltd. (“JCDIG”; ‘BBB-/Stable’).

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

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

Rating Sensitivities

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

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

ownership of JCDIG, or (3) there is a downgrade in our internal credit assessment on the Jianli government.

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