

Lianhe Global has assigned ‘A-’ global scale Long-term Issuance Credit Rating to Zhengzhou Urban Construction Investment Group Co., Ltd. ’s proposed USD notes

HONG KONG, 23 August 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured USD notes (“USD notes”) to be issued by Zhengzhou Urban Construction Investment Group Co., Ltd. (“ZZC”; ‘A-/Stable’).

ZZC intends to use the net proceeds from this offering for refinancing its existing indebtedness and for general corporate purposes.

Key Rating Rationales

The USD notes are rated at the same level as ZZC’s global scale Long-term Issuer Credit Rating of ‘A-’ as they constitute ZZC’s unsecured and unsubordinated obligations. ZZC’s obligations for the USD notes will at all times rank at least pari passu with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that Henan’s Zhengzhou municipal government would provide strong support to ZZC if needed. This mainly considers the Zhengzhou municipal government’s full ownership of ZZC, the high strategic importance of ZZC to Zhengzhou in the municipal infrastructure construction and maintenance, and the strong linkage between the Zhengzhou municipal government and ZZC, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Zhengzhou municipal government may face significant negative impact on its reputation and business and financing activities should ZZC encounter any operational or financial difficulties.

Rating Sensitivities

Any rating action on ZZC’s rating would result in a similar rating action on the USD notes.

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

We would consider upgrading ZZC’s rating if (1) there is strengthened support from the Zhengzhou municipal government, or (2) there is an upgrade in our internal credit assessment on the Zhengzhou municipal government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, 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 ZYC's rating is Lianhe Global's China Local Government Financing Vehicle Criteria published on 31 December 2021, 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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