

CCXAP assigns BBB_g+ to Qingdao Jimo District Urban Tourism Development and Investment Co., Ltd.'s proposed USD bonds

Hong Kong, 15 May 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed USD bonds to be issued by Qingdao Jimo District Urban Tourism Development and Investment Co., Ltd. (“JMTI” or the “Company”) (BBB_g+ /Stable).

The bonds constitute direct, unsubordinated, unconditional, and unsecured obligations of JMTI, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the proceeds for refinancing the Company’s existing offshore indebtedness.

Corporate Profile

Established in June 2007, JMTI is a key local infrastructure investment and financing company in Jimo District, Qingdao City, with a focus on the provision of public utility services and infrastructure construction. The Company is also engaged in commercial activities such as self-operated project construction, real estate development, as well as leasing. As of 30 September 2024, the Company was wholly owned and controlled by the Qingdao Jimo State-owned Assets Operation Service Centre, which is under the direct administration of the Jimo District Government.

Rating Rationale

The rating of the senior unsecured bonds is equivalent to JMTI’s long-term credit rating. We believe that government support will flow through the Company given its essential role in urban construction operations and provision of public utility services in Jimo District, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of JMTI reflects Jimo District Government’s very strong capacity and very high willingness to provide support based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support Jimo District’s status as one of the top three districts by gross regional product in Qingdao City for years, with growing economic and fiscal strengths.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) key role in urban construction operations and provision of public utility services in Jimo District; (2) solid track record of receiving government support; and (3) good access to different financing channels with relatively low financing costs. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) increasing debt burden with large investment needs; and (3) high contingent risk arising from external guarantees.

Rating Outlook

The stable outlook on JMTI's rating reflects our expectation that the Jimo District Government's capacity to provide support will be stable, and the Company's characteristics such as its essential role in urban construction operations and provision of public utility services will remain unchanged over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Jimo District Government's capacity to support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support such as reduced exposure to external guarantees.

What could downgrade the rating?

The rating could be downgraded if (1) Jimo District Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as weakened market position, deteriorated access to fundings, or material decreased government support.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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