

Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Yunnan Provincial Energy Investment Group Co., Ltd. to 'A' from 'A-'; Issuer Rating Outlook Stable

HONG KONG, 11 September 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Yunnan Provincial Energy Investment Group Co., Ltd. (“YEIG”) to ‘A’ from ‘A-’. The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects the company’s increasing strategic importance in Yunnan, as the company is deepening its roles in the energy transition and development, coal and lithium sources operations, and energy industrial development in Yunnan. The company is well-positioned to enhance its involvement in energy development, construction, operations, investment, and financing, as well as the integration of power, coal, oil, gas, and related energy resources and assets. Besides, It is aligned with the development plans of the Yunnan government and strengthened YEIG’s role as the sole provincial energy investment and development company responsible for regional energy and economy development in Yunnan.

We believe this continues to present a high possibility that the Yunnan government would provide very strong support to YEIG if needed, in light of its absolute majority ownership of YEIG, YEIG’s strategic position as the most important state-owned energy entity for the investment and development of the green energy industry, and the integration of energy resources of Yunnan, and the strong linkage between the Yunnan government and YEIG, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Yunnan government may face significant negative impact on its reputation, business and financing activities should YEIG encounter any operational or financial difficulties.

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

Rating Sensitivities

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

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