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

Hong Kong, 19 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Huzhou Wuxing Talent Industry Investment and Development Group Co., Ltd. ("WIID" or the "Company") at BBB_g+, with stable outlook.

The BBB_g+ long-term credit rating of WIID reflects Wuxing District Government's very 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 leading economic position in Huzhou City, with ongoing economic growth and good fiscal quality, but constrained by its 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; and (2) good track record of receiving government support. However, the Company's rating is constrained by its (1) increasing exposure to commercial activities; (2) increasing debt burden with high debt leverage; (3) weak asset liquidity; and (4) increasing contingent liability risk from external guarantees.

Corporate Profile

Established in 2013, WIID, formerly known as Huzhou Wuxing Industrial Investment Development Group Co., Ltd., has developed into an important entity for infrastructure construction and industrial investment 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 and operation, industrial investment, trading, property leasing, financial leasing and digital business. As of 30 June 2026, Huzhou Wuxing State-owned Assets Investment and Operation Group Co., Ltd. ("WSAI") was the Company's sole shareholder, and the Finance Bureau of Wuxing District was the ultimate controller of the Company through Huzhou Wuxing State-owned Capital Supervision and Administration Service Centre.

Rating Rationale

Credit Strengths

Leading position in Wuxing District's development with sufficient project pipeline. WIID stands as a core platform for infrastructure construction, industrial park development and industrial investment in Wuxing District, making significant contributions to local infrastructure and capital attraction. Along with ongoing industrial park development and investment attraction, the Company also undertakes industrial park operations, which can contribute more revenue to WIID and reinforce its leading position. Given the Company's important role in the local

economic development, we believe WIID is unlikely to be replaced by other local state-owned enterprises ("SOEs") in the foreseeable future.

Good track record of receiving government support. WIID maintains a strong track record of receiving government support in the form of capital injection, asset transfers, and financial subsidies. From 2025 to the first half of 2026, WSAI and the local government injected capital of RMB895.2 million into the Company. We expect the local government will continue to provide ongoing support to the Company, given WIID's important role in industrial investment and infrastructure construction of Wuxing District.

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. Its commercial business assets accounted for around 25% of its total assets at mid-2026.

Increasing debt burden with high debt leverage. Due to continued financing for construction projects, WIID has demonstrated an increasing debt burden. Its total debt increased from RMB42.0 billion at end-2024 to RMB48.1 billion at mid-2026, with a total capitalization ratio of 65.9% as of 30 June 2026. Given the Company's future capital expenditure pressure on its investment and construction projects, we expect the Company's debt level will continue to increase for the next 12-18 months.

Weak asset liquidity. WIID's asset liquidity is constrained by a relatively high portion of restricted assets. As of 30 June 2026, the Company had restricted assets such as investment properties, inventories and pledged deposits, with a total amount of RMB17.2 billion, accounting for around 22.2% of its total assets. In addition, the Company's inventories, receivables and investment properties accounted for a relatively high proportion, totaling around 77.4% of total assets at mid-2026, all of which are considered to have low liquidity.

Increasing contingent liability risk from external guarantees. WIID has a relatively high exposure to contingent liabilities. As of 30 June 2026, the Company's external guarantee amount was RMB10.6 billion, accounting for 42.6% of its net assets. The guarantees are mainly provided to local SOEs without counter-guarantee measures.

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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