

## Credit Opinion

6 August 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB <sub>g</sub> +
Outlook	Stable

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## Wuhan Changjiang New Area Group Co., Ltd.

### Initial credit rating report

### CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>+ to Wuhan Changjiang New Area Group Co., Ltd., with stable outlook

#### Summary

The BBB<sub>g</sub>+ long-term credit rating of Wuhan Changjiang New Area Group Co., Ltd. (“WCNG” or the “Company”) reflects Wuhan Municipal Government’s (1) excellent capacity to provide support, and (2) moderate willingness to provide support, based on our assessment of the Company’s characteristics.

Our assessment of Wuhan Municipal Government’s capacity to provide support reflects its strong comprehensive strength as it ranked 9<sup>th</sup> by GDP among all cities in China in terms of GDP in 2024, with ongoing economic growth and good fiscal strength. In addition, Changjiang New Area, as a provincial-level new area approved by the Hubei Provincial Government, is in a stage of rapid development.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) essential role as the comprehensive development entity in Changjiang New Area and Hanzheng Street Central Service District (“HSCD”); (2) high sustainability of public policy projects; and (3) good track record of receiving government support.

However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) high debt leverage with manageable short-term debt pressure; and (3) weak asset quality.

The stable outlook on WCNG’s rating reflects our expectation that the local government’s capacity to provide support will remain stable, and the Company will maintain its important role in the provision of urban development in Wuhan Municipal over the next 12 to 18 months.

## Rating Drivers

- Essential role as the comprehensive development entity in Changjiang New Area and HSCD
- High sustainability of public policy projects
- Medium exposure to commercial activities
- Good track record of receiving government support
- High debt leverage with manageable short-term debt pressure
- Weak asset quality
- Good access to funding from banks and government bonds

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the Wuhan Municipal Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as a decrease in exposure to commercial activities.

### What could downgrade the rating?

The rating could be downgraded if (1) the Wuhan Municipal Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as a decrease in its strategic significance; a decrease in government payments; or an increase in exposure to commercial activities.

## Key Indicators

	2022FY	2023FY	2024FY
Total Asset (RMB billion)	50.5	52.2	60.2
Total Equity (RMB billion)	8.6	9.2	13.3
Total Revenue (RMB billion)	0.5	0.9	0.8
Total Debt/Total Capital (%)	79.3	78.6	72.0

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## Corporate Profile

WCNG originated as Wuhan Urban and Rural Construction Company, which was established in June 1994 with an initial registered capital of RMB60.0 million. In 2012, the Wuhan Municipal Government entrusted the Company with the critical task of developing HSCD; and in 2018, to accelerate the development of Changjiang New Area, the Wuhan Municipal Government restructured the entity through renaming and capital injection. WCNG operates as a key local infrastructure investment and financing Company ("LIIFC") in Wuhan City, especially Changjiang New Area. It specializes in undertaking public-policy projects such as primary land development and infrastructure construction, while engaging in commercial operations including engineering construction, property development, door & window manufacturing and installation, and industrial park development and operation. As of 31 March 2025, the Management Committee of Wuhan Changjiang New Area ("WCNA Management Committee") is the sole shareholder and ultimate controlling party of the Company.

