

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Jiangsu Yundong Holding Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 5 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 senior unsecured bonds (“the Bonds”) to be issued by Jiangsu Yundong Holding Group Co., Ltd. (“JYHG”; ‘BBB/Stable’).

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

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

Rating Sensitivities

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

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

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