

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

HONG KONG, 24 May 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 Gaochuang Holding Group Co., Ltd. (“SDGC”; ‘BBB/Stable’).

SDGC 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 SDGC’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of SDGC. The payment obligations of SDGC 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 management committee of Weifang Hi-Tech Industrial Development Zone (“Management Committee”) (the de facto local government of Weifang Hi-Tech Industrial Development Zone (“Weifang HIDZ”)) would provide strong support to SDGC if needed, in light of its indirectly majority ownership of SDGC, SDGC’s strategic importance as a key local investment and development company (“LIDC”) responsible for project development and city operation in Weifang HIDZ, and the linkage between the local government and SDGC. In addition, the local government may face significant negative impact on its reputation and financing activities if SDGC encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider downgrading SDGC’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’s ownership of SDGC, or (3) there is a downgrade in our internal credit assessment on the local government.

We would consider upgrading SDGC '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 SDGC'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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