

Lianhe Global has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Qingdao City Construction Investment (Group) Limited to ‘A+’ from ‘A’; Issuer Rating Outlook Stable

HONG KONG, 2 April 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Qingdao City Construction Investment (Group) Limited. (“QCCI”) to ‘A+’ from ‘A’. The Outlook is Stable.

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of the senior unsecured USD bonds and senior unsecured CNY bonds issued by QCCI’s wholly-owned subsidiary Hongkong International (Qingdao) Company Limited (“HKIQD”) to ‘A+’ from ‘A’ 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 issuance ratings is included in this press release.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects the company’s increasing strategic importance in Qingdao and linkage with the Qingdao Municipal Government (“Qingdao government”), as the company is undertaking more significant urban renewal and urban construction projects under the guidance of the Qingdao government, and received strategic state assets in 2023. It is aligned with the development plans of the Qingdao government and strengthened QCCI’s role as Qingdao’s important urban comprehensive development and operating entity.

We believe this continues to present a high possibility that the 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 increasingly 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 Stable Outlook reflects our expectation that QCCI’s strategic importance would remain intact while the Qingdao government 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) there is a significant reduction of the Qingdao

government's ownership of QCCI, or (3) there is a downgrade in our internal credit assessment on the Qingdao government.

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

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

Full List of Issuance Ratings

- USD300 million 4.0% senior unsecured bonds due 2024 upgraded to 'A+' from 'A'
- USD750 million 4.8% senior unsecured bonds due 2025 upgraded to 'A+' from 'A'
- CNY700 million 4.2% senior unsecured bonds due 2026 upgraded to 'A+' from '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.

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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