

CCXAP affirms Pingdu City Development Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 16 January 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Pingdu City Development Group Co., Ltd.’s (“PDCD” or the “Company”) long-term credit rating at BBB_g+, with stable outlook. At the same time, CCXAP has affirmed the Company’s senior unsecured debt rating of BBB_g+

The BBB_g+ long-term credit rating of PDCD reflects Pingdu City Government’s (1) strong capacity and (2) extremely 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 reflects the status of Pingdu City as the advanced manufacturing base in northern part of Qingdao City and the continued economic growth of Pingdu City, but constrained by moderate fiscal metrics.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) pivotal role in infrastructure construction and state-owned asset operation in Pingdu City; (2) good track record of receiving government support; and (3) good access to funding. However, the rating is constrained by the Company’s (1) moderate risk to commercial activities; (2) increasing debt burden driven by capital expenditures on construction projects; and (3) relatively weak asset liquidity and profitability.

Corporate Profile

Founded in June 2018, PDCD is one of the key local infrastructure investment and financing companies (“LIIFCs”) in Pingdu City. The Company is mainly responsible for infrastructure construction and maintenance, land consolidation, urban renewal in the southern new area and western new city of Pingdu City. The Company also provides essential public services in Pingdu City, such as water supply, heat supply, and bus operation. In addition, PDCD is involved in commercial businesses including industrial parks construction, property leasing, as well as trading. As of 30 September 2025, the Company was directly and wholly owned by Pingdu State-owned Assets Management Service Centre.

Rating Rationale

Credit Strengths

Pivotal role in infrastructure construction and state-owned asset operation in Pingdu City. As one of the core LIIFCs in Pingdu City, PDCD is the main infrastructure construction and land consolidation entity in the western and southern new areas of Pingdu City. Moreover, PDCD provides essential public services in Pingdu City such as water supply, bus operation, and heat supply. The Company holds concession-based advantages in delivering these public services. Overall, PDCD has a large scope for development and a strong capacity for business sustainability in Pingdu City, as well as an essential role in the provision of public services. In our view, the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

Good track record of receiving government support. As a pivotal entity for infrastructure construction and state-owned asset operations in Pingdu City, PDCD has a good track record of receiving government support in various forms, including cash injections, asset and equity transfers, operating subsidies and project payments. Given PDCD's strong public policy role and large scale of public projects under construction and planning, we expect local government would continue to provide support to the Company over the next 12 to 18 months.

Good access to funding. PDCD has good access to financing channels such as bank loans, onshore and offshore bond issuance, and non-standard financing. Bank loans contribute the most of the debts, which accounted for more than half of the debt as of 30 September 2025. The Company and its subsidiary have a track record for fund-raising activities in onshore and offshore debt capital markets. In addition, PDCD's exposure to non-standard financing was controllable, accounting for less than 10% of total debt as of 30 September 2025.

Credit Challenges

Moderate risk to commercial activities. Apart from public activities, PDCD is also involved in commercial activities such as property leasing and trading, which may involve higher operational and business risks than public policy activities. At the same time, self-operated projects will lead to capital expenditure pressure. Although the Company's commercial activities accounted for 30-40% of its total assets, we consider PDCD's business risk to be moderate because some of its commercial assets are transferred by the government, such as sand mining rights, and the majority of its commercial activities are policy-driven, which aim to promote local industry and economic development.

Increasing debt burden driven by capital expenditures on construction projects. PDCD's debt has grown rapidly over the past three years due to continuous investment in infrastructure construction and self-construction projects. Considering the relatively slow revenue recognition progress for completed projects and prolonged payment progress, as well as the ongoing capital expenditure pressure, we estimate the Company will continue to rely on external financing to support its business and that its total debt will further increase over the next 12-18 months.

Relatively weak asset liquidity and profitability. PDCD's asset liquidity remained relatively weak. As of 30 September 2025, PDCD's intangible assets, inventories, investment properties, and other receivables accounted for 79.9% of the total assets. Meanwhile, PDCD's restricted assets totaled at RMB8.9 billion, mainly pledged for loans, accounting for 13.3% of total assets as of 30 September 2025.

Rating Outlook

The stable outlook on PDCD's rating reflects our expectation that the local government's capacity to provide support will be stable, and that the Company will maintain its important role in infrastructure construction and state-owned asset operation of Pingdu City over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as lowered the exposure to risky commercial activities, and improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance, decreased government support, or weakened financing capabilities.

Rating Methodology

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

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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Christy Liu

Assistant Director of Credit Ratings



+852-2860 7127

christy_liu@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656