Credit Opinion

19 November 2026

Jinan Lixia Holding Group Co., Ltd.

Surveillance credit rating report

Ratings	
Senior Unsecured Debt Rating	Ag-
Long-Term Credit Rating	Ag-
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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

Summary

The Ag- long-term credit rating of Jinan Lixia Holding Group Co., Ltd. ("Lixia Holding" or the "Company") 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 ongoing economic growth and large operating fiscal surplus.

The rating also reflects the local government's very 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.

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.

Rating Drivers

- Largest entity focusing on urban construction and services in Lixia District
- Solid track record of receiving government payments
- High exposure to commercial activities which exerts pressure on capital expenditures
- Relatively high debt burden with large capital expenditure pressure
- Heavy capital tie-up in project investments resulting in moderate asset liquidity
- Access to diversified funding channels

Rating Sensitivities

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.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Asset (RMB billion)	64.0	70.7	75.8	78.2
Total Equity (RMB billion)	12.5	15.7	22.4	23.0
Total Revenue (RMB billion)	4.4	4.1	4.3	0.6
Total Debt/Total Capital (%)	59.3	55.4	45.1	46.6

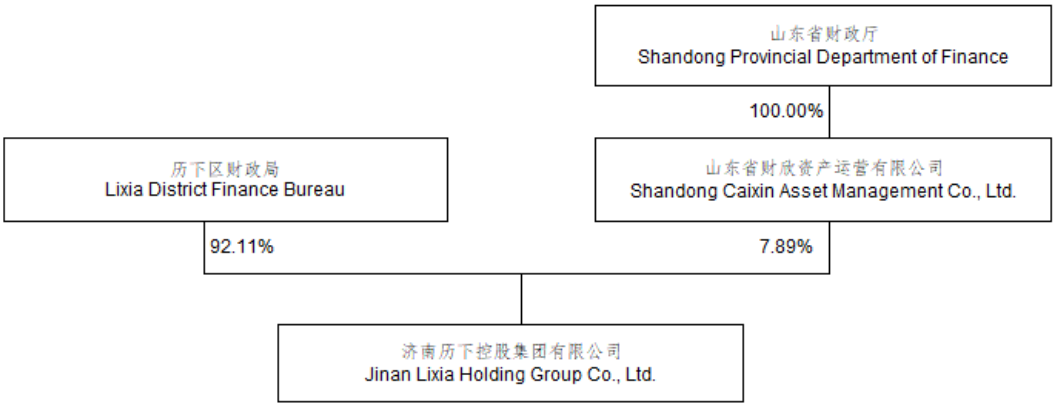
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

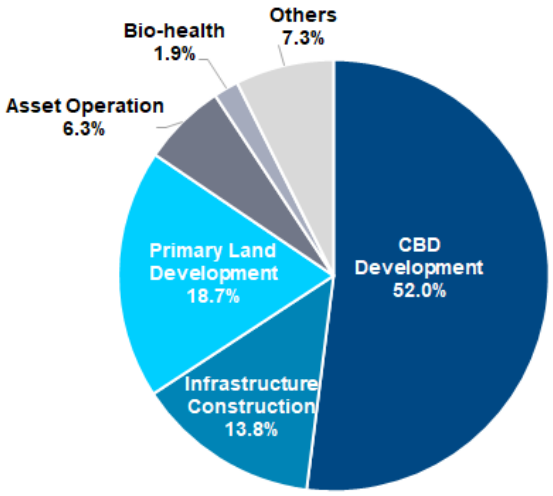
Established in 2016, Lixia Holding is one of the most important state-owned enterprises ("SOEs") in Lixia District, primarily undertaking urban construction and services in Lixia District. Moreover, the Company is engaged in commercial activities including CBD development, industrial park construction 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.

Exhibit 1. Shareholding chart as of 30 June 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the local government of Lixia District has a very strong capacity to provide support given its good economic fundamentals and fiscal strengths such as ongoing economic growth and large operating fiscal surplus.

Shandong Province is the third largest province in China by gross regional product ("GRP"), with a solid industrial foundation in industries such as logistics, shipbuilding, marine technology, chemical, automotive and agri-food. Jinan City is a sub-provincial city, the capital of Shandong Province, and the core city of the Jinan metropolitan area. Supported by the rapid development of core industries such as automobiles, pharmaceutical manufacturing, and information technology, the regional economy of Jinan City has demonstrated ongoing growth and its GRP had exceeded RMB1.0 trillion over the past three years. In 2025, Jinan City reported a GRP of RMB1,421.0 billion, increased by 5.4% YoY, ranking 2nd among 16 prefecture-level cities in Shandong Province and 9th among 15 sub-provincial cities in China. In addition, Jinan City has a strong financial base. From 2024 to 2025, its general budgetary revenue increased from RMB108.3 billion to RMB109.3 billion, with average self-sufficiency ratio (general budgetary revenue/general budgetary expenditure) of 77.6% over the

past three years. As of 31 December 2025, the local government's outstanding debt amounted to RMB443.0 billion, accounting for 31.2% of the GRP.

