Jiangsu Runxin City Investment Group Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Jiangsu Runxin City Investment Group Co., Ltd. ("JRCI") to 'A-' from 'BBB'; Issuer Rating Outlook Stable

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

Summary

The Issuer Credit Rating upgrade reflects JRCI's increasing strategic importance in Suining County ("Suining") and Xuzhou City ("Xuzhou"), given its deepening role in the development of new energy industry and digital economy, as well as continuous support received from both the People's Government of Suining County ("Suining government") and the Xuzhou Municipal People's Government ("Xuzhou government").

We believe this continues to reflect a high possibility that the Suining government and Xuzhou government would provide strong support to JRCI if needed. This mainly considers the local government's full ownership of JRCI and the company's strategic importance as the most important infrastructure construction and city operation platform in Suining. The linkage between the local government and JRCI 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 ensure JRCI's business and financial viability in order to safeguard its reputation and local financing activities.

Suining is under the administration of Xuzhou, Jiangsu province. Suining's GDP grew by 5.9% to RMB81.8 billion in 2025, while its budgetary revenue remained stable at RMB4.4 billion over the same period.

The Stable Outlook reflects our expectation that JRCI's strategic importance would remain intact while the local government will continue to ensure JRCI's stable operation.

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of senior unsecured green bonds issued by JRCI to 'A-' from 'BBB' at the same time. A full list of issuance rating is included in this report.

Rating Rationale

Government's Ownership and Supervision: The Suining government holds 100% ownership of JRCI through Suining County State-owned Assets Management Service Center ("Suining SAMSC"), and is the actual controller of the company. The Suining government has the final decision-making authority and supervision over the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Suining government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance and Strategic Alignment: JRCI, as the most important LIDC in Suining, is mainly responsible for the infrastructure construction in Suining. Besides, the company also engages in land development, affordable housing construction, projects construction, grain and commodity sales and other businesses. In addition, JRCI is expanding its business into new energy, digital economy, cultural tourism, etc. JRCI plays an important role in promoting the economic and social development of the region. Its

business operation and strategic planning have been aligned with the government's development plans.

Ongoing Government Support: JRCI continues to receive support from the local government for its business operation, mainly including capital injections and government subsidies. JRCI received financial subsidies of RMB481.9 million in 2025 and RMB293.3 million and the first six months of 2026, respectively. It also received capital injections of RMB147.3 million in 2025 and RMB116.0 billion in the first six months of 2026, respectively. Given JRCI's strategic importance in the region, we believe that JRCI is likely to receive government support in the future.

JRCI's Financial Matrix and Liquidity Position: JRCI's asset size grew steadily to RMB86.5 billion at end-June 2026 from RMB81.2 billion at end-2024, largely attributed to the company's active participation in Suining's project development. The company mainly relied on borrowings to fund its asset expansion and its total debt also expanded to RMB38.6 billion from RMB29.5 billion over the same period. Its financial leverage, as measured by the debt to capitalization ratio, was elevated to 51.1% at end-June 2026 from 44.5% at end-2024.

JRCI's short-term debt repayment pressure was moderately high. At end-June 2026, the company had unrestricted cash of RMB3.3 billion, compared with debts due within one year of RMB15.3 billion. Yet JRCI has access to various financing channels, including bank borrowings, onshore and offshore bond issuances, and other non-traditional financings, to support its debt repayments and business operations. At end-June 2026, the company had total credit lines of RMB54.4 billion, of which RMB24.9 billion were unused.

Rating Sensitivities

We would consider downgrading JRCI'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 JRCI, or (3) there is a downgrade in our internal credit assessment on the Xuzhou government.

We would consider upgrading JRCI's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Xuzhou government.

Any action on JRCI's rating would result in a similar rating action on its senior unsecured bonds.