Exhibit 1. Revenue structure in 2024

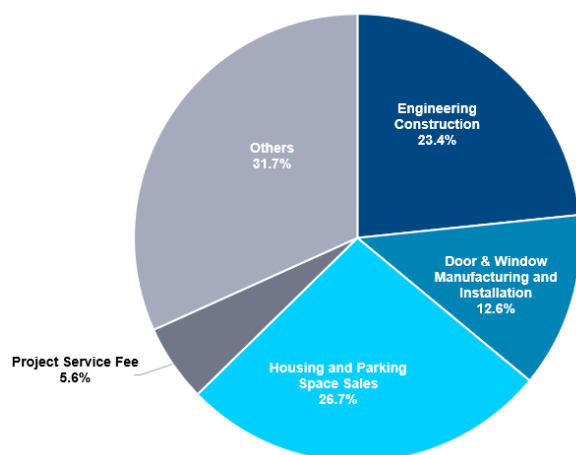
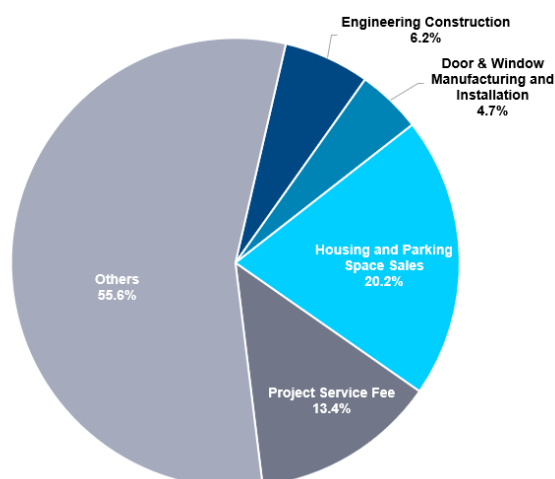


Exhibit 2. Gross profit structure in 2024



Source: Company information, CCXAP research

## Rating Considerations

### Government's Capacity to Provide Support

We believe that Wuhan Municipal Government has an excellent capacity to provide support as reflected by its status as the capital of Hubei Province, with good economic growth and outstanding fiscal quality.

Hubei Province is at the center of the Yangtze River Economic Belt and is a natural link between the East and West regions' economies, with a solid foundation in different industries such as metallurgy, automobiles, chemicals, building materials, food, machinery manufacturing, textiles, electronics, and shipbuilding. Hubei Province is the seventh largest province in China by gross regional product ("GRP") in 2024, which reached RMB6.0 trillion with a year-on-year ("YoY") increase of 5.8%. Hubei Province has improved financial strength. Its general budgetary revenue increased from RMB369.2 billion in 2023 to RMB393.7 billion in 2024. The growth was primarily driven by Hubei Province's intensified efforts to optimize existing assets, boosting revenue from state-owned resource utilization and accelerating non-tax income growth. Besides, Hubei Province's debt burden is relatively heavy, as its direct government debt increased to RMB1.9 trillion at end-2024, accounting for 21.0% of its GRP. The increase in debt was primarily attributable to Hubei Province taking the lead among 31 provinces in issuing local government bonds, with the raised funds being allocated to major construction projects and existing debt repayment to expand effective investment.

As the capital city of Hubei Province, Wuhan City is the most economically developed city in Hubei Province. Wuhan has a breakthrough development of five key industries, including optoelectronics information, new energy and intelligent connected vehicles, life and health, high-end equipment, as well as Beidou. In addition, Wuhan City has a diversified economic structure, showing strong risk resistance capability. Thanks to industrial production and consumption recovery, the GRP of Wuhan City achieved RMB2.1 trillion in 2024, ranking first among all cities in Hubei Province and 9th among all prefecture-level cities in China, with a YoY increase of 5.2%. Wuhan Municipal Government's fiscal strength also improved along with the economic growth. Its general budgetary revenue increased from RMB160.1 billion in 2023 to RMB166.7 billion in 2024, of which tax income accounted for more than 70%. Besides, Wuhan City has a good fiscal balance, with a general budgetary revenue to general budgetary expenditure ratio of around 70.0% on average over the past three years. However, Wuhan Municipal Government's debt burden was growing rapidly with an outstanding direct government debt of RMB780.6 billion at end-2024, accounting for 37.0% of its GRP.

