

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

HONG KONG, 27 October 2022 – 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.

Key Rating Rationales

The Issuer Rating reflects a high possibility that Sichuan’s Liangshan Yi Autonomous Prefecture Government (“Liangshan government”) 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 significant negative impact on its reputation, 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, equity transfers, financial subsidies, preferential tax policies, etc.

Rating Sensitivities

We would consider downgrading LDHG’s rating if (1) there is perceived weakening in support from the Liangshan government, 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 the Liangshan government.

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

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 31 December 2021, 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.

Contact Information

Primary Analyst

Toni Ho

Director

(852) 3462 9578

toni.ho@lhratingsglobal.com

Committee Chairperson

Ben Yau

Senior Director

(852) 3462 9586

ben.yau@lhratingsglobal.com

Business Development Contact

Joyce Chi

Managing Director

(852) 3462 9569

joyce.chi@lhratingsglobal.com

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