

Lianhe Ratings Global Limited has upgraded the global scale Long-term Issuer Credit Rating of Chengdu Chenghua Development Group Co., Ltd. to ‘A-’ from ‘BBB+’; Issuer Rating Outlook Stable

HONG KONG, 21 September 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Chengdu Chenghua Development Group Co., Ltd. (“CCD” or “the company”) to ‘A-’ from ‘BBB+’. The Outlook is Stable.

The Issuer Credit Rating reflects the increased strategic importance of CCD to Chengdu’s Chenghua District. Since 2021, CCD has consolidated all major local investment and development companies in Chenghua District and constantly increased the supervision over its subsidiaries. The company also undertakes most major urban development projects in Chenghua District.

We believe there is a high possibility that the People’s government of Chenghua District (“the Chenghua government”) would provide very strong support to CCD if needed. This mainly considers the Chenghua government’s 90% ownership of CCD, CCD’s strategic position as the flagship platform of Chenghua District, as well as the strong linkage between the Chenghua government and CCD, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Chenghua government may face significant negative impact on its reputation and financing activities should CCD encounter any operational or financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading CCD’s rating if there is an upgrade in our internal credit assessment on the Chenghua 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 CCD'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
Associate Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Secondary Analyst
Sigmund Jiang, CFA, CESGA
Analyst
(852) 3462 9587
sigmund.jiang@lhratingsglobal.com

Committee Chairperson
Toni Ho, CFA, FRM
Director
(852) 3462 9586
toni.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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