

Suzhou Xiangcheng District Industrial Holdings

Suzhou Xiangcheng Development Co., Ltd.

Summary

Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	8 January 2026

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘A+’ global scale Long-term Issuer Credit Rating to Suzhou Xiangcheng District Industrial Holdings Development Co., Ltd. (“SXIH” or “the company”); Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xiangcheng District, Suzhou City (“the Xiangcheng government”) would provide very strong support to SXIH if needed. This mainly considers the Management Committee of Suzhou Xiangcheng Economic Technology Development Zone’s (“the Management Committee”), an outposted office of the Xiangcheng government and the de facto local government of Suzhou Xiangcheng Economic Technology Development Zone (“Xiangcheng ETDZ”), direct full ownership of SXIH and SXIH’s strategic importance as an important development and operation entity in Xiangcheng District, especially in Xiangcheng ETDZ. The linkage between the local government and SXIH is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a strong willingness to prevent SXIH from encountering any operational or financial difficulties in order to safeguard its reputation and financing activities.

Xiangcheng District is a municipal district of Suzhou City, Jiangsu Province with a well-developed economy. Xiangcheng District achieved a GDP of RMB13.9 billion in 2024 with a growth rate of 6.8%. The Xiangcheng government’s budgetary revenue increased by 1.4% to RMB15.7 billion. Xiangcheng ETDZ is a national level economic development zone, playing an essential role in promoting Xiangcheng District’s economic and industrial development.

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

Rating Rationale

Government’s Ownership and Supervision: SXIH is wholly owned by the Management Committee, and the Xiangcheng government is the company’s actual controller. The local government has strong control and supervision over the company, including senior management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Xiangcheng government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Alignment and Importance: SXIH is an important development and operation entity in Xiangcheng District and is mainly responsible for the development of Xiangcheng ETDZ. The company undertakes major industrial investment and development, as well as urban renewal projects within the region. It also develops and operates industrial parks to promote local economic development. SXIH’s business operations and development are closely aligned with the local government’s policies.

Strong Government Support: SXIH received ongoing operational and financial support from the local government. In 2024, the local government injected a large amount of cash capital into the company. In addition, SXIH received ongoing operational subsidies and interest subsidies between 2022 and the first nine months of 2025 to support its operation and debt repayment. Given that SXIH's strategic importance, we believe it is likely to receive timely government support.

SXIH's Financial and Liquidity Position: SXIH's total asset increased steadily as it actively participated in Xiangcheng District's project development. The company's borrowings also increased. Yet its financial leverage, as measured by debt to capitalization, stayed at a manageable level thanks to the local government's cash capital.

At end-September 2025, the company's unrestricted cash to short-term debt ratio was moderately low. Nevertheless, SXIH maintains access to diverse funding sources, including bank loans, bond issuances, and other non-traditional channels to support ongoing operations. The company had adequate unused bank facilities.

Rating Sensitivities

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

We would consider upgrading SXIH's rating if there is an upgrade in our internal credit assessment on the Xiangcheng government.

Operating Environment

Economic Condition of Xiangcheng District

Xiangcheng District's Economy Condition (RMB billion)		2022	2023	2024
GDP		114.8	131.0	138.5
-Primary industry (%)		0.8	0.8	0.7
-Secondary industry (%)		49.1	47.8	48.8
-Tertiary industry (%)		50.1	51.4	50.5
GDP growth rate (%)		2.1	5.1	6.8
Fixed asset investment growth rate (%)		7.7	15.0	10.0
Population (million)		0.9	0.9	0.9

Source: Statistical Bureau of Xiangcheng District and Lianhe Global's calculations

Xiangcheng is a municipal district of Suzhou City, Jiangsu Province with a well-developed economy. Xiangcheng District covers an area of c. 490 square kilometers, administering a national-level economic development zone, a provincial-level high-tech zone and a cooperation zone with Suzhou Industrial Park. In 2024, it had a resident population of 912,600, with an urbanization rate of 94.59%. Xiangcheng District's GDP grew by 6.8% to RMB13.9 billion in 2024. Its fixed asset investment growth rate also increased significantly by 10% in 2024. The GDP per capita was about RMB151,800 in 2024, higher than the national average of roughly RMB95,800.

