

## **Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Heshan Public Asset Management Co., Ltd.’s proposed senior unsecured bonds**

HONG KONG, 4 August 2023 – 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 Heshan Public Asset Management Co., Ltd. (“HPAM”; ‘BBB-’/Stable).

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

### **Key Rating Rationales**

The Bonds are rated at the same level as HPAM’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of HPAM. The payment obligations of HPAM under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Heshan City, Guangdong Province (“Heshan government”) would provide strong support to HPAM if needed, in light of its full ownership of HPAM, HPAM’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and state-owned asset operation in Heshan City, Jiangmen City (“Heshan”), and the linkage between the Heshan government and HPAM, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Heshan government may face significant negative impact on its reputation and financing activities if HPAM encounters any operational and financial difficulties.

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

### **Rating Sensitivities**

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

We would consider downgrading HPAM’s rating if (1) there is perceived weakening in support from the Heshan government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Heshan

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

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