Liangshan Development (Holdings) Group Co., Ltd.

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

Summary	
Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	29 October 2026

Summary

The Issuer Credit Rating reflects a high possibility that the Sichuan Province'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 ("LIDC") responsible for state-owned asset operation, investment and financing in Liangshan Yi Autonomous Prefecture ("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, we believe that the Liangshan government has a strong willingness to ensure LDHG's business and financial viability in order to safeguard its reputation and local financing activities.

Liangshan is an autonomous prefecture located in the southwestern part of Sichuan Province, and it is the major living area of the Yi ethnic group. Its GDP grew steadily by 5.6% to RMB260.6 billion in 2025, while its budgetary revenue increased by 8.2% to RMB23.2 billion during the same period.

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.

Rating Rationale

Government's Ownership and Supervision: The Liangshan government has a majority ownership of LDHG via the Liangshan Yi Autonomous Prefecture State-owned Assets Supervision and Administration Commission ("SASAC of Liangshan"). The shareholding structure of LDHG remained unchanged at end-June 2026. The SASAC of Liangshan is both the controlling shareholder and actual controller of LDHG. It held 70.99% stake of LDHG at end-June 2026. The SASAC of Liangshan has strong management supervision over LDHG, including approvals of board members and senior managers and major operating and financing plans.

Strategic Importance and Strategic Alignment: LDHG is still the largest and most important LIDC in Liangshan. The Liangshan government is committed to developing LDHG as the sole prefecture-level LIDC that is responsible for urban construction and supporting the economic development in the region. Ongoing consolidations of industrial and capital resources through asset/capital injections and project acquisitions have expanded LDHG's business scope and asset size. We believe that the Liangshan government is willing to extend support to LDHG in view of its strategic important role as the flagship LIDC in Liangshan. LDHG's strategic planning and development have been aligned with the prefectural government's economic and social development policies.

Ongoing Government Support: LDHG continued to receive financial subsidies and asset/capital injections from the Liangshan government to support its business operations. LDHG received subsidies of RMB261.8 million in 2025. Meanwhile, LDHG received asset,

Analysts
Toni Ho, CFA, FRM
+852 3462 9578
toni.ho@lhratingsglobal.com

Chris Cao
+852 3462 9579
chris.cao@lhratingsglobal.com

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

capital and equity injections with the total amount of RMB1,950.1 million in 2025. Given LDHG's strategic importance in Liangshan, we believe that the support from the Liangshan government remains intact.

LDHG's Financial and Liquidity Position: LDHG's total assets increased to RMB140.9 billion at end-June 2026 from RMB130.1 billion at end-2024, as the company continuously participated in project construction within the region. LDHG's asset liquidity was weak, primarily due to the large proportion of construction-in-progress and other non-current assets, representing 39.2% of total assets at end-June 2026. The company's financial leverage, as measured by debt to capitalization ratio, increased to 39.9% at end-June 2026 from 37.6% at end-2024.

LDHG's liquidity was moderately weak. At end-June 2026, LDHG had a total cash balance of RMB5.9 billion, compared with its debt to be due within one year of RMB16.1 billion. Nevertheless, LDHG has access to various channels of financing, including bank loans, onshore and offshore bonds issuance and non-traditional financing channels, to support its debt repayments and business operations. At end-March 2026, the company had unused credit facilities of RMB16.8 billion.

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, or (2) there is a significant reduction of the Liangshan government's ownership of LDHG, or (3) 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.

Operating Environment

Economic Condition of Liangshan

Liangshan's GDP increased to RMB260.6 billion in 2025 from RMB247.5 billion in 2024, while GDP growth moderated to 5.6% from 6.0% over the same period. The industrial structure showed further improvement, with the tertiary sector share rising to 47.1% in 2025 from 45.6% in 2024, while the secondary sector share declined to 32.3% from 34.6% over the same period. Fixed asset investment recorded a year-over-year decline of 5.2% in 2025, compared with 4.1% decline in 2024.

