

Credit Opinion

24 September 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

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Taizhou Medical City Holding Group Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of A_g- to Taizhou Medical City Holding Group Co., Ltd., with stable outlook.

Summary

The A_g- long-term credit rating of Taizhou Medical City Holding Group Co., Ltd. ("TZMC" or the "Company") reflects (1) Taizhou Medical High-tech Zone (Gaogang District) ("TMZ") Government's very strong capacity to provide support; and (2) the local government's extremely high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of the local government's capacity to provide support reflects TMZ's status as a core growth pole for Taizhou City's industrial and economic development, with its gross regional product ("GRP") per capita and general budgetary revenue consistently ranking first among all districts and counties in Taizhou City.

The rating also reflects the local government's willingness to provide support, based on the Company's (1) direct and full ownership by the Management Committee of Taizhou Medical High-tech Industrial Development Zone; (2) critical strategic role in the infrastructure construction and operation of TMZ; and (3) solid track record of receiving government support.

However, the rating is constrained by the Company's (1) relatively large risk exposure to commercial activities, primarily driven by destocking pressures from commercial real estate projects; (2) increasing debt burden with certain short-term debt pressure; and (3) medium level of contingent liability risks.

The stable outlook on TZMC's rating reflects our expectation that the local government's capacity to provide support will remain stable, and that the Company will maintain its important position in the development of TMZ over the next 12-18 months.

Rating Drivers

- Clear strategic role in the regional development of TMZ
- Relatively large risk exposure to commercial activities, primarily driven by destocking pressures from commercial real estate projects
- Increasing debt burden with certain short-term debt pressure
- Access to diversified funding channels
- Solid track record of receiving government support
- Medium level of contingent liability risks

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as reduced risk exposure to commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as a reduction in the importance of its policy role, or reduced government supports.

Key Indicators

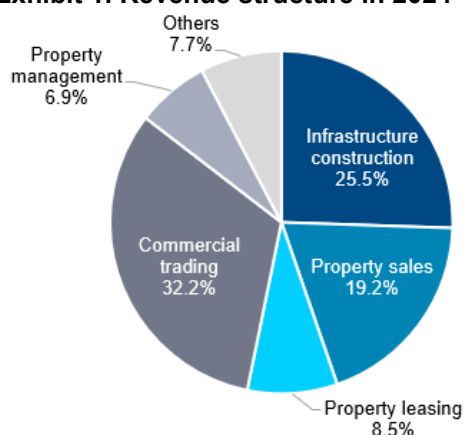
	2022FY	2023FY	2024FY	2025Q1
Total Assets (RMB billion)	61.8	76.3	78.8	82.6
Total Equity (RMB billion)	18.6	25.4	26.1	26.1
Total Revenue (RMB billion)	2.8	2.9	3.2	0.7
Total Debt/Total Capital (%)	67.4	64.5	64.3	66.3

All ratios and figures are calculated using CCXAP's adjustments.

