

**Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Shandong Hejian State-owned Capital Investment Co., Ltd. to ‘BBB+’ from ‘BBB’; Issuer Rating Outlook Stable**

HONG KONG, 25 October 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Shandong Hejian State-owned Capital Investment Co., Ltd. (“SHSCI”) to ‘BBB+’ from ‘BBB’. The Outlook is Stable.

**Key Rating Rationales**

The Issuer Rating upgrade reflects the increased strategic importance of SHSCI in Heze City (“Heze”), as demonstrated in its newly assigned role in urban renewal, construction of related public facilities and rural revitalization, and strengthened role as the major state-owned asset operation entity in the region with the large amount asset injections from the Heze Municipal People’s Government (“Heze government”) gradually being leased out to external parties or for business cooperation.

We believe there is a high possibility that Heze government would provide strong support to SHSCI if needed, in light of its direct 99.936% ownership of SHSCI, SHSCI’s strategic position as the major entity that is responsible for land development, infrastructure construction, resettlement housing construction, as well as its important status as the major state-owned asset operation entity in the region, and the strong linkage between the Heze government and SHSCI, including control and supervision over SHSCI’s management, strategic alignment and ongoing operational and financial support. In addition, the Heze government may face significant negative impact on its reputation, business, and financing activities should SHSCI encounter any operational or financial difficulties.

The Stable Outlook reflects our expectation that SHSCI’s strategic importance would remain intact while Heze Government will continue to ensure SHSCI’s stable operation.

**Rating Sensitivities**

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

We would consider upgrading SHSCI’s rating if (1) there is strengthened support from Heze Government, or (2) there is an upgrade in our internal credit assessment on Heze 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 SHSCI'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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