

Credit Opinion

13 October 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

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Wuxi Gaofa Investment & Development Group Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g- long-term credit rating of Wuxi Gaofa Investment & Development Group Co., Ltd. ("WXGF" or the Company) 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.

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.

Rating Drivers

- Essential role as the important industrial investment, state-owned asset operation and management platform in Xinwu District, with relatively diversified business portfolio
- Strong competitive position in industrial park operations and infrastructure construction in Wuxi HIDZ
- Investment business supported by significant resource advantages
- Modest profitability, with high volatility driven by the investment business
- Relatively fast debt growth and weak debt servicing capability
- Moderate liquidity position mitigated by good access to funding
- High likelihood of support from the local government

Rating Sensitivities

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.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Assets (RMB billion)	87.8	100.9	109.6	115.1
Total Equity (RMB billion)	29.0	32.3	37.3	37.8
Total Revenue (RMB billion)	3.0	3.3	3.2	1.2
Net Profit (RMB million)	379.9	243.9	1,293.9	14.4
EBIT Margin (%)	41.2	35.6	97.3	-
Return on Assets (%)	1.6	1.3	2.9	-
Total Debt/Total Capital (%)	64.0	66.3	65.2	66.8
Total Debt/EBITDA (x)	32.4	39.3	18.7	-
EBITDA/Interest (x)	1.0	0.6	1.1	-
FFO/Total debt (%)	0.0	0.0	0.0	-

All ratios and figures are calculated using CCXAP's adjustments. Indicators marked with "-" are not applicable or not comparable

Source: Company data, CCXAP research

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

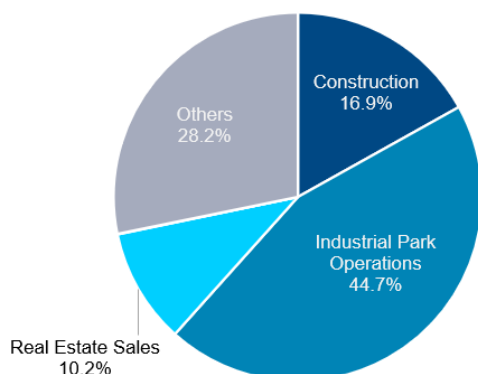
total assets in Xinwu District. WXGF's businesses cover industrial park operations, equity investment, engineering construction, property development, logistics, and self-operated projects in Xinwu District. As of 30 June 2026, the Company was directly and wholly owned by the Xinwu District Government.

Exhibit 1. Shareholding chart as of 30 June 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Business Profile

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

Xinwu District and Wuxi HIDZ share the scope of government administration and management. Wuxi HIDZ is a national-level high-tech industrial development zone approved by the State Council in November 1992. It ranked 16th (out of 178) in the comprehensive evaluation of national-level high-tech zones in 2025. It mainly lays out industries including the integrated circuits, biomedicine, intelligent equipment, auto parts, and new energy. Xinwu District has attracted many large corporations to settle in such as Wuxi Lead Intelligent Equipment Co., Ltd. and SK Hynix Semiconductor (China) Co., Ltd., forming multi-industrial clusters.

WXGF is the largest stated-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. Its subsidiary, WXVI, is the sole wholly state-owned venture capital enterprise of Xinwu District Government, carrying capital venture and related business around high-tech and strategic

emerging industries. Therefore, WXGF's business franchise is closely tied to Xinwu District's industrial upgrading and park development, which underpins a relatively stable operating environment and solid industrial base. As of 30 June 2026, the Company's total assets were RMB115.1 billion, with total revenue of RMB 3.2 billion in 2025 and RMB 1.2 billion in 2026H1. 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.

WXGF has a moderately diversified business profile. On 11 July 2026, Eurocrane (China) Co., Ltd. ("Eurocrane"; stock code: 603966.SH) announced that Wuxi Xintou Qihang M&A Investment Partnership (Limited Partnership) ("Xintou Qihang"), an indirectly wholly owned subsidiary of WXGF, directly and indirectly acquired a 26.29% equity interest in Eurocrane. Following the equity change, Xintou Qihang became Eurocrane's controlling shareholder and consolidated Eurocrane into its consolidation scope. WXGF will add crane manufacturing and material handling services, further diversifying the Company's business mix. Eurocrane has delivered solid financial performance in recent periods. In 2025, Eurocrane reported total revenue of RMB2.4 billion, up 14.0% YoY, with net profit attributable to shareholders rising 40.5% YoY to RMB234.6 million, driven by improved operating efficiency and stronger demand for intelligent material handling solutions.

