

Credit Opinion

30 October 2026

Ratings	
Senior Unsecured Debt Rating	A _g +
Long-term Credit Rating	A _g +
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Taizhou Guokong Investment Group Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of A_g+ to Taizhou Guokong Investment Group Co., Ltd., with stable outlook.

Summary

The A_g+ long-term credit rating of Taizhou Guokong Investment Group Co., Ltd. ("TGIG" or the "Company") reflects Taizhou Municipal 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 Taizhou Municipal Government's capacity to provide support reflects its established industrial base and continuous economic growth.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) status as a key state-owned asset operation entity with a clear functional mandate in Taizhou City; (2) diversified access to funding; and (3) 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 modest asset liquidity; and (3) large exposure to external guarantees with contingent liability risks.

The stable outlook on TGIG'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 role in Taizhou City and continue to receive government support, over the next 12-18 months.

Rating Drivers

- Important entity for state-owned asset operations in Taizhou City
- Moderate exposure to commercial activities
- Good track record of receiving government support
- Relatively high debt burden and modest asset liquidity
- Diversified funding access but sizable non-standard financing
- Large exposure to external guarantees with contingent liability risks

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 a material reduced exposure to commercial activities, or improved asset liquidity and 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 material decline in its policy importance, a significant reduction in government support, or material deterioration in debt management.

Key Indicators

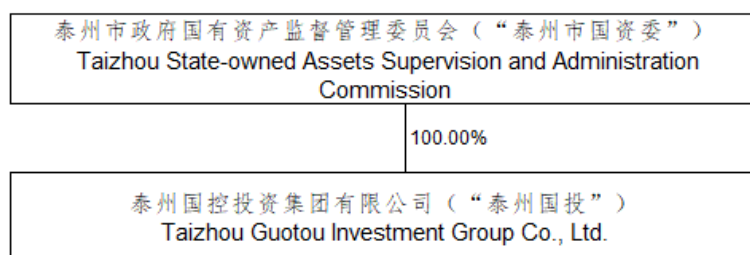
	2023FY	2024FY	2025FY	2026H1
Total Assets (RMB billion)	125.5	129.7	138.0	147.2
Total Equity (RMB billion)	45.8	46.6	47.2	47.8
Total Revenue (RMB billion)	4.7	4.6	4.5	2.4
Total Debt/Total Capital (%)	59.9	60.8	63.2	65.2

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

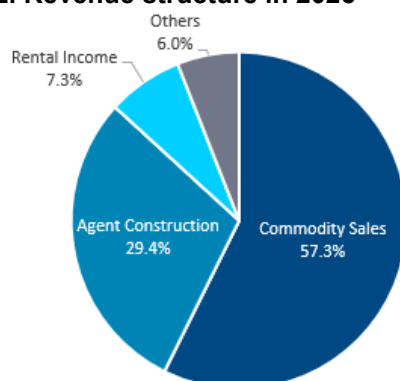
Source: Company data, CCXAP research

Corporate Profile

Established in 2021, TGIG is one of the key municipal-level local infrastructure investment and financing companies ("LIIFCs") in Taizhou City, Jiangsu Province. In 2023, as part of the state-owned enterprise ("SOE") reform, Taizhou State-owned Assets Supervision and Administration Commission ("Taizhou SASAC") transferred controlling interests in Taizhou Huaxin Pharmaceutical Investment Co., Ltd. ("Huaxin") and Jiangsu Taizhou Port Core Port Area Investment Co., Ltd. ("Core Port") to TGIG and injected RMB3.0 billion in cash, consolidating the two entities as key operating subsidiaries. As a key municipal-level SOE, TGIG undertakes infrastructure construction, land development, public-service facilities and industrial support in Taizhou's new urban center, high-speed railway hub area, and Taizhou Medical High-tech Zone. It also engages in commodity sales, property leasing and sales, container-terminal operations, and other commercial activities. As of 30 June 2026, the Company was wholly owned and ultimately controlled by the Taizhou SASAC.

Exhibit 1. Shareholding chart as of 30 June 2026

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 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 China's most economically developed provinces and ranks 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. Its per capita GRP has also ranked top among all provinces in China for years.

