

**Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Shandong Yihe Industrial Investment Group Co., Ltd.**

HONG KONG, 5 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating to Shandong Yihe Industrial Investment Group Co., Ltd. (“SYIIG” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Linyi City (“Linyi government”) would provide strong support to SYIIG if needed, in light of its indirect full ownership of SYIIG, SYIIG’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for state-owned asset operation and industry development in Yihe New District (“Yihe ND”), and the linkage between the Management Committee of Yihe New District (“Yihe ND MC”) and SYIIG, including approval of the senior management appointment, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Linyi government may face significant negative impact on its reputation and financing activities if SYIIG encounters any operational and financial difficulties.

Linyi City (“Linyi”) is located in the southeast of Shandong Province (“Shandong”) and it is the largest and most populous prefecture-level city in Shandong. Linyi’s GDP grew by 5.7% in 2024 and its budgetary revenue reached RMB46.9 billion in 2024, representing a year-over-year growth rate of 5.1%.

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

**Key Rating Rationales**

**Government’s Ownership and Supervision:** Yihe ND MC, the de facto local government of Yihe ND, indirectly holds the full ownership of SYIIG through its wholly-owned subsidiary, Shandong Yihe Holding Group Co., Ltd. (“SYHG”, ‘BBB+’/Stable). The local government has the final decision-making authority and supervision over the company, including approval and supervision of the senior management, strategy alignment and major investment and financing plan decisions, etc.

**Strategic Importance and Strategic Alignment:** SYIIG, as an important LIDC in Yihe ND, is mainly responsible for industrial park development and operation as well as water business within the region, with strong regional franchise advantages. SYIIG also engages in engineering construction, leasing service, sand mining right leasing, commodity sales, and other businesses. It plays an important role in promoting the economic and social development of the region. Its business operation and strategic planning have been aligned with the government’s development plans.

**Ongoing Government Support:** SYIIG continues to receive financial subsidies and asset/capital injections from the Linyi government and the Yihe ND MC in both 2024 and the first nine months of 2025, including capital injections totaling RMB1.0 billion and equity transfers of 24 stated-owned enterprises totaling RMB0.8 billion. We believe the government support to SYIIG to remain intact given the company's strategic importance in Yihe ND.

**SYIIG's Financial Matrix and Liquidity Position:** SYIIG's total assets increased steadily RMB9.8 billion at end-2022 to RMB14.8 billion at end-2024, but decreased slightly to RMB14.6 billion at end-September 2025. SYIIG's total debt was on an upward trend in the past few years, increasing to RMB4.3 billion at end-September 2025 from RMB3.7 billion at end-2022. Due to the large capital injections from local government, the company's financial leverage, as measured by the debt to capitalization ratio, decreased to 43.1% from 47.8% during this period.

The short-term debt servicing pressure of SYIIG was high. At end-September 2025, the company had unrestricted cash balance and unused credit facilities of RMB88.6 million and RMB379.2 million, respectively, while its debt due within one year was RMB2.9 billion. SYIIG mainly relies on external financing and it has access to some financing channels, including bank loans and non-traditional financing, to support its debt repayments and business operations. Therefore, obtaining additional financing channels or government support is important for the company to maintain its liquidity.

### **Rating Sensitivities**

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

We would consider upgrading SYIIG's rating if (1) there is strengthened support from the Linyi government, or (2) there is an upgrade in our internal credit assessment on the Linyi 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 2025)  
The methodology can be found at the website [www.lhratingsglobal.com](http://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.

### **Contact Information**

Primary Analyst, Hong Kong  
Toni Ho, CFA, FRM  
Senior Director  
(852) 3462 9578  
[toni.ho@lhratingsglobal.com](mailto:toni.ho@lhratingsglobal.com)

Secondary Analyst, Hong Kong  
Chris Cao  
Analyst  
(852) 3462 9579  
[chris.cao@lhratingsglobal.com](mailto:chris.cao@lhratingsglobal.com)

Committee Chairperson and Ratings Approver, Hong Kong  
Roy Luo, CFA, FRM, CESGA  
Director  
(852) 3462 9582  
[roy.luo@lhratingsglobal.com](mailto:roy.luo@lhratingsglobal.com)

Investor and Media Relations Contact, Hong Kong  
Alice Wang  
Associate Director  
(852) 3462 9568; (86) 185 1686 2143  
[alice.wang@lhratingsglobal.com](mailto:alice.wang@lhratingsglobal.com)

## Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited (“Lianhe Global” or “the Company” or “us”) are subject to certain terms and conditions. Please read these terms and conditions at the Company’s website: [www.lhratingsglobal.com](http://www.lhratingsglobal.com)

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global’s website for the last rating action and the rating history. Please see Lianhe Global’s website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company’s independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2025.