

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Jining City Development Capital Holdings Co., Ltd.’s CNY bonds

HONG KONG, 14 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 CNY247 million, 7.0% senior unsecured bonds due 2027 (“the Bonds”) issued by Jining City Development Capital Holdings Co., Ltd. (“JCDCH”; ‘BBB’/Stable). The company plans to issue a CNY bonds tap issuance, which will be consolidated and form a single series with the Bonds. The proposed tap issuance will not affect the rating on the Bonds.

JCDCH intends to use the net proceeds from the Bonds and the tap issuance for project construction and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as JCDCH’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of JCDCH. The payment obligations of JCDCH 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 Jining City (“Jining government”) would provide strong support to JCDCH if needed, in light of its full ownership of JCDCH, JCDCH’s strategic importance as an important local investment and development company (“LIDC”) for state-owned assets operation and industrial investment in Jining, and the strong linkage between the Jining government and JCDCH, including appointment of the senior management, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Jining government may face significant negative impact on its reputation and financing activities if JCDCH encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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