

## Daye Lake High-tech Industrial Development Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Daye Lake High-tech Industrial Development Co., Ltd. (“DLHID” or “the company”); Outlook Stable

### Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Daye City would provide strong support to DLHID if needed. This mainly considers it is indirectly fully owned by the Management Committee of Huangshi Daye Lake High-Tech Zone (“Management Committee”), an outpost office of the People’s Government of Daye City (“the Daye government”) and the de facto local government of Daye Lake High Tech Zone (“HTZ”) and its strategic importance as the key local investment and development company (“LIDC”) in Hubei’s Daye City (“Daye”), especially in HTZ. The linkage between the local government and DLHID is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities should DLHID encounters any operational and financial difficulties.

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

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

### Rating Rationale

**Government’s Ownership and Supervision:** The Management Committee, as the actual controller, indirectly holds 100% shares of DLHID through Daye Lake High-tech Industrial Investment Group Co., Ltd. (“DLHII”). The local government has strong control over the company, including management appointment, the final decision-making authority on its strategic development and investment plan and supervision of its major funding decisions. In addition, the local government has assessment mechanism over the company and supervises the operating performance and financial position on a periodic basis.

**Strategic Importance and Alignment:** DLHID, as an important LIDC in Daye and HTZ, primarily tasked with industrial investment and stated-owned asset operations within the region. DLHID company mainly invests in emerging high-technology companies through equity investments and fund investments to promote local industrial upgrade. The company also operates industrial parks in HTZ. Its operations and strategic planning align closely with local government development plans.

**Strong Government Support:** The local government provided ongoing support in forms of cash or asset injections, as well as operational subsidies to DLHID. The company received cash capital of RMB100 million in 2023 and operational subsidies of RMB0.9 million between 2022 and the first half of 2025. The local government also injected equity of SOEs, state-owned properties valued at RMB3,387 million over the same period. We believe DLHID is likely to continue receiving government support in considering its strategic importance in Daye.

### Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	29 December 2025

### Analysts

Roy Luo, CFA, FRM, CESGA  
(852) 3462 9582  
[roy.luo@lhratingsglobal.com](mailto:roy.luo@lhratingsglobal.com)

Jack Li, CESGA  
(852) 3462 9586  
[jack.li@lhratingsglobal.com](mailto:jack.li@lhratingsglobal.com)

### Applicable Criteria

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

**DLHID's Financial and Liquidity Position:** DLHID's total assets increased significantly to RMB8.6 billion at end-June 2025 from RMB5.6 billion at end-2023 as the company actively participated in HTZ's project development and industrial investment. The company mainly relied on borrowings to fund its asset expansion. Its total debt increased to RMB2.7 billion from RMB517 million over the same period, lifting the company's financial leverage, as measured by total debt to capitalization 40.9% from 36.4%.

DLHID's short-term debt servicing pressure is high. By end-June 2025, the company had cash of RMB987 million (including restricted cash of RMB711 million), compared with short-term debt of RMB1,137 million. Yet the company has access to multiple financing channels, including bank borrowings, bond issuance and other non-traditional financings to support its debt repayment and operation. At end-June 2025, it had unused bank lines totaling RMB2.2 billion.

### Rating Sensitivities

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

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

### 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 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. Its Fixed asset investment growth rate also accelerated to 12.1% from 5.6% over the same period.

HTZ is a National Level High Technology Development Zone located in the middle of Daye. It focuses on innovation-driven development and optimizing the innovation ecosystem to enhance autonomous innovation, cultivate new industries, and boost traditional industries, positioning itself as a key driver for regional economic transformation and a leader in high-tech industries.

#### Daye's GDP 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	5.6	12.1
Population (million)	0.87	0.86	0.86

Source: Statistic 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 124.4% at end-2024 from 114.8% at end-2023.

<b>Daye's Fiscal Conditions</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
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
<b>Aggregate revenue</b>	<b>16.4</b>	<b>12.2</b>	<b>14.1</b>
Budgetary expenditure	8.1	7.8	8.3
Budget deficit <sup>1</sup> (%)	-98.1	-63.9	-53.8
Government debt ratio (%)	66.4	114.8	124.4

<sup>1</sup> Budget deficit = (1-budgetary expenditure / budgetary revenue) \* 100%  
Source: Finance Bureau of Daye and Lianhe Global's calculations

## Company Profile

DLHID was established in 2016 with initial registered capital of RMB1 million. After a series of capital replenishments and equity transfers, the company's paid-in capital was enlarged to RMB120 million by end-June 2025. Management Committee, as the actual controller, holds 100% shares of DLHID through DLHII. DLHID is responsible for industrial park development and state-owned assets operation in HTZ, with a strong regional advantage. The company also participates in property development, sales of recycled aluminum and equity investment activities.

DLHID realized revenue of RMB37 million, 583 million and 948 million in 2022, 2023 and 2024, respectively, representing an upward trend. However, its gross margin decreased to 8.5% from 14.1% over the same period, owing to the higher contribution of low margin aluminum business. In the first half of 2025, the company recorded revenue of RMB411 million and investment return of RMB22 million.

<b>Key Financial Data</b>				
<b>(RMB million)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025.6</b>
Total Assets	4,989	5,625	7,753	8,626
Equity	3,467	3,585	3,693	3,877
Debt	310	517	2,111	2,684
Debt / (Debt + Equity) (%)	8.2	12.6	36.4	40.9
Unrestricted cash/ST Debts (x)	0.3	0.1	0.1	0.2
Debt/EBITDA (x)	6.4	13.6	21.0	-
Revenue	37	583	948	411
Operation Profit	44	21	54	39
Gross Margin (%)	14.1	13.5	8.5	13.0
Cash from sales or services/ Revenue (%)	300.2	90.4	79.4	92.4

Source: DLHID and Lianhe Global's calculations

## Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: [www.lhratingsglobal.com](http://www.lhratingsglobal.com)

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2025.