

## CCXAP affirms the long-term credit rating of Hubei United Development Investment Group Co., Ltd. at A<sub>g</sub>+, with stable outlook.

Hong Kong, 4 February 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Hubei United Development Investment Group Co., Ltd. (“HBUI” or the “Company”) at A<sub>g</sub>+, with stable outlook. At the same time, CCXAP has affirmed HBUI’s senior unsecured debt rating at A<sub>g</sub>+

The A<sub>g</sub>+ long-term credit rating of HBUI reflects the Hubei Provincial Government’s (1) excellent capacity to provide support; and (2) high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of the Hubei Provincial Government’s capacity to provide support reflects its economic and political importance in China, with steady economic growth.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) leading position as the sole provincial platform responsible for the full life cycle of new town development in Hubei Province; (2) high sustainability of public policy businesses, with large number of high-quality resources such as equities and land assets; and (3) solid track record of receiving government support. However, the rating is constrained by the Company’s (1) high exposure to commercial activities with large capital expenditure; (2) increasing debt burden driven by large investment needs; and (3) moderate asset liquidity.

### Corporate Profile

Established in 2008, HBUI is an important local infrastructure investment and financing Company (“LIIFC”) in Hubei Province. The Company serves as the core platform for comprehensive investment, construction, and management across the Wuhan Metropolitan Area and engages in numerous provincial-level strategic projects, infrastructure development, and industrial cultivation initiatives. It has established a diversified operational portfolio spanning industrial park development, urban renewal, engineering construction, industrial supply chain services, and industrial finance.

In 2025, Huaneng Guicheng Trust Co., Ltd. sold its 14.57% equity shares in HBUI to Hubei United Investment Group Co., Ltd. (“HBUG”), for a consideration of RMB955.0 million, and the formal registration of the equity transfer is pending. After the transaction, HBUG remains the controlling shareholder of the Company, with the shareholding increasing to 74.06%. The remaining shares are held in a dispersed manner by central state-owned enterprises (“SOEs”), municipal-level governments within Hubei Province and local SOEs. The Company was ultimately controlled by the State-owned Assets Supervision and Administration Commission of Hubei Province (“Hubei SASAC”).

## Rating Rationale

### Credit Strengths

**Leading position as the sole provincial platform responsible for the full life cycle of new town development in Hubei Province.** As one of the most important industrial investment and infrastructure construction platforms in Hubei Province, HUBI has played an essential and active role in implementing the local government's major strategic initiatives for urban planning and municipal construction in Hubei Province, especially in Wuhan Metropolitan Area, through undertaking infrastructure and industrial parks construction as well as urban renewal projects in the region, which are beneficial to the local social and economic development. Given the Company's important role in the local economic development, we expect HUBI is unlikely to be replaced by other local SOEs in the foreseeable future.

**High sustainability of public policy businesses, with large number of high-quality resources such as equities and land assets.** HBUI occupies an important position in the land development and infrastructure construction businesses in Hubei Province, which are crucial to local social and economic development. We believe that the large project reserves can ensure the sustainability of the Company's public-policy businesses. However, the delay in project payment progress has caused a certain degree of occupation of the Company's funds.

**Solid track record of receiving government support.** In recognition of the Company's vital role in developing Hubei Province, HBUI has received solid support from the local government in terms of financial subsidies and asset injections. We expect government support for HBUI to continue in light of the Company's important strategic role in the region.

### Credit Challenges

**High exposure to commercial activities with large capital expenditure.** As one of the most important provincial-level platforms implementing major development strategies and plans for the local government, HBUI also engages in various commercial activities, such as industrial park development, urban renewal, engineering construction, industrial supply chain services, and industrial finance. We consider HBUI's commercial business exposure to be high. These activities have been a good supplement to the Company's revenue but could exert certain funding and business risks.

**Increasing debt burden driven by large investment needs.** HBUI shows a rising debt burden owing to its continuous investment in public-policy projects and commercial activities over the past few years. As of 30 September 2025, the Company's total debt (including perpetual bonds) grew from RMB180.0 billion as of end-2023 to RMB217.3 billion, with high total capitalization ratio of 72.8%. Meanwhile, the Company bears a relatively high short-term debt burden with the short-term debt accounting for 31.6% of the total debt.

**Moderate asset liquidity.** The Company's total assets mainly consist of inventories, receivables, and contract assets, which accounted for about 63.1% of its total assets at end-2025Q3, all of which are considered low liquidity. Inventories and contract assets were mainly



investment costs for land development projects, property development and engineering construction projects, and completed commercial housing. The receivables were mainly unreceived payments from the agencies of the government or other state-owned companies.

### **Rating Outlook**

The stable outlook on HBUI's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its leading position in the urban development and operation in Hubei Province in the next 12 to 18 months.

### **What could upgrade the rating?**

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; or (2) changes in Company's characteristics enhance the local government's willingness to provide support, such as reduced exposure to risky commercial activities, enhanced debt management and improved asset liquidity.

### **What could downgrade the rating?**

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in Company characteristics decrease the local government's willingness to provide support, such as reduced regional significance and weakened financing abilities.

### **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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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Amy Chen  
*Credit Analyst*  
+852-2860 7127  
[amy\\_chen@ccxap.com](mailto:amy_chen@ccxap.com)

Elle Hu  
*Executive Director of Credit Ratings*  
+852-2860 7120  
[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



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**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

Address: Suites 1904-1909, 19/F, Jardine House,  
1 Connaught Place, Central, Hong Kong

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656