

Hubei Edong Urban-Rural Integration Industrial Investment Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has upgraded the global scale Long-term Issuer Credit Rating of Hubei Edong Urban-Rural Integration Industrial Investment Group Co., Ltd. (“HEURI”) to ‘A-’ from ‘BBB’; Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating upgrade reflects an upgrade in our internal credit assessment on People’s Government of Daye (“the Daye Government”), HEURI’s enhanced strategic importance, and its increasing contributions to the industrial upgrading and transformation in Daye. HEURI plays a pivotal role in advancing integrated urban-rural development and municipal service modernization in Daye, encompassing the expansion and operation of citywide parking facilities, electric vehicle charging infrastructure, and outdoor advertising networks. The company is also actively exploring diversified service offerings, including property management, mineral resource development leveraging Daye’s non-ferrous metal reserves, and strategic asset restructuring to facilitate industrial transformation. Furthermore, HEURI’s participation in initiatives that promote Daye’s industrial upgrading and urban service enhancement has broadened its focus to market-oriented operations. These initiatives align closely with the local government’s strategy for industrial transformation and upgrading, optimizing resource allocation and accelerating the transition toward sustainable urban development.

We believe this presents a high possibility that the Daye Government would provide very strong support to HEURI if needed. This mainly considers the Daye government’s indirect full ownership of HEURI, the high strategic importance of HEURI to Daye in the industrial operation and upgrading, and the strong linkage between the Daye government and HEURI, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe that the local 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.

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. The Daye government’s budgetary revenue amounted to RMB6.3 billion in 2025 with a rapid growth of 15.4%, while its GDP grew by 7.8%, exceeding RMB100.0 billion in the same year.

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

Rating Rationale

Government’s Ownership and Supervision: The State-owned Assets Supervision and Administration Bureau of Daye (“Daye SASAB”), as the ultimate controller of HEURI, holds 100% equity through Hubei Guanggudong Holding Group Co., Ltd. (“GGDH”). The Daye government has the final decision-making authority and strong supervision over the company, including appointment and supervision of the senior management, strategic alignment and decision on its major investment and financing plan decisions. In addition, the

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	10 April 2026

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Applicable Criteria

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

Daye government has assessment mechanism over the company and regularly appoints auditors to review the company's operating performance and financial position.

Strategic Importance and Strategic Alignment: HEURI is an important LIDC that is responsible for rural revitalization and industrialization, as well as the urban-rural integration in Daye. HEURI mainly undertakes recycling of renewable resources, intelligent parking, design services and other businesses. HEURI plays an important role in promoting economic and social development for the region. Its business operation and strategic planning have been aligned with the government's development plans.

Ongoing Government Support: The Daye government provides ongoing support to HEURI, mainly in the form of asset and equity injections. In 2024 and the first nine months of 2025, the company received several asset injections including land, investment properties, operating rights, etc. These injections enlarged the company's total asset scale. We expect the support from the Daye government to remain intact given HEURI's strategic importance in Daye.

HEURI's Financial Matrix and Liquidity Position: HEURI's total assets increased to RMB7.1 billion at end-2024 from RMB3.4 billion at end-2023, and further expanded to RMB7.9 billion as of end-September 2025. The company's total debt grew significantly to RMB0.9 billion from RMB0.3 billion over the same period, and continued to rise to RMB1.8 billion at end-September 2025. Its financial leverage, as measured by the debt to capitalization ratio, increased moderately to 16.4% at end-2024 from 13.8% at end-2023, and further climbed to 25.6% at end-September 2025.

