

Xichang Haihe Cultural Tourism Investment Development Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Xichang Haihe Cultural Tourism Investment Development Co., Ltd. (“XHCTID” or “the company”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xichang City, Liangshan Yi Autonomous Prefecture (“Xichang government”) would provide strong support to XHCTID if needed, in light of its indirect full ownership of XHCTID, XHCTID’s strategic importance as an important local investment and development company (“LIDC”) responsible for state-owned asset operation and construction in Xichang City (“Xichang”), Liangshan Yi Autonomous Prefecture (“Liangshan”), and the linkage between the Xichang government and XHCTID, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Xichang government may face significant negative impact on its reputation and financing activities if XHCTID encounters any operational and financial difficulties.

Xichang is a county-level city that lies in the center of Liangshan, Sichuan Province and is the capital of Liangshan. Its GDP grew by 6.1% to RMB80.3 billion in 2024, while its budgetary revenue increased by 7.5% to RMB7.0 billion during the same period.

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

Rating Rationale

Government’s Ownership and Supervision: The Xichang government indirectly holds 100% ownership of XHCTID through the Xichang Finance Bureau (“Xichang FB”) and Xichang Guosheng Industrial Development Co., Ltd. (“XGID”). The Xichang government has the final decision-making authority and supervision over the company, including senior management appointment, decision on its strategic development and supervision of its major investment and financing plan decisions. In addition, the Xichang government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance and Strategic Alignment: XHCTID is an important LIDC responsible for state-owned asset operation and construction in Xichang. The company is primarily engaged in tourism spot operations and maintenance, urban transportation services, building material sales, property leasing and management and other businesses in Xichang. XHCTID 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.

Ongoing Government Support: XHCTID continued to receive financial subsidies and asset/capital injections from the Xichang government to support its business operations. Between 2022 and 2024, XHCTID received financial subsidies with a total amount of

Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	10 November 2025

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Applicable Criteria

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

RMB434 million from the Xichang government. Meanwhile, the company received asset and capital injections in the form of cash, real estate assets, lands, equity transfers and other assets, totaling around RMB9.5 billion during the same period. Besides, the Xichang government provides policy supports and tax deductions and exemption to XHCTID. We expect XHCTID to receive ongoing support from the Xichang government in future considering its strategic importance in Xichang.

XHCTID's Financial and Liquidity Position: XHCTID's total assets grew steadily to RMB36.6 billion at end-June 2025 from RMB32.8 billion at end-2023, as the company actively participates in state-owned asset operation and construction businesses in Xichang. XHCTID's asset liquidity was weak, primarily due to the large proportion of intangible assets, investment properties and fixed assets, which together accounted for 47.7% of total assets at end-June 2025. The company's financial leverage, as measured by the debt to capitalization ratio, was elevated to 49.0% at end-June 2025 from 45.6% at end-2023.

XHCTID's liquidity was moderately weak. At end-2024, XHCTID had unrestricted cash balance of RMB393 million, compared with its debt to be due within one year of RMB4.6 billion. It had unused credit facilities of RMB2.0 billion at end-2024. In addition, XHCTID has access to various channels of financing, including bank loans, bonds issuance and non-traditional financing channels, to support its debt repayments and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Xichang

Xichang's GDP increased to RMB80.3 billion in 2024 from RMB75.1 billion in 2023, representing a year-over-year growth rate of 6.1%, which remained at a high growth pace despite a slowdown compared with the previous year (8.7%). The industrial structure of Xichang kept improving. The tertiary industries accounted for 55.0% of total economy in 2024. The GDP per capita of Xichang increased by 6.6% year-over-year to RMB82,700 in 2024, slightly higher than that of Sichuan Province (RMB77,300) but still lower than that of China (RMB95,700).

Xichang's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	67.2	75.1	80.3
-Primary industry (%)	9.1	8.6	7.9
-Secondary industry (%)	44.1	43.4	37.1
-Tertiary industry (%)	46.7	48.0	55.0
GDP growth rate (%)	5.0	8.7	6.1
Fixed asset investment growth rate (%)	4.0	3.1	11.9
Population (million)	1.0	1.0	1.0
<i>Source: Financial Bureau of Xichang, Statistical Bureau of Xichang and Lianhe Global's calculations</i>			

Fiscal Condition of Xichang

The budgetary revenue of Xichang government increased steadily to RMB7.0 billion in 2024 from RMB6.5 billion in 2023, while the contribution of tax revenue to budgetary revenue was lowered to 52.3% from 60.4% over the same period. The fiscal self-sufficiency of the Xichang government was deteriorating, with the budget deficit widening to 44.0% in 2024 from 36.7% in 2023. The government-managed fund, which is mainly generated by land sales income, decreased further to RMB2.9 billion in 2024 from RMB3.9 billion in 2023 amid property market downturns.

The outstanding debt of the Xichang government increased to RMB14.3 billion at end-2024 from RMB12.2 billion at end-2023, mainly due to the increase of special purpose debts. The government debt ratio, as measured by the total government debt to aggregate revenue ratio, was elevated to 100.7% at end-2024 from 86.1% at end-2023.

Xichang's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	5.7	6.5	7.0
Budgetary revenue growth rate (%)	-1.0	5.3	7.5
Tax revenue	3.1	3.9	3.7
Tax revenue (% of budgetary revenue)	54.1	60.4	52.3
Government fund income	4.6	3.9	2.9
Transfer payment	3.5	3.6	4.3
Aggregate revenue	13.8	14.1	14.2
Budgetary expenditure	7.7	8.9	10.1
Budget balance ¹ (%)	-34.4	-36.7	-44.0
Government debt ratio (%)	88.0	86.1	100.7

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

Source: Financial Bureau of Xichang, Statistical Bureau of Xichang and Lianhe Global's calculations

Company Profile

XHCTID was established in August 2013 with an initial registered capital of RMB100.0 million, which is funded by Xichang State-owned Assets Operation and Management Co., Ltd. ("Xichang SAOM"). In September 2024, XHCTID's sole shareholder changed from Xichang SAOM to XGID. At end-2024, the company's registered capital and the paid-in capital were both RMB900 million. XHCTID is wholly owned by XGID and ultimately controlled by Xichang FB.

XHCTID is primarily engaged in tourism spot operations and maintenance, urban transportation services, building material sales, property leasing and management and other businesses in Xichang. The company recognized a revenue of RMB667 million in the first half of 2025, with a gross margin of 27.5%.

Key Financial Data

(RMB million)	2022	2023	2024	2025.6
Total Assets	21,998	32,784	35,710	36,598
Equity	9,450	16,899	17,368	17,424
Debt	11,514	14,139	15,015	16,727
Debt / (Debt + Equity) (%)	54.9	45.6	46.4	49.0
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.1
Debt/EBITDA (x)	16.0	18.4	26.0	-
Revenue	1,068	1,492	1,456	667
Operation Profit	235	258	86	72
Gross Margin (%)	31.5	29.3	23.4	27.5
Cash from sales or services/Revenue (%)	119.9	282.6	322.5	130.6

Source: XHCTID and Lianhe Global's calculations

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