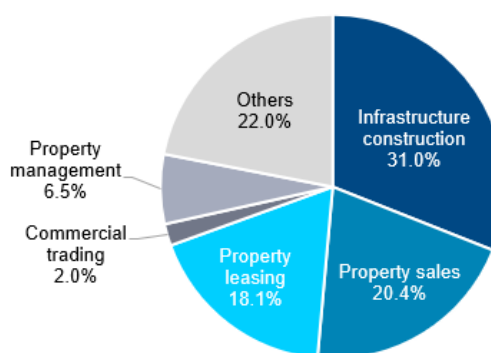
Source: Company data, CCXAP research

Corporate Profile

Established in 2014, TZMC is one of the important local infrastructure investment and financing companies ("LIIFCs") in TMZ, Jiangsu Province. In 2022, as part of the state-owned enterprise ("SOE") reforms in Taizhou City, the Company acquired equity interests in Taizhou Huacheng Medical Investment Group Co., Ltd. ("Taizhou Huacheng"), Taizhou Oriental China Medical City Holding Group Co., Ltd. ("Taizhou Oriental"), and Taizhou Tongtai Investment Co., Ltd. ("Taizhou Tongtai") through the transfer from the local government, consolidating the three entities as its operating subsidiaries. As the designated district-level SOE, TZMC is responsible for the development, construction, and operation of infrastructures within TMZ, mainly concentrated in the Biopharmaceutical Industrial Park. The Company also engages in commercial activities, which mainly includes real estate development, property leasing, commercial trading, and property management. As of 31 March 2025, the Company is wholly owned and ultimately controlled by the Management Committee of Taizhou Medical High-tech Industrial Development Zone.

Exhibit 1. Revenue structure in 2024

Source: Company information, CCXAP research

Exhibit 2. Gross profit structure in 2024**Exhibit 3. Shareholding chart as of 31 March 2025**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the Taizhou Medical High-tech Zone (Gaogang District) Government has a very strong capacity to provide support given its status as a core growth pole for Taizhou City's industrial and economic development, with its GRP per capita and general budgetary revenue consistently ranking first among all districts and counties in Taizhou City.

Jiangsu Province is one of the leading developed provinces in China. It is home to many of the world's leading electronic equipment, chemical, and textile enterprises and is the second largest province in China by GRP, after Guangdong Province. In 2024, Jiangsu Province's total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. In the first half of 2025, Jiangsu Province recorded a GRP of RMB6.7 trillion, representing a YoY increase of 5.7%.

Taizhou City is a prefecture-level city located in the central region of Jiangsu Province, with pharmaceuticals, electricity, chemicals, and shipbuilding as its pillar industries. Over the past years, Taizhou City has achieved sustained economic growth. Taizhou City's GRP increased to RMB702.1 billion in 2024, representing a YoY growth of 5.1%, ranking 9th among all cities in Jiangsu Province. In the first half of 2025, it's GRP increased by 5.7% YoY to RMB350.0 billion. Meanwhile, Taizhou Municipal Government's general budgetary revenue increased steadily from RMB44.0 billion in 2023 to RMB45.3 billion in 2024. Taizhou City's fiscal self-sufficiency ratio has improved consistently, while affected by the cooling land market, Taizhou Municipal Government's fund budget revenue has been declining gradually since 2022. As at end-2024, the outstanding debt of Taizhou Municipal Government increased to RMB131.6 billion, accounting for 18.7% of the GRP.

Exhibit 4. Key economic and fiscal indicators of Taizhou City

	2022FY	2023FY	2024FY
GRP (RMB billion)	640.2	673.2	702.1
GRP Growth (%)	4.4	6.8	5.1
General Budgetary Revenue (RMB billion)	41.7	44.0	45.3
General Budgetary Expenditure (RMB billion)	70.4	69.7	69.6
Local Government Debt (RMB billion)	100.1	107.1	131.6

Source: Taizhou Municipal Government, CCXAP research

Taizhou Medical High-tech Zone is the first national-level high-tech zone in the pharmaceutical field in China approved in 2009 and is a strategic region leading the development of pharmaceutical industry in Jiangsu Province. With ongoing development, it is home to more than 1,300 bio-pharmaceutical enterprises, with top companies including AstraZeneca (Taizhou), Boehringer Ingelheim, and Nestle Health Science (China) Co., Ltd. According to China National Center for Biotechnology Development, Taizhou Medical High-tech Zone ranked 9th (out of 215) in the 2023 National Biomedicine Industrial Park Comprehensive Competitiveness Ranking, indicating the strong competitiveness and good development prospect in Taizhou Medical High-tech Zone, especially in pharmaceutical industry.

Gaogang District is the main riverside urban area of Taizhou City. In June 2021, Taizhou Medical High-tech Zone and Gaogang District were integrated to optimize Taizhou City's pharmaceutical industry and create a future China Medical City. After the integration, TMZ has a relatively large planned area, about 402.9 square kilometers, with five functional zones covering biomedicine, new chemical materials, electronic information, high-end equipment manufacturing, and port logistics. Taizhou Municipal Government has introduced a series of policies, in terms of investment promotion and talent introduction, to support the development of TMZ.

