

Dongtai Huimin Urbanization Construction Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer and Issuance Credit Rating of Dongtai Huimin Urbanization Construction Group Co., Ltd.; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Dongtai City (“Dongtai government”) would provide very strong support to Dongtai Huimin Urbanization Construction Group Co., Ltd. (“DTHM”) if needed. This mainly considers the Dongtai government's full ownership of DTHM, DTHM's strategic importance as an important local investment and development company (“LIDC”) responsible for infrastructure construction in Dongtai City (“Dongtai”), especially in Economic Development Zone (“Dongtai EDZ”), and the strong linkage between the Dongtai government and DTHM, including the appointment of senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, we believe that the Dongtai government has a very strong willingness to ensure the issuer's business and financial viability in order to safeguard its reputation and local financing activities.

Dongtai is a county-level city under the jurisdiction of Yancheng City. The Dongtai government's budgetary revenue increased by 4.6% to RMB6.8 billion in 2024, while its GDP grew steadily by 5.9% to RMB119.1 billion in 2024.

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

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

Rating Rationale

Government's Ownership and Supervision: The Dongtai government holds 100% ownership of DTHM through Dongtai Kaichuang Investment Development Co., Ltd. (“DKID”), and is the actual controller of DTHM. The Dongtai government has strong control over the company, including the appointment of senior management, strategic alignment, supervision of major financing plan and investment decisions and ongoing operation and financial support. In addition, the Dongtai government formulates 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: As an important LIDC in Dongtai, DTHM is mainly responsible for the infrastructure construction in Dongtai EDZ. The primary sources of operating revenue for DTHM are engineering construction, resettlement housing sales and commodity sales, while it also engages in landscape maintenance, crop sales, property leasing, etc. Its business operations and strategic planning have been aligned with the Dongtai government's economic and social development policies.

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	20 January 2026

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Applicable Criteria

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

Ongoing Government Support: The Dongtai government provided ongoing support to DTHM. The company has received total subsidies of RMB572.1 million from the Dongtai government between 2022 and the first nine months of 2025. Besides, the company received a series of asset and equity injections from the Dongtai government in the past few years. We expect DTHM to receive ongoing support from the Dongtai government in the coming years considering its strategic importance in Dongtai.

DTHM's Financial Matrix and Liquidity Position: DTHM's total assets increased steadily in the past three years, reaching RMB34.8 billion at end-September 2025, up from RMB26.9 billion at end-2023. This was due to the company's active participation in Dongtai's project development. Its total debt has been on a consistent downward trajectory since 2023, dropping to RMB12.3 billion at end-September 2025 from RMB14.4 billion at end-2023. Besides, the financial leverage, as measured by total debt-to-capitalization ratio, decreased to 38.3% at end-September 2025 from 55.6% at end-2023, driven by reduced debt scale and ongoing equity injection from the Dongtai government.

The liquidity of DTHM remained relatively weak. At end-September 2025, DTHM had a total cash balance of RMB1.4 billion, compared with its debt due within one year of RMB4.2 billion. Nevertheless, DTHM has access to multiple financing channels including bank borrowings, onshore and offshore bond issuance and other financing channels to support its operations and debt repayment. At end-December 2025, the company had unused bank credit facilities of RMB5.1 billion.

Rating Sensitivities

We would consider downgrading DTHM'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 DTHM, or (3) there is a downgrade in our internal credit assessment on the Dongtai government.

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

Any rating action on DTHM's rating would result in a similar rating action on the CNY bonds.

Full List of Issuance Rating

- CNY392 million 5.0% Bonds due 2028 affirmed at 'BBB'.
- JPY10.46 billion 1.65% Bonds due 2028 with the benefit of an irrevocable Standby Letter of Credit provided by Bank of Shanghai Co., Ltd. ('A+')
- JPY6.89 billion 1.65% Bonds due 2028 with the benefit of an irrevocable Standby Letter of Credit issued by Bank of Jiangsu Co., Ltd. ('A+')

Operating Environment

Economic Condition of Dongtai

Dongtai is a county-level city in Jiangsu and is administered by Yancheng City. Serving as a key hub in the economically prosperous Yangtze River Delta region, it ranked 34th in the 2024 Top 100 Counties list. Leveraging its solid industrial foundation and unique ecological advantages, Dongtai has optimized its industrial structure to focus on five leading industries (next-generation IT, new energy, high-end equipment, new materials, and big health). Dongtai's GDP increased to RMB119.1 billion in 2024 from RMB111.8

billion in 2023, with its economic growth rate decreasing to 5.9% from 7.0% over the same period. The GDP per capita of Dongtai was RMB134,798 in 2024.

