

## Credit Opinion

22 December 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A <sub>g</sub> -
Outlook	Stable

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## Jinan Tianqiao Finance Investment Co., Ltd.

### Initial credit rating report

**CCXAP assigns first-time long-term credit rating of A<sub>g</sub>- to Jinan Tianqiao Finance Investment Co., Ltd., with stable outlook.**

### Summary

The A<sub>g</sub>- long-term credit rating of Jinan Tianqiao Finance Investment Co., Ltd. ("TQFI" or the "Company") reflects Tianqiao District Government's (1) very strong capacity to provide support, and (2) extremely high willingness to provide support based on our assessment of the Company's characteristics.

Our assessment of Tianqiao District Government's capacity to provide support reflects its ongoing integration into the economic development of Jinan City, and its relatively good fiscal stability.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) direct and full ownership by the Finance Bureau of Tianqiao District; (2) strategic importance in urban construction and industrial development in Tianqiao District; and (3) solid track record of receiving government support.

However, the rating is constrained by the Company's (1) medium and increasing exposure to commercial activities; (2) increasing debt burden driven by large investment needs; and (3) moderate access to funding.

The stable outlook on TQFI's rating reflects our expectation that Tianqiao District Government's capacity to provide support will be stable, and the Company's characteristics such as its dominant role in the development of Tianqiao District will remain unchanged over the next 12 to 18 months.

## Rating Drivers

- Strategic importance in urban construction and industrial development in Tianqiao District, especially in Jinan New Material Industrial Park
- Medium and increasing exposure to commercial activities
- Solid track record of receiving government support
- Increasing debt burden driven by large investment needs
- Moderate access to funding

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as lower exposure to risk commercial activities or improved financing ability.

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability 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 decreased government payments.

## Key Indicators

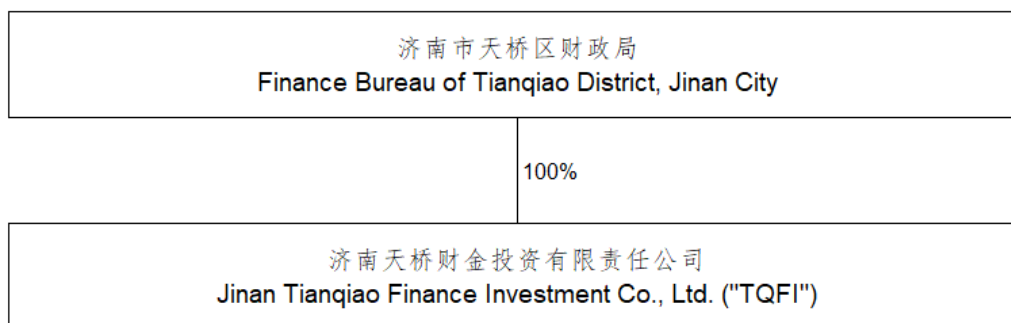
	2022FY	2023FY	2024FY	2025Q3
Total Asset (RMB billion)	9.9	13.8	16.6	19.2
Total Equity (RMB billion)	6.6	10.0	10.1	10.1
Total Revenue (RMB billion)	0.6	0.7	1.1	0.1
Total Debt/Total Capital (%)	21.2	18.4	33.0	37.5

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

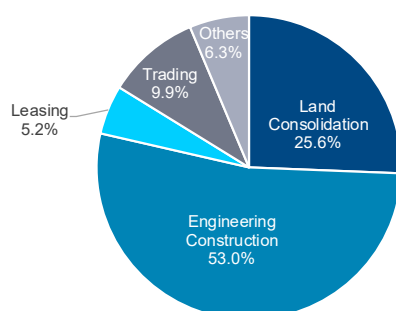
Source: Company data, CCXAP research

## Corporate Profile

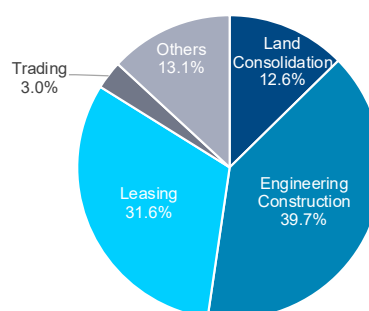
Founded in 2016, TQFI is the main infrastructure construction entity in Tianqiao District, Jinan City, and also acts as a key investment and operation entity for industrial projects within the district. It is primarily responsible for the urban development and construction, and the investment and operation of industrial projects in the north region of the Yellow River in Tianqiao District. TQFI also diversified into other commercial businesses, including property development, self-operated project construction and operation, leasing, and trading businesses. As of 30 September 2025, the Company was wholly and directly owned by the Finance Bureau of Tianqiao District.

