

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Yangzhou Hanjiang State-owned Capital Investment Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 3 June 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 Yangzhou Hanjiang State-owned Capital Investment Group Co., Ltd. (“HJSI”; ‘BBB+/Stable’).

HJSI 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 HJSI’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of HJSI. The payment obligations of HJSI 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 Hanjiang District (“the Hanjiang government”) would provide very strong support to HJSI if needed, in light of its full ownership of HJSI, HJSI’s strategic importance as an important local investment and development company (“LIDC”) responsible for project development in Yangzhou’s Hanjiang District (“Hanjiang”), and the linkage between the Hanjiang government and HJSI, including appointment of the senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Hanjiang government may face significant negative impact on its reputation and financing activities if HJSI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

We would consider upgrading HJSI 's rating if there is an upgrade in our internal credit assessment on the Hanjiang 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 HJSI'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
Karis Fan, CESGA
Analyst
(852) 3462 9579
karis.fan@lhratingsglobal.com

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

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

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

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