

Weifang Urban Construction and Development Investment Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A-’ global scale Long-term Issuer and Issuance Credit Rating of Weifang Urban Construction and Development Investment Group Co., Ltd. (“WUCDI”); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Weifang City, Shandong Province (“Weifang government”) would provide strong support to WUCDI if needed, in light of its majority ownership of WUCDI and its strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and state-owned asset operation in Weifang City, Shandong Province (“Weifang”). The linkage between the Weifang government and WUCDI is strong, including supervision of the management, major investment and financing plan decisions, strategic alignment, and ongoing operational and financial support. In addition, we believe the local government has a strong willingness to ensure WUCDI’s business and financial viability in order to safeguard its reputation and local financing activities.

Weifang is a prefecture-level city of Shandong Province. Weifang’s GDP grew by 5.5% year-over-year to RMB858.7 billion in 2025, while the budgetary revenue of Weifang increased by 1.8% to RMB63.1 billion over the same period.

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

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

Rating Rationale

Government’s Ownership and Supervision: The Weifang government holds 90% ownership of WUCDI through the State-owned Assets Supervision and Administration Commission of Weifang City (“Weifang SASAC”). The remaining 10% stake is held by Shandong Caixin Asset Management Co., Ltd. (“SCAMC”), a LIDC which is fully owned by the Shandong Provincial Department of Finance. The Weifang government is the actual controller of the company. It has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Weifang government has assessment mechanism over the company and appoints auditor to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: WUCDI remained as the key LIDC in Weifang that is primarily responsible for infrastructure construction and state-owned asset management and operation within the region. Serving as the key entity in charge of infrastructure projects throughout the entire city, WUCDI focuses on investing in and constructing urban infrastructure, transportation, and water conservancy facilities. In addition, the company is also responsible for the land development and transfer, heating supply, water supply, tourism development and other state-owned asset management and

Summary

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

Analysts

Roy Luo, CFA, FRM, CESGA
(852) 3462 9582
roy.luo@lhratingsglobal.com

Rechel Chen
(852) 3462 9589
rechel.chen@lhratingsglobal.com

Applicable Criteria

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

operation business within Weifang. WUCDI plays an important role in promoting the economic and social development of the region. Its business operation and development have been aligned with the government's development plans.

Ongoing Government Support: WUCDI continues to receive supports from the Weifang government for its business operation, mainly including asset injections, equity injections, government subsidies, financial support, and it also benefits from preferential tax and/or tax exemption policies in encouraged industrial and/or utilities business. Also, WUCDI received financial subsidies from the local government mainly for supporting projects related to public infrastructure or special projects, with a total amount of RMB1.6 billion from 2023 to 2025. We believe WUCDI is likely going to receive timely government support in the form of operational and/or financial subsidies.

WUCDI's Financial Matrix and Liquidity Position: WUCDI's total assets grew moderately to RMB150.7 billion at end-March 2026 from RMB149.5 billion at end-2025 and RMB144.9 billion at end-2024. WUCDI's total debt increased from RMB50.2 billion at end-2024 to RMB56.4 billion at end-March 2026, with short-term debt accounting for 38.5% of the total debt. WUCDI's financial leverage, as measured by the debt to capitalization ratio, was elevated to 41.0% at end-March 2026 from 38.1% at end-2024.

The liquidity of WUCDI was moderate. WUCDI had a total cash balance of RMB4.3 billion (including restricted cash of RMB1.7 billion) and at end-2024, compared with its debt to be due within one year of RMB21.7 billion. Having said that, WUCDI has access to multiple financing channels including bank borrowings, corporate bonds and other financing channels to support its support its debt repayments and business operations. Its total bank credit facilities amounted to RMB45.4 billion, with RMB17.0 billion undrawn at end-March 2026.

