

Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Wuxi Construction and Development Investment Co., Ltd. to 'A+' from 'A'; Issuer Rating Outlook Stable

HONG KONG, 8 January 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Wuxi Construction and Development Investment Co., Ltd. (“WCDI”) to ‘A+’ from ‘A’. The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating upgrade reflects the increased strategic importance of WCDI in Wuxi City (“Wuxi”). The company continues to undertake key infrastructure projects in Wuxi and actively diversifies its business portfolio to financial business (such as financial leasing and industrial investment) to support the local urban and economic development.

We believe there is a high possibility that Wuxi Municipal People’s Government (“Wuxi government”) would provide strong support to WCDI if needed. This mainly considers the Wuxi government’s indirectly full ownership of WCDI, the high importance of WCDI to Wuxi in infrastructure construction and industrial investment, and the strong linkage between the Wuxi government and WCDI, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the Wuxi government may face significant negative impact on its reputation and financing activities if WCDI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

We would consider upgrading WCDI’s rating if (1) there is strengthened support from Wuxi Government, or (2) there is an upgrade in our internal credit assessment on Wuxi Government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development

companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this WCDI's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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