**Exhibit 1. Shareholding chart as of 30 September 2025**

Source: Company information, CCXAP research

**Exhibit 2. Revenue structure in 2024**

Source: Company information, CCXAP research

**Exhibit 3. Gross profit structure in 2024****Rating Considerations****Government's Capacity to Provide Support**

We believe the local government of Tianqiao District has a very strong capacity to provide support given its ongoing integration into the economic development of Jinan City, and its relatively good fiscal stability.

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 2024, Jinan City reported a GRP of RMB1,352.8 billion, increased by 5.4% YoY, ranking 2<sup>nd</sup> among 16 prefecture-level cities in Shandong Province and 9<sup>th</sup> among 15 sub-provincial cities in China. In the first three quarters of 2025, the GRP of Jinan City increased by 5.4% YoY to RMB104.3 billion. In addition, Jinan City has a strong financial base. From 2023 to 2024, its general budgetary revenue increased from RMB106.1 billion to RMB108.3 billion, with average self-sufficiency ratio (general budgetary revenue/general budgetary expenditure) of 79.0% over the past three years. As of 31 December 2024, the local government's outstanding debt amounted to RMB377.1 billion, accounting for 27.9% of the GRP.

**Exhibit 4. Key economic and fiscal indicators of Jinan City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,202.8	1,275.7	1,352.8
GRP Growth (%)	3.1	6.1	5.4
General Budgetary Revenue (RMB billion)	100.1	106.1	108.3
General Budgetary Expenditure (RMB billion)	122.6	136.5	139.7
Local Government Debt (RMB billion)	266.1	318.0	377.1

Source: Jinan Municipal Government, CCXAP research

Tianqiao District is located in the northern part of Jinan urban area and is the only central urban district of Jinan that spans the Yellow River. It covers a total area of around 259.0 square kilometers and administers 15 sub-districts. As the birthplace of Jinan's modern industry, Tianqiao District is home to modern industrial parks such as Jinan New Material Industrial Park and Yaoshan Science and Technology Park, with intelligent manufacturing and new materials as its leading industries. Under the guidance of Jinan City's northward development strategy, Tianqiao District plans to take Jinan New Material Industrial Park as the carrier, focusing on promoting the development of industries such as new materials, intelligent manufacturing and biomedicine. As Tianqiao District's industries undergo comprehensive upgrading, it is anticipated to have significant future development potential.

In recent years, the economic strength of Tianqiao District has continued to increase. The GRP of Tianqiao District increased by 3.0% YoY to RMB84.5 billion in 2024. During the first three quarters of 2025, Tianqiao District achieved GRP of RMB61.9 billion, representing a YoY increase of 3.0%. Its general budgetary revenue also increased to RMB4.2 billion in 2024. Tianqiao District Government has relatively good fiscal stability. Its average fiscal stability ratio (tax revenue/general budgetary revenue) was 88.2% over the past three years. Moreover, Jiyang District Government had a strong fiscal balance as its general budgetary revenue covered around 116.6% of general budgetary expenditure over the past three years. As of 31 December 2024, Jiyang District Government's outstanding governmental debt amounted to RMB3.8 billion, accounting for 4.5% of its GRP.

