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

Hong Kong, 15 July 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("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.

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%.

Rating Rationale

Credit Strengths

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.

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. 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.

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. The Company maintains a good relationship with state-owned commercial banks and large joint-stock commercial banks. SNDG has a good track record in both offshore and onshore debt capital markets and actively issues innovative financial products. 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. Additionally, the Company had limited non-standard financing exposure.

Credit Challenges

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.

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. Meanwhile, it has increasing short-term debt pressure. 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 restricted assets amounted to RMB24.3 billion, which reduces its financial flexibility to a certain extent.

Rating Outlook

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.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (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.

Rating Methodology

The methodology used in this rating is the Rating Methodology for China's Local Infrastructure Investment and Financing Companies (July 2022).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:
http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Amy Chen
Credit Analyst
+852-2860 7127
kelly_liang@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656