

Credit Opinion

3 February 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB _g +
Outlook	Stable

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Taixing City Investment Development Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms the long-term credit rating of Taixing City Investment Development Group Co., Ltd. at BBB_g+, with stable outlook.

Summary

The BBB_g long-term credit rating of Taixing City Investment Development Group Co., Ltd. ("TXCI" or the "Company") reflects (1) Taixing City Government's very strong capacity to provide support; and (2) the local government's very high willingness to provide support based on our assessment of the Company's characteristics.

Our assessment of Taixing City Government's capacity to provide support reflects Taixing City's relatively good comprehensive strength, with fast economic growth and good fiscal stability.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important policy role in public-related activities in Taixing City; (2) track record of receiving government support; and (3) good access to diversified funding sources.

However, the rating is constrained by the Company's (1) moderate risk exposure to commercial activities; (2) moderate debt management and weak asset liquidity; and (3) high exposure to contingent liabilities.

The stable outlook on TXCI's rating reflects our expectation that Taixing City Government's capacity to provide support will remain stable, and the Company will maintain its important position in public-related activities in Taixing City in the next 12-18 months.

Rating Drivers

- Important policy role in public-related activities in Taixing City
- Moderate risk exposure to commercial activities
- Moderate debt management and weak asset liquidity
- Track record of receiving government support
- Good access to diversified funding sources
- High exposure to contingent liabilities

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) Taixing City Government's capacity to support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as a material reduction in external guarantees or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Taixing City Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as a reduction in the importance of its policy role or deteriorated debt management.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	69.7	73.3	78.2	86.4
Total Equity (RMB billion)	27.4	27.7	27.9	31.2
Total Revenue (RMB billion)	8.2	6.3	6.3	4.1
Total Debt/Total Capital (%)	55.5	57.6	60.0	60.6

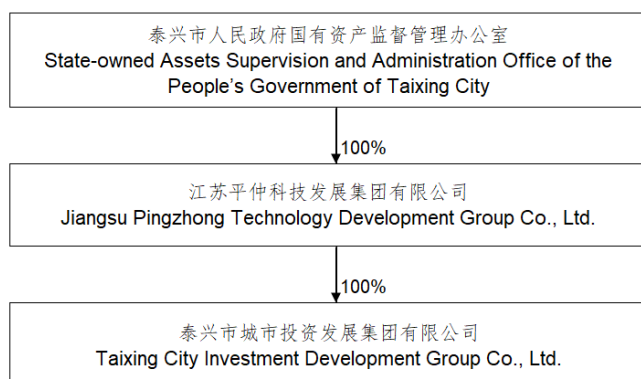
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

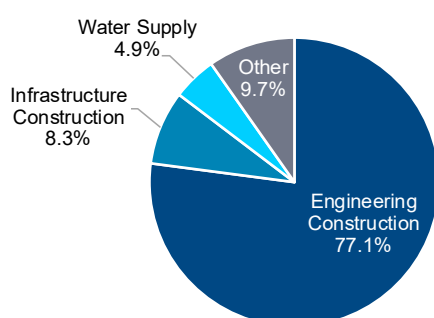
Established in 2019, TXCI is one of the key local infrastructure investment and financing companies ("LIIFCs") in Taixing City, Taizhou City. As the main state-owned assets operator and developer in Taixing City, the Company plays an important role in public-related businesses, including infrastructure construction, land consolidation, water supply, and affordable housing businesses. The Company also undertakes commercial activities such as engineering construction contracting and real estate development. In December 2024, the State-owned Assets Supervision and Administration Office of the People's Government of Taixing City ("Taixing SASAO") transferred 100% of the Company's shares to Jiangsu Pingzhong Technology Development Group Co., Ltd. ("JSPZ"). As of 30 September 2025, the Company was wholly owned by JSPZ and ultimately controlled by Taixing SASAO.

Exhibit 1. Shareholding chart as of 30 September 2025



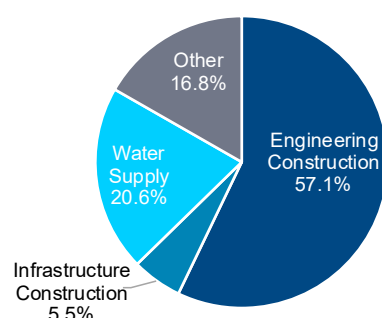
Source: Company information, CCXAP research

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 Taixing City Government has a very strong capacity to provide support, based on its relatively good comprehensive strength, with fast economic growth and good fiscal stability.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemical, and textile. Jiangsu Province is the second largest province in China by gross regional product ("GRP"), after Guangdong Province. In 2024, its total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. The per capita GRP also ranked top among all provinces in China for years. In the first three quarters of 2025, Jiangsu Province recorded a GRP of RMB10.3 trillion, with a YoY increase of 5.4%.

