

Taizhou Zhongtian New Energy Industry Development Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has upgraded the global scale Long-term Issuer Credit Rating of Taizhou Zhongtian New Energy Industry Development Co., Ltd. (“TZNEID”) to ‘BBB’ from ‘BBB-’; Issuer Rating Outlook is Stable.

Summary

The Issuer Credit Rating upgrade reflects TZNEID’s enhanced strategic importance and strengthened support from the People’s Government of Hailing District (“the Hailing government”). TZNEID is an important local investment and development company (“LIDC”) responsible for the development and operation of the former Taizhou New Energy Industrial Park (“the park”) in Taizhou’s Hailing District (“Hailing”). Following the park’s upgrade in April 2025 to Jiangsu Hailing High-tech Industrial Development Zone (“Hailing High-tech Zone”), a provincial-level high-tech zone that covers the original park and a broader administrative area, the company’s service scope expanded accordingly. In addition, the Hailing government injected cash capital of RMB500 million and RMB1.1 billion into TZNEID through its shareholder in 2024 and the first nine months of 2025, respectively.

We believe the Hailing government would continue to provide strong support to TZNEID if needed, in light of its indirect full ownership of TZNEID and its strategic importance. The linkage between the Hailing government and TZNEID is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe that the Hailing government has a strong willingness to ensure TZNEID’s business and financial viability to safeguard its reputation and local financing activities.

Hailing is an urban district under the jurisdiction of Jiangsu’s Taizhou and is located in the central urban area of Taizhou. Hailing realized a GDP of RMB86.5 billion in 2025, representing a year-over-year growth of 5.0% while the budgetary revenue grew by 2.5% to RMB4.2 billion.

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

A full list of issuance rating is included in this rating report.

Rating Rationale

Government’s Ownership and Supervision: At end-June 2025, Hailing District State-owned Asset Supervision and Administration Office (“Hailing SASAO”), as the actual controller, continued to hold the full ownership of TZNEID through Taizhou Haineng Holdings Group Co., Ltd. (“THHG”). The Hailing government has strong control and supervision over the company, including senior management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Hailing government has an assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	1 April 2026

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Applicable Criteria

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

Strategic Importance and Alignment: TZNEID's strategic importance has been enhanced, as the park upgraded to a provincial-level High-tech Zone with a broader administrative area in April 2025. Hailing High-tech Zone is positioned as Hailing district's core area for industrial upgrading and innovation-driven development. TZNEID continues to engage infrastructure construction, industrial park development and operation activities within the region. The company's business operation and development have been aligned with the local government's economic and social development plans.

Strong Government Support: The Hailing government provides ongoing support in forms of capital/asset injections and operational subsidies. The local government injected cash capital of RMB450 million, 500 million and 1,100 million in 2022, 2024 and the first nine months of 2025, respectively, enhancing its paid-in capital to RMB2.6 billion from RMB1.0 billion. In addition, the company received operational subsidies totaling RMB253 million over the same period. We expect the support from the Hailing government to remain intact given TZNEID's enhanced strategic importance.

TZNEID's Financial and Liquidity Position: TZNEID's asset size increased significantly to RMB18.0 at end-June 2025 from RMB14.4 billion at end-2022, as the company actively participated in Hailing's project development in the past three years. The company relied on both borrowing and government's capital injections to fund its asset expansion. Its financial leverage, as measured by debt/capitalization, stayed at around 60%. Nevertheless, the company's contingent liability risk was high, with outstanding external guarantees of RMB5.0 million, equivalent to 95.4% of net assets as of end-March 2025; the guaranteed entities were all local state-owned enterprises.

TZNEID's short-term debt servicing pressure remained high. At end-June 2025, the company had unrestricted cash of around RMB1.5 billion, while it had short-term debt of RMB3.9 billion. Nevertheless, the company has access to various financing channels, including bank borrowings, bond issuances and other non-traditional financing channels, to support its debt repayments and business operations. By end-March 2025, the company had total bank credit line of RMB5.4 billion, of which RMB1.7 billion was unused.

Rating Sensitivities

We would consider downgrading TZNEID'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 TZNEID, or (3) there is a downgrade in our internal credit assessment on the Hailing government.

We would consider upgrading TZNEID'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 Hailing government.

Full List of Issuance Rating

A full list of issuance rating is included below.

