Zhejiang Tianzihu Industry Investment Co., Ltd.

Summary	
Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	13 November 2026

Lianhe Ratings Global Limited has affirmed 'BBB' global scale Long-term Issuer Credit Rating of Zhejiang Tianzihu Industry Investment Co., Ltd. ("ZTIIC"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Anji County, Huzhou City ("Anji government") would provide very strong support to ZTIIC if needed, in light of its indirect full ownership of ZTIIC and ZTIIC's strategic importance as the key entity responsible for infrastructure construction and state-owned asset operation in Anji County, Huzhou City ("Anji"), especially in the Tianzihu Town ("Tianzihu"). The linkage between the Anji government and ZTIIC is strong, including supervision of the management and major investment and financing plan decisions, strategic alignment, and ongoing operational and financial support. In addition, we believe that the local government has a very strong willingness to ensure ZTIIC's business and financial viability in order to safeguard its reputation and local financing activities.

Anji is a county under the jurisdiction of Huzhou City in Zhejiang Province. Its GDP grew by 6.8% to RMB71.1 billion in 2025, while its budgetary revenue increased by 1.4% to RMB6.3 billion over the same period.

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

Rating Rationale

Government's Ownership and Supervision: The Financial Bureau of Anji County ("Anji FB"), as the actual controller, holds 100% shares of ZTIIC through Zhejiang Anji Construction Holding Group Co., Ltd. ("ZACH", "BBB/Stable"). The Anji government has the final decision-making authority and supervises the company, including supervision of the management and decisions on its strategic development and investment and financing plans. In addition, the Anji government has performance assessment mechanism over the company and regularly appoints auditors to review ZTIIC's operating performance and financial position.

Strategic Importance and Alignment: ZTIIC remains an important local investment and development company in Anji that primarily engages in infrastructure construction and state-owned asset operation in the region, particularly Tianzihu, Zhangwu, and Xilong. ZTIIC's business operations and strategic planning have been aligned with the local government's development plans. Its activities encompass green projects, new rural development initiatives, sale of bentonite and its products, etc., with regional franchise. The company also seeks to broaden and diversify its business scope to support stable revenue generation.

Ongoing Government Support: ZTIIC has received ongoing support from the local government, usually in forms of injections of capital or assets and subsidies to support ZTIIC's business operation. Government subsidies have been stable totaling RMB360 million between 2023 and 2025. As an important entity in infrastructure construction and development in Anji, we believe ZTIIC owns the advantage in acquiring related resources

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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

and projects, while government support will remain intact to ensure ZTIIC's business operation and development.

ZTIIC's Financial Matrix and Liquidity: ZTIIC's total assets reached RMB15.9 billion at end-June 2026, including mainly inventories, investment properties and construction in progress, as it actively participated in Anji's development projects. Its financial leverage, measured by the debt-to-capitalization ratio, decreased to 47.3% at end-June 2026 from 56.1% at end-2023, although it continued to face significant short-term debt servicing pressure. As of end-June 2026, the company held RMB0.3 billion in cash, compared with RMB2.2 billion of debt to be due within one year. ZTIIC has access to various financing channels, including bank borrowings and bond issuance, with unused credit lines.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Anji

Anji is a county under the jurisdiction of Huzhou City in Zhejiang Province, with a total land area of 1,886 square kilometers. Known for its favorable ecological environment, Anji has developed a diversified economy supported by traditional industries such as furniture, bamboo, tea and tourism, alongside emerging industries including biomedicine, equipment manufacturing, electronic information and new materials.

Anji's GDP increased to RMB71.1 billion in 2025, from RMB67.6 billion in 2024. The GDP growth rate was 6.8% in 2025, compared with 6.5% recorded in 2024. Anji's economic growth was mainly fueled by secondary and tertiary industries, which accounted for 46.7% and 48.2% of GDP in 2025, respectively. Its GDP per capita steadily increased to around RMB117,000. Meanwhile, fixed asset investment reported a growth rate of 3.8% in 2025.

Anji's Economic Condition

(RMB billion)	2023	2024	2025
GDP	61.5	67.6	71.1
-Primary industry (%)	5.2	5.0	5.1
-Secondary industry (%)	43.9	46.4	46.7
-Tertiary industry (%)	50.8	48.6	48.2
GDP growth rate (%)	5.1	6.5	6.8
Fixed asset investment growth rate (%)	22.6	9.6	3.8
Population (million)	0.6	0.6	0.6

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

Fiscal Condition of Anji

The Anji government's budgetary revenue increased by 1.4% to RMB6.3 billion in 2025, following a decline of 4% in 2024, with a high contribution of tax revenue of 87% in 2025. The fiscal self-sufficiency of the Anji government remained weak. Its budget deficit widened to 50.2% in 2025 from 35.8% in 2024. The government fund income was stable at RMB6 billion in 2025, while transfer payments from higher government reached RMB4.2 billion.

The outstanding debt of the Anji government continued to grow in the past few years. At end-2025, the Anji government's outstanding debt increased to RMB25.1 billion from RMB22.4 billion at end-2024, mainly due to the issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue, increased slightly to 150.3% at end-2025 from 149.4% at end-2024.

Anji's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	6.5	6.3	6.3
Budgetary revenue growth rate (%)	4.2	-4.0	1.4
Tax revenue	5.9	5.3	5.5
Tax revenue (% of budgetary revenue)	90.9	85.4	87.0
Government fund income	12.8	5.8	6.0
Transfer payment	3.0	2.7	4.2
Aggregate revenue	22.6	15.0	16.7
Budgetary expenditure	9.4	8.5	9.5
Budget balance[1] (%)	-43.9	-35.8	-50.2
Government debt ratio (%)	96.9	149.4	150.3

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial Bureau of Anji and Lianhe Global's calculations

Company Profile

ZTIIC was established in June 2004 by Anji County Asset Management Co., Ltd. and Anji County Economic and Technological Development Corporation, with an initial registered capital of RMB20 million. As of end-June 2026, the company's registered and paid-in capital both stood at RMB300 million. ZACH was its sole shareholder, while the Anji FB was the ultimate controller.

ZTIIC's principal business segments include infrastructure construction, bentonite excavation and sale, and management of public parking space and charging and collection of parking fees. The company has undertaken a series of infrastructure construction projects in Anji, including roads, business parks, pipe networks and landscaping. The company's revenue remained stable from 2023 to 2025, with infrastructure construction as the primary contributor. Gross margin stayed at around 8%–10% over the period.

Key Financial Data

(RMB million)	2023	2024	2025	2026.6
Total Assets	17,678	16,603	16,558	15,876
Equity	7,624	7,707	7,832	7,886
Debt	9,739	8,422	8,358	7,072
Debt / (Debt + Equity) (%)	56.1	52.2	51.6	47.3
Unrestricted cash/ST Debts (x)	0.1	0.3	0.1	0.1
Debt/EBITDA (x)	48.1	56.9	46.2	-
Revenue	549	558	559	244
Gross Margin (%)	9.6	8.2	8.7	8.3
Cash from sales or services/ Revenue (%)	138.4	101.1	157.4	81.8

Source: ZTIIC and Lianhe Global's calculations

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