

## **CCXAP assigns A<sub>g</sub>+ to Hubei United Development Investment Group Co., Ltd.'s proposed USD sustainable bonds**

Hong Kong, 10 February 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of A<sub>g</sub>+ to the proposed USD sustainable bonds to be issued by Hubei United Development Investment Group Co., Ltd. (“HBUI” or the “Company”) (A<sub>g</sub>+ /stable).

The bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of HBUI, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the proceeds for refinancing the existing offshore indebtedness in accordance with the Sustainable Finance Framework.

### **Corporate Profile**

Established in 2008, HBUI, formerly known as Hubei United Development Investment Co., Ltd., is an important local infrastructure investment and financing Company (“LIIFC”) in Hubei Province. The Company serves as a comprehensive operator throughout the entire life cycle of science and technology parks, industrial parks, and functional parks in Hubei Province, especially in Wuhan Metropolitan Area. It also engages in engineering construction, industrial supply chain services, industrial finance and other activities. As of 31 March 2024, the Company’s controlling shareholder was Hubei United Investment Group Co., Ltd. (“HBUG”), directly holding 59.5% of the Company’s shares, and the Company was ultimately controlled by the State-owned Assets Supervision and Administration Commission of Hubei Province (“Hubei SASAC”).

### **Rating Rationale**

HBUI’s senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its key roles in the industrial development of Hubei Province, thereby mitigating any differences in an expected loss that could result from structural subordination.

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.

### **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.

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

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (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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