CCXAP assigns BBB_g- to Hunan Miluo River Holding Group Co., Ltd's proposed offshore bonds.

Hong Kong, 22 September 2023 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a senior unsecured debt rating of BBB_g- to the proposed offshore bonds to be issued by Hunan Miluo River Holding Group Co., Ltd ("MRHG" or the "Company") (BBB_g-/stable).

The bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of MRHG, which shall at all times rank pari passu with all the Company's other present and future unsecured and unsubordinated obligations. The Company intends to use the proceeds for project construction and replenishment for working capital supplement.

Rating Rationale

We did not notch MRHG's senior unsecured debts rating for structural subordination, reflecting our expectation that in the event of financial distress, the local government will likely provide support to the Company, thereby increasing the recovery prospects for its creditors. We also see that the structural subordination risk is mitigated by the strong position of MRHG's infrastructure and public utility assets, thus we expect that government support will be provided to the Company to preserve its ownership of such assets.

Rating Methodology

The methodology used in this rating is the Rating Methodology for China's Local Infrastructure Investment and Financing Companies (July 2022).

Regulatory Disclosures

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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong
Assistant Director of Credit Ratings
+852-2860 7124
peter_chong@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656