

Jinan Tianqiao Industry Development Group Co., Ltd.

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	27 January 2026

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘A-’ global scale Long-term Issuer Credit Rating to Jinan Tianqiao Industry Development Group Co., Ltd. (“JTID” or “the company”); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Tianqiao District, Jinan City (“Tianqiao government”) would provide very strong support to JTID if needed, in light of its direct full ownership of JTID, JTID's strategic importance as an important local investment and development company (“LIDC”) that is responsible for land development and infrastructure construction in Tianqiao District, Jinan City (“Tianqiao”), and the linkage between the Tianqiao government and JTID, including approval of the senior management appointment, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Tianqiao government may face significant negative impact on its reputation and financing activities if JTID encounters any operational and financial difficulties.

Tianqiao achieved a GDP of RMB84.4 billion in 2024 with a growth rate of 3.0%. Meanwhile, the Tianqiao government's budgetary revenue increased by 3.0% to RMB4.2 billion in 2024.

The Stable Outlook reflects our expectation that JTID's strategic importance would remain intact while the Tianqiao government will continue to ensure JTID's stable operation.

Rating Rationale

Government's Ownership and Supervision: JTID is wholly owned by the Finance Bureau of Tianqiao District. The Tianqiao government has strong control and supervision over the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Tianqiao government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Alignment and Importance: JTID is an important LIDC responsible for land development and infrastructure construction in Tianqiao. The company undertakes major projects in Tianqiao, including land consolidation, engineering construction, commodity trading and property management in Tianqiao. JTID's business operations and development are closely aligned with government policies.

Strong Government Support: JTID received ongoing operational and financial support from the Tianqiao government. The local government injected cash capital of RMB23.8 million and RMB185.7 million to JTID in 2022 and 2024, respectively. From 2022 to September 2025, JTID also received total operational subsidies of RMB1,179.0 million and sizable asset injections over the same period. Given that JTID's strategic importance in Tianqiao, we believe JTID is likely to receive timely government support.

JTID's Financial and Liquidity Position: JTID's total asset increased steadily to RMB32.2 billion at end-September 2025 from RMB17.4 billion at end-2022 as it actively participated in Tianqiao's project development. The company relied on both government support and

borrowings to fund its asset expansion. Hence, JTID's financial leverage, measured by debt-to-capitalization, expanded from 25.6% to 52.6% during the same period.

JTID's short-term debt servicing pressure is high. At end-September 2025, the company held unrestricted cash of RMB823.3 million, compared to RMB2.5 billion of short-term debt. Nevertheless, JTID maintains access to diverse funding sources, including bank loans, bond issuances, and other non-traditional channels to support ongoing operations. As of end-2024, the company had total bank facilities of RMB5.3 billion, of which RMB1.4 billion was available. In addition, we expect the company to roll-over its short-term bank borrowings (end-2024: RMB1.8 billion) and receive timely government support if needed.

Rating Sensitivities

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

We would consider upgrading JTID's rating if there is an upgrade in our internal credit assessment on the Tianqiao government.

Operating Environment

Economic Condition of Tianqiao

Tianqiao is a municipal district of Jinan City, the provincial capital of Shandong, and located in the northern part of Jinan's urban areas. It is an important transportation hub and logistics center. At end-2024, Tianqiao had a total area of 259 square kilometers and resident population of 0.7 million, with an urbanization rate of 98.6%.

Tianqiao achieved a GDP of RMB84.5 billion in 2024, with its GDP growth rate decelerating to 3.0% from 6.3% in 2023. The district's economy was primarily driven by the secondary and tertiary industries, which accounted for 25.4% and 74.5% of its total GDP in 2024, respectively. Meanwhile, the district's fixed asset investment dropped by 2.3% year-on-year in 2024, mainly attributed to sluggish real estate development momentum.

