

## Credit Opinion

19 December 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A <sub>g</sub> +
Outlook	Stable

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## Wuxi Urban Construction Development Group Co., Ltd.

### Surveillance credit rating report

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

### Summary

The A<sub>g</sub> long-term credit rating of Wuxi Urban Construction Development Group Co., Ltd. ("WXUC" or the "Company") 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.

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.

## Rating Drivers

- Dominant role in urban and rural projects and affordable housing construction in Wuxi City
- Medium risk exposure to commercial activities
- Solid track record of government support
- Moderate asset liquidity and debt management
- Strong access to diversified funding
- Medium level of contingent risk

## Rating Sensitivities

### 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.

## Key Indicators

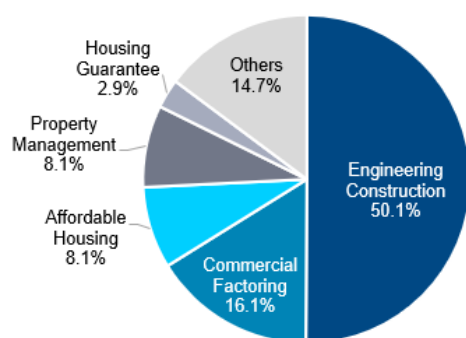
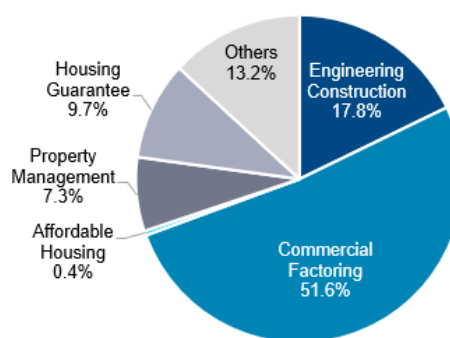
	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	67.1	80.8	82.8	79.9
Total Equity (RMB billion)	36.5	44.8	45.2	45.1
Total Revenue (RMB billion)	1.8	2.4	3.0	2.4
Total Debt/Total Capital (%)	37.2	40.8	40.5	40.0

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## 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.

**Exhibit 1. Revenue structure in 2024****Exhibit 2. Gross profit structure in 2024**

Source: Company information, CCXAP research

## Rating Considerations

### Government's Capacity to Provide Support

We believe that the Wuxi Municipal Government has an excellent capacity to provide support to the Company, given its status as a prefectural-level city with strong economic fundamentals and fiscal profile. In 2024, its GRP and per capita GRP ranked 3<sup>rd</sup> and 1<sup>st</sup> in Jiangsu Province, respectively.

Jiangsu Province is one of China's most advanced and prosperous provinces. Many globally renowned companies in various industries including textiles, chemicals, and electrical equipment are based here. Jiangsu Province is the second largest province in China by GRP, after Guangdong Province. In 2024, Jiangsu Province's total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. In the first three quarters of 2025, Jiangsu Province recorded a GRP of RMB10.3 trillion, representing a YoY increase of 5.4%.

Located in the southern part of Jiangsu Province and on the northern shores of Taihu Lake, Wuxi City is one of the core cities of the Yangtze River Delta and the Suzhou-Wuxi-Changzhou metropolitan area. Its pillar industries include the Internet of Things, integrated circuits, biomedicine, software, and new energy industries. Wuxi City's economy is relatively strong with the third-highest GRP among the prefectural-level cities in Jiangsu Province for more than 5 consecutive years. In 2024, it achieved a GRP of RMB1.6 trillion with a YoY growth rate of 5.8%. Meanwhile, Wuxi City's per capita GRP reached around RMB217,000.0, ranking first in the province. In the first three quarters of 2025, Wuxi City's GRP increased by 5.0% YoY to RMB1.2 trillion. The stable economic growth has provided strong support for the growth of Wuxi City's fiscal strength. Wuxi City's fiscal profile is strong and characterized by high fiscal sufficiency and a strong revenue-generating ability. In 2024, its general budgetary revenue increased to RMB121.0 billion. The contribution of tax revenue has been stable, accounting for over 75.0% of general budgetary revenue over the past three years. In addition, Wuxi City has a high average self-sufficiency rate (general budgetary revenue/general budgetary expenditure) of 86.4%. As of 31 December 2024, the local government's outstanding debt was RMB261.0 billion, accounting for 16.0% of the GRP.

**Exhibit 3. Key economic and fiscal indicators of Wuxi City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,485.1	1,545.6	1,626.3
GRP Growth (%)	3.0	6.0	5.8
General Budgetary Revenue (RMB billion)	113.3	119.5	121.0
General Budgetary Expenditure (RMB billion)	136.6	139.0	134.1
Local Government Debt (RMB billion)	187.4	217.1	261.0

Source: Statistics Bureau of Wuxi City, CCXAP research

**Government's Willingness to Provide Support****Dominant role in urban and rural projects and affordable housing construction in Wuxi City**

Wuxi City is one of the well-developed cities in Jiangsu Province and there are several state-owned enterprises ("SOEs") under the Wuxi Municipal Government with different positions to provide essential urban services and promote economic development. After the reorganization in 2022, 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. Meanwhile, WXCD is an important entity for infrastructure construction and industrial services in Wuxi City.

