Shaoxing City Development Group Co., Ltd.

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	24 August 2026

Analysts

Roy Luo, CFA, FRM, CESGA
(852) 3462 9582
roy.luo@lhratingsglobal.com

Chris Cao
(852) 3462 9579
chris.cao@lhratingsglobal.com

Applicable Criteria

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

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'A' global scale Long-term Issuer of Shaoxing City Development Group Co., Ltd. ("SCDG"); Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the Shaoxing Municipal People's Government ("the Shaoxing government") would provide strong support to SCDG if needed. This mainly reflects the Shaoxing Government's majority ownership of SCDG and SCDG's key role in Shaoxing's utility operations (gas and water), infrastructure construction and social-housing development. The linkage between the Shaoxing Government and SCDG is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the Shaoxing government has a strong willingness to ensure SCDG's business and financial viability to safeguard its reputation and local financing activities.

Shaoxing is a prefecture-level city in Zhejiang Province. Its GDP grew 6.5% to RMB893.2 billion in 2025, while budgetary revenue rose 2.5% to RMB60.3 billion.

The Stable Outlook reflects our expectation that SCDG's strategic importance would remain intact while the Shaoxing Government will continue to ensure SCDG's stable operation.

Rating Rationale

Government's Ownership and Supervision: The Shaoxing Government exercises strong ownership and oversight of SCDG through the Shaoxing State-owned Assets Supervision and Administration Commission ("Shaoxing SASAC"), which holds 90% of the company's shares. The remaining 10% is held by Zhejiang Finance Development Co., Ltd., a wholly owned entity of the Zhejiang Provincial Department of Finance.

As the ultimate controller, the Shaoxing government has final decision-making authority over SCDG and supervises key aspects of the company's operations, including senior management appointments and oversight, strategic alignment, and major investment and financing decisions. It also maintains a performance assessment mechanism for SCDG and appoints auditors to periodically review the company's operating performance and financial position.

Strategic Importance and Alignment: SCDG remains Shaoxing's major urban development and operations platform, responsible for constructing key public projects, including social housing, express roads, schools and hospitals, as well as providing essential utility services such as water and gas supply and sewage treatment in Shaoxing's urban area. Through these functions, SCDG continues to support local economic and social policy objectives and remains closely aligned with the Shaoxing government's development priorities.

Strong Government Support: SCDG continues to benefit from ongoing support from the Shaoxing government, mainly through financial subsidies, asset injections and capital contributions that support its business operations and public-policy functions. In 2025, SCDG received RMB471 million in operational and interest subsidies. The Shaoxing government also provided project funds of RMB944 million to SCDG during the year. Given SCDG's strategic importance to Shaoxing's urban development and public-service operations, we expect the company to continue receiving support from the local government over the coming years.

SCDG's Financial and Liquidity Position: SCDG's asset base and debt scale expanded in 2025, mainly driven by its active participation in Shaoxing's project development. Total assets increased to RMB97.2 billion at end-2025 from RMB78.1 billion at end-2024, while total debt rose to RMB51.1 billion from RMB37.7 billion over the same period. Nevertheless, the company's debt-to-capitalization ratio remained broadly stable at around 60%, supported by government asset injections.

SCDG faces moderately high short-term debt servicing pressure. At end-March 2026, the company had a cash balance of RMB9.4 billion, compared with RMB23.0 billion of debt due within one year. Yet SCDG retains access to multiple financing channels, including bank loans, bond issuances and other non-traditional financing sources, which support its debt repayment needs and ongoing business operations. On a consolidated basis, the company had RMB11.9 billion of unused bank credit at end-March 2026.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Shaoxing

Shaoxing is a prefecture-level city in Zhejiang Province and an important city in the Yangtze River Delta. It is also positioned as a core city in the Hangzhou Bay Greater Bay Area and a sub-centre of the Hangzhou Metropolitan Circle. Shaoxing's GDP increased to RMB893.2 billion in 2025 from RMB836.9 billion in 2024, with real GDP growth remaining stable at 6.5%. However, fixed asset investment declined by 3.2% in 2025, mainly due to weak property investment.

Shaoxing's Economic Condition (RMB billion)	**2023**	**2024**	**205**
GDP	791.2	836.9	893.2
-Primary industry (%)	3.1	3.0	3.0
-Secondary industry (%)	48.5	47.7	47.0
-Tertiary industry (%)	48.4	49.3	50.0
GDP growth rate (%)	7.8	6.5	6.5
Fixed asset investment growth rate (%)	10.0	1.9	-3.2
Population (million)	5.4	5.4	5.4

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

Fiscal Condition of Shaoxing

Shaoxing's budgetary revenue increased by 2.5% to RMB60.3 billion. Its fiscal deficit narrowed to 34.6% in 2025 from 41.0% in 2024, while government fund income remained broadly stable at around RMB40.0 billion. However, the city's outstanding government debt rose to RMB259.2 billion at end-2025 from RMB221.6 billion at end-2024, mainly due to the issuance of new special-purpose bonds to support key public projects and refinance existing government debt. As a result, Shaoxing's government debt ratio, measured by total government debt to aggregate revenue, increased significantly to 209.2% from 166.9% over the same period.

Shaoxing's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	57.9	58.9	60.3
Budgetary revenue growth rate (%)	7.2	6.7	2.5
Tax revenue	45.0	44.8	45.9
Tax revenue (% of budgetary revenue)	77.7	76.1	76.1
Government fund income	44.5	41.7	40.7
Transfer payment	15.7	30.7	21.8
Aggregate revenue	**118.6**	**132.8**	**123.9**
Budgetary expenditure	77.9	83.0	81.2
Budget balance[1] (%)	-34.5	-41.0	-34.6
Government debt ratio (%)	158.8	166.9	209.2

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

Source: Statistical bureau of Shaoxing and Lianhe Global's calculations

Company Profile

SCDG was established as a fully state-owned entity in 1999 with an initial capital of RMB220 million. In January 2025, the company's name was changed to SCDG from Shaoxing City Investment Group Limited. By end-March 2026, the SCDG's paid-in capital was enlarged to RMB3.3 billion after multiple capital injections. Shaoxing SASAC holds 90% equity of SCDG, and the Shaoxing Municipal Government is the company's ultimate controller.

SCDG is one of the most important LIDCs under the Shaoxing Government. Its business primarily focuses on municipal urban infrastructure construction, utilities (including gas and water supply), and social housing, supplemented by merchandise sales such as building materials and electrical equipment. SCDG's revenue increased by 3.5% to RMB10.1 billion in 2025 while the gross margin improved to 13.1% from 12.3%.

Key Financial Data

(RMB million)	2023	2024	2025	2026.3
Total Assets	72,050	78,104	91,155	97,151
Equity	25,309	25,827	32,000	32,117
Debt	34,367	37,670	46,281	51,069
Debt / (Debt + Equity) (%)	57.6	59.3	59.1	61.4
Unrestricted cash/ST Debts (x)	1.7	0.4	0.3	0.4
Debt/EBITDA (x)	20.4	18.2	20.5	-
Revenue	11,172	9,772	10,113	2,133
Gross Margin (%)	11.6	12.3	13.1	7.5
Cash from sales or services/ Revenue (%)	103.5	109.3	112.1	107.6

Source: SCDG and Lianhe Global's calculations

Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: www.lhratingsglobal.com

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent ratings and research.