

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A-’ global scale Long-term Issuer of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd. (“YETDG”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Yangzhou City (“the Yangzhou government”) would provide strong support to YETDG if needed. This mainly considers its indirectly full ownership of YETDG and YETDG’s strategic importance as an important local investment and development company (“LIDC”) in Jiangsu’s Yangzhou City (“Yangzhou”), especially in the Yangzhou Economic and Technological Development Zone (“Yangzhou ETDZ”). In addition, the linkage between the Yangzhou government and YETDG is strong, including management supervision, strategic alignment, and ongoing operational and financial support. We believe the local government has a strong willingness to prevent YETDG from encountering any operational or financial difficulties in order to safeguard its reputation and financing activities.

Yangzhou is a prefecture-level city in Jiangsu Province. Yangzhou realized GDP of RMB805.7 billion in 2025, representing a year over year growth of 5.5%, while the Yangzhou government’s budgetary revenue increased steadily by 4.2% to RMB37.6 billion.

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

Rating Rationale

Government’s Ownership and Supervision: The Yangzhou government indirectly holds 100% share of YETDG through Yangzhou Industrial Investment State-owned Holding (Group) Co., Ltd. (“YIISH”), and is the ultimate controller of the company. The Yangzhou government has strong control and supervision over the company, including the appointment of its senior management, decisions on its strategic development, investment plan and major funding decisions. In addition, the Yangzhou government has assessment mechanisms over the company and appoints auditors to supervise the operating performance and financials periodically.

Strategic Importance and Strategic Alignment: YETDG is the largest LIDC responsible for the majority of infrastructure, affordable housing, and industrial park development in Yangzhou ETDZ by asset size. As Yangzhou’s sole national-level economic development zone, Yangzhou ETDZ serves as the city’s primary engine for industrial upgrading and technological innovation. YETDG plays a pivotal role in driving regional economic growth, with its strategic mandate fully aligned with the Yangzhou government’s development planning.

Strong Government Support: The local government has demonstrated strong support to YETDG through sustained capital and fiscal subsidies. The company received cash capital injections of RMB3.5 billion and RMB1.8 billion in 2022 and 2023, respectively, materially bolstering its equity base. From 2022 through September 2025, the local government also provided RMB3.2 billion in operating and interest subsidies to facilitate debt servicing and

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	25 March 2026

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Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

ongoing operations. Given YETDG's pivotal role in regional development, we expect this government backing to remain robust.

YETDG's Financial and Liquidity Position: YETDG's total assets grew steadily to RMB96.7 billion as of end-September 2025, up from RMB94.3 billion at end-2023, reflecting the company's ongoing involvement in Yangzhou ETDZ project development. This expansion was financed through a combination of borrowings and government funds. Financial leverage, as measured by total debt to capitalization, remained stable at around 60%-65% over the period (65.9% at end-September 2025, after reclassifying perpetual bonds from equity to debt).

YETDG faces elevated short-term debt-servicing pressure. As of end-September 2025, its unrestricted cash stood at RMB2.4 billion against RMB12.9 billion in debt maturities due within one year. Nevertheless, the company maintains access to diverse financing channels, including bank borrowings, bond issuances, and trust loans, with an unused credit line of RMB14.9 billion as of end-September 2025. We expect YETDG to refinance most maturing obligations while securing timely government support if required.

Rating Sensitivities

We would consider downgrading YETDG's rating if (1) there is perceived weakening in support from the local government, or (2) there is a significant reduction of the local government's ownership of YETDG, or (3) there is a downgrade in our internal credit assessment on the Yangzhou government.

We would consider upgrading YETDG'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 Yangzhou government.

