Credit Opinion

15 July 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A_g+
Outlook	Stable

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Suzhou SND Group Company Limited

Surveillance credit rating report

CCXAP upgrades Suzhou SND Group Company Limited's long-term credit rating to A_g+, with stable outlook.

Summary

CCXAP has upgraded the long-term credit rating of Suzhou SND Group Company Limited ("SNDG" or the "Company") to A_g+ from A_g, reflecting the Company's prudent investment pace and enhanced risk management across its business structure, as well as its dominant role in the industrial development of Suzhou New District.

The A_g+ long-term credit rating of SNDG reflects (1) Suzhou New District ("SND") Government's very strong capacity to provide support; and (2) the local government's extremely high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of the SND Government's capacity to support reflects SND's good economic and fiscal strengths with steady growth. SND ranked among China's top 20 national high-tech zones for years, with gross regional production ("GRP") exceeding RMB190 billion.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) full ownership and direct management by the SND Government; (2) strong strategic importance in the development of SND; (3) solid government support such as ongoing capital injections and subsidies; and (4) good access to low-cost and stable funding.

However, the rating is constrained by the Company's (1) moderate level of commercial risk, which mainly includes property development and financial investment; and (2) fast expansion on the debt scale that exerts management pressure.

The stable outlook on SNDG's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its strategic position in the development of SND over the next 12 to 18 months.

Rating Drivers

- Strong strategic role in the development of SND
- Moderate level of commercial risk balanced by a prudent and moderated investment pace
- Solid government support such as ongoing capital injections and subsidies
- Moderate debt management with fast expansion on the debt scale
- Good access to low-cost and stable funding
- Medium exposure to contingent risk

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as increased debt management and decreased exposure to commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as reduced regional significance or deteriorated refinancing ability.

Key Indicators

	2023FY	2024FY	2025FY
Total Assets (RMB billion)	158.1	175.2	181.1
Total Equity (RMB billion)	37.7	43.0	41.8
Total Revenue (RMB billion)	13.3	14.0	12.4
Total Debt/Total Capital (%)	77.8	77.7	79.5

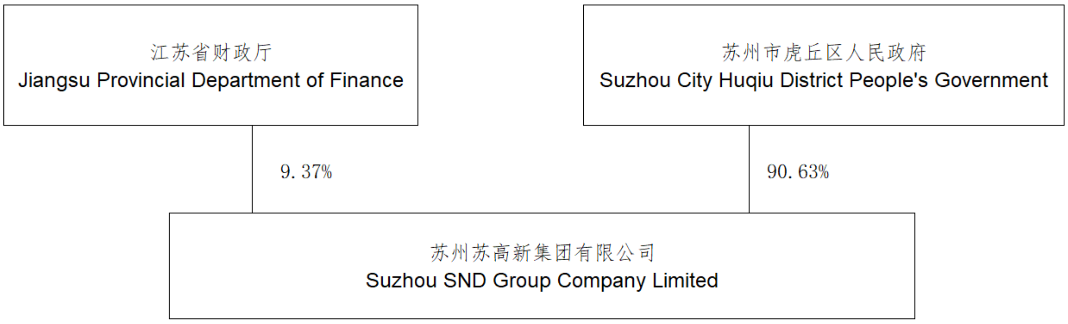
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in 1990, SNDG is the largest and most important investment, financing and operating entity for the municipal development in Suzhou New District (Huqiu District), primarily focusing on infrastructure construction, affordable housing, water supply and sewage treatment within and surrounding the SND. The Company's business scope is mainly classified into four sectors: urban comprehensive development, urban comprehensive services, industrial park operation, and investment and financial services. It carries out businesses mainly through its subsidiaries, including listed companies Suzhou New District Hi-tech Industrial Co., Ltd. ("SNDH", Stock Code: 600736.SH) and Suxin Joyful Life Services Co., Ltd. ("SJLS", Stock Code: 2152.HK). As of 31 March 2026, Suzhou City Huqiu District People's Government ("Huqiu District Government") held 90.63% of the Company's stakes, and the Jiangsu Provincial Department of Finance held the remaining 9.37%.