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.

The Company's industrial park operating business mainly involves construction and leasing of standardized factory plants, commercial complexes, and residential buildings, with certain regional exclusivity within Xinwu District. Due to the well-developed supporting infrastructure in Xinwu District and the agglomeration effects generated by its rapidly growing industrial clusters, the occupancy rate of the Company's industrial park properties has remained at a high level. As of 30 June 2026, the Company's leasable operating property was around 2.6 million square meters, and the overall occupancy rate was at around 79.2%. In 2025, the Company generated industrial park operating income of RMB1.4 billion, with relatively high gross profit margin of 43.6%. In addition, WXGF provides essential public services in Xinwu District's industrial parks, including sewage treatment, bus operations and power substation services. The public services businesses are stable and regionally exclusive, but their revenue contribution remains small in scale relative to the Company's total revenue.

Since 2022, the Company has engaged in engineering construction business, mainly undertaking industrial parks and standard factories construction projects within Xinwu District. The projects undertaken by the Company are obtained through public bidding. In 2025 and 2026H1, the Company signed new construction contracts with a total contract value of RMB2.8 billion and RMB0.8 billion, respectively; the vast majority of these projects are located within Wuxi City. As of 30 June 2026, the Company had 7 engineering construction projects under construction, with a total planned investment of RMB14.6 billion and an uninvested amount of RMB7.5 billion. In 2025, the Company's engineering construction business generated revenue of RMB533.1 million, with a gross profit margin of 7.5%. It is expected that business revenue will increase in the future as construction qualifications improve and the business expands. Overall, the Company's ongoing industrial park construction projects require significant investment and exert large capital expenditure pressure to the Company.

WXGF also participates in property development business through its subsidiary, mainly covering local office buildings, residential properties, villas, and related commercial properties. The Company mainly realizes returns

through selling or leasing, which are closely related to the volatilities of regional industrial investment. Due to the launch of a new housing project, the Company's contracted sales increased from RMB3.3 million in 2024 to RMB318.8 million in 2025, contributing around 10.2% of total revenue in 2025. As of 30 June 2026, the Company had completed a series of key real estate projects with total area of 917.3 thousand square meters ("sqm") and an average absorption rate of approximately 21.8%. Besides, the Company had 2 property development projects under construction with a total estimated investment of RMB5.9 billion and an uninvested amount of RMB1.9 billion. Although WXGF's real estate development business has regional advantages with sufficient project reserves, the combined effects of large-scale construction and high destocking pressure may increase its capital expenditure pressure and the uncertainty regarding future sales or leasing amid the property market contraction in China.

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.

As an important investment enterprise in Wuxi District, WXGF mainly invests in strategic industries that align with the industrial development of Xinwu District, and holds 100% shares of the New Dynamic Fund through WXVI and WXND, which is an industrial guidance fund aimed at promoting the development of local high-tech industries in Xinwu District, and to attract investments into its industrial parks. As of 30 June 2026, the New Dynamic Fund had a total size of RMB8.0 billion, with paid-in capital of RMB4.3 billion. At the same time, the New Dynamic Fund had invested in 42 projects through direct investment and SPVs in cooperation with well-known investment institutions, most of which have signed guarantee agreements with minimum return commitments ranging from 7% to 9%. Most of the projects have not yet reached the exit period and 13 projects have been exited with a realized returns of RMB5.9 billion in total. In addition, the Company actively participates as a limited partner ("LP") and general partner ("GP") in multiple market-oriented funds. As of 30 June 2026, the Company had invested in a total of 21 market-oriented funds, with a cumulative paid-in capital of RMB17.7 billion, of which the Company contributed RMB2.6 billion, with around RMB690.0 million in exit gains realized. At the same time, the Company co-managed 21 funds as a GP, with a total paid-in capital of RMB3.4 billion.

