

Lianhe Global has affirmed ‘BBB-’ global scale Long-term Issuer Rating of Zhangzhou Yuanshan Development Co Ltd.; Issuer Rating Outlook Stable

HONG KONG, 12 July 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Zhangzhou Yuanshan Development Co., Ltd. (“ZZYD”). The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the Zhangzhou Municipal People’s government (“the Zhangzhou government”) would provide moderately strong support to ZZYD if needed. This mainly considers the Management Committee of Zhangzhou High-Tech District’s (“ZHTD MC”) (a local office of the Zhangzhou government and the de facto local government of Zhangzhou High-Tech District (“ZHTD”))’s indirect full ownership of ZZYD, ZZYD’s strategic importance as an important local investment and development company responsible for infrastructure construction in ZHTD, which is a national high-tech industrial development zone and one of the four key driver zones of Zhangzhou’s economic development, and the linkage between ZHTD MC and ZZYD, including appointment of the senior management, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Zhangzhou government may face negative impact on its reputation and financing activities if ZZYD encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

Contact Information

Primary Analyst
Roy Luo, FRM, CESGA
Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Secondary Analyst
Jack Li, CESGA
Analyst
(852) 3462 9585
jack.li@lhratingsglobal.com

Committee Chairperson
Toni Ho, CFA, FRM
Senior Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Media Contact
Alice Wang
(852) 3462 9568
alice.wang@lhratingsglobal.com

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