Exhibit 1. Shareholder structure as of 31 March 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

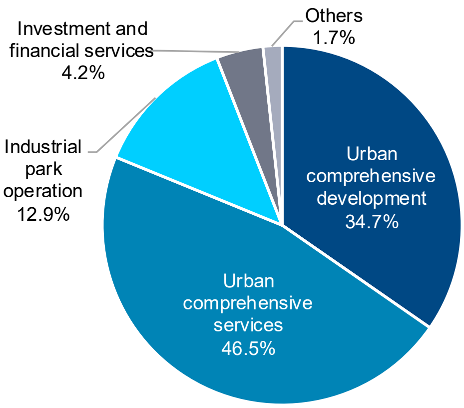
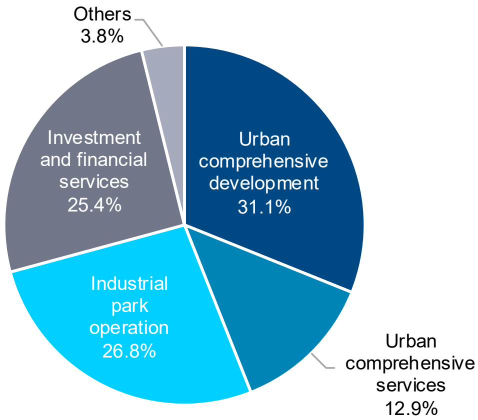


Exhibit 3. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the local government has a very strong capacity to provide support given SND's good economic and fiscal strengths and steady growth. In 2025, SND ranked among the top 20 national high-tech zones in China in terms of comprehensive strengths.

Jiangsu Province is one of China's most advanced and prosperous provinces. It is home to many of the world leading enterprises of electronic equipment, chemicals, and textiles. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. In 2025, its total GRP amounted to RMB14.2 trillion, with a year-over-year ("YoY") increase of 5.3%. The per capita GRP for the same period was RMB166,962.0, ranking top among all provinces in China.

Suzhou City is a prefecture-level city located in the southeast of Jiangsu Province and is regarded as one of the top Chinese cities for its advanced economic and social developments. Suzhou City has a rich historical background and is known for its canals, classical gardens and bridges. Suzhou City owns 14 national-level development zones, and the number ranks first among all cities in China. Supported by its good location advantages, completed industrial chain and intensive layout of national-level carriers, Suzhou City's economic strength has also long been ranked first by GRP in Jiangsu Province. In 2025, Suzhou City achieved a GRP of RMB2,769.5 billion with a YoY growth rate of 5.4%, and the general budgetary revenue increased to RMB249.0 billion from RMB245.9 billion in 2024. During the first quarter of 2026, the GRP of Suzhou City rose by 5.8%

YoY to around RMB644.1 billion, indicating its economic strength with strong resilience. The contribution of tax revenue in Suzhou City has been stable, accounting for over 80% of general budgetary revenue over the past three years. Suzhou City also has a strong fiscal balance and good debt profile with a self-sufficiency ratio (general budgetary revenue/general budgetary expenditure) of over 90% in the past three years. As of the end of 2025, Suzhou Municipal Government's outstanding direct debt amounted to RMB444.6 billion, accounting for 16.1% of its GRP.

