

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

HONG KONG, 29 April 2024 – 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 Shandong Xintai Construction Group Co., Ltd.’s (“SXCG”; ‘BBB-/Stable’) wholly-owned offshore subsidiary, which is unconditionally and irrevocably guaranteed by SXCG.

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

Key Rating Rationales

The Bonds are rated at the same level as SXCG’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as they are unconditionally and irrevocably guaranteed by SXCG, and SXCG’s obligations for the Bonds shall at all times at least rank pari passu with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating of SXCG reflects a high possibility that the People’s Government of Xintai City, Tai’an City (“Xintai government”) would provide very strong support to SXCG if needed, in light of its full ownership of SXCG, SXCG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and state-owned asset operation in Xintai City, Tai’an City (“Xintai”), and the linkage between the Xintai government and SXCG, 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 Xintai government may face significant negative impact on its reputation and financing activities if SXCG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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

We would consider upgrading SXCG's rating if there is an upgrade in our internal credit assessment on the Xintai 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 SXCG'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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