The Company also participates, through direct investments, in major regional investment promotion and industrial support projects as well as other market-oriented projects. Its investments are mainly concentrated in industries such as information transmission, software and information technology services, pharmaceuticals and manufacturing, with a primary focus on seed-stage and growth-stage projects. As of 30 June 2026, WXVI's industrial direct investment portfolio was around RMB1.2 billion. As of the same date, the Company had exited 17 projects, with an initial investment of RMB336.0 million and a total proceed of RMB470.0 million, representing a reasonable level of return.

However, fair value changes remain subject to the regional economic environment, capital market volatility, industry conditions, and the financial performance of investees. Most of these investments require a long holding period, exposing the Company to larger valuation and execution risks. If market conditions deteriorate or investee performance falls short of expectations, prior fair value gains could reverse and weigh on earnings stability. In 2025, WXGF recorded fair value gains of RMB2.4 billion, up sharply from RMB280.3 million in 2024. This was mainly driven by an increase in the valuation of financial assets held for trading. In 2026H1, fair value

changes turned to a loss of RMB117.0 million. Trading financial assets decreased from RMB3.6 billion at the end of 2025 to RMB1.2 billion at the end of June 2026, primarily due to the sale of trading financial assets. In addition, the net profit in 2026H1 was RMB14.4 million, mainly dragged by asset impairment losses of RMB330.4 million. Fair value changes remain exposed to regional economic conditions, capital market volatility, industry cycles, and long investment holding periods. If market conditions weaken, prior gains could reverse and pressure earnings stability.

Financial Profile

Modest profitability, with high volatility driven by the investment business

WXGF's total revenue declined by 5.7% year-on-year ("YoY") to RMB3.2 billion in 2025. Industrial parks operations remained the largest segment, accounting for 44.7% of total revenue (RMB1.4 billion), followed by others (28.2%), engineering construction (16.9%), and real estate sales (10.2%). The revenue decline was mainly driven by industrial park operations and construction, partly offset by a rebound in real estate sales and investment business from a very low base. For the first half of 2026, the Company's total revenue was around RMB1.2 billion.

WXGF's profitability remained modest and exhibited high volatility driven by fair-value changes and investment income. In 2025, adjusted gross margin fell to 16.5% from 19.9% in 2024, and the growth of period expenses resulted in an operating business loss. Nevertheless, reported net profit surged to RMB1.3 billion from RMB243.9 million in 2024. This was mainly driven by fair-value gains of RMB2.4 billion (compared to RMB280.3 million in 2024) and investment income of RMB681.6 million (compared to RMB315.2 million in 2024). 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. At the segment level, real estate sales and other businesses were the main drag. They recorded gross losses of RMB60.8 million and RMB74.5 million in 2025, respectively.

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, calculated by total debt to total capital, of 66.8% at end-2026H1. In addition, the Company have certain reliance on short-term financing. As of 30 June 2026, the Company's short-term debt accounted for 22.0% of its total debt. At the same time, the cash to short-term debt ratio was at 0.7x. Considering the capital expenditure needs for its construction projects and equity investment, we expect the Company may rely on external financing and its debt leverage to remain at a high level over the next 12 to 18 months.

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. From 2023 to 2025, the Company recorded EBITDA coverage ratio (EBITDA/interest expense) of 1.0x, 0.6x and 1.1x, respectively. Over the same period, the total debt/EBITDA ratio were 32.4x, 39.3x and 18.7x, indicating relatively weak debt serving ability. Moreover, due to extended payment terms from the downstream counterparties, the net cash inflows from operating activities have shown a downward trend over the past three years. The Company's FFO/total debt ratio remained at a low level in 2025.

Moderate liquidity position mitigated by good access to funding

As of 30 June 2026, WXGF's total assets increased to RMB115.1 billion from RMB87.8 billion in 2023, mainly due to the continued progress in the construction projects, the increase in financial assets resulting from WXVI's financial investment business expansion, and the capital injection by the local government. 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.

