

Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Huzhou Moganshan High-tech Group Co., Ltd. to 'BBB+' from 'BBB'; Issuer Rating Outlook Stable

HONG KONG, 10 April 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Huzhou Moganshan High-tech Group Co., Ltd. (“HMHG”) to ‘BBB+’ from ‘BBB’. The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects the company’s increasing strategic importance in Deqing County, Huzhou City (“Deqing”) and Mogan Mountain of Huzhou Hi-tech Industry Development Zone (“MHZ”), as the company is undertaking more significant infrastructure projects, land development projects, and industrial park development projects under the guidance of the People’s Government of Deqing County, Huzhou City (“Deqing government”) with the expansion of its business coverage area in MHZ. With the integration of local investment and development companies (“LIDCs”) within MHZ, the company’s responsibility for urban development and land consolidation becomes more prominent. It is expected that HMHG will undertake the majority of major municipal and industrial upgrade projects within the area.

We believe there is a high possibility that the Deqing government would provide very strong support to HMHG if needed, in light of the Deqing government’s full ownership of HMHG, HMHG’s strategic importance as the key LIDC that is responsible for infrastructure construction and land development in Deqing especially in MHZ, and the linkage between the Deqing government and HMHG, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Deqing government may face significant negative impact on its reputation and financing activities if HMHG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading HMHG's rating there is an upgrade in our internal credit assessment on the Deqing 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 HMHG'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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