

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

HONG KONG, 5 April 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Chengdu Dujiangyan Investment Development Group Co., Ltd. (“DIDG”) to ‘BBB+’ from ‘BBB-’. The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects an upgrade in our internal credit assessment on the People’s Government of Dujiangyan City (“Dujiangyan government”) and the expectation of a high possibility that the Dujiangyan government would provide very strong support to DIDG if needed. It also reflects the increased strategic importance of DIDG in Dujiangyan City (“Dujiangyan”), as the company is expanding its range and extent in urban and rural construction, trade, tourism and industrial development, which is aligned with the development plans and policies of the Dujiangyan government and strengthen DIDG’s role in urban and rural construction as well as promoting the economic and industrial development of Dujiangyan.

We believe there is a high possibility that the Dujiangyan government would provide very strong support to DIDG if needed. This mainly considers the Dujiangyan government’s full ownership of DIDG, DIDG’s strategic importance as the sole local investment and development company (“LIDC”) for infrastructure construction and urban operation in Dujiangyan, and the strong linkage between the Dujiangyan government and DIDG, including control of the board of directors, appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing government support. In addition, the Dujiangyan government may face significant negative impact on its reputation and financing activities should DIDG encounter any operational or financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading DIDG's rating if there is an upgrade in our internal credit assessment on the Dujiangyan 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 DIDG'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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