

# Taizhou Ruima Urban Development and Construction Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB’ global scale Long-term Issuer Credit Rating with Stable Outlook to Taizhou Ruima Urban Development and Construction Co., Ltd. (“TRUD” or “the company”)

## Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Taizhou Gaogang District (Taizhou Medical High-tech Industrial Development Zone) (“the Gaogang government”) would provide strong support to TRUD if needed. This mainly considers the Gaogang government’s vast majority ownership of TRUD and TRUD’s strategic importance as a major local investment and development company (“LIDC”) responsible for project development and urban operation in Lingang Economic Park of Taizhou Medical High-tech Industrial Development Zone (“Medical High-tech Zone”). In addition, the linkage between the local government and TRUD is strong, including management supervision, strategic alignment and ongoing operational and financial support. Moreover, the Gaogang government may face significant negative impact on its reputation and financing activities if TRUD encounters any operational and financial difficulties.

Gaogang District (“Gaogang”) is a municipal district under Jiangsu’s Taizhou City. In June 2021, Gaogang and Medical High-tech Zone officially launched integrated development. In 2024, Gaogang’s GDP grew steadily by 3.9% to RMB112.1 billion, while the Gaogang government’s budgetary revenue increased by 1.9% to RMB10.5 billion.

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

## Rating Rationale

**Government’s Ownership and Supervision:** The State-owned Asset Management Center of Taizhou Medical High-tech Zone (Gaogang District) (“Gaogang SAMC”), as the actual controller, holds 90.05% shares of TRUD; the Management Committee of Lingang Economic Park (“Lingang MC”) holds the remaining 9.95%. The local government has the final decision-making authority and strong supervision over TRUD, including the appointment of senior management and decisions on its major investment and financing plan. In addition, the local government has an assessment mechanism over the company and regularly appoints auditors to review the company’s operating performance and financial position.

**Strategic Importance and Strategic Alignment:** TRUD is an important LIDC that is responsible for project and urban operations in Gaogang, particularly in the Medical High-tech Zone. It primarily engages in infrastructure construction, resettlement housing development and industrial estate development within the region. TRUD plays a vital role in Gaogang’s urban development, aligning with the local government’s development plans and social policies.

**Strong Government Support:** TRUD receives ongoing government support in the form of asset/capital injections and operational subsidies. The company’s equity base was enlarged to RMB8.2 billion at end-2024 from RMB7.1 billion at end-2021, owing to multiple asset injections. In addition, the local government provided operational subsidies totaling RMB115

## Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	6 August 2025

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## Applicable Criteria

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

million between 2022 and 2024 to TRUD. We expect TRUD to receive timely support from the local government in the coming years, considering its strategic importance in Gaogang.

**TRUD's Financial and Liquidity Position:** TRUD's total assets increased significantly to RMB14.0 billion at end-2024 from RMB9.6 billion at end-2022, as the company actively engaged in project development in Gaogang. The company relied heavily on borrowings to support its asset expansion. Its total debts rose to RMB2.7 billion from RMB1.0 billion over the same period. Yet TRUD's financial leverage, as measured by the debt to capitalization ratio, stayed at a manageable level of 24.7% at end-2024.

TRUD's short-term servicing pressure was moderately high. At end-2024, the company had cash of RMB714 million, compared with short-term debt of RMB1.3 billion. However, the company has access to various financing channels, including bank borrowing and non-traditional financing options, to support its debt repayments and business operations. By the end of 2024, TRUD had total bank facilities of RMB2.2 billion with unused facilities of RMB0.5 billion.

## Rating Sensitivities

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

We would consider upgrading TRUD's rating if (1) there is strengthened support from the Gaogang government, or (2) there is an upgrade in our internal credit assessment on the Gaogang government.

## Operating Environment

### Economic Condition of Gaogang

Gaogang is a municipal district under Jiangsu's Taizhou City. In June 2021, Gaogang and Medical High-tech Zone, a national-level high-tech zone, officially launched integrated development, establishing five parks focusing on biomedicine, chemical new materials, electronics and information technology, high-end equipment manufacturing, and ports. The Medical High-tech Zone has attracted over 1,300 pharmaceutical enterprises, including 14 global pharmaceutical giants such as AstraZeneca, Nestlé Health Science, and Boehringer Ingelheim. Gaogang's GDP realized RMB112.1 billion in 2024, with a GDP growth rate of 3.9%, which is ranked third among all districts and counties in Taizhou City. The economic structure of Gaogang was mainly driven by the secondary and tertiary industries, with the contribution from the tertiary industry to the GDP increasing to 50.5% in 2024 from 44.5% in 2023.

<b>Gaogang's Economic Condition</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
GDP	115.3	119.2	112.1
-Primary industry (%)	1.4	1.4	1.5
-Secondary industry (%)	56.2	54.1	48.0
-Tertiary industry (%)	42.4	44.5	50.5
GDP growth rate (%)	2.7	6.5	3.9
Fixed asset investment growth rate (%)	-13.5	7.1	-2.9
Population (million)	0.5	0.4	0.4

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

## Fiscal Condition of Gaogang

The budgetary revenue of the Gaogang government increased by 1.9% to RMB10.5 billion in 2024. The government fund income declined to RMB9.2 billion in 2024 from RMB9.5 billion in 2023. Owing to the increase in budget expenditure, its fiscal surplus shrank to 6.0% in 2024 from 18.5% in 2023. The Gaogang government's debt continued to grow in 2024, which was mainly due to the increasing special purpose debts to support local public projects. The Gaogang government's outstanding debt reached RMB23.5 billion in 2024, including RMB9.3 billion of general obligations and RMB14.2 billion of special purpose debts. Its fiscal debt ratio, as measured by the total government debt to aggregate revenue, increased to 105.9% at end-2024 from 88.8% at end-2023.

