

Credit Opinion

19 December 2025

Ratings	
Senior Unsecured Debt Rating	A _g +
Long-Term Credit Rating	A _g +
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Wuxi Construction and Development Investment Co., Ltd.

Surveillance credit rating report

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

Summary

The A_g long-term credit rating of Wuxi Construction and Development Investment Co., Ltd. ("WXCD" or the "Company") reflects the Wuxi Municipal Government's (1) excellent capacity to provide support; and (2) 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) essential role in state-owned assets operation and infrastructure construction in Wuxi City; (2) solid track record of receiving government support; and (3) strong access to diversified financing channels.

However, the rating is constrained by the Company's (1) high risk exposure to commercial activities, mainly including financial leasing and forest products; and (2) moderate debt management and increased financing needs.

The stable outlook on WXCD's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company's characteristics such as essential roles in state-owned assets operation and infrastructure construction in Wuxi City, are expected to remain stable over the next 12-18 months.

Rating Drivers

- Essential role in state-owned assets operation and infrastructure construction in Wuxi City
- High risk exposure to commercial activities
- Solid track record of receiving government support
- Moderate debt management and increased financing needs
- Strong access to diversified financing channels

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 materially lower exposure to commercial activities and improved debt management.

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 strategic position or deteriorated financing abilities.

Key Indicators

	2022FY	2023FY	2024FY	2025H1
Total Assets (RMB billion)	87.9	94.5	101.1	107.1
Total Equity (RMB billion)	27.9	32.5	36.2	37.2
Total Revenue (RMB billion)	4.4	4.5	4.8	2.6
Total Debt/Total Capital (%)	62.5	61.6	62.7	64.8

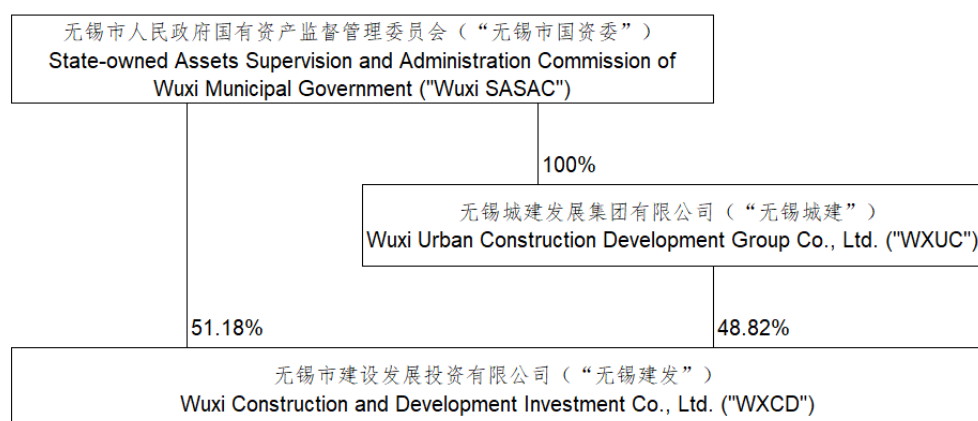
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

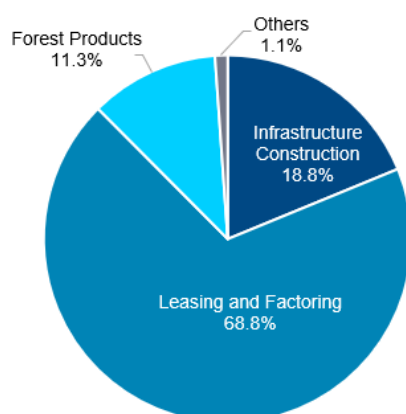
Established in June 1991, WXCD is a large state-owned enterprise ("SOE") in terms of assets for investment and urban operation in Wuxi City. In January 2022, the State-owned Assets Supervision and Administration Commission of Wuxi Municipal Government ("Wuxi SASAC") transferred 49.0% of its equity interest in the Company to Wuxi Urban Construction Development Group Co., Ltd. ("WXUC"), which is wholly owned by Wuxi SASAC. As of 30 June 2025, the Wuxi SASAC and WXUC held 51.18% and 48.82% stake of the Company respectively, and Wuxi SASAC's status as the ultimate owner and controller remained unchanged. The Company mainly undertakes the construction of urban infrastructure projects such as roads, water conservancy and environmental greening. The Company is also engaged in other commercial activities, including financial leasing, commercial factoring, and production and sales of forest products.

