

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

HONG KONG, 15 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 Linyi Eastern City Construction Investment Group Co., Ltd. (“LECCI”; ‘BBB-/Stable’).

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

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

Rating Sensitivities

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

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

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

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