

CCXAP affirms Wuxi Urban Construction Development Group Co., Ltd.'s long-term credit rating at A_g+, with stable outlook.

Hong Kong, 19 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Wuxi Urban Construction Development Group Co., Ltd. (“WXUC” or the “Company”) at A_g+, with stable outlook.

The A_g+ long-term credit rating of WXUC reflects the Wuxi Municipal Government’s excellent capacity to provide support, and the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support reflects Wuxi City’s status as a prefectural-level city with strong economic fundamentals and fiscal profile. It also has a high per capita gross regional product (“GRP”) in Jiangsu Province.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) dominant role in providing essential public policy services in Wuxi City, including public infrastructure projects, affordable housing and urban renewal projects; (2) solid track record of government support; and (3) strong access to diversified funding. However, the rating is constrained by the Company’s (1) medium risk exposure to commercial activities, especially in financial services; (2) moderate asset liquidity and debt management; and (3) medium level of contingent risk.

Corporate Profile

Founded in 2008, WXUC is the essential local urban and rural construction entity under the control of the Wuxi Municipal Government. As of 30 September 2025, WXUC was directly and wholly owned by the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People’s Government (“Wuxi SASAC”). In January 2022, Wuxi Taihu New City Development Group Co., Ltd. (“WXTH”) was excluded from the scope of the Company’s consolidated statements as entrusted voting rights from Wuxi Construction and Development Investment Co., Ltd. (“WXCD”) were reduced. At the same time, the local government transferred 49.0% stakes in WXCD and 26.0% stakes in Wuxi Environmental Protection Group Co., Ltd. (“WXEP”) to the Company. WXUC’s position as a comprehensive urban developer and operator remains unchanged. It is mainly responsible for the urban renewal and rural revitalization projects and is the sole affordable housing constructor at the municipal level in Wuxi City. Additionally, the Company is engaged in commercial activities including engineering construction, housing guarantees, commercial factoring and supply chain services business.

Rating Rationale

Credit Strengths

Dominant role in urban and rural projects and affordable housing construction in Wuxi City. WXUC remains the comprehensive urban and rural developer and operator, mainly responsible for urban and rural construction projects, affordable housing construction and other functions in the city. Its strategic planning and development have been aligned with the local

government's economic and social policies. Mandated by the local government, WXUC is the sole municipal-level entity that carries out affordable housing construction projects in Wuxi City. WXUC conducts urban construction in Wuxi City mainly through agent management model.

Solid track record of receiving government support. WXUC has a track record of receiving government support in the form of payment for urban construction projects, government funds allocation, operating subsidies and capital injections. Given WXUC's relatively large project under construction, the Company is expected to receive government payment under the agent construction management model. We also expect WXUC to continue undertaking public projects in Wuxi City considering its solid track record and strong positions in Wuxi City.

Strong access to diversified funding. WXUC has strong banking relationships and good access to high-quality debt funding. Its primary funding sources are commercial bank loans and the public bond market. As an essential urban construction entity in Wuxi City, the Company is expected to benefit from the good financial environment of the city, which is one of the well-developed cities in China with strong economic strengths.

Credit Challenges

Medium risk exposure to commercial activities. WXUC has gradually penetrated into different types of commercial activities in recent years such as engineering construction, housing guarantees, commercial factoring and supply chain services business in addition to its construction management and affordable housing business, which are complementary to its primary policy function. However, these businesses would pose the Company with increased business risks.

Moderate asset liquidity and debt management. The Company's total assets declined slightly in the first three quarters of 2025 compared with that of end-2024, mainly due to its divestment of dilapidated housing renovation projects. Its asset liquidity remained moderate given large inventories with low liquidity and large receivables with long recovery cycles. WXUC's debt growth has moderated since 2024, but the proportion of short-term debt remained relatively high.

Medium level of contingent risk. WXUC has moderate contingent risks because external guarantees accounted for 16.5% of its adjusted net assets (excluding perpetual debt) as of 30 September 2025. All these guarantees are provided to other SOEs in Wuxi City. We expect the Wuxi Municipal Government to have sufficient fiscal and financial resources for stepping in and coordinating the financial resources if any local SOEs guaranteed by the Company are in financial distress.

Rating Outlook

The stable outlook on WXUC's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company's characteristics, such as its dominant role in providing essential public services in Wuxi City, are expected to remain stable over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved debt management and mitigated contingent risk.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reduced policy significance or deteriorated financing ability.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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