

**Lianhe Global has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Qingdao China Prosperity State-owned Capital Investment Operation Group Co., Ltd to ‘A+’ from ‘A’; Issuer Rating Outlook Stable**

HONG KONG, 3 June 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Qingdao China Prosperity State-owned Capital Investment Operation Group Co., Ltd. (“QCP”) 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 issued by QCP’s wholly-owned subsidiary Huatong International Investment Holdings Co., Limited (“Huatong International”) to ‘A+’ from ‘A’ at the same time. QCP shows its strong willingness to support Huatong International in meeting its debt obligations by offering a keepwell deed. A full list of upgraded issuance rating 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 deepening and strengthening the involvement in its existing coverage in state-owned capital operation and industrial development, as well as expanding the range of its investment. It is aligned with the development plans of the Qingdao government and strengthened QCP’s role as the major entity responsible for state-owned capital operation and industrial development in Qingdao.

We believe this continues to present a high possibility that the Qingdao government would provide strong support to QCP if needed, in light of its full ownership of QCP, QCP’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for state-owned capital investment and operation and industrial development in Qingdao, and the linkage between the Qingdao government and QCP, 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 QCP encounter any operational or financial difficulties.

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

**Rating Sensitivities**

We would consider downgrading QCP’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 QCP's overall credit profile, or (3) there is a significant reduction of the Qingdao government's ownership of QCP, or (4) there is a downgrade in our internal credit assessment on the Qingdao government.

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

Any rating action on QCP's rating would result in a similar rating action on its USD bonds.

### **Full List of Issuance Ratings**

- USD280 million 6.8% senior unsecured bonds due 2027 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 QCP'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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