

## **Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Chengdu Vartaim Cultural Tourism Development Co., Ltd.’s proposed senior unsecured bonds**

HONG KONG, 26 February 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Chengdu Vartaim Cultural Tourism Development Co., Ltd. (“Vartaim”; ‘BBB+/Stable’).

Vartaim intends to use the net proceeds from this offering for project construction and supplement of working capital.

### **Key Rating Rationales**

The Bonds are rated at the same level as Vartaim’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of Vartaim. The payment obligations of Vartaim under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that The People’s Government of Chenghua District (“the Chenghua government”) would provide strong support to Vartaim if needed. This mainly considers the Chenghua government’s indirect majority ownership of Vartaim, Vartaim’s strategic position as an important investment and development company responsible for urban renewal, as well as development and operation of cultural tourism in Chengdu’s Chenghua District, and the strong linkage between the Chenghua government and Vartaim, 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 Vartaim encounter any operational or financial difficulties.

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

### **Rating Sensitivities**

Any rating action on Vartaim’s rating would result in a similar rating action on the Bonds.

We would consider downgrading Vartaim’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 Vartaim, or (3) there is a downgrade in our internal credit assessment on the Chenghua government.

We would consider upgrading Vartaim's rating if (1) there is strengthened support from the Chenghua government, or (2) 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 Vartaim'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](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.

### **Contact Information**

Primary Analyst  
Roy Luo, FRM, CESGA  
Associate Director  
(852) 3462 9582  
[roy.luo@lhratingsglobal.com](mailto:roy.luo@lhratingsglobal.com)

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

Committee Chairperson  
Toni Ho, CFA, FRM  
Director  
(852) 3462 9578  
[toni.ho@lhratingsglobal.com](mailto:toni.ho@lhratingsglobal.com)

Business Development Contact  
Joyce Chi, CESGA  
Managing Director  
(852) 3462 9569  
[joyce.chi@lhratingsglobal.com](mailto:joyce.chi@lhratingsglobal.com)

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