

Lianhe Global has affirmed ‘A-’ global scale Long-term Issuer Rating of Zhejiang Changsanhe Holding Group Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 4 July 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘A-’ global scale Long-term Issuer Credit Rating of Zhejiang Changsanhe Holding Group Co., Ltd. (“ZCHG”). The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the People’s Government of Huzhou City, Zhejiang Province (“Huzhou government”) would provide strong support to ZCHG if needed, in light of its indirect majority ownership of ZCHG, ZCHG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and industry cultivation in Huzhou City, Zhejiang Province (“Huzhou”), especially in Yangtze River Delta (Huzhou) Industrial Cooperation Zone (“Changhe Area”), and the linkage between the Huzhou government and ZCHG, 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 Huzhou government may face significant negative impact on its reputation and financing activities if ZCHG encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading ZCHG’s rating if (1) there is an upgrade in our internal credit assessment on the Huzhou government. (2) there is an upgrade in our internal credit assessment on the Huzhou 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 ZCHG'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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