**Exhibit 3. Key economic and fiscal indicators of Wuhan City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,886.6	2,001.2	2,110.6
GRP Growth (%)	4.0	5.7	5.2
General Budgetary Revenue (RMB billion)	150.5	160.1	166.7
General Budgetary Expenditure (RMB billion)	222.3	220.4	248.1
Local Government Debt (RMB billion)	629.5	684.6	780.6

Source: Statistics Bureau of Wuhan City, CCXAP research

Changjiang New Area was established in 2022 as a provincial-level new area approved by the Hubei Province Government. WCNA Management Committee is an agency dispatched by the Hubei Provincial Government and entrusted to the Wuhan Municipal People's Government. It is responsible for planning, construction, management, and service in Changjiang New Area. Strategically positioned at the confluence of the YEB and Belt and Road Initiative, it serves as a vital link connecting Wuhan Metropolitan Circle with northeastern Hubei Province. For industrial development, Changjiang New Area has established a modern industrial system focused on developing a hub economy with three key priorities: low-carbon, health, and intelligent manufacturing, while accelerating growth in modern services and agriculture. The economy of Changjiang New Area has shown steady growth, with its general budgetary revenue reaching RMB2.6 billion in 2024, representing a 6.5% YoY increase. Tax revenue accounted for 57.0% of total general budgetary revenue, indicating moderate fiscal stability. Additionally, Changjiang New Area's fiscal balance ratio stood at 102.8%, reflecting a relatively high level of fiscal self-sufficiency. As of the end of 2024, its outstanding government debt totaled RMB5.3 billion, with the debt ratio (outstanding debt / total fiscal revenue) remaining below 100%.

**Government's Willingness to Provide Support****Essential role as the comprehensive development entity in Changjiang New Area and HSCD**

There are four major state-owned entities in Changjiang New Area with clearly defined roles, including WCNG, Wuhan Linjiang Construction Investment Co., Ltd. ("WLCI"), Wuhan Changjiang New Area Industrial Investment Co., Ltd. ("WCNI"), and Wuhan Changjiang New Area Overall Land Management Co., Ltd. ("WCNL"). WLCI is responsible for the comprehensive development and industrial investment in Yangluo Economic and Technological Development Zone, WCNI serves as the industrial investment platform directly under WCNA Management Committee, WCNL functions as the core implementation entity for integrated land resource management in Changjiang New Area, and WCNG is an important comprehensive development entity within Changjiang New Area, primarily responsible for land primary development and infrastructure construction in Changjiang New Area and HSCD. Considering its strategic significance to the development of Wuhan City, we believe the Company is unlikely to be replaced by other local state-owned enterprises ("SOEs") in the foreseeable future.

**High sustainability of public policy projects**

As the comprehensive development entity for Changjiang New Area and HSCD, WCNG engages in diverse public-policy businesses, including key infrastructure construction projects and land primary development projects. We believe that the large project reserves can ensure the sustainability of the Company's public-policy projects. In addition, these public projects are primarily funded by financial subsidies and government bonds, with manageable capital expenditure pressure. However, the collection progress of financial subsidies and government bonds requires close monitoring.

WCNG undertakes land primary development in HSCD and Changjiang New Area, with business models primarily including entrusted reserves and government purchase of services. As the primary land development projects within the HSCD are nearing completion, the Company will shift its focus to Changjiang New Area. As of the end of 2024, the Company's completed projects were concentrated in HSCD, covering a total area of 662.9 mu and involving a total investment of RMB35.3 billion, with cumulative government payments of RMB30.8 billion. The Company maintains sufficient project reserves, with 13 ongoing and planned projects in Changjiang New Area including shantytown and urban village renovation across 32,257.9 mu, requiring a total investment of RMB78.7 billion, of which RMB52.0 billion remains uninvested, ensuring strong business sustainability. From 2022 to 2024, the Company earned a total service fee income of RMB200.0 million from shantytown renovation projects. However, the ongoing projects still require substantial capital investment, with project funding primarily sourced from shantytown renovation special bonds, land revenue funds, and fiscal allocations, which the timeliness of the fund disbursement may affect the project progress. Additionally, the land capital allocation is highly related to regional market dynamics, which further affects business operations.

