

Taixing Jinjiang Investment Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Taixing Jinjiang Investment Co., Ltd. (“TXJJ” or “the company”)

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	21 August 2025

Summary

The Issuer Credit Rating reflects a high possibility that the Taizhou Municipal People’s Government (“the Taizhou government”) would provide strong support to TXJJ if needed. This mainly considers the Taizhou government’s indirect fully ownership of TXJJ, TXJJ’s strategic position as an important local investment and development company (“LIDC”) responsible for infrastructure construction, industrial parks development and operation in Taixing Economic Development Zone (“Taixing EDZ”). The linkage between the local government and TXJJ is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities should TXJJ encounter any operational or financial difficulties.

Taizhou is a prefecture-level city in Jiangsu Province. In 2024, Taizhou’s GDP grew steadily by 5.10% to RMB702.1 billion, while its budgetary revenue increased by 3.00% to RMB45.3 billion. Taixing EDZ was established in 1991 and is one of the first 13 provincial-level development zones in Jiangsu Province. Taixing EDZ is focusing on the development of a complete industrial system supported by fine chemicals, new materials, pharmaceuticals.

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

Analysts

Chris Cao
(852) 3462 9579
chris.cao@lhratingsglobal.com

Roy Luo, CFA, FRM, CESGA
(852) 3462 9582
roy.luo@lhratingsglobal.com

Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2024)

Rating Rationale

Government’s Ownership and Supervision: The State-owned Assets Supervision and Administration Commission of Taizhou Municipality (“Taizhou SASAC”) indirectly holds 100 % stake in TXJJ through Taizhou Chemical New Materials Industry Development Group Co., Ltd. (“TCNMI”; ‘A-/Stable’). TCNMI is an important development and operation entity in Taizhou that promotes regional industrial development.

TXJJ is under the direct management and supervision of the management committee of Taixing EDZ, a government dispatched agency and de facto local government, as its operation is mainly within Taixing EDZ. The local government appoints the company’s senior management and oversees TXJJ’s development strategy, major financing plans and investment decisions. In addition, it has put in place a performance-assessment regime for the company and regularly engages independent auditors to review TXJJ’s operating performance and financial position.

Strategic Alignment and Importance: TXJJ is defined as a major LIDC responsible for infrastructure construction, industrial parks development and operation as well as state-owned assets management in Taixing EDZ, aiming at promoting economic and industry development within the region. Its development strategy has been aligned with the local government’s economic and social development plans. However, TXJJ’s operation is largely limited in Taixing EDZ, which would constrain its strategic positioning in Taizhou.

Strong Government Support: TXJJ receives ongoing support from the Taizhou government in the form of operational subsidies and asset/equity injections. This mainly includes mining rights valued at RMB6.2 billion injected in 2024. Between 2021 and 2024, the company received operating subsidies totaled approximately RMB166 million. In addition, under the instruction of local government, TCNMI provided financial guarantee to support TXJJ's offshore bond issuance amounting to USD34 million in 2025. We expect TXJJ to receive timely support from the local government over the coming years, given its strategic importance to the Taizhou and Taixing EDZ.

TXJJ's Financial and Liquidity Position: TXJJ's asset base expanded over the past three years as it actively participated in Taixing EDZ's project development. The company mainly relied on borrowings to finance its infrastructure and industrial park project. As a result, TXJJ's financial leverage, measured by debt-to-capitalization, rose to 50.5% at end-2024 from 41.3% at end-2022.

TXJJ's short-term debt servicing pressure is moderately high. At end-2024, the company's short-term debt totaled about RMB 5.6 billion, compared with RMB877 million of unrestricted cash on hand. Yet TXJJ retains access to a range of funding channels, including bank borrowings, bond issuance and other non-traditional financings; its undrawn bank facilities totaled around RMB 5.1 billion at end-2024, providing additional liquidity headroom for its debt repayments and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Taizhou

Taizhou's Economy Condition			
(RMB billion)	2022	2023	2024
GDP	636.6	673.2	702.1
-Primary industry (%)	5.3	5.1	5.1
-Secondary industry (%)	49.0	48.4	47.3
-Tertiary industry (%)	45.7	46.5	47.6
GDP growth rate (%)	4.3	6.8	5.1
Fixed asset investment growth rate (%)	9.4	9.4	8.8
Population (million)	4.5	4.5	4.5
<i>Source: Public information and Lianhe Global's calculations</i>			

Taizhou is a prefecture-level city in Jiangsu Province, and it is also an important trade port city in China's Yangtze River Delta, approved by the State Council. It is located in East China and is in the middle of Jiangsu Province. Taizhou has jurisdiction over three county-level cities (Xinghua, Jingjiang and Taixing) and three districts (Hailing, Gaogang and Jiangyan). It has a residential population of 4.5 million with an urbanization rate of 70.9% at end-2024.

