

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

HONG KONG, 11 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 Boxing County Finance Investment Group Co., Ltd.’s (“BFIG”; ‘BBB-’/Stable) wholly-owned offshore subsidiary, which is unconditionally and irrevocably guaranteed by BFIG.

BFIG 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 BFIG’s global scale Long-term Issuer Credit Rating of ‘BBB-’, as BFIG will provide unconditionally and irrevocably guarantee to the Bonds. BFIG’s obligations for the bonds under the guarantee shall at all times at least rank pari passu 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 Boxing County (“the Boxing government”) would provide strong support to BFIG if needed, in light of its full ownership of BFIG, BFIG’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for project development, industrial investment and city operation in Boxing County, Binzhou City (“Boxing”), and the linkage between the Boxing government and BFIG, 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 Boxing government may face significant negative impact on its reputation and financing activities if BFIG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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

Contact Information

Primary Analyst
Roy Luo, FRM, CESGA
Associate Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Secondary Analyst
Sigmund Jiang, CFA, CESGA
Analyst
(852) 3462 9587
sigmund.jiang@lhratingsglobal.com

Committee Chairperson
Toni Ho, CFA, FRM
Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi, CESGA
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

Disclaimer

Credit rating and research reports published by Lianhe Ratings Global Limited (“Lianhe Global” or “the Company” or “us”) are subject to certain terms and conditions. Please read these terms and conditions at the Company’s website: www.lhratingsglobal.com

A credit rating is an opinion which addresses the creditworthiness of an entity or security. Credit ratings are not a recommendation to buy, sell, or hold any security. Credit ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Credit ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All credit ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a credit rating. All credit ratings are derived by a credit committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its credit rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information including, but not limited to, audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis. Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Credit ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, or investors for conducting credit rating services. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

Credit ratings included in any rating report are solicited and disclosed to the rated entity (and its agents) prior to publishing. Credit rating and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through credit rating and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published credit rating and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from us.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The credit committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company’s independent credit ratings and research.

Copyright © Lianhe Ratings Global Limited 2024.