Xiangcheng ETZ is a national level economic development zone. It has established an industrial framework featuring advanced materials, intelligent manufacturing, and digital cities as characteristic industries, playing an essential role in promoting Xiangcheng District's economic and industrial development.

Fiscal Condition of Xiangcheng District

Xiangcheng District's Fiscal Condition (RMB billion)	2022	2023	2024
Budgetary revenue	14.6	15.5	15.7
Budgetary revenue growth rate (%)	0.9	6.5	1.4
Tax revenue	12.7	14.1	13.4
Tax revenue (% of budgetary revenue)	87.3	91.1	85.2
Government fund income	18.4	12.3	9.8
Transfer payment	2.5	2.6	1.7
Aggregate revenue	35.8	30.6	27.4
Budgetary expenditure	14.8	15.9	14.2
Budget balance ¹ (%)	-1.5	-2.5	9.9
Government debt ratio (%)	21.5	37.2	85.9

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

Source: Finance Bureau of Xiangcheng District and Lianhe Global's calculations

The budgetary revenue of the Xiangcheng government increased by 1.4% to RMB1.6 billion in 2024, with a budgetary surplus of 9.9%. However, its government fund income decreased to RMB9.8 billion in 2024 from RMB12.3 billion in 2023, owing to the lower land-use-right transfer income amid the prolonged property-market downturn.

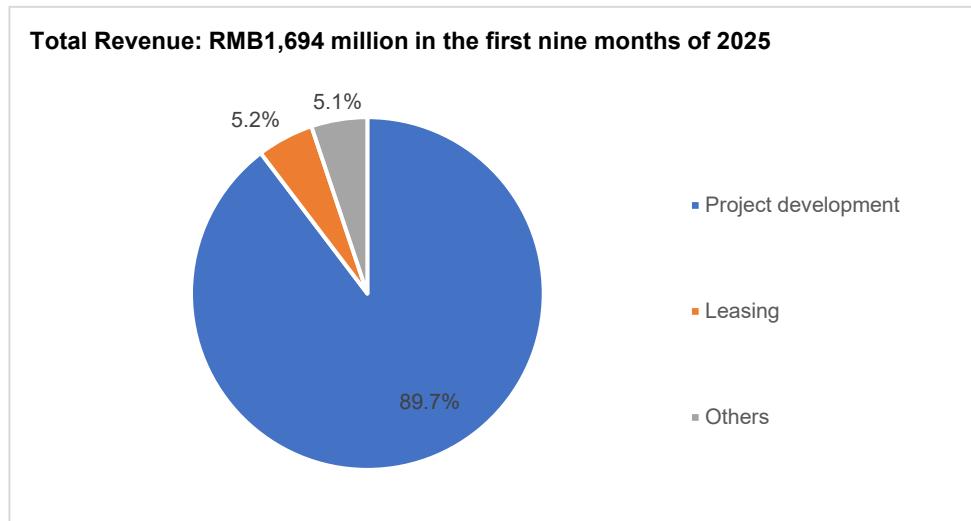
The outstanding debt of the Xiangcheng government increased significantly to RMB23.5 billion at end-2024 from RMB11.4 billion at end-2023, mainly due to the new issuance of special-purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government debt/aggregate revenue, surged to 85.9% from 37.2% over the same period.

Company Profile

Ownership Structure

SXIH was established in June 2024 with an initial registered capital of RMB5 billion, funded by the Management Committee. By end-September 2025, SXIH's registered capital was increased to RMB7 billion. The company is wholly owned by the Management Committee and ultimately controlled by the Xiangcheng government.