HEURI's debt servicing pressure was high. As of September 2025, HEURI had a cash balance of RMB318.3 million (including restricted cash of RMB156.7 million) against short-term debt of RMB716.9 million. Despite the relatively low cash coverage ratio, HEURI has access to diversified financing channels, including bank loans, bond issuances, and other non-traditional financing avenues to support its debt repayment and business operations. At end-June 2025, the company had unused credit facilities of RMB1.6 billion.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Daye

Daye, as the main hub for industrial clusters in the Wuhan metropolitan area, has become an important supporting base for the Hubei Province's trillion-level optoelectronic information industry. Its economy is crucial to Huangshi City and even the Hubei Province. Daye's GDP grew by 7.8% to RMB100.3 billion in 2025 from RMB93.1 billion in 2024, accelerating from 7.1% growth in the prior year and demonstrating robust economic momentum. The GDP per capita was approximately RMB111,400 in 2025. Fixed asset investment growth moderated to 6.2% in 2025 from 12.1% in 2024, following a 5.7% expansion in 2023, indicating some cooling in investment activity despite still-solid growth.

Daye's Economic Conditions			
(RMB billion)	2023	2024	2025
GDP	86.3	93.1	100.3
-Primary industry (%)	7.0	6.9	-
-Secondary industry (%)	53.1	54.8	-
-Tertiary industry (%)	39.9	38.3	-
GDP growth rate (%)	6.2	7.1	7.8
Fixed asset investment growth rate (%)	5.7	12.1	6.2
Population (million)	0.9	0.9	0.9

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

Fiscal Condition of Daye

Daye's budgetary revenue grew by 15.4% to RMB6.3 billion in 2025, showing resilient momentum compared to 14.0% in 2024 and 16.6% in 2023. However, the tax revenue ratio declined markedly to 60.8% from 66.5% in 2024 and 73.0% in 2023. Government fund income declined to RMB4.2 billion in 2025 from RMB5.1 billion in 2024 amid property market volatility, though remaining above the RMB3.6 billion level in 2023.

The outstanding debt of the Daye government increased substantially to RMB21.3 billion at end-2025 from RMB17.6 billion at end-2024, mainly due to the new issuance of special-purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government debt/aggregate revenue, expanded to 149.8% from 124.0% over the same period.

Daye's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	4.8	5.4	6.3
Budgetary revenue growth rate (%)	16.6	14.0	15.4
Tax revenue	3.5	3.6	3.8
Tax revenue (% of budgetary revenue)	73.0	66.5	60.8
Government fund income	3.6	5.1	4.2
Transfer payment	3.8	3.4	3.5
Aggregate revenue	12.2	14.2	14.2
Budgetary expenditure	7.8	8.3	8.9
Budget balance ¹ (%)	-63.9	-53.8	-42.7
Government debt ratio (%)	114.8	124.0	149.8

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

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

Company Profile

HEURI was established in May 2019. As an important local investment and development company that is responsible for rural revitalization and industrialization in Daye, HEURI has played an important role in the economic development of Daye. Daye SASAB, as the ultimate controller of HEURI, holds 100% equity through GGDH.

HEURI mainly undertakes recycling of renewable resources, intelligent parking, design services and other businesses. The company is also actively exploring diversified service sectors, including property management, mineral resource development leveraging Daye's non-ferrous metal reserves, and strategic asset restructuring to facilitate industrial transformation. The total revenue of HEURI was RMB961.2 million and RMB773.3 million in 2024 and the first nine months of 2025, respectively. The company's gross profit margin improved to 5.6% in 2024 from 1.5% in 2023.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	1,138	3,377	7,065	7,892
Equity	134	1,989	4,798	5,234
Debt	153	317	942	1,799
Debt / (Debt + Equity) (%)	53.2	13.8	16.4	25.6
Unrestricted cash/ST Debts (x)	0.0	0.0	0.1	0.2
Debt/EBITDA (x)	129.8	43.1	17.5	-
Revenue	460	972	961	773
Operation Profit	-1	4	40	33
Gross Margin (%)	1.8	1.5	5.6	6.0
Cash from sales or services/ Revenue (%)	103.1	101.9	101.1	104.4

Source: HEURI and Lianhe Global's calculations

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