

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Yantai Jiantou Development Group Co., Ltd.

HONG KONG, 31 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating to Yantai Jiantou Development Group Co., Ltd. (“YJDG” 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 strong support to YJDG if needed, in light of its full ownership of YJDG, YJDG’s strategic importance as an important local investment and development company (“LIDC”) responsible for urban infrastructure development and land consolidation in Zhifu District, Yantai City (“Zhifu”) and the linkage between the local government and YJDG, including appointment of the senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Zhifu government may face significant negative impact on its reputation and financing activities if YJDG 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 YJDG’s strategic importance would remain intact while the Zhifu government will continue to ensure YJDG’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: The Zhifu government holds the full ownership of YJDG through the State-owned Assets Operation and Security Center of Zhifu District, Yantai City (“Zhifu SAOSC”). The Zhifu government has strong control and supervision over the company, including the appointment of senior management, decisions on its strategic development, and supervision of its major investment and funding plans. In addition, the local government has an assessment mechanism over the company and periodically appoints auditors to supervise its operating performance and financials.

Strategic Importance and Strategic Alignment: YJDG, as an important LIDC in Zhifu, is mainly responsible for urban infrastructure development and land consolidation within Qin River Area and Heng River Area of Zhifu, with strong regional franchise advantages. YJDG also engages in trading, security service, property management, leasing, and other businesses. YJDG plays an important role in promoting the region’s economic and social development. Its business operations and strategic planning have been aligned with the local government’s development plans.

Strong Government Support: The local government provided ongoing support to YJDG by injecting cash, equity of local SOEs and other assets into the company in the past few years. The company also received operational subsidies totaling RMB704 million from 2022 to 2024. We expect YJDG to receive ongoing support from the local government in the future considering its strategic importance in Zhifu.

YMCHG's Financial Matrix and Liquidity Position: YJDG's total assets grew steadily to RMB25.0 billion at end-2024 from RMB21.0 billion at end-2022, mainly due to its business expansion and asset injections from local government. The company's total debt increased to RMB8.0 billion at end-2024, approximately doubled compared with RMB4.0 billion recorded at end-2022. As a result, the company's financial leverage, as measured by the debt to capitalization ratio, increased to 39.2% at end-2024 from 24.8% at end-2022.

YJDG's short-term debt servicing pressure was moderately high. The company mainly relies on external financing and has access to various financing channels, including bank loans and non-traditional funding, to support its debt repayment and business operations.

Rating Sensitivities

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

We would consider upgrading YJDG'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 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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