

## **Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Heze City Investment Holdings Group Co., Ltd.’s USD Notes**

HONG KONG, 24 November 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to the USD112.28 million, 8% senior unsecured Notes due 2026 (“the Notes”) issued by Heze City Investment Holdings International Co., Limited, an indirect wholly-owned subsidiary of Heze City Investment Holdings Group Co., Ltd. (“HZCI”; ‘BBB’/Stable). The Notes are unconditionally and irrevocably guaranteed by HZCI.

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

### **Key Rating Rationales**

The Notes are rated at the same level as HZCI’s global scale Long-term Issuer Credit Rating of ‘BBB’ as they are unconditionally and irrevocably guaranteed by HZCI, and HZCI’s obligations for the Notes shall at all times at least rank least equally with all its other present and future unsubordinated and unsecured obligations.

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

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

### **Rating Sensitivities**

Any rating action on HZCI’s rating would result in a similar rating action on the Notes.

We would consider downgrading HZCI’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 HZCI, or (3) there is a downgrade in our internal credit assessment on the Heze government.

We would consider upgrading HZCI'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 HZCI'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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