Lianhe Global has affirmed 'BBB' global scale Long-term Issuer Credit Rating of Sanya Yazhou Bay Technology City Holding Group Co., Ltd.; Outlook Stable

HONG KONG, 2 August 2024 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has affirmed 'BBB' global scale Long-term Issuer Credit Rating of Sanya Yazhou Bay Technology City Holding Group Co., Ltd. ("STCH"). The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the Sanya Municipal People's Government ("the Sanya government") would provide strong support to STCH if needed. This mainly considers the Sanya Yazhou Bay Science and Technology City Authority's (a specially established institution of the Sanya government) full ownership of STCH, STCH's strategic importance as the most important local investment and development company ("LIDC") responsible for project development and state-owned assets operation in Yazhou Bay Science and Technology City ("YZBSTC") of Sanya, and the linkage between the local government and STCH, including appointment of the senior management, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Sanya government may face significant negative impact on its reputation and financing activities if STCH encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that STCH's strategic importance would remain intact while the Sanya government will continue to ensure STCH's stable operation.

Rating Sensitivities

We would consider downgrading STCH'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 STCH, or (3) there is a downgrade in our internal credit assessment on the Sanya government.

We would consider upgrading STCH'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 STCH's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 31 July 2024, 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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