

Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Dongyang State-owned Assets Investment Co., Ltd. to ‘BBB+’ from ‘BBB’; Issuer Rating Outlook Stable

HONG KONG, 18 January 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Dongyang State-owned Assets Investment Co., Ltd. (“DSAI”) to ‘BBB+’ from ‘BBB’. The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects the increased strategic importance of DSAI in Dongyang City (“Dongyang”), as the company is expanding its range and extent of its investment in a variety of industries. It is aligned with the development plans of the People’s Government of Dongyang City (“Dongyang government”) and strengthen DSAI’s role in fostering consistent industrial growth in the region.

We believe there is a high possibility that the Dongyang government would provide very strong support to DSAI if needed. This mainly considers the Dongyang government’s indirectly full ownership of DSAI, DSAI’s strategic importance as the most important local investment and development company (“LIDC”) for state-owned assets operation and infrastructure construction in Dongyang, and the strong linkage between the Dongyang government and DSAI, 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 Dongyang government may face significant negative impact on its reputation and financing activities if DSAI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading DSAI’s rating if there is an upgrade in our internal credit assessment on the Dongyang 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 DSAI'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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