Exhibit 1. Shareholding chart as of 30 June 2025



Source: Company information, CCXAP research

Exhibit 2. Revenue 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 3rd and 1st 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 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 in 2024, 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

Essential role in state-owned assets operation and infrastructure construction in Wuxi City

Wuxi City is one of the well-developed cities in Jiangsu Province, and there are several SOEs under the Wuxi Municipal Government, with different positions providing essential urban services and promoting economic development. Over the years, the Company has been an important entity in infrastructure construction and industrial services in Wuxi City, responsible for the construction of urban infrastructure projects, including municipal roads and bridges, water conservancy, and environmental greening. WXUC, one of WXCD's shareholders, is a comprehensive urban and rural developer and operator, primarily responsible for urban and rural construction projects, affordable housing development, and other city-related functions.

WXCD's position as an essential state-owned assets investment and operation and municipal infrastructure construction entity in Wuxi City remains unchanged. Entrusted by the local government, the Company undertakes infrastructure construction under agency construction model. As of 31 March 2025, the Company had completed 137 agent construction projects with a final cost of RMB34.4 billion, to enhance the road network system and the surrounding environment of the Wuxi City. Among them, 26 projects, including the first phase of the comprehensive environmental improvement project in the Dongli Lake area and the Jincheng Road expressway upgrade project, had a total investment of RMB26.0 billion and a planned repayment amount of RMB26.2 billion, of which all have already been received, indicating a good payment collection progress.

However, as Wuxi City's municipal infrastructure continues to improve, investment in infrastructure projects has slowed down in recent years. The Company had no major entrusted infrastructure construction projects under construction or planning as of 31 March 2025. Overall, we expect WXCD to maintain its role in undertaking infrastructure projects in Wuxi City in line with the local government's planning over the next 12-18 months, given its track record of project construction and its position as a large SOE in Wuxi City.

High risk exposure to commercial activities

WXCD also participates in diversified commercial activities such as financial leasing, commercial factoring, and forest products business. The majority of these businesses focus on building industrial carriers around urban

services and luring new investments into Wuxi City, which are associated with public policy. We estimate the Company's commercial risk remains high, given the rapid expansion of the financial services and the operating pressure on the forestry products business.

Under the guidance of the local government, WXCD is an important SOE providing financial services, including financial leasing and factoring, through its two subsidiaries, namely Wuxi Caitong Financial Leasing Co., Ltd. ("Caitong Leasing") and Wuxi Caixin Commercial Factoring Co., Ltd. ("Caixin Factoring"). The financial leasing business grew rapidly over the past years and became the Company's largest income contributor, alongside the enlarged asset base. In 2024, Caitong Leasing signed 350 new leasing contracts with a total value of RMB20.5 billion, representing a slight decline compared with 2023 due to tightened risk controls and heightened market competition. The leasing segment continues to exhibit relatively high customer concentration, both by industry and geography. The top 5 industries accounted for 89.2% of total leasing receivables, with Jiangsu and Zhejiang provinces accounting for a relatively high proportion. Moreover, the macroeconomic slowdown has raised challenges to asset quality. As of end-2024, Caitong Leasing's non-performing assets increased from RMB308.0 million at end-2023 to RMB537.0 million, and the non-performing ratio also increased from around 0.8% to 1.2% over the same period. The special-mentioned assets proportion increased to around 3.0% from 2.8% over the same period. In 2024, Caitong Leasing increased its provision for impairment of leasing receivables by 68.8% to RMB1.6 billion, and the provision coverage ratio achieved at 296.7% at end-2024. Additionally, the Company provides factoring services through its subsidiary Caixin Factoring. As of 31 March 2025, the non-performing ratio of Caixin Factoring's factoring assets was zero with factoring assets of RMB6.3 billion.

