

Credit Opinion

9 October 2026

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

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Taizhou Medical City Holding Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Taizhou Medical City Holding Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Taizhou Medical City Holding Group Co., Ltd. ("TZMC" or the "Company") reflects the Taizhou Medical High-tech Zone (Gaogang District) ("TMZ") 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 the local government's capacity to provide support reflects TMZ's status as a core growth pole for Taizhou City's industrial and economic development, with its gross regional product ("GRP") per capita and general budgetary revenue consistently ranking first among all districts and counties in Taizhou City.

The rating also reflects the local government's willingness to provide support, based on the Company's (1) direct and full ownership by the Management Committee of Taizhou Medical High-tech Industrial Development Zone; (2) critical strategic role in the infrastructure construction and operation of TMZ; and (3) solid track record of receiving government support.

However, the rating is constrained by the Company's (1) relatively large risk exposure to commercial activities, primarily driven by destocking pressures from commercial real estate projects; (2) rising debt burden, with elevated short-term refinancing pressure; (3) weak asset liquidity; and (4) medium contingent liability risk.

The stable outlook on TZMC'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

- Clear strategic role in the regional development of TMZ
- Relatively large risk exposure to commercial activities, primarily driven by destocking pressures from commercial real estate projects
- Rising debt burden and elevated short-term refinancing pressure
- Access to diversified funding channels
- Solid track record of receiving government support
- Medium contingent liability risk

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity 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 reduced risk exposure to commercial activities 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 reduced government support.

Key Indicators

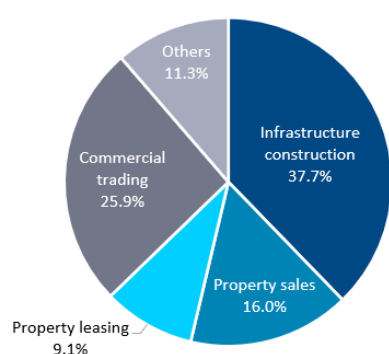
	2023FY	2024FY	2025FY	2026Q1
Total Assets (RMB billion)	76.3	78.8	84.2	87.1
Total Equity (RMB billion)	25.4	26.1	26.2	26.2
Total Revenue (RMB billion)	2.9	3.2	3.0	0.5
Total Debt/Total Capital (%)	64.5	64.4	67.1	68.4

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

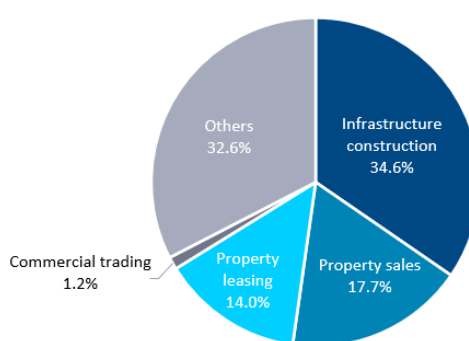
Source: Company data, CCXAP research

Corporate Profile

Established in 2014, TZMC is one of the key local infrastructure investment and financing companies ("LIIFCs") in TMZ, Jiangsu Province. In 2022, as part of the state-owned enterprise ("SOE") reforms in Taizhou City, the Company acquired equity interests in Taizhou Huacheng Medical Investment Group Co., Ltd. ("Taizhou Huacheng"), Taizhou Oriental China Medical City Holding Group Co., Ltd. ("Taizhou Oriental"), and Taizhou Tongtai Investment Co., Ltd. ("Taizhou Tongtai") through transfers from the local government, consolidating the three entities as its operating subsidiaries. As the designated district-level SOE, TZMC is responsible for the development, construction, and operation of infrastructure within TMZ, mainly in the Biopharmaceutical Industrial Park. It also engages in real estate development, property leasing and management, commodity trading and other commercial activities. As of 31 March 2026, the Company was wholly owned and ultimately controlled by the Management Committee of Taizhou Medical High-tech Industrial Development Zone.

Exhibit 1. Revenue structure in 2025

Source: Company information, CCXAP research

Exhibit 2. Gross profit structure in 2025**Exhibit 3. Shareholding chart as of 30 June 2026**

Management Committee of Taizhou Medical High-tech Industrial Development Zone 泰州医药高新技术产业开发区管理委员会	
	100.00%
Taizhou Medical City Holding Group Co., Ltd. ("TZMC") 泰州医药城控股集团有限公司	

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Taizhou Medical High-tech Zone (Gaogang District) Government has a very strong capacity to provide support given its status as a core growth pole for Taizhou City's industrial and economic development, with its GRP per capita and general budgetary revenue consistently ranking first among all districts and counties in Taizhou City.

