

**Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Shiyao Economic and Technological Development Zone Construction Investment Development Group Co., Ltd.'s proposed senior unsecured bonds**

HONG KONG, 21 September 2023 – 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 Shiyao Economic and Technological Development Zone Construction Investment Development Group Co., Ltd. (“SETD”; ‘BBB-/Stable’).

SETD intends to use the net proceeds from this offering for project investment and supplement of working capital.

**Key Rating Rationales**

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

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

**Rating Sensitivities**

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

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

We would consider upgrading SETD's rating if (1) there is strengthened support from the Shiyang government, or (2) there is an upgrade in our internal credit assessment on the Shiyang 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 SETD'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](http://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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