

Lianhe Global has assigned 'A-' global scale Long-term Issuer Credit Rating with Stable Outlook to Yantai Chefoo Finance Holding Group Co., Ltd.

HONG KONG, 31 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuer Credit Rating to Yantai Chefoo Finance Holding Group Co., Ltd. (“YCFHG” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Zhifu District, Yantai City (“Zhifu government”) would provide very strong support to YCFHG if needed, in light of its indirect majority ownership of YCFHG, YCFHG’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for urban development and operation and infrastructure construction in Zhifu District, Yantai City (“Zhifu”), and the linkage between the Zhifu government and YCFHG, 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 Zhifu government may face significant negative impact on its reputation and financing activities if YCFHG encounters any operational and financial difficulties.

Zhifu is a core urban district under the jurisdiction of Yantai City, Shandong Province and located in the northeastern part of Shandong Peninsula. Zhifu’s GDP grew by 6.2% to RMB137.8 billion in 2024, while its budgetary revenue reached RMB8.1 billion in 2024.

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

Key Rating Rationales

Government’s Ownership and Supervision: The Zhifu government indirectly holds the majority ownership of YCFHG through the State-owned Assets Operation and Security Center of Zhifu District, Yantai City’s wholly-owned subsidiary, Yantai Major City Holding Group Co., Ltd. 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: As a key entity for infrastructure construction and urban investment and operation in Zhifu, YCFHG plays an important role in promoting regional urban development and upgrading. Its business operations and strategic layout are closely aligned with the development goals of Zhifu government and the regional industrial planning. The company undertakes core functions including regional urban renewal, infrastructure construction, and state-owned asset operation. Meanwhile, YCFHG’s exploration of market-oriented diversification has enhanced the stability and sustainability of

its overall operations, further consolidating its strategic importance in supporting Zhifu's economic growth and urban construction.

Ongoing Government Support: As an important part of the LIDC reform in Zhifu, the company benefits from favorable conditions that facilitate project acquisition and resource access. The local government provided ongoing support to YCFHG by injecting cash, equity of local SOEs and other assets into the company between 2022 and the first nine months of 2025. The company also received operational subsidies totaling RMB1.0 billion over the same period. We expect YJDG to receive ongoing support from the local government in the future considering its strategic importance in Zhifu.

YCFHG's Financial Matrix and Liquidity Position: YCFHG's total assets increased steadily from RMB39.7 billion at end-2023 to RMB60.4 billion at end-September 2025, driven by expansion of its business scale. YCFHG's total debt has been on an upward trend over the past few years, increasing to RMB27.1 billion at end-September 2025 from RMB17.3 billion at end-2023. The company's financial leverage, as measured by the debt-to-capitalization ratio, increased to 47.5% from 44.7% during this period.

YCFHG's short-term debt servicing pressure was moderate. It mainly relies on external financing and has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayments and business operations. The company has unused bank facilities of RMB37.7 billion at end-2024.

Rating Sensitivities

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

We would consider upgrading YCFHG's rating if there is an upgrade in our internal credit assessment on the Zhifu 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.

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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