

Credit Opinion

16 December 2025

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

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Suzhou Urban Investment Capital Holding Co., Ltd.

Surveillance credit rating report

CCXAP affirms the long-term credit rating of Suzhou Urban Investment Capital Holding Co., Ltd. at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Suzhou Urban Investment Capital Holding Co., Ltd. ("SUIC" or the "Company") is underpinned by the Company's (1) stable business scale and local market position; and (2) good asset quality with relatively low-risk appetite.

However, the rating is constrained by the Company's (1) concentrated portfolio in Suzhou City and Jiangsu Province; (2) limited exit track record in equity and fund investments, with uncertain return; and (3) moderate profitability with intensive market competition.

The rating also reflects a high likelihood of support from its parent company, Suzhou Urban Construction & Investment Development (Group) Co., Ltd. ("SCID"), which is based on the Company's (1) direct and full ownership by SCID; (2) strong strategic role as the key financial business arm of SCID; and (3) close business and financial linkages with SCID. We believe that SCID has a strong capacity to provide support given its full ownership by the Suzhou Municipal Government and good track record of receiving government support based on its strategic roles. SCID is one of the important state-owned enterprises in Suzhou City with a large asset scale of over RMB100.0 billion.

The stable outlook on SUIC's rating reflects our expectation that the Company will maintain its strategic role in the financial business under SCID and will retain its financial and operational strength over the next 12 to 18 months.

Rating Drivers

- High likelihood of shareholder support as the financial business arm of SCID
- Stable business scale and local market position despite policy-driven moderation in factoring and leasing business expansion
- Good asset quality with relatively low-risk appetite
- Limited exit track record in equity and fund investments, with uncertain return
- Moderate profitability with intensive market competition
- Low-cost and stable funding supported by SCID

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of shareholder support increases for SUIC such as stronger strategic position or legal and operational linkages with its parent company; or (2) the Company's business scale, asset quality and profitability materially improve.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of shareholder support decreases for SUIC such as weakening strategic position or legal and operational linkages with its parent company; (2) there is a material decline in the Company's asset quality, as seen by surging problem assets or impairment losses; or (3) the Company's profitability decreases significantly.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	8.3	11.4	13.3	11.8
Total Equity (RMB billion)	2.6	2.8	3.0	3.1
Total Revenue (RMB million)	422.2	540.2	692.8	495.0
Net Profits (RMB million)	216.1	192.9	250.1	257.9
Pre-Tax Net Income/Average Assets (%)	3.6	2.5	2.6	-
Return on Equity (%)	9.1	7.2	8.7	-
Realizable Assets/Short-Term Debt (%)	8.0	26.5	13.2	18.5
Problem Loans/Gross Loans (%)	0.0	0.0	0.0	0.0
Total Equity/Total Assets (%)	31.1	24.5	22.5	26.4

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

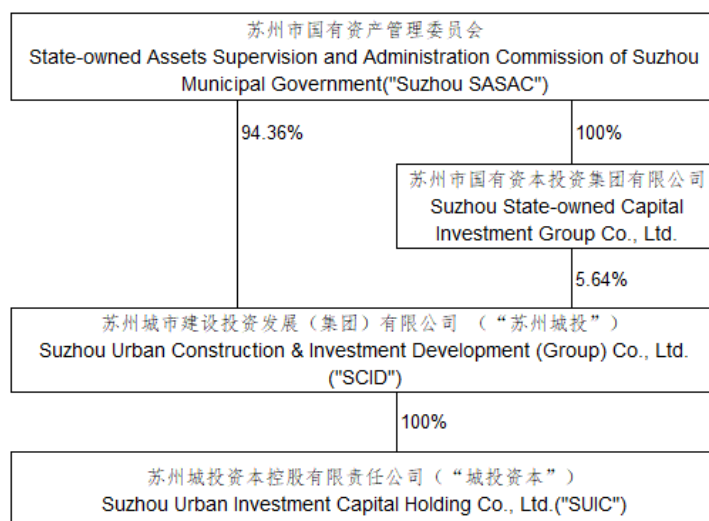
Source: Company data, CCXAP research

Corporate Profile

Established in 2018, SUIC is a key financial business arm of SCID and is directly and wholly owned by SCID. SUIC is mainly responsible for the integration and management of SCID's financial business segments. It primarily engages in three different business segments namely factoring, financial leasing and investment. SUIC conducts factoring business and financial leasing business through its subsidiaries, namely, Suzhou Chengtou Commercial Factoring Co., Ltd. ("SCCF") and Wudu Financial Leasing (Tianjin) Co., Ltd. ("WDFL"), respectively. As of 30 September 2025, the Company reported total assets of RMB11.8 billion and net assets of RMB3.1 billion.

SCID is one of the major local infrastructure investment and financing companies (“LIIFCs”) in Suzhou City and is directly owned and controlled by the State-owned Assets Supervision and Administration Commission of Suzhou Municipal Government (“Suzhou SASAC”). SCID has a very strong position in local infrastructure construction and the supply of gas and water in Suzhou City. Its business segments include gas and water supply, infrastructure construction, property leasing, real estate development, guarding services and financial services. As of 30 September 2025, SCID reported total assets of RMB136.1 billion and net assets of RMB67.1 billion, ranking third by total assets among LIIFCs in Suzhou City.

