

Taizhou Guokong Investment Group Co., Ltd.

Summary

Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	30 September 2026

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘A+’ global scale Long-term Issuer Credit Rating with Stable Outlook to Taizhou Guokong Investment Group Co., Ltd. (“TGIG”)

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Taizhou City, Jiangsu Province (“Taizhou government”) would provide very strong support to TGIG if needed. This mainly considers its direct full ownership of TGIG and TGIG’s strategic importance as one of the largest local investment and development companies (“LIDCs”) in Taizhou in terms of asset size. The linkage between the local government and TGIG is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a very strong willingness to prevent TGIG from encountering any operational or financial difficulties in order to safeguard its reputation and financing activities.

Taizhou is a prefecture-level city in Jiangsu Province and a major pharmaceutical manufacturing hub in East China. Taizhou’s GDP grew steadily by 5.3% year-over-year, reaching RMB725.5 billion in 2025. At the same time, the budgetary revenue of Taizhou government increased by 3.0% to RMB47.5 billion.

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

Rating Rationale

Government’s Ownership and Supervision: The Taizhou State-owned Assets Supervision and Administration Commission (“Taizhou SASAC”) is the actual controller of TGIG, directly holding a 100% stake in the company. The local government has strong control and supervision over TGIG, including senior management appointments, decisions on its strategic development and investment plan and supervision of its major funding decisions. In addition, the local government has an assessment mechanism over the company, and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Alignment: As a key LIDC in Taizhou, TGIG focuses primarily on Taizhou’s strategic development in the big health industry and port construction. It is tasked with the infrastructure construction and industrial park operations across Taizhou’s new city center, high-speed railway hub area, and the Medical High-tech Zone. Its business operations and development are closely aligned with the local government’s economic and social development plans.

Strong Government Support: TGIG benefits from ongoing operational and financial support from the Taizhou government. The company received a cash capital injection of RMB3.0 billion from the local government in 2023. The local government also provided financial subsidies of RMB250 million, 283 million and 289 million in 2023, 2024 and 2025, respectively to support TGIG’s operations in relation to providing public goods. In addition, the local government has injected state-owned assets such as equities of local SOEs and land into the company. Given the company’s strategic importance in Taizhou, we expect the government support to remain intact.

Analysts

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

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

Applicable Criteria

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

TGIG's Financial and Liquidity Position: TGIG's asset size increased steadily to RMB147.2 billion at end-June 2026 from RMB125.5 billion at end-2023, largely driven by the company's active participation in Taizhou's projects development, especially in the Medical High-tech Zone. The company relied on borrowings to fund its asset expansion. Its total reported debt also rose to RMB89.6 billion from RMB69.0 billion over the same period. As a result, TGIG's financial leverage (Debt / (Debt + Equity)) increased to 65.2% from 60.1%.

TGIG faces high short-term debt servicing pressure. At end-June 2026, the company held unrestricted cash of RMB12.2 billion, compared to RMB41.8 billion short-term debt. Nevertheless, TGIG can rely on its diverse funding sources, including bank loans, bond issuances, and operating incomes to support the debt repayment. As of end-2025, the company had unused bank facilities of RMB16.1 billion.

Rating Sensitivities

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

We would consider upgrading TGIG's rating if there is an upgrade in our internal credit assessment on the Taizhou government.

Operating Environment

Economic Condition of Taizhou

Taizhou is a prefecture-level city located in central Jiangsu Province. It is an important industrial, commercial, and port city in the Yangtze River Delta region. Known as China Medical City, Taizhou represents a major pharmaceutical manufacturing hub in East China.

Taizhou's GDP increased steadily in the past three years, with a compound annual growth rate of 5.7%. The GDP scale reached RMB725.5 billion in 2025. However, its fixed asset investment dropped by 36.5% owing to the weak real estate investment.

Taizhou's Economic Condition			
(RMB billion)	2023	2024	2025
GDP	673.2	702.1	725.5
-Primary industry (%)	5.1	5.1	5.0
-Secondary industry (%)	48.4	47.3	45.9
-Tertiary industry (%)	46.5	47.6	49.1
GDP growth rate (%)	6.8	5.1	5.3
Fixed asset investment growth rate (%)	9.4	8.8	-36.5
Population (million)	4.5	4.5	4.5

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

Fiscal Condition of Taizhou

The Taizhou government recorded budgetary revenue of RMB47.5 billion in 2025. Revenue growth stabilized at 3.0% across 2024 and 2025, following a slowdown from 5.5% in 2023. The budgetary deficit also narrowed to 44.4% in 2025 from 58.6% in 2023. However, government income, which relies heavily on land sales, extended its downward trend into a third straight year amid the prolonged property market slump.

The outstanding debt of the Taizhou government increased significantly to RMB155.9 billion at end-2025 from RMB107.1 billion at end-2023, mainly due to the new issuance of special-purpose debts to support local public projects and debt swapping. As a result, its government debt ratio, as measured by total government debt to aggregate revenue, increased to 143.8% from 95.3% over the same period.

Taizhou's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	44.0	45.3	47.5
Budgetary revenue growth rate (%)	5.5	3.0	3.0
Tax revenue	30.8	30.4	32.2
Tax revenue (% of budgetary revenue)	70.0	67.1	67.8
Government fund income	49.3	42.1	38.8
Transfer payment	17.9	19.9	20.2
Aggregate revenue	112.4	109.5	108.4
Budgetary expenditure	69.7	69.1	68.6
Budget balance ¹ (%)	-58.6	-52.5	-44.4
Government debt ratio (%)	95.3	120.1	143.8

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

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

Company Profile

Ownership Structure

TGIG was established by Taizhou SASAC in 2021 with an initial registered capital of RMB3.0 billion. In 2023, the Taizhou government injected RMB3.0 billion in cash capital into TGIG, expanding its capital base to RMB6.0 billion. That same year, the local government transferred a 99.45% equity interest in Taizhou Huaxin Pharmaceutical Investment Co., Ltd. ("THPI", A/Stable) and a 93.02% equity interest in Jiangsu Taizhou Port Core Port Area Investment Co., Ltd. ("TCPI") to TGIG for nil consideration. As of end-June 2026, Taizhou SASAC served as the actual controller, holding a 100% stake in TGIG.

