

Lianhe Ratings Global Limited has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Zhongyuan Asset Management Co., Ltd. to ‘A+’ from ‘A-’; Issuer Rating Outlook Stable.

HONG KONG, 18 June 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Zhongyuan Asset Management Co., Ltd. (“Zhongyuan AMC” or “the company”) 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 notes issued by Zhongyuan AMC’s indirect wholly-owned subsidiary, Zhongyuan Dayu International (BVI) Co., Ltd., which is unconditionally and irrevocably guaranteed by Zhongyuan AMC to ‘A+’ from ‘A-’ at the same time. A full list of Issuance Rating is included in this press release.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects the company’s strengthening strategic importance in Henan Province (“Henan”) and an upgrade in our internal credit assessment on the People’s Government of Henan Province (“the Henan provincial government”). As a key financial company under the Henan provincial government, Zhongyuan AMC is increasingly involved in major provincial strategies of financial institutions consolidation and reconstruction, maintaining the regional financial stability, preventing and resolving local government debt risk, and promoting industrial transformation and upgrade in Henan, following the government’s policies.

We believe the Henan provincial government would provide strong support to Zhongyuan AMC if needed, in light of its majority indirect ownership of Zhongyuan AMC, Zhongyuan AMC’s strategic position as a major financial assets management company in Henan and the strong linkage between the Henan provincial government and Zhongyuan AMC including management supervision, strategic alignment and ongoing operational and financial support. In addition, the Henan provincial government may face significant negative impact on its reputation, business and financing activities should Zhongyuan AMC encounter any operational or financial difficulties.

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

Rating Sensitivities

We would consider downgrading Zhongyuan AMC’s rating if (1) there is perceived weakening in support from the Henan provincial government, particularly due to its reduced strategic

importance with diminished government functions, or (2) there is a significant reduction of the Henan provincial government's ownership of Zhongyuan AMC, or (3) there is a downgrade in our internal credit assessment on the Henan provincial government.

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

Any rating action on Zhongyuan AMC's rating would result in a similar rating action on the USD notes.

Full List of Issuance Rating

- USD110 million 7.5% senior unsecured notes due 2024 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 Zhongyuan AMC'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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