联合評級國際
Lianhe Ratings Global

Shenzhen Longhua Construction Development Co., Ltd.

Summary	
Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	9 September 2026

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Applicable Criteria

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

Lianhe Ratings Global Limited has affirmed 'A+' global scale Long-term Issuer Credit Rating of Shenzhen Longhua Construction Development Co., Ltd. ("SLCD"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Longhua District, Shenzhen City ("Longhua government") would provide very strong support to SLCD if needed. This mainly reflects the government's direct full ownership of SLCD as well as SLCD's strategic position as an important local investment and development company responsible for urban construction and operation in Longhua District ("Longhua"). The linkage between the Longhua government and SLCD is strong, including supervision of the management and major investment and financing decisions, strategic alignment, and ongoing operational and financial support. In addition, we believe that the local government has a very strong willingness to ensure SLCD's business and financial viability in order to safeguard its reputation and local financing activities.

Longhua, positioned in north-central Shenzhen, serves as a key engine driving regional economic development. Longhua's GDP grew by 6.1% to RMB331.1 billion in 2025, while its budgetary revenue grew by 7.4% to RMB17.7 billion over the same period.

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

Rating Rationale

Government's Ownership and Supervision: The Finance Bureau of Longhua District, Shenzhen ("Longhua FB") directly holds 100% stake in SLCD, and is the ultimate controlling shareholder of the company. The Longhua government has the final decision-making authority and supervises the company, including supervision of the management and decisions on its strategic development and investment and financing plans. In addition, the Longhua government has performance assessment mechanism over the company and regularly appoints auditors to review SLCD's operating performance and financial position.

Strategic Importance and Alignment: SLCD is positioned as an urban construction and operation service provider in Longhua, with the goal of "safeguarding people's livelihood and serving society." Its business scope covers multiple areas of urban development and public welfare, including affordable housing development, land consolidation and urban renewal, environmental sanitation and greening, security services, municipal property operations, and financial investment. SLCD integrates urban development with community needs, and continues to play an important role in driving the region's economic and social development. Projects taken in Longhua are expected to deliver recuring revenue, though large investments may place some financial pressure.

Ongoing Government Support: SLCD has received ongoing support from the Longhua government, including the injections of capital and assets and subsidies to support SLCD's business operation. In 2025, SLCD obtained capital and asset injections valued at RMB741.9 million. In addition, SLCD received subsidies of RMB89.4 million and RMB18.0 million in 2025 and 1H2026, respectively. As an important entity in urban constructions and operations in Longhua, we believe SLCD owns the advantage in acquiring related resources and projects, while government support will remain intact to ensure SLCD's business operation and development.

SLCD's Financial Matrix and Liquidity: SLCD's total assets continued to expand in recent years as it actively participated in Longhua's development projects. Its asset size reached RMB30.0 billion at end-June 2026, including mainly inventories, long-term equity investments and investment properties. The company notably relied on debt financing to support its business operations. Its financial leverage, measured by the debt-to-capitalization ratio, rose to 51.4% at end-June 2026 from 31.4% at end-2023. SLCD's short-term debt servicing pressure is manageable. As of end-June 2026, the company held RMB2.6 billion in cash, compared with RMB2.5 billion of debt to be due within one year. SLCD has access to various financing channels, including bank borrowings and bond issuance, with unused credit lines.

Rating Sensitivities

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

We would consider upgrading SLCD's rating if there is an upgrade in our internal credit assessment on the Longhua government.

Operating Environment

Economic Condition of Longhua

Longhua, positioned in north-central Shenzhen, leverages its geographic advantages and large population to position itself as a core hub for digital economy and industrial innovation within the Greater Bay Area. The district anchors regional connectivity through Shenzhen North Station, handling most of the city's high-speed rail traffic. Longhua prioritizes high-value industries, technological innovation, and economic sustainability, serving as a key engine driving regional economic development. At end-2025, its residential population steadily increased to 2.6 million.

