

**Lianhe Global has assigned ‘A+’ global scale Long-term Issuance Credit Rating to Qingdao City Construction Investment (Group) Limited.’s proposed senior unsecured USD bonds**

HONG KONG, 5 September 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A+’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured USD bonds (“the Bonds”) to be issued by Qingdao City Construction Investment (Group) Limited’s (“QCCI”; ‘A+’/Stable) wholly-owned subsidiary Hongkong International (Qingdao) Company Limited (“HKIQD”).

The Bonds constitute HKIQD’s direct, unsubordinated, unconditional and unsecured obligations which shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. QCCI has provided a keepwell deed, a deed of equity interest purchase undertaking and an irrevocable cross-border USD standby facility agreement in supporting the Bonds.

QCCI intends to use the net proceeds from this offering for refinancing its existing indebtedness maturing within one year.

**Key Rating Rationales**

The proposed senior unsecured USD Bonds are rated at the same level as QCCI’s global scale Long-term Issuer Credit Rating of ‘A+’ as QCCI shows its strong willingness to support HKIQD in meeting its debt obligations by offering the keepwell deed, the deed of equity interest purchase undertaking and the irrevocable cross-border USD standby facility agreement. In addition, a default by HKIQD would have significant negative impact on QCCI’s reputation and future funding capability, which underpins QCCI’s intention to support.

QCCI’s 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 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**

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

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.

### **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 31 July 2024, 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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