Taizhou's GDP grew by 5.1% to RMB702.1 billion in 2024, ranked 9th among all 13 prefecture-level cities under the administration of Jiangsu Province. Its economic development has focused on new materials, chemicals, biomedicine, high-end equipment manufacturing, and the energy industry in recent years.

Fiscal Condition of Taizhou

Taizhou 's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	41.7	44.0	45.3
Budgetary revenue growth rate (%)	-0.9	5.5	3.0
Tax revenue	26.5	30.8	30.4
Tax revenue (% of budgetary revenue)	63.5	70.0	67.1
Government fund income	52.1	49.3	42.1
Transfer payment	18.1	17.5	17.0
Aggregate revenue	113.0	112.0	106.7
Budgetary expenditure	69.7	69.7	69.1
Budget balance ¹ (%)	-67.2	-58.6	-52.5
Government debt ratio (%)	88.3	95.3	123.3

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Public information and Lianhe Global's calculations

The Taizhou government's aggregate fiscal revenue primarily comprises budgetary revenue, government fund income, and transfer payments. In 2024, budgetary revenue increased by 3.0% year on year to RMB 45.3 billion. Its fiscal balance remained weak, with a budgetary deficit of 52.5%. In addition, Taizhou's government fund income fell to RMB 42.1 billion in 2024 from RMB 49.3 billion in 2023 and RMB 52.1 billion in 2022, amid protracted property market downturn.

The Taizhou government's outstanding debt rose to RMB 131.6 billion at end-2024 from RMB 107.1 billion at end-2023, mainly due to the new issuance of special bonds to support public projects. As a result, its government debt ratio, measured as outstanding government debt to aggregate revenue, increased to 123.3% from 95.6% over the same period.

Company Profile

Ownership Structure

TXJJ was established in 2017 by the management committee of Taixing Economic Development Zone with initial registered capital of RMB2 billion. After an array of equity transfers and capital injections, TCNM indirectly held 100% shares of TXJJ at end-2024.

TCNMI is an important development and operation entity in Taizhou that promotes regional industrial development. Taizhou SASAC directly owns 100% shares of TCNMI, and is the ultimate controller of TCNMI.

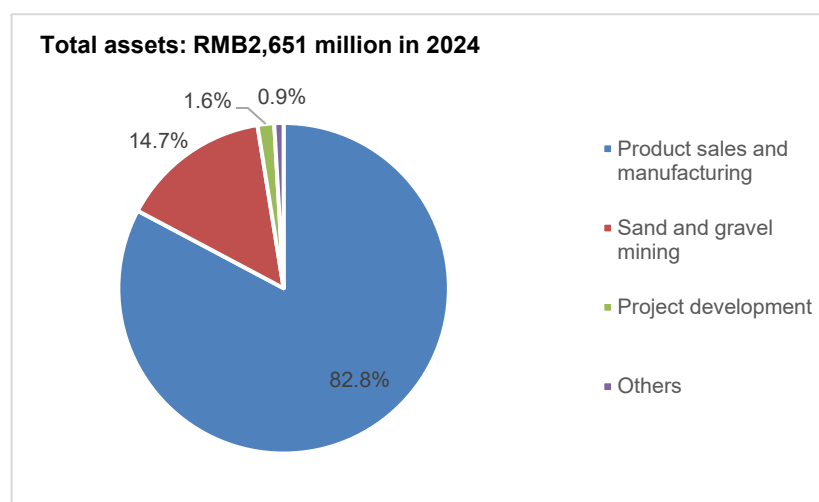
Revenue Breakdown

TXJJ is mainly responsible for infrastructure construction, industrial parks development and operation as well as state-owned assets management in Taixing EDZ.

TXJJ has a strong project pipeline. By end-2024, TXJJ had 9 development projects under construction and 15 projects under planning, with total estimated investment amounting to RMB2.6 billion and RMB535 million, respectively.

In addition, the local government allocated mining right valued at RMB6.2 billion to TXJJ in 2021. The company sells the extracted sand gravel materials to developers and construction companies in Taizhou City and its surrounding areas.

