

Zhuhai Huafa Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A+’ global scale Long-term Issuer and Issuance Credit Rating of Zhuhai Huafa Group Co., Ltd. (“ZHG”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Guangdong Province (“Guangdong government”) and the People’s Government of Zhuhai City, Guangdong Province (“Zhuhai government”) would provide strong support to ZHG if needed. This mainly considers their ownership of ZHG, ZHG’s strategic importance as a core local investment and development company (“LIDC”) for urban construction and operation, industrial and finance development, and state-owned asset management in Zhuhai City, Guangdong Province (“Zhuhai”). In addition, the linkage between the local government and ZHG is strong, including management supervision, strategic alignment and ongoing operational and financial support. Moreover, we believe the local government has a strong willingness to ensure ZHG’s business and financial viability in order to safeguard its reputation and local financing activities.

Zhuhai is a prefecture city of Guangdong and it is one of the five Special Economic Zones. Zhuhai’s GDP grew by 2.7% year-over-year to RMB457.3 billion in 2025, while the budgetary revenue of Zhuhai for increased by 4.0% to RMB49.4 billion over the same period.

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

Lianhe Global has also affirmed ‘A+’ global scale Long-term Issuance Credit Rating of the RMB Digitally Native Guaranteed Bonds, RMB Senior Guaranteed Perpetual Capital Securities and RMB Senior Unsecured Bonds issued by ZHG at the same time. A full list of affirmed issuance rating is included in this report.

Rating Rationale

Government’s Ownership and Supervision: The Zhuhai government directly holds the majority ownership of ZHG through Zhuhai State-owned Assets Supervision and Administration Commission (“Zhuhai SASAC”), and is the actual controller of the company. The remaining stake is held directly by the Guangdong Provincial Department of Finance (“Guangdong DF”). The Zhuhai government has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: ZHG remains as the key LIDC of Zhuhai, mainly responsible for infrastructure and urban operations, modern finance and strategic emerging industries. Particularly dominant in Zhuhai’s real estate development sector, ZHG’s involvement in urban development projects underscores its pivotal role in forming the city’s landscape and driving economic development. Also, ZHG possesses a wide range of financial licenses to facilitate and promote Zhuhai’s modern financial sector. Furthermore, through initiatives to upgrade industries and foster cooperation with Macau, ZHG plays a

Summary

Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Applicable Criteria

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

[Hybrid Instruments: Equity Credit and Notching Criteria](#) (12 February 2025)

[RWA Tokenization Risk Assessment Criteria](#) (25 August 2025)

crucial role in integration and development of the Greater Bay Area. Under the guidance of the local government, ZHG and Zhuhai Gree Group Co., Ltd. jointly established Zhuhai Science and Technology Industry Group Co., Ltd. in May 2025, aiming to build a key platform for promoting the development of high-tech industries in Zhuhai. ZHG's development plan has been aligned with the local government's economic and social policies by promoting Zhuhai's urban development.

Ongoing Government Support: ZHG continued to receive financial subsidies, mainly including operating subsidies and tax breaks, from the local government to maintain its business operation. In addition, the Zhuhai government continue to transfer assets and equity of other state-owned enterprises to the company, with the aim of integrating resources under ZHG's management. In April 2025, Zhuhai SASAC transferred 100% equity interest in Zhuhai Holdings Investment Group Limited to ZHG gratuitously. We believe ZHG is likely going to receive government support, including capital and high-quality assets, equities of other companies, operational subsidies, tax breaks, favorable policies and other kind of government grants to support its daily business operation.

ZHG's Financial Matrix and Liquidity Position: ZHG's asset size continued to grow, reaching RMB755.4 billion at end-September 2025, up from RMB729.6 billion at end-2023. The company's total debt increased by 17.7% over the same period, pushing up its financial leverage, as measured by the debt to capitalization ratio, to 67.8% at end-September 2025 from 63.0% at end-2023.

ZHG's short-term debt servicing pressure was moderately high. At end-September 2025, ZHG had a cash balance of RMB68.4 billion compared with its debt due within one year of RMB149.5 billion. Nevertheless, ZHG has access to various financing channels, including bank borrowings, bond issuances and other non-traditional financings, to support its debt repayments and business operations. The company had unused bank facilities amounting to RMB274.0 billion at end-September 2025.