Exhibit 4. Key economic and fiscal indicators of Suzhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	2,465.3	2,672.7	2769.5
GRP Growth (%)	3.1	6.0	5.4
General Budgetary Revenue (RMB billion)	245.7	245.9	249.0
General Budgetary Expenditure (RMB billion)	262.1	260.2	254.6
Local Government Debt (RMB billion)	204.6	365.8	444.6

Source: Suzhou Municipal Government, CCXAP research

Established in 1992 and located in the west of Suzhou City, SND was one of the first National High-tech Industrial Development Zones approved by the State Council of China. After years of development, SND Government and Huqiu District Government were merged into one organization with their respective names retained. SND covers an area of around 2.2 million sq.km. and focuses on the construction of three featured functional areas, namely Shishan Business Innovation Area, Xushuguan Advanced Manufacturing Area and Taihu Science City Area. SND has developed two pillar industries, new generation information technology and high-end equipment manufacturing, and other emerging industries including photon, medical device, integrated circuits as well as green low carbon have developed rapidly in recent years.

SND has demonstrated ongoing economic growth over the past year, with its GRP increased to RMB197.7 billion in 2025, representing a YoY increase of 4.7%. Moreover, SND’s general budgetary revenue increased to RMB19.7 in 2025. SND Government also has a good fiscal and debt profile. Over the past three years, the average tax revenue contributed 86.0% to general budgetary revenue and the average self-sufficiency ratio was above 130%. As of the end of 2025, the local government’s outstanding debt increased to RMB30.5 billion, mainly driven by the increase in special-purpose bonds, accounting for 15.4% of GRP.

Exhibit 5. Key economic and fiscal indicators of Suzhou New District (Huqiu District)

	2023FY	2024FY	2025FY
GRP (RMB billion)	182.7	194.6	197.7
GRP Growth (%)	5.1	5.6	4.7
General Budgetary Revenue (RMB billion)	19.3	19.5	19.7
General Budgetary Expenditure (RMB billion)	14.3	14.9	15.0
Local Government Debt (RMB billion)	10.8	21.9	30.5

Source: Suzhou City New District (Huqiu District) Government, CCXAP research

Government’s Willingness to Provide Support

Strategic role in the development of SND

SNDG is the largest investment, financing and operating entity for municipal development in SND. The Company has been designated to undertake major infrastructure construction projects, construction of resettlement housing, and provision of water supply and sewage treatment services in SND, with a strong regional monopoly position. The Company also plays a vital role in promoting industrial development through financial investment as well as industrial park construction and operation. In view of SNDG's strategic role in the development of local industries and social development, we believe that the potential substitution from other state-owned enterprises is relatively low and government support is very likely in the near future.

SNDG has undertaken and completed a number of strategically important infrastructure construction and resettlement housing projects in SND since its establishment, including the construction of roads, bridges, drainage systems and other public facilities. Such projects are undertaken mainly through agency construction, Public-Private Partnership ("PPP") and self-operate mode. The Company has completed most of its agency-construction projects, with RMB1.63 billion collected. There is no project currently under construction or planning. Shishan Square project is the only PPP project under Build-Operate-Transfer ("BOT") mode that relies on operation revenue and government subsidies to balance its initial investment. The total investment of Shishan Square is RMB3.6 billion, with collected repayments of RMB834.2 million as of 31 March 2026. Following the infrastructure upgrade in SND, the Company faces limited sustainability in infrastructure projects.

SNDG is the sole entity that provides water and sewage treatment in SND, which has a quasi-public attribute and a regional monopoly status. Operating 2 water plants with a daily designed capacity of 540 thousand tons, the Company saw an increase in the length of its pipeline, the number of serving customers and sales volume in 2025. Meanwhile, the Company has a daily sewage processing capacity of 420 thousand tons and is responsible for the management and maintenance of 57 sewage pumping stations in SND and 2,040 kilometers of sewage pipelines in the central urban area of Suzhou City.

Moderate level of commercial risk balanced by a prudent and moderated investment pace

SNDG diversified into other business segments such as property development, industrial park leasing, financial investments, financial services, tourism, commercial product sales and vibration testing equipment production. Based on our assessment, its exposure to commercial activities is relatively large. Amid cyclical real estate downturns, the Company has moderated its property investment pace and optimized its asset structure to mitigate the impact of earnings volatility on its operations. Considering some activities that are associated with the Company's strategic role in local industrial investment and economic development and its good operating track record, its commercial risk is considered moderate.

