

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuer Credit Rating with Stable Outlook to Anqing Xinshidai Asset Operation Co., Ltd.

HONG KONG, 31 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuer Credit Rating to Anqing Xinshidai Asset Operation Co., Ltd. (“AXAO” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that Yixiu District People’s Government of Anqing City (“the Yixiu government”) would provide strong support to AXAO if needed, in light of its indirect full ownership of AXAO as well as AXAO’s strategic importance as an important local investment and development company (“LIDC”) in Yixiu District. The linkage between the Yixiu government and AXAO is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Yixiu government may face significant negative impact on its reputation and financing activities if AXAO encounters any operational or financial difficulties.

Yixiu District is a district under the jurisdiction of Anqing City, Anhui Province. Its GDP reached RMB18.1 billion in 2024 and the economic growth was mainly fueled by secondary and tertiary industries. The Yixiu government’s budgetary revenue increased strongly by 14.3% to RMB1.4 billion in 2024.

The Stable Outlook reflects our expectation that AXAO’s strategic importance would remain intact while the Yixiu government will continue to ensure AXAO’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: The Finance Bureau of Yixiu District, Anqing City (“Yixiu FB”) indirectly holds the full ownership of AXAO through its wholly-owned Anqing Yixiu District Beautiful Village Construction Co., Ltd. (“AYVC”; ‘BBB-/Stable’). The local government has the final decision-making authority and supervision over the company, including approval and supervision of the senior management, strategy alignment and major investment and financing plan decisions. In addition, the government has assessment mechanism over the company, and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: AXAO is one of the core asset management and industrial cultivation entities in Yixiu District. The company is primarily responsible for the integration, operation, and preservation and appreciation of state-owned assets. It revitalizes existing assets and optimizes resource allocation through market-oriented means. Simultaneously, it participates in industrial park development, industrial investment, and business incubation, contributing to the industrial upgrading and economic development of

Yixiu District and Anqing City. Its business operation and strategic planning have been aligned with the government's development plans.

Ongoing Government Support: The local government provides support to AXAO, including financial support and asset injections, such as the transfer of state-owned enterprise equity and fixed assets. The company received RMB215.2 million of asset injections and RMB4.4 million of subsidies between 2023 and 2024. We expect AXAO to receive ongoing support from the local government considering its strategic importance in the region.

AXAO's Financial Matrix and Liquidity Position: AXAO's total assets increased steadily to RMB7.6 billion at end-June 2025 from RMB6.7 billion at end-2023. The company's total debt expanded to RMB1.3 billion from RMB0.9 billion over the same period. As a result, the company's financial leverage, as measured by the debt to capitalization ratio, increased to 18.7% from 14.9% over the same period.

The short-term debt servicing pressure of AXAO was manageable. At end-June 2025, AXAO had a cash balance of RMB346.5 million (including restricted cash of RMB15.0 million), while its debt due within one year was RMB471.6 million. AXAO mainly relies on external financing and it has access to some financing channels, including bank loans and non-traditional financing, to support its debt repayments and business operations. At end-June 2025, the company had unused credit lines of RMB1,525 million.

Rating Sensitivities

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

We would consider upgrading AXAO's rating if (1) there is strengthened support from the Yixiu government, or (2) there is an upgrade in our internal credit assessment on the Yixiu 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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