CCXAP affirms Jinan Lixia Holding Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 19 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Jinan Lixia Holding Group Co., Ltd. ("Lixia Holding" or the "Company") at A_g-, with stable outlook. At the same time, CCXAP has affirmed Lixia Holding's senior unsecured debt rating at A_g-.

The A_g- long-term credit rating of Lixia Holding reflects Lixia District Government's (1) very strong capacity to provide support, and (2) very high willingness to provide support based on our assessment of the Company's characteristics. Our assessment of Lixia District Government's capacity to support reflects its status as the largest district by gross regional product ("GRP") in Jinan City for years, with good economic fundamentals and fiscal strengths such as large operating fiscal surplus.

The rating also reflects the local government's high willingness to support, which is based on the Company's (1) important position as the largest entity focusing on urban construction and services in Lixia District; (2) solid track record of receiving government payments; and (3) access to diversified funding channels. However, the rating is constrained by the Company's (1) high exposure to commercial activities which exerts pressure on capital expenditures; and (2) relatively high debt burden and moderate asset liquidity.

Corporate Profile

Established in 2016, Lixia Holding is one of the most important state-owned enterprises ("SOEs") in Lixia District, primarily undertaking urban construction and services in Lixia District. Moreover, the Company is engaged in commercial activities including CBD development, industrial park construction and property leasing. Lixia Holding has developed into an essential entity for the social and economic development of Lixia District. As of 30 June 2026, it was 92.11% owned by the Finance Bureau of Lixia District and under the direct administration of Lixia District Government.

Rating Rationale

Credit Strengths

Largest entity focusing on urban construction and services in Lixia District. Lixia Holding is an exclusive entity for various key urban constructions in Lixia District, such as infrastructure construction and primary land development projects, which are crucial to local social and economic development that benefits the general public and local employment. As the essential urban construction entity in the district, Lixia Holding has important strategic significance for local social and economic development. We believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

Solid track record of receiving government payments. Lixia Holding has a proven track record of receiving support from the local government in terms of capital injections, asset

injections, and subsidies. The cash payments from the local government partly cover the financial requirements of its public-policy projects. The magnitude and track record of these government supports indicate the government's propensity to support the Company. We believe that, as the most important SOE in Lixia District, the Company plays an irreplaceable role in the development and operation of the district, and we expect that the local government will continue to provide strong support to the Company in times of need.

Access to diversified funding channels. Lixia Holding shows access to various sources of funding, including bank loans and onshore and offshore bond financing, which could partly meet its large investment needs. The majority of the Company's total debts come from bank loans and bond markets, indicating a relatively balanced debt structure. Considering the Company's important status as the irreplaceable platform for infrastructure construction and primary land development projects in Lixia District, we expect Lixia Holding to maintain good access to domestic bank loans and bond markets.

Credit Challenges

High exposure to commercial activities which exerts pressure on capital expenditures. Lixia Holding's commercial business exposure is high, accounting for more than 30% of its total assets. The Company's commercial businesses include CBD development and leasing of commercial properties. These construction projects usually have long development periods of around 5 years, with a higher business risk. Lixia Holding's commercial activities are highly correlated with the real estate industry, which may suffer from the weak housing demands in China. Most of its commercial businesses are funded through external debt issuance, as it is more difficult for the local government to support Lixia Holding's commercial-driven activities rather than public-policy projects.

Relatively high debt burden and moderate asset liquidity. Lixia Holding's debt growth and leverage ratio has been moderating under proactive management. However, as urban infrastructure and CBD development projects require significant capital support, we expect the Company will need additional funding from external sources to ensure ongoing development. Considering the large expenditure needs for the projects under construction, we expect the Company's debt level to continue to grow over the next 12-18 months. In addition, Lixia Holding's asset liquidity is relatively weak. The relatively weak asset liquidity may undermine the Company's financial flexibility.

Rating Outlook

The stable outlook on Lixia Holding's rating reflects our expectation that the Lixia District Government's capacity to provide support will be stable, and the Company's characteristics such as its business profile and financial management will remain unchanged over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Lixia District 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 materially lowering exposure to risky commercial activities and improving debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Lixia District 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 materially deteriorated liquidity position.

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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