

Lianhe Global has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Shandong Hejian State-owned Capital Investment Co., Ltd.

HONG KONG, 23 October 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of Shandong Hejian State-owned Capital Investment Co., Ltd. (“SHSCI”). The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the People’s Government of Heze City (“Heze government”) would provide strong support to SHSCI if needed, in light of its majority ownership of SHSCI, SHSCI’s strategic position as the major Local Investment and Development Companies (“LIDC”) participating in land development, infrastructure construction, resettlement housing construction, and urban renewal in Heze City, Shandong Province (“Heze”), as well as the strong linkage between the Heze government and SHSCI, including control of board of directors, management supervision, 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 the 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 the Heze government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Heze government’s ownership of SHSCI, or (3) there is a downgrade in our internal credit assessment on the Heze government.

We would consider upgrading SHSCI’s rating if (1) there is strengthened support from the Heze government, or (2) there is an upgrade in our internal credit assessment on the 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 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. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

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