

Yantai Jiantou Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Yantai Jiantou Development Group Co., Ltd. (“YJDG” or “the company”)

Summary

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

Zhifu is a core urban district under the jurisdiction of Yantai City, Shandong Province and located in the northeastern part of Shandong Peninsula. Zhifu’s GDP grew by 6.2% to RMB137.8 billion in 2024, while its budgetary revenue reached RMB8.1 billion in 2024.

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

Rating Rationale

Government’s Ownership and Supervision: The Zhifu government holds the full ownership of YJDG through the State-owned Assets Operation and Security Center of Zhifu District, Yantai City (“Zhifu SAOSC”). Zhifu government has strong control and supervision over the company, including the appointment of senior management, decisions on its strategic development, and supervision of its major investment and funding plans. In addition, the local government has an assessment mechanism over the company and periodically appoints auditors to supervise its operating performance and financials.

Strategic Importance and Strategic Alignment: YJDG, as an important LIDC in Zhifu, is mainly responsible for urban infrastructure development and land consolidation within Qin River Area and Heng River Area of Zhifu, with strong regional franchise advantages. YJDG also engages in trading, security service, property management, leasing, and other businesses. YJDG plays an important role in promoting the region’s economic and social development. Its business operations and strategic planning have been aligned with the local government’s development plans.

Strong Government Support: The local government provided ongoing support to YJDG by injecting cash, equity of local SOEs and other assets into the company in the past few years. The company also received operational subsidies totaling RMB704 million from 2022 to 2024. We expect YJDG to receive ongoing support from the local government in the future considering its strategic importance in Zhifu.

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	30 April 2026

Analysts

Rechel Chen
(852) 3462 9589
rechel.chen@lhratingsglobal.com

Joyce Huang, CFA
(852) 3462 9586
joyce.huang@lhratingsglobal.com

Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

YJDG's Financial Matrix and Liquidity Position: YJDG's total assets grew steadily to RMB26.9 billion at end-September 2025 from RMB21.0 billion at end-2022, mainly due to its business expansion and asset injections from local government. The company's total debt increased to RMB9.5 billion at end-September 2025, more than doubled compared with RMB4.0 billion recorded at end-2022. As a result, the company's financial leverage, as measured by the debt to capitalization ratio, increased to 43.3% at end-September 2025 from 24.8% at end-2022.

YJDG's short-term debt servicing pressure was moderately high. The company had a cash balance of RMB1.5 billion at end-September 2025, compared to its debts due within one year of RMB2.2 billion. The company mainly relies on external financing and has access to various financing channels, including bank loans and non-traditional funding, to support its debt repayment and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Zhifu

Zhifu is a core urban district under the jurisdiction of Yantai City, Shandong Province and located in the northeastern part of Shandong Peninsula. As the economic and cultural center of Yantai City, Zhifu has established an industrial structure featured with information technology and intelligent manufacturing, cultural tourism, modern finance, and modern commerce. Zhifu has jurisdiction over 12 streets and 2 provincial industrial parks, with a total area of 179 square kilometers. At end-2024, Zhifu had a resident population of 0.9 million, with an urbanization rate of 100%.

Zhifu maintained relatively stable economic growth in the past three years, and its GDP amount reached RMB137.8 billion in 2024, representing a year-over-year growth rate of 6.2%. The economy of Zhifu was mainly boosted by the tertiary industries, which accounted for 76.7 of GDP in 2024. The GDP per capita of Zhifu increased steadily in the past three years and reach c. RMB156,200 in 2024, much higher than that of Shandong Province (c. RMB97,800) and that of China (c. RMB95,700).

Zhifu's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	117.3	130.1	137.8
-Primary industry (%)	0.7	0.7	0.6
-Secondary industry (%)	19.3	22.6	22.7
-Tertiary industry (%)	80.0	76.7	76.7
GDP growth rate (%)	5.0	6.1	6.2
Fixed asset investment growth rate (%)	10.2	8.5	3.4
Population (million)	0.9	0.9	0.9

Source: Statistical Bureau of Zhifu and Lianhe Global's calculations

Fiscal Condition of Zhifu

The budgetary revenue of the Zhifu government increased steadily from RMB1.4 billion in 2022 to RMB1.6 billion in 2024, with the contribution of tax revenue to budgetary revenue lowered to 62.0% from 73.3% over the same period. The fiscal self-sufficiency rate of the Zhifu government was weak, despite the narrowing trend of its budget deficit (from 142.7% in 2022 to 124.3% in 2024). The government fund income increased to RMB3.0 billion in 2023 from RMB2.2 billion in 2022, and remained relatively stable in 2024, accounting for 47.2% of fiscal revenue.

The outstanding debt of the Zhifu government kept growing in past few years. At end-2024, the Zhifu government's outstanding debt increased to RMB9.7 billion, including general government debts of RMB0.9 billion and special debts of RMB8.8 billion. Its government debt ratio, as measured by the total government debt/aggregate revenue, was elevated to 154.6% at end-2024 from 125.7% at end-2022, mainly due to the large increase in special debts.