Property development business accounts for a large proportion of the Company's commercial activities. It mainly involves constructing and selling of commercial housing within SND and Suzhou Industrial Park mainly through its subsidiary, SNDH. Most commercial housing projects are cooperated with other property developers and SNDH mostly maintains the financial control over the project companies. Amid the structural changes in the real estate market, the Company has slowed down the investment pace and its contracted sales amount and newly constructed area have continued to decline in recent years. As of 31 December 2025, around 65.2% of the key completed residential housing projects were sold, with a total collected payment of RMB21.4 billion. The Company also had 12 projects under construction with an uninvested amount of RMB10.7 billion. At the same time, the Company had 2 plots of land reserve with a total area of 51,300 square meters, which is located in SND. The Company maintains a relatively large exposure to real estate, which is expected to pose funding pressure associated with future investment requirements and execution risk. The Company is also engaged in industrial property development within and outside SND such as Changzhou City, Zhangjiagang City and Changshu City in Jiangsu Province. The industrial park operation revenue experienced an increase from RMB115.0 million in 2024 to RMB205.0 million in 2025, the recurring rental income reached RMB234.0 million. The Company maintains a leading position in industrial park operations, underpinned by comprehensive property leasing and supporting services with sound operational performance. As of end-2025, the Company had 3 key industrial parks under construction, with a total planned investment of RMB6.8 billion and an uninvested amount of RMB4.6 billion.

SNDG's investment and financial services business mainly serve to cultivate strategic emerging industries in the region, with stable profit contributions over the past two years. The Company's investment portfolio is large and includes debt instruments, equity instruments and funds. Direct equity investments mainly include financial institutions such as the Bank of Hangzhou and Xiamen International Bank, and associates or joint ventures related to its core business such as construction. The Company engages in industrial investment mainly through subsidiaries, acting as a LP to invest in different private equity funds, aiming to promote the development of local emerging industries including new generation information technology, biomedicine and medical instruments, green and low carbon as well as the digital finance industry. In 2025, the Company recorded an investment income of RMB2.2 billion, largely increasing from RMB1.2 billion in 2024, primarily from investment income from long-term equity investments and market-based disposal of its external equity investments. Besides, SNDG's risk exposure to financial services remained manageable which are mainly small loan lending, commercial factoring, loan guarantee and financial leasing. However, the financial services business brings higher risks to the Company, particularly in small-scale enterprises.

SNDG's comprehensive urban services mainly include property management, tourism, human resources, commodity sales and public utilities businesses. The Company primarily runs the business within SND and owns good market shares. For example, for the property management business, the Company's subsidiary SJLS ranked 29th among the 2025 Top 100 Property Management Companies by China Index Academy ("CIA") in terms of overall strength. As of the end of 2025, the Company managed 202 property projects with a total managed area of 27.5 million square meters, representing a YoY increase of approximately 7.4%. Revenue for commodity sales business mainly comes from cross-border trade of commodities with state-owned enterprises, and steadily increased as the scale of increase. Moreover, the Company takes part in vibration test equipment manufacturing and vibration testing service business. This business has a relatively low capital occupation, as the Company mainly produces based on sales contracts due to the high degree of customization of vibration detection devices, and receives some payments in advance.

Solid government support such as ongoing capital injections and subsidies

As the most important urban and industrial investment, construction and operation entity in SND, the Company has good track record of receiving government support in various forms such as project allocation, operating subsidies, capital injections and government payments for construction projects. The local government entrusted the Company with important projects that aligned with the economic development of SND. In 2025, the local government provided the Company with a cash injection of RMB230.0 million, increasing its paid-in capital to RMB8.9 billion. In addition, from 2024 to 2025, the Company continued to receive financial subsidies from the government with a total amount of RMB470.8 million. Given its strategic position in the development of SND, we expect the Company will continue to receive government support in the next 12-18 months.

