聯合評級國際 Lianhe Ratings Global

Rating Report
9 January 2026

Dujiangyan Urban and Rural Construction Group Co., Ltd.

Summary	
Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	9 January 2026

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Applicable Criteria

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

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'BBB' global scale Long-term Issuer Credit Rating of Dujiangyan Urban and Rural Construction Group Co., Ltd. ("DURC" or "the company"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Dujiangyan City ("Dujiangyan government") would provide strong support to DURC if needed. This mainly considers Dujiangyan government's indirect full ownership of DURC and the company's strategic importance as an important local investment and development company ("LIDC") responsible for infrastructure construction and state-owned asset operation in Dujiangyan. The linkage between the local government and DURC is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities if DURC encounters any operational and financial difficulties.

Dujiangyan is a county-level city under the administration of Chengdu City. Dujiangyan's GDP grew steadily by 5.5% to RMB54.5 billion in 2024, while it realized a budgetary revenue of RMB4.1 billion.

The Stable Outlook reflects our expectation that DURC's strategic importance would remain intact while the local government will continue to ensure DURC's stable operation.

Rating Rationale

Government's Ownership and Supervision: The Dujiangyan government holds DURC through the State-owned Assets Supervision and Administration and Finance Bureau of Dujiangyan City ("Dujiangyan SASAFB") and Chengdu Dujiangyan Investment Development Group Co., Ltd. ("DIDG"; 'BBB+'/Stable). DIDG is the sole shareholder of DURC, while Dujiangyan SASAFB is the actual controller of DURC. The Dujiangyan government has the final decision-making authority and strong supervision over the company, including appointment and supervision of the senior management, strategic alignment and decision on its major investment and financing plan decisions. In addition, the Dujiangyan government has assessment mechanism over the company and regularly appoints auditors to review the company's operating performance and financial position.

Strategic Importance and Strategic Alignment: DURC is an important LIDC that is responsible for infrastructure construction and stated-owned asset operation in Dujiangyan. The company engages primarily in infrastructure construction, land consolidation and development. It also participates in sand and gravel sales and building material trading businesses. DURC plays an important role in the urban development and operation in Dujiangyan. DURC's business operation and strategic planning have been aligned with Dujiangyan government's development plans.

Ongoing Government Support: The local government provided ongoing support to DURC. The local government injected cash, equity of local SOEs and other assets into DURC between 2022 and 2024, enhancing its equity base from RMB31.3 billion at end-2022 to

RMB36.9 billion at end-2024. The company also received operational subsidies totaling RMB551.6 million in 2024 and RMB142.8 billion in the first six months of 2025, respectively. We expect DURC to receive ongoing support from the Dujiangyan government in future considering its strategic importance in Dujiangyan.

DURC's Financial Matrix and Liquidity Position: DURC's asset size grew steadily to RMB34.2 billion at end-June 2025 from RMB29.0 billion at end-2022, largely attributed to the company's active participation in Dujiangyan's project development. The company heavily relied on borrowings to fund its asset expansion. Its total debt also expanded to RMB10.4 billion from RMB7.4 billion over the same period. Its financial leverage, as measured by the debt to capitalization ratio, increased to 45.4% at end-June 2025 from 39.4% at end-2022.

DURC's short-term debt repayment pressure was moderately high. At end-June 2025, the company had unrestricted cash of RMB617.3 million, compared with debts due within one year of RMB4.6 billion. Yet DURC has access to various financing channels, including bank borrowings, onshore and offshore bond issuances, and other non-traditional financings, to support its debt repayments and business operations. Furthermore, its parent company, DIDG, has secured consolidated credit facilities from banks, financial leasing companies, and other financial institutions, with a total credit line of RMB58.6 billion, of which RMB14.6 billion remains unused at end-November 2025.

Rating Sensitivities

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

We would consider upgrading DURC's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Dujiangyan government.

