

Zhejiang Anji Construction Holding Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Zhejiang Anji Construction Holding Group Co., Ltd.; Issuer Rating Outlook Stable

Summary

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 Zhejiang Anji Construction Holding Group Co., Ltd. (“ZACH” or the company) 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 Huzhou City’s Anji County, Zhejiang Province (“Anji”), and the strong linkage between the Anji government and ZACH, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe that the Anji government has a very strong willingness to ensure ZACH’s business and financial viability in order to safeguard its reputation and local financing activities.

Anji is a county under the jurisdiction of Huzhou City and located in the northwest of Zhejiang Province. Its GDP grew by 6.5% to RMB67.6 billion in 2024, while the Anji government’s budgetary revenue decreased by 4.0% to RMB6.3 billion.

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 Rationale

The Government’s Ownership and Supervision: The Anji government holds 100% ownership of ZACH through Financial Bureau of Anji County. The Anji government has strong control and supervision over ZACH including the appointment of senior management and supervision of development strategy, major financing plan and investment decision. In addition, the local government has formulated a performance assessment policy for the company, and regularly appoints auditors to review the company’s operating performance and financial position.

Strategic Importance to Anji and Strategic Alignment: As an important LIDC in Anji, ZACH is focusing on the development of “Liangshan” Future Science City, which is a key comprehensive new area of Anji comprising business, industry, culture and residence zones. It is a priority task of the local government to improve the infrastructure, living environment and industry attractiveness of Anji, and promote the local economic and social development. ZACH’s business operation and strategic planning have been aligned with the local government’s policies.

Strong Government Support: ZACH receives ongoing support in forms of financial subsidies and asset/capital injections from the local government to support its operations. The Anji government injected state-owned properties and equities of local state-owned enterprises valued at RMB9.2 billion into ZACH from 2024 to the first nine months of 2025. In addition, ZACH received operational subsidies amounting to RMB370 million over the same period. We expect ZACH to receive ongoing support from the local government in the coming years considering its strategic importance in Anji.

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	27 January 2026

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

ZACH's Financial and Liquidity Position: ZACH's asset size increased from RMB66.2 billion at end-2023 to RMB80.0 billion at end-2024, but dropped slightly to RMB77.9 billion at end-September 2025. However, the company's equity increased steadily to RMB40.3 billion at end-September 2025 from RMB31.3 billion at end-2023, owing to the asset/capital injections from the local government. As a result, the company's financial leverage, as measured by debt/capitalization, decreased to 46.2% from 50.8% over the same period.

ZACH's short-term debt servicing pressure is moderately high. At end-September 2025, the company had cash of RMB3.8 billion (including restricted cash of RMB466 million), compared with debt due within one year of RMB7.9 billion. The company has access to various financing channels, including bank borrowings, bond issuances and other non-traditional financings, to support its debt repayments and business operations. At end-2024, ZACH had unused bank lines of RMB15.4 billion.

Rating Sensitivities

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, 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.

Operating Environment

Economic Condition of Anji

Anji is a county under the jurisdiction of Huzhou City and located in the northwest of Zhejiang Province. Anji has a total land area of 1,886 square kilometers. At end-2024, Anji had a resident population of 0.6 million.

Anji's economy maintained stable growth in the past few years and its GDP reached RMB67.6 billion in 2024, representing a year-on-year growth of 6.5% (2023: 5.1%). Anji's economic growth was mainly fueled by secondary and tertiary industries, which accounted for 46.4% and 48.6% of GDP in 2024, respectively.

Anji's GDP and Fixed Asset Investment (RMB billion)			
	2022	2023	2024
GDP	58.2	61.5	67.6
-Primary industry (%)	5.2	5.2	5.0
-Secondary industry (%)	46.8	43.9	46.4
-Tertiary industry (%)	48.1	50.8	48.6
GDP growth rate (%)	0.9	5.1	6.5
Fixed asset investment growth rate (%)	7.6	22.6	9.6
Population (million)	0.6	0.6	0.6

Source: Financial Bureau of Anji, Statistical Bureau of Anji and Lianhe Global's calculations

Fiscal Condition of Anji

The Anji government's budgetary revenue decreased by 4.0% in 2024 to RMB6.3 billion in 2024 from 6.5 billion in 2023, mainly due to tax revenue dropping to RMB5.3 billion from RMB5.9 billion during the same period. However, its budgetary balance improved in 2024, with a fiscal deficit narrowing to 35.8% in 2024 from 43.9% in 2023. The government fund income, mainly generated from land sales, continued to decline due to prolonged property market downturn.

The government debt of Anji kept growing in past years. At end-2024, The Anji government's outstanding debt increased to RMB22.4 billion from RMB21.9 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 153.1% from 96.9% over the same period.

Anji's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	6.2	6.5	6.3
Budgetary revenue growth rate (%)	-5.1	4.2	-4.0
Tax revenue	5.7	5.9	5.3
Tax revenue (% of budgetary revenue)	91.3	90.9	85.4
Government fund income	9.0	12.8	5.8
Transfer payment	3.0	3.0	2.3
Aggregate revenue	18.2	22.6	14.6
Budgetary expenditure	9.4	9.4	8.5
Budget balance ¹ (%)	-50.8	-43.9	-35.8
Government debt ratio (%)	122.3	96.9	153.1
¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
Source: Financial Bureau of Anji, Statistical Bureau of Anji and Lianhe Global's calculations			

Company Profile

ZACH was established in October 2018 and funded by the Zhejiang Anji Liangshan Zhenxing Tourism Investment Development Co., Ltd. ("ZTID"). In April 2021, ZACH's 100% equity interest was transferred from the ZTID to the Anji Finance Bureau. At end-September 2025, the Anji Finance Bureau, as the sole shareholders and actual controller, held 100% of the company's equity, with the registered capital and paid-in capital recording at RMB3.0 billion and RMB1.6 billion, respectively.

As an important LIDC in Anji, ZACH is mainly responsible for project development within the region. The company also engaged in trading, properties leasing and management, as well as parking lots operations businesses. The company recognized a revenue of RMB1.6 billion in the first nine months of 2025, with a gross margin of 33.4%.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	54,290	66,249	80,024	77,868
Equity	30,852	31,250	38,464	40,272
Debt	22,367	32,326	37,989	34,626
Debt / (Debt + Equity) (%)	42.0	50.8	49.7	46.2
Unrestricted cash/ST Debts (x)	0.3	0.5	0.4	0.5
Debt/EBITDA (x)	35.0	59.6	65.7	-
Revenue	877	1,054	1,247	1,607
Operation Profit	195	168	147	70
Gross Margin (%)	12.9	15.0	14.2	33.4
Cash from sales or services/Revenue (%)	80.0	67.9	67.2	88.4
Source: The company and Lianhe Global's calculations				

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