Mandated by the local government, WXUC is the sole municipal-level entity that carries out affordable housing construction projects in Wuxi City. The land of related construction projects is allocated by the government, while the Company itself raises the construction funds. The Company has provided various types of affordable housing including economically affordable housing, low-cost rental housing, mutual-property right housing, and pre-sale quota housing. As of 30 September 2025, the Company had completed economically affordable housing projects including two major projects, Dongjing and Maowan projects, with a total investment of RMB6.1 billion. The Company sells these economically affordable housings to eligible low-income families in the city at prices guided by the local government. Part of this economically affordable housing is approved to be converted into designated commercial housing and to sell to relocated households in Liangxi District. The Company's completed economically affordable housing projects have a high sales rate, but the sales progress of the remaining affordable housing has slowed down due to the impact of regional demolition and construction progress. As of 30 September 2025, the Company had two pre-sale quota housing projects under construction with a total investment of RMB2.3 billion and an outstanding investment of RMB1.1 billion, which primarily refers to affordable housings that are sold to middle- to low-income groups and introduced talents. At the same time, the Company is also responsible for the renovation of dilapidated and old buildings in Liangxi District. The related land will be sold through listing transfer by the local government after the preliminary demolition is completed and the local government is responsible for balancing the investment from the Company. In March 2025, the Company's subsidiary which is responsible for the renovation projects was transferred at an appraised price to Wuxi Urban Construction Liangxi Development Co., Ltd., another SOE in Liangxi District, and the aforementioned project assets were removed from the Company's consolidated financial statements along with the subsidiary.

WXUC conducts urban construction in Wuxi City mainly through an agent management model, with major projects including the subsidiary hospital of Jiangnan University, the Wuxi Fifth People's Hospital, and the Wuxi campus of Southeast University. The Company signs the agent construction and management contract with the entrusting party (mainly the related administrative public institutions in Wuxi City) and is responsible for the management of projects, while the project funds are from the entrusting party and paid based on the project

progress. WXUC charges the agent construction management fees, which are generally 0.7%-1.5% of the total project cost. As of 30 September 2025, the Company has managed main agent construction projects under construction with a total investment of RMB9.7 billion and planned to engage in the management of 3 projects with an estimated investment of RMB188.0 million, which also supports good sustainability of construction management business.

### **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.

The Company started the engineering construction business in September 2022 and recorded revenue of RMB1.5 billion in 2024, representing 50.1% of the total revenue. It mainly undertakes general contracting obtained through public bidding, construction in accordance with the contract and the quality warranty during the quality warranty period. The entrusting party settles with and pays the Company in accordance with the contractual progress. The projects undertaken by the Company mainly include residential, plant and public facilities construction and are concentrated in Wuxi City, of which entrusting parties were mainly local SOEs. The Company signed new contracts of RMB253.0 million in the first three quarters of 2025, and contracts in hand amounted to RMB7.7 billion as of 30 September 2025. Sufficient project reserves effectively supported future income. In addition, the Company undertakes the purchase of raw materials itself for construction, generally needs to settle with suppliers on a cash basis and enjoys fewer credit periods.

WXUC's housing guarantee and commercial factoring businesses are the main sources of profits, given the high gross profit margin. Wuxi Housing Financing Guarantee Co., Ltd. ("WXFG"), the subsidiary responsible for the Company's housing guarantees business is the largest state-owned guarantee company and the sole provident fund housing loan guarantee institution in Wuxi City. Wuxi Housing Provident Fund Management Center ("Wuxi PFMC") signs the cooperate arrangements with the Company and purchases the loan guarantee service provided by the Company at the agreed price. Meanwhile, if the applicants are also involved in commercial housing loans, the Company would cooperate with commercial banks in Wuxi City to carry out the guarantee business of the portfolio loans and charge the guarantee fees from the bank. The guarantee balance increased yearly but the Company maintained a low compensation rate in recent years. As of 30 September 2025, WXFG's balance of the financing guarantees and the balance of guarantee liabilities increased to RMB91.5 billion and RMB27.4 billion, respectively. However, the demand for housing guarantees would fluctuate with the property market conditions and the credit quality of applicants may deteriorate during the downturn of the macroeconomic cycle.

