

## CCXAP affirms Wuhan Urban Construction Group Co., Ltd.'s long-term credit rating at A<sub>g</sub>+, with stable outlook.

Hong Kong, 26 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Wuhan Urban Construction Group Co., Ltd. (“WUCG” or the “Company”)’s long-term credit rating at A<sub>g</sub>+, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating at A<sub>g</sub>+

The A<sub>g</sub>+ long-term credit rating of WUCG reflects (1) Wuhan Municipal Government’s excellent capacity to provide support, and (2) the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Wuhan Municipal Government’s capacity to provide support reflects its status as the capital of Hubei Province, with good economic growth and outstanding fiscal quality.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) vital role in Wuhan’s economic and social development; (2) good track record of receiving ongoing government payments; and (3) strong access to capital with diversified funding channels. However, the rating is constrained by the Company’s (1) high exposure to commercial activities, especially in property development business; (2) weak asset quality; and (3) medium contingent liability risk.

### Corporate Profile

Founded in 2002, WUCG is one of the key local infrastructure investment and financing entities (“LIIFCs”) in Wuhan City. It specializes in undertaking public-policy projects such as indemnificatory housing, shantytown renovation and municipal infrastructure development, while concurrently engaging in commercial operations including real estate development and engineering construction. As of 31 December 2025, WUCG was wholly owned and ultimately controlled by the State-owned Assets Supervision and Administration Commission of Wuhan Municipal People’s Government (“Wuhan SASAC”).

### Rating Rationale

#### Credit Strengths

**Vital role in Wuhan’s economic and social development.** As one of the primary urban construction enterprises under Wuhan Municipal Government, WUCG plays a crucial strategic role in executing the city’s urbanization and economic development initiatives. The Company has occupied a leading position among the municipal state-owned enterprises (“SOEs”) in Wuhan City in terms of annual investment in infrastructure construction since its establishment. WUCG has undertaken the construction of critical public-sector projects and landmark buildings, including municipal road networks, elevated bridges spanning administrative regions, cultural and arts centers, and affordable housings.

**Good track record of receiving ongoing government payments.** As a key state-owned enterprise directly administered by Wuhan SASAC, the Company has an established track

record of receiving municipal government financial support through multiple channels, including capital injections, fiscal subsidies, project funding, and operational asset transfers. Considering its strategic role in Wuhan City, we expect the local government will provide ongoing support to the Company in the future.

**Good access to diversified funding channels.** WUCG's diversified funding channels effectively alleviate its immediate short-term debt servicing and refinancing pressures. The Company maintains robust financing capabilities through an extensive network of domestic policy and commercial bank credit streams. It also demonstrates active access to public debt capital markets.

### Credit Challenges

**High exposure to commercial activities, especially in property development business.** WUCG's commercial businesses mainly include engineering construction and commercial property development. We consider the Company's exposure to commercial businesses to be high, accounting for more than 30% of its total assets. The commercial activities generally undertake higher business risks than public policy projects. Due to changes in real estate market demand, the Company faces pressure on capital expenditures and sales in commercial real estate development.

**Weak asset quality.** The Company's asset liquidity is moderate, constrained by a substantial portion of less liquid assets. As of 31 March 2026, inventories primarily comprised of property development costs, and other non-current assets largely consisted of infrastructure construction projects, totally accounting for 52.6% of total assets. Given its substantial property development costs and large-scale properties for sale, the Company still faces inventory write-down risks amid market uncertainty.

**Medium contingent liability risk.** The Company is exposed to a medium contingent liabilities risk. At end-2025, the Company had an external guaranteed balance of RMB53.2 billion, accounting for 45.0% of its total equity. Those guaranteed entities are the SOEs in Wuhan City.

### Rating Outlook

The stable outlook on WUCG's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its strategic position in the development of Wuhan City in the next 12 to 18 months.

#### What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decrease in exposure to commercial activities or improvement in assets quality.

#### What could downgrade the rating?



The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in debt burden.

### **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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