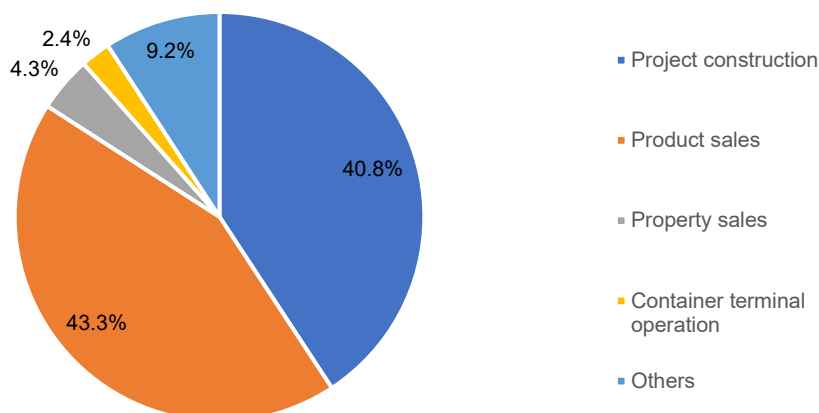
THPI is a major LIDC responsible for constructing Taizhou's Medical High-tech Zone and driving the growth of the city's health industry, while TCPI undertakes land consolidation, infrastructure construction, and resettlement housing development within the zone's port industry area. The consolidation of THPI and TCPI has positioned TGIG as one of the largest LIDCs in Taizhou by asset size.

Revenue Breakdown

TGIG is one of the largest LIDCs in Taizhou in terms of asset size. The company is responsible for major infrastructure development and industrial park operations across Taizhou's new city center, high-speed railway hub area, and the Medical High-tech Zone. It also participates in container terminal operation, property development and sales of pharmaceutical, industrial, and cosmetics products.

Between 2023 and 2025, TGIG's revenue softened from RMB4.7 billion to RMB4.5 billion, largely attributable to reduced property sales. Over the same timeframe, gross margin shrank from 24.4% to 15.9%, dragged down by persistent price compression under centralized drug procurement policies.

Total Revenue: RMB2,432 million in the first half of 2026



Source: The company and Lianhe Global's calculations

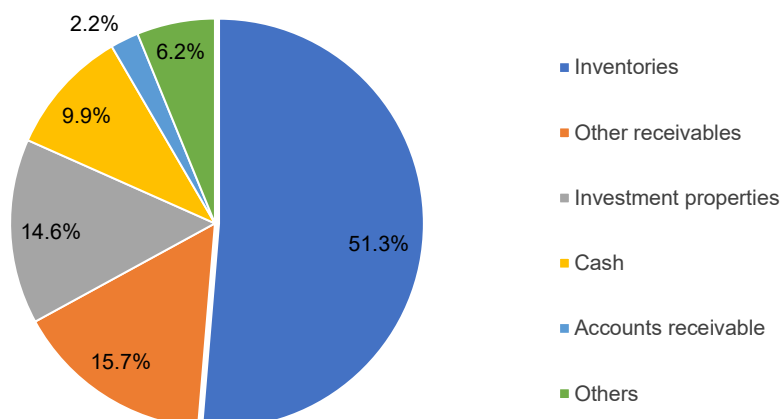
TGIG undertakes land consolidation, infrastructure construction, and resettlement housing development projects entrusted by local government agencies. Project construction funds are self-raised by the company, and revenue is recognized at a cost-plus margin of 10%-20% over actual project costs, with the delegating parties signing settlement agreements and disbursing payments annually based on actual construction progress.

TGIG also develops and operates industrial parks for pharmaceutical companies in the Medical High-tech Zone. It provides warehousing, logistics, and pharmaceutical product sales services to facilitate their operations. In addition to pharmaceutical products, TGIG engages in the trading of a wide range of industrial goods, energy products, petrochemicals and building materials.

TGIG's other businesses include developing residential properties in Taizhou, as well as operating container terminals along the Yangtze River.

Assets Breakdown

Total assets: RMB147.2 billion at end-June 2026



Source: The company and Lianhe Global's calculations



TGIG's asset liquidity is moderately weak. As of end-June 2026, inventories, primarily comprising land parcels and construction costs, accounted for the majority of total assets, requiring an extended period to monetize due to lengthy development and cash collection cycles. Furthermore, the company held significant accounts receivable and other receivables, mainly due from local government agencies and SOEs, with uncertain collection timelines. TGIG also held sizeable investment properties, primarily leased industrial parks, which it intends to hold over the long term.

Key Financial Data

(RMB million)

	2023	2024	2025	2026.6
Total Assets	125,466	129,726	138,043	147,203
Equity	45,800	46,572	47,220	47,839
Debt	69,017	72,533	81,372	89,576
Debt / (Debt + Equity) (%)	60.1	60.9	63.3	65.2
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.3
Debt/EBITDA (x)	65.2	77.2	95.8	-
Revenue	4,712	4,633	4,485	2,432
Gross Margin (%)	24.4	19.3	15.9	16.0
Cash from sales or services/ revenue (%)	98.3	110.4	142.4	112.6

Source: The company and Lianhe Global's calculations

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