

CCXAP affirms Linyi City Construction Investment Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 24 March 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Linyi City Construction Investment Group Co., Ltd. (“LCCI” or the “Company”) at A_g-, with stable outlook.

The A_g- long-term credit rating of Linyi City Construction Investment Group Co., Ltd. (“LCCI” or the “Company”) reflects Linyi Municipal Government’s (1) very strong capacity; and (2) very high willingness to provide support to the Company, based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to support reflects Linyi City’s status as the largest city in Shandong Province in terms of population and area, with ongoing economic growth.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) strategic policy role in the regional development of Linyi City, with regional dominance in infrastructure construction; (2) solid track record of receiving government support; and (3) good access to funding. However, the rating is constrained by the Company’s (1) high exposure to commercial activities with large capital expenditure needs; (2) increasing debt burden with short-term refinancing pressure; and (3) moderate asset liquidity.

Corporate Profile

Established in May 2013, LCCI is the largest local infrastructure investment and financing company (“LIIFC”) in terms of asset size in Linyi City and plays the most important role in the economic development of Linyi City. The Company is primarily responsible for local key public-policy activities, such as infrastructure construction. In addition, the Company is engaged in commercial activities such as property development, heat and power generation, wood products manufacturing, financial investment, and trading businesses. As of 31 December 2025, the State-owned Assets Supervision and Administration Commission of Linyi Municipal Government (“Linyi SASAC”) directly held 90.0% of the Company’s shares. The remaining 10.0% of the shares were held by Shandong Caixin Assets Operation Co., Ltd (“Shandong Caixin”). The Linyi Municipal Government is the ultimate controller of LCCI.

Rating Rationale

Credit Strengths

Strategic policy role in regional development of Linyi City. LCCI is the largest LIIFC in Linyi City by total assets and mandated by the government to promote both economic development and human well-being of Linyi City. The Company’s infrastructure construction, heat and power generation business are all crucial to the local urbanization and infrastructure development in Linyi City. We believe that the Company’s important strategic position to Linyi City’s economic development and public welfare is unlikely to be replaced in the short-to-medium term.



Solid track record of receiving government support. As the core operating entity carrying out municipal development activities and providing public services in Linyi City, LCCI has a solid track record of receiving government support from Linyi Municipal Government, including government subsidies, capital injection, asset transfer, and payment for infrastructure construction projects, which could help the Company meet its policy objectives and financial obligations. Considering LCCI's irreplaceable role in the development and public welfare of Linyi City and its close relationship with Linyi Municipal Government, we expect that the Company will continue to receive government support over the next 12 to 18 months.

Good access to funding with sufficient bank facilities. LCCI has good access to diversified sources of funding, including bank loans, onshore and offshore bond issuances, as well as non-standard financing instruments. This strong funding flexibility helps alleviate its capital expenditure pressure and improve its liquidity profile. The Company has built a close relationship with large domestic banks, such as Agricultural Development Bank of China, Evergrowing Bank Co., Ltd., and China CITIC Bank.

Credit Challenges

High exposure to commercial activities with large capital expenditure needs. Apart from public services, LCCI has also been engaged in commercial activities, including self-operating projects, property development, heat and power generation services, wood products manufacturing, and trading businesses. The capital expenditure from large-scale construction projects, such as commercial housing and self-operated projects, may exert financing pressure on the Company. We consider LCCI's commercial business exposure to be relatively high with large capital expenditure needs, accounting for more than 30% of its total assets.

Increasing debt burden with short-term refinancing pressure. Due to the ongoing financing for its infrastructure construction and property development projects in recent years, LCCI demonstrates a rapid debt growth. In addition, the Company is subject to relatively high short-term repayment pressure, as its short-term debt accounted for 52.6% of total debt at the end of September 2025. Given the substantial capital requirements for construction projects, we expect that the Company's debt level will continue to grow in the next 12 to 18 months, and it will continue to rely on external financing for the repayment of its upcoming debt obligations.

Moderate asset liquidity. LCCI maintained moderate asset liquidity, which may undermine its financial flexibility. The Company's total asset mainly consists of inventories, receivables, fixed assets and construction in progress. These assets accounted for 62.0% of its total asset as of 30 September 2025. The inventories and construction in progress are mainly cost of infrastructure construction, property development, and self-operating construction projects, while receivables were mainly receivables from the local government and other SOEs, all of which are considered having low liquidity. This moderate liquidity profile may undermine the Company's financial flexibility in the future.



Rating Outlook

The stable outlook on LCCI's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its strategic importance position in Linyi City over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Linyi Municipal Government's capacity to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as lower exposure to risky commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) Linyi Municipal Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance or weakened funding 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

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