Liangshan's Economic Condition

(RMB billion)	2023	2024	2025
GDP	233.8	247.5	260.6
-Primary industry (%)	20.8	19.8	20.6
-Secondary industry (%)	34.4	34.6	32.3
-Tertiary industry (%)	44.8	45.6	47.1
GDP growth rate (%)	7.0	6.0	5.6
Fixed asset investment growth rate (%)	-15.4	-4.1	-5.2
Population (million)	4.9	4.9	4.9

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

Fiscal Condition of Liangshan

The budgetary revenue of the Liangshan government increased to RMB23.2 billion in 2025 from RMB22.0 billion in 2024, with a growth rate of 8.2%. Tax revenue rose to RMB14.4 billion in 2025, and its share in budgetary revenue improved to 62.0% from 60.5% in 2024. Government fund income edged up to RMB5.7 billion in 2025 from RMB5.6 billion in 2024, but transfer payments declined to RMB56.6 billion from RMB62.6 billion over the same period. As a result, aggregate revenue decreased to RMB85.5 billion in 2025 from RMB90.2 billion in 2024, but budgetary expenditure also fell to RMB80.8 billion from RMB84.9 billion over the same period. The fiscal self-sufficiency rate of the Liangshan government remained weak, though its budget deficit narrowing from 285.1% in 2024 to 247.8% in 2025.

The outstanding debt of the Liangshan government continued to grow. At end-2025, the Liangshan government's outstanding debt increased to RMB68.4 billion, including RMB36.1 billion of general obligations and RMB32.3 billion of special purpose debts. However, its government debt ratio, as measured by the total government debt to aggregate revenue ratio, increased to 80.0% at end-2025 (end-2024: 63.3%).

Liangshan's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	20.5	22.0	23.2
Budgetary revenue growth rate (%)	11.2	11.6	8.2
Tax revenue	12.5	13.3	14.4
Tax revenue (% of budgetary revenue)	61.1	60.5	62.0
Government fund income	6.1	5.6	5.7
Transfer payment	54.0	62.6	56.6
Aggregate revenue	80.5	90.2	85.5
Budgetary expenditure	74.4	84.8	80.8
Budget balance[1] (%)	-263.5	-285.1	-247.8
Government debt ratio (%)	61.8	63.3	80.0

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

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

Company Profile

LDHG was established in December 2008. After an array of equity transfer and capital injection, the registered capital and paid-in capital of the company were both RMB16.4 billion at end-June 2026. The SASAC of Liangshan was the controlling shareholder of LDHG, holding 70.99% of the company's equity, followed by the Sichuan Provincial Finance Department of 9.78% stake and the remaining shareholders were the SASACs or Finance Bureau of subordinate counties in Liangshan.

LDHG focuses on the infrastructure construction, state-owned asset operation, investment and financing in Liangshan to implement the related instructions of Liangshan governments. It also carries out project construction, agent construction, real estate development and other businesses such as sales of mineral products, construction materials, electricity, etc. The company recognized a revenue of RMB7.2 billion in 2025 with a gross margin of 28.0%.

Key Financial Data

(RMB million)	2022	2023	2024	2025.6
Total Assets	124,385	130,094	137,944	140,893
Equity	59,631	60,287	61,996	62,662
Debt	34,415	36,384	41,994	41,544
Debt / (Debt + Equity) (%)	36.6	37.6	40.4	39.9
Unrestricted cash/ST Debts (x)	0.4	0.2	0.3	0.3

Debt/EBITDA (x)	13.9	15.2	17.4	-
Revenue	6,553	7,469	7,195	4,255
Gross Margin (%)	29.6	29.0	28.0	25.2
Cash from sales or services/ Revenue (%)	94.4	87.7	98.8	104.3

Source: LDHG and Lianhe Global's calculations

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