Taizhou City is a prefecture-level city located in the central region of Jiangsu Province, with pharmaceutical, electric, chemical, and shipbuilding as its pillar industries. With the vigorous development of the industrial sector, Taizhou City has achieved sustained economic growth. In 2024, the GRP of Taizhou City was RMB702.1 billion, representing a YoY increase of 5.1%. In the first three quarters of 2025, Taizhou City's GRP reached RMB537.0 billion with a YoY increase of 5.4%. Taizhou Municipal Government's general budgetary revenue increased from RMB44.0 billion in 2023 to RMB45.3 billion in 2024. Taizhou City also has a good fiscal balance, with a fiscal balance ratio averaging 70% for the past three years. As of the end of 2024, the outstanding debt of Taizhou Municipal Government increased to RMB131.6 billion, accounting for 18.7% of the GRP.

Exhibit 4. Key economic and fiscal indicators of Taizhou City

	2022FY	2023FY	2024FY
GRP (RMB billion)	640.2	673.2	702.1
GRP Growth (%)	4.4	6.8	5.1
General Budgetary Revenue (RMB billion)	41.7	44.0	45.3
General Budgetary Expenditure (RMB billion)	70.4	69.7	69.6
Local Government Debt (RMB billion)	100.1	107.1	131.6

Source: Statistics Bureau of Taizhou City, CCXAP research

Located in the center of Jiangsu Province and the lower reaches of the Yangtze River, Taixing City is a county-level city under the jurisdiction of Taizhou City and one of the pilot counties which are directly administered by the Jiangsu Provincial Government. Owing good natural conditions with rich mineral reserves and a natural harbor, Taixing City serves as an important port city and transportation hub in Jiangsu Province and the Yangtze River Delta Region. Taixing City has relatively good comprehensive strength, ranking 32nd among China's Top 100 counties in 2025, according to CCID consulting. Benefiting from the growth in the industrial sector led by chemical, medicine, mechanical and electrical industries, and the policy to stimulate the development of emerging industries such as new chemical materials, new energy, and new food raw materials, Taixing City achieved rapid economic growth and a large economic volume. Taixing City's GRP ranked 1st among all districts or counties in Taizhou City over the past three years. In 2024, Taixing City recorded a GRP of RMB146.8 billion, increasing by 4.2% YoY. In the first three quarters of 2025, Taixing City's GRP achieved RMB109.9 billion, an increase of 5.6% YoY.

Taixing City has a good fiscal profile with good fiscal self-sufficiency and revenue-generating ability. In 2024, the general budgetary revenue increased to RMB10.0 billion from RMB9.7 billion in 2023, with tax revenue rising to RMB7.1 billion from RMB7.0 billion. At the same time, the 3-year average fiscal balance ratio (general budgetary revenue to general budgetary expenditure) was 71.2%; the 3-year average fiscal stability (tax revenue/general budgetary revenue) was 70.9%. Government fund budget revenue is an important supplement to fiscal revenue. However, due to the sluggish land market, Taixing City's government fund budget revenue has been on a downward trend in the past three years. As of end-2024, Taixing City Government's outstanding direct debt increased to RMB29.8 billion, accounting for around 20.3% of GRP.

Exhibit 5. Key economic and fiscal indicators of Taixing City

	2022FY	2023FY	2024FY
GRP (RMB billion)	136.7	143.5	146.8
GRP Growth (%)	5.3	6.5	4.2
General Budgetary Revenue (RMB billion)	9.0	9.7	10.0
General Budgetary Expenditure (RMB billion)	12.8	13.7	13.8
Local Government Debt (RMB billion)	26.8	26.7	29.8

Source: Statistics Bureau of Taixing City, CCXAP research

Government's Willingness to Provide Support**Important policy role in public-related activities in Taixing City**

TXCI is the primary state-owned assets operation entity in Taixing City, with strong regional franchise advantages in various public-related activities such as infrastructure construction, land consolidation, water

supply, and affordable housing development. The Company has consolidated several state-owned enterprises in Taixing City since its establishment and conducts its businesses mainly through its subsidiaries.

