

# Jiangsu Pingzhong Technology Development Group Co., Ltd.

## Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	11 August 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘A-’ global scale Long-term Issuer Credit Rating with Stable Outlook to Jiangsu Pingzhong Technology Development Group Co., Ltd. (“JPTD” or “the company”)

## Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Taixing City (“the Taixing government”) would provide very strong to JPTD if needed. This mainly considers the Taixing government’s direct full ownership of JPTD and JPTD’s strategic importance as one of largest local investment and development companies (“LIDC”) in Taixing. In addition, the linkage between the local government and JPTD is strong, including management supervision, strategic alignment and ongoing operational and financial support. Moreover, the Taixing government may face a significant negative impact on its reputation and financing activities if JPTD encounters any operational and financial difficulties.

Taixing is a county-level city in Jiangsu’ Taizhou, and is directly managed by the Jiangsu provincial government. It is one of the top 100 counties in China, with a GDP of RMB146.8 billion in 2024. Taixing’s GDP grew steadily by 4.2% year-over-year in 2024 while the budgetary grew by 3.0% to RMB 10.0 billion.

The Stable Outlook reflects our expectation that JPTD’s strategic importance would remain intact while the Taixing government will continue to ensure JPTD’s stable operation.

## Rating Rationale

**Government’s Ownership and Supervision:** The State-owned Assets Supervision and Administration Office of Taixing (“Taixing SASAO”) holds 100% shares of JPTD, and is the company’s actual controller. It has strong supervision over the company, including the appointment of the senior management, supervision of development strategy, major financing plan and investment decisions. In addition, the Taixing government has formulated a performance assessment policy for the company and regularly appoints auditors to review the company’s operating performance and financial position.

**Strategic Importance and Strategic Alignment:** In 2024, the Taixing government launched an integration of state-owned enterprise, injecting 100% shares of Taxing City Investment Development Group Co., Ltd. (“TCID”; ‘BBB+/Stable’) and Taixing Hongqiao Port Comprehensive Development Group Co., Ltd. (“THPCD”) into JPTD. The company has become one of the largest LIDCs in terms of asset size and the most important state-owned asset investment and operating entities after the integration, with its business positioned around urban functional services and industrial guidance for Taixing.

TCID is a core LIDC primarily responsible for developing infrastructure and affordable housing in the urban area of Taixing. It also manages Taixing’s utilities, including water supply, gas supply, waste disposal, and sanitation services. THPCD is mainly responsible for the development of Taixing Hongqiao Port. After the integration, JPTD has become one of largest LIDCs in terms of asset size and a major.

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## Applicable Criteria

*China Local Investment and Development Companies Criteria (31 July 2025)*

**Strong Government Support:** JPTD received ongoing support from the Taixing government. Between 2021 and 2024, the Taixing government has provided operational subsidies amounting to RMB1,456 million, primarily to support JPTD's activities related to delivering public goods and services. Additionally, the company has received several cash capital totaling RMB2,225 million, as well as asset injections, including state-owned properties and equities from SOEs and LIDCs in Taixing, valued at RMB14,352 million over the same period. We believe JPTD will receive prompt government support, given its significant role and functions in Taixing.

**JPTD's Financial Matrix and Liquidity Position:** JPTD's asset size continued to grow, reaching RMB99.4 billion at end-2024, up from RMB76.9 billion at end-2022, as the company actively participated in Taixing's project development. The company relied on both borrowings and government support to fund its asset expansion. JPTD's total debt increased by 31.8% during the same period. Yet its financial leverage, as indicated by the total debt/capitalization ratio, stayed at 50%-55% level, thanks to the Taixing government's capital and asset injections.

JPTD's short-term debt servicing pressure was significant. At end-2024, JPTD had an unrestricted cash balance of RMB3.8 billion compared to its debt due within one year of RMB 22.1 billion. However, JPTD has access to various financing channels, including bank loans, bond issuances, and other unconventional financing options, to support its debt repayments and business operations. The company had unused bank facilities totaling RMB 21.1 billion at end-2023.

**High Contingent Liability Risk:** JPTD's contingent liability risk was high. It provided financial guarantees of RMB14.8 billion to third parties as of the end-2024, accounting for 37.5% of the company's net assets. These guarantees were primarily given to LIDCs and SOEs in Taixing. Thus, JPTD's credit status is closely linked to Taixing's regional debt risks.

## Rating Sensitivities

We would consider downgrading JPTD's rating if (1) there is a perceived weakening in support from the Taixing government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Taixing government's ownership of JPTD, or (3) there is a downgrade in our internal credit assessment on the Taixing government.

We would consider upgrading JPTD's rating if there is an upgrade in our internal credit assessment on the Taixing government.

