Xuzhou Industry Development Holding Group Co., Ltd.

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

Summary	
Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	10 September 2026

Summary

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.

Rating Rationale

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

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025) 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.

Operating Environment

Economic Condition of Xuzhou

Xuzhou is a provincial sub-center city located in northern Jiangsu Province. Xuzhou's GDP grew by 5.8% to RMB995.7 billion in 2025, decelerating from 6.4% growth in 2024. In 2025, the local economy continued its structural shift toward the tertiary sector, which rose to 55.3% of total GDP from 53.3% in 2024, while the primary and the secondary industries marginally declined. Meanwhile, the fixed asset investment growth rate dropped by 11.9% in 2025, compared with 7.7% growth in 2024.

Xuzhou's Economic Condition (RMB billion)	**2023**	**2024**	**2025**
GDP	901.2	953.7	995.7
-Primary industry (%)	8.7	8.2	8.0
-Secondary industry (%)	40.7	38.5	36.7
-Tertiary industry (%)	50.6	53.3	55.3
GDP growth rate (%)	7.1	6.4	5.8
Fixed asset investment growth rate (%)	7.4	7.7	-11.9
Population (million)	9.0	9.0	*9.0

**Estimated data*
Source: Statistical Bureau of Xuzhou and Lianhe Global's calculations

Fiscal Condition of Xuzhou

Xuzhou's budgetary revenue grew by 2.7% to RMB57.5 billion in 2025, decelerating from 2.6% in 2024. The tax revenue ratio (to budgetary revenue) remained broadly stable at 72.4% in 2025. Government fund income declined slightly to RMB35.7 billion in 2025, from

RMB38.8 billion in 2024. The fiscal self-sufficiency rate of the Xuzhou government was weak, though its budget deficit narrowing to 83.1% in 2025 from 87.8% in 2024.

The outstanding debt of the Xuzhou government increased to RMB207.3 billion at end-2025, from RMB187.2 billion at end-2024, mainly due to the new issuance of special purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government debt to aggregate revenue, increased to 148.2% from 132.5% over the same period.

Xuzhou's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	54.6	56.0	57.5
Budgetary revenue growth rate (%)	5.5	2.6	2.7
Tax revenue	41.6	40.8	41.7
Tax revenue (% of budgetary revenue)	76.1	72.8	72.4
Government fund income	69.8	38.8	35.7
Transfer payment	44.8	45.3	45.3
Aggregate revenue	170.4	141.3	139.9
Budgetary expenditure	105.7	105.2	105.4
Budget balance[1] (%)	-93.6	-87.8	-83.1
Government debt ratio (%)	96.0	132.5	148.2

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial Bureau of Xuzhou and Lianhe Global's calculations

Company Profile

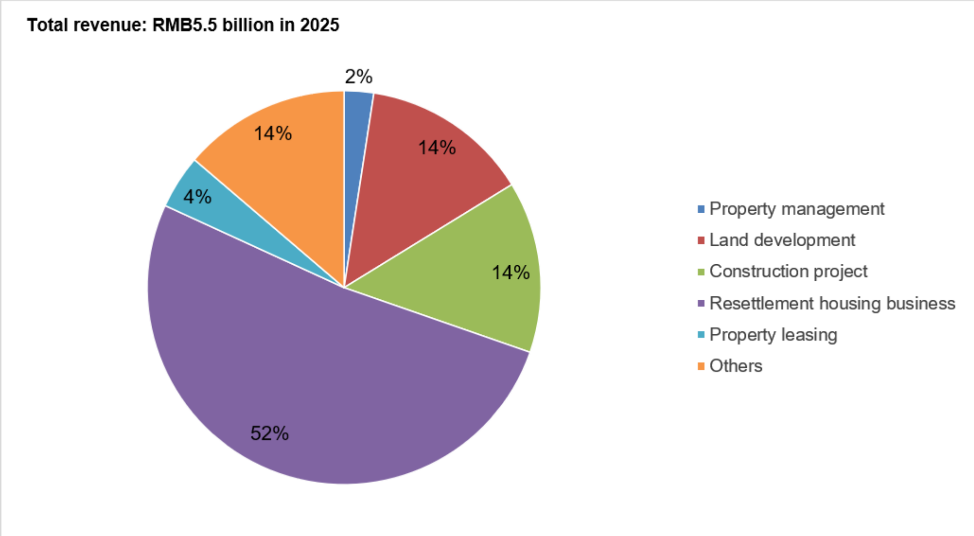
Ownership Structure

XZID was established in July 2018 with an initial registered capital of RMB100 million. Following a series of capital injection, XZID's registered capital and paid-in capital were RMB4,000 million and RMB960 million at end-March 2026, respectively. Xuzhou SASAC is both the sole shareholder and the actual controller of XZID.