Zhifu's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	7.4	7.8	8.1
Budgetary revenue growth rate (%)	10.2	4.8	3.9
Tax revenue	4.8	5.4	4.4
Tax revenue (% of budgetary revenue)	64.4	69.1	54.6
Government fund income	0.2	0.3	0.6
Transfer payment	2.0	1.7	2.6
Aggregate revenue	10.0	10.6	12.0
Budgetary expenditure	5.5	5.5	5.6
Budget balance ¹ (%)	26.5	29.1	30.3

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

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

Company Profile

Ownership Structure

YJDG was established in August 2017 with an initial registered capital of RMB100.0 million, co-funded by Real Estate Credit Guarantee Center of Zhifu District, Yantai City and Zhifu SAOSC. After a series of capital replenishments and equity transfers, the company's registered capital was enlarged to RMB30.0 billion at end-September 2025. Zhifu SAOSC holds the full share of YJDG and is the actual controller of the company.

Revenue Breakdown

YJDG, as an important LIDC in Zhifu, is mainly responsible for urban infrastructure development and land consolidation within Qin River Area and Heng River Area of Zhifu, with strong regional franchise advantages. YJDG also engages in trading, security service, property management, leasing, and other businesses. The company's total revenue reached RMB607 million, RMB758 million, RMB788 million and RMB477 million in 2022, 2023, 2024 and the first nine months of 2025, while its gross margin decreased from 26.2% to 8.4% over the same period.

As the major source of revenue for the company, YJDG's urban infrastructure development business is mainly conducted under the agent construction model, where the company signs the agent construction agreements with the local government and is responsible for fundraising and construction of entrusted projects. The company settles construction costs

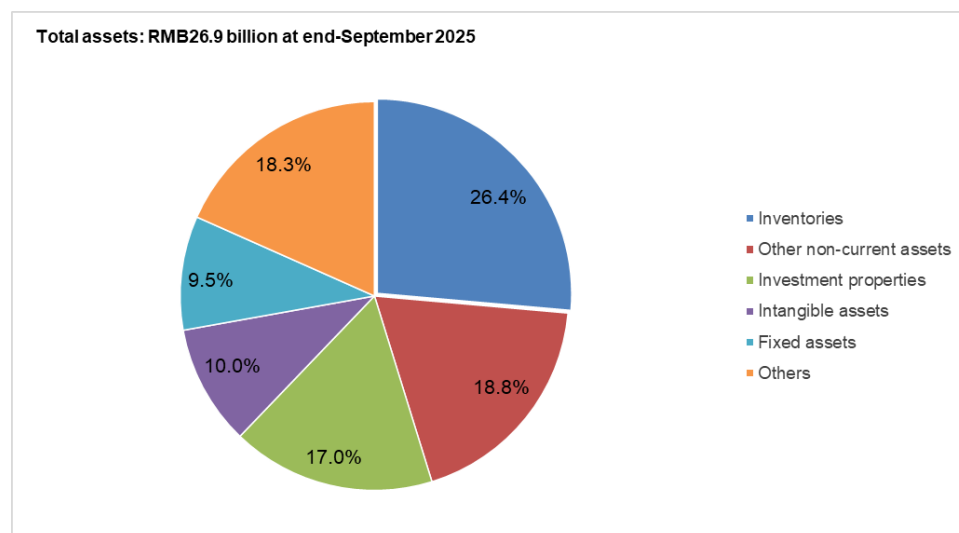
plus 15% of management fees annually with the entrusting party according to the project's progress.

YJDG undertakes land consolidation business by signing the urban renewal cooperation agreement with the local government. According to the agreement, YJDG is responsible for development and construction of urban renewal projects within Qin River Area, including fundraising, design, demolition, land levelling, infrastructure construction, etc. The local government pays construction costs plus a 15% of management fees to YJDG after land concessions. However, the revenue and cash collection of land consolidation projects are vulnerable to local government's policy and planning, as well as property market conditions.

The company's trading business is mainly engaged in the sales of zinc ingot and mostly conducted in a "demand-driven" model, where it determines the amount of materials to be procured strictly based on the actual purchase orders placed by customers. The company makes a profit from the spread between buying and selling prices. However, both suppliers and customers of its trading business are highly concentrated, and most of term are large enterprises and listed companies.

Assets Breakdown

YJDG's asset liquidity was weak. The company's project development activities accumulated sizeable inventories (mainly development products and costs) and investment properties, together representing 43.4% of total assets at end-September 2025. These assets usually take a long time to monetize due to the protracted construction and payment collection period. In addition, the company had a large amount of other non-current assets (mainly land consolidation costs) and intangible assets (mainly sand and gravel resources), accounting for 18.8% and 10.0% of total assets, respectively.



Source: The company's financial reports and Lianhe Global's calculations

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	21,042	22,242	24,987	26,929
Equity	12,144	12,265	12,450	12,452
Debt	4,005	6,801	8,018	9,499
Debt / (Debt + Equity) (%)	24.8	35.7	39.2	43.3
Unrestricted cash/ST Debts (x)	1.0	0.3	0.6	0.7
Debt/EBITDA (x)	12.9	24.0	24.8	-
Revenue	607	758	788	477
Operation Profit	108	108	114	12
Gross Margin (%)	26.2	15.1	8.6	8.4
Cash from sales or services/ Revenue (%)	63.5	61.5	93.5	25.5

Source: YJDG and Lianhe Global's calculations

Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited (“Lianhe Global” or “the Company” or “us”) are subject to certain terms and conditions. Please read these terms and conditions at the Company’s website: www.lhratingsglobal.com

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global’s website for the last rating action and the rating history. Please see Lianhe Global’s website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company’s independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2026.