Tianqiao's Economic Condition		2022	2023	2024
(RMB billion)				
GDP	71.3	76.6	84.5	
-Primary industry (%)	0.2	0.2	0.2	
-Secondary industry (%)	34.2	33.8	25.4	
-Tertiary industry (%)	65.6	65.9	74.5	
GDP growth rate (%)	0.3	6.3	3.0	
Fixed asset investment growth rate (%)	15.1	14.1	-2.3	
Population (million)	0.7	0.7	0.7	

Source: Financial Bureau of Tianqiao, Statistical Bureau of Tianqiao and Lianhe Global's calculations

Fiscal Condition of Tianqiao

The Tianqiao government's budgetary revenue increased to RMB4.2 billion in 2024 from RMB4.1 billion in 2023. The fiscal balance indicates a deteriorating trend, with the budget surplus of 21.3% in 2023 shrinking to 16.7% in 2024. However, the Tianqiao government's government-fund income increased to RMB112 million from RMB54 million over the same period, mainly due to the recovery in the transfer of state-owned land use rights.

The outstanding debt of the Tianqiao government kept growing in past few years. At end-2024, the Tianqiao government's outstanding debt expanded to RMB3.8 billion from RMB3.3 billion at end-2023, mainly due to the issuance of special debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, was up to 50.2% at end-2024 from 49.2% at end-2023.

Tianqiao's Fiscal Condition		2022	2023	2024
(RMB billion)				
Budgetary revenue	3.0	4.1	4.2	
Budgetary revenue growth rate (%)	-19.9	35.3	3.0	
Tax revenue	2.6	3.8	3.7	
Tax revenue (% of budgetary revenue)	86.4	91.7	86.4	
Government fund income	0.0	0.1	0.1	
Transfer payment	3.1	2.6	3.3	
Aggregate revenue	6.2	6.8	7.6	
Budgetary expenditure	3.0	3.2	3.5	
Budget balance ¹ (%)	2.7	21.3	16.7	
Government debt ratio (%)	43.3	49.2	50.2	

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Tianqiao, Statistical Bureau of Tianqiao and Lianhe Global's calculations

Company Profile

Ownership Structure

The company was originally named Jinan Baishun Infrastructure Construction Co., Ltd., with an initial registered capital of RMB50 million. In October 2022, 100% of the company's equity was transferred to the Finance Bureau of Tianqiao District. In December 2022, the company's registered capital increased to RMB1.6 billion, and its name was changed to JTID. The Tianqiao District Finance Bureau is the sole shareholder and actual controller of JTID.

Revenue Breakdown

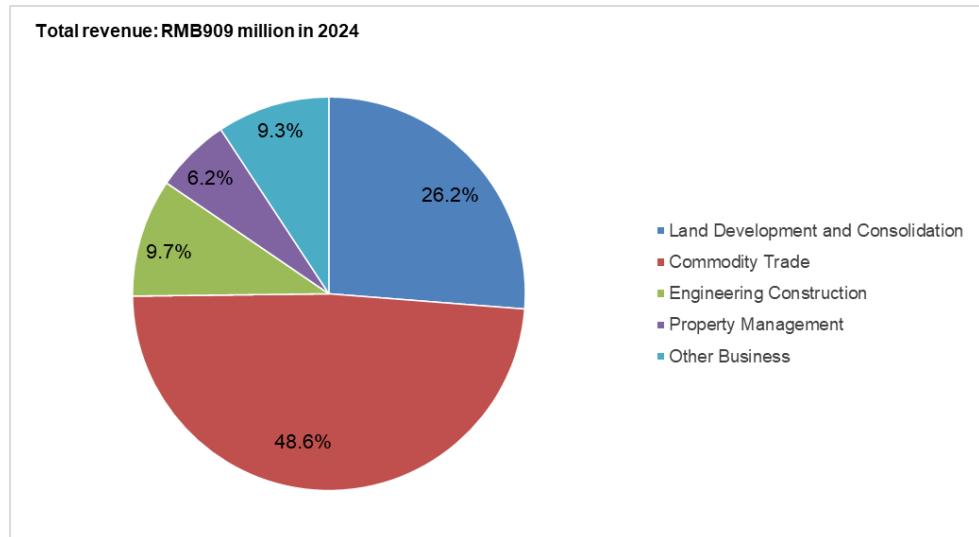
JTID is an important LIDC responsible for land development and infrastructure construction in Tianqiao. The company undertakes major projects in Tianqiao, including land consolidation, engineering construction, commodity trading and property management in Tianqiao. JTID realized total revenue of RMB1.2 billion, 0.7 billion, RMB0.9 billion and RMB1.1 billion in 2022, 2023, 2024 and the first nine months of 2025, respectively. Its overall gross profit margin shows a downward trend.