Dongtai's GDP and Fixed Asset Investment			
(RMB billion)	2022	2023	2024
GDP	105.1	111.8	119.1
-Primary industry (%)	15.0	15.3	15.4
-Secondary industry (%)	36.3	34.5	34.6
-Tertiary industry (%)	48.7	50.2	50.0
GDP growth rate (%)	4.7	7.0	5.9
Fixed asset investment growth rate (%)	11.2	12.9	7.0
Population (million)	0.9	0.9	0.9

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

Fiscal Condition of Dongtai

The budgetary revenue of the Dongtai government increased to RMB6.8 billion in 2024 from RMB6.5 billion in 2023, with the contribution of tax revenue decreased to 75.4% from 78.2% over the same period. The fiscal self-sufficiency rate of the Dongtai government remained weak, with its budget deficit slightly down to 129.3% in 2024 from 130.6% in 2023.

The outstanding debt of the Dongtai government kept growing in past few years. At end-2024, the Dongtai government's outstanding debt increased to RMB25.2 billion from RMB20.4 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, had elevated to 148.4% at end-2024 from 124.2% at end-2023.

Dongtai's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	6.1	6.5	6.8
Budgetary revenue growth rate (%)	0.6	7.3	4.6
Tax revenue	4.4	5.1	5.1
Tax revenue (% of budgetary revenue)	72.9	78.2	75.4
Government fund income	5.6	5.4	5.4
Transfer payment	4.0	4.5	4.7
Aggregate revenue	15.7	16.4	17.0
Budgetary expenditure	14.0	15.0	15.6
Budget balance ¹ (%)	-130.7	-130.6	-129.3
Government debt ratio (%)	116.9	124.2	148.4

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

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

Company Profile

DTHM was established by Dongtai Investment Development Co., Ltd. in June 2010, with the actual controller of DTHM being the Dongtai government. In August 2024, the Dongtai government decided to transfer its 100% shares in DTHM to DKID without compensation. After this change of shareholders, DTHM had a shareholding structure in which the DKID, as the sole shareholder, held 100% of the company's equity. The actual controller of DTHM was the Dongtai government.

DTHM is responsible for infrastructure construction in Dongtai EDZ. The primary sources of operating revenue for DTHM are engineering construction, resettlement housing sales and commodity sales, while it also engages in landscape maintenance, crop sales,

property leasing, etc. The company realized revenue of RMB4.3 billion, RMB4.2 billion, RMB1.4 billion and RMB1.0 billion in 2022, 2023, 2024 and the first nine months of 2025, respectively. However, its gross margin increased to 20.1% and 33.7% in 2024 and the first nine months of 2025 from 0-0.5% in 2022 and 2023, driven by its decision not to engage in large-scale trading businesses with low gross profit margins, and the increase in the gross profit margin from the sales of resettlement housing.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	20,257	26,929	30,308	34,779
Equity	8,090	11,475	16,068	19,857
Debt	11,933	14,387	12,610	12,339
Debt / (Debt + Equity) (%)	59.6	55.6	44.0	38.3
Unrestricted cash/ST Debts (x)	0.2	0.1	0.0	0.0
Debt/EBITDA (x)	68.1	71.8	34.6	-
Revenue	4,274	4,236	1,416	1,020
Operation Profit	108	130	281	188
Gross Margin (%)	0.0	0.5	20.1	33.7
Cash from sales or services/ Revenue (%)	88.7	107.8	88.8	98.2
<i>Source: DTHM and Lianhe Global's calculations</i>				

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