Yancheng High-tech Zone Investment Group Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'A-' global scale Long-term Issuer Credit Rating of Yancheng High-tech Zone Investment Group Co., Ltd.; Rating Outlook Stable

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	23 November 2026

Summary

The Issuer Credit Rating reflects our expectation of a high possibility that the People's Government of Yancheng City ("Yancheng government") would provide strong support to Yancheng High-tech Zone Investment Group Co., Ltd. ("YHZIG") if needed. This mainly considers the Yancheng government's indirect 100% ownership of YHZIG and YHZIG's strategic position as an important development and operation entity in Jiangsu's Yancheng City ("Yancheng"), especially in Yancheng High-tech Zone. The linkage between the Yancheng government and YHZIG is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe the Yancheng government has a strong willingness to ensure YHZIG's business and financial viability in order to safeguard its reputation and local financing activities.

Yancheng is a prefecture-level city of Jiangsu Province. In 2025, Yancheng's GDP grew by 5.4% to RMB804.5 billion, and the Yancheng government's budgetary revenue increased by 3.9% to RMB51.6 billion.

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

Rating Rationale

Government's Ownership and Supervision: The Yancheng government owns 100% of the shares of YHZIG through Yancheng High-tech Industry Holding Group Co., Ltd. ("YHIHG"). The Yancheng government remains the company's actual controller and has strong control and supervision over YHZIG, including appointing senior management and decision-making on major strategy, investment and financial planning. In addition, the Yancheng government has established an assessment mechanism for YHZIG and regularly appoints auditors to review its operating performance and financial position.

Strategic Alignment and Importance: YHZIG is a core local infrastructure development company in Yancheng, primarily mandated to undertake infrastructure construction and primary land development in Yancheng High-tech Zone, the city's sole national-level high-tech zone. To promote local industrial development, the company also develops and operates industrial parks within the zone, provides financing guarantees to SMEs, and conducts equity investments in innovative technology enterprises. YHZIG's operations and strategy remain closely aligned with the local government's economic and social plans.

Strong Government Support: The local government has provided ongoing support to YHZIG. In 2024, the Yancheng government injected cash capital of RMB2,120 million through YHIHG, enhancing its paid-in capital to RMB5 billion from RMB2,880 million. In 2025, YHZIG recorded an increase in capital reserve of RMB808 million due to equity transfers. In the first quarter of 2026, YHIHG injected RMB1,500 million into the company, recognized under capital reserve. The local government also provided operational subsidies totaling RMB492 million between 2023 and the first nine months of 2026. We expect that the Yancheng government's support of YHZIG will remain intact, given its strategic importance in Yancheng.

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Applicable Criteria

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

YHZIG's Financial and Liquidity Position: YHZIG's asset size decreased slightly to RMB101.8 billion at end-September 2026 from RMB103.4 billion at end-2024, owing to the gratuitous transfer of subsidiary equity stakes amid local state-owned asset restructuring. Total debt also dropped to RMB59.5 billion from RMB66.6 billion over the same period. As a result, its financial leverage, as measured by total debt to capitalization, decreased to 62.2% from 66.8%.

YHZIG's debt servicing pressure is high. At end-September 2026, the company had a cash balance of RMB6.0 billion, including restricted cash of RMB3.3 billion, against short-term debt of RMB16.3 billion. Nevertheless, YHZIG has access to multiple financing channels, including bank loans, bond issuance, and non-traditional financings, to support its debt repayments and operations. The company had unused bank facilities of RMB18.3 billion at end-March 2026.

Rating Sensitivities

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

We would consider upgrading YHZIG'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 Yancheng government.

Operating Environment

Economic Condition of Yancheng

Yancheng's GDP increased to RMB804.5 billion in 2025 from RMB777.9 billion in 2024, while GDP growth moderated to 5.4% from 5.5% in 2024 and 5.9% in 2023. The economic structure continued to shift towards services, with the tertiary sector accounting for 51.6% of GDP in 2025, up from 50.4% in 2024. Fixed asset investment fell sharply by 15.0% in 2025, weighed down by a 13.4% contraction in infrastructure investment and a 21.3% decline in real estate development investment.

