

## Anqing Yixiu District Beautiful Village Construction Co., Ltd.

**Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer and Issuance Credit Rating of Anqing Yixiu District Beautiful Village Construction Co., Ltd. (“AYVC” or “the company”); Issuer Rating Outlook is Stable**

### Summary

The Issuer Credit Rating reflects a high possibility that the People’s Yixiu District Government of Anqing City (“the Yixiu government”) would provide strong support to AYVC if needed. This mainly considers its full ownership of AYVC, AYVC’s strategic importance as a key local investment and development company in Yixiu District (“Yixiu”). The linkage between the Yixiu government and AYVC is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Yixiu government may face significant negative impact on its reputation and financing activities if AYVC encounters any operational or financial difficulties.

Lianhe Global has also affirmed ‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured bonds issued by AYVC at the same time. A full list of affirmed issuance rating is included in this report.

Yixiu is a district under the jurisdiction of Anqing City, Anhui Province. It owns a provincial-level economic development zone. The Yixiu government’s budgetary revenue increased strongly by 14.3% to RMB1.4 billion in 2024.

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

### Rating Rationale

**Government’s Ownership and Supervision:** The Yixiu government, as the ultimate controller, owns 100% share of AYVC through the Yixiu Finance Bureau. The Yixiu government has strong control and supervision over the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Yixiu government has assessment mechanism over the company, and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

**Strategic Importance and Strategic Alignment:** AYVC, as an important LIDC in Yixiu, is primarily responsible for project development, including infrastructure and affordable housing within the region. The company also operates industrial parks to promote local industrial development. AYVC plays an important role in promoting the economic and social development of the region. Its business operation and development have been aligned with the government’s development plans.

**Strong Government Support:** The Yixiu government provides ongoing support to AYVC. From 2021 to the first nine months of 2024, AYVC received operational subsidies amounting RMB68.6 million from the local government. The Yixiu government also injected assets including properties and operating rights valued at RMB55 million and RMB937 million in 2023 and the first nine months of 2024, respectively. We expect that the Yixiu government’s support to AYVC would remain intact given its strategic importance.

### Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	23 April 2025

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### Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2024\)](#)

**AYVC's Financial Matrix and Liquidity Position:** As the company actively participated in the development of Yixiu and received asset injections from the Yixiu government, AYVC's total assets increased to RMB12.7 billion at the end of September 2024, up from RMB7.2 billion at the end of 2022. The company relied both on government support and borrowings to fund its asset expansion. Its total debt raised to RMB2.8 billion from RMB1.7 billion over the same period, while the financial leverage ratio, measured as total debt to capitalization, remaining at about 25%.

AYVC's short-term debt servicing pressure is manageable, as the company had cash of RMB382 million (including restricted cash of RMB8 million), compared with its debts due within one year of RMB 344 million at end-September 2024. In addition, the company has access to various financing channels, including bank loans, onshore and offshore bond issuances and other non-traditional financing to support its debt repayments and business operations. By end-September 2024, AYVC had total credit facilities amounting to RMB5.0 billion, of which RMB2.0 billion was unused.

## Rating Sensitivities

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

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

## Full List of Issuance Ratings

A full list of issuance ratings is included below. Any rating action on AYVC rating would result in a similar rating action on its bonds:

- CNY265.1 million 7.80% senior unsecured bonds due 2027 affirmed at 'BBB-'
- USD45 million 7.60% senior unsecured bonds due 2028 affirmed at 'BBB-'

## Operating Environment

### Economic Condition of Yixiu

Yixiu is located in the northeastern part of Anqing City's urban area. Yixiu maintained an economic growth in the past few years, with economic growth rates recording at 8.1%, 4.0% and 6.3% in 2021, 2022 and 2023, respectively. Yixiu's GDP reached RMB16.3 billion in 2023. Yixiu's economic growth was mainly fueled by secondary and tertiary industries, which accounted for 31.2% and 63.0% in 2023, respectively.

<b>Yixiu's GDP and Fixed Asset Investment</b>			
<b>(RMB billion)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
GDP	14.9	15.5	16.3
-Primary industry (%)	6.3	6.2	5.8
-Secondary industry (%)	31.9	31.7	31.2
-Tertiary industry (%)	61.8	62.1	63.0
GDP growth rate (%)	8.1	4.0	6.3
Fixed asset investment growth rate (%)	10.5	9.2	1.0

Population (million)	198	201	-
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*Source: Financial Bureau of Yixiu, statistical bureau of Yixiu and Lianhe Global's calculations*

## Fiscal Condition of Yixiu

Yixiu's aggregate fiscal revenue is mainly derived from budgetary revenue, which increased steadily to RMB1.2 billion in 2023 from RMB1.0 billion in 2021. The fiscal self-sufficiency of the Yixiu government was moderately low and its budget deficit continued to widen from 0.4% in 2021 to 23.2% in 2023.

The outstanding debt of the Yixiu government continued to grow. At end-2023, the Yixiu government's outstanding debt was RMB1.4 billion, up from RMB970 million at end-2021. The fiscal debt ratio, as measured by total government debt outstanding/aggregate revenue, had increased to 99.4% at end-2023 from 65.4% at end-2021, mainly due to the large increase in special debts to support local public projects.

<b>Yixiu's Fiscal Condition (RMB billion)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Budgetary revenue	1.0	1.1	1.2
Budgetary revenue growth rate (%)	15.7	11.6	14.7
Tax revenue	0.8	1.0	1.1
Tax revenue (% of budgetary revenue)	80.0	89.5	90.2
Government fund income	0.03	0.02	0.01
Transfer payment	0.5	0.8	1.0
<b>Aggregate revenue</b>	<b>1.9</b>	<b>2.1</b>	<b>2.4</b>
Budgetary expenditure	1.0	1.3	1.5
Budget balance <sup>1</sup> (%)	-0.4	-17.4	-23.2

<sup>1</sup> Budget balance = (1 - budgetary expenditure / budgetary revenue) \* 100%

*Source: Financial Bureau of Yixiu, statistical bureau of Yixiu and Lianhe Global's calculations*

## Company Profile

AYVC is the most important LIDC that undertakes infrastructure and affordable housing construction, and property leasing in Yixiu, and enjoys a strong regional franchise advantage. The primary sources of the company's operating income are infrastructure and affordable housing develop, while the company also engages in property leasing, water supply, property management, gravel mining and other activities. AYVC recorded total revenue of RMB343 million, 455 million, 539 million and 528 million in 2021, 2022, 2023 and the first nine months of 2024, respectively, representing an upward trend. Yet its gross margin dropped to 11.2% from 16.8% over the same period.

<b>AYVC's Key Financial Data (RMB million)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024.9</b>
Total Assets	6,497	7,245	10,771	12,662
Equity	4,601	4,845	7,225	8,190
Debt	1,137	1,656	2,515	2,794
Debt / (Debt + Equity) (%)	19.8	25.5	25.8	25.4
Unrestricted cash/ST Debts (x)	0.4	0.3	0.4	1.1
Debt/EBITDA (x)	17.9	24.4	26.4	-
Revenue	343	455	539	528
Operation Profit	53	50	65	11
Gross Margin (%)	16.8	13.6	13.3	11.2
Cash from sales or services/ Revenue (%)	93.5	19.8	25.3	44.7

*Source: AYVC and Lianhe Global's calculations*

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