The economic and fiscal strength of TMZ has been steadily enhanced. Its GRP increased by 3.9% to RMB112.1 billion in 2024 with a GRP per capita of RMB2.3 million, ranking 4th by GRP and 1st by GRP per capita among all districts and counties in Taizhou City. In the first half of 2025, TMZ achieved a GRP of RMB5.6 billion, representing a YoY increase of 4.0%. In addition, TMZ's general budgetary revenue increased from RMB10.3 billion in 2023 to RMB10.5 billion in 2024, ranking 1st among all districts and counties in Taizhou City. Moreover, TMZ has strong self-sufficiency ability, as reflected by its high fiscal balance ratio, averaging at 115.4% over the past three years. In addition, tax revenue accounted for around 69.1% of the general budgetary revenue on average over the past three years, indicating good fiscal profile. The government fund revenue is an important supplement to the revenue, but it is greatly affected by land prices and macro policies. As of 31 December 2024, its outstanding debt amounted to RMB23.5 billion, accounting for 21.0% of the GRP.

Exhibit 5. Key economic and fiscal indicators of TMZ

	2022FY	2023FY	2024FY
GRP (RMB billion)	115.3	119.2	112.1
GRP Growth (%)	2.7	6.5	3.9
General Budgetary Revenue (RMB billion)	10.1	10.3	10.5
General Budgetary Expenditure (RMB billion)	10.4	8.4	8.3
Local Government Debt (RMB billion)	17.1	20.3	23.5

Source: Management Committee of Taizhou Medical High-tech Zone (Gaogang District Government), CCXAP research

Government's Willingness to Provide Support

Clear strategic role in the regional development of TMZ

TZMC is one of the important LIIFCs in the TMZ and has contributed significantly to the region's urban and economic development. Under the coordination of the local government, state-owned enterprises in the TMZ have clear operational divisions primarily according to the five functional zones. The Company focuses on the development, construction, and operation of urban industrial infrastructure in the Biopharmaceutical Industrial Park, which is a core area of the TMZ and is ranked among the China top 10 biopharmaceutical parks in 2024 in terms of comprehensive competitiveness.

The Company engages in infrastructure construction projects, including resettlement housing, schools, industrial parks, and roads, under agency construction model. Entrusted by the local government or the relevant state-owned enterprises, the Company is responsible for the financing and construction of the project, and would receive project repayments (with a mark-up of 15-25% generally) after the audit and acceptance. As of 31 March 2025, the Company had invested around RMB2.3 billion in its key completed projects with full settlement, collecting payments of RMB2.7 billion. At the same time, the Company had 4 main projects under construction with a total investment amount of RMB7.3 billion and an uninvested amount of RMB181.2 million. There was no infrastructure construction project under planning as at end of March 2025, as the regional construction layout gradually improves. Given its clear strategic role in supporting regional development, we expect that the Company is unlikely to be replaced by other SOEs in the foreseeable future. The sustainability of the infrastructure construction business is weak considering the few project reserves, that said, the Company continues to maintain its regional positioning through industrial agent construction and asset operation under the guidance of the local government.

Relatively large risk exposure to commercial activities, primarily driven by destocking pressures from commercial real estate projects

With the declining demand for infrastructure investment, the Company has developed a diversified business portfolio, primarily comprising real estate development, property leasing, property management, and commercial trading. Based on our assessment of its assets, TZMC's exposure to commercial activities is relatively large, with related assets accounting for more than 30% of the total assets. The risk of the real estate development business is relatively high, that said, we consider its property leasing and medical-related operations to be closely aligned with regional government development plans, representing moderate overall level of commercial risk.

