

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

HONG KONG, 30 October 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Liangshan Development (Holdings) Group Co., Ltd. (“LDHG”) to ‘BBB’ from ‘BBB-’. The Outlook is Stable.

**Key Rating Rationales**

The Issuer Rating upgrade reflects the increased strategic importance of LDHG in the development of Liangshan, as demonstrated by its higher involvement and investment in clean energy, strategic resources, financial institutions and other industry investment in the region. In addition, the equity interest of the company held by the Liangshan Yi Autonomous Prefecture State-owned Assets Supervision and Administration Commission increased to 70.99% at end-June 2023 (end-2022: 58.6%). The Sichuan Provincial Department of Finance remained the second largest shareholder owning 9.79% of LDHG at end-June 2023.

We believe there is 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, LDHG’s strategic importance as the sole prefecture-level local investment and development company responsible for state-owned capital operation, investment and financing in Liangshan, and the linkage between the Liangshan government and LDHG, including supervision of the senior management, strategic alignment and ongoing operational and financial support. 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 would 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 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 LDHG'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.

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