

## **Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Haiyang Haifa Water Group Co., Ltd.'s proposed senior unsecured bonds**

HONG KONG, 19 June 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 Haiyang Haifa Water Group Co., Ltd. (“HHWG”; ‘BBB-/Stable’).

HHWG 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 HHWG’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of HHWG. The payment obligations of HHWG under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

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

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

### **Rating Sensitivities**

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

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

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

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