

# Suzhou Xiangcheng District Industrial Holdings 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 outpost 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.

## Analysts

Roy Luo, CFA, FRM, CESGA  
(852) 3462 9582  
[roy.luo@lhratingsglobal.com](mailto:roy.luo@lhratingsglobal.com)

Rechel Chen  
(852) 3462 9589  
[rechel.chen@lhratingsglobal.com](mailto:rechel.chen@lhratingsglobal.com)

## Applicable Criteria

*China Local Investment and Development Companies Criteria (31 July 2025)*

**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

<b>Xiangcheng District's Economy Condition</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
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
<i>Source: Statistical Bureau of Xiangcheng District and Lianhe Global's calculations</i>			

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 ETDZ 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

<b>Xiangcheng District's Fiscal Condition (RMB billion)</b>			
	<b>2022</b>	<b>2023</b>	<b>2024</b>
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
<b>Aggregate revenue</b>	<b>35.8</b>	<b>30.6</b>	<b>27.4</b>
Budgetary expenditure	14.8	15.9	14.2
Budget balance <sup>1</sup> (%)	-1.5	-2.5	9.9
Government debt ratio (%)	21.5	37.2	85.9

<sup>1</sup> 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.

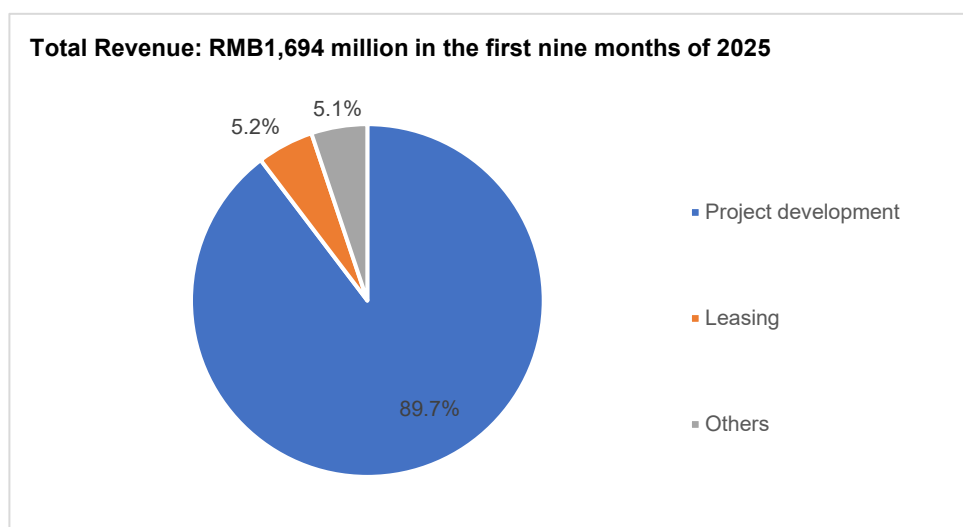
The outstanding debt of the Xiangcheng government increased significantly to RMB23.5 billion at end-2024 from RMB11.4 billion at end-2023, mainly due to the new issuance of special-purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government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



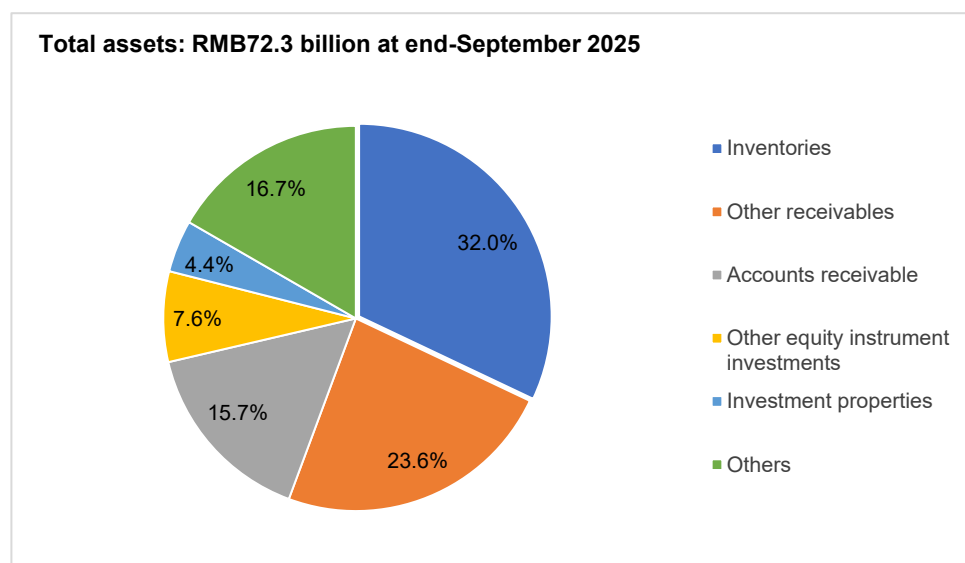
Source: The company and Lianhe Global's calculations

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**

<b>(RMB million)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025.9</b>
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*

## Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: [www.lhratingsglobal.com](http://www.lhratingsglobal.com)

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2026.