Longhua's GDP increased to RMB331.1 billion in 2025, from RMB315.4 billion in 2024. The GDP growth rate was 6.1% in 2025, higher than 5.6% recorded in 2024. The tertiary sector accounted for 51.5% of the GDP in 2025, while the GDP per capita was around RMB128,000 in 2025. On the other hand, fixed asset investment dropped significantly by 21% in 2025.

Longhua's Economic Condition

(RMB billion)	2023	2024	2025
GDP	301.9	315.4	331.1
-Primary industry (%)	0.0	0.0	0.0
-Secondary industry (%)	48.2	48.6	48.5
-Tertiary industry (%)	51.8	51.4	51.5
GDP growth rate (%)	2.6	5.6	6.1
Fixed asset investment growth rate (%)	20.5	6.8	-21.0
Population (million)	2.5	2.5	2.6

Source: Statistical Bureau of Longhua and Lianhe Global's calculations

Fiscal Condition of Longhua

The Longhua government's budgetary revenue grew strongly by 7.4% in 2025 to RMB17.7 billion, compared with a modest decline of 1.9% in 2024. Tax revenue contribution was high at 95.5% in 2025. The fiscal self-sufficiency of the Longhua government improved notably, with its budget deficit narrowed to 37.9% in 2025 from 60.1% in 2024. The government fund income remained modest in 2025, while transfer payments from higher government was stable at RMB13.6 billion.

The outstanding debt of the Longhua government continued to grow in the past few years. At end-2025, the Longhua government's outstanding debt increased to RMB30.3 billion from RMB27.1 billion at end-2024, mainly due to the issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue, was further elevated to 94.2% at end-2025 from 84.3% at end-2024.

Longhua's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	16.8	16.5	17.7
Budgetary revenue growth rate (%)	10.8	-1.9	7.4
Tax revenue	15.8	15.8	16.9
Tax revenue (% of budgetary revenue)	94.4	95.6	95.5
Government fund income	0.5	0.8	0.8
Transfer payment	13.7	14.8	13.6
Aggregate revenue	31.0	32.1	32.2
Budgetary expenditure	31.5	26.4	24.4
Budget balance[1] (%)	-87.7	-60.1	-37.9
Government debt ratio (%)	67.7	84.3	94.2

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial Bureau of Longhua and Lianhe Global's calculations

Company Profile

SLCD was established in 2015 by the Shenzhen Longhua New District Development and Finance Bureau with initial registered capital of RMB2.0 billion. After an array of equity transfers and capital injections, Longhua FB directly held 100% shares of SLCD at end-1H2026, with paid-in capital standing at RMB7.03 billion. SLCD's business scope spans multiple areas, deriving revenue from security services, leasing operations, affordable housing sales, urban stewardship services, operational services, engineering services, and other business activities.

SLCD's revenue structure remained relatively stable between 2023 and 2025, with security services, affordable housing sales, and leasing accounting for larger shares. The company reported negative gross margin during the period, primarily due to the costs and expenses associated with the leasing of the Longhua District Digital Innovation Center. In 2025, SLCD recorded total revenue of RMB1,567 million, representing a modest 3.3% decline, compared with 2024. Its revenue reached RMB632 million in 1H2026

Key Financial Data

(RMB million)	2023	2024	2025	2026.6
Total Assets	20,344	23,535	27,763	30,043
Equity	10,834	12,095	12,829	12,841
Debt	4,969	7,410	11,314	13,606
Debt / (Debt + Equity) (%)	31.4	38.0	46.9	51.4
Unrestricted cash/ST Debts (x)	4.9	3.6	0.8	1.1
Debt/EBITDA (x)	5.6	11.2	19.5	-

Revenue	1,428	1,620	1,567	632
Gross Margin (%)	-9.4	-3.4	-5.3	-4.0
Cash from sales or services/ Revenue (%)	103.8	70.3	109.8	138.9

Source: SLCD and Lianhe Global's calculations

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