WXCD has been engaging in the forestry products business through its subsidiary, Kangxin New Material Co., Ltd. ("Kangxin", stock code: 600076.SH) since 2019. Kangxin is a listed company that mainly develops high-quality wood composite materials, silviculture and high-quality seeding cultivation business. Over the years, Kangxin has maintained its position as a leading enterprise in the production of container panels and has developed a wide range of products. However, its leading product, container floor, has a strong cyclical nature and is susceptible to the fluctuations in international shipping market, container transportation, and manufacturing industries. In 2024, downstream container market demand recovered, leading to a significant increase in the Company's container flooring orders and a rise in the sales unit price of container boards. That year, the Company achieved sales revenue of RMB543.4 million from forest products, representing a YoY growth of 193.5%, while the segment's gross profit margin recovered to -12.0%. In the first half of 2025, market recovery fell short of expectations, with the Company's operating revenue declining by 40.2% YoY and its gross profit margin dropping to -26.8%. WXCD has provided support to Kangxin, mainly in the form of shareholder loans and financing guarantees.

Solid track record of receiving government support

WXCD has a continued track record of obtaining government support in terms of capital injections and financial subsidies. From 2024 to the first half of 2025, the Company received a total of around RMB92.1 million in subsidies. As one of the key SOEs, WXCD plays an important role in infrastructure construction and industrial services in Wuxi City, and we expect that it will receive support from the local government if needed in the next 12-18 months.

Moderate debt management and increased financing needs

WXCD maintained rapid debt growth over the past few years mainly due to investments in commercial activities. As of 30 June 2025, the Company's total debt (including perpetual debt) increased to RMB59.0 billion from

RMB47.3 billion as at end-2023. At the same time, its total capitalization ratio, measured by total debt to total capital, increased to 64.8% from 61.6% over the same period, remaining at a high level. The Company's debt structure has been improved mainly due to the perpetual bond issuance since 2023, yet the Company still faced certain short-term debt pressure. As of 30 June 2025, the proportion of short-term debt was 31.4%, and the cash to short-term debt ratio was low at 0.3x, indicating refinancing needs for its short-term debt. We expect WXCD to be able to refinance most of its short-term debt because of its status as one of the largest SOEs in Wuxi City and good access to diversified funding. In addition, the Company's debt leverage will remain relatively high in the next 12 to 18 months.

WXCD's asset liquidity remains moderate, with non-current assets accounting for more than half of the total assets, as of mid-2025. In recent years, with the rapid development of its subsidiary Caitong Leasing's business and the increase in equity investments, the proportion of the Company's non-current assets has been increasing year by year. However, the return on assets was good as its high-quality assets related to equity investment and financing leasing. In 2024, the Company received a total dividend income of RMB378.0 million from the equity investments.

Strong access to diversified financing channels

WXCD has strong banking relationships and good access to high-quality debt funding which can partially relieve the pressure on debt repayment and capital expenditure. The Company maintains good relationships with diversified large domestic banks such as the China Agricultural Development Bank, Industrial Bank Co., Ltd. and Postal Savings Bank of China Co., Ltd. As of 30 June 2025, the Company had total credit facilities of RMB39.9 billion, with an unused amount of RMB16.2 billion. The Company also has good access to both domestic and offshore debt markets to meet its financing needs. For example, the Company itself issued a RMB 2.1 billion offshore bond in October 2024 with a coupon rate of 2.68%. As of 30 June 2025, the Company had manageable exposure to non-standard financing, with exposure accounting for less than 10.0% of total debt. As the municipal-level state-owned capital investment and operation platform 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 and a good financial environment.

ESG Considerations

WXCD faces environmental risks because it has undertaken infrastructure 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 as its role in public services. Demographic changes, public awareness and social priorities shape the government's target for WXCD or affect the government's propensity to support the Company.

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

Structural Consideration

WXCD's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its important position in industrial development of Wuxi City, thereby mitigating any differences in an expected loss that could result from structural subordination.

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 _g +	A _g +
Shareholder	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 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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