WCNG serves as a key infrastructure construction entity in Changjiang New Area. As of end-2024, alongside the rapid development of Changjiang New Area, the Company had 12 completed projects, including roads, hospitals, and primary schools, with a total planned investment of RMB4.5 billion, and 10 ongoing and planned projects with a total planned investment of RMB28.3 billion, of which RMB26.7 billion remains uninvested, indicating strong business sustainability. In addition, from 2023 to 2024, the Company earned a total of RMB35.7 million in management fee income. The Company's infrastructure projects are fully funded by fiscal allocations or government bonds, ensuring manageable capital expenditure. However, the collection status of government funds will affect the progress of the projects.

### **Medium exposure to commercial activities**

In addition to public utilities, WCNG is involved in engineering construction, property development, door & window manufacturing and installation, and industrial park development and operation. We consider WCNG's commercial business exposure to be medium, as its market-driven businesses account for 20%-25% of its total assets. However, the Company faces significant capital expenditure pressure from its large scale of ongoing and planned projects.

Since WCNG launched its engineering construction business in 2023, the business has shown rapid development. The Company holds multiple engineering qualifications to undertake construction projects within Changjiang New Area, including building construction, engineering works and urban maintenance projects such as landscaping and highway maintenance. In 2023 and 2024, the Company has new contracts worth RMB800.0 million and RMB1.5 billion respectively, while construction revenue reached RMB43.0 million and RMB182.0 million, demonstrating substantial growth over the past two years. Besides, as of the end of 2024, the Company's outstanding contract value amounted to RMB2.2 billion, which can strongly support the future business revenue. Although the Company's projects are primarily from the headquarters and subsidiaries, which guarantees future payment collection, the project sourcing channels remain limited and require expansion.

WCNG engages in property development through independent development and joint venture models. Under independent development, affected by the progress of property delivery, the Company's property sales revenue fluctuates significantly, dropping from RMB509.5 million in 2023 to RMB213.9 million in 2024. As of end-2024, the completed property projects have achieved sales repayments of RMB2.6 billion, with a saleable area of 226.1 thousand square meters and overall sales progress of 87.4%. The unsold portion generates revenue through leasing, with rental income reaching RMB54.8 million in 2024. Meanwhile, the investment in the only

one ongoing project is near completion, with a planned total investment of RMB2.7 billion and only RMB165.0 million remaining uninvested. Due to the continued downturn in the real estate market, the Company has no planned projects, but the prepaid housing and parking space sales can bring future revenue to the Company. In terms of joint venture projects, as of the end of 2024, the Company held minority stakes in 4 property projects, with partners all being central or local SOEs. The total planned investment of these projects is RMB17.0 billion, with RMB3.7 billion remaining uninvested. However, given that the real estate market remains in a period of in-depth adjustment, the project progress and sales or leasing rate should be closely monitored.

In addition, WCNG is also engaged in door & window manufacturing and installation business, which follows the model of "procurement-manufacturing-sales and after-sales service". Its business scope covers central and eastern China, with major customers being construction enterprises and real estate development enterprises, most of which are SOEs. Affected by the downturn in the real estate market, its revenue has continued to decline, dropping from RMB238.2 million in 2022 to RMB101.1 million in 2024. Meanwhile, the Company's supplier and customer concentration is relatively high. In 2024, the proportion of purchases from the top five suppliers and sales to the top five customers both rose to over 50%.

Industrial park development and operation has become WCNG's key expansion focus. As of the end of 2024, the Company had 2 planned industrial park projects, with a total planned investment of RMB9.5 billion, indicating substantial funding requirements. Upon project completion, revenue will be generated through leasing, service operations, and sales. Overall, the Company's industrial park development and operation business is still in its initial stage and will face significant capital expenditure pressure in the future.