Operating Environment

Economic Condition of Yangzhou

Yangzhou is a prefecture-level city in Jiangsu Province. Its GDP grew steadily by 5.5% to RMB80.6 billion in 2025. However, the fixed-asset investment declined significantly in 2025, mainly due to a deep adjustment in the real estate sector. Yangzhou ETDZ is the sole national-level development zone in Yangzhou, with a strategic focus on high-value industries, including new energy, optoelectronics, healthcare, high-end intelligent manufacturing and automotive components. It provides strong support for Yangzhou's industrial growth, tax base expansion, and employment stability.

Yangzhou's Economic Condition			
(RMB billion)	2023	2024	2025
GDP	742.3	781.0	805.7
-Primary industry (%)	4.5	4.4	4.3
-Secondary industry (%)	47.3	46.8	45.5
-Tertiary industry (%)	48.2	48.8	50.2
GDP growth rate (%)	6.0	6.0	5.5
Fixed asset investment growth rate (%)	10.5	6.8	-26.1
Population (million)	4.6	4.6	4.6

Source: Statistical Bureau of Yangzhou and Lianhe Global's calculations

Fiscal Condition of Yangzhou

In 2025, the Yangzhou government's budgetary revenue increased by 4.2% to RMB37.6 billion from RMB36.1 billion in 2024. The government's fiscal self-sufficiency remained weak, although its budget deficit narrowed to 90.8% in 2025 from 101.8% in 2024. Meanwhile, government fund income continued to decline, falling to RMB53.7 billion in 2025 from RMB62.1 billion in 2024, mainly due to the prolonged weakness in the property market. At the same time, Yangzhou's government debt ratio rose further to 151.4% in 2025 from 117.5% in 2024, as the government continued to support public projects.

Yangzhou's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	34.8	36.1	37.6
Budgetary revenue growth rate (%)	6.8	3.9	4.2
Tax revenue	27.7	28.0	29.1
Tax revenue (% of budgetary revenue)	79.7	77.4	77.4
Government fund income	65.2	62.1	53.7
Transfer payment	20.2	21.7	19.5
Aggregate revenue	121.5	121.8	115.7
Budgetary expenditure	71.1	72.9	71.8
Budget balance ¹ (%)	-104.6	-101.8	-90.8
Government debt ratio (%)	100.2	117.5	151.4

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

Source: Financial Bureau of Yangzhou and Lianhe Global's calculations

Company Profile

YETDG was established in 1992 with an initial registered capital of RMB20.0 million. After an array of capital injections and equity transfers, the company's registered and paid-in capital increased to RMB23.1 billion at end-September 2025. The Yangzhou government, as the ultimate controller, indirectly holds 100% equity of the company through YIISH, and delegates the management committee of Yangzhou ETDZ to oversee YETDG's operations. YIISH and YETDG share a management team. Beyond YETDG, YIISH controls a separate LIDC responsible for cultural tourism development in Yangzhou.

YETDG is mainly responsible for infrastructure construction, social housing and industrial park development in Yangzhou ETDZ. The company also engages in the development and operation of industrial parks and commercial complexes, property sales and commodity trading activities. The company's revenue increased significantly in 2024, benefiting from the delivery of its major residential property projects, but its gross margin declined due to subdued market sentiment in the overall real estate sector. Meanwhile, the acceleration of government project settlements supported the company's operating cash flow.

Key Financial Data (RMB million)	2022	2023	2024	2025.9
Total Assets	75,586	94,307	94,288	96,702
Equity	27,424	29,404	31,715	31,704
Debt	40,368	52,247	53,263	55,760
Debt / (Debt + Equity) (%)	59.5	64.0	62.7	63.8
Unrestricted cash/ST Debts (x)	0.2	0.2	0.2	0.2
Debt/EBITDA (x)	83.0	106.8	113.1	-
Revenue	2,355	2,802	3,275	1,788
Operation Profit	335	376	289	84
Gross Margin (%)	9.0	13.3	8.8	10.0
Cash from sales or services/ revenue (%)	163.1	76.9	102.3	195.8

Source: The company and Lianhe Global's calculations

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