- CNY720 million 7.3% senior unsecured guaranteed Bonds due 2028 ('BBB+')
- CNY728 million 6.2% senior unsecured guaranteed Bonds due 2027 ('BBB+')

Operating Environment

Economic Condition of Hailing District

Hailing recorded GDP of RMB83.7 billion in 2024. Its GDP growth slowed to 4.9% in 2024 from 7.0% in 2023, while fixed-asset investment growth accelerated to 15.0% from 10.0%. Hailing High-tech Zone, recently upgraded to a provincial-level high-tech zone, is focused on developing new energy as its landmark industry, while fostering equipment manufacturing and smart home as its two key specialty sectors.

Hailing District's Economy Condition			
(RMB billion)	2022	2023	2024
GDP	73.3	77.4	83.7
-Primary industry (%)	2.0	2.0	1.9
-Secondary industry (%)	42.7	42.4	34.2
-Tertiary industry (%)	55.3	55.6	63.9
GDP growth rate (%)	3.1	6.8	4.9
Fixed asset investment growth rate (%)	25.9	10.0	15.0
Population (million)	0.58	0.58	0.58

Source: Statistical bureau of Hailing District and Lianhe Global's calculations

Fiscal Condition of Hailing District

The Hailing government's budgetary revenue increased modestly by 3.2% to RMB4.1 billion in 2024. Its fiscal self-sufficiency remained moderately weak, with a budget deficit ratio of 31.1%. Amid the prolonged downturn in the property market, government fund income, which is mainly derived from land sales, declined to RMB5.6 billion in 2024 from RMB6.5 billion in 2023, resulting in a decrease in aggregate revenue to RMB11.8 billion from RMB12.7 billion.

As of end-2024, the Hailing government's outstanding debt rose significantly to RMB10.1 billion from RMB7.6 billion at end-2023, mainly due to an increase in special-purpose debt to support public projects. As a result, its government debt ratio, measured as total government debt to aggregate revenue, increased to 85.7% in 2024 from 60.0% in 2023.

Hailing District's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	3.7	4.0	4.1
Budgetary revenue growth rate (%)	0.2	8.4	3.2
Tax revenue	2.4	3.0	2.7
Tax revenue (% of budgetary revenue)	64.5	74.0	64.8
Government fund income	5.3	6.5	5.6
Transfer payment	2.3	2.1	2.0
Aggregate revenue	11.3	12.7	11.8
Budgetary expenditure	5.1	5.3	5.4
Budget balance ¹ (%)	-37.2	-32.5	-31.1
Government debt ratio (%)	53.7	60.0	85.7

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

Source: Financial Bureau of Hailing District and Lianhe Global's calculations

Company Profile

TZNEID was established in August 2003 with an initial registered capital of RMB20 million. After a series of equity transfers and capital injections, its registered capital and paid-in capital were both enlarged to RMB1.5 billion at end-September 2024. In August 2024,

Hailing SASAO transferred its 100% equity interest in the company to THHG, a local investment and development company wholly owned by Hailing SASAO. Therefore, Hailing SASAO remains the ultimate controller of TZNEID.

TZNEID, as an important LIDC in Hailing, is mainly responsible for the development and operation within its designated park area and enjoys strong regional franchise advantages. The company realized total revenue of RMB1.6 billion, RMB1.4 billion, RMB1.4 billion and RMB0.7 billion in 2022, 2023, 2024 and the first six months of 2025, respectively. Its overall gross profit margin remained relatively stable at 19%-22% over the same period.

Key Financial Data (RMB million)	2022	2023	2024	2025.6
Total Assets	14,426	14,438	15,745	18,003
Equity	5,438	5,333	5,437	6,418
Debt	7,977	8,056	8,940	9,795
Debt / (Debt + Equity) (%)	59.5	60.2	62.2	60.4
Unrestricted cash/ST Debts (x)	0.1	0.0	0.0	0.4
Debt/EBITDA (x)	14.1	15.4	19.5	-
Revenue	1,613	1,429	1,436	729
Operation Profit	358	318	217	80
Gross Margin (%)	21.3	21.8	19.4	22.1
Cash from sales or services/ Revenue (%)	48.1	71.6	68.9	60.7

Source: TZNEID and Lianhe Global's calculations

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