

Credit Opinion

29 May 2026

Ratings

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

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Taizhou Gangcheng Investment Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Taizhou Gangcheng Investment Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Summary

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

Our assessment of Taizhou Municipal Government's capacity to provide support reflects its good industrial base and ongoing economic growth. The economic and fiscal strength of the Taizhou Medical Hi-tech Zone (Gaogang District) ("TMZ") has also grown for recent years.

The rating also reflects the local government's willingness to provide support, based on the Company's (1) status as the important developer of infrastructure construction in TMZ; and (2) good track record of receiving government support.

However, the rating is constrained by its (1) moderate exposure to commercial activities; (2) relatively high debt burden and weak asset liquidity; and (3) large exposure to external guarantees with certain contingent risk.

The stable outlook on TZGI's rating reflects our expectation that the local government's capacity to provide support will remain stable, and that the Company will maintain its important position in the development of TMZ over the next 12-18 months.

Rating Drivers

- Important role in infrastructure construction in TMZ
- Moderate exposure to commercial activities
- Relatively high debt burden and weak asset liquidity
- Access to different funding channels
- Good track record of receiving government support
- Large exposure to external guarantees with certain contingent risk

Rating Sensitivities

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 strengthens the local government's willingness to provide support, such as strengthened strategic position, a significant reduction in external guarantee exposure, or improved debt management.

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 a reduction in the importance of its policy role, or weakened access to funding.

Key Indicators

	2023FY	2024FY	2025FY
Total Assets (RMB billion)	64.9	65.0	61.6
Total Equity (RMB billion)	23.7	23.0	23.0
Total Revenue (RMB billion)	2.7	2.4	1.9
Total Debt/Total Capital (%)	58.5	59.1	59.1

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

Source: Company data, CCXAP research

Corporate Profile

Established in 2010, TZGI is one of the important local infrastructure investment and financing companies ("LIIFCs") in TMZ in Jiangsu Province. In August 2023, in order to deepen the transformation and development of state-owned enterprises ("SOEs"), the local government transferred 100% equity interests of Taizhou Xinbinjiang Development Co., Ltd. ("TXBJ") and Taizhou Yinjiang Urban Development Construction Co., Ltd. ("TZYJ") to the Company, officially positioned the Company as an urban investment and operation SOE. The Company is mainly responsible for the infrastructure construction in Taizhou Chemical New Materials Industrial Park ("Binjiang Industrial Park") as well as the infrastructure construction, shantytown renovation, and resettlement and affordable housing construction in the original Gaogang District. The Company also engages in commercial activities such as self-operated projects, leasing, property sales and commodities trading. As of 31 December 2025, the Company was wholly owned and ultimately controlled by the State-owned Assets Supervision and Administration Commission of Taizhou Government ("Taizhou SASAC").

In December 2025, TZGI completed the transfer of its 51% equity interest in TZYJ to another local SOE. Consequently, TZYJ will cease to undertake shantytown renovation, resettlement housing, and selected municipal engineering projects in the former Gaogang District.

Exhibit 1. Revenue structure in 2025

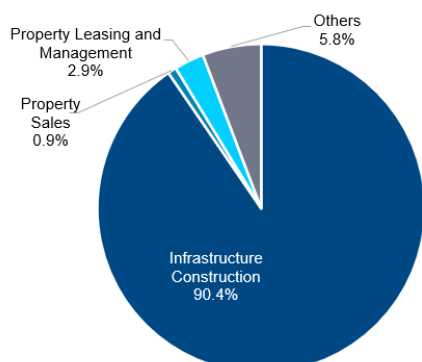
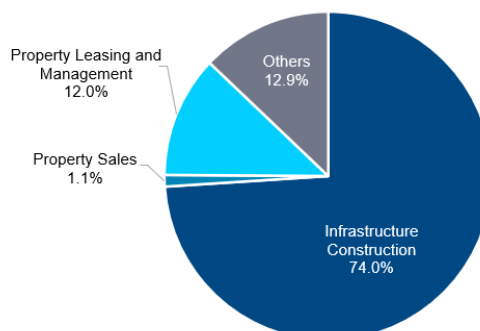


Exhibit 2. Gross profit structure in 2025



Source: Company information, CCXAP research

Exhibit 3. Shareholding chart as of 31 December 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Taizhou Municipal Government has a very strong capacity to provide support given its good industrial base and ongoing economic growth.

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 2025, Jiangsu Province recorded a GRP of RMB14.2 trillion, with a YoY increase of 5.3%. The per capita GRP also ranked top among all provinces in China for years.

