

CCXAP assigns BBB_g rating to Huzhou Wuxing Talent Industrial Investment & Development Group Co. Ltd.'s existing CNY bonds

Hong Kong, 2 February 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured rating of BBB_g to the existing CNY770 million Free Trade Zone bonds issued by Huzhou Wuxing Talent Industrial Investment & Development Group Co. Ltd. (“WIID” or the “Company”) (BBB_g/stable).

The bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of WIID, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company generally used the gross proceeds for onshore project construction and replenishment of working capital.

Corporate Profile

Established in June 2013, WIID, formerly known as Huzhou Wuxing Industrial Investment Development Group Co., Ltd., has developed into an important investment and construction platform 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 in Huzhou Modern Logistics Equipment High-tech Industrial Park (“Huzhou High-tech Park”), formerly known as Huzhou Southern Taihu High-tech Industrial Park. The Company also engages in commercial business such as trading, property leasing and financial leasing. Talent service business will also be added in 2023. As of 30 June 2023, Huzhou Wuxing State-owned Capital Supervision and Administration Service Centre (“Wuxing District SCSASC”) held 100% shares of WIID. The Company is ultimately governed by the Finance Bureau of Wuxing District, Huzhou City.

Rating Rationale

The senior unsecured debt rating of the bonds is equal to WIID’s long-term credit rating. We believe that government support will flow through the Company given its leading position in public projects and park development of Wuxing District, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g long-term credit rating of WIID is underpinned by the Company’s (1) leading position in public projects and park development of Wuxing District; (2) good track record of receiving government payments; and (3) good funding access with multiple financing channels. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) high debt growth and short-term debt burden; and (3) medium contingent liability risk from external guarantees.

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 land development 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

CCXAP's Rating Symbols and Definitions are available on its website at:

http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:

http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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.



Olivia Feng

Senior Credit Analyst

+852-2860 7133

olivia_feng@ccxap.com

Elle Hu

Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2024 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656