Exhibit 3. 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 on the northern bank of the lower reaches of the Yangtze River. It connects the Shanghai and Nanjing economic circles and links southern and northern Jiangsu, supporting convenient waterway and land transport. Taizhou Port is a national class-one open port

and one of the 25 major ports along the Yangtze River. The city has a solid manufacturing base. Its "1+4" pillar-industry system comprises healthcare, marine engineering equipment and high-tech vessels, automotive components and precision manufacturing, chemicals and new materials, and photovoltaics and lithium batteries. Its biopharmaceutical and marine engineering and shipbuilding clusters have been selected as national advanced manufacturing clusters.

Taizhou City maintained steady economic growth, with GRP rising by 5.3% YoY to RMB725.5 billion in 2025 and per capita GRP reaching approximately RMB162,600. General budgetary revenue increased to RMB47.5 billion, while the fiscal self-sufficiency ratio improved to 69.3%. Government fund revenue fell by 7.7% to RMB38.8 billion, continuing its decline since 2023 amid weaker land-sale proceeds. At end-2025, the outstanding local government debt increased to RMB155.9 billion, equivalent to 21.5% of GRP. Taizhou City benefits from a strong industrial base and a relatively sound fiscal balance, despite the weak land market and rising government debt.

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 prospects of Taizhou Medical High-tech Zone, especially in pharmaceutical industry.

Government's Willingness to Provide Support

Important entity for state-owned asset operations in Taizhou City

TGIG is one of the most important municipal-level LIIFCs in Taizhou City and a key implementation platform for the Taizhou new urban center, high-speed railway hub area, and Taizhou Medical High-tech Zone. Through its principal subsidiaries, the Company undertakes land preparation and demolition, infrastructure and municipal utility construction, resettlement housing, public-service facilities and industrial-park development. These mandates cover several strategic development areas and closely align the Company's operations with the municipal government's development plans. As of 30 June 2026, the Company's total assets reached RMB147.2 billion, ranking top among municipal-level SOEs in Taizhou City.

The Company's infrastructure projects are primarily undertaken under agency-construction arrangements. Huaxin is responsible for projects in Taizhou Medical High-tech Zone, while Taizhou Xingang Investment Group Co., Ltd. ("Xingang") and Core Port undertake projects in the Taizhou Port area. The relevant subsidiaries generally finance and construct designated projects and receive payments based on audited construction costs plus an agreed mark-up. As of 31 March 2026, the Company had two major agency-construction projects under

construction: the Kangze Dongyuan resettlement housing project and the Taizhou Port integrated logistics park. These projects had aggregate planned investment of RMB8.9 billion and cumulative investment of RMB4.5 billion. Kangze Dongyuan was substantially completed, with RMB2.8 billion invested against planned investment of RMB2.9 billion. The logistics park had completed RMB1.7 billion of its RMB6.0 billion planned investment. The Company had no planned agency-construction projects at end-March 2026. The Company has a sizable pipeline of projects under construction and long investment cycles, exposing it to elevated capital expenditure requirements and cash collection pressure.

Given the breadth of the Company's public-service responsibilities, its coverage of several strategically important development areas and its control of the principal municipal development platforms in the Medical High-tech Zone and port area, we assess TGIG's policy role as important and its substitution risk as low over the foreseeable future.

Moderate exposure to commercial activities

TGIG's commercial activities comprise commodity sales, property leasing and sales, and container terminal operations. Commercial assets, primarily investment properties, accounted for around 25.0% of the total assets. These businesses diversify revenue and provide some recurring operating income, but also expose the Company to market demand, pricing pressure, counterparty risk and working-capital requirements.

Commodity sales were the largest revenue contributor, comprising sales of pharmaceutical products, industrial products and cosmetics. Revenue from commodity sales increased from RMB1.3 billion in 2023 to RMB2.2 billion in 2024 and RMB2.6 billion in 2025, representing 27.6%, 48.4% and 57.3% of total revenue, respectively. Pharmaceutical distribution, which accounts for the majority of revenue, benefits from Taizhou's health-industry cluster and the Company's local network; however, pricing reforms, centralized procurement and competition have compressed margins. Gross margin fell from 21.0% in 2023 to 10.7% in 2024 and 6.3% in 2025. In addition, sales of industrial products and cosmetics entail relatively high concentration risk with respect to both upstream and downstream counterparties.

The Company owns a substantial portfolio of properties in Taizhou City, including offices, factories, research buildings and other operating properties, which provides recurring rental income. The overall occupancy rate for the properties has been maintained at a high level, which guarantees a steady rental income to the Company. Revenue remained broadly stable at RMB307.0 million in 2023, RMB336.0 million in 2024 and RMB326.0 million in 2025. Gross margins were high at 89.2%, 85.4%, and 92.6%, respectively. As of 31 March 2026, the Company had one leasing property under construction, with a total investment of RMB78.0 million.

