Press Release
2 August 2024

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

HONG KONG, 2 August 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 CNY bonds ("the Bonds") to be issued by Boxing County Finance Investment Group Co., Ltd.'s ("BFIG"; 'BBB-'/Stable) wholly-owned offshore subsidiary, Regent Oriental International Co., LTD., 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 31 July 2024, 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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