Revenue Breakdown

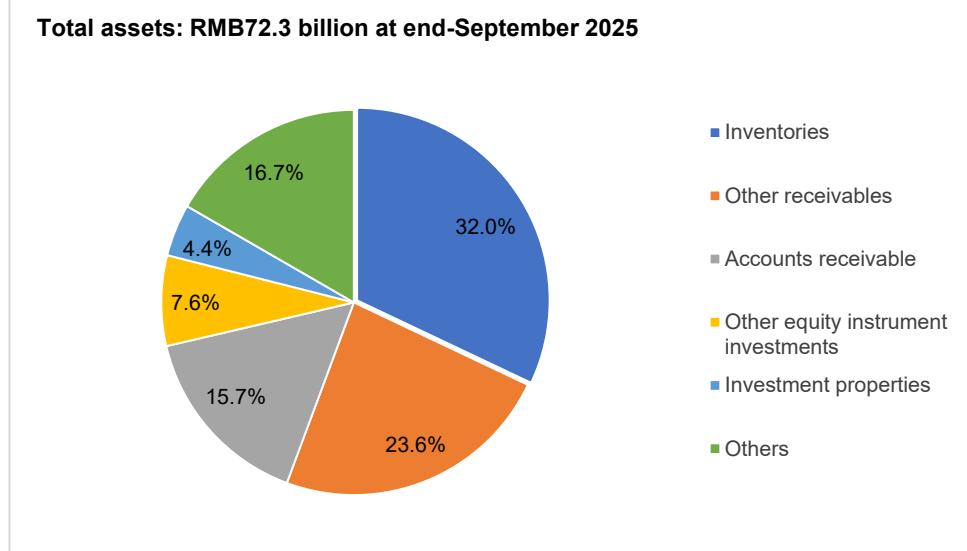


SXIH is an important development and operation entity in Xiangcheng District and is mainly responsible for the development of Xiangcheng ETDZ. In addition, SXIH offers financial services such as guarantees, asset management, and equity investments to support the operations of local enterprises. SXIH realized total revenue of RMB3.9 billion, 3.7 billion, RMB3.2 billion and RMB1.7 billion in 2022, 2023, 2024 and the first nine months of 2025, respectively. Its overall gross profit margin increased to 13.3% from 8.8% over the same period.

SXIH undertakes major industrial investment and development, as well as urban renewal projects within the region. The company enters into project delegation agreements with principals, pursuant to which it independently sources funding for construction activities. Post-completion and settlement, the project is transferred to the principal, with revenue recognized on a basis comprising construction costs plus a markup—typically 10-20% of such costs. The company also develops and operates industrial parks to promote local economic development.

By end-September 2025, SXIH had a strong project pipeline with total planned investment of RMB30.8 billion, of which RMB27.4 billion was scheduled to be invested in the coming years. Most of these projects are self-operated and are expected to boost SXIH's rental income upon completion, although they will also exert significant capital expenditure pressure over the next two to five years.

Assets Breakdown



Source: The company and Lianhe Global's calculations

SXIH's total asset increased steadily to RMB72.3 billion at end-September 2025 from RMB60.3 billion at end-2022 as it actively participated in Xiangcheng District's project development. The company relied on borrowings to fund its asset expansion. The total debt increased to RMB26.2 billion from RMB21.8 billion over the same period. Yet its financial leverage, as measured by debt to capitalization, stayed at 56.2% at end-September 2025, down from 59.6% at end-2023, thanks to the local government's large capital injection of RMB4.5 billion in 2024.

SXIH's asset liquidity is moderate. As of end-September 2025, the company held inventories—mainly construction costs—of RMB23.2 billion, which typically require an extended period to monetize due to prolonged project development and cash collection cycles. In addition, account receivables and other receivables amounted to RMB11.3 billion

and RMB17.1 billion, respectively, primarily from local government agencies. The repayment of these receivables is highly dependent on the fiscal conditions of the respective local governments. The company's equity and property investments have also increased significantly in recent years, indicating its intention to hold these assets for the long term.

At end-September 2025, the company's unrestricted cash to short-term debt ratio was moderately low. It held unrestricted cash of RMB2.4 billion, compared to RMB9.9 billion of short-term debt. Nevertheless, SXIH maintains access to diverse funding sources, including bank loans, bond issuances, and other non-traditional channels to support ongoing operations. As of end-2024, the company had total bank facilities of RMB51.6 billion, of which RMB18.3 billion was unused.

Key Financial Data (RMB million)	2022	2023	2024	2025.9
Total Assets	60,338	64,190	69,792	72,303
Equity	21,800	21,312	25,976	26,204
Debt	29,260	31,378	31,642	33,661
Debt / (Debt + Equity) (%)	57.3	59.6	54.9	56.2
Unrestricted cash/ST Debts (x)	0.4	0.3	0.0	0.2
Debt/EBITDA (x)	48.1	40.0	47.4	-
Revenue	3,865	3,666	3,178	1,694
Operation Profit	214	456	393	210
Gross Margin (%)	8.8	9.3	11.8	13.3
Cash from sales or services/revenue (%)	98.1	84.8	105.9	119.5

Source: The company and Lianhe Global's calculations

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