Full List of Issuance Rating

- CNY590 million, 5.50% senior unsecured bonds due 2028 ('A+')

- CNY500 million, 5.50% senior unsecured bonds due 2028 ('A')

Operating Environment

Economic Condition of Dujiangyan

Dujiangyan is a county-level city in Sichuan Province and under the administration of Chengdu City. It is a famous tourist city in China and tourism industry is important for the local economic development. The GDP of Dujiangyan increased to RMB54.5 billion in 2024 from RMB50.9 billion in 2023, which was ranked 16th out of 23 districts and county-cities within Chengdu. The GDP growth rate in 2024 increased to 5.5% from 5.2% in 2023. The economic development of Dujiangyan was mainly fueled from the secondary and tertiary industries, accounting for 27.2% and 65.3% of its total GDP, respectively, in 2024.

Dujiangyan City's Economic Condition (RMB billion)	2022	2023	2024

GDP	48.4	50.9	54.5
-Primary industry (%)	7.8	7.2	7.5
-Secondary industry (%)	30.9	28.5	27.2
-Tertiary industry (%)	61.3	64.3	65.3
GDP growth rate (%)	1.0	5.2	5.5
Fixed asset investment growth rate (%)	8.1	-20.6	11.6
Population (million)	0.7	0.7	0.7

Source: Statistical Bureau of Dujiangyan City and Lianhe Global's calculations

Fiscal Condition of Dujiangyan City

The aggregate fiscal revenue of the Dujiangyan was mainly derived from the budgetary revenue and government fund income. In 2024, the Dujiangyan government realized a budgetary revenue of RMB4.1 billion, representing a year-over-year increase of 0.8%. The budget deficit widened to 70.3% in 2024 from 54.8% in 2023. The government fund income was another important part of Dujiangyan's aggregate fiscal revenue, but it was vulnerable to property market and policy changes. The government fund income of Dujiangyan decreased by 4.5% year-over-year to RMB1.4 billion in 2024, mainly due to the decline of land sales income.

At end-2024, the Dujiangyan government's outstanding debt was RMB22.9 billion, including RMB7.3 billion of general obligations and RMB15.5 billion of special debt. Its fiscal debt ratio, as measured by total government debt outstanding/aggregate revenue, was lifted to 345.8% at end-2024 from 187.7% at end-2023, mainly due to the increase in special debt.

Dujiangyan City's Fiscal Condition (RMB billion)	**2022**	**2023**	**2024**
Budgetary revenue	3.1	4.0	4.1
Budgetary revenue growth rate (%)	-22.0	28.0	0.8
Tax revenue	1.8	2.1	2.1
Tax revenue (% of budgetary revenue)	58.5	51.2	51.8
Government fund income	4.3	1.5	1.4
Transfer payment	3.4	4.3	1.0
Aggregate revenue	11.0	9.9	6.6
Budgetary expenditure	5.2	6.2	6.9
Budget balance[1] (%)	-66.1	-54.8	-70.3
Government debt ratio (%)	131.6	181.3	345.8

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*

Source: Finance Bureau of Dujiangyan City, Statistical Bureau of Dujiangyan City and Lianhe Global's calculations

Company Profile

DURC was established in September 2010. The Dujiangyan government holds 100% ownership of DURC through Dujiangyan SASAFB and DIDG, and is the actual controller of the company. After an array of capital injections, DURC's paid-in capital was enlarged to RMB547 million at the end of June 2025.

The company engages primarily in infrastructure construction, land consolidation and development. DURC plays an important role in promoting the economic and social development of the region. Its business operation and strategic planning have been aligned with the government's development plans. It also engaged in sand and gravel sales and building material trading businesses. DURC realized total revenue of RMB1.3 billion, 1.4 billion, 1.3 billion and 555 million for 2022, 2023, 2024 and the first half of 2025, respectively, with a decent gross margin of c. 20%-27%.

Key Financial Data (RMB million)	2022	2023	2024	2025.6
Total Assets	28,995	31,278	33,269	34,217
Equity	12,119	12,231	12,529	12,569
Debt	7,879	8,311	9,744	10,444
Debt / (Debt + Equity) (%)	39.4	40.5	43.7	45.4
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.1
Debt/EBITDA (x)	22.1	26.5	29.2	-
Revenue	1,344	1,367	1,307	555
Operation Profit	332	234	225	105
Gross Margin (%)	18.7	20.1	26.0	26.3
Cash from sales or services/ Revenue (%)	37.9	79.4	119.6	58.1

Source: DURC and Lianhe Global's calculations

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