
CCXAP affirms Tai'an Tianze Investment Operation Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 30 April, 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Tai'an Tianze Investment Operation Group Co., Ltd.'s (“TATZ” or the “Company”) long-term credit rating at BBB_g, with stable outlook.

The BBB_g long-term credit rating of TATZ reflects the Tai'an Municipal Government's (1) very strong capacity to provide support; and (2) high willingness to provide support based on our assessment of the Company's characteristics. Our assessment of the local government's capacity to provide support reflects Tai'an Municipal Government's status as an important tourism city in East China, with increasing economic strength, but constrained by its moderate fiscal metrics.

The rating also reflects the local government's willingness to provide support, based on the Company's (1) essential role as the primary urban developer and operator of the Wenhe New District in Tai'an City; and (2) good track record of receiving government supports. However, the rating is constrained by the Company's (1) medium and increasing exposure to commercial activities; (2) increasing debt scale with short-term debt pressure; and (3) moderate asset liquidity.

Corporate Profile

Established in 2018, TATZ is one of the major local infrastructure investment and financing companies (“LIIFCs”) in Tai'an City, mainly responsible for the investment, construction, and operation of Wenhe New District in Culai Mountain. It undertakes major public infrastructure and welfare projects in the region, including infrastructure construction, land consolidation, and green maintenance and cleaning in the Wenhe New District. Meanwhile, the Company has developed some commercial activities, including self-operation construction projects, commodity sales, hotel management, and leasing. As of 30 June 2025, Tai'an Taishan Investment Co., Ltd. (“TTIC”) directly owned 95.0% of the Company's shares, and the rest of the shares were held by Tai'an Dongyue Jincai Co., Ltd. The Finance Bureau of Tai'an City was the ultimate controller of the Company.

Rating Rationale

Credit Strengths

Essential role as the primary urban developer and operator of the Wenhe New District.

TATZ is one of the major LIIFCs in Tai'an City, mainly responsible for the investment, construction, and operation of Wenhe New District. It plays an important role in undertaking public projects in Wenhe New District including infrastructure construction, land development and consolidation, and green maintenance and cleaning. The Company has a clear functional positioning and strong regional specialization in public-oriented business. As of 30 June 2025, the Company had 7 infrastructure construction projects under construction, with a total investment of RMB9.8 billion and an uninvested amount of RMB1.6 billion. At the same time,

there were 7 infrastructure construction projects under planning, with a total investment of RMB2.3 billion. As of the date, the Company had 1,438 mu of land index on hand for sale. Meanwhile, TATZ had 5 land consolidation projects under construction, with outstanding investment of RMB52.5 million.

Good track record of receiving government supports. The Company has a good track record of receiving support from the local government to support its operation in the form of equity transfer, cash and asset injections, and fiscal and operating subsidies. In 2024, the Company received a total of RMB79.0 million in operating subsidies from the local government. As of 30 June 2025, the Company had received government repayment of RMB780.0 million for its infrastructure projects. Given the importance of TATZ to local economic and industrial development, we believe the Company will continue to receive support from the local government.

Credit Challenges

Medium and increasing exposure to commercial activities. The Company's commercial activities include sales, engineering construction, leasing, as well as hotel management. The Company's commercial activities may pose higher operational and business risks than its public-policy businesses. TATZ's commodity sales business accounted for 53.6% of TATZ's total revenue in 2024, posting revenue of RMB642.7 million and a gross profit margin at around 0.4%. Meanwhile, this business faced relatively high concentration risks. The Company also carries out a series of self-operation projects, and plans to achieve fund balance through operating revenue. As of 30 June 2025, the Company had 5 self-operation projects under construction, with total investment of RMB4.1 billion, and uninvested amount of RMB3.2 billion. Meanwhile, the Company had 3 projects under planning, with total planned investment of RMB706.0 million.

Increasing debt scale with short-term debt pressure. The Company showed fast debt growth due to the continuous investment in infrastructure construction projects and self-operation projects. TATZ's total debt increased to RMB13.0 billion as of 30 June 2025, from RMB11.9 billion as of end-2023. TATZ had relatively high level of debt leverage, with a total capitalization ratio of 55.9% as of 30 June 2025. The Company also bears relatively large short-term debt pressure. As of 30 June 2025, the short-term debt accounted for 48.3% of the total debt, increasing from 43.9% as of end-2023. Meanwhile, TATZ's cash to short-term debt ratio was relatively low at 0.3x, which could not fully cover the short-term debt.

Moderate asset liquidity. TATZ's asset liquidity was relatively weak. As of 30 June 2025, TATZ's inventories, intangible assets, accounts receivable and other receivables accounted for 82.3% of the total assets. Inventories accounted for more than half of the total assets, which were mainly construction costs of infrastructure construction projects that were considered low liquidity.

Concentrated bank borrowing with relatively high financing costs. TATZ has relatively high reliance on bank loans. The Company maintains good and long-term relationships with large domestic banks. As of 30 June 2025, the Company had total bank facilities of RMB11.1

billion, with the available portion of around RMB2.1 billion. TATZ maintains a relatively high proportion of non-standard financing, primarily comprising financial leases, trusts, and factoring. As of 30 June 2025, these financing products accounted for approximately 20% of total debt, representing a relatively large exposure. Furthermore, the costs associated with financial leasing remain at a relatively high level.

Rating Outlook

The stable outlook on TATZ's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its important role in the development of Tai'an City, especially in the Wenhe New District over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; or (2) the Company's characteristics change in a way that enhances the local government's willingness to provide support, such as increased strategic significance or improved financing ability.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity 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 higher exposure to risky commercial activities.

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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