TGIG focuses primarily on the development and sale of residential properties in Taizhou City, which is inherently cyclical and remains sensitive to local property-market conditions and project delivery and settlement. Revenue from property sales declined from RMB1.24 billion in 2023 to RMB527.0 million in 2024 and RMB42.0 million in 2025, and gross margin fell from 20.4% in 2023 to 14.2% in 2024 and turned negative in 2025, weighing on the Company's overall profitability and cash flow generation. Completed projects have a relatively high sell-through ratio of over 80%. As of 31 March 2026, the Company had two residential projects under development, with a total investment amount of RMB1.9 billion and an invested amount of RMB1.7 billion.

TGIG's container terminal operations benefit from Taizhou Port's regional transport position but remain modest in scale. Revenue increased from RMB74.0 million in 2023 to RMB97.0 million in 2025, but the gross margin declined from 25.4% to 17.2% during the period, indicating increasing pressure on profitability.

Relatively high debt burden and modest asset liquidity

TGIG's debt burden is relatively high and continued to rise. From 2023 to 2026H1, its total debt increased from RMB68.4 billion to RMB89.8 billion, and the total capitalization rate (total debt/total capital) rose from 59.9% to 65.2%. Meanwhile, short-term debt accounted for around 46.8% of the total debt and the cash-to-short-term debt remained low at 0.4x as of 30 June 2026, representing a relatively high short-term refinancing pressure. Given the Company's relatively high reliance on external financing for debt repayments and cash flow balancing, we expect its debt level to remain elevated in the near future.

Asset liquidity is modest. Inventories and other receivables together accounted for around 67.0% of total assets as of 30 June 2026. Inventories mainly comprise development costs of infrastructure projects and land use rights, while receivables are mainly due from government entities and local SOEs, both represent low liquidity. At end-June 2026, restricted assets amounted to RMB27.9 billion, or 19.0% of total assets.

Diversified funding access but sizable non-standard financing

TGIG has access to bank loans, bonds, trusts, financial leasing and other funding products. As of 30 June 2026, bank loans accounted for over half of the Company's total debt, with the main cooperating banks covering policy banks, large state-owned and joint-stock commercial banks. As of the same date, the Company had aggregate bank facilities of RMB60.3 billion, of which RMB15.4 billion was available. Together with its subsidiaries, the Company is an active issuer in the onshore and offshore bond market. TGIG has RMB18.5 billion of outstanding bond financing, or around 21.6% of total financing, across medium-term notes, private placement notes, company bonds, enterprise bonds and USD bonds. The funding mix nevertheless contains a sizable share of non-standard financing. As of 30 June 2026, outstanding non-standard financing accounted for around 20% of the total debt, exposing the Company to higher funding costs and greater refinancing concentration than conventional bank and bond financing.

Good track record of receiving government support

TGIG has a good track record of receiving government support through capital injections, equity and asset transfers, operating subsidies and project repayments. In 2023, Taizhou SASAC injected RMB3.0 billion in cash and transferred major health-industry and port assets to the Company. The Company recognized government grants of RMB250.5 million, RMB282.6 million and RMB288.6 million in 2023, 2024 and 2025, respectively. Given the Company's important policy role and close relationship with Taizhou Municipal Government, we expect support to remain available when needed.

Large exposure to external guarantees, with contingent-liability risks

TGIG's credit profile is constrained by large exposure to external guarantees. The guarantee balance was RMB23.5 billion at end-June 2026, equivalent to 49.1% of total equity. The beneficiaries were local SOEs and LIIFCs. 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

TGIG is exposed to environmental risks through infrastructure, industrial park and port construction. These risks may be mitigated through environmental assessments, detailed planning before construction and ongoing supervision during project execution.

The Company undertakes resettlement housing, public infrastructure, industrial support and port operations in Taizhou City. These activities provide social benefits but expose the Company to construction safety, service quality and public-policy risks. Demographic trends and the local government's development strategy may also affect project demand and the timing of government settlements.

Governance considerations are material because TGIG is wholly owned by Taizhou SASAC and is subject to government oversight and reporting requirements. Major matters, including strategic development, financing, investment and asset transactions, are subject to the state-owned asset supervision and internal approval framework.

Structural Consideration

TGIG's senior unsecured debts rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its strategic position in the development of Taizhou City, 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 \(July 2022\)](#).

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