

Lianhe Global has assigned ‘A-’ global scale Long-term Issuance Credit Rating to Dongyang State-owned Assets Investment Co., Ltd.’s Proposed Credit Enhanced JPY Bonds

HONG KONG, 24 January 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuance Credit Rating to the Proposed Credit Enhanced JPY Bonds (“the Bonds”) to be issued by Dongyang State-owned Assets Investment Co., Ltd. (“DSAI”; ‘BBB+’/Stable). The bonds will have the benefit of JPY-denominated irrevocable standby letter of credit (“the SBLC”) issued by Bank of Hangzhou Co., Ltd. (“BOH”)’s Jinhua Branch.

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

Key Rating Rationales

The Issuance Credit Rating primarily reflects the credit enhancement provided by the irrevocable SBLC issued by BOH’s Jinhua Branch and underpinned by the credit strength of BOH. Under the SBLC, BOH will be obligated for any amount that the issuer has failed to pay according to the pre-funding requirements and the full amount of the outstanding principal due and interest accrued on the Bonds in the events of default. BOH was among the top-ranked banks in Hangzhou in terms of both deposits and loans. We believe BOH is likely to receive moderately strong support from the People’s Government of Hangzhou if needed, considering its aggregate ownership of 30.74% stake of BOH and BOH’s systemic importance in Hangzhou.

Rating Sensitivities

Any downgrade or upgrade in our internal credit assessment on BOH would result in a similar rating action on the Bonds.

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

Methodologies used in this DSAI’s rating include Lianhe Global’s Banking Rating Criteria published on 20 March 2023 and 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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