

Lianhe Global has affirmed the global scale Long-term Issuer and Issuance Credit Ratings of three Shandong-based Local Investment and Development Companies; Issuer Rating Outlooks are Stable

HONG KONG, 31 March 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB’ global scale Long-term Issuer Credit Ratings of Shandong Gaochuang Holding Group Co., Ltd. (“SDGC”), ‘BBB-’ global scale Long-term Issuer Credit Ratings of Shandong Xintai Construction Group Co., Ltd. (“SXCG”), and ‘BBB’ global scale Long-term Issuer Credit Ratings of Heze City Investment Holdings Group Co., Ltd. (“HZCI”). The Outlooks are Stable.

Lianhe Global has also affirmed the following issuance ratings at the same time:

‘BBB’ global scale Long-term Issuance Credit Rating of the senior unsecured USD notes issued by Heze City Investment Holdings International Co., Limited, an indirect wholly-owned subsidiary of HZCI. The notes are unconditionally and irrevocably guaranteed by HZCI.

‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured CNY bonds issued by SXCG.

A full list of affirmed issuance ratings is included in this press release.

Key Rating Rationales

The affirmation of the ratings with Stable Outlooks for SDGC, SXCG, and HZCI mainly reflects their continued strategic importance in supporting the local economy and social development and Lianhe Global’s belief that the support ability and willingness of their local government owners for the three companies remain unchanged.

SDGC is a key LIDC responsible for shantytown renovation, industrial park development and heat supply in Weifang Hi-Tech Industrial Development Zone (“Weifang HIDZ”). Its business operation continues to play a significant role in promoting local industrial development and city’s operation in Weifang HIDZ. Fiscal and Finance Bureau of Weifang HIDZ indirectly holds 90% shares of SDGC and remains the ultimate controller. Weifang HIDZ is a national-level development zone, with a focus on the development of four leading industries, namely power equipment, IT, medical and health care, and new material. Weifang HIDZ realized GDP of RMB72.1 billion in 2024, representing a year-over-year growth of 6.3%.

SXCG is a key LIDC responsible for infrastructure construction and state-owned asset operation in Xintai City. SXCG plays an important role in promoting the economic and social development of Xintai. The People’s Government of Xintai City, Tai’an City holds the full ownership of SXCG through the State-owned Asset Operation Center of Xintai City’s fully-owned subsidiary, Shandong Hongxinda Industrial Investment Group Co., Ltd. Xintai City is a

county-level city directly under the jurisdiction of Shandong Province and administered by Tai'an City. Xintai achieved a 6.5% GDP growth to RMB70.1 billion in 2024, while the budgetary revenue increased by 3.1% to RMB3.7 billion.

HZCI is a major investment and development entity in Shandong's Heze city ("Heze"). HZCI continues to be mainly responsible for infrastructure construction in Heze and Juancheng Chemical Industry Park. HZCI also develops industrial parks and provides public services within the region. Heze is a prefecture-level city located in the southwest of Shandong Province. Heze's GDP increased by 6.1%, to RMB 480.3 billion in 2024 from RMB 446.4 billion in 2023. Meanwhile, the Heze government's budgetary revenue increased by 4.0%, to RMB 53.7 billion.

Rating Sensitivities

We would consider downgrading the three companies' ratings if (1) there is perceived weakening in support from their local government owners, particularly due to their reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the local governments' ownership of the three companies, or (3) there is a downgrade in our internal credit assessment on their local government owners.

We would consider upgrading the three companies' ratings if there is an upgrade in our internal credit assessment on their local government owners. In addition, we would also consider upgrading SDGC's and HZCI's ratings if there is strengthened support from their local government owners.

Any rating action on HZCI's rating would result in a similar rating action on its USD notes. Any rating action on SXCG's rating would result in a similar rating action on its CNY bonds.

Full List of Issuance Ratings

- USD132.28 million 8.0% senior unsecured notes due 2026 issued by HZCI affirmed at 'BBB'
- CNY390 million 7.90% senior unsecured bonds due 2027 issued by SXCG affirmed at 'BBB-'

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.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2024)
The methodology 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. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

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