

Lianhe Global has affirmed ‘BBB’ global scale Long-term Issuer and Issuance Credit Rating of Heze City Investment Holdings Group Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 30 April 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Heze City Investment Holdings Group Co., Ltd. (“HZCI” or “the company”). The Outlook is Stable.

Lianhe Global has also affirmed ‘BBB’ global scale Long-term Issuance Credit Rating of the senior unsecured USD Notes (“the Notes”) issued by Heze City Investment Holdings International Co., Limited, an indirect wholly-owned subsidiary of HZCI. The Notes are unconditionally and irrevocably guaranteed by HZCI. A full list of affirmed issuance rating is included in this press release.

Key Rating Rationales

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 (“LIDC”) responsible for project development 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 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

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.

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

Full list of Issuance Rating

- USD132.28 million 8.0% senior unsecured due 2026 affirmed at 'BBB'

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.

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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