Sanya Yazhou Bay Technology City Holding Group Co., Ltd.

Summary	
Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	27 July 2026

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Applicable Criteria

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

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'BBB+' global scale Long-term Issuer Credit Rating of Sanya Yazhou Bay Technology City Holding Group Co., Ltd. ("STCH"); Issuer Outlook remains Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Sanya ("the Sanya government") would provide very strong support to STCH if needed. This primarily considers YZBSTC Authority's, a specially established institution of the Sanya government, full ownership of STCH and STCH's strategic importance as an important local investment and development company responsible for the development and operation of Yazhou Bay Science and Technology City ("YZBSTC") in Sanya. The linkage between the local government and STCH is strong, including government management supervision, strategic alignment and ongoing operational and financial support. In addition, the local government has a very strong willingness to ensure STCH's business and financial viability to safeguard its reputation and local financing activities.

Sanya is a prefecture-level city under the jurisdiction of Hainan Province. In 2025, Sanya's GDP grew steadily by 4.8% to RMB103.4 billion. The Sanya government's budgetary revenue increased slightly by 0.7% to RMB15.5 billion. YZBSTC is one of the 13 key industrial parks designated under the Hainan Free Trade Port framework.

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

Rating Rationale

Government Ownership and Supervision: STCH is wholly owned by YZBSTC Authority, a specially established institution of the Sanya government vested with municipal-level administrative authority and approval functions, primarily responsible for the development and management of YZBSTC. The local government exercises control over key corporate matters, including senior management appointments, development strategy, major financing plans, and investment decisions. In addition, the local government has established a performance assessment framework for STCH and regularly appoints auditors to review the company's operating performance and financial position.

Strategic Importance and Alignment: STCH is the core development and operating entity for YZBSTC, a key industrial park in Hainan focusing on Nanfan seed breeding, a national-level agricultural seed-breeding initiative, and deep-sea equipment industries. The company is responsible for developing and operating key projects within YZBSTC, including infrastructure, public facilities, industrial parks, and research and innovation centers. Its business activities and strategic planning are closely aligned with the local government's economic and social development priorities.

Strong Government Support: STCH has received sustained government support through capital injections, asset injections, operational subsidies, and project funding. The local government injected cash capital of RMB5.2 billion, RMB6.0 billion, and RMB4.8 billion into STCH in 2023, 2024, and 2025, respectively. In addition, STCH received sizeable operational subsidies as well as assets injections, including properties, land, and equity interests in state-owned enterprises, from the local government. We expect STCH to receive timely support from the local government in the coming years, considering its strategic importance in Sanya.

STCH's Financial and Liquidity Position: STCH's financial leverage remained low despite rapid asset and debt expansion. Its total assets increased to RMB55.9 billion at end-2024 from RMB48.1 billion at end-2023, mainly driven by its active participation in YZBSTC's project development. Over the same period, total debt rose by 33.0% to RMB14.8 billion from RMB11.2 billion. Nevertheless, continued capital and asset injections from the local government helped contain leverage, with the company's debt-to-capitalization ratio remaining at a manageable 27.5%.

STCH faces moderately high short-term debt servicing pressure. At end-2025, the company had approximately RMB1.1 billion of unrestricted cash against RMB4.3 billion of short-term debt. However, its liquidity position is supported by multiple financing channels, including bank borrowings, bond issuances and other non-traditional financing arrangements, which help support debt repayment and business operations. At end-2025, STCH had unused credit lines of RMB13.0 billion. We also expect the company to roll over its short-term bank borrowings (end-2025: RMB1.8 billion) and receive timely government support when necessary.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Sanya

Sanya's Economic Condition (RMB billion)	**2023**	**2024**	**2025**
GDP	97.1	100.5	103.4
-Primary industry (%)	11.4	11.4	10.8
-Secondary industry (%)	13.7	14.3	13.3
-Tertiary industry (%)	74.9	74.3	75.9
GDP growth rate (%)	12.0	3.4	4.8
Fixed asset investment growth rate (%)	3.7	7.8	0.7
Population (million)	1.11	1.12	1.14

Source: Statistic Bureau of Sanya and Lianhe Global's calculations

Sanya's economy is anchored by tourism, reflecting its position as one of China's leading tourist destinations. The city is also actively integrating into the Hainan Free Trade Port framework while promoting the development of its seed breeding and deep-sea industries. Sanya's GDP grew steadily by 4.8% to RMB103.4 billion in 2025 from RMB100.5 billion in 2024, picking up from 3.4% in 2024. However, its fixed asset investment growth rate dropped to 0.7% in 2025 from 7.8% in 2024 owing to the weak property development activity.

Fiscal Condition of Sanya

Sanya's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	14.7	15.4	15.5
Budgetary revenue growth rate (%)	23.4	4.6	0.7
Tax revenue	10.6	10.6	11.2
Tax revenue (% of budgetary revenue)	71.9	68.5	72.1
Government fund income	15.3	11.9	13.9
Transfer payment	13.6	12.2	10.8
Aggregate revenue	**43.7**	**39.7**	**40.3**
Budgetary expenditure	23.3	25.3	23.9
Budget balance[1] (%)	-57.7	-63.8	-54.1
Government debt ratio	136.3	188.4	207.6

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Finance Bureau and Lianhe Global's calculations

Sanya's budgetary revenue slightly grew by 0.7% to RMB15.5 billion in 2025, slowing from 4.6% growth in 2024 and 23.4% in 2023. The tax revenue ratio improved to 72.1% in 2025 from 68.5% in 2024, indicating better revenue quality. In addition, government fund income rose to RMB13.9 billion in 2025 from RMB11.9 billion in 2024, reversing the decline seen in the previous year.

The outstanding debt of the Sanya government increased to RMB83.62 billion at end-2025, from RMB74.7 billion at end-2024, mainly due to the new issuance of special-purpose debts to support key public projects. Its government debt ratio, as measured by total government debt / aggregate revenue, increased significantly to 207.6% in 2025 from 188.4% in 2024.

Company Profile

STCH was established in February 2019 by Sanya State-owned Assets Supervision and Administration Commission with an initial registered capital of RMB3 million. In 2020, its shareholder was changed to YZBSTC Authority, a specially established institution of the Sanya government vested with municipal-level administrative authority and approval functions, primarily responsible for the development and management of YZBSTC. Following a series of capital injections, STCH's registered capital increased to RMB10 billion, of which RMB5.5 billion had been paid by end-2025. YZBSTC Authority remains STCH's sole shareholder and actual controller.

STCH is mainly responsible for project development and state-owned asset management in YZBSTC. Under the instruction of YZBSTC Authority, the company undertakes key projects in the area, supported by a strong regional franchise advantage. It also manages and operates state-owned assets, including fishing ports and port terminals. STCH's revenue maintained an upward trend, increasing to RMB1.75 billion in 2025 from RMB1.45 billion in 2024, mainly driven by the gradual commencement of operations of its projects. Its gross margin also improved to 15.3% in 2025 from 11.4% in 2024.

Key Financial Data (RMB million)	2023	2024	2025
Total Assets	40,234	48,112	55,914
Equity	27,715	33,832	39,120
Debt	8,879	11,161	14,846
Debt / (Debt + Equity) (%)	24.3	24.8	27.5
Unrestricted cash/ST Debts (x)	0.8	0.5	0.3
Debt/EBITDA (x)	14.1	28.4	28.4

Revenue	1,299	1,450	1,754
Operating Profit	397	162	174
Gross Margin (%)	23.6	11.4	15.3
Cash from sales or services/ Revenue (%)	90.2	89.6	100.6

Source: STCH and Lianhe Global's calculations

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