TZMC engages in real estate development business by developing and selling residential properties in TMZ. As of the end of March 2025, the Company had largely completed its residential property projects, with only one remaining under construction requiring a limited additional investment and no projects under planning. Regarding the sales progress, the Company's earlier real estate projects have largely been sold out and realized profit, with full reimbursement of the construction costs. Among the completed projects, the Company had collected payments of RMB6.5 billion from six earlier completed projects with a total investment amount of RMB6.4 billion. However, the destocking as well as the profitability of the project have been affected by the recent downturn of the Chinese real estate market. The sales progress of newly completed projects has slowed down. The average sales rate of the remaining on-sale projects was 23.0% as at end-March 2025. Due to sluggish local market conditions, some of the Company's real estate projects were sold at a discount, resulting in a significant decline in gross profit margin, from 18.4% in 2022 to 12.3% in 2024. In addition, the Company had two land reserves with a total book value of RMB2.0 billion. During the slowdown in the domestic property

market, the Company will maintain a cautious attitude towards the development of new projects in the future and choose business models with higher market recognition and lower risks, such as choosing partners with reliable qualifications for joint development.

The Company also has a substantial portfolio of investment properties, which generates recurring rental and property management revenue. The leasing assets are primarily located within the biopharmaceutical park, and are mainly industrial and commercial assets. The Company's occupancy rate was around 67.8% at end-March 2025. Meanwhile, the Company had one office building project under construction, namely Taizhou Medical and Health Data Center project, with a planned total investment of RMB1.0 billion, of which RMB323.0 million was outstanding to be invested. The future leasing is affected by the progress of regional investment promotion and commercial development, requiring attention to the fund balancing progress in the future. In terms of property management, the Company manages its own leasing assets and acquires some property management business through public bidding. Over the past three years, the revenue from property leasing and management business ranged from RMB360.0 million to RMB490.0 million, accounting for around 15% of the total revenue.

TZMC conducts commodities trading business through its subsidiaries and is mainly involved in the trading of chemical products (including aluminum ingots and steel) and network equipment. The Company places purchasing orders based on the procurement to mitigate price risk. In terms of payment terms, the Company signs sales agreements with downstream customers, generally with prepayment in advance and full payment on delivery. From 2022 to 2024, revenue from the trading rose from RMB943.0 million to RMB1.0 billion, being the Company's largest revenue source. However, this segment has had a low gross profit margin, less than 1.5% over the past three years.

In addition, the Company is further diversifying its business portfolio into fields such as hotel services, medical equipment sales, equipment installation, energy resale, and security services, providing supplementary revenue to the Company, accounting for 7.7% of the total revenue in 2024. In addition, the Company also carries out one self-operated project, namely the China Medical City Precision Medicine Incubation Base, with a total investment of RMB800.0 million and an invested amount of RMB57.0 million as at end-March 2025. The project is expected to realize return by providing contract research and development services and obtaining fees for trial services.

Increasing debt burden with certain short-term debt pressure

Underpinned by its strategic importance in the development of TMZ, TZMC shows a continued debt growth arising from infrastructure constructions. As of 31 March 2025, the Company's total debt had increased to RMB51.1 billion from RMB38.0 billion at end-2022. Its total leverage ratio (calculated by total debt/total capital) remained high at around 65%, despite a slight drop in 2023 due to the capital injection of the local government. Meanwhile, the Company faced relatively high short-term debt pressure as its short-term debt accounted for 40.9% of the total debt as of 31 March 2025. The cash to short-term debt ratio was 0.3x at end-March 2025, indicating that its cash balance could not fully cover its short-term debt. We expect that the Company's debt burden to remain high as the ongoing investment in projects over the next 12-18 months.

TZMC's asset liquidity is relatively weak, as its assets consist mainly of inventories, other receivables and investment properties. Moreover, the Company has pledged a relatively large amount of its assets for loans, mainly investment properties and inventories, accounting for 24.9% of total assets as of 31 March 2025. The relatively large restricted assets may undermine the Company's financial flexibility.

