Lianhe Ratings Global

Press Release

25 April 2025

Lianhe Global has affirmed 'BBB' global scale Long-term Issuer Credit Rating of Lunan (Zaozhuang) Economic Development Investment Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 25 April 2025 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has affirmed 'BBB' global scale Long-term Issuer Credit Rating of Lunan (Zaozhuang) Economic Development Investment Co., Ltd. ("LEDI" or "the company"). The Outlook remains Stable.

Key Rating Rationales

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

Zaozhuang is a prefecture-level city of Shandong Province ("Shandong") and is located in the southern part of Shandong. Zaozhuang realized a GDP of RMB238.6 billion in 2024, and the budgetary revenue grew by 5.8% to RMB19.2 billion.

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

Rating Sensitivities

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

We would consider upgrading LEDI's rating if (1) there is strengthened support from the Zaozhuang government, or (2) there is an upgrade in our internal credit assessment on the Zaozhuang 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.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2024) The methodology 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 rating process aside from providing information requested by Lianhe Global.

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