

CCXAP affirms Wuxi Gaofa Investment & Development Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 13 October 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Wuxi Gaofa Investment & Development Group Co., Ltd. (“WXGF” or the Company) at A_g-, with stable outlook.

The A_g- long-term credit rating of WXGF reflects the Company’s (1) essential role as the important industrial investment, state-owned asset operation and management platform in Xinwu District; (2) relatively diversified business mix, with certain degree of regional competitive advantages; and (3) good access to funding. However, the rating is constrained by the Company’s (1) modest profitability, with earnings driven by fair-value and investment business; (2) relatively fast debt growth and weak debt servicing capability; and (3) moderate liquidity position.

The rating also reflects a high likelihood of receiving support from the local government, which is based on the Company’s (1) direct and full ownership by Xinwu District Government; (2) strategic importance as the key industrial investment entity in Xinwu District; and (3) good track record of receiving government support, including government subsidies, asset injections and equity transfers.

Corporate Profile

Founded in 2018, WXGF is the most important and key entity in Wuxi High-Tech Industrial Development Zone (“Wuxi HIDZ”) for development and investment, state-owned asset operation as well as state-owned capital management. In 2022, the local government transferred all holding shares of Wuxi High-Tech Zone Venture Investment Holding Group Co., Ltd. (“WXVI”) and Wuxi New District Development Group Company Limited (“WXND”) to the Company, making it the largest state-owned enterprise under Xinwu District Government by total assets in Xinwu District. WXGF’s businesses cover industrial park operations, equity investment, engineering construction, property development, logistics, and self-operated projects in Xinwu District. As of 30 June 2026, the Company was directly and wholly owned by the Xinwu District Government.

Rating Rationale

Credit Strengths

Essential role as the important industrial investment, state-owned asset operation and management platform in Xinwu District, with relatively diversified business portfolio.

WXGF is the largest state-owned development and investment entity under Xinwu District Government by total assets in Xinwu District. The Company undertakes land and industrial park development, municipal facility construction, property rental and related supporting services, and investment in high-tech and strategic emerging industries in the district. Owing to its strategic importance in regional development of Xinwu District, we believe that the Company is unlikely to be replaced by other state-owned enterprises in the foreseeable future.

Strong competitive position in industrial park operation and infrastructure construction in Wuxi HIDZ. WXGF, primarily through its subsidiary WXND, is a key entity for park development and operation and infrastructure investment and construction in Wuxi HIDZ (Xinwu District). It undertakes engineering construction and park operation functions in the district and has a strong regional competitive advantage.

Investment business supported by significant resource advantages. WXGF participates in financial investment to support the industrial development of Xinwu District, including market-oriented projects and government-guided projects such as industrial guidance fund, seed capital and talent investment, primarily through subsidiary WXVI. WXGF has large exposure to financial investment and most of them are in the early stage, leading to relatively high investment risk. However, some investments are policy-driven and have track record of gains.

Good access to capital. Both Wuxi City and Xinwu District are well-developed cities with strong economic strengths and good financial environment. WXGF has good access to bank borrowing and debt capital market, which could partially relieve the pressure on debt repayment and capital expenditure. The Company actively participates in the domestic debt market through its subsidiaries, WXVI and WXND. In addition, the Company's non-standard financing exposure remained controllable, accounting for approximately 8.8% of total debt as of 30 June 2026.

Credit Challenges

Modest profitability, with high volatility driven by the investment business. WXGF's profitability remained modest and exhibited high volatility driven by fair-value changes and investment income. In 2025, reported net profit surged to RMB1.3 billion from RMB243.9 million in 2024. This was mainly driven by fair-value gains and investment income. On the back of these non-operating gains, the Company's return on total assets ratio increased from 1.6% in 2023 to 2.9% in 2025, while the EBIT margin also rose from 41.2% to 97.3% over the same period.

Relatively fast debt growth and weak debt servicing capability. The Company's debt leverage is at a relatively high level, with increasing debt burden. From 2023 to 2026H1, the Company's adjusted total debt (including perpetual debt) increased from RMB51.0 billion to RMB70.5 billion, with a relatively high total capitalization ratio. In addition, the Company have certain reliance on short-term financing. The Company's debt-serving metrics have improved, primarily due to a recovery in profitability in 2025; however, given its large and increasing debt burden, its debt-serving capacity remains relatively weak.

Moderate liquidity position. The Company's assets mainly comprised of large investment properties that generated recurring income, as well as land reserves to be developed. As of 30 June 2026, restricted assets were RMB14.2 billion, accounting for 12.3% of total assets, which may undermine the Company's financing flexibility.

Rating Outlook

The stable outlook on WXGF's rating reflects our expectation that the Company will further consolidate and strengthen its position as the important industrial investment platform in Xinwu District in the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Xinwu District Government's willingness and capacity to provide support increases; and (2) the Company's stand-alone credit profile improves significantly, such as having a more diversified business profile or improved debt-serving metrics.

What could downgrade the rating?

The rating could be downgraded if (1) Xinwu District Government's willingness and capacity to provide support decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in credit metrics or weakened liquidity position.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(May 2026\)](#).

Regulatory Disclosures

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