Lianhe Global has assigned 'A' global scale Long-term Issuer Credit Rating with Stable Outlook to Zhanjiang City Development Group Co., Ltd.

HONG KONG, 27 November 2026 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has assigned 'A' global scale Long-term Issuer Credit Rating with Stable Outlook to Zhanjiang City Development Group Co., Ltd. ("ZCDG"); The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People's Government of Zhanjiang City, Guangdong Province ("Zhanjiang government") would provide very strong support to ZCDG if needed. This mainly considers its direct full ownership of ZCDG and ZCDG's strategic importance as the largest local investment and development company ("LIDC") by asset size in Guangdong's Zhanjiang City. The linkage between the local government and ZCDG is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a very strong willingness to ensure ZCDG's business and financial viability in order to safeguard its reputation and financing activities.

Zhanjiang is a prefecture-level city in Guangdong Province, and a designated provincial sub-center city. Zhanjiang's GDP grew by 4.5% to RMB395.3 billion in 2025, while the Zhanjiang government's budgetary revenue reached RMB21.5 billion, representing a robust year-over-year growth of 6.9%.

The Stable Outlook reflects our expectation that ZCDG's strategic importance would remain intact while the Zhanjiang government will continue to ensure ZCDG's stable operation.

Key Rating Rationales

Government's Ownership and Supervision: ZCDG is wholly and directly owned by the Zhanjiang State-owned Assets Supervision and Administration Commission, which acts as its ultimate controller. The local government exercises tight oversight over the company, directly appointing its senior management and approving its strategic development plans, major investments, and key financing arrangements. Furthermore, ZCDG is subject to a formal performance evaluation framework established by the local government, alongside regular operational and financial reviews conducted by government-appointed auditors.

Strategic Alignment and Importance: ZCDG is the largest LIDC by asset size and the flagship urban development and industrial investment platform in Zhanjiang. Its key subsidiary, Zhanjiang Infrastructure Construction Investment Group Co., Ltd., is focusing on building supporting facilities for BASF's Verbund petrochemical site, a world-scale chemical production base central to Zhanjiang's green petrochemical strategy. In addition, ZCDG undertakes land consolidation and infrastructure construction projects in Zhanjiang's High-Speed Rail New Town, while developing and operating industrial parks to support local industrial upgrading.

ZCDG's operations and strategic direction are closely aligned with the local government's economic and social development plans.

Strong Government Support: ZCDG has received ongoing operational and financial support from the local government. Between 2023 and the first half of 2026, the Zhanjiang government made multiple rounds of capital injections into ZCDG totaling RMB2.0 billion, and provided operational subsidies amounting to RMB395 million to the company. In addition, the local government has strengthened ZCDG's capital base through gratuitous transfers of equity stakes in local SOEs. Given ZCDG's strategic importance, we believe it is likely to receive timely government support.

ZCDG's Financial and Liquidity Position: ZCDG's total assets expanded significantly to RMB46.7 billion at end-June 2026 from RMB34.8 billion at end-2023, driven by ongoing government capital and asset injections and its active participation in Zhanjiang's project development. Total debt also rose to RMB23.1 billion from RMB17.0 billion over the same period, though its financial leverage (measured by debt to capitalization) has remained below 60% since 2025, supported by an enlarged capital base.

ZCDG's short-term debt servicing pressure is moderately high. At end-June 2026, the company held unrestricted cash of RMB3.2 billion against RMB6.9 billion of short-term debt. Nevertheless, ZCDG maintains access to diverse funding channels, including bank loans, bond issuances, and non-traditional financing, to support ongoing operations and debt refinancing. As of end-September 2026, the company had total bank facilities of RMB44.7 billion, of which RMB25.3 billion was unused.

Rating Sensitivities

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

We would consider upgrading ZCDG's rating if there is an upgrade in our internal credit assessment on the Zhanjiang 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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