

Wuxi Urban Construction Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A+’ global scale Long-term Issuer Credit Rating of Wuxi Urban Construction Development Group Co., Ltd. (“WUCD” or “the company”); Issuer Rating Outlook Stable.

Summary

The Issuer Credit Rating reflects a high possibility that the Wuxi Municipal People's Government (“Wuxi government”) would provide strong support to WUCD if needed, in light of its full ownership of WUCD, WUCD's strategic position as an important local investment and development company (“LIDC”) for urban construction and development in Wuxi and the strong linkage between the Wuxi government and WUCD 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 business and financing activities should WUCD encounter any operational or financial difficulties.

Wuxi is a prefecture-level city located in Jiangsu Province, and an important city in the Yangtze River Delta region. Its GDP grew steadily by 5.8% to reach RMB1,626.3 billion in 2024. Its budgetary revenue reached RMB121 billion in 2024.

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

Rating Rationale

Government's Ownership and Supervision: WUCD is wholly owned by the Wuxi government through State-owned Assets Supervision and Administration Committee of Wuxi government (“Wuxi SASAC”). The Wuxi government has strong control and supervision over WUCD, including control of the board of directors, management supervision, decision on its strategic development and investment plan, supervision of its major funding decisions and daily operation, etc.

Strategic Importance and Strategic Alignment: As an important LIDC directly under the Wuxi government, WUCD is mainly responsible for urban and rural construction, affordable housing construction and other functions in the region. WUCD undertakes various urban and rural construction projects in Wuxi, such as hospitals, schools, agent construction projects and other important city-level urban renewal and rural revitalization projects, etc. WUCD's strategic planning and development have been aligned with the local government's economic and social policies. It carries out the directions and policies of affordable housing construction of the Wuxi government to support the local economic growth.

Strong Government Support: WUCD receives support from the Wuxi government for its business operations, which are not limited to capital injections, government subsidies, tax exemptions and guidance from the government in its daily management. In addition, WUCD receives financial subsidies from the Wuxi government mainly to support business operation. The company received a total of RMB60.6 million of government subsidies in 2024 and RMB27.3 million of government subsidies in the first 9 months of 2025. We believe WUCD is likely going to receive government support in the form of operational and/or financial subsidies in the future.

Summary

Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	10 December 2025

Analysts

Chris Cao
(852) 3462 9579
chris.cao@lhratingsglobal.com

Toni Ho, CFA, FRM
(852) 3462 9578
toni.ho@lhratingsglobal.com

Applicable Criteria

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

WUCD's Financial and Liquidity Position: WUCD's total assets reached RMB79.9 billion at end-September 2025, decreasing from RMB82.8 billion at end-2024. WUCD's total debt decreased to RMB29.3 billion at end-September 2025, compared with RMB30.3 billion at end-2024. WUCD's financial leverage, as measured by the debt to capitalization ratio, declined to 39.3% at end-September 2025 from 40.1% at end-2024.

The liquidity of WUCD was moderate. At end-September 2025, WUCD had unrestricted cash balance and unused credit facilities of RMB3.2 billion and RMB52.2 billion, respectively, compared with its debt to be due within one year of RMB9.7 billion. WUCD has access to multiple financing channels including bank borrowings, corporate bonds and other financing channels.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Wuxi

Wuxi government's GDP increased to RMB1,626.3 billion in 2024 from RMB1,545.6 billion in 2023, and its economic growth rate slowed down slightly to 5.8% from 6.0% in 2023. Similarly, its fixed asset investment growth slowed down to 4.0% from 8.3% during the same period. Nevertheless, its GDP per capita remained high at RMB216,800 in 2024.

Wuxi's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	1475.1	1545.6	1626.3
-Primary industry (%)	0.9	0.9	0.9
-Secondary industry (%)	48.3	47.7	47.4
-Tertiary industry (%)	50.8	51.4	51.7
GDP growth rate (%)	2.7	6.0	5.8
Fixed asset investment growth rate (%)	2.2	8.3	4.0
Population (million)	7.5	7.5	7.5

Source: Statistical Bureau of Wuxi and Lianhe Global's calculations

Fiscal Condition of Wuxi

The budgetary revenue of the Wuxi government increased to RMB121.0 billion in 2024 from RMB119.5 billion in 2023, with a modest year-over-year growth rate of 1.2%. The fiscal self-sufficiency rate of the Wuxi government remained weak, though the budget deficit improved slightly to 10.9% in 2024 from 16.3% in 2023. However, the government fund income declined to RMB79.9 billion in 2024 from RMB107.6 billion in 2023, mainly due to the decreased land use right transfer income amid challenging property market conditions.

The outstanding debt of the Wuxi government kept growing in past few years. At end-2024, the Wuxi government's outstanding debt increased to RMB261.0 billion from RMB217.1 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 to aggregate revenue ratio, increased to 116.36% at end-2024 from 85.59% at end-2023.

Wuxi's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	113.3	119.5	121.0
Budgetary revenue growth rate (%)	1.6	5.5	1.2
Tax revenue	85.2	98.3	94.5
Tax revenue (% of budgetary revenue)	75.2	82.2	78.1
Government fund income	112.9	107.6	79.9
Transfer payment	24.2	24.0	21.0
Aggregate revenue	251.6	253.7	224.3
Budgetary expenditure	136.6	139.0	134.1
Budget balance ¹ (%)	-20.5	-16.3	-10.9

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

Source: Financial Bureau of Wuxi and Lianhe Global's calculations

Company Profile

Established in 2008 by the Wuxi government, WUCD is an important LIDC directly under the Wuxi government. The Wuxi government holds 100% stake of WUCD via the Wuxi SASAC. WUCD is mainly responsible for urban and rural construction, affordable housing construction and other functions in the region.

WUCD's primary sources of the company's operating revenue are infrastructure construction, affordable housing sales, factoring services, property management, supply chain services and leasing income, while the company also engages in guarantee services, construction design consulting and other businesses. The total revenue of WUCD was RMB1.8 billion, RMB2.4 billion, RMB3.0 billion and RMB2.4 billion in 2022, 2023, 2024 and the first 9 months of 2025, respectively. The gross profit margin was 21.1%, 20.8%, 22.3% and 17.6% over the same period.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	67,137	80,843	82,804	79,879
Equity	36,474	44,808	45,242	45,121
Debt	21,791	29,790	30,322	29,265
Debt / (Debt + Equity) (%)	37.4	39.9	40.1	39.3
Unrestricted cash/ST Debts (x)	0.7	0.4	0.4	0.3
Debt/EBITDA (x)	25.6	25.9	28.6	-
Revenue	1,793	2,407	3,016	2,353
Operation Profit	427	475	140	-123
Gross Margin (%)	21.1	20.8	22.3	17.6
Cash from sales or services/ Revenue (%)	106.1	124.7	106.3	95.0

Source: WUCD and Lianhe Global's calculations

Disclaimers

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: www.lhratingsglobal.com

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2025.