

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

HONG KONG, 2 April 2025 – 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” or “the company”); Issuer Rating Outlook is Stable.

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

Key Rating Rationals

The Issuer Credit Rating reflects a high possibility that the People’s Government of Jiaozhou City (“Jiaozhou Government”) would provide strong support to JZBD if needed, in light of its indirectly full ownership of JZBD, JZBD’s strategic importance as a key local investment and development company in Qingdao’s Jiaozhou City (“Jiaozhou”), especially in China-SCO Local Economic and Trade Cooperation Demonstration Area. The linkage between Jiaozhou Government and JZBD is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, Jiaozhou Government may face significant negative impact on its reputation and financing activities if JZBD encounters any operational or financial difficulties.

Jiaozhou is a county-level city under the jurisdiction of Qingdao City, Shandong Province. It is an important processing and manufacturing base in the Jiaodong Peninsula with a strong industrial foundation. Jiaozhou’s GDP grew steadily by 5.9% to RMB172.8 billion in 2024.

The Stable Outlook reflects our expectation that JZBD’s strategic importance would remain intact while 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 its senior unsecured bonds.

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

We would consider upgrading JZBD's rating if (1) there is strengthened support from Jiaozhou Government, or (2) there is an upgrade in our internal credit assessment on Jiaozhou Government.

Full List of Issuance Rating

- CNY800 million 5.5% senior unsecured Bonds due 2026 affirmed at 'BBB+'
- USD200 million 7.9% senior unsecured Bonds due 2027 affirmed at 'BBB+'
- CNY1,200 million 6.0% senior unsecured Sustainability Bonds due 2027 affirmed at 'BBB+'
- USD400 million 7.0% senior unsecured Bonds due 2027 affirmed at 'BBB+'
- USD200 million 6.95% senior unsecured Transition Bonds due 2028 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.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2024)
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 credit rating process aside from providing information requested by Lianhe Global.

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