

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Longkou Gangcheng Investment Development and Construction Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 19 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 Longkou Gangcheng Investment Development and Construction Group Co., Ltd. (“LKGI”; ‘BBB+’/Stable)’s indirect wholly-owned subsidiary, Longjin (BVI) International Limited, which is unconditionally and irrevocably guaranteed by LKGI.

LKGI 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 LKGI’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as they are unconditionally and irrevocably guaranteed by LKGI, and LKGI’s obligations for the Bonds shall at all times at least rank pari passu 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 Longkou City (“Longkou government”) would provide very strong support to LKGI if needed, in light of its full ownership of LKGI, LKGI’s strategic importance as sole local investment and development company responsible shantytown renovation and an important infrastructure development entity in Longkou City, and the linkage between the Longkou government and LKGI, including appointment of the senior management, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Longkou government may face significant negative impact on its reputation and financing activities if LKGI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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

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