Jiangsu Province is one of China's most economically developed provinces, ranking second nationally by GRP. Located in the Yangtze River Delta and along China's eastern coast, Jiangsu Province benefits from a well-developed manufacturing base, extensive transport infrastructure, strong private-sector activity and a diversified industrial structure. Its GRP increased from RMB12.8 trillion in 2023 to RMB14.2 trillion in 2025. General public-budget revenue increased to RMB1.0 trillion in 2025. The per capita GRP also ranked top among all provinces in China for years.

Exhibit 4. Key economic and fiscal indicators of Jiangsu Province

	2023FY	2024FY	2025FY
GRP (RMB billion)	12,822.2	13,700.8	14,235.2
GRP Growth (%)	5.8	5.8	5.3
General Budgetary Revenue (RMB billion)	993.0	1,003.8	1,024.6
General Budgetary Expenditure (RMB billion)	1,524.2	1,529.4	1,519.0
Local Government Debt (RMB billion)	2,273.3	2,822.8	3,392.8

Source: Statistics Bureau of Jiangsu Province, CCXAP research

Taizhou City is a prefecture-level city in central Jiangsu Province, with pharmaceuticals, electricity, chemicals, and shipbuilding as its pillar industries. Over the past years, Taizhou City has achieved sustained economic growth. Its GRP increased by 5.3% year-on-year (“YoY”) to RMB725.5 billion in 2025, while general budgetary revenue rose to RMB47.5 billion. Fiscal self-sufficiency remained relatively strong, although government fund revenue continued to be affected by the weak land market. At end-2025, the outstanding direct debt of the Taizhou Municipal Government increased to RMB155.9 billion, equivalent to 21.5% of GRP.

Exhibit 5. 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. 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., and ranked 10th in the 2024 National Biomedicine Industrial Park Comprehensive Competitiveness Ranking. 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. The Taizhou Municipal Government has introduced policies on investment promotion and talent attraction to support TMZ’s development.

The economic and fiscal strength of TMZ remained solid in 2025. Its GRP increased by 4.8% YoY to RMB115.2 billion, while GRP per capita reached RMB239,500, ranking first among all districts and counties in Taizhou City. General budgetary revenue rose by 1.0% YoY to RMB10.6 billion and also ranked first in Taizhou City. The fiscal balance ratio was 131.6%, and tax revenue accounted for 71.0% of general budgetary revenue, indicating a sound fiscal profile. However, government fund revenue declined to RMB7.6 billion amid the weak land market. At end-2025, direct government debt increased to RMB28.3 billion, equivalent to 24.6% of GRP.

Exhibit 6. Key economic and fiscal indicators of TMZ

	2023FY	2024FY	2025FY
GRP (RMB billion)	119.2	112.1	115.2
GRP Growth (%)	6.5	3.9	4.8
General Budgetary Revenue (RMB billion)	10.3	10.5	10.6
General Budgetary Expenditure (RMB billion)	8.4	8.3	8.1
Local Government Debt (RMB billion)	20.3	23.5	28.3

Source: Management Committee of Taizhou Medical High-tech Zone (Gaogang District Government), CCXAP research

Government’s Willingness to Provide Support Clear strategic role in the regional development of TMZ

TZMC is one of the key LIIFCs in TMZ and has contributed significantly to the region's urban and economic development. Under local government's coordination, state-owned enterprises in TMZ have clear operational divisions primarily according to the five functional zones. The Company focuses on the development, construction, and operation of urban industrial infrastructure in the Biopharmaceutical Industrial Park, which is a core area of TMZ.

The Company undertakes agency construction of resettlement housing, schools, industrial parks, and roads. Entrusted by the local government or relevant state-owned enterprises, it finances and constructs projects and receives repayments, generally with a 15%-25% mark-up, after audit and acceptance. At end-2025, six major projects had aggregate planned investment of RMB4.9 billion, of which RMB4.6 billion had been invested, while three planned projects had aggregate planned investment of RMB1.0 billion. The pipeline provides some business continuity, although the remaining investment volume is modest and settlement and collection remain slow. Given its clear strategic role, the Company is unlikely to be replaced by other SOEs in the foreseeable future.