<b>Gaogang's Fiscal Condition</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Budgetary revenue	10.1	10.3	10.5
Budgetary revenue growth rate (%)	0.6	2.0	1.9
Tax revenue	6.5	7.6	7.3
Tax revenue (% of budgetary revenue)	64.4	73.6	69.3
Government fund income	6.5	9.5	9.2
Transfer payment	3.1	3.0	2.5
<b>Aggregate revenue</b>	<b>19.8</b>	<b>22.9</b>	<b>22.2</b>
Budgetary expenditure	10.4	8.4	9.9
Budget balance <sup>1</sup> (%)	-2.6	18.5	6.0

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

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

## Company Profile

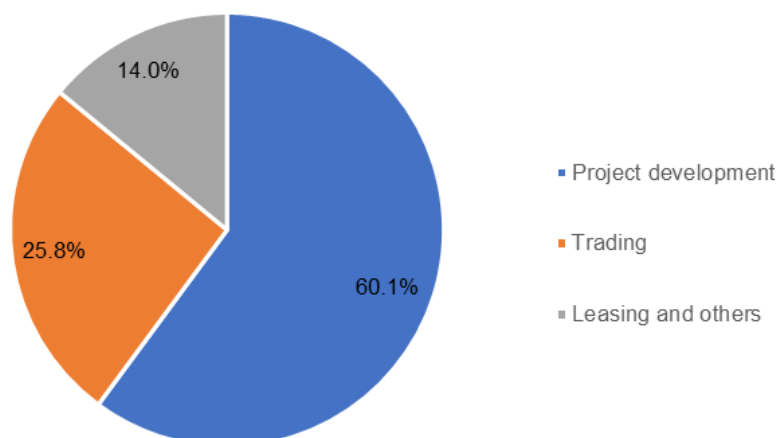
### Ownership Structure

TRUD was established in December 2016. By end-2024, its paid-in capital was RMB2 billion. Gaogang SAMC held 90.05% shares of TRUD and is the company's actual controller. Lingang MC held the remaining 9.95%.

### Revenue Breakdown

TRUD's primary revenue streams come from the project development, mainly including roads and bridges, industrial estates and social housing. TRUD usually undertakes the fundraising, construction and ongoing management of each entrusted project. Then entrusting parties reimburse the annual construction costs and pays TRUD a margin of 10–20 percent, depending on the project type. TRUD also participates in trading and property leasing businesses to diversify its revenue sources. The company recorded total revenue of RMB1.7 billion, RMB1.9 billion, and RMB2.4 billion in 2022, 2023, and 2024, respectively. Its gross margin has remained stable at 14%-18% level.

**Total Revenue: RMB2.4 billion in 2024**

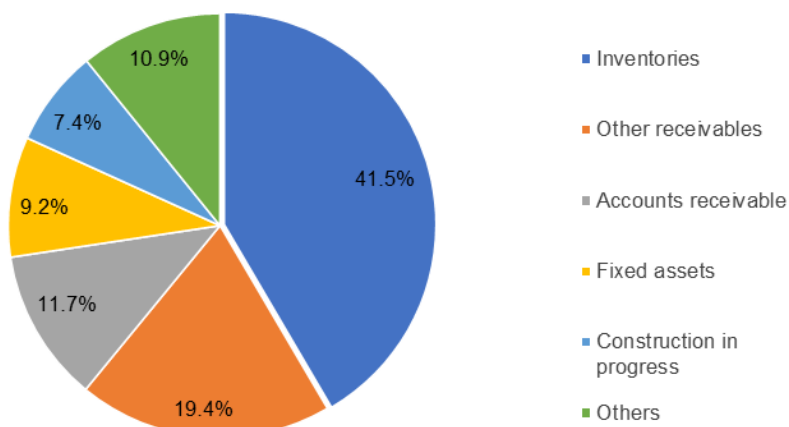


Source: The company's financial reports and Lianhe Global's calculations

### Assets Breakdown

TRUD's asset liquidity was weak. The company's asset composition mainly included inventories and other receivables, collectively representing approximately 60.9% of its RMB14.0 billion asset base at end-2024. The substantial inventories comprised construction costs, which face extended monetization timeframes due to protracted development cycles and cash collection periods. Its other receivables were mainly due from government agencies or affiliated companies, which have been growing continuously in recent years without a specified repayment schedule.

**Total assets: RMB14.0 billion at end-2024**



Source: The company's financial reports and Lianhe Global's calculations



Key Financial Data			
(RMB million)	2022	2023	2024
Total Assets	9,597	10,005	14,001
Equity	7,217	7,601	8,214
Debt	1,011	1,736	2,695
Debt / (Debt + Equity) (%)	12.3	18.6	24.7
Unrestricted cash/ST Debts (x)	0.8	0.9	0.5
Debt/EBITDA (x)	3.9	6.2	7.1
Revenue	1,740	1,946	2,372
Operation Profit	213	204	285
Gross Margin (%)	15.3	14.7	17.5
Cash from sales or services/ Revenue (%)	114.8	107.1	155.3
Source: TRUD and Lianhe Global's calculations			

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