

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

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 senior unsecured bonds (“the Bonds”) to be issued by Tengzhou Xinhua Investment Group Co., Ltd. (“TZXH”; ‘BBB/Stable’).

TZXH 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 TZXH’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of TZXH. The payment obligations of TZXH 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 Tengzhou City (“Tengzhou government”) would provide strong support to TZXH if needed. This mainly considers the Tengzhou government’s majority ownership of TZXH, TZXH’s strategic importance as the most important local investment and development company (“LIDC”) responsible for affordable housing development and infrastructure construction in Tengzhou City (“Tengzhou”), and the strong linkage between the Tengzhou government and TZXH, including the appointment of senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Tengzhou government may face significant negative impact on its reputation and financing activities if TZXH encounters any operational and financial difficulties.

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

### **Rating Sensitivities**

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

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

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