

# Wuhan Optics Valley Financial Holding Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A’ global scale Long-term Issuer and Issuance Credit Rating of Wuhan Optics Valley Financial Holding Group Co., Ltd. (“WOFVH” or “the company”); Issuer Rating Outlook is Stable

## Summary

The Issuer Credit Rating reflects a high possibility that the Management Committee of Wuhan Donghu New Technology Development Zone (“the Management Committee”), the de facto local government, would provide very strong support to WOFVH if needed. This mainly considers the management committee indirectly owns vast majority shares of the company, and is the company’s actual controller, as well as WOFVH’s strategic importance as Wuhan Donghu New Technology Development Zone’s (“Donghu NTZ”) key platform responsible for major investment in high and new technology industries. The linkage between the local government and WOFVH is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities if WOFVH encounters any operational or financial difficulties.

Donghu NTZ’s GDP exceeded RMB320 billion in 2024, representing a year over year growth of 7.1%. Its budgetary revenue also grew by 5.6% to RMB21.7 billion.

The Stable Outlook reflects our expectation that WOFVH’s strategic importance would remain intact while the local government will continue to ensure WOFVH’s stable operation.

Lianhe Global has also affirmed ‘A’ global scale Long-term Issuance Credit Rating of the senior unsecured CNY bonds issued by WOFVH at the same time. A full list of affirmed issuance rating is included in this report.

## Rating Rationale

**Government’s Ownership and Supervision:** The management committee indirectly owns 99.86% shares of WOFVH, and is the company’s actual controller. The local government has a strong and direct control over the company, including appointment of its management, decision on its strategic development, and supervision of its major investment and funding plans. In addition, the local government has assessment mechanism over the company and appoints auditors to supervise its operating performance and financials on a periodic basis.

**Strategic Importance and Strategic Alignment:** WOFVH is a key investment platform in Donghu NTZ. The company continued to invest in funds such as Hubei Integrated Circuit Fund, National Integrated Circuit Industry Investment Fund (Phase II), and Yangtze Memory Phase II projects to support the development of the state-of-the-art technologies, and in high technology companies within the region. It plays an important role in promoting high and new technology industries’ development in Donghu NTZ. Its development strategy has been aligned with the local government’s economic and social development plans.

**Ongoing Government Support:** WOFVH continued to receive financial subsidies and asset/capital injections from the Donghu NTZ government to support its business operations. The local government initiated multiple capital injections to the company in the past three years, enhancing its registered equity to RMB17.8 billion at end-March 2025 from RMB11.9 billion at end-2021. In addition, the local government provided operational subsidies totalling

## Summary

|               |  |
|---------------|--|
| Issuer Rating | A  |
| Outlook       | Stable                                     |
| Location      | China                                      |
| Industry      | Local Investment and Development Companies |
| Date          | 18 August 2025                             |

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## Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

RMB259 million between 2022 and the first quarter of 2025. We expect WOVFH to receive ongoing support from the local government in the coming years, considering its strategic importance in Donghu NTZ.

**WOVFH's Financial Matrix and Liquidity Position:** WOVFH's asset size grew steadily to RMB85.1 billion at end-March 2025 from RMB76.2 billion at end-2023, mainly due to the company's active fund investment in high-tech sector and the development of industrial parks for high-tech companies. The company relied on both government support and borrowings to support its investment and development. Its total debt increased to RMB23.9 billion from RMB19.5 billion over the same period. Yet its financial leverage, as measured by the debt to capitalization ratio, increased stayed at c. 35% level, thanks to the government's capital injections.

WOVFH's asset liquidity was moderately weak, as the company intends to hold its major strategic investments for the long term. Long-term equity investments (mainly funds and equities of local financial institutions) and other non-current assets (mainly Yangtze Memory Phase II projects and industrial parks) accounted for 78.2% of the company's total asset at end-March 2025.

The short-term debt servicing pressure of WOVFH was moderately high. At end-March 2025, the company had a cash balance of RMB2.4 billion, while its debt due within one year was RMB4.6 billion. WOVFH has access to various financing channels, including bank loans, bond issuances, and other non-traditional financing channels, to support its debt repayments and business operations. As of end-March 2025, WOVFH had obtained an unused bank credit of RMB7.8 billion.

## Rating Sensitivities

We would consider downgrading WOVFH's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the local government's ownership of WOVFH, or (3) there is a downgrade in our internal credit assessment on the Donghu NTZ.

We would consider upgrading WOVFH's rating there is an upgrade in our internal credit assessment on the Donghu NTZ.

Any rating action on WOVFH's rating would result in a similar rating action on its senior unsecured bonds.

## Full List of Issuance Rating

- CNY2,000 million 3.5% senior unsecured bonds due 2028 affirmed at 'A'

## Operating Environment

### Economic Condition of Donghu NTZ

Donghu NTZ, also known as the China Optics Valley, was established in 1988 in Wuhan, the capital city of Hubei Province. It is one of the first batch National High-tech Zones of China and is famous for being a National Optoelectronic Information Industrial Base. Donghu NTZ's GDP exceeded RMB320 billion in 2024, representing a year over year growth of 7.1%.