Access to diversified funding channels

TZMC has access to diversified funding channels, such as bank loans, domestic and offshore debt issuances, and non-standard financing products, which can partially relieve the pressure on debt repayment and capital expenditure. Bank loans contribute the most to the Company's total debt, accounting for around 45% of the total debt as of 31 March 2025. The Company has built good relationships with policy banks and diversified large domestic banks, such as the China Development Bank and the Bank of China. As at end-March 2025, the Company obtained total credit facilities of RMB24.6 billion, of which the unutilized portion was RMB1.7 billion.

Furthermore, TZMC has an active track record of fund-raising activities in the debt capital markets by issuing various debt instruments, including corporate bonds, commercial paper, and medium-term notes. Benefiting from the favorable financing environment in the TMZ as well as the Company's good market recognition in the public market, its financing costs in the domestic bond market have exhibited a downward trend. During the period 2024 and 2025Q1, the coupon rates on several tranches of the Company's 3-year publicly issued bonds ranged from 2.5% to 2.7%. Moreover, the Company and its subsidiary, Taizhou Oriental, also have a presence in the offshore debt capital market since 2023. In addition, the Company has a relatively high reliance on non-standard financing products such as financial leasing and trust, accounting for around 25-30% of the total debt as of 31 March 2025.

Solid track record of receiving government support

In light of its strategic importance to the regional development of TMZ, TZMC has received ongoing support from the local government in terms of capital injections, equity transfers, financial subsidies and project repayments since its establishment. In 2022, in order to deepen the transformation and development of SOEs, the local government transferred equity interests of three SOEs (Taizhou Huacheng, Taizhou Oriental, and Taizhou Tongtai) to the Company, enhancing its business scope and capital strength. In addition, the local government provided cash injection to the Company in 2023, increasing its paid-in capital notably from RMB1.0 million to RMB5.0 billion. The Company also received operating subsidies from the local government totaling RMB837.0 million from 2022 to 2025Q1. In addition, the Company has received project repayments from the local government related to its infrastructure construction projects. Given the Company's strategic importance in TMZ, we expect TZMC will continue to receive support from the local government over the next 12 to 18 months.

Medium level of contingent risks

TZMC's credit profile is constrained by its large external guarantees. As of 31 March 2025, TZMC's external guarantees amounted to RMB15.7 billion, accounting for 60.3% of its net assets. In case a credit event occurs, the Company may face certain contingent liability risks, which could negatively impact its credit quality. All the external guarantees are provided to the SOEs in Taizhou City, but without counter-guarantee measures. However, we viewed these SOEs as having relatively low credit risks considering the government support in times of need. Therefore, we consider the Company's contingent liability risk is relatively controllable.

ESG Considerations

TZMC faces environmental risks because it has undertaken infrastructure construction projects. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close monitoring during the construction phase.

TZMC is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in TMZ. Demographic changes, public awareness and social priorities shape government's development strategy, and it will affect the government's propensity to support the Company.

TZMC's governance considerations are also material as the Company is subject to oversight by the local government and must meet several reporting requirements, reflecting its public policy role and status as a government-owned entity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Appendix

Exhibit 6. Peer comparison

	Taizhou Medical City Holding Group Co., Ltd.	Taizhou Huaxin Pharmaceutical Investment Co., Ltd.
Long-Term Credit Rating	Ag-	Ag-
Shareholder	Taizhou Medical High-tech Industrial Development Zone Management Committee (100.0%)	Taizhou Guotou Investment Group Co., Ltd. (99.55%) and CDB Development Fund Co., Ltd. (0.45%)
Positioning	Key entity in the development, construction, and operation of urban industrial infrastructure in Biopharmaceutical Industrial Park	Important entity in infrastructure construction, resettlement housing construction, and land development in the core area of the original Taizhou Medical High-tech Zone
Total Assets (RMB billion)	78.8	97.2
Total Equity (RMB billion)	26.1	32.4
Total Revenue (RMB billion)	3.2	3.5
Total Debt/Total Capital (%)	64.2	63.2

All ratios and figures are calculated using CCXAP's adjustments based on financial data as of 31 December 2024.

Source: Company information, CCXAP research

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