

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

Hong Kong, 24 September 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A_g- to Taizhou Medical City Holding Group Co., Ltd. (“TZMC” or the “Company”), with stable outlook.

The A_g- long-term credit rating of TZMC 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.

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.

Rating Rationale

Credit Strengths

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.

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. 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.

Credit Challenges

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

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. Meanwhile, the Company faced relatively high short-term debt pressure. We expect that the Company's debt burden to remain high as the ongoing investment in projects over the next 12-18 months.

Medium level of contingent risks. TZMC's credit profile is constrained by its large external guarantees. 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.

Rating Outlook

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.

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.

Rating Methodology

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

Regulatory Disclosures

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