

Lianhe Global has affirmed ‘BBB+’ global scale Long-term Issuer and Issuance Credit Rating of Qingdao Jiaozhou Bay Development Group Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 2 April 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of Qingdao Jiaozhou Bay Development Group Co., Ltd. (“JZBD”). The Outlook is Stable.

Lianhe Global has also affirmed ‘BBB+’ global scale Long-term Issuance Credit Rating of senior unsecured CNY Bonds issued by JZBD at the same time. A full list of affirmed issuance rating is included in this report.

Key Rating Rationales

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 an important local investment and development company (“LIDC”) responsible for infrastructure construction and primary land development in Qingdao’s Jiaozhou (“Jiaozhou”), 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 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

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.

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

Full List of Issuance Rating

- CNY800 million 5.5% senior unsecured Bonds due 2026 affirmed at 'BBB+'

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.

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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