

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Feng County Industrial Development and Construction Holding Group Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 6 February 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 Feng County Industrial Development and Construction Holding Group Co., Ltd. (“FCIDC”; ‘BBB-/Stable’).

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

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

Rating Sensitivities

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

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

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

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