

Lianhe Global has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Xiao County Construction Investment Group Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 20 May 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Xiao County Construction Investment Group Co., Ltd. (“XCCIG”). The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xiao County, Suzhou City (“Xiao County government”) would provide very strong support to XCCIG if needed, in light of its direct full ownership of XCCIG, XCCIG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for comprehensive urban operation, project construction, area development and state-owned asset management in Xiao County, Suzhou City (“Xiao County”), and the linkage between the Xiao County government and XCCIG, 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 Xiao County government may face significant negative impact on its reputation and financing activities if XCCIG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading XCCIG’s rating if there is an upgrade in our internal credit assessment on the Xiao County 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 XCCIG'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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