

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

HONG KONG, 5 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 Linqu Economic Development Investment Group Co., Ltd. (“LQED”; ‘BBB-/Stable’).

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

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

Rating Sensitivities

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

We would consider downgrading LQED’s rating if (1) there is perceived weakening in support from the Linqu government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Linqu government’s ownership of LQED, or (3) there is a downgrade in our internal credit assessment on the Linqu government.

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