## Operating Environment

### Economic Condition of Taixing

Taixing is a county-level city in Jiangsu's Taizhou City, and is directly managed by the Jiangsu provincial government. It is located in the economically well-developed Yangtze River Delta region, and ranked 38<sup>th</sup> among China's top 100 counties in 2024. Its pillar industries include fine chemicals and new materials, high-end equipment manufacturing, pharmaceuticals and medical devices, novel food products, renewable energy, and green environmental technologies.

Taixing maintained moderate to high economic growth in the past three years. Its GDP reached RMB146.8 billion in 2024, ranking first among six jurisdictions in Taizhou. The GDP per capita was RMB149.4 thousand, well above national average of RMB95.8 thousand.

### Taixing's GDP Economic Condition

(RMB billion)	2022	2023	2024
GDP	136.2	143.5	146.8
-Primary industry (%)	5.5	5.3	5.3
-Secondary industry (%)	50.9	49.9	50.5
-Tertiary industry (%)	43.6	44.8	44.2
GDP growth rate (%)	5.3	6.5	4.2
Fixed asset investment growth rate (%)	9.5	7.3	4.7
Population (million)	0.99	0.99	0.98

Source: Financial Bureau of Taixing, Statistical Bureau of Taixing and Lianhe Global's calculations

## Fiscal Condition of Taixing

The aggregate fiscal revenue of the Taixing government was mainly derived from the budgetary revenue and government fund income. The budgetary revenue of the Taixing government grew by 3.0% in 2024, reaching RMB10.0 billion. However, the government fund income, mainly generated from land sales, continued to decline amid protracted property market downturn.

The outstanding debt of the Taixing government kept growing in past few years. At end-2024, its outstanding debt increased to RMB29.8 billion from RMB26.7 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 110.9% at end-2024 from 138.4% at end-2023.

### Taixing's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	9.0	9.7	10.0
Budgetary revenue growth rate (%)	-3.3	8.0	3.0
Tax revenue	6.2	7.0	7.1
Tax revenue (% of budgetary revenue)	69.12	72.3	71.3
Government fund income	12.0	10.2	8.0
Transfer payment	3.9	4.0	3.3
<b>Aggregate revenue</b>	<b>25.0</b>	<b>24.1</b>	<b>21.5</b>
Budgetary expenditure	12.8	13.7	13.9
Budget balance <sup>1</sup> (%)	-42.4	-41.1	-38.4
Government debt ratio (%)	107.3	110.9	138.4

<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) \* 100%

Source: Financial Bureau of Taixing, Statistical Bureau of Taixing and Lianhe Global's calculations

## Company Profile

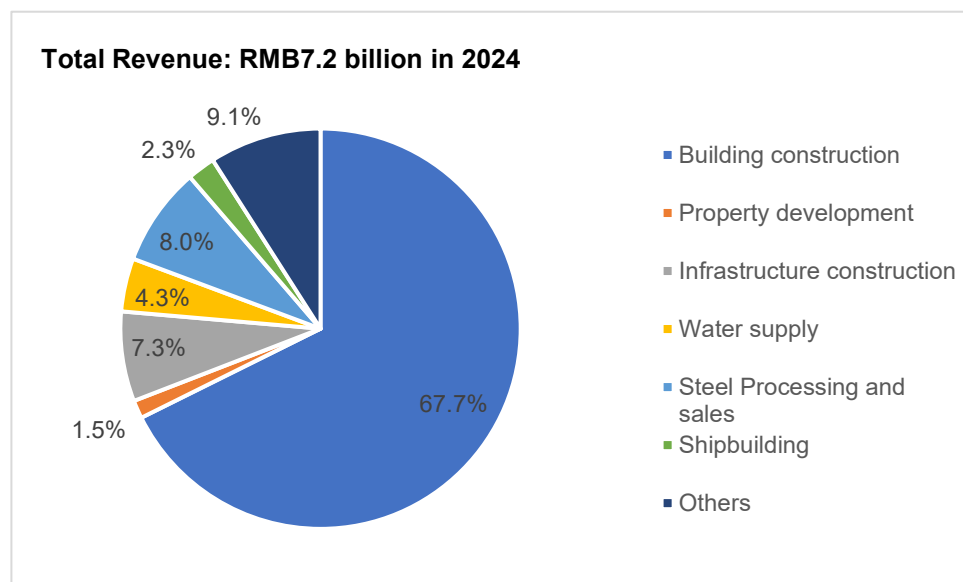
### Ownership Structure

JPTD was established in 2014 with initial registered capital of RMB50 million. In 2024, Taixing SASAO injected 100% shares of TCID, THPCD and other local SOEs' equity into JPTD. By end-2024, JPTD's registered capital was enlarged to RMB5 billion, of which RMB50 million was paid. Taixing SASAO, as the actual controller, holds 100% shares of JPTD.