TXCI is the main infrastructure construction entity in Taixing City, mainly responsible for projects related to social undertakings, urban roads and water conservancy construction, which significantly benefits people's livelihood and promotes the urbanization development in Taixing City. Commissioned by local government and relevant departments, it invests in and develops urban infrastructure projects mainly under the agent construction model, and books project costs plus a rate of return ranging from 10%-20% as revenue after completion and inspection of the projects. As of 31 March 2025, the Company had 5 key infrastructure construction projects under construction with a total estimated investment of around RMB5.7 billion and an uninvested amount of RMB647.7 million; the Company had no infrastructure construction projects under planning. TXCI is expected to maintain its role as the key developer in Taixing City. Its businesses will be aligned with the development of Taixing City, including the construction of supporting facilities and the provision of services.

In addition, TXCI runs water supply business in Taixing City with monopoly advantages, providing water supply and water facility installation services. As of the end of 2024, the Company owned 2 water plants and was authorized to operate a water plant, totaling a daily water supply capacity of 300,000 tons and supplying water to 538 thousand households. TXCI has been granted the water extraction permit by the Taizhou Water Conservancy Bureau, and operates a water supply monopoly in the urban area of Taixing Town and the nearby towns. The prices of the Company's water services are determined under government guideline. In terms of water fee collection, the Company directly collects water fees from residents. The water supply business shows sound development momentum, given the stable increasing number of customers and revenue. Moreover, as of 31 March 2025, the Company had 1 water supply booster station and pipeline project with a total investment of RMB184.7 million and an uninvested amount of RMB130.3 million.

TXCI also develops affordable housing such as Xinghe Garden and Huihe Garden in Taixing City, mainly responsible for the development and sale of housing to specific groups at prices under government guidance. As of the end of 2024, the Company completed 7 key affordable housing projects with a total investment of RMB2.6 billion, most of which were sold out. At the same time, the Company had no affordable housing projects under construction and planning.

As the main developer and operator of Taixing City, TXCI will focus on urban renewal projects in the future including both primary and secondary land development such as housing demolition, relocation of residents, land clearance, resettlement housing, and commercial real estate development.

Moderate exposure to commercial activities

TXCI also has been engaged in commercial activities, mainly including construction contracting and commercial real estate development. Although the commercial activities generate supplementary revenue and profit for the Company, they may also pose certain operating risks to the company. We estimate that TXCI maintained moderate commercial exposure, accounting for 15% to 20% of its total assets.

TXCI is engaged in the engineering construction business through one of its wholly-owned subsidiaries, namely, Taixing Yijian Construction Group Co., Ltd. ("Taixing Yijian"), which holds a premium construction qualification and is the leading engineering and construction company in Jiangsu Province. It mainly provides construction contracting services as a general contractor for real estate development projects in Taixing City and other regions/cities in China such as Guangdong Province and Shanghai City. The client is required to pay a certain

proportion of construction fees and expenses before the beginning of the project and pay monthly pursuant to the construction progress by the end of each month. Major clients include real estate developers such as Overseas Chinese Town Enterprises Co., Ltd. Prior to delivery of completed projects, 70%-80% of the progress payment shall be paid by the client, and the remaining amount shall be paid within one year after the acceptance and handover of the project excluding quality assurance deposit. The relatively diversified suppliers and clients indicate low concentration risk. The business is sustainable given large number of contracted construction projects, with an aggregated outstanding contract amount of around RMB31.3 billion as of end-2024. The construction contracting business is the major income source of the Company, contributing 77.1% of total revenue in 2024. However, the revenue from engineering construction business has declined over the past three years, and both the newly signed projects and existing projects have shown a downward trend. Since 2024, the Company has shifted its focus to government-related projects. Under the recent downturn of the real estate industry, the construction demand of developers might continue to decline, which may negatively impact the revenue from this business. Moreover, some clients of the Company's engineering construction business are private enterprises, which may expose the Company to potential risks in receivable payment collection.

Despite TXCI's real estate development business is mainly affordable housing, the Company undertakes the commercial real estate development in Taixing City. As of end-2024, there were 2 main commercial real estate projects on sale with a total investment amount of RMB1.5 billion and collected repayments of RMB507.1 million. Uncertainty exists in the engineering construction and commercial real estate development business as it is highly subject to the real estate market which is under a downturn period.

The Company also carries out self-operated projects to expand its business scope. As of 31 March 2025, the Company had a landfill project under construction, with a total investment of RMB232.9 million and an uninvested portion being RMB169.3 million. The Company is expected to achieve fund balance by the garbage disposal fee.