Established in 2006, Yancheng High-Tech Zone was upgraded to a national-level high-tech zone upon approval by the State Council in February 2015. Anchored by core industries such as next-generation information technology, high-end equipment manufacturing, and new energy, the zone has fostered a growing cluster of high-tech enterprises.

Yancheng's Economic Condition

(RMB billion)	2023	2024	2025
GDP	743.3	777.9	804.5
-Primary industry (%)	11.1	10.9	10.9
-Secondary industry (%)	40.3	38.7	37.6
-Tertiary industry (%)	48.7	50.4	51.6
GDP growth rate (%)	5.9	5.5	5.4
Fixed asset investment growth rate (%)	9.2	0.3	-15.0
Population (million)	6.7	6.7	6.6

Source: Financial Bureau of Yancheng, statistical bureau of Yancheng and Lianhe Global's calculations

Fiscal Condition of Yancheng

The budgetary revenue of the Yancheng government increased to RMB51.6 billion in 2025 from RMB49.6 billion in 2024, with growth accelerating to 3.9% from 2.8%. However, the Yancheng government's fiscal self-sufficiency remained weak, even though its budget deficit narrowed to 113.1% in 2025 from 129.2% in 2024. Government fund income declined to RMB42.6 billion from RMB73.1 billion owing to the protracted property market downturn. As a result, aggregate revenue declined to RMB138.8 billion from RMB168.4 billion.

The outstanding debt of the Yancheng government kept growing in the past few years. At end-2025, the Yancheng government's outstanding debt increased to RMB214.5 billion from RMB203.4 billion at end-2024, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, surged from 116.5% at end-2024 to 150.7% at end-2025.

Yancheng's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	48.3	49.6	51.6
Budgetary revenue growth rate (%)	6.5	2.8	3.9
Tax revenue	34.1	33.5	34.7
Tax revenue (% of budgetary revenue)	70.7	67.6	67.3
Government fund income	81.0	73.1	42.6
Transfer payment	46.0	42.8	42.0
Aggregate revenue	**178.4**	**168.4**	**138.8**
Budgetary expenditure	122.8	113.7	109.9
Budget balance[1] (%)	-154.4	-129.2	-113.1
Government debt ratio	92.8	116.5	150.7

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

Source: Financial Bureau of Yancheng, statistical bureau of Yancheng and Lianhe Global's calculations

Company Profile

YHZIG was established in 2009 by the Yancheng government with initial registered capital of RMB200 million. After an array of capital injections and equity transfers, the company's paid-in capital was enlarged to RMB5 billion by end-September 2026. The Yancheng government, as the actual controller, held 100% shares of the company through YHIHG. YHZIG undertakes major infrastructure construction and land consolidation projects in Yancheng High-tech Zone. It also develops and operates industrial parks within the area. The company recorded total revenue of RMB3,163 million, RMB3,432 million and RMB3,692 million in 2023, 2024 and 2025, respectively, representing an upward trend. Gross margin stayed at a decent level of approximately 20%.

Key Financial Data

(RMB million)	2023	2024	2025	2026.9
Total Assets	96,015	103,378	103,348	101,849
Equity	30,749	33,095	33,732	36,128
Debt	61,949	66,567	64,699	59,522
Debt / (Debt + Equity) (%)	66.8	66.8	65.7	62.2
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.2
Debt/EBITDA (x)	53.8	66.7	56.9	-
Revenue	3,163	3,432	3,692	2,819
Gross Margin (%)	19.9	19.9	19.5	18.1
Cash from sales or services/ revenue (%)	49.2	62.1	54.5	77.7

Source: The company and Lianhe Global's calculations

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