Revenue Breakdown

XZID, as a key LIDC in Xuzhou, is mainly responsible for industrial investment and construction and integrated city development in Xuzhou, especially in 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 recorded total revenue of RMB6.9 billion, RMB5.0 billion and RMB5.5 billion in 2023-2025, respectively, with the gross margin remaining stable at 20.0-26.5% during the same period.



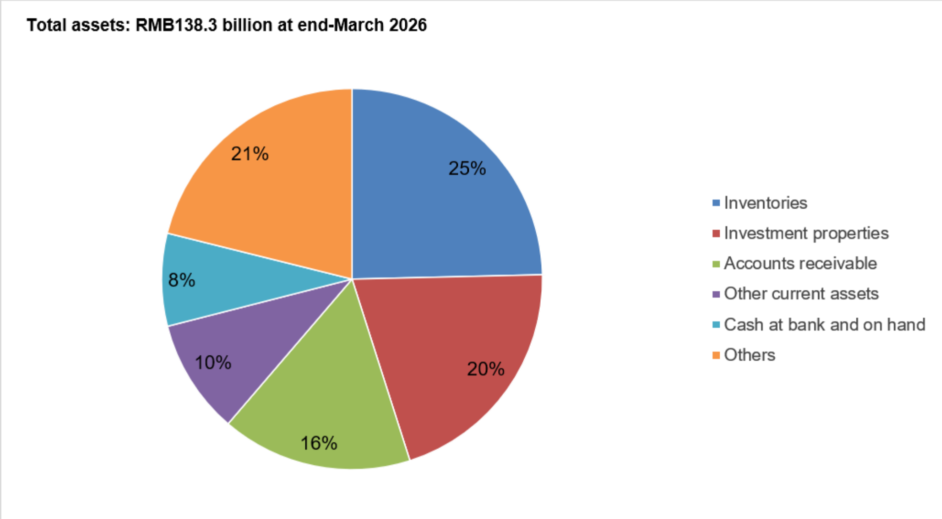
Source: XZID's financial reports and Lianhe Global's calculations

XZID is the sole entity responsible for the construction of resettlement housing within the Xuzhou ETDZ. XZID operates this business under both commissioned engineering and self-operated models. Under the commissioned engineering model, XZID is entrusted by the management committee of Xuzhou ETDZ ("Xuzhou ETDZ MC") for the project construction, which Xuzhou ETDZ MC repurchases the projects upon completion.

XZID also engages in a variety of businesses, including land development, water and electricity supply. Following the completion of its resettlement housing and industrial park projects, XZID's revenue from project leasing and management businesses has been growing in recent years. The properties under leasing include the shops and commercial proportion of its resettlement housing projects, as well as industrial buildings and factories.

Assets Breakdown

XZID's asset liquidity is moderate. XZID's asset mainly consists of inventories, investment properties and receivables, which accounted for 24.6%, 20.5% and 16.2% of its total assets at end-March 2026, respectively. These assets were mainly derived from its resettlement housing and construction businesses. These assets may take a long time to monetize due to the nature of long construction and cash collection period. Also, XZID's receivables are primarily from local government agencies and other local SOEs, which may have varied repayment schedule.



Source: XZID's financial reports and Lianhe Global's calculations

Key Financial Data (RMB million)	**2023**	**2024**	**2025**	**2026.3**
Total Assets	116,926	124,239	131,285	138,263
Equity	35,086	37,745	39,140	39,080
Debt	68,824	72,802	80,075	88,008
Debt / (Debt + Equity) (%)	66.2	65.9	67.2	69.2
Unrestricted cash/ST Debts (x)	0.2	0.2	0.1	0.2
Debt/EBITDA (x)	47.3	60.3	59.4	-
Revenue	6,851	5,034	5,482	1,924
Gross Margin (%)	26.3	20.6	21.1	19.0
Cash from sales or services/ Revenue (%)	57.7	47.2	18.5	19.3

Source: XZID and Lianhe Global's calculations

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