### **Good track record of receiving government support**

WCNG's sole shareholder and actual controller is WCNA Management Committee, which is a dispatched agency of the Hubei Provincial Government and is managed by Wuhan Municipal Government. In recognition of the Company's importance in public activities in Changjiang New Area, WCNG has a proven track record of receiving support from the local government in terms of financial subsidies, capital injections and government bonds. From 2022 to 2024, the Company received government subsidies totaling RMB1.3 million. Meanwhile, from 2023 to 2024, the Company received a total capital injection of RMB579.8 million from WCNA Management Committee to support the implementation of its infrastructure construction and land primary development projects. Driven by government capital injections and fiscal subsidies, the Company's total equity rose by RMB4.1 billion with a YoY increase of 44.5% in 2024. In addition, the Company has received substantial support from government bonds, amounting to RMB22.5 billion as of the end of 2024. Overall, given its important position and contribution to regional economic development, we believe that WCNG will receive ongoing government support to support its business operations.

### **High debt leverage with manageable short-term debt pressure**

With the continuous access to government special bonds in recent years, WCNG's debt has increased slightly from RMB33.0 billion in 2022 to RMB34.1 billion by the end of 2024, with an average annual YoY growth rate of 1.7% over the past three years. Meanwhile, with capital injections into the Company from the government, the total capitalization ratio has dropped from 79.3% at the end of 2022 to 72.0% at the end of 2024, but it remains at a relatively high level. However, the proportion of short-term debt has increased, rising sharply from 3.1% at the end of 2022 to 18.6% at the end of 2024, though it still stays at a reasonable level. Moreover, the cash-to-short-term-debt ratio stood at 0.6x at the end of 2024, indicating insufficient monetary funds to cover the short-term debt. With increased investments in commercial activities, we expect that the Company will continue to rely on external financing to meet its future capital expenditure needs, and its debt burden will



continue to grow in the next 12 to 18 months. Nevertheless, given that the Company's debt is mainly government special bonds, with long tenor and relatively low costs, its actual debt servicing pressure is manageable in the short run.

Furthermore, the Company has a low contingent liability risk. As of end-2024, the Company's external guarantee amount was RMB467.0 million, accounting for 3.5% of its net assets. Most of the external guarantees are provided to SOEs, all of which are the Company's affiliated companies and have low default risk.

### **Weak asset quality**

WCNG's asset quality is weak, as reflected by its weak asset liquidity and limited profitability. As of the end of 2024, the Company's total assets mainly consisted of other current assets and inventories, accounting for 77.7% of its total assets. Other current assets are mainly land primary development costs, while inventories primarily consist of property project investments and undeveloped reserved land. All these assets are considered weak in liquidity, as the primary land capital allocation is highly related to regional market dynamics, and the real estate market is still in a downward trend. Nonetheless, the profitability of these assets is limited, which highly depends on the sales of housing and parking spaces.

### **Good access to funding from banks**

WCNG has a good financing channel from bank borrowings, which accounted for 86.8% its total debt as of 31 December 2024. The Company maintains solid cooperation with multiple commercial banks and has sufficient standby liquid funds. In addition, as of the end of 2024, the Company had obtained a total credit facilities of RMB7.3 billion, of which RMB4.7 billion had been unused, accounting for 64.8% of the total credit facilities. Moreover, as of 30 June 2025, the Company has issued one corporate bond in the domestic bond market, with a total amount of RMB1.2 billion. In addition, the Company has no exposure to non-standard financing. We consider the Company's diversified funding channels can largely fulfill its future refinancing needs and capital expenditure.

## **ESG Considerations**

WCNG assumes environmental risks through its infrastructure projects. Such risks can be mitigated by conducting environmental studies and detailed planning before the start of projects, as well as close supervision during the construction period.

As a public service provider in Changjiang New Area, WCNG also faces social risks. Population changes, public awareness and social priorities shape the government's goals for WCNG or affect the government's inclination to support the company.