TZMC also undertakes land development through its subsidiary Taizhou Huacheng. Entrusted by the TMZ Government, the Company carries out demolition, planning, design and site levelling for designated land parcels. Revenue is recognized after the government confirms completion, based on development costs plus an 8%-25% mark-up. As of 31 March 2026, the Company had three major completed land-development projects, with aggregate investment of RMB1.2 billion. Its major ongoing project had planned investment of RMB800 million and cumulative investment of RMB543.5 million, while more than RMB3.0 billion of completed and ongoing land-development costs remained unrecognized as revenue.

Relatively large risk exposure to commercial activities, primarily driven by destocking pressures from commercial real estate projects

Alongside infrastructure construction, the Company has developed a diversified portfolio comprising real estate development, property leasing and management, commodity trading and other commercial activities. Non-infrastructure businesses accounted for 62.3% of total revenue in 2025. Based on our assessment of its assets, TZMC's exposure to commercial activities remains relatively large, with related assets accounting for more than 20% of total assets. Real estate development carries relatively high risk, while property leasing and medical-related operations are more closely aligned with the local government's development plans. Overall commercial risk therefore remains moderate but elevated relative to policy-based operations.

TZMC develops and sells residential properties in TMZ. As of 31 March 2026, all projects on hand had been completed and the Company had no projects under construction or planning. Earlier projects had largely been sold and recovered their construction costs, but sales of recently completed projects remained slow amid the property downturn. As of end-2025, the Company had three projects available for sale, with an aggregate saleable gross floor area of about 245,300 square meters, of which about 30.5% had been sold. Real estate revenue declined to RMB486.4 million in 2025, although the segment's gross margin recovered to 16.3% from 12.3% in 2024. The Company also held two land reserves with a combined book value of RMB2.0 billion and was seeking development partners. The timing and terms of any cooperation remain uncertain, and destocking pressure will persist.

The Company also owns and manages a substantial portfolio of industrial and commercial properties, mainly in the biopharmaceutical park, generating recurring rental and property management revenue. Expansion of the Company's self-owned leasing portfolio supported a slight increase in rental revenue from RMB271.2 million in 2024 to RMB276.6 million in 2025. However, the recognition of some rental income and related costs was

delayed and uneven, mainly due to timing differences in obtaining annual rental confirmations and completing settlement with asset owners under certain entrusted-management arrangements. Property management revenue declined from RMB220.2 million to RMB115.0 million because invoicing and revenue recognition were delayed.

As of 31 March 2026, the Company had 4 self-operated properties that has not been transferred to fixed assets, with aggregate planned investment of RMB3.3 billion and cumulative investment of RMB4.4 billion. The excess mainly reflected cost overruns on the Sports Centre and Medical Device Phase III, which were funded with the Company's own resources. Although these two projects had commenced operations, they remained recorded as construction in progress pending transfer to fixed assets, while the Medical Data Centre and Gaogang Chemical Park remained under construction. These projects mainly seek to balance their funding through rental and parking-fee income. In addition, the Company has one proposed project, namely Data Park Phase VI, with a planned total investment of RMB861.0 million. The project funds will be sourced from equity capital and bank financing, with capital accounting for 30.0%. This project is expected to generate apartment-hotel and commercial rental income, commercial management fees and parking fees. Leasing performance and fund balancing remain dependent on investment promotion and timely completion.

TZMC conducts commodity trading through its subsidiaries and is mainly involving chemical products, metals and network equipment. The Company generally adopts a sales-order-driven procurement model to limit price exposure and requires advance payment or payment on delivery from customers. It began to deliberately scale back this low-margin business in 2025. Trading revenue declined by 23.4% from RMB1.0 billion in 2024 to RMB789 million in 2025. The segment's gross margin remained weak at 0.7% in 2025, and its contribution to profit is limited.

In addition, the Company is further diversifying its business portfolio into fields such as hotel services, medical equipment sales, equipment installation, energy resale and security services, providing supplementary revenue to the Company, accounting for RMB231 million, or 7.6% of total revenue, in 2025. The Company operated four hotels with 756 rooms and average occupancy rates of 41.9% in 2025. Medical equipment sales declined by 40.5% in 2025 following changes in centralized procurement policies. The Company is also developing Phase II of the China Medical City Precision Medicine Incubation Base, with planned investment of RMB802 million and cumulative investment of RMB130 million as of 31 March 2026. The project is expected to generate contract research and trial-service fees after completion.

