

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Anqing Yixiu District Beautiful Village Construction Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 29 April 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 Anqing Yixiu District Beautiful Village Construction Co., Ltd. (“AYVC”; ‘BBB-’/Stable).

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

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

Rating Sensitivities

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

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

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