

## **Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Qingdao Jiaozhou Bay Development Group Co., Ltd.’s proposed senior unsecured bonds**

HONG KONG, 2 June 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Qingdao Jiaozhou Bay Development Group Co., Ltd. (“JZBD”; ‘BBB+/Stable’).

JZBD intends to use the net proceeds from this offering for project construction and supplement of working capital.

### **Key Rating Rationales**

The Bonds are rated at the same level as JZBD’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of JZBD. The payment obligations of JZBD under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the Jiaozhou People’s Government (“the Jiaozhou government”) would provide strong support to JZBD if needed, in light of its indirectly full ownership of JZBD, JZBD’s strategic importance as the most important local investment and development company responsible for infrastructure construction and primary land in China-SCO Local Economic and Trade Cooperation Demonstration Area, and the linkage between the Jiaozhou government and JZBD, including the appointment of the senior management, strategic alignment, supervision of major financing plan and investment decisions and ongoing operational and financial support. In addition, the Jiaozhou government may face significant negative impact on its reputation and financing activities if JZBD encounters any operational and financial difficulties.

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

### **Rating Sensitivities**

Any rating action on JZBD’s rating would result in a similar rating action on the Bonds.

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

We would consider upgrading JZBD's rating if (1) there is strengthened support from the Jiaozhou government, or (2) there is an upgrade in our internal credit assessment on the Jiaozhou 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 JZBD's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which 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.

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