

Hubei New Tongdu Urban Investment and Development Group Co., Ltd.

Summary

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

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer and Issuance Credit Rating of Hubei New Tongdu Urban Investment and Development Group Co., Ltd. (“HNTU” or “the company”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Daye City (“the Daye government”) would provide strong support to HNTU if needed. This mainly considers the Daye Government’s indirect full ownership of HNTU through Hubei Guanggudong State-Owned Capital Investment and Operation Group Ltd. (“GGDSI”, ‘BBB’/Stable), the strategic importance of HNTU as an important local investment and development company responsible for urban development and operation in Daye. The linkage between the Daye Government and HNTU is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the Daye Government may face significant negative impact on its reputation and financing activities if HNTU encounters any operational and financial difficulties.

Daye is a county-level city of Hubei Province and is managed by Huangshi. It is one of the top 100 industrial counties in China. Daye government’s GDP grew by 7.1% to RMB93.1 billion in 2024, while the budgetary revenue increased by 14.0% to RMB5.4 billion.

The Stable Outlook reflects our expectation that HNTU’s strategic importance would remain intact while the Daye Government will continue to ensure HNTU’s stable operation.

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

Rating Rationale

Government’s Ownership and Supervision: The State-owned Assets Supervision and Administration Bureau of Daye (“Daye SASAB”) indirectly holds 100% shares of HNTU through GGDSI, and is the company’s actual controller. The local government has strong direct control over HNTU, including the appointment of senior management and supervision of development strategy, major financing plan and investment decisions. In addition, the local government has formulated a performance assessment policy for the company, and regularly appoints auditors to review the company’s operating performance and financial position.

Strategic Importance and Strategic Alignment: HNTU is the major urban development and operation entity in Daye. The company undertakes important development projects including construction of infrastructure, public facilities, industrial parks, etc. It also operates the city’s utility (water supply and sewage treatment) and public transportation. HNTU’s business operations and strategic planning have been aligned with the local government’s economic and social development policies.

Ongoing Government Support: HNTU continued to receive financial subsidies and asset/capital injections from the Daye government to support its operations. Specifically, it obtained operational subsidies of RMB517 million in 2024, together with asset injections

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Applicable Criteria

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

(mainly lands, state-owned properties and business concession) of RMB853 million. Additionally, the company received cash capital injections from GGDSI amounted to RMB58 million and RMB375 million, in 2024 and the first quarter of 2025, respectively. Given its strategic importance to Daye, we expect HNTU to keep receiving ongoing government support in the coming years.

HNTU's Financial Matrix and Liquidity Position: As HNTU actively participated in Daye's project development, its total assets increased to RMB59.0 billion as of end-March 2025, compared with RMB34.7 billion as of end-2023. The company mainly relied on borrowings to support its asset expansion. HNTU's total debt also expanded to RMB25.4 billion from RMB20.6 billion over the same period, pushing its financial leverage, as measured by the debt to capitalization ratio, to 45.3% at end-March 2025 from 39.3% at end-2023.

HNTU's asset liquidity remained weak. Inventories (mainly completed projects) and Construction in progress accounted for approximately 79.5% of the company's total assets at end-March 2025. These assets typically take a long time to monetize owing to protracted development and a cash collection period.

The short-term debt servicing pressure of HNTU was high. At end-March 2025, the company had a cash balance of RMB0.9 billion, while its debt due within one year was RMB12.7 billion. HNTU has access to various financing channels, including bank loans, bond issuances, and other non-traditional financing channels, to support its debt repayments and business operations. As of the end of 2024, the company had total credit line of RMB29.0 billion, of which RMB18.2 billion was unused.

Rating Sensitivities

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

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

Any rating action on HNTU and GGDSI's rating could result in a similar rating action on the USD bonds.

Full List of Issuance Rating

- USD209 million 7.5% guaranteed bonds due 2026 affirmed at 'BBB'

Operating Environment

Economic Condition of Daye

Daye is a county-level city of Hubei Province and is managed by Huangshi. It is one of the top 100 industrial counties in China. Daye's GDP amount increased to RMB93.1 billion in 2024, from RMB86.3 billion in 2023, and its GDP growth rate increased to 7.1%, from 6.2% in 2023.

Daye's Economic Condition

(RMB billion)	2022	2023	2024
GDP	86.1	86.3	93.1
-Primary industry (%)	6.8	7.0	6.9
-Secondary industry (%)	57.7	53.1	54.8
-Tertiary industry (%)	35.5	39.9	38.3
GDP growth rate (%)	6.5	6.2	7.1
Fixed asset investment growth rate (%)	19.5	5.7	12.1
Population (million)	0.9	0.9	0.9

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

Fiscal Condition of Daye

The budgetary revenue of the Daye government increased to RMB5.4 billion in 2024 from RMB4.8 billion in 2023, with a rapid year-over-year growth rate of 14.0%. The fiscal self-sufficiency rate of the Daye government remained weak, although its budget deficit narrowed to 53.8% in 2024 from 63.9% in 2023. In addition, the government fund income rebounded to RMB5.1 billion in 2024 from RMB3.6 billion in 2023, mainly due to the increased land use right transfer income amid improved property market conditions.

The outstanding debt of the Daye government kept growing in past few years. At end-2024, the Daye government's outstanding debt increased to RMB17.6 billion from RMB14.0 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 125.4% at end-2024 from 115.4% at end-2023.

Daye's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	4.1	4.8	5.4
Budgetary revenue growth rate (%)	9.1	16.6	14.0
Tax revenue	3.1	3.5	3.6
Tax revenue (% of budgetary revenue)	75.0	73.0	66.5
Government fund income	8.9	3.6	5.1
Transfer payment	3.4	3.8	3.4
Aggregate revenue	16.4	12.1	14.0
Budgetary expenditure	8.1	7.8	8.3
Budget balance ¹ (%)	-98.1	-63.9	-53.8
Government debt ratio (%)	66.5	115.4	125.4

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

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

Company Profile

HNTU, formerly known as Daye New Tongdu City Development Investment Group Co., Ltd., was established in May 2019 with an initial registered capital of RMB500 million. After an array of capital injections and equity transfers, the company's paid-in capital was enlarged to RMB1,461 million by end-March 2025. Daye SASAB indirectly holds 100% shares of HNTU through GGDSI, and is the company's actual controller.

HNTU is the major urban development and operation entity in Daye. The company undertakes important development projects including construction of infrastructure, public facilities, industrial parks, etc. It also operates the city's utility (water supply and sewage treatment) and public transportation. HNTU also engages in trading recycle steel.



HNTU realized revenue of RMB2.1 billion, 2.5 billion and 2.7 billion in 2022, 2023 and 2024, respectively. The gross margin of HNTU has fluctuated between 6% and 8% over the same period.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.3
Total Assets	32,948	34,717	58,497	58,993
Equity	29,929	31,840	30,781	30,764
Debt	18,588	20,591	24,945	25,438
Debt / (Debt + Equity) (%)	38.3	39.3	44.8	45.3
Unrestricted cash/ST Debts (x)	0.0	0.0	0.0	0.0
Debt/EBITDA (x)	98.7	103.1	122.1	-
Revenue	2,111	2,499	2,652	238
Operation Profit	-339	-383	-325	-107
Gross Margin (%)	6.7	6.5	7.8	3.6
Cash from sales or services/ Revenue (%)	160.2	92.8	396.1	252.6

Source: HNTU and Lianhe Global's calculations

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