

**Lianhe Global has affirmed ‘A’ global scale Long-term Issuer and Issuance Credit Rating of Qingdao City Construction Investment (Group) Limited; Issuer Rating Outlook Revised to Positive**

HONG KONG, 31 March 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘A’ global scale Long-term Issuer Credit Rating of Qingdao City Construction Investment (Group) Limited (“QCCI”). The Outlook is Revised to Positive from Stable.

Lianhe Global has also affirmed ‘A’ global scale Long-term Issuance Credit Rating to the senior unsecured USD bonds issued by QCCI’s wholly-owned subsidiary Hongkong International (Qingdao) Company Limited (“HKIQD”) at the same time. QCCI shows its strong willingness to support HKIQD in meeting its debt obligations by offering a keepwell deed, a deed of equity interest purchase undertaking and an irrevocable standby facility agreement. A full list of affirmed issuance rating is included in this press release.

**Key Rating Rationales**

The Issuer Credit Rating reflects a high possibility that the Qingdao Municipal Government (“Qingdao government”) would provide strong support to QCCI if needed, in light of the Qingdao government’s full ownership of QCCI, the high strategic importance of QCCI to Qingdao and the strong linkage between the Qingdao government and QCCI, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions, and ongoing government support. In addition, the Qingdao government may face significant negative impact on its reputation and financing activities should QCCI encounter any operational or financial difficulties.

The Positive Outlook reflects the company’s increasing strategic importance in Qingdao and linkage with the Qingdao government with the role as Qingdao’s important urban comprehensive development and operating entity, our internal assessment on the Qingdao government, and the expectation that it will continue to ensure QCCI’s stable operation.

**Rating Sensitivities**

We would consider downgrading QCCI’s rating if (1) there is perceived weakening in support from the Qingdao government, particularly due to its reduced strategic importance with diminished government functions, or (2) commercial-oriented operations may significantly jeopardize QCCI’s overall credit profile, or (3) there is a significant reduction of the Qingdao government’s ownership of QCCI, or (4) there is a downgrade in our internal credit assessment on the Qingdao government.

We would consider upgrading QCCI’s rating if (1) there is an upgrade in our internal credit assessment on the Qingdao government, or (2) there is strengthened support from the

Qingdao government, or (3) there is a continuing demonstration of the strengthening of QCCI's strategic importance in Qingdao.

Any rating action on QCCI's rating would result in a similar rating action on the USD bonds.

### **Full List of Issuance Rating**

- USD300 million 4.0% senior unsecured bonds due 2024 affirmed at 'A'
- USD300 million 3.99% senior unsecured bonds due 2023 affirmed at 'A'
- USD750 million 4.8% senior unsecured bonds due 2025 affirmed at 'A'

### **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.

### **Rating Methodology**

The principal methodology used in this QCCI's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website [www.lhratingsglobal.com](http://www.lhratingsglobal.com).

**Note:** The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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