Exhibit 1. Shareholding chart as of 30 September 2025



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

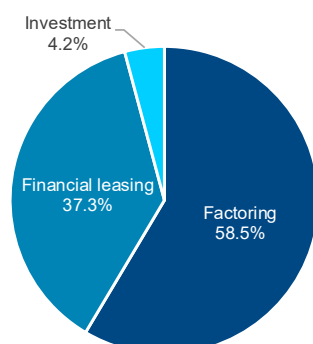
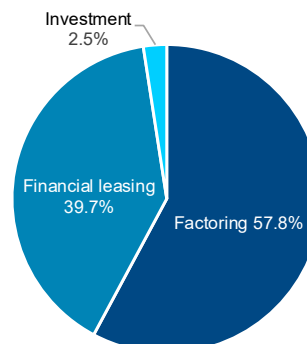


Exhibit 3. Profit structure in 2024



Source: Company information, CCXAP research

Rating Considerations

Stable business scale and local market position despite policy-driven moderation in factoring and leasing business expansion

SUIC is a key financial business arm of SCID that follows SCID's development strategy under the supervision of Suzhou Municipal Government. SUIC integrates SCID's financial business resources and mainly engages in factoring, financial leasing and investment businesses. In 2025, the pace of business expansion moderated in line with local government policies that aimed at strengthening risk controls over new clients, most notably in

the leasing and factoring segments. Its total assets declined to RMB11.8 billion as of 30 September 2025, following the fast growth in 2024. The moderation in business volume reflects the Company's alignment with local government directives on risk control and portfolio adjustment. While future business expansion is expected to remain sensitive to changes in local government's policies and intensifying competition, SUIC's entrenched local franchise, supported by its parent and the government, will help maintain business stability in the near term.

SUIC is one of the largest state-owned factoring companies in Suzhou city. In 2024, it recorded a 14.2% YoY increase in outstanding commercial factoring assets to RMB6.0 billion. In the first three quarters of 2025, outstanding commercial factoring assets moderated to RMB5.2 billion as the Company's new client origination concentrated within Suzhou City. Its targeted clients mainly consist of service industry and engineering & construction ("E&C") companies, and state-owned enterprises in Jiangsu Province. SUIC's factoring business covers various sectors, including leasing and commercial services, construction, and scientific and research services. SUIC also provides financial leasing services in relation to infrastructure construction projects, municipal water service and transportation service, and assets transfer among financial leasing service providers. As of 30 September 2025, its outstanding financial leasing amounted to RMB3.9 billion, decreasing from RMB4.4 billion at end-2024Q3. We expect that the Company's business scale will remain stable in the next 12 to 18 months, assuming the local government continues to encourage municipal-level factoring and leasing companies to prioritize serving the local Suzhou market.

Good asset quality with relatively low-risk appetite

SUIC has a relatively low-risk appetite and targets clients mainly in state-owned enterprises, large-size construction companies, and companies that are engaged in infrastructure construction projects. SUIC is also required by SCID to strictly control its non-performing asset level to zero and it has not incurred any non-performing asset since its establishment, as of 30 September 2025.

However, SUIC has demonstrated a high geographical and client concentration in its portfolio. As of 30 September 2025, with respect to commercial factoring business, the exposure to the top ten clients amounted to RMB2.0 billion and accounted for 119.7% of SCCF's net assets, and the exposure to the largest single client amounted to RMB280.0 million and accounted for 16.4% of SCCF's net assets. The Company's factoring business is mainly concentrated in the service industry and construction industry. As of 30 September 2025, the factoring assets in the service industry and construction industry accounted for around 75.0% of the total factoring assets. With respect to financial leasing business, the top ten clients amounted to RMB1.4 billion, accounting for 276.5% of WDFL's net assets, and the largest single client amounted to RMB202.0 million, accounting for 38.9% of WDFL's net assets. In addition, most of the companies are concentrated within Jiangsu Province. With respect to the commercial factoring business, around 20.5% of funds were lent to clients located in Suzhou City and 68.9% were to clients located in other cities in Jiangsu Province such as Yancheng City and Taizhou City. High geographical concentration may make SUIC more sensitive to the changes in the local economy and policy. We expect the Company will still focus on financial services within Suzhou City and Jiangsu Province under the government's guideline, and thus its business portfolio will remain geographically concentrated in the next 12-18 months. Nevertheless, the concentration risk could be largely mitigated by SUIC's good asset quality and the strong economic fundamentals of Jiangsu Province. Jiangsu Province is one of the most developed provinces in China and has a strong industrial base. It is China's second largest province by gross regional production ("GRP"). Meanwhile, Suzhou City is one of the wealthy cities in China and has ranked the highest in terms of GRP among all prefecture-level cities in Jiangsu province over the past five years.