Taizhou City is a prefecture-level city located in the central region of Jiangsu Province, with pharmaceuticals, electricity, chemicals, and shipbuilding as its pillar industries. Over the past years, Taizhou City has achieved sustained economic growth. Taizhou City's preliminary GRP increased to RMB725.5 billion in 2025, representing a YoY growth of 5.3%. Meanwhile, Taizhou Municipal Government's general budgetary revenue increased from RMB46.2 billion in 2024 to RMB47.5 billion in 2025. Taizhou City also has a good fiscal balance, with a fiscal balance ratio (general budgetary revenue to general budgetary expenditure) averaging 66.2% for the past three years. As at end-2025, the outstanding debt of Taizhou Municipal Government increased to RMB155.9 billion, accounting for 21.5% of the GRP.

Exhibit 4. Key economic and fiscal indicators of Taizhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	673.2	702.1	725.5
GRP Growth (%)	6.8	5.1	5.3
General Budgetary Revenue (RMB billion)	44.0	46.2	47.5
General Budgetary Expenditure (RMB billion)	69.7	69.6	68.6
Local Government Debt (RMB billion)	107.1	131.6	155.9

Source: Taizhou Municipal Government, CCXAP research

Taizhou Medical High-tech Zone is the first national-level high-tech zone in the pharmaceutical field in China approved in 2009 and is a strategic region leading the development of pharmaceutical industry in Jiangsu Province. With ongoing development, it is home to more than 1,300 bio-pharmaceutical enterprises, with top companies including AstraZeneca (Taizhou), Boehringer Ingelheim, and Nestle Health Science (China) Co Ltd. According to China National Center for Biotechnology Development, Taizhou Medical High-tech Zone ranked 10th in the 2024 National Biomedicine Industrial Park Comprehensive Competitiveness Ranking, indicating the strong competitiveness and good development prospect Taizhou Medical High-tech Zone, especially in pharmaceutical industry.

Gaogang District is the main riverside urban area of Taizhou City. In June 2021, Taizhou Medical High-tech Zone and Gaogang District were integrated to optimize Taizhou City's pharmaceutical industry and create a future China Medical City. After the integration, TMZ has a relatively large planned area, about 402.9 square kilometers, with five functional zones covering biomedicine, new chemical materials, electronic information, high-end equipment manufacturing and port logistics. In the first three quarters of 2025, TMZ had 92 new projects exceeding RMB100.0 million under construction and 78 newly completed projects, including 6 provincial-level major projects. In addition, the economic and fiscal strength of TMZ has been steadily enhanced. Its GRP amounted to RMB115.2 billion in 2025, representing a YoY growth of 4.8%, and its general budget revenue increased from RMB10.5 billion in 2024 to RMB10.6 billion in 2025, ranking 1st by general budget revenue among all districts and counties in Taizhou City. Taizhou Municipal Government has introduced a series of policies, in terms of investment promotion, and talent introduction, to support the development of TMZ. Established in 2000, the Binjiang Industrial Park is part of TMZ. As the only petrochemical industrial park in the Taizhou region, it is currently home to over 50 key industrial and supporting enterprises, including approximately 23 industrial enterprises above a specified scale, with a focus on the petrochemical and new materials industries. The Binjiang Industrial Park enjoys convenient transport links, with Taizhou Port located within the park itself.

Government's Willingness to Provide Support

Important role in infrastructure construction in TMZ

TZGI is one of the important infrastructure developers in the TMZ, making great contribution to the construction and development of the region. Its infrastructure construction business is mainly conducted through TXBJ and TZYJ, the wholly owned subsidiaries of the Company. Specifically, TXBJ focuses on the infrastructure development and ancillary project construction in the Binjiang Industrial Park, and TZYJ is mainly responsible for the renovation of shantytowns and the construction of municipal engineering projects within the original area of Gaogang District. In December 2025, TZGI transferred its 51% equity stake in TZYJ to another local SOE, after which TZYJ will no longer be included in the Company's consolidated scope. The equity transfer of TZYJ is expected to have a negative impact on the scope of the Company's business, but we expect the Company is anticipated to maintain its regional importance, supported by the substantial scale of TXBJ's project pipeline and the stability of its business performance in the near term.

TXBJ engages in infrastructure construction projects in Binjiang Industrial Park through government purchase model, of which TXBJ enters into repurchase agreements with the local government or the relevant state-owned enterprises and would receive project repayments (generally a mark of 25.0%) after the audit and acceptance. For the ancillary facilities, TXBJ is entrusted by enterprises settled in the Binjiang Industrial Park to carry out construction projects through agency construction model, including production equipment, factory buildings, warehousing, and pipeline construction. As of 30 June 2025, the Company had invested around RMB6.1 billion into the completed projects, such as land consolidation, water supply network, roads and bridges, but with large uncollected payments from the local government due to slow pace of settlement. At the same time, the Company had 1 project under construction and planning, respectively, with a total investment amount of RMB3.7 billion and an uninvested amount of RMB3.6 billion. The future continuity of the Company's infrastructure construction in Binjiang Industrial Park depends on the local government's planning, the progress of industrial development and business attraction.

