

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Qingdao Oceantec Valley Investment and Development Group Co., Ltd.’ s proposed senior unsecured bonds

HONG KONG, 21 February 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Qingdao Langu International Co., Ltd., (“Langu International”), a wholly-owned subsidiary of Qingdao Oceantec Valley Investment and Development Group Co., Ltd. (“QDOV”; ‘BBB/Stable’).

QDOV intends to use the net proceeds from this offering for project construction and supplement of working capital.

Key Rating Rationales

The Bonds to be issued by Langu International, a wholly-owned subsidiary of QDOV, are rated at the same level as QDOV’s global scale Long-term Issuer Credit Rating of ‘BBB’, as QDOV will keepwell deed to the Bonds. QDOV will offer keepwell deed, liquidity support and equity interest purchase undertaking, which shows QDOV’s strong willingness to support Langu International in meeting its debt obligations. In addition, a default by Langu International would have significant negative impact on QDOV’s reputation and future funding capability, which underpins QDOV’s intention to support.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Jimo District, Qingdao City (“the Jimo government”) would provide strong support to QDOV if needed, in light of its indirect full ownership of QDOV, QDOV’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for infrastructure construction and maintenance in Jimo District (“Jimo”), especially in the core area of Qingdao Oceantec Silicon Valley (“Oceantec Valley”), and the linkage between the Jimo government and QDOV, including appointment of the senior management, strategic alignment, supervision of major investment and financing plans and ongoing operational and financial support. In addition, the Jimo government may face significant negative impact on its reputation and financing activities if QDOV encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that QDOV’s strategic importance would remain intact while the Anji government will continue to ensure QDOV’s stable operation.

Rating Sensitivities

Any rating action on QDOV’s rating would result in a similar rating action on the Bonds.

We would consider downgrading QDOV’s rating if (1) there is perceived weakening in support from the Jimo government, particularly due to its reduced strategic importance with diminished

government functions, or (2) there is a significant reduction of the Jimo government's ownership of QDOV, or (3) there is a downgrade in our internal credit assessment on the Jimo government.

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

Rating Methodology

The principal methodology used in this QDOV'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.

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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