

Lianhe Global has affirmed ‘BBB’ global scale Long-term Issuer Rating of Laizhou Finance Investment Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 9 July 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Laizhou Finance Investment Co., Ltd. (“LFI”). The Outlook is Stable.

Key Rating Rationales

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

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

Rating Sensitivities

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

We would consider upgrading LFI’s rating if there is an upgrade in our internal credit assessment on the Laizhou 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 LFI'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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