Track record of receiving government support

TXCI has a track record of receiving support from the local government in terms of cash injections, asset injections and financial subsidies. Since its establishment, TXCI has received cash and asset injections such as equity shares and buildings from the local government, which has greatly improved its capital strength and increased operating assets. In 2025, the Company received a government cash injection of RMB3.0 billion, which had been fully received as of 30 September 2025, increasing the Company's paid-in capital. From 2024 to 2025Q3, the Company received a total of around RMB262.4 million in financial subsidies, mainly related to its infrastructure construction and affordable housing. Considering TXCI's important position and tight relationship with the local government, we expect the local government will continue to support TXCI over the next 12 to 18 months.

Moderate debt management and weak asset liquidity

With the continuous financing for construction projects, the Company demonstrated ongoing debt growth. As of 30 September 2025, its total debt increased to RMB48.0 billion from RMB41.9 billion as of end-2024, and its total capitalization ratio also increased to 60.6% from 60.0% during the same period. Meanwhile, the short-term remained a relatively large portion of total debt, accounting for 41.6% as of 30 September 2025. At the same time, the cash to short-term debt ratio decreased to around 0.3x, indicating that its cash balance could not fully cover its short-term debt. We expect that the Company will continue to rely on external financing such as bank loans and its debt burden will increase, considering ongoing investment in projects under construction in the next 12-18 months.

In addition, TXCI's asset liquidity was relatively weak, with a large number of low-liquid inventories and other receivables. As of 30 September 2025, its inventories accounted for 36.0% of total assets, mainly consisting of land use rights and costs from the infrastructure construction projects. The Company had some infrastructure projects that have not yet completed settlement, resulting in capital accumulation and prolonged payment collection, negatively impacting its asset liquidity; the Company's other receivables mainly consist of transactions with the local government or other state-owned enterprises, with a relatively long account period, accounting for 30.8% of total assets as of 30 September 2025. As of 31 December 2024, the Company's debenture assets which were mainly from local state-owned enterprises, increased by 52.6% to RMB5.8 billion, accounting for 7.4% of the total assets, and generated an investment income of RMB165.0 million in 2024. Moreover, the Company had pledged a number of assets for loans, mainly inventories and investment properties, accounting for 6.7% of its total assets.

Good access to diversified funding sources

TXCI has sufficient stand-by liquidity and diversified funding channels, including bank loans, bond issuances, and non-standard financing products, which may partially release capital expenditure pressure and refinancing pressure. As of 30 September 2025, the Company's total credit facilities were more than RMB40.0 billion, of which the unutilized portion was more than RMB20.0 billion. Furthermore, TXCI has a proven track record of financing from both onshore and offshore debt markets. The Company and its subsidiary, Taixing Zhongxing State-owned Asset Management and Investment Group Co., Ltd. ("Taixing Zhongxing") have issued different financial products in the bond market such as medium-term notes ("MTN") and private placement notes ("PPN"). For instance, from January 2024 to September 2025, the Company and Taixing Zhongxing issued 28 tranches of bonds, raising RMB12.6 billion in the onshore bond market. In 2024, the Company issued a three-year offshore bond with a coupon rate of 3.6% to raise RMB645.0 million. In addition, the Company maintained a manageable exposure to non-standard financing, accounting for less than 5% of its total debt as of 30 September 2025.

High exposure to contingent liabilities

TXCI remained high exposure to contingent liabilities as its external guarantees amounted to RMB16.1 billion as of 30 September 2025, accounting for 51.7% of net assets. All the existing external guarantees were provided to other state-owned enterprises in Taixing City. Mutual guarantees between local state-owned enterprises are common in Taixing City. However, in case a credit event occurs, the Company may face certain contingent liability risks and cross default risks, which are negative to its credit quality. In addition, the Company's subsidiary Taixing Runtai Financing Guarantee Co., Ltd. provides financing guarantee services to local enterprises in Taixing City, with an outstanding re-guarantee balance of RMB1.8 billion as of 30 September 2025, and no compensation events have occurred in its operating history.

ESG Considerations

TXCI is exposed to environmental risks because it has undertaken the infrastructure construction business. Such risks could be moderated by conducting environmental studies and planning before the commencement of projects, as well as close supervision during the construction phase.

TXCI faces social risks as a public services provider in Taixing City. Demographic changes, public awareness and social priorities shape the government's target for TXCI, or affect the government's propensity to support the Company.

TXCI's governance considerations are also material as the Company is subject to oversight and requirements to the local government, 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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