
CCXAP affirms Huzhou Wuxing Economic Development and Investment Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 21 August 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Huzhou Wuxing Economic Development and Investment Group Co., Ltd. (“WEDG” or the “Company”) at BBB_g, with stable outlook.

The long-term credit rating of WEDG reflects Wuxing District Government's strong capacity to support and its very high willingness to support, based on our assessment of the Company's characteristics. Our assessment of Wuxing District Government's capacity to provide support reflects its economic importance in Huzhou City, with ongoing economic growth, but constrained by weak debt profile.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) full ownership and ultimate control by the Wuxing District Government; (2) strategic importance in the infrastructure construction in Wuxing Economic Development Zone (“Wuxing EDZ”); and (3) track record of receiving government payments. However, the Company's rating is constrained by its (1) medium exposure to commercial activities; (2) increasing debt burden and moderate asset liquidity; and (3) medium contingent liability risk from external guarantees.

Corporate Profile

Established in December 2004 and formerly known as Huzhou Daixi Urban Development Co., Ltd., WEDG serves as an important investment and construction entity in the Wuxing District of Huzhou City. It is primarily engaged in infrastructure construction and self-operated projects in Wuxing EDZ. It is also involved in commercial businesses including property leasing, merchandise trading, and ore sales. As of 31 December 2024, the Company is wholly owned by the Wuxing District Government through its state-owned entities. Specifically, Huzhou Wuxing State-Owned Capital Investment Development Co., Ltd. (“WSCl”) and Huzhou Wuxing Transportation and Tourism Investment Development Group Co., Ltd. (“WTTI”) each hold 30% of the Company's shares, while the remaining 40% is directly held by the State-Owned Capital Supervision and Administration Service Centre of Wuxing District, a government-controlled institution. The ultimate controlling shareholder is the People's Government of Wuxing District.

Rating Rationale

Credit Strengths

Strategic importance in the infrastructure construction in Wuxing EDZ. As the primary infrastructure construction and industrial park development operation platform in the Wuxing EDZ, the Company has undertaken a number of infrastructure construction and industrial park development projects within Wuxing EDZ, making great contributions to the local social and economic development, benefiting investment attraction and improving related industrial chains in the Wuxing EDZ.

Track record of receiving government payments. WEDG has a proven track record of receiving government support in the form of capital injection, asset transfers, tax incentives and financial subsidies. We expect the local government will continue to provide ongoing support to the Company, given WEDG's important role in the infrastructure construction of Wuxing District, especially Wuxing EDZ.

Credit Challenges

Medium exposure to commercial activities. WEDG's commercial businesses mainly include merchandise trading, ore sales and property leasing. In addition, the Company is also carrying out self-operated projects in the region. We consider the Company's exposure to commercial businesses to be medium, accounting for around 35% of its total assets.

Increasing debt burden and moderate asset liquidity. WEDG's debt burden is increasing, which is driven by the large capital expenditure from self-operated projects. Its total debt has increased from RMB10.4 billion at end-2023 to RMB14.7 billion at end-2024, with a total capitalization ratio of 63.9% as of 31 December 2024. WEDG's asset liquidity is moderate as they are mainly inventories and other receivables with weak liquidity. As of 31 December 2024, the inventories and receivables accounted for 44.7% of its total assets. The inventories mainly consisted of construction costs caused by infrastructure construction projects and the receivables mainly consisted of uncollected payments from the local government and other state-owned enterprises.

Medium contingent liability risk from external guarantees. As of 31 December 2024, the Company's external guarantee amount was RMB2.5 billion, accounting for 30.3% of its net assets. Most of the external guarantees are provided to Huzhou New City Investment Development Group Co., Ltd, a subsidiary of Huzhou Wuxing Development of State-owned Capital Investment Co., Ltd. We expect that the contingent risk of the external guarantee is controllable, considering that these guarantees are all related parties. Nevertheless, if a credit event occurs in Wuxing District, it may lead to large-scale cross-default and increasing repayment obligations of the Company.

Rating Outlook

The stable outlook on WEDG's rating reflects our expectation that the Wuxing District Government's capacity to provide support will be stable, and that the Company will maintain its important role in local infrastructure construction in Wuxing EDZ over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Wuxing District Government's capacity to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as decreased debt burden and improved asset liquidity.

What could downgrade the rating?

The rating could be downgraded if (1) Wuxing District Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance, decreased government payments, or weakened funding capabilities.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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