WXUC's subsidiary focuses on supply chain factoring business for central and state-owned enterprises and general factoring business. The supplier (seller) applies for factoring funds through transferring receivables to the Company and receives factoring funds equivalent to generally 70% or 90% of the transferred receivables. In 2024, the revenue from the commercial factoring business increased by 33.7% to RMB484.4 million. The obligors (buyers) of the factoring receivables are relatively concentrated, mainly including central and local SOEs. In 2024 and the first three quarters of 2025, the Company accrued provision for bad debts of RMB144.0 million and RMB95.0 million from the factoring business, respectively, while it maintained a low non-performing ratio of 0.08% as of end-2024.

In addition, the Company started the supply chain business in 2022, mainly including steel trading, supply chain

services and the purchase and sale of building materials such as ceramic tiles, stones, sanitary ware, wood products and paints. In 2024 and the first three quarters of 2025, the supply chain business achieved revenues of RMB110.2 million and RMB70.8 million, with margin ratios of 24.1% and 9.2%, respectively. The decline in margin ratio is due to the falling prices as well as the divestment of one of the supply chain subsidiaries.

### **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. In 2023, the local government increased the Company's paid-in capital by RMB495.0 million in cash, and the government subsidies recorded RMB4.9 million. The Company also received government payment for urban construction according to the construction process, additional management fees as profit depends on project types and special funds for affordable housing projects.

Besides the financial support, WXUC also received the equity shares of large-scale SOEs. In 2022, the government transferred 49.0% shares of WXCD and 26.0% shares of WXEP to the Company thus the capital surplus increased by around RMB13.8 billion.

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. However, the scale mostly depends on the government's budgetary arrangement and urban development plans.

### **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. As of 30 September 2025, the Company's assets mainly consisted of long-term equity investments (51.9%), inventories (12.9%), other receivables (10.3%), account receivables (9.2%), other non-current assets (5.8%) and cash and cash equivalent (4.0%). The long-term equity investments, mainly WXTH, WXCD and WXEP, increased as the Company's continued capital injections and their net assets enlarged under the equity method of accounting. Inventories were mainly construction costs of agent construction management projects, and affordable housing projects with a slow settlement process. Other receivables are mainly from its related companies and receivables are mainly from commercial factoring business.

WXUC's debt growth has moderated since 2024, mainly due to subsidiary divestment, reduced expenditure on project construction, and some debt repayment. As of 30 September 2025, the Company's total debt (including perpetual debt) decreased to RMB29.8 billion and the total capitalization ratio, measured as total debt over total capital, dropped to 40.0%. However, the proportion of short-term debt remained relatively high, representing for 32.7% of the total debt as of end-September 2025. The Company had a cash balance of RMB3.2 billion, covering just around 32.7% of its short-term debt. WXUC's debt level and leverage are anticipated to remain stable, considering the established role in Wuxi City's urban development and its reliance on refinancing of upcoming debt maturities.

### **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, which collectively accounted for around 74.6%



of its debt as of 30 September 2025. At the same time, the Company had sufficient standby liquidity sources with undrawn bank facilities of RMB52.2 billion. The Company also has a good track record of fund-raising activities in the capital market with low credit spreads over the past 24 months and has issued different products such as ABS and MTNs. For example, in March 2023, the Company raised RMB1.5 billion via a five-year MTN with a coupon rate of 3.42%; in April 2024, the Company raised RMB1.4 billion via a 10-year MTN with a coupon rate of 2.97%. 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.

### **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. The two largest counterparties were Wuxi Caitong Financial Leasing Co., Ltd., an important financial subsidiary under WXCD, and WXTH, an SOE responsible for the infrastructure construction projects in central Taihu New Town. 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.

### **ESG Considerations**

WXUC faces environmental risks because it has undertaken infrastructure construction and affordable housing construction projects. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close monitoring during the construction phase.

The Company is also exposed to social risks due to its role as a public services provider. Demographic changes, public awareness and social priorities shape the government's target for WXUC or affect the government's propensity to support the Company.

WXUC's governance considerations are also material as the Company is subject to oversight by the Wuxi City's Government and must meet several reporting requirements, reflecting its public policy role and status as a government-owned entity.

### **Rating Methodology**

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

## Appendix

### Exhibit 4. Peer Comparison

	Wuxi Urban Construction Development Group Co., Ltd.	Wuxi Construction and Development Investment Co., Ltd.
Long-Term Credit Rating	A <sub>g</sub> +	A <sub>g</sub> +
Shareholders	Wuxi SASAC (100%)	Wuxi SASAC (51.18%) and WXUC (48.82%)
Positioning	Key entity in urban and rural construction and the sole entity for affordable housing at municipal level in Wuxi City	Key entity for infrastructure construction and industrial services in Wuxi City
Total Assets (RMB billion)	82.8	101.1
Total Equity (RMB billion)	45.2	36.2
Total Revenue (RMB billion)	3.0	4.8
Total Debt/Total Capital (%)	40.5	62.7

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024.

Source: Company information, CCXAP research



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