JTID has taken on a large number of land development and consolidation projects in the region. The projects that have been invested in but are still pending settlement involve significant costs, and the revenue from them is quite stable over time. Specifically, during the business process, the Tianqiao District government signs a development cooperation agreement with the company, which sets a planned total investment amount. During construction, the company initially covers the land development expenses. At the end of each year, the Tianqiao District government hires a qualified audit center to review the company's progress on the land development projects for that year and the costs incurred. The audit center then issues a construction settlement statement to the company. The company recognizes revenue from land development and consolidation based on the audited development costs plus a certain percentage of profit margin. This portion accounts for 26.2% of the total in 2024.

Additionally, the company is involved in urban renewal and industrial park operations, which mainly include projects like the Shandong (Jinan) Prepared Food Industry Park. Future

project income will mainly come from things like renting out industrial facilities, selling properties in mixed-use communities, advertising space revenue, property management fees, and income from selling and renting parking spots.

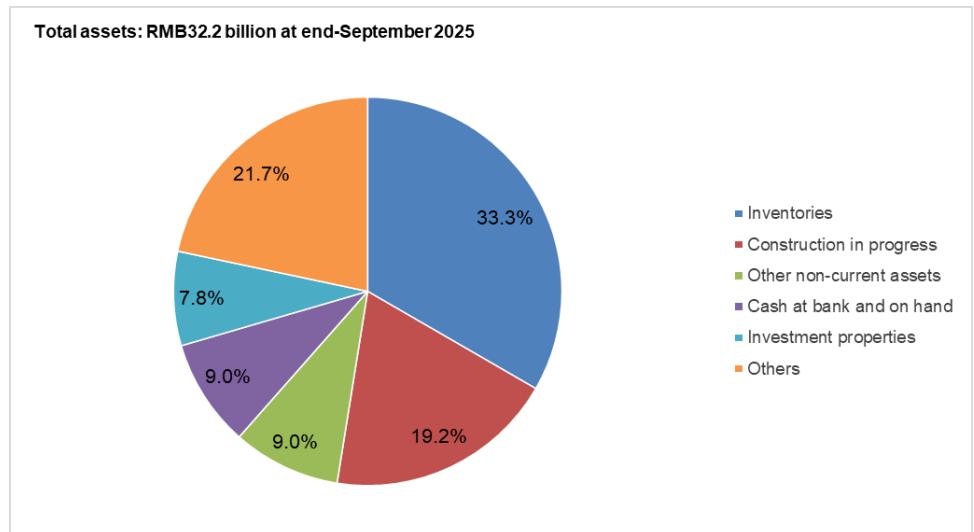
JTID's commodity trading mainly involves selling radiata pine logs and building materials. The company uses a flexible "purchase based on sales" approach, signing purchase contracts with customers first, then buying the goods from suppliers. This business has a low profit margin and tends to fluctuate because of changes in the trade environment and customer demand.



Source: The company and Lianhe Global's calculations

Assets Breakdown

JTID's asset liquidity appears relatively limited, with a significant concentration in less liquid categories. At end-September 2025, inventories and construction in progress made up 52.5% of total assets. Monetization depends heavily on government funding, resulting in a substantial tie-up of working capital. Other non-current assets and investment properties accounted for 8.99% and 7.84%, respectively. These project-related assets typically have a long monetization cycle, which could limit short-term financial flexibility.



Source: The company and Lianhe Global's calculations

Key Financial Data		2022	2023	2024	2025.9
(RMB million)					
Total Assets	17,400	22,516	28,350	32,234	
Equity	14,236	11,423	11,482	11,510	
Debt	4,905	8,491	11,751	12,780	
Debt / (Debt + Equity) (%)	25.6	42.6	50.6	52.6	
Unrestricted cash/ST Debts (x)	0.2	0.2	0.1	0.3	
Debt/EBITDA (x)	8.3	19.8	14.3	-	
Revenue	1,248	667	909	1,073	
Operation Profit	462	188	180	128	
Gross Margin (%)	17.0	11.6	9.8	4.9	
Cash from sales or services/revenue (%)	100.7	166.2	114.9	78.9	

Source: The company and Lianhe Global's calculations

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