

Taizhou Chemical New Materials Industry Development Group Co., Ltd.

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	20 November 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A-’ global scale Long-term Issuer and Issuance Credit Rating of Taizhou Chemical New Materials Industry Development Group Co., Ltd.; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the Taizhou Municipal People’s Government (“the Taizhou government”) would provide strong support to Taizhou Chemical New Materials Industry Development Group Co., Ltd. (“TCNMI”) if needed. This mainly considers its full ownership of TCNMI and TCNMI’s strategic importance as an important local investment and development company responsible for developing and operating industrial parks in Taizhou. The linkage between the local government and TCNMI 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 if TCNMI encounters any operational and financial difficulties.

Taizhou is a prefecture-level city in Jiangsu Province. It realized GDP of RMB702.1 billion in 2024, representing a year-over-year growth of 5.1%, while its budgetary revenue grew by 3.0% to RMB45.3 billion.

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

Lianhe Global has also affirmed the global scale Long-term Issuance Credit Rating of the senior unsecured bonds guaranteed by TCNMI at ‘A-’. A full list of affirmed issuance ratings is included in this report.

Rating Rationale

Government’s Ownership and Supervision: State-owned Assets Supervision and Administration Commission of Taizhou (“Taizhou SASAC”) directly owns 100% shares of TCNMI, and is the ultimate controller of the company. The local government has strong control and supervision over the company, including appointments of its senior management, decisions on its strategic development, and supervision of its major investment and funding plans. In addition, the local government has an assessment mechanism over the company and periodically appoints auditors to supervise its operating performance and financials.

Strategic Importance and Strategic Alignment: TCNMI is an important development and operation entity in Taizhou that promotes regional industrial development. The company is responsible for developing and operating industrial parks, mainly in Taixing, a county-level city in Taizhou. It also supplies gas and provides sewage treatment services to business and residential users in Taixing. In addition, to support Taizhou’s industrial upgrade, TCNMI invests in high-tech and bio-pharmaceutical companies’ equities. TCNMI’s development strategy has been aligned with the Taizhou government’s economic and social development plans.

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Applicable Criteria

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

Strong Government Support: TCNMI continued to receive strong government support. In 2023, Taizhou SASAC injected cash capital of RMB2.0 billion into the company. Between 2022 and the first half of 2025, the company received operational subsidies totaling RMB2,463 million from the local government. In addition, the local government transferred an array of stated-owned assets, including equity of local SOEs and operating rights of mineral resources to the company over the same period. We believe that the local government's support to TCNMI will remain intact, given its strategic importance in Taizhou.

TCNMI's Financial Matrix and Liquidity Position: TCNMI's asset size fluctuated between end-2023 and end-June 2025. Yet its total debt grew significantly to RMB78.0 billion to RMB63.9 billion over the same period. Thanks to the local government's multiple capital and asset injections, its financial leverage, as measured by total debt to total assets, stayed at a manageable level c. 50%.

TCNMI's asset liquidity is moderately weak. Receivables due from local government agencies, equity and debt investments in local enterprises accounted for majority of its assets. The collection schedule of its receivables is subject to local government's fiscal conditions, while its investments are long-term in nature.

By end-June 2025, TCNMI had cash of RMB24.6 billion (including restricted cash of RMB11.4 billion), compared to RMB42.9 billion short-term debt. Nevertheless, TCNMI has access to various financing channels, including bank loans, bond issuance, and other financing arrangements, to support its debt repayments and operations. The company had unused bank lines of RMB38.3 billion at end-June 2025.

High Contingent Liability Risk: TCNMI bears a high level of contingent liability risk. As of end-June 2025, the company had extended external financial guarantees amounting to RMB76 billion, equivalent to 103.5% of its equity. The majority of the guaranteed entities were local SOEs. TCNMI's creditworthiness is intrinsically tied the credit conditions of the region.

Rating Sensitivities

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

We would consider upgrading TCNMI'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.

Any rating action on TCNMI's rating would result in a similar rating action on the bonds guaranteed by TCNMI.

Full List of Issuance Rating

- USD34 million 5.5% senior unsecured bonds due 2028, issued by Taixing Jinjiang Investment Co., Ltd. ("BBB+"/Stable) and guaranteed by TCNMI, affirmed at 'A-'.
- CNY300 million 5.5% senior unsecured bonds due 2028, issued by Taixing Runjia Holdings Ltd. ("BBB"/Stable) and guaranteed by TCNMI affirmed at 'A-'.

Operating Environment

Economic Condition of Taizhou

Taizhou's GDP amount increased to RMB702.1 billion in 2024 from RMB673.2 billion in 2023. The economic growth rate of Taizhou slightly declined to 5.1% in 2024 from 6.8% in 2023. Its fixed asset investment growth rate maintained at a moderately high level of around 8% in the past three years.

Taizhou's Economic 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

Source: Statistical bureau of Taizhou and Lianhe Global's calculations

Fiscal Condition of Taizhou

The budgetary revenue of the Taizhou government increased to RMB45.3 billion in 2024 from RMB44.0 billion in 2023, while the contribution of tax revenue was down to 67.1% from 70.0% over the same period. The fiscal self-sufficiency rate of the Taizhou government was weak, with its budget deficit slightly narrowing from 58.6% in 2023 to 52.5% in 2024.

The outstanding debt of the Taizhou government kept growing in past few years. At end-2024, the Taizhou government's outstanding debt increased to RMB131.6 billion from RMB107.1 billion at end-2023, mainly due to the issuance of special debts. Its government debt ratio, as measured by the total government debt/aggregate revenue, was up to 123.3% at end-2024 from 95.3% at end-2023.

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	18.5	17.9	17.0
Aggregate revenue	113.4	112.4	106.7
Budgetary expenditure	70.4	69.7	69.1
Budget balance ¹ (%)	-68.9	-58.6	-52.5
Government debt ratio (%)	88.3	95.3	123.3

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

Source: Financial Bureau of Taizhou and Lianhe Global's calculations

Company Profile

TCNMI was established in July 2014 with an initial capital of RMB50 million. In March 2024, the local government transferred an array of LIDCs' equity to the company, making it one of the largest LIDCs in Taizhou regarding asset size. By end-June 2025, TCNMI's paid-in capital was recorded at RMB2.05 billion, and Taizhou SASAC, as the company's ultimate controller, held 100% of TCNMI's shares.



TCNMI is primarily engages in industrial park construction, industrial investment, public utilities operation, high-end equipment manufacturing, and commodity sales in Taizhou. It realized revenue of RMB11.4 billion, 14.0 billion, 15.0 billion and 8.0 billion in 2022, 2023, 2024 and the first half of 2025, respectively, representing an upward trend. However, its gross margin decreased to 7.2% from 15.0% over the same period.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	148,332	161,425	154,673	169,251
Equity	67,569	71,028	70,911	73,420
Debt	66,264	63,918	67,988	77,967
Debt / (Debt + Equity) (%)	49.5	47.4	48.9	51.5
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.2
Debt/EBITDA (x)	20.7	21.4	26.0	-
Revenue	11,405	13,967	14,957	7,988
Operation Profit	1,084	1,265	897	250
Gross Margin (%)	15.0	11.4	9.3	7.2
Cash from sales or services/ Revenue (%)	94.3	129.8	116.9	138.7

Source: TCNMI and Lianhe Global's calculations

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