Lianhe Global has assigned 'A+' global scale Long-term Issuer Credit Rating with Stable Outlook to Xuzhou Industry Development Holding Group Co., Ltd.

HONG KONG, 10 September 2026 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has assigned 'A+' global scale Long-term Issuer Credit Rating to Xuzhou Industry Development Holding Group Co., Ltd. ("XZID"). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People's Government of Xuzhou City ("Xuzhou government") would provide very strong support to XZID if needed, in light of its full ownership of XZID, XZID's strategic importance as the key local investment and development company ("LIDC") for industrial investment and construction and integrated city development in Xuzhou and the strong linkage between the Xuzhou government and XZID, including appointment and supervision of the senior management, strategic alignment, major investment and financing decisions and ongoing operational and financial support. In addition, we believe the Xuzhou government has a very strong willingness to ensure XZID's business and financial viability in order to safeguard its reputation and local financing activities.

Xuzhou is a prefecture-level city located in northwestern Jiangsu Province. Xuzhou's GDP grew by 5.8% to RMB995.7 billion in 2025, while its budgetary revenue grew by 2.7% to RMB57.5 billion during the same period.

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

Key Rating Rationales

Government's Ownership and Supervision: The Xuzhou government holds the full ownership of XZID through State-owned Assets Supervision and Administration Commission of People's Government of Xuzhou City ("Xuzhou SASAC"). Xuzhou SASAC is the actual controller of XZID. The Xuzhou government has strong control and supervision over XZID, including the appointment of senior management, decisions on its strategic development and supervision of its major investment and funding plans. In addition, the Xuzhou government has an assessment mechanism over XZID and regularly appoints auditors to review its operating performance and financial position.

Strategic Importance and Strategic Alignment: XZID, as a key LIDC in Xuzhou, is mainly responsible for industrial investment and construction and integrated city development in Xuzhou, especially in Xuzhou Economic and Technological Development Zone ("Xuzhou ETDZ"), including investment, construction and operation of industrial parks, financial investment and talent services, and urban development and operation. XZID also engages in resettlement housing, land development, infrastructure construction, water and electricity supply, and property management. XZID plays an important role in promoting the region's economic and social development. Its business operations and strategic planning have been aligned with the local government's development plans.

Ongoing Government Support: XZID receives ongoing support from the Xuzhou government, including financial subsidies and capital, asset and equity injections, to support its business operations. XZID received capital injections of RMB600 million and RMB160 million in 2023 and 2024, respectively, from Xuzhou SASAC. Between 2023 and 2025, XZID received a wide variety of governmental subsidies of RMB177.3 million, RMB287.4 million and RMB299.2 million, respectively. We believe the government support will remain intact given XZID's strategic importance in Xuzhou.

XZID's Financial Matrix and Liquidity Position: XZID's total assets grew steadily to RMB138.3 billion at end-March 2026 from RMB116.9 billion at end-2023, which was mainly consisted of inventories, investment properties and receivables. XZID's total debt increased to RMB88.0 billion at end-March 2026 from RMB68.8 billion at end-2023. XZID's financial leverage, as measured by the debt to capitalization ratio, increased to 69.2% at end-March 2026 from 66.2% at end-2023.

XZID's short-term debt servicing pressure was weak. XZID had a total cash balance of RMB10.9 billion (including restricted cash of RMB4.7 million) at end-March 2026, compared to its debts due within one year of RMB41.8 billion. XZID mainly relies on external financing and has access to various financing channels, including bank loans, bond issuance and non-traditional funding, to support its debt repayment and business operations. At end-March 2026, XZID had unused credit facilities of RMB10.9 billion.

Rating Sensitivities

We would consider downgrading XZID's rating if (1) there is perceived weakening in support from the Xuzhou government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the Xuzhou government's ownership of XZID, or (3) there is a downgrade in our internal credit assessment on the Xuzhou government.

We would consider upgrading XZID's rating if there is an upgrade in our internal credit assessment on the Xuzhou government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2025)
The methodology can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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