Rating Sensitivities

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

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

Full List of Issuance Rating

A full list of affirmed issuance rating is included below. Any rating action on ZHG's rating would result in a similar rating action on the bonds:

- CNY2.53 billion 6.0% Senior Guaranteed Perpetual Capital Securities affirmed at 'A+'
- CNY1.4 billion 4.5% Digitally Native Guaranteed Bonds due 2027 affirmed at 'A+'
- CNY1.42 billion 3.05% Senior Unsecured Bonds due 2028 affirmed at 'A+'

Operating Environment

Economic Condition of Zhuhai

Zhuhai's GDP increased to RMB457.3 billion in 2025, representing a year-over-year growth rate of 2.7%, slightly lower than 3.5% in 2024. The economy of Zhuhai was mainly boosted

by the secondary and tertiary industries, which accounted for 40.6% and 57.8% of GDP in 2025, respectively. The fixed asset investment of Zhuhai declined further by 31.6% year-over-year in 2025, owing to weak property market.

Zhuhai's Economic Conditions			
(RMB billion)	2023	2024	2025
GDP	434.9	447.9	457.3
-Primary industry (%)	1.7	1.6	1.7
-Secondary industry (%)	44.2	42.5	40.6
-Tertiary industry (%)	54.1	55.8	57.8
GDP growth rate (%)	3.8	3.5	2.7
Fixed asset investment growth rate (%)	-13.1	-18.2	-31.6
Population (million)	2.5	2.5	2.5*

* Estimated data
 Source: Statistical Bureau of Zhuhai and Lianhe Global's calculations

Fiscal Condition of Zhuhai

The budgetary revenue of the Zhuhai government increased to RMB49.4 billion in 2025 from RMB47.5 billion in 2024, with the contribution of tax revenue elevated to 68.2% from 61.6% over the same period. The fiscal self-sufficiency of the Zhuhai government continued to improve, with its budget deficit narrowing to 35.3% in 2025 from 36.5% in 2024.

The outstanding debt of the Zhuhai government kept growing in the past few years. At end-2025, the Zhuhai government's outstanding debt increased to RMB173.7 billion from RMB152.0 billion at end-2024, mainly due to the issuance of special purpose debts. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, was further elevated to 233.1% at end-2025 from 192.7% at end-2024.

Zhuhai's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	48.2	47.5	49.4
Budgetary revenue growth rate (%)	10.3	-1.5	4.0
Tax revenue	30.0	29.3	33.7
Tax revenue (% of budgetary revenue)	62.2	61.6	68.2
Government fund income	8.7	9.1	3.3
Transfer payment	17.8	21.0	21.4
Aggregate revenue	77.3	78.9	74.5
Budgetary expenditure	67.2	64.8	66.9
Budget balance ¹ (%)	-39.3	-36.5	-35.3
Government debt ratio (%)	170.9	192.7	233.1

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%
 Source: Financial Bureau of Zhuhai and Lianhe Global's calculations

Company Profile

ZHG was established in March 1985 under the approval of Zhuhai Economic Special Zone Management Committee. ZHG's operational capacity and strategic positioning were further enhanced following the capital injections and structural refinements afterward. At end-September 2025, ZHG had a shareholding structure which Zhuhai SASAC and Guangdong DF held 93.48% and 6.52% stake of the company, respectively.

ZHG's business mainly focuses on property development, urban operation, commercial logistics, finance, technology development, modern service and other businesses like property leasing, advertising, parking fees, agency services, and engineering management within Guangdong and Zhuhai. It holds a certain degree of monopoly in some of its

businesses within the region. In the first nine months of 2025, ZHG achieved a total revenue of RMB144.1 billion with a gross margin of 10.3%.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	653,440	729,649	729,285	755,416
Equity	170,867	175,248	172,966	167,263
Debt	269,046	298,907	312,165	351,928
Debt / (Debt + Equity) (%)	61.2	63.0	64.3	67.8
Unrestricted cash/ST Debts (x)	0.8	0.5	0.4	0.4
Debt/EBITDA (x)	18.1	19.0	32.9	-
Revenue	157,512	175,687	152,123	144,148
Operation Profit	9,369	8,808	3,091	1,888
Gross Margin (%)	13.2	12.9	9.9	10.3
Cash from sales or services/ Revenue (%)	124.9	109.8	102.5	84.4

Source: The company and Lianhe Global's calculations

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