

**Lianhe Ratings Global Limited has affirmed ‘A-’ global scale Long-term Issuer Credit Rating to Zhukuan Group Holding Co., Ltd. of Zhuhai City; Issuer Credit Rating Outlook is Stable**

HONG KONG, 17 September 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘A-’ global scale Long-term Issuer Credit Rating to Zhukuan Group Holding Co., Ltd. of Zhuhai City (“Zhukuan Group” or “the company”). The Outlook is Stable.

**Key Rating Rationales**

The Issuer Rating reflects Zhukuan Group’s important strategic position as the window liaison state-owned enterprise stationed in Macau by the People’s Government of Zhuhai (“Zhuhai government”) and the sole enterprise with dual headquarters in Zhuhai City, Guangdong Province (“Zhuhai”) and Macau, the strong financial performance in terms of increasing asset size, revenue and profit, as well as the strong debt servicing ability. Moreover, Zhukuan Group has a long history of conducting business in both Zhuhai and Macau, which has advantages in terms of obtaining external government support and overall business development. However, the rating is constrained by Zhukuan Group’s limited market position and fluctuating profit margins.

The Stable Outlook reflects our expectation that Zhukuan Group will maintain its operation efficiency and high profitability, further diversify its business profile, while the Zhuhai government will continue to ensure the company’s stable operation.

**Rating Sensitivities**

We would consider downgrading Zhukuan Group’s rating if (1) it were to increase its financial leverage as measured by its EBITDA interest coverage to consistently below 5x or debt over EBITDA leverage consistently to above 5.5x, or (2) it were to suffer a significant deterioration in operating performance in terms of revenue, profit margin or cash flow generation, or its liquidity profile is worsened, or (3) there is a decrease in support from or function for the local government.

We would consider upgrading Zhukuan Group’s rating if (1) it were to significantly improve its operating performance, and/or (2) it were to improve its financial leverage and liquidity consistently, and/or (3) there is an increase in support from or function for 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 methodologies used in this Zhukuan Group's rating are *Lianhe Global's General Corporate Rating Criteria* published on 31 December 2021 and *General Corporate Rating Criteria: Addendum* published on 30 August 2022, which can be found at the website [www.lhratingsglobal.com](http://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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