

## **Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Hubei Guanggudong State-Owned Capital Investment and Operation Group Co., Ltd.’s CNY Bonds**

HONG KONG, 28 March 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to the CNY271 million, 7.5% senior unsecured Bonds due 2026 (“the Bonds”) issued by Hubei Guanggudong State-Owned Capital Investment and Operation Group Co., Ltd. (“GGDSI”; ‘BBB’/Stable).

GGDSI intends to use the net proceeds from this offering for project development and replenishment of working capital.

### **Key Rating Rationales**

The Bonds are rated at the same level as GGDSI’s global scale Long-term Issuer Credit Rating of ‘BBB’ as they constitute direct, unconditional, unsubordinated and unsecured obligations of GGDSI, and GGDSI’s obligations for the Bonds shall at all times at least rank equally with all its other present and future unsubordinated and unsecured obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Daye City (“the Daye government”) would provide strong support to GGDSI if needed, in light of its full ownership of GGDSI, GGDSI’s strategic importance as the largest local investment and development company (“LIDC”) in terms of asset size in Daye, and the strong linkage between the Daye government and GGDSI, including appointment of the senior management, supervision of major investment and financing plans, strategic alignment, and ongoing operational and financial support. In addition, the Daye government may face significant negative impact on its reputation and financing activities should GGDSI encounters any operational and financial difficulties.

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

### **Rating Sensitivities**

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

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

We would consider upgrading GGDSI's rating if (1) there is strengthened support from the Daye government, or (2) there is an upgrade in our internal credit assessment on the Daye 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 GGDSI'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](http://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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