Rating Sensitivities

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

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

Full List of Issuance Rating

A full list of issuance ratings is included below. Any rating action on WUCDI's rating would result in a similar rating action on its USD bonds:

- USD270 million 7.5% senior unsecured bonds due 2027 affirmed at 'A-'

Operating Environment

Economic Condition of Weifang

Weifang's GDP amount reached RMB858.7 billion in 2025, representing a year-over-year growth rate of 5.5%, down from 5.9% recorded in 2024. Weifang's local economy saw modest structural improvement, with the contribution of tertiary sector to GDP elevated to 50.3% in 2025 from 49.1% in 2024. Fixed asset investment of Weifang shifted to a contraction of 4.5% in 2025 from a growth of 4.1% in 2024, owing to weak property market.

Weifang's Economic Condition

(RMB billion)	2023	2024	2025
GDP	778.3	820.3	858.7
-Primary industry (%)	8.6	8.5	8.5
-Secondary industry (%)	43.0	42.4	41.2
-Tertiary industry (%)	48.4	49.1	50.3
GDP growth rate (%)	5.2	5.9	5.5
Fixed asset investment growth rate (%)	0.8	4.1	-4.5
Population (million)	9.4	9.3	9.3

Source: Statistical bureau of Weifang and Lianhe Global's calculations

Fiscal Condition of Weifang

Weifang government's budgetary revenue grew by 1.8% year-over-year to RMB63.1 billion in 2025, with the contribution of tax revenue to budgetary revenue remaining stable at 60.9%. The fiscal self-sufficiency of Weifang government remained relatively stable, with its budget deficit narrowed slightly to 44.2% in 2025 from 45.6% in 2024. In addition, government fund income dropped sharply to RMB41.3 billion in 2025 from RMB57.7 billion in 2024, while transfer payment from higher government increased to RMB32.1 billion from RMB30.5 billion over the same period.

The outstanding debt of the Weifang government increased further to RMB335.8 billion at end-2025 from RMB285.4 billion at end-2024, mainly due to the new issuance of special-purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue, was elevated to 239.7% at end-2025 from 188.4% at end-2024.

Weifang's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	60.8	62.0	63.1
Budgetary revenue growth rate (%)	0.1	1.8	1.8
Tax revenue	39.4	37.8	38.4
Tax revenue (% of budgetary revenue)	64.8	60.9	60.9
Government fund income	49.1	57.7	41.3
Transfer payment	30.3	30.5	32.1
Aggregate revenue	142.0	151.5	140.1
Budgetary expenditure	88.9	90.2	90.9
Budget balance ¹ (%)	-46.2	-45.6	-44.2

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

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

Company Profile

WUCDI was established in September 2016, with an initial registered capital of RMB5.0 billion, funded by Weifang SASAC. At end-March 2026, WUCDI's registered and paid-in capital was both RMB5.0 billion. WUCDI had a shareholding structure in which the Weifang SASAC, as the controlling shareholder, holds 90% of the company's equity. The remaining 10% equity is held by SCAMC.

WUCDI is a diversified state-owned entity that primarily responsible for infrastructure construction and state-owned asset management and operation within the region. Serving as the sole entity in charge of infrastructure projects throughout the entire city, WUCDI focuses on investing in and constructing urban infrastructure, transportation, and water conservancy facilities. Due to the exit from commodities trading business, the company's revenue dropped to RMB2.0 billion in 2025 from RMB13.7 billion in 2024, while its gross margin was elevated to 3.3% from 1.0% over the same period.

Key Financial Data				
(RMB million)	2023	2024	2025	2026.3
Total Assets	135,926	144,862	149,496	150,732
Equity	74,328	81,691	80,866	81,230
Debt	48,116	50,238	55,556	56,439
Debt / (Debt + Equity) (%)	39.3	38.1	40.7	41.0
Unrestricted cash/ST Debts (x)	0.0	0.1	0.1	0.1
Debt/EBITDA (x)	27.6	32.0	41.2	-
Revenue	16,103	13,696	2,011	733
Operation Profit	345	200	244	-76
Gross Margin (%)	4.1	1.0	3.3	4.2
Cash from sales or services/ Revenue (%)	103.6	107.8	100.2	83.2

Source: WUCDI and Lianhe Global's calculations

Disclaimer

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 2026.