**Exhibit 5. Key Economic and Fiscal Indicators of the Tianqiao District**

	2022FY	2023FY	2024FY
GRP (RMB billion)	71.3	76.6	84.5
GRP Growth (%)	0.3	6.3	3.0
General Budgetary Revenue (RMB billion)	3.0	4.1	4.2
General Budgetary Expenditure (RMB billion)	3.0	3.2	3.5
Local Government Debt (RMB billion)	2.7	3.3	3.8

Source: Tianqiao District Government, CCXAP research

Jinan New Material Industrial Zone, a provincial-level development zone approved by the People's Government of Shandong Province in March 2006, is under the administration of Tianqiao District. Located on the northern bank of the Yellow River, it covers a planned area of around 14.9 square kilometers. As a pilot zone for the integration of industry and urban development in Jinan City, it focuses on three leading sectors: advanced functional materials, smart manufacturing equipment, and modern logistics services. In 2024, its output value of industrial enterprises above designated size reached RMB14.7 billion, with the value-added up 4.7% YoY and industrial investment rising 49.7% YoY. It is now home to more than 2,300 enterprises, including 308 industrial enterprises and 242 high-tech enterprises. Well-positioned as the key infrastructure entity for the Jinan

New Material Industrial Zone, the Company is expected to benefit from the zone's strategic location and growth momentum.

### **Government's Willingness to Provide Support**

#### **Strategic importance in urban construction and industrial development in Tianqiao District, especially in Jinan New Material Industrial Park**

TQFI is one of the important entities for infrastructure construction in Tianqiao District, primarily responsible for urban development and construction, as well as the investment and operation of industrial projects within the north region of the Yellow River in Tianqiao District, especially in Jinan New Material Industrial Park. Its core activities, including land consolidation, roads, pipe networks, greening projects and resettlement housing construction, aligns with the local government's development plans and supports regional economic growth. Considering the Company's dominant role in the public policy projects in Tianqiao District, we believe that the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

Commissioned by the Finance Bureau of Tianqiao District, TQFI undertakes infrastructure construction and primary land consolidation projects in Tianqiao District under the agency construction model. According to the construction agency agreement, TQFI and its subsidiaries are responsible for the financing and construction of the projects and receive project payments based on the actual costs plus a markup upon examination of the projects. As of 30 September 2025, the Company had completed 11 major infrastructure construction projects in Tianqiao District, including land consolidation, pipe network and road construction, with a total invested amount of RMB1.1 billion. At the same time, the Company had 9 infrastructure construction projects under construction, with a planned investment of RMB2.4 billion and an uninvested amount of RMB231.0 million. Meanwhile, the Company had 4 planned projects with an estimated investment amount of RMB1.1 billion. We consider that TQFI's relatively large-scale projects in the pipelines can ensure the sustainability of the business, but also bring great pressure on the Company's capital expenditure.

#### **Medium and increasing exposure to commercial activities**

Apart from public-related activities, TQFI also engages in several commercial activities, mainly including construction of self-operated projects, property development, leasing and trading. We consider TQFI's commercial business exposure to be medium, accounting for around 15-20% of its total assets. However, the relatively large future investment in self-operated projects may increase the Company's capital expenditure pressure. Besides, with the ongoing investment in property development, we expect its business risks associated with commercial activities would increase especially during the downturn of the real estate market.

TQFI conducts industrial park operation business through its subsidiaries, with its revenue primarily derived from rental income and property management fees. The properties held by the Company include factory buildings and office buildings, which were purchased or self-built by the Company, or transferred by the government. As of 30 September 2025, the Company had a total leasable area of approximately 237.6 thousand square meters, with an overall occupancy rate of around 90%. In addition, as of 30 September 2025, the Company had 5 industrial park projects under construction with a total investment of RMB2.8 billion and an uninvested amount of RMB1.8 billion, the investment of which will be balanced through operation and leasing. From 2022 to 2024, the revenue from leasing business increased year by year from RMB33.3 million to RMB59.0 million. However, 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.

The Company has been engaged in real estate development business since 2022. In terms of business model, the Company acquires land through bidding, auction and listing, and sells real estate properties under a market-oriented pricing model. As of 30 September 2025, the Company had one completed real estate project with a relatively low sale rate of around 12% and has recognized revenue of RMB42.0 million, facing considerable de-stocking pressure. In addition, the Company had two real estate projects under construction with a total investment of RMB2.8 billion and an uninvested amount of RMB1.4 billion, which are expected to be funded through self-owned funds or development loans. The ongoing investments in these construction projects require large capital expenditure and pose more financing pressure on the Company. 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, especially during the downturn of the real estate market.