Limited exit track record in equity and fund investments, with uncertain return

In addition to its financial leasing and factoring businesses, SUIC participates in fund and equity investment. As of 30 September 2025, the Company's investment portfolio mainly consists of 3 equity investments and 8 investment funds. The investment value of the portfolio amounted to around RMB1.2 billion. Five of the investment funds are managed by the Company's subsidiary Suzhou Sucheng Private Equity Management Co., Ltd. ("Sucheng PE"), which are Suzhou Sucheng Chengchuang Equity Investment Limited Partnership, Suzhou Sucheng Chenghe Equity Investment Limited Partnership, Suzhou Urban Investment Medicine Valley Phase I Infrastructure Investment Limited Partnership, Suzhou Sucheng Chanrong Equity Investment Partnership and Suzhou Sucheng Zhichuang Equity Investment Partnership. The Company mostly invests in the sectors of new materials, advanced manufacturing, modern health and industrial park projects. The Company has various types of exit strategy to choose from, including IPOs, shareholder repurchases, project repurchases and partnership withdrawals. However, SUIC still has a relatively limited exit record. As of 30 September 2025, there were three funds at the exit phase and are expected to generate a certain level of investment returns, while volatility in equity market and the slower process of China's IPO market may also adversely influence the process of SUIC's return realization.

Moderate profitability with intensive market competition

SUIC profitability remains moderate, as evidenced by the return on average equity ratio consistently below 10%. In 2024, its revenue sustained strong growth of 28.2% YoY to RMB692.8 million, supported by continued portfolio expansion and the Company's well-established franchise in market. Commercial factoring remained the primary source of the Company's revenue, which accounted for more than half of its total revenue. Factoring revenue grew by 17.9% YoY to RMB405.6 million and financial leasing revenue grew by 46.4% YoY to RMB258.4 million. The profitability continues to be constrained by intensive market competition and narrowing spreads in both the factoring and leasing segments. In 2024, its net profit increased by 29.9% YoY to RMB250.1 million, and the return on average equity ratio of the Company remained at a moderate level of 8.7% in 2024, slightly increasing from 7.2% in 2023.

During the first three quarters of 2025, the Company reported revenue of RMB495.0 million, representing a slight 3.1% YoY decrease; net income rose by 31.2% YoY to RMB257.9 million, primarily driven by the reduction in credits on new business along with the growing investment income.

The geographic concentration in Suzhou City and client concentration has heightened its vulnerability to intensified local market competition, which could exert downward pressure on pricing spreads and profitability.

Low-cost and stable funding supported by SCID

SUIC's funding channels are further diversified and mainly include bank loans, debt capital market and lending from SCID, its parent, and SCID's subsidiaries. SCID provides relatively low-cost shareholder lending to SUIC according to the Company's operating plan at the beginning of every year. The shareholder lending is considered to be a long-term and stable funding source for SUIC, with an aim to support its business development. As of 30 September 2025, the Company's lending from SCID and SCID's subsidiaries was around RMB1.0 billion, accounting for approximately 12.5% of its total debt. As of the same date, the majority of the Company's guarantee borrowing was guaranteed by SCID which has a good credit profile. The Company is active in the issuance of securities including asset-backed security, which accounted for 23.1% of total debt as of 30 September 2025.

SUIC's asset-liability management is moderate with a duration mismatch. On the one hand, most of the Company's factoring and leasing receivables have a tenor of more than one year; on the other hand, the Company has a relatively high level of short-term debt. SUIC's balance-sheet liquidity position is relatively weak, given its low level of liquid assets. As of 30 September 2025, the Company had realizable assets of RMB786.7 million, representing 18.5% of its short-term debt. With the issuance of asset-backed security, the balance-sheet liquidity position has improved obviously. However, we believe that the moderate liquidity position can be materially mitigated by its strong financial support from SCID, and SUIC will retain strong refinancing ability. As of 30 September 2025, the Company had obtained bank facilities of RMB10.8 billion with unutilized amount of RMB6.2 billion.

External Support

High likelihood of shareholder support as the financial business arm of SCID

SUIC is very likely to receive support from SCID when necessary, given its (1) status as the key financial business arm of SCID; and (2) close business and financial linkages with SCID. We believe that SCID has a strong capacity to provide support given its ultimate ownership by Suzhou SASAC and good track record of receiving government support based on its strategic roles.

As the primary operating subsidiary in financial operations, SUIC has an important position in SCID's operations. It has generated a decent profit for SCID over the past years. In 2024, the Company's net profit accounted for 31.7% of SCID's net profit. The Company also has a good track record of receiving support from its shareholders in the form of capital injections, project offerings and referrals. In 2023, SCID provided a capital injection of RMB76.5 million to the Company in order to support its business development, which has also strengthened the Company's capital adequacy and financial profile. In addition, SCID provides direct funding to SUIC at a low cost and provides guarantees on SUIC's bank borrowing. We expect the Company to retain medium legal and operational linkages with SCID and a high likelihood of shareholder support when necessary.

Structural Consideration

SUIC's senior unsecured debt rating is equivalent to its long-term credit rating. Despite that the majority of SUIC's claims are at the operating subsidiary level, we expect that the strong shareholder support from SCID can help mitigate structural subordination risks.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Finance Companies \(April 2019\)](#).

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