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

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies ("LIDC")
Date	20 November 2026

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Taizhou Chemical New Materials Industry Development Group Co., Ltd. to 'A' from 'A-'; Issuer Rating Outlook Remains Stable

Summary

The Issuer Credit Rating reflects the upgrade in our internal credit assessment on the People's Government of Taizhou City ("Taizhou government"). We expect that the Taizhou government is likely to continue providing 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 LIDC under the Taizhou government, primarily responsible for developing and operating industrial parks in Taixing City. The linkage between the local government and TCNMI is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe the Taizhou government has a strong willingness to ensure TCNMI's business and financial viability in order to safeguard its reputation and local financing activities.

Taizhou is a prefecture-level city in Jiangsu Province. In 2025, Taizhou's GDP grew by 5.3% to RMB725.5 billion, and the Taizhou government's budgetary revenue increased by 3.0% to RMB47.5 billion.

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

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of the senior unsecured bonds guaranteed by TCNMI to 'A' from 'A-'. A full list of 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 Alignment and Importance: 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.

Strong Government Support: In 2023, Taizhou SASAC injected RMB2,000 million in cash capital into the company, followed by an additional RMB2,400 million in capital injections in

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Applicable Criteria

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

2025, comprising RMB400 million in cash and RMB2,000 million from a debt-to-equity swap. Operating subsidies received by TCNMI amounted to RMB611 million, RMB593 million and RMB645 million in 2023, 2024 and 2025, respectively, and RMB161 million in the first half of 2026. In addition, the local government has transferred equity stakes in local SOEs to the company. We believe that the Taizhou municipal government's support for TCNMI will remain intact, given the company's strategic importance in Taizhou.

TCNMI's Financial and Liquidity Position: TCNMI's total assets fluctuated between RMB154.7 billion and RMB169.3 billion from end-2023 to end-June 2026, standing at RMB161.7 billion at period-end, largely reflecting gratuitous equity transfers of local SOEs. However, total debt rose steadily from RMB63.9 billion to RMB78.8 billion. As a result, its financial leverage (total debt to total capitalization) climbed from 47.4% at end-2023 to 53.2% as of end-June 2026.

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

TCNMI's short-term debt servicing pressure is high. At end-June 2026, TCNMI had cash of RMB29.0 billion (including restricted cash of RMB14.2 billion), compared to short-term debt of RMB41.7 billion. Nevertheless, TCNMI has access to various financing channels, including bank loans, bond issuance, and other financing arrangements, to support its debt repayments and operations. By end-2025, the company had unused bank facilities of RMB4.4 billion.

High Contingent Liability Risk: TCNMI bears a high level of contingent liability risk. As of end-June 2026, the company had extended external financial guarantees amounting to RMB89.1 billion, equivalent to 128.4% of its shareholders' equity. As the majority of the guaranteed entities are local state-owned enterprises, TCNMI's creditworthiness is intrinsically tied to 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.

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, upgraded to 'A' from 'A-'.
- CNY300 million 5.5% senior unsecured bonds due 2028, issued by Taixing Runjia Holdings Ltd. ("BBB"/Stable) and guaranteed by TCNMI upgraded to 'A' from 'A-'.

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's budgetary revenue grew by 3.0% to RMB47.5 billion in 2025. The budgetary deficit also narrowed to 44.4% in 2025 from 52.5% in 2024. However, the government income, mainly generated by land sales, continued to decline owing to the protracted property market downturn.

The outstanding debt of the Taizhou government increased significantly to RMB155.9 billion at end-2025 from RMB131.6 billion at end-2024, 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 120.1% 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: 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 SOEs' equity to the company, making it one of the largest LIDCs in Taizhou in terms of asset size. By end-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 primarily engages in industrial park development and primary land development, industrial investment, public utilities operation, high-end equipment manufacturing, and commodity sales in Taizhou. It recorded revenue of RMB13,967 million, RMB14,957 million, RMB14,369 million and RMB7,974 million in 2023, 2024, 2025 and the first half of 2026, respectively. Gross margin stayed at approximately 10% level over the same period.

Key Financial Data (RMB million)	**2023**	**2024**	**2025**	**2026.6**
Total Assets	161,425	154,673	169,269	161,713
Equity	71,028	70,911	75,858	69,411
Debt	63,918	67,988	76,040	78,765
Debt / (Debt + Equity) (%)	47.4	48.9	50.1	53.2
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.4
Debt/EBITDA (x)	21.4	26.0	31.5	-
Revenue	13,967	14,957	14,369	7,974
Gross Margin (%)	11.4	9.3	9.3	10.7
Cash from sales or services/ revenue (%)	129.8	116.9	98.6	83.1

Source: The company and Lianhe Global's calculations

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