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. ("WOVFH"); Issuer Rating Outlook Stable

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	17 August 2026

Analysts

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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

Summary

The Issuer Credit Rating reflects a high possibility that the Management Committee of Wuhan Donghu New Technology Development Zone ("the Management Committee"), a dispatched agency of Hubei Provincial Government and the de facto local government, would provide very strong support to WOVFH if needed. This mainly considers the management committee's indirect full ownership of WOVFH and its strategic importance as the primary investment platform for high-tech industries in the Wuhan Donghu New Technology Development Zone ("Donghu NTZ"). The linkage between the local government and WOVFH is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a very strong willingness to ensure WOVFH's business and financial viability in order to safeguard its reputation and local financing activities.

Donghu NTZ's GDP reached RMB336 billion in 2025, representing a year over year growth of 6.3%. Its budgetary revenue also grew by 4.5% to RMB22.7 billion.

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

Lianhe Global has also affirmed 'A' global scale Long-term Issuance Credit Rating of the senior unsecured CNY bonds issued by WOVFH 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, a dispatched agency of Hubei Provincial Government, owns 100% shares of WOVFH and is the company's actual controller, owns 100% shares of WOVFH. The local government has strong and direct control over the company, including appointment of its management, decisions 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 Alignment: WOVFH serves as a key investment platform driving the development of high-technology industries within Donghu NTZ. The company's strategic trajectory has been aligned with the local government's economic planning, as reflected in its continuous investment in state-of-the-art semiconductor initiatives. These include the National Integrated Circuit Industry Investment Fund and Hubei Integrated Circuit Fund projects. In addition, WOVFH holds a significant stake in Yangtze Memory, a leading domestic NAND Flash memory manufacturer, further reinforcing its critical role in fostering advanced technologies within the regional ecosystem.

Strong Government Support: WOVFH continued to receive operation subsidies and asset/capital injections from the local to support its business operations. The local government initiated multiple capital injections to the company in the past three years, enhancing its paid-in capital to RMB19.5 billion at end-March 2026 from RMB16.9 billion at end-2022. In addition, the local government provided operational subsides totalling RMB394 million between 2023 and the first quarter of 2026. 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 and Liquidity Position: WOVFH's total assets expanded steadily to RMB102.5 billion at end-March 2026 from RMB84.6 billion at end-2024, driven primarily by active fund investments in the high-tech sector and the development of industrial parks in Donghu NTZ. To fund its ongoing investment and capital expenditure, the company relied on a combination of government support and external borrowings, resulting in total debt rising to RMB36.5 billion from RMB23.1 billion over the same period. Despite the debt buildup, financial leverage, measured by the debt-to-capitalization ratio, remained manageable at 45.2%, reflecting the mitigating effect of government support on the company's capital structure.

However, WOVFH's asset liquidity remains moderately weak, given that long-term equity investments (mainly fund investments and shares in local financial institutions) and non-current assets (primarily Yangtze Memory and industrial park projects) together accounted for 74% of total assets at end-March 2026. The company intends to hold its major strategic investments for the long term. Nevertheless, short-term debt servicing pressure is manageable. As of end-March 2026, the company held a cash balance of RMB8.7 billion, which adequately covers its RMB6.4 billion in short-term debt due within one year. Liquidity is further supported by WOVFH's diversified financing channels, including bank loans, bond issuances, and alternative financings. The company had unused bank credit facilities amounting to RMB15.5 billion at end-March 2026.

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, 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 reached RMB336 billion in 2025, representing a year over year growth of 6.3%.

Donghu NTZ's Economic Condition (RMB billion)	2023	2024	2025
GDP	271.5	320.0	336.0
-Primary industry (%)	0.0	0.0	-
-Secondary industry (%)	44.2	52.8	-
-Tertiary industry (%)	55.8	47.2	-
GDP growth rate (%)	4.7	7.1	6.3
Fixed asset investment growth rate (%)	2.6	3.2	-
Population (million)	1.2	1.2	1.2

Source: Statistic Bureau and Lianhe Global's calculations

Fiscal Condition of Donghu NTZ

Donghu NTZ's budgetary revenue grew by 4.5% to RMB22.7 billion in 2025 while maintained its budget balance with a surplus of 13.3%. However, its government fund income, mainly generated by land sales, fluctuated over the past three years.

The outstanding debt of the Donghu NTZ kept growing in past few years. In 2025, Donghu NTZ issued a total of RMB 16.4 billion in local government bonds to support infrastructure, municipal/industrial parks, social initiatives, and implicit debt replacement.

Donghu NTZ's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	20.6	21.7	22.7
Budgetary revenue growth rate (%)	8.3	5.6	4.5
Tax revenue	18.6	18.8	21.3
Tax revenue (% of budgetary revenue)	90.1	86.5	93.9
Government fund income	17.8	19.4	17.0
Transfer payment	9.0	9.9	8.7
Aggregate revenue	**48.1**	**51.2**	**48.8**
Budgetary expenditure	20.7	21.5	19.7
Budget balance[1] (%)	-0.6	1.1	13.3
Government debt ratio (%)*	101.6	-	-

[1] *Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*

Source: Finance Bureau and Lianhe Global's calculations
**Note: Donghu NTZ's government debt is included in Wuhan's municipal total*

Company Profile

WOVFH was established in June 2015 with an initial registered capital of RMB50 million, funded by the Management Committee, which is an agency dispatched by the Hubei Provincial Government and delegated to the administration of Wuhan City, with an administrative rank equivalent to a provincial department.

After an array of capital replenishment and equity transfers, the company's registered and paid-in capital was RMB21.6 billion and RMB19.5 billion at end-March 2026, respectively. The Management Committee, as the actual controller, directly holds 7.35% shares of the company and indirectly holds the remaining 92.65% through three local SOEs.

WOVFH, as a key investment platform in Donghu NTZ, is mainly responsible for investment in technology companies and the development of industrial parks within the region. The company realized revenue of RMB147 million, 233 million and 306 million in 2023, 2024 and 2025, respectively, representing an upward trend. It also reported investment return of RMB474 million, 695 million and 1,040 million over the same period.

Key Financial Data **(RMB million)**	**2023**	**2024**	**2025**	**2026.3**
Total Assets	76,262	84,611	97,243	102,481
Equity	45,121	44,535	44,549	44,301
Debt	19,526	23,092	33,936	36,522
Debt / (Debt + Equity) (%)	30.2	34.1	43.2	45.2
Unrestricted cash/ST Debts (x)	1.1	0.6	0.8	1.3
Debt/EBITDA (x)	28.4	29.1	30.4	-
Revenue	147	233	306	13
Investment return	474	695	1,040	27

Source: WOVFH and Lianhe Global's calculations

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