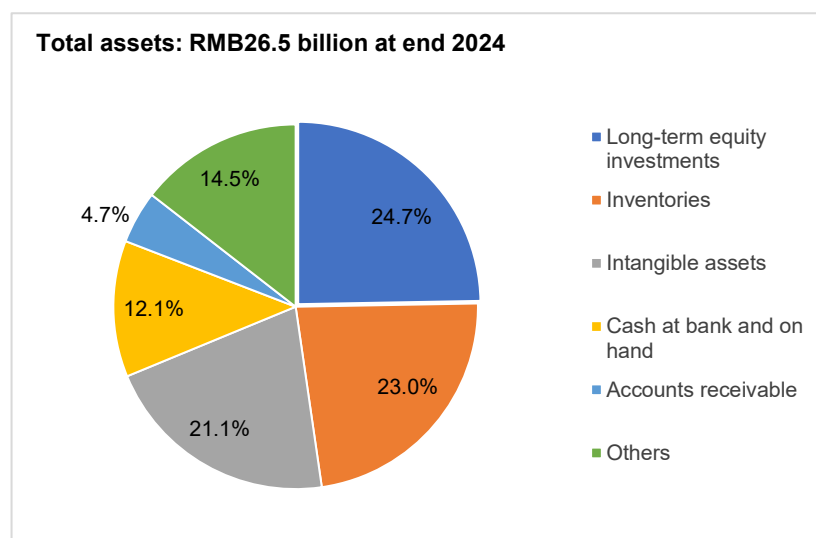
In terms of revenue, TXJJ's largest contributor is its product sales and manufacturing businesses. The company engages in the procurement of products, mainly chemical materials and other commodities, from upstream supplies based on orders, then distributes to downstream clients directly or with some processing.



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

Assets Breakdown

TXJJ's asset-side liquidity was weak. At end-2024, long-term equity investments and inventories together accounted for about 48% of its RMB 26.5 billion asset base. Long-term equity investments (around 25% of total assets) primarily reflect shares of local SOEs injected by the local government. Inventories (around 23%) mainly comprise construction costs related to the company's infrastructure projects and industrial park development, which usually take a long time to monetize due to protracted construction and cash collection period. Intangible assets accounted for about 21% of total assets, largely consisting of mining rights allocated by the local government.



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

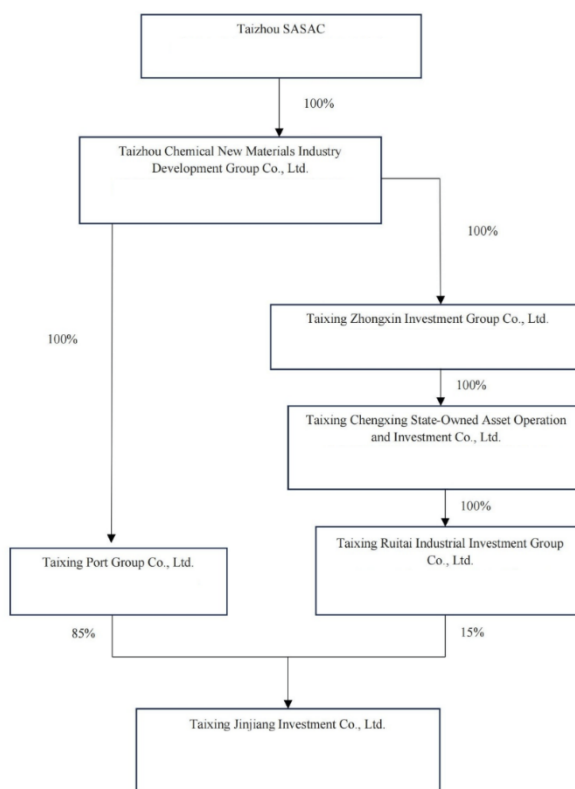


Key Financial Data

(RMB million)	2022	2023	2024
Total Assets	22,530	28,078	26,478
Equity	11,983	12,062	11,567
Debt	8,437	10,244	11,818
Debt / (Debt + Equity) (%)	41.3	45.9	50.5
Unrestricted cash/ST Debts (x)	0.3	0.1	0.2
Debt/EBITDA (x)	45.4	24.6	25.2
Revenue	1,904	2,265	2,651
Operation Profit	163	181	117
Gross Margin (%)	6.2	9.1	8.1
Cash from sales or services/ revenue (%)	61.6	68.8	101.3

Source: The company and Lianhe Global's calculations

TXJJ's Shareholding Structure at end-2024



Source: The company

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