Exhibit 3. Key economic and fiscal indicators of Jinan City

	2023FY	2024FY	2025FY
GRP (RMB billion)	1,275.7	1,352.8	1,421.0
GRP Growth (%)	6.1	5.4	5.4
General Budgetary Revenue (RMB billion)	106.1	108.3	109.3
General Budgetary Expenditure (RMB billion)	136.5	139.7	140.7
Local Government Debt (RMB billion)	318.0	377.1	443.0

Source: Jinan Municipal Government, CCXAP research

Located in the east area of Jinan, Lixia District is the political, economic, and cultural centre of Jinan City. It focuses on key areas such as finance, headquarters economy, and business services, also acting as the financial centre of Shandong Province. In November 2024, the People's Government of Shandong Province officially approved the establishment of a provincial-level economic and technological development zone in Lixia District. This zone will serve as a key carrier to develop biomedicine and electronic information technology, which will promote the local industrial upgrading and economic growth. Lixia District has demonstrated an increasing economic growth in recent years. In 2025, the GRP of Lixia District increased by 5.6% YoY to RMB271.2 billion, ranking 1st among 12 districts or counties in Jinan City. Tax accounted for over 90% of the general public revenue over the past three years, which is a stable revenue source. Lixia District has a very strong fiscal balance, with a high general budgetary revenue/general budgetary expenditure ratio of 204.3% on average for the past three years. The government's debt burden remained relatively manageable, with a government debt/GRP ratio of 3.8% as of 31 December 2025.

Exhibit 4. Key Economic and Fiscal Indicators of the Lixia District

	2023FY	2024FY	2025FY
GRP (RMB billion)	244.7	257.8	271.2
GRP Growth (%)	6.0	5.6	5.6
General Budgetary Revenue (RMB billion)	18.8	17.5	17.4
General Budgetary Expenditure (RMB billion)	9.7	8.2	8.5
Local Government Debt (RMB billion)	5.5	8.9	10.3

Source: Lixia District Government, CCXAP research

Government's Willingness to Provide Support

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. Another major LIIFC in Lixia District is Jinan Lixia City Development Group Co., Ltd., which is responsible for urban infrastructure projects in specific areas of the district. Jinan Gucheng City Development Co., Ltd. has been transferred to the Company and is now part of its operations.

As the largest entity authorized by Lixia District Government to undertake the construction of municipal infrastructure projects in Lixia District, Lixia Holding is committed to conduct several key public infrastructure projects such as the construction and renovation of roads, and construction of ancillary facilities, by entering

into procurement agreements with the relevant government agencies or construction contracts with third-party companies. As of 31 December 2025, the Company had 23 projects under construction with total investment value of RMB1.3 billion and uninvested amount of RMB823.0 million. As of 30 June 2026, the Company also had 16 major planned projects with total estimated value of RMB459.4 million. The Company's municipal construction business has strong sustainability with sufficient project reserves in hand.

Lixia Holding acts as a key player in primary land development in Lixia District in accordance with the development plans of Lixia District Government. The Company undertakes relevant construction projects under the agent construction model, including land consolidation, construction of resettlement houses, schools, and surrounding facilities, improving the public welfare of the residents in Lixia District. The Company's primary land development projects are mainly in the areas of Dingjia Village, Shengfu Area, and Liuzhiyuan Village in Lixia District. As of 30 June 2026, the Company had 5 major shantytown renovation projects under construction with a total invested amount of RMB12.9 billion and most of the projects are nearing completion.

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 SOEs in the foreseeable future.

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.

The Company's CBD development business is principally the construction and development of commercial properties including commercial housing and office buildings, which will be sold or leased out. As of 31 December 2025, around 85.8% of the commercial properties constructed for sale were sold. At the same time, the Company had 11 commercial projects under construction with total investment amount of RMB15.7 billion and uninvested amount of RMB9.4 billion. The ongoing investments in these construction projects require large capital expenditure and pose more financing pressure on the Company. In 2025, the revenue from CBD development business slightly decreased by 1.0% YoY to RMB2.2 billion due to the fluctuations of real estate markets. As of 31 December 2025, the Company's main completed projects generated sales revenue of RMB15.2 billion, with RMB20.3 billion of the housing payments having been collected. Moreover, increasing investment in property development may bring more operating uncertainties and financial risks to the Company as the property sales are easily affected by the market conditions.