### Donghu NTZ's Economic Condition

| (RMB billion)                          | 2022  | 2023  | 2024  |
|--|-------|-------|-------|
| GDP                                    | 264.4 | 271.5 | 320.0 |
| -Primary industry (%)                  | 0.0   | 0.0   | -     |
| -Secondary industry (%)                | 46.1  | 44.2  | -     |
| -Tertiary industry (%)                 | 53.9  | 55.8  | -     |
| GDP growth rate (%)                    | 6.0   | 4.7   | 7.1   |
| Fixed asset investment growth rate (%) | 11.5  | 2.6   | -     |
| Population (million)                   | 1.2   | 1.2   | 1.2   |

Source: Donghu NTZ's website and Lianhe Global's calculations

### Fiscal Condition of Donghu NTZ

Donghu NTZ's budgetary revenue grew by 5.6% to RMB21.7 billion in 2024 while maintained its budget balance with a surplus of 0.9%. Donghu NTZ's government fund income rebounded to RMB19.4 billion in 2024 from 17.8 billion in 2023, mainly supported by the recovery of land sales.

The outstanding debt of the Donghu NTZ kept growing in past few years. At end-2024, the Donghu NTZ government's outstanding debt increased to RMB55.6 billion from RMB42.8 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 108.7% from 101.6% over the same period.

### Donghu NTZ's Fiscal Condition

| (RMB billion)                        | 2022        | 2023        | 2024        |
|--------------------------------------|-------------|-------------|-------------|
| Budgetary revenue                    | 19.0        | 20.6        | 21.7        |
| Budgetary revenue growth rate (%)    | -2.2        | 8.3         | 5.6         |
| Tax revenue                          | 17.3        | 18.5        | 18.8        |
| Tax revenue (% of budgetary revenue) | 90.9        | 90.1        | 86.5        |
| Government fund income               | 20.2        | 17.8        | 19.4        |
| Transfer payment                     | 99.6        | 90.5        | 99.1        |
| <b>Aggregate revenue</b>             | <b>49.3</b> | <b>48.1</b> | <b>51.2</b> |
| Budgetary expenditure                | 23.2        | 20.7        | 21.5        |
| Budget balance <sup>1</sup> (%)      | -22.0       | -0.6        | 0.9         |
| Government debt ratio (%)            | 86.4        | 101.6       | 108.7       |

<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) \* 100%

Source: Donghu NTZ's website and Lianhe Global's calculations

### Company Profile

WOFVH was established in June 2015 with an initial registered capital of RMB50 million, funded by the Management Committee. After an array of capital replenishment and equity transfers, the company's registered and paid-in capital was RMB20.0 billion and RMB17.8 billion at end-March 2025, respectively. The Management Committee, as the actual controller, holds 99.86% shares of the company through three local SOEs.

WOFVH, as a key investment platform in Donghu NTZ, is mainly responsible for investment in technology companies within the region. By end-2024, the company had invested in six strategic projects amounting to RMB60.1 billion, five mother funds amounting to RMB3.4 billion and equities of 22 high-tech companies amounting to RMB1.2 billion. The company also undertakes key development projects including industrial parks and commercial complex within the region. By end-March 2025, WOFVH had five projects under construction with a total planned investment of RMB8.5 billion, of which RMB4.2 billion was scheduled to be invested between 2025 and 2027.



WOVFH realized revenue of RMB147 million, 233 million and RMB15 million in 2023, 2024 and the first quarter of 2025, respectively, mainly from fund management fees, leasing, project management and financial services businesses. The company also recorded investment incomes of RMB474 million, 695 million and 65 million over the same period.

| Key Financial Data                          |        |        |        |        |
|---|--------|--------|--------|--------|
| (RMB million)                               | 2022   | 2023   | 2024   | 2025.3 |
| Total Assets                                | 59,323 | 76,262 | 84,611 | 85,122 |
| Equity                                      | 39,665 | 45,121 | 44,535 | 44,097 |
| Debt  | 9,426  | 19,526 | 23,092 | 23,860 |
| Debt / (Debt + Equity) (%)                  | 19.2   | 30.2   | 34.1   | 35.1   |
| Unrestricted cash/ST Debts (x)              | 2.5    | 1.1    | 0.6    | 0.5    |
| Debt/EBITDA (x)                             | 18.6   | 28.4   | 29.4   | -      |
| Revenue                                     | 131    | 147    | 233    | 15     |
| Operation Profit                            | 334    | 354    | 158    | -135   |
| Gross Margin (%)                            | 65.1   | 68.2   | 51.4   | -62.1  |
| Cash from sales or services/<br>Revenue (%) | 26     | 38     | 44     | 199    |

Source: WOVFH and Lianhe Global's calculations

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