

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

HONG KONG, 8 March 2024 – 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 Shengcheng Culture and Tourism Group International Trade Co., Ltd. (“Shengcheng International”), a subsidiary 100% indirectly owned by Zoucheng Shengcheng Cultural and Tourism Group Co., Ltd. (“ZCSCT”; ‘BBB’/Stable).

ZCSCT 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 ZCSCT’s global scale Long-term Issuer Credit Rating of ‘BBB’, as ZCSCT will provide unconditionally and irrevocably guarantee to the Bonds. ZCSCT’s obligations for the bonds under the guarantee shall at all times at least rank pari passu with all its other present and future unsubordinated and unsecured obligations.

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

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

**Rating Sensitivities**

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

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

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