

Wuxi Construction and Development Investment Co., Ltd.

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

Summary

The Issuer Credit Rating reflects a high possibility that Wuxi Municipal People’s Government (“the 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 as an important local investment and development company (“LIDC”) to Jiangsu’s Wuxi City (“Wuxi”), mainly responsible for in project development, industrial investment and state-owned asset operations. The linkage between the Wuxi government and WCDI is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe that the Wuxi government has a strong willingness to ensure the WCDI’s business and financial viability in order to safeguard its reputation and local financing activities.

Wuxi is a prefecture-level city located in Jiangsu Province, and an economically well-developed 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 WCDI’s strategic importance would remain intact while the Wuxi government will continue to ensure WCDI’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The Wuxi Government, as the ultimate controller of WCDI, owns 51.18% and 48.82% stake of WCDI through the State-owned Assets Supervision and Administration Commission of Wuxi (“the Wuxi SASAC”) and Wuxi Urban Construction Development Group Co., Ltd. (“WUCD”; ‘A+/Stable’), respectively. WUCD is another major LIDC wholly owned by the Wuxi SASAC. The Wuxi government and Wuxi SASAC have strong control and supervision over WCDI, including control of the board of directors, senior management appointments, major strategic. In addition, the Wuxi government regularly appoints auditors to review WCDI’s operating performance and financial position.

Strategic Importance and Strategic Alignment: WCDI is an important municipal-level LIDC in Wuxi. The company continued to undertake major transportation, water resources and environmental remediation projects in Wuxi. With the completion of most of Wuxi’s infrastructure, the company has in recent years actively expanded into industrial park development, industrial investment and financial-related businesses (financial leasing and factoring) to continue supporting the local economic development.

Strong Government Support: WCDI receives ongoing support from the Wuxi government, including capital/asset injections and operational subsidies. The company received RMB47.4 million and RMB49.5 million of government subsidies in 2024 and the first nine

Summary

Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	06 January 2026

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Applicable Criteria

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

months of 2025, respectively. We believe WCDI is likely going to receive government support in the form of operational and/or financial subsidies in the future, given its strategic in Wuxi.

WCDI's Financial and Liquidity Position: WCDI's total assets increased steadily to RMB105.5 billion at end-September 2025 from RMB94.5 billion, mainly due to the company's project development and industrial investment activities. The company relied on borrowings to fund its asset expansion, with the total debt increased to RMB52.7 billion from 47.0 billion over the same period. Its financial leverage, as measured by debt to capitalization, stayed at approximately 60% level.

WCDI's short-term debt servicing pressure remained moderately high. At end-September 2025, the company had unrestricted cash of RMB4.8 billion, compared to short-term debt ratio of 18.0 billion. Yet the company has access to multiple financing channels, including bank borrowings, bond issuances and other non-traditional financings, to support its operation and debt repayment. WCDI had unused bank facilities of RMB19.2 billion at end-September 2025.

Rating Sensitivities

We would consider downgrading WCDI's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance, or (2) commercial-oriented operations may significantly jeopardize WCDI's overall credit profile, or (3) there is a significant reduction of the local government's ownership of WCDI, or (4) 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 the local government, or (2) there is an upgrade in our internal credit assessment on the Wuxi government.

Operating Environment

Economic Condition of Wuxi

Wuxi's GDP increased to RMB1,626.3 billion in 2024, while 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 has developed signature industries in areas such as the Internet of Things, integrated circuits and biopharmaceuticals.

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 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 116.4% at end-2024 from 85.6% 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

WCDI was established as a fully state-owned entity in 1991. The company is an important development and operation entity in Wuxi that undertakes various businesses including project construction, state-owned asset operation, financial leasing and industrial investment to support the local urban and economic development.

WCDI's primary sources of operating revenue are project development, financial leasing and factoring. In addition, the company also holds a controlling stake in a listed company, Kangxin New Material (600076.SH), engaged primarily in wood products. WCDI's revenue increased steadily in the past three years, with a decent gross margin of approximately 30%. Yet Kangxin New Material's profitability remained weak amid the market downturn.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	87,908	94,479	101,100	105,504
Equity	27,939	32,496	36,225	37,141
Debt	47,032	44,757	48,966	52,705
Debt / (Debt + Equity) (%)	62.7	57.9	57.5	58.7
Unrestricted cash/ST Debts (x)	0.2	0.2	0.3	0.3
Debt/EBITDA (x)	32.7	31.6	33.9	-
Revenue	4,418	4,527	4,792	3,732
Operation Profit	736	802	868	869
Gross Margin (%)	30.3	30.1	32.7	30.3
Cash from sales or services/Revenue (%)	94.6	150.5	84.5	82.2
Source: WCDI and Lianhe Global's calculations				

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