TZYJ is responsible for the renovation of shantytowns and the construction of municipal engineering projects within the original Gaogang District, adopting the government purchase and agency construction model respectively, with the counterparties generally being government departments. As of 30 June 2025, the majority of the shantytown renovation projects had been completed and the Company had invested RMB7.2 billion, with the remaining amount of RMB451.0 million. Meanwhile, there were several municipal projects under construction with a total investment of RMB228.0 million and an outstanding amount of RMB203.0 million. There were no shantytown renovation and municipal construction projects under planning.

Commissioned by the local government, the Company also engages in resettlement and affordable housings in TMZ, providing fundamental environment for regional livelihoods and industrial development. In Binjiang Industrial Park, TXBJ purchased commercial properties from the market and transferred to the government for resettlement at a 25% repurchase premium. As of 30 June 2025, TXBJ had affordable housing projects of approximately RMB544.0 million yet to be repurchased. At the same time, TXBJ had no affordable housing projects under construction or planning. In addition, TZYJ is responsible for the investment, financing, construction and sales of resettlement housing projects in the original Gaogang District, and would achieve fund balance by selling the resettlement housing to resettlement households. As of 30 June 2025, TZYJ had one resettlement housing project under construction, with a total estimated investment of RMB1.6 billion and an uninvested amount of RMB970.0 million. Due to the equity transfer, the Company will no longer engage in the construction of resettlement housing in the future.

Moderate exposure to commercial activities

Apart from infrastructure construction projects in TMZ, TZGI has built up a diversified business portfolio, including self-operated projects, property leasing, property sales and commodities trading. Based on our estimation, TZGI has a moderate commercial exposure, accounting for around 15% to 20% of its total assets. In addition, we expect TZGI's commercial exposure to increase as its industrial transformation layout deepens and investments continue.

TZGI has some self-operated projects, mainly aimed at improving the supporting capabilities of the Binjiang Industrial Park. The Company is expected to achieve fund balancing through operating revenue of the projects, mainly leasing income. As of 30 June 2025, the Company had one self-operated project completed, namely the Health New Materials Industry Cluster, with a total investment of RMB599.0 million and a rental rate of around 80.0%, bringing supplementary income to the Company. Meanwhile, there were 4 self-operated projects under construction, with a total investment amount of RMB1.3 billion and an outstanding amount of RMB483.8 million.

The investment needs of its self-operated projects put some pressure on the Company's capital expenditure. Moreover, the future leasing situation is affected by the progress of regional investment promotion. The Company also generates rental income from leasing self-owned properties and assets to local government entities, local SOEs and tenant enterprises. In 2024, TZGI's property leasing and management revenue reached RMB109.1 million, and asset leasing revenue amounted to RMB 79.0 million, representing a slight year-on-year decline due to certain asset transfers.

TZGI also engages in sales of commercial housing and currently has some remaining properties for sale. As of 30 June 2025, the Company had one completed property project, namely Huihong Jingyun, with a total investment of RMB1.4 billion and a total sale amount of RMB1.2 billion. However, the destocking as well as the profitability of the project has been affected by the downturn of the Chinese real estate market. Meanwhile, the Company had no further investment plans for the property development business.

TZGI conducts commodities trading business through its subsidiaries and is mainly involved in the trading of steel, coal and oil. The Company places purchasing orders based on the procurement to mitigate price risk. The Company's trading revenue decreased in 2024, primarily driven by the divestment of a subsidiary and the adoption of a new accounting policy for net revenue reporting.

Relatively high debt burden and weak asset liquidity

The Company mainly funded the projects under construction through external financing over the past years, resulting in its substantial capital expenditure and relatively high debt leverage. As of 31 December 2025, the Company's total debt had decreased slightly to RMB33.3 billion from RMB33.5 billion at end-2023 primarily due to the deconsolidation of TZYJ, while its capitalization ratio, as measured by total debt to total capital, remained high at 59.1%. In terms of debt structure, TZGI has a moderate short-term debt burden, with its short-term debt accounting for 49.6% of its total debt as of 31 December 2025. At the same time, the cash to short-term debt ratio was 0.3x, indicating that its cash balance could not fully cover its short-term debt. We expect that the Company's debt burden to remain high as the ongoing investment in projects over the next 12-18 months.