### Revenue Breakdown

JPTD is the most important urban development and operation entity in Taixing. The company undertakes major local public projects, including affordable housing, city infrastructure, roads and pipe networks. It is also responsible for water supply and sewage

treatment in the urban area of Taixing. JPTD has further diversified into building construction, property development, shipbuilding, steel processing and sales as well as other businesses. JPTD's total revenue decreased to RMB7.2 billion in 2024 from RMB8.9 billion in 2022, owing to weekend demand for building construction. Its gross margin stood at above 10% in the past two years.



Source: JPTD and Lianhe Global's calculations

JPTD's infrastructure construction projects are concentrated in Taixing urban area. These projects are usually carried out under agent construction agreements signed with local government agencies, whereby JPTD raises funds and implements entrusted projects. JPTD recognizes construction costs plus the agreed margin (e.g., 10%-20, varying from project to project) as revenue.

JPTD also develops and sells residential properties, mainly affordable housing and some commercial housing. The company obtains land with specified design and construction standards for affordable housing through public bidding, then it is responsible for fundraising, constructing and selling properties to qualified buyers.

In addition, JPTD's subsidiary, Taixing No.1 Construction Group Co., Ltd., a nationwide building contractor, participates in building construction business. It usually acquires projects through public bidding and directly signs contracts with project owners (mainly property developers) as the general contractor. However, the segment revenue has declined significantly since 2021, owing to the weak property market.

JPTD's steel processing and sales business adopts a sales-driven procurement model. Customers determine their steel procurement requirements based on their specific needs and enter into purchase contracts with the company. The company recognizes sales revenue upon product delivery. Settlement terms are generally 15 days after product delivery.

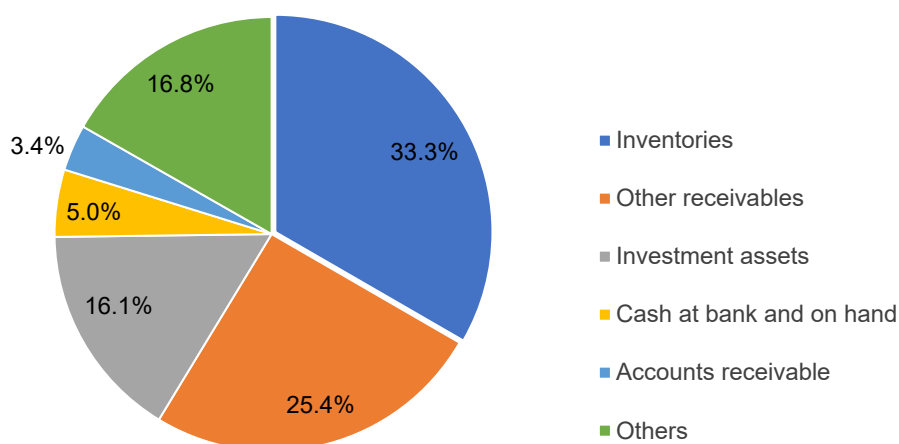
JPTD manufactures a diversified range of vessels, including oil and chemical tankers, bulk carriers, deck ships, container ships, and dredgers. Its procurement activities are closely aligned with confirmed downstream orders, enabling efficient supply chain management. Construction timelines typically span 6 to 12 months, varying by vessel size. Revenue

recognition follows the percentage-of-completion method, with payments generally settled according to project progress.

JPTD's other operations are mainly related to residents' daily needs, such as gas supply, parking lots, sanitation, security escort, consulting and development services and examination services. Yet these activities only generated a small fraction of revenue for JPTD and had a limited impact on the company's overall condition and solvency.

### Assets Breakdown

**Total assets: RMB99.4 billion at end-2024**



Source: JPTD and Lianhe Global's calculations

JPTD's asset liquidity was moderately weak. At end-2024, JPTD had inventories (mainly lands and construction costs) of RMB33.1 billion, accounting for 33.3% of its total assets. These assets usually take a long time (usually 3-5 years) to be converted to cash due to the protracted construction, revenue recognition and receivable collection periods. At the same time, JPTD had other receivables of RMB25.2 billion, mainly due from government agencies, and SOEs in Taixing without specified collection schedule. The company's investment assets were mainly equity of SOEs injected by the local government.

### Key Financial Data

(RMB million)	2022	2023	2024
Total Assets	76,943	94,951	99,358
Equity	29,850	39,671	39,309
Debt	35,173	41,117	46,354
Debt / (Debt + Equity) (%)	54.1	50.9	54.1
Unrestricted cash/ST Debts (x)	0.2	0.2	0.2
Debt/EBITDA (x)	33.1	28.3	46.1
Revenue	8,904	7,231	7,157
Operation Profit	313	239	200
Gross Margin (%)	7.7	10.8	10.3
Cash from sales or services/ Revenue (%)	104.8	128.0	114.6

Source: JPTD and Lianhe Global's calculations

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