

**Lianhe Global has affirmed 'BBB-' global scale Long-term Issuer and Issuance Credit Rating of Liangshan Development (Holdings) Group Co., Ltd.; Issuer Rating Outlook Stable**

HONG KONG, 28 October 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Liangshan Development (Holdings) Group Co., Ltd. (“LDHG”). The Outlook is Stable.

Lianhe Global has also affirmed ‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured USD bonds issued by LDHG’s wholly-owned subsidiary Liang Shan International Development Limited, which is unconditionally and irrevocably guaranteed by LDHG. A full list of affirmed issuance rating is included in this press release.

**Key Rating Rationales**

The Issuer Rating reflects a high possibility that Sichuan’s Liangshan Yi Autonomous Prefecture (“Liangshan”) would provide strong support to LDHG if needed, in light of the Liangshan government’s majority ownership in LDHG, the strategic importance of LDHG to Liangshan and the strong linkage between the Liangshan government and LDHG, including management supervision and strategic alignment. In addition, the Liangshan government may face adverse impact on its reputation, and business and financing activities should LDHG encounter any operational or financial difficulties.

The Stable Outlook reflects our expectation that LDHG’s strategic importance would remain intact while the Liangshan government will continue to ensure LDHG’s stable operation. The Liangshan government has provided ongoing strong support to LDHG, including asset and capital injections, financial subsidies, preferential tax policies, etc.

**Rating Sensitivities**

We would consider downgrading LDHG’s rating if (1) there is perceived weakening in support from Liangshan, particularly due to its reduced strategic importance if it is no longer the largest and most important investment and financing platform in Liangshan, or (2) there is a downgrade in our internal credit assessment on Liangshan.

We could consider upgrading LDHG’s rating if (1) there is strengthened support from Liangshan, or (2) there is an upgrade in our internal credit assessment on Liangshan.

Any rating action on LDHG’s rating would result in a similar rating action on the USD bonds.

**Full List of Issuance Rating**

USD300 million 7.0% senior unsecured bonds due 2022 affirmed at ‘BBB-’

## **About Lianhe Global**

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, 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 LDHG's rating is Lianhe Global's China Local Government Financing Vehicle Criteria published on 16 July 2018, 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.

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