Increasing debt scale compounded by moderate liquidity

SNDG has moderate debt management because of rapid debt growth mainly in its infrastructure construction and property development. Its total debt (including perpetual debts) increased by 6.1% YoY to RMB129.0 billion as of 31 December 2025 from RMB121.6 billion at end-2024. The Company's total capitalization ratio (measured as total debt to total capital) maintained relatively high at 79.5% as of end-2025 due to the enlarged capital scale. Meanwhile, it has increasing short-term debt pressure, which accounted for around 40.2% of the total debt; the cash to short-term debt ratio was 0.2x, indicating that its cash balance could not be able to fully cover its short-term debt. We expect that SNDG's financial leverage will remain at a relatively high level owing to the ongoing investment in its projects.

SNDG's liquidity profile is moderate, as evidenced by significant allocations to inventories, receivables, investment properties and equity investments. The Company's inventories are mainly costs of real estate and infrastructure projects, and receivables are mainly from local SOEs and government units, forming a drain on the Company's fund. Meanwhile, the Company has large scale of equity investments and investment inventories, while these could bring adequate recurring income despite low liquidity. Moreover, the Company's restricted assets amounted to RMB24.3 billion, accounting for around 13.5% of total assets at end-2025, which reduces its financial flexibility to a certain extent.

Good access to low-cost and stable funding

SNDG has multiple low-cost financing channels including bank loans and bond issuances. Bank loans and bond issuances accounted for the majority of its total debt, representing 56.1% and 43.7% as of 31 December 2025, respectively. The Company maintains good relationships with state-owned commercial banks and large joint-stock commercial banks. As of 31 December 2025, the Company obtained total bank facilities of RMB95.4 billion with an unused portion of RMB24.8 billion. SNDG has a good track record in both offshore and onshore debt capital markets and actively issues innovative financial products. It has issued different financial products in the bond market, such as SCPs, CPs, MTNs, PPNs, and perpetual instruments. Meanwhile, its declining coupon rates in the domestic bond market supports debt refinancing capacity and funding flexibility, benefiting from good financing environment in Suzhou City. The Company also has access to the offshore capital market and issued a tranche of 3-year sustainable bonds in December 2023 to raise USD330 million. However, the large portion of direct financing exposes the Company more to the change in the debt market. Additionally, the Company had low non-standard financing exposure, which accounted for less than 1% of its total debts as of 31 December 2025.

Medium exposure to contingent risk

The Company had certain contingent risks regarding its external guarantees and guarantee business, which could potentially increase its repayment obligations. As of 31 March 2026, the total amount of external guarantee (excluding the exposure to its guarantee business) reduced to RMB538.0 billion, accounting for around 1.6% of its net assets (excluding perpetual debts). All guarantees were provided to the local important state-owned enterprises.

The Company is also engaged in guarantee businesses through its subsidiary. The outstanding balance of the guarantee business, mainly in loan guarantees, amounted to RMB3.9 billion as of 31 December 2025. The guarantee business's clients cover diversified industries, including services, trading, technology, light industry, and building materials. Under prudent risk management, individual guarantee amounts are usually set below RMB10 million, and the guarantee compensation rate is maintained at a low level.

ESG Considerations

SNDG is exposed to environmental risks because it has undertaken construction projects. Such risks could be moderated by conducting environmental studies and planning before the commencement of projects, and close monitoring during the construction phase. In December 2023, the Company issued a sustainable bond in the offshore debt capital market which is an important example of the Company's commitment to ESG initiatives and encouraging sustainable development.

SNDG bears social risks as it plays a crucial role in the social welfare of the residents in SND. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

SNDG's governance considerations are also material as the Company is subject to oversight and reporting requirements to the SND Government and has to 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).

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