

## **Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Heze Cultural Tourism Investment Group Co., Ltd.'s proposed senior unsecured bonds**

HONG KONG, 18 October 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 Heze Cultural Tourism Investment Group Co., Ltd. (“HCTI”; ‘BBB-/Stable’).

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

HCTI’s Issuer Credit Rating reflects a high possibility that the People’s Government of Heze (“Heze government”) would provide support to HCTI if needed. This mainly considers the Heze government indirectly owns shares of HCTI, HCTI’s strategic importance as an important local investment and development company (“LIDC”) responsible for infrastructure construction and operation in Caozhou Peony Garden and the linkage between the Heze government and HCTI, including the appointment of senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Heze government may face negative impact on its reputation and financing activities if HCTI encounters any operational and financial difficulties.

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

### **Rating Sensitivities**

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

We would consider downgrading HCTI’s rating if (1) there is perceived weakening in support from the Heze government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Heze government’s ownership of HCTI, or (3) there is a downgrade in our internal credit assessment on the Heze government.

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