Rising debt burden and elevated short-term refinancing pressure

TZMC's debt continued to increase amid project investment and funding needs. Total debt rose from RMB46.9 billion at end-2024 to RMB56.8 billion as of 31 March 2026, while the total capitalization ratio (total debt/total capital) increased to 68.4%. Meanwhile, the Company faced relatively high short-term debt pressure as its short-term debt accounted for 48.6% of the total debt as of 31 March 2026. 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 leverage to remain high over the next 12-18 months given ongoing project investments, working capital needs and external funding requirements. Additionally, as operating cash flows are insufficient to fully service short-term debt and interest expenses, the company is expected to face significant refinancing pressure.

TZMC's asset liquidity remains weak. As of 31 March 2026, inventories and other receivables together represented 60.5% of total assets. These balances mainly comprised unsettled infrastructure and land development costs, unsold property inventories and receivables from local SOEs and government-related entities. Restricted assets amounted to RMB24.0 billion, or 27.5% of total assets, and mainly included

investment properties, inventories, cash deposits and construction in progress. The large share of slow-moving and pledged assets constrains financial flexibility.

Access to diversified funding channels

TZMC has access to diversified funding channels, including bank loans, domestic and offshore debt issuances, and non-standard financing products, which partly alleviate debt repayment and capital expenditure pressure. Bank loans contribute the most to the Company's total debt, accounting for around 55.8% of the total debt as of 31 March 2026. The Company maintains good relationships with policy banks and major domestic commercial banks. As at end-March 2026, the Company obtained total credit facilities of RMB35.4 billion, of which the unutilized portion was RMB5.1 billion.

TZMC has an active track record of fund-raising activities in the debt capital markets through corporate bonds, commercial paper, and medium-term notes. The Company and Taizhou Oriental have also issued offshore bonds since 2023. Coupon rates of domestic bonds have generally remained low, supported by the regional refinancing environment and the Company's market recognition. Non-standard financing accounted for 20.8% of the total debt at end-March 2026, comprising trusts and financial leasing.

Solid track record of receiving government support

Given its strategic importance to the regional development of TMZ, TZMC has received ongoing support from the local government through capital injections, equity transfers, subsidies and project repayments. In 2022, the local government transferred equity interests of three SOEs (Taizhou Huacheng, Taizhou Oriental, and Taizhou Tongtai) to the Company, broadening its business scope and strengthening its capital strength. In 2023, the local government increased its paid-in capital from RMB1.0 million to RMB5.0 billion. Government subsidies amounted to RMB268.0 million, RMB502.8 million and RMB207.6 million in 2023, 2024 and 2025, respectively. Although subsidy income declined in 2025 and project settlement remained slow, we expect the Company to continue receiving support over the next 12-18 months because of its strategic role.

Medium contingent liability risk

TZMC's external guarantees declined materially to RMB7.4 billion as of 31 March 2026 from RMB15.7 billion as of end-march 2025, and represented 28.3% of equity. All guarantees were provided to local SOEs in Taizhou City. Although no counter-guarantee arrangements were in place, we consider the Company's contingent liability risk to be relatively manageable, given the likelihood of government support for these SOEs if needed.

ESG Considerations

TZMC faces environmental risks from its infrastructure construction projects. These risks can be mitigated through environmental studies and planning before construction, together with close monitoring during the construction phase.

TZMC 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 the government's development strategy and may affect its propensity to support the Company.

TZMC'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.

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 7. Peer comparison

	Taizhou Medical City Holding Group Co., Ltd.	Taizhou Huaxin Pharmaceutical Investment Co., Ltd.
Long-Term Credit Rating	Ag-	Ag-
Shareholder	Taizhou Medical High-tech Industrial Development Zone Management Committee (100.0%)	Taizhou Guotou Investment Group Co., Ltd. (99.61%) and CDB Development Fund Co., Ltd. (0.39%)
Positioning	Key entity in the development, construction, and operation of urban industrial infrastructure in Biopharmaceutical Industrial Park	Important entity in infrastructure construction, resettlement housing construction, and land development in the core area of the original Taizhou Medical High-tech Zone
Total Assets (RMB billion)	84.2	96.6
Total Equity (RMB billion)	26.2	30.9
Total Revenue (RMB billion)	3.0	3.2
Total Debt/Total Capital (%)	68.9	68.1

All ratios and figures are calculated using CCXAP's adjustments based on financial data as of 31 December 2025.

Source: Company information, CCXAP research

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