

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Shandong Mingshui Guokai Development Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 10 November 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 Mixin International Trading Co., Limited, an indirect wholly-owned subsidiary of Shandong Mingshui Guokai Development Group Co., Ltd. (“SMGD”; ‘BBB-’/Stable). The Bonds are unconditionally and irrevocably guaranteed by SMGD.

SMGD intends to use the net proceeds from this offering for project construction, trading business and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as SMGD’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as they are unconditionally and irrevocably guaranteed by SMGD, and SMGD’s obligations for the Bonds 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 Zhangqiu district (“the Zhangqiu government”) would provide strong support to SMGD if needed. This mainly considers the management committee of Mingshui Economic and Technological Development Zone’s (“the management committee”) (the de facto local government of Mingshui Economic and Technological Development Zone) majority ownership of SMGD, SMGD’s strategic importance as an important local investment and development company responsible for the development and operation of Mingshui EDZ in Jinan’s Zhangqiu, and the linkage between the local government and SMGD, including the appointment of senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Zhangqiu government may face significant negative impact on its reputation and financing activities if SMGD encounters any operational and financial difficulties.

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

Rating Sensitivities

Any rating action on SMGD's rating would result in a similar rating action on the Bonds.

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

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

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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