

Lianhe Global has assigned ‘A-’ global scale Long-term Issuance Credit Rating to Weifang Urban Construction and Development Investment Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 15 August 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Weifang Urban Construction and Development Investment Group Co., Ltd. (“WUCDI”; ‘A-/Stable’).

WUCDI intends to use the net proceeds from this offering for refinancing offshore indebtedness and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as WUCDI’s global scale Long-term Issuer Credit Rating of ‘A-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of WUCDI. The payment obligations of WUCDI 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 Weifang City, Shandong Province (“Weifang government”) would provide strong support to WUCDI if needed, in light of its majority ownership of WUCDI, WUCDI’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and state-owned asset operation in Weifang City, Shandong Province (“Weifang”), and the linkage between the Weifang government and WUCDI, 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 Weifang government may face significant negative impact on its reputation and financing activities if WUCDI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider downgrading WUCDI’s rating if (1) there is perceived weakening in support from the Weifang government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Weifang

government's ownership of WUCDI, or (3) there is a downgrade in our internal credit assessment on the Weifang government.

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