Full List of Issuance Rating

- CNY307 million 4.98% senior unsecured green bonds due 2027 upgraded to 'A-' from 'BBB'

Operating Environment

Economic Condition of Suining

Suining's GDP increased to RMB81.8 billion in 2025 from RMB77.2 billion in 2024, representing a year-over-year growth of 5.9%, down from 7.4% in 2024 and 7.2% in 2023. The economic structure continued to shift towards services, with the tertiary sector accounting for 49.7% of GDP in 2025, up from 47.1% in 2024, while the proportion of secondary industry declined to 35.5% from 37.5% and the proportion of primary industry

decreased to 14.8% from 15.4%. In addition, fixed asset investment growth slowed down to 0.3% in 2025 from 8.1% in 2024.

Suining's Economic Condition (RMB billion)	2022	2023	2024
GDP	70.8	77.2	81.8
-Primary industry (%)	16.6	15.4	14.8
-Secondary industry (%)	38.9	37.5	35.5
-Tertiary industry (%)	44.5	47.1	49.7
GDP growth rate (%)	7.2	7.4	5.9
Fixed asset investment growth rate (%)	5.4	8.1	0.3
Population (million)	1.1	1.1	1.1

Source: Statistical Bureau of Suining and Lianhe Global's calculations

Fiscal Condition of Suining

The budgetary revenue of the Suining government increased slightly to RMB4.4 billion in 2025 from RMB4.3 billion in 2024, with the contribution of tax revenue to budgetary revenue dropping to 80.0% from 81.7%. Government fund income declined sharply to RMB1.8 billion in 2025 from RMB3.5 billion in 2024, mainly due to the downturn in the property market. Transfer payments also declined to RMB5.2 billion from RMB5.7 billion. As a result, aggregate revenue declined to RMB11.7 billion in 2025 from RMB13.7 billion in 2024. The fiscal self-sufficiency rate of the Suining government remained weak, with its budget deficit widening to 163.6% in 2025 from 162.0% in 2024.

The outstanding debt of the Suining government kept growing in the past few years. At end-2025, the Suining government's outstanding debt increased to RMB20.3 billion from RMB18.3 billion at end-2024, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, surged from 133.3% at end-2024 to 173.8% at end-2025.

Suining's Fiscal Condition (RMB billion)	2022	2023	2024
Budgetary revenue	4.4	4.3	4.4
Budgetary revenue growth rate (%)	4.7	-2.0	0.6
Tax revenue	3.5	3.5	3.5
Tax revenue (% of budgetary revenue)	79.5	81.7	80.0
Government fund income	6.1	3.5	1.8
Transfer payment	6.2	5.7	5.2
Aggregate revenue	**16.7**	**13.7**	**11.7**
Budgetary expenditure	11.2	11.4	11.5
Budget balance[1] (%)	-152.6	-162.0	-163.6
Government debt ratio (%)	98.3	133.3	173.8

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

Source: Finance Bureau of Suining, Statistical Bureau of Suining and Lianhe Global's calculations

Company Profile

JRCI was established in May 2016 with an initial registered capital of RMB200 million. The Suining government holds 100% ownership of JRCI through Suining SAMSC, and is the actual controller of the company. After an array of capital injections, JRCI's paid-in capital was enlarged to c. RMB904 million at the end of June 2026.

JRCI is mainly responsible for the infrastructure construction business within the region, with regional franchises advantage. The company also engaged in land development, affordable housing construction, projects construction, grain and commodity sales and other

businesses. In addition, JRCI is expanding its business into new energy, digital economy, cultural tourism, etc. JRCI realized total revenue of RMB4.4 billion and 2.2 billion in 2025 and the first half of 2026, respectively, with its gross margin remained around 10%.

Key Financial Data (RMB million)	2023	2024	2025	2026.6
Total Assets	78,508	81,233	86,038	86,519
Equity	34,378	36,856	36,864	36,965
Debt	26,491	29,493	34,962	38,601
Debt / (Debt + Equity) (%)	43.5	44.5	48.7	51.1
Unrestricted cash/ST Debts (x)	0.5	0.2	0.2	0.2
Debt/EBITDA (x)	33.4	39.6	69.0	-
Revenue	3,875	4,316	4,404	2,213
Gross Margin (%)	13.0	8.0	10.7	9.2
Cash from sales or services/ Revenue (%)	83.5	63.7	68.6	50.5

Source: JRCI and Lianhe Global's calculations

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