TZGI's asset liquidity is relatively low, as its assets consist mainly of inventories and receivables, all of which have low liquidity. As of 31 December 2025, the Company's inventories accounted for 18.6% of the total assets, which were mainly costs for infrastructure construction and resettlement housing projects and land to be developed. Meanwhile, the accounts receivable and other receivables represented for approximately 57.9% of the total assets, which were outstanding amounts owed by the local government or SOEs in the district. Moreover, the Company has pledged a certain amount of its assets, including cash, inventories and investment properties, for loans, accounting for 15.9% of total assets as of 31 December 2025. Relatively low asset liquidity may also undermine the Company's financing flexibility.

Access to different funding channels

TZGI has access to different funding channels, such as bank loans, issuance of debt securities in domestic and offshore capital markets, and non-standard financing, which can partially relieve the pressure on debt repayment and capital expenditure. Bank loans contribute the most to the Company's total debt, accounting for around half of the total debt as of 31 December 2025. The Company has built good relationships with policy banks and diversified large domestic banks, such as the Agricultural Development Bank of China and the Bank of China. As of 30 June 2025, the Company's total credit facilities amount was RMB26.7 billion, of which the unutilized portion was RMB5.3 billion.

Furthermore, the Company's subsidiaries, TXBJ and TZYJ, have an active track record of fund-raising activities in the onshore debt capital market by issuing several types of debt products such as medium-term notes ("MTNs"), private placement notes ("PPNs") and corporate bonds. Furthermore, TZGI issued a three-year offshore bond amounting to USD810.0 million in 2025. The Company currently retains a certain number of bond issuance approvals on hand, providing potential liquidity reserves. However, it remains necessary to continuously monitor the impact of relevant policies and financing conditions on the Company's refinancing capabilities. In addition, TZGI has a relatively high reliance on non-standard financing products such as financial leasing, trust, and factoring, accounting for around 26.1% of the total debt as of 31 December 2025.

Good track record of receiving government support

In light of its strategic importance to Taizhou City and TMZ, TZGI has received ongoing support from the local government in terms of capital injections, financial subsidies, project repayments, and special fund support since its establishment. In August 2023, in order to deepen the transformation and development of SOEs, the local government transferred 100% equity interests of TXBJ and TZYJ to the Company, officially positioned the Company as an urban investment and operation SOE. At the same time, the local government increased TZGI's paid-in capital by RMB1.5 billion in the same year, enhancing the Company's capital strength.

The Company also received operating subsidies from the local government totaling RMB913.1 million from 2024 to 2025. In addition, the Company has continuously received project repayments from the local government related to its infrastructure construction projects. Given the important position of TZGI in TMZ, we expect the Company will continue to receive support from the local government over the next 12 to 18 months.

Large exposure to external guarantees with certain contingent risk

TZGI's credit profile is constrained by its large external guarantees. As of 31 December 2025, TZGI's external guarantees amounted to RMB12.4 billion, accounting for 53.9% of its net assets. Vast majority of these external guarantees are provided to SOEs in Taizhou City, which have relatively low credit risks considering the government support in times of need. In case a credit event occurs, the Company may face certain contingent liability risks, which could negatively impact its credit quality. In addition, the Company's operating subsidiary, Taizhou Xingang Financing Guarantee Co., Ltd. ("TZXG"), provided guarantees to some private-owned enterprises with counter-guarantee measures, such as pledges of property or equity. In 2025, TZXG was deconsolidated following the divestiture of its parent company TZYJ's equity interest. We consider the Company's contingent liability risk is relatively controllable.

ESG Considerations

TZGI faces environmental risks because it has undertaken infrastructure construction and resettlement housing projects. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close monitoring during the construction phase.

TZGI is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in TMZ. Demographic changes, public awareness and social priorities shape government's development strategy, and it will affect the government's propensity to support the Company.

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

Structural Consideration

TZGI's senior unsecured debt rating is in line with its long-term credit rating. We believe that government support will flow through the Company given its important role in infrastructure construction and resettlement housing in TMZ, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Appendix

Exhibit 5. Peer comparison

	Taizhou Gangcheng Investment Group Co., Ltd.	Taizhou Huaxin Pharmaceutical Investment Co., Ltd.
Long-Term Credit Rating	BBB _g +	BBB _g +
Shareholder	Taizhou State-owned Assets Supervision and Administration Commission (100.0%)	Taizhou Guotou Investment Group Co., Ltd. (99.61%) and CDB Development Fund Co., Ltd. (0.39%)
Positioning	Important entity in infrastructure construction, shantytown renovation and resettlement housing construction in the Binjiang Industrial Park and the original Gaogang District	Important entity in infrastructure construction, resettlement housing construction, and land development in the core area of Taizhou Pharmaceutical High-tech Zone
Total Assets (RMB billion)	61.6	96.6
Total Equity (RMB billion)	23.0	30.9
Total Revenue (RMB billion)	1.9	3.2
Total Debt/Total Capital (%)	59.1	60.5

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2025.

Source: Company information, CCXAP research

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