

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Zhejiang Anji Construction Holding Group Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 9 January 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 Zhejiang Anji Construction Holding Group Co., Ltd. (“ZACH”; ‘BBB/Stable’).

ZACH 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 ZACH’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of ZACH. The payment obligations of ZACH 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 Anji County (“the Anji government”) would provide very strong support to ZACH if needed. This mainly considers the Anji government’s full ownership of ZACH, ZACH’s strategic position as an important local investment and development company (“LIDC”) responsible for project development in Anji County (“Anji”), and the strong linkage between the Anji government and ZACH, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Anji government may face significant negative impact on its reputation and financing activities should ZACH encounter any operational or financial difficulties.

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

Rating Sensitivities

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

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

We would consider upgrading ZACH’s rating if there is an upgrade in our internal credit assessment on the Anji 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 ZACH'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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