

## **CCXAP upgrades Huzhou Wuxing Talent Industrial Investment & Development Group Co., Ltd.'s rating to BBB<sub>g</sub>+, with stable outlook.**

Hong Kong, 19 November 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has upgraded the long-term credit rating of Huzhou Wuxing Talent Industry Investment and Development Group Co., Ltd. (“WIID” or the “Company”) to BBB<sub>g</sub>+ from BBB<sub>g</sub>, with stable outlook. The rating upgrade is based on the enhanced strategic importance of the Company in Wuxing District, with sufficient project pipeline. At the same time, CCXAP has upgraded its senior unsecured debt rating to BBB<sub>g</sub>+

The BBB<sub>g</sub>+ long-term credit rating of WIID reflects Wuxing District Government's strong capacity and very high willingness to provide support to the Company. 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) leading position in Wuxing District's development with sufficient project pipeline; (2) good track record of receiving government payments; and (3) good funding access with multiple financing channels. However, the Company's rating is constrained by its (1) increasing exposure to commercial activities; (2) increasing debt burden with certain pressure on short-term debt repayment; and (3) medium contingent liability risk from external guarantees.

### **Corporate Profile**

Established in June 2013, WIID, formerly known as Huzhou Wuxing Industrial Investment Development Group Co., Ltd., has developed into an important investment and construction platform in Wuxing District and serves as the core operating entity responsible for infrastructure construction, land consolidation and development, as well as the sale of resettlement housing. The Company also engages in commercial businesses such as industrial park development, industrial investment, trading, property leasing, financial leasing, photovoltaics and digital business. In November 2024, the Company's former controlling shareholder, Huzhou Wuxing State-owned Capital Supervision and Administration Service Centre (“Wuxing District SCSASC”) transferred its 100.0% shares of WIID to Huzhou Wuxing State-owned Assets Investment and Operation Co., Ltd. (“WSAI”), which subsequently became the Company's sole shareholder. As of 30 June 2025, the Finance Bureau of Wuxing District remained as the ultimate controller of the Company.

### **Rating Rationale**

#### **Credit Strengths**

**Leading position in Wuxing District's development with sufficient project pipeline.** WIID stands as a core platform for industrial investment, industrial park development and infrastructure construction in Wuxing District, largely contributing to the local infrastructures and capital attraction. With the continuous industry park development and industry attraction, the Company also undertakes the responsibility of industry park operations, including self-

operating projects and talent attraction, which can contribute more revenue for WIID and secure its leading position. Given the Company's important role in the local economic development, we expect WIID is unlikely to be replaced by other local SOEs in the foreseeable future.

**Good track record of receiving government payments.** WIID maintains a strong track record of receiving government support in the form of capital injection, asset transfers, and financial subsidies. We expect the local government will continue to provide ongoing support to the Company, given WIID's important role in the investment and construction of Wuxing District.

**Good funding access with multiple financing channels.** As of 30 June 2025, the Company had obtained a total of RMB45.4 billion in bank credit facilities, with an available amount of RMB7.8 billion, indicating a sufficient liquidity buffer. In terms of direct financing, the Company had issued 5 private notes in the onshore debt market, with an outstanding amount of RMB3.5 billion as of 31 October 2025, with a coupon rate between 2.1% and 4.0%. The Company also has an outstanding amount of USD148.0 million and RMB1.0 billion in the offshore bond market. However, the Company is highly dependent on non-standard financing, with non-standard debts of RMB10.8 billion as of 30 June 2025, accounting for 25.8% of the total debt.

### Credit Challenges

**Increasing exposure to commercial activities.** WIID's commercial businesses mainly include industrial park development, industrial investment, trading, financial leasing and digital business. The Company's exposure to commercial businesses is moderate but rising as WIID is increasing its investment in self-operated projects, accounting for around 20-30% of its total assets. The Company maintains a substantial project pipeline that contributes supplement to the revenue and to local industrial development, but simultaneously increasing its exposure to business risks.

**Increasing debt burden with certain pressure on short-term debt repayment.** Due to continued financing for construction projects, WIID has demonstrated increasing debt burden. Its total debt increased from RMB41.7 billion at mid-2024 to RMB45.5 billion at mid-2025, with a total capitalization ratio of 67.1% as of 30 June 2025. In terms of debt structure, the short-term debt to total debt ratio decreased from 38.4% at mid-2024 to 35.1% at mid-2025, indicating that its debt structure has improved with better debt management, but the Company still faces certain pressure on short-term debt repayment. Meanwhile, after excluding restricted cash, the cash to short-term debt ratio was 0.7x, indicating that its cash reserve could not fully cover the short-term debt.

**Medium contingent liability risk from external guarantees.** As of 30 June 2025, the Company's external guarantee amount was RMB9.3 billion, accounting for 40.5% of its net assets, increasing from 36.9% as of 30 June 2024. All of the external guarantees are provided to local state-owned enterprises in Huzhou City. The local state-owned enterprises have a strong ability to avoid liability risks, because most of these local state-owned enterprises are likely to be supported by the local government when necessary, and therefore contingent risk would be controllable. 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 WIID'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 strategic role in local infrastructure construction and industrial investment in Wuxing District 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 commercial activities and improved debt management.

#### **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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