Lixia Holding also participates in the leasing of commercial properties, including office buildings, carparks and ancillary facilities, which were transferred by the government, purchased, acquired and rebuilt, or self-built by the Company. As of 30 June 2026, the Company had a total leasable area of around 397.3 thousand square meters, with an overall occupancy rate of around 63.6%, decreasing from last year. However, with the increased leasable assets in 2025, the revenue from this business sector grew from RMB207.3 million in 2024 to RMB266.8 million in 2025. In addition, the leasing business highly depends on the local industrial development planning and investment attraction process, which generates uncertainty about the actual leasing income and investment payback period.

In 2023, the Company's newly engaged bio-health business mainly covered eldercare services and biomedicine. The Company mainly provides eldercare services from operating health and wellness complex such as health center, nursing home, and hospital and generates income via membership fee and service fees. In the biomedicine sector, the Company operates medical industrial parks and obtains service and rental income through providing biomedicine-related services and leasing to enterprises within the park. In 2025, the revenue from Bio-health business increased by 19.3% YoY to RMB79.6 million. However, the gross profit of this business segment was negative in 2025 as the eldercare service centers were at the initial stages of operation, which generated relatively small scale of revenue with high asset depreciation and operating costs.

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.

Since its establishment, the local government has injected cash and operating assets into the Company to support its operations. In 2025, Lixia Holding received ongoing government cash injection of RMB177.2 million, increasing its paid-in capital to RMB2.2 billion. The capital reserve of the Company also increased by RMB6.7 billion from end-2024 to mid-2026, mainly resulting from conversion of special government bonds into capital reserves and 100% equity transfer of two local SOEs, namely Jinan Lixia Urban Construction Comprehensive Development Co., Ltd. and Jinan Gucheng City Development Co., Ltd., to the Company. Over the same period, Lixia Holding received government subsidies of RMB58.2 million to support its projects operation. As of 30 June 2026, the Company had received the payments for infrastructure construction projects, resettlement housing projects and the cash refund of land cost for land consolidation projects of approximately RMB28.6 billion.

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.

Relatively high debt burden and moderate asset liquidity

Lixia Holding's debt growth and leverage ratio has been moderating under proactive management. As of 30 June 2026, the Company's total debt increased to RMB20.0 billion from RMB19.5 billion at end-2024, and total equity increased from RMB15.7 billion to RMB23.0 billion with strong government support, thus the total capitalization ratio decreased to 46.6% from 55.4%. Meanwhile, the Company's cash-to-short-term debt ratio increased from 0.3x at end-2024 to 1.6x as of 30 June 2026. 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 moderate. As of 31 December 2025, the Company pledged a number of assets for loans, such as lands and commercial properties, with a total amount of RMB9.8 billion, accounting for around 12.9% of its total assets. Besides, as of 30 June 2026, Lixia Holding's inventories and investment properties accounted for more than 70% of the total assets, of which inventories were mainly construction costs of CBD development projects. Majority of these assets were considered low liquidity. The moderate asset liquidity may undermine the Company's financial flexibility.

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.

Lixia Holding maintains good long-term relationships with large domestic banks. As the major entity to undertake public policy projects in Lixia District, the Company's bank credit facilities have expanded. As of 30 June 2026, the Company had total credit facilities of RMB37.7 billion, with the available portion being RMB25.1 billion. The credit facilities were provided by diversified domestic banks, including national joint-stock commercial banks and major state-owned banks such as Bank of China Limited, Industrial and Commercial Bank of China Limited. As of 30 June 2026, bank financing amounted to RMB7.3 billion, accounting for more than 30% of the Company's total debt. Lixia Holding is also an active issuer in the onshore bond capital market. From January 2025 to September 2026, the Company issued 7 domestic bonds of RMB3.1 billion, with coupon rates ranging from 1.95% to 2.7%. The Company also issued one tranche of offshore USD bond over the same period, raising USD300 million, with the coupon rate of 4.9%. As of 30 June 2026, non-standard financing accounted for less than 5% of the total debt.

Considering the Company's important status as the irreplaceable platform for urban construction projects in Lixia District, we expect Lixia Holding to maintain good access to domestic bank loans and bond markets.

ESG Considerations

Lixia Holding assumes environmental risks through its urban construction projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

Lixia Holding bears social risks as it implements public policy initiatives by building public infrastructure in Lixia District. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the company.

Lixia Holding's governance considerations are also material as the Company is subject to oversight by Lixia District Government and has to meet several reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Structural Consideration

Lixia Holding's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its strong position in urban construction and industrial development infrastructure construction and primary land development projects in Lixia District, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

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

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