

CCXAP assigns A_g- to Wuhan Optics Valley Industrial Investment Co., Ltd.'s proposed CNY bonds

Hong Kong, 21 July 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of A_g- to the proposed CNY bonds to be issued by Wuhan Optics Valley Industrial Investment Co., Ltd. (“OVII” or the “Company”) (A_g-/stable).

The bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of OVII, which shall at all times rank pari passu with all the Company's other present and future unsecured and unsubordinated obligations. The Company intends to use the net proceeds for investment project and replenishment of working capital.

Corporate Profile

Established in 2016, OVII is a wholly-owned subsidiary of Hubei Science & Technology Investment Group Co., Ltd. (“HSTI”), the primary infrastructure construction and industrial investment entity of Wuhan East Lake New Technology Development Zone (“East Lake NTDZ”). The Company operates as the core platform responsible for HSTI's industrial investment business. Leveraging on HSTI's extensive resources, the Company mainly invests in the strategic emerging industries of East Lake NTDZ through direct equity investment and fund investment. As of 31 December 2024, OVII was ultimately controlled by the East Lake NTDZ Management Committee.

Rating Rationale

OVII's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its significance in promoting the development of strategic emerging industries in East Lake NTDZ, thereby mitigating any differences in an expected loss that could result from structural subordination.

The A_g- long-term credit rating of OVII is underpinned by the Company's (1) investment portfolio in line with the industrial development planning of East Lake NTDZ; and (2) access to funding from banks and bond market. However, the rating is constrained by the Company's (1) moderately high investment concentration and relatively weak asset liquidity; and (2) weak profitability and debt-servicing ability.

The rating also reflects a high likelihood of support from the local government and its parent HSTI when needed, which is based on the Company's (1) full ownership by HSTI and ultimate control by the East Lake NTDZ Management Committee; (2) significance in promoting the development of strategic emerging industries in the East Lake NTDZ; and (3) solid track record of receiving support from the local government and HSTI, including subsidies, capital injections and loan guarantees.

Rating Outlook

The stable outlook on OVII's rating reflects our expectation that the Company will continue to receive solid support from the local government and its controlling shareholder. We also expect the Company to maintain a stable and prudent investment strategy over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the local government and its controlling shareholder increases; (2) the quality of the Company's investment portfolio materially improves, such as having a higher level of asset liquidity and generating better recurring cash flow from investees; or (3) the Company's credit metrics improve, for example, lower debt leverage and higher profitability.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the local government and its controlling shareholder decreases; (2) the performance of the Company's investment portfolio materially deteriorates; or (3) the Company shows weakened access to funding and eroded liquidity profile.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Investment Holding Companies \(December 2016\)](#).

Regulatory Disclosures

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CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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