In addition, the Company also participates in trading business. The Company adopts the demand-on-purchase mode. Upon receiving customer orders, the Company purchases relevant goods from upstream suppliers via its own funds or pre-sales payments, and sells at the local average market prices. The main trading products include rebar, power equipment and elevator equipment. In 2024, the Company recognized trading revenue of RMB111.5 million, accounting for 9.9% of the total revenue. However, the Company is exposed to a relatively high concentration risk, with the top five upstream suppliers accounting for 91.7% of the total procurement value and the top five downstream customers representing 91.9% of the total sales revenue in 2024. Moreover, the gross margin of the trading business is low at 5%, which makes a limited contribution to the Company's profits.

### **Solid track record of receiving government payments**

TQFI has a proven track record of receiving support from the local government in terms of equity transfer, asset injection, construction project payments and subsidies. In 2022, the Company received cash capital injection of RMB1.0 billion from the Finance Bureau of Tianqiao District. As of end-2024, the Jinan New Material Industrial Park Committee transferred engineering projects totaling RMB2.2 billion and assets such as parking space operation rights totaling RMB1.7 billion, which increased the Company's capital reserve.

Furthermore, the Company has signed agreements for its public policy projects with the local government, which ensures the predictability of the project payments. As of 30 September 2024, the Company had received project payments for infrastructure construction and land consolidation of around RMB1.1 billion. TQFI also received continuous operating subsidies from the local government from 2022 to 2025Q3, with total amount of around RMB192.0 million. We believe that, given the importance of TQFI in public-policy projects in Tianqiao District and its close relationship with the local government, the local government will continue to provide strong support to the Company.

### **Increasing debt burden driven by large investment needs**

Due to the ongoing investments for its infrastructure construction and self-operated projects, TQFI's total debt has been increasing over the past years. As of 30 September 2025, the Company's total debt increased to RMB6.0 billion from RMB1.8 billion as of end-2022, and the total capitalization ratio also increased to 37.5% from 21.2%. As of 30 September 2025, the Company's short-term debt accounted for 41.7% of the total debt, and unrestricted cash to short-term debt ratio was around 0.3x, indicating high short-term repayment pressure. Considering the Company may continue to rely on external financing for its investment needs for public policy projects and commercial activities projects under construction, its total debt burden is expected to further increase over the next 12-18 months.

## Moderate access to funding and asset liquidity

TQFI shows moderate access to funding, as it mainly relies on bank loans and non-standard financing. The Company has long-term relationships with various major domestic banks, including major policy banks and joint-stock commercial banks. Due to the important role JBNC has played in local development, the Company has also received project loans from policy banks, such as China Development Bank and Agricultural Development Bank of China. The credit facilities granted by these policy banks accounted for around 44.1% of the Company's total credit facilities. As of 30 September 2025, the Company had total credit facilities of RMB8.7 billion, with the available portion more than RMB4.0 billion. The Company also has access to debt capital market through its subsidiary Jinan Quanbang Industrial Development Co., Ltd. ("QBID"). In June 2025, QBID issued one tranche of domestic bond, raising RMB300.0 million. The Company had a moderate exposure to non-standard financing, accounting for around 9.0% of total debt as of 30 September 2025, mainly from financial leasing companies. The non-standard products generally have higher financing costs and shorter maturities, which may bring more refinancing pressure to the Company.

TQFI's asset liquidity is moderate. The Company's assets were primarily comprised of inventories and receivables, accounting for 60.3% of its total assets as of 30 September 2025. The Company's receivables are from other state-owned enterprises in the region while the inventories are mainly construction costs, resulting in relatively weak asset liquidity. Moreover, As of 30 September 2025, TQFI's restricted assets accounted for 13.8% of the total assets, including cash, inventory and investment properties.

## ESG Considerations

TQFI assumes environmental risks through its infrastructure construction and primary land development projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

TQFI bears social risks as it implements public policy initiatives by building public projects in Tianqiao District City. 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.

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

## 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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