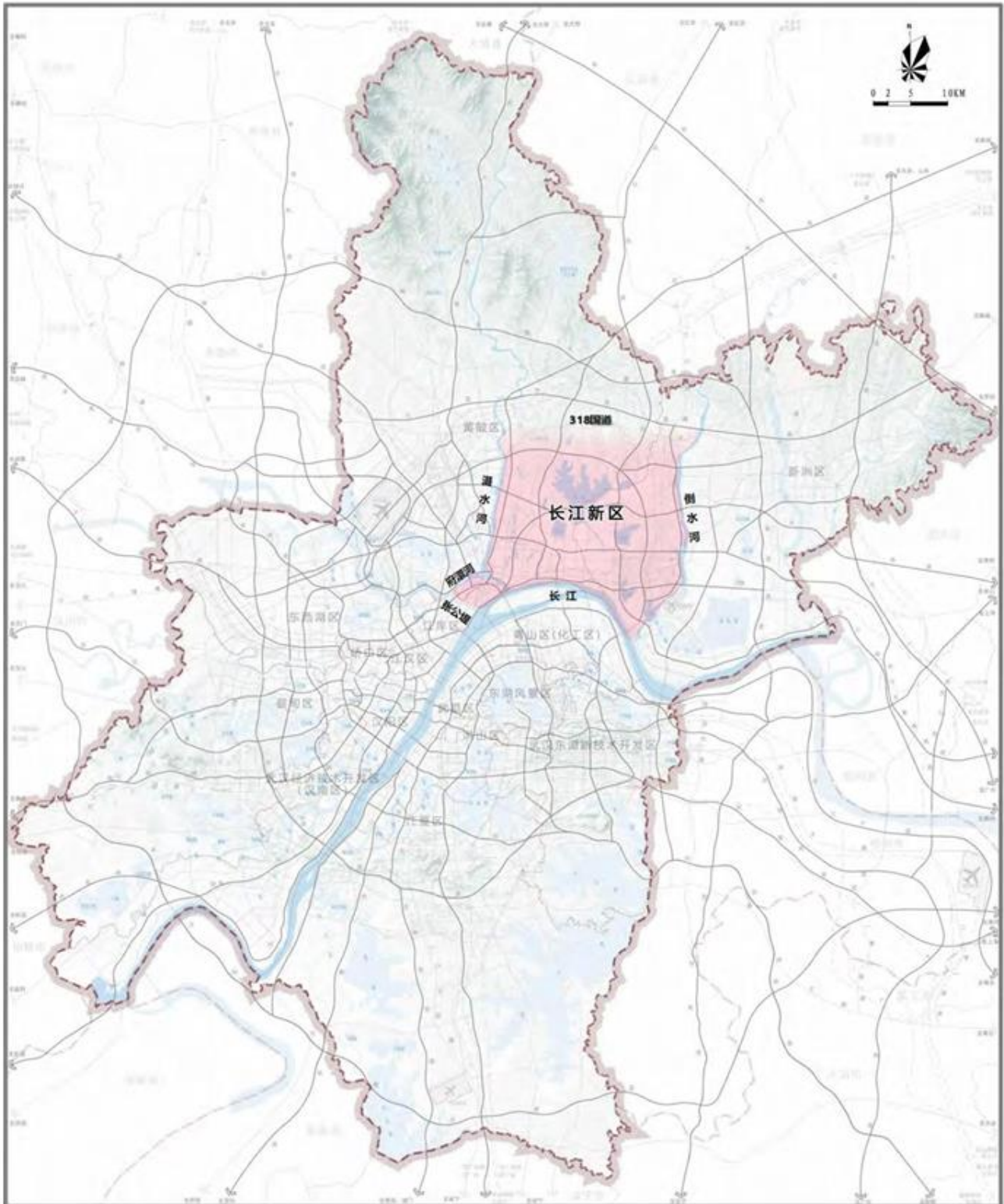
Since WCNG is a government-owned entity that undertakes a public policy role, it is required to be subject to supervision by local governments and fulfill reporting requirements, which also reflects the importance of its governance.

## **Rating Methodology**

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

## Appendix

Exhibit 4. Changjiang New Area Location Map



Source: Wuhan Yangtze River New Area Territorial Spatial Master Plan (2021-2035) Public Notice Draft



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