

Lianhe Global has assigned 'A' global scale Long-term Issuer Credit Rating with Stable Outlook to Yantai Main City 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 Main City Holding Group Co., Ltd. (“YMCHG” or “the company”). The Outlook is Stable.

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

Yantai is a prefecture-level city under the jurisdiction of Shandong Province and located in the northeastern part of Shandong Peninsula. Yantai’s GDP grew by 6.2% to RMB1,078.3 billion in 2024, while its general public budget revenue reached RMB69.9 billion in 2024. Zhifu is a core urban district under the jurisdiction of Yantai City. 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 YMCHG’s strategic importance would remain intact while the Yantai and Zhifu government will continue to ensure YMCHG’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: The Zhifu government directly holds the full ownership of YMCHG through the State-owned Assets Operation and Security Center of Zhifu District, Yantai City. The local government has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: As a core comprehensive urban operation and investment platform for both Yantai City and its core Zhifu District, YMCHG plays a pivotal role in advancing local urban development strategy and boosting Zhifu’s construction. Its

business layout and strategic planning are closely aligned with government's long-term development goals and Zhifu's key industrial layout. The company undertakes core functions including comprehensive urban operation, key infrastructure project investment and construction, state-owned asset management and activation, and regional industrial investment and cultivation. Meanwhile, YMCHG's exploration of market-oriented and diversified business sectors has strengthened the sustainability of its overall operations, further solidifying its strategic position in supporting Yantai's economic and social development as well as enhancing Zhifu's core urban functions.

Strong Government Support: As a key pillar of Yantai's urban development strategy and a key participant in Zhifu's LIDC system, YMCHG enjoys access to project resources and policy support from both governments. Between 2023 and the first nine months of 2025, the governments provided sustained support to the company, including injecting high-quality assets such as key urban operational properties and land use rights, transferring equity of local state-owned enterprises, and allocating special financial funds for major projects. Over the same period, YMCHG also received operational subsidies totaling RMB892.5 million. Considering YMCHG's strategic role in advancing urban upgrading and promoting regional industrial development, we expect the company to continue receiving support from the local government.

YMCHG's Financial Matrix and Liquidity Position: YMCHG's total assets increased steadily from RMB40.1 billion at end-2023 to RMB62.0 billion at end-September 2025, driven by expansion of its business scale and consolidation of local LIDCs. YMCHG's total debt has been on an upward trend over the past few years, increasing to RMB27.5 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 46.9% from 44.2% during this period.

YMCHG's short-term debt servicing pressure was moderate. YMCHG 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.

Rating Sensitivities

We would consider downgrading YMCHG'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 YMCHG, or (3) there is a downgrade in our internal credit assessment on the Yantai government.

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