WXGF's weak credit metrics can be partially mitigated by its good access to funding. Both Wuxi City and Xinwu District are well-developed cities with strong economic strengths and good financial environment, which we expect to be supportive for WXGF to maintain its good financing channels. WXGF has good access to bank borrowing and debt capital market, which could partially relieve the pressure on debt repayment and capital expenditure. Bank borrowing accounted for more than half of the total debt. It maintains good relationships with policy banks, joint-stock commercial banks and large state-owned commercial banks, such as China Development Bank, China Minsheng Bank and Agricultural Bank of China. As at 30 June 2026, the Company had a total credit facility of RMB67.9 billion, with an unused amount of RMB27.7 billion, providing sufficient standby liquidity. The Company actively participates in the domestic debt market through its subsidiaries, WXVI and WXND. They have issued various bond products, such as MTNs, PPNs, and corporate bonds. For example, since 2024, WXVI has issued several tranches of long-term or extendable science and technology innovation bonds with an outstanding balance of RMB5.0 billion, and the coupon rates were below 3.0%. In addition, the Company's non-standard financing exposure remained controllable, accounting for approximately 8.8% of total debt as of 30 June 2026.

External Support

High likelihood of support from the local government

WXGF has a high likelihood of receiving support from the local government, given its (1) direct and full ownership by Xinwu District Government; (2) strategic importance in promoting the industrial development and integration of state-owned assets in Xinwu District; and (3) good track record of receiving government support, including government subsidies, asset injections and equity transfers.

Xinwu District and Wuxi HIDZ share the scope of government administration and management. Wuxi HIDZ is a national-level high-tech industrial development zone approved by the State Council in November 1992. It ranked 16th (out of 178) in the comprehensive evaluation of national-level high-tech zones in 2025. It mainly lays out industries including the Internet of Things, integrated circuits, biomedicine, intelligent equipment, auto parts, and new energy. The GRP of Xinwu District has ranked 2nd in Wuxi City over the past three years. In 2025, the GRP of Xinwu District increased by 5.3% YoY to RMB273.0 billion, and the per capita GRP ranked 1st in Wuxi City. In addition, Xinwu District Government's fiscal strength is good. In 2025, its general budgetary revenue increased to RMB27.2 billion, with a 3-year average self-sufficiency rate of more than 100%. As of 31 December 2025, the local government's outstanding debt was RMB45.4 billion, accounting for 16.6% of the GRP.

WXGF is the largest stated-owned development and investment entity under Xinwu District Government by total assets in Xinwu District. Xinwu District Government has positioned WXGF as the development and operation service provider of the industrial parks, which plays a key role in the local economic development. Its subsidiary, WXVI, is the sole wholly state-owned venture capital enterprise of Xinwu District Government, carrying capital venture and related business around high-tech and strategic emerging industries. We believe that the Company is unlikely to be replaced by other state-owned enterprises in the foreseeable future.

In addition, Xinwu District Government maintains an extremely high degree of control over WXGF's operations, including the formulation of business strategies and the appointment of the board of directors and key management personnel. The Company is also required to report its annual budget, objectives, plans and performance to Xinwu District Government. Its strategy and investment align with local government's policies by investing in industries, such as integrated circuits, biomedicine, intelligent equipment, and new energy to promote industrial upgrading in the region.

WXGF has a good track record of receiving government support, such as capital injections, obtaining special funds for project construction, and operating subsidies. With continuous capital injections from the local government in recent years, the Company's paid-in capital reached RMB18.2 billion as of 30 June 2026. Meanwhile, from 2025 to the first half of 2026, the Company received subsidies totaling RMB427.8 million. The Company is also expected to receive project payments from the government as large account receivables remain, but the progress is slow.

Overall, given WXGF's strategic importance to the local government, we believe the local government will continue to support the Company in the form of capital injections and asset injections, and the strong willingness to support the Company from the local government is unlikely to change in the near to medium term.

ESG Considerations

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the national governmental authorities. WXGF assumes environmental risks for its construction projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision during construction.

WXGF is also exposed to social risks as an industrial investment entity in the region. Demographic changes, public awareness and social priorities shape the government's development strategy, and it will affect the government's propensity to support the Company. In recent years, the Company has not experienced any major negative social events or major safety accidents.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its status as a government-owned entity. We believe that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Company maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the licenses, concessions, permits, or certificates.

Rating Methodology

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

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