Jiangsu Pingzhong Technology Development Group Co., Ltd.

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Applicable Criteria

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

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer Credit Rating of Jiangsu Pingzhong Technology Development Group Co., Ltd. ("JPTD") to 'A' from 'A-'; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating upgrade reflects the upgrade in our internal credit assessment on the People's Government of Taixing City ("the Taixing government") and the expectation of a continuing high possibility of that 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. The linkage between the local government and JPTD is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the Taixing government has a very strong willingness to ensure JPTD's business and financial viability in order to safeguard its reputation and local financing activities.

Taixing is one of the pilot county-level cities directly administered by Jiangsu Province. It is one of the top 100 counties in China, with a GDP of RMB151.7 billion in 2025. Taixing's GDP grew steadily by 5.4% year-over-year in 2025 while the budgetary increased by 1.0% to RMB 10.1 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") directly 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 Alignment: In 2024, the Taixing government consolidated its state-owned enterprises by injecting 100% of Taxing City Investment Development Group Co., Ltd. ("TCID"; 'BBB+/Stable') and Taixing Hongqiao Port Comprehensive Development Group Co., Ltd. ("THPCD") into JPTD. TCID is a core LIDC responsible for urban infrastructure, affordable housing and utilities in Taixing, including water supply, gas supply, waste disposal and sanitation. THPCD mainly develops Taixing Hongqiao Port.

Following the integration, JPTD has become one of Taixing's largest LIDCs by asset size and a key state-owned asset investment and operating entity, playing an important role in supporting regional economic and social development. Its strategic planning and development remain aligned with the government's development plans.

Strong Government Support: JPTD received ongoing support from the Taixing government. Between 2022 and 2024, the Taixing government has provided operational subsidies amounting to RMB579 million, primarily to support JPTD's activities related to delivering public goods and services. Additionally, the company has received several cash capital totaling RMB875 million, as well as asset injections, including state-owned properties and equities from SOEs and LIDCs in Taixing. 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 assets rose to RMB106.1 billion at end-2025 from RMB99.4 billion at end-2024, driven by its active participation in Taixing's project development and funded through borrowings and government support. Total debt increased by 10.3% to RMB55.3 billion, lifting the total debt/capitalization ratio to 58.6% from 55.8% over the same period.

JPTD's short-term debt servicing pressure was significant. At end-2025, JPTD had an cash balance of RMB5.5 billion (including restricted cash of RMB2.0 billion) compared to its debt due within one year of RMB 23.3 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 20. billion at end-June 2025.

High Contingent Liability Risk: JPTD's contingent liability risk was high, with financial guarantees of RMB22.3 billion to third parties at end-2024, equivalent to 57.1% of its net assets. Most guarantees were extended to LIDCs and SOEs in Taixing, closely linking JPTD's credit profile to 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 , 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 pilot county-level city directly administered by Jiangsu Province, with provincial-level economic and social management authority equivalent to that of a prefecture-level city. It is located in the economically well-developed Yangtze River Delta region, and ranked 36th among China's top 100 counties in 2025. Taxing maintained moderate to high economic growth in the past three years. Its GDP reached RMB151.7 billion in 2025, ranking first among six jurisdictions in Taizhou. However, Taixing's fixed asset investment dropped significantly in 2025.

Taixing's GDP Economic Condition (RMB billion)	2023	2024	2025
GDP	143.5	146.8	151.7
-Primary industry (%)	5.3	5.3	5.2
-Secondary industry (%)	49.9	50.5	49.2
-Tertiary industry (%)	44.8	44.2	45.6
GDP growth rate (%)	6.5	4.2	5.4

Fixed asset investment growth rate (%)	7.3	4.7	-76.7
Population (million)	0.99	0.99	0.98

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

Fiscal Condition of Taixing

Taixing government's budgetary revenue rose slightly by 1.0% to RMB10.1 billion in 2025, while budgetary expenditure was flat at RMB13.8 billion, narrowing the budget deficit to 36.7% from 38.0%. However, government fund income, mainly from land sales, continued to decline amid the prolonged property market downturn.

Taixing's government debt increased to RMB31.9 billion at end-2025 from RMB29.8 billion at end-2024, mainly due to special-purpose bond issuance for local public projects and hidden debt swaps. The government debt ratio, measured by total government debt/aggregate revenue, rose to 156.4% from 137.1% over the same period.

Taixing's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	9.7	10.0	10.1
Budgetary revenue growth rate (%)	8.0	3.0	1.0
Tax revenue	7.0	7.1	7.2
Tax revenue (% of budgetary revenue)	72.2	71.3	71.4
Government fund income	10.2	8.1	7.0
Transfer payment	4.0	3.5	3.0
Aggregate revenue	**24.1**	**21.8**	**20.4**
Budgetary expenditure	13.7	13.8	13.8
Budget balance[1] (%)	-41.1	-38.0	-36.7
Government debt ratio (%)	110.9	137.1	156.4

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
Source: Financial 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-2025, JPTD's registered capital was enlarged to RMB5 billion, of which RMB150 million was paid. Taixing SASAO, as the actual controller, holds 100% shares of JPTD.

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 increased to RMB7.9 billion in 2025 from RMB7.2 billion in 2024. Its gross margin stood at above 10% in the past two years.

Key Financial Data

(RMB million)	2023	2024	2025
Total Assets	94,951	99,358	106,127
Equity	39,671	39,309	39,010
Debt	42,675	49,579	55,289
Debt / (Debt + Equity) (%)	51.8	55.8	58.6

Unrestricted cash/ST Debts (x)	0.2	0.2	0.2
Debt/EBITDA (x)	41.0	46.5	59.2
Revenue	7,231	7,157	7,854
Gross Margin (%)	10.8	10.3	11.1
Cash from sales or services/ Revenue (%)	128.0	114.6	104.4

Source: JPTD and Lianhe Global's calculations

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