CCXAP affirms the long-term credit rating of Taixing City Investment Development Group Co., Ltd. at BBB_g+, with stable outlook.

Hong Kong, 3 February 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed long-term credit rating of Taixing City Investment Development Group Co., Ltd. ("TXCI" or the "Company") at BBB_g+, with stable outlook.

The BBB_g+ long-term credit rating of TXCI reflects (1) Taixing City Government's very strong capacity to provide support; and (2) the local government's very high willingness to provide support based on our assessment of the Company's characteristics. Our assessment of Taixing City Government's capacity to provide support reflects Taixing City's relatively good comprehensive strength, with fast economic growth and good fiscal stability.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important policy role in public-related activities in Taixing City; (2) track record of receiving government support; and (3) good access to diversified funding sources. However, the rating is constrained by the Company's (1) moderate risk exposure to commercial activities; (2) moderate debt management and weak asset liquidity; and (3) high exposure to contingent liabilities.

Corporate Profile

Established in 2019, TXCI is one of the key local infrastructure investment and financing companies ("LIIFCs") in Taixing City, Taizhou City. As the main state-owned assets operator and developer in Taixing City, the Company plays an important role in public-related businesses, including infrastructure construction, land consolidation, water supply, and affordable housing businesses. The Company also undertakes commercial activities such as engineering construction contracting and real estate development. In December 2024, the State-owned Assets Supervision and Administration Office of the People's Government of Taixing City ("Taixing SASAO") transferred 100% of the Company's shares to Jiangsu Pingzhong Technology Development Group Co., Ltd. ("JSPZ"). As of 30 September 2025, the Company was wholly owned by JSPZ and ultimately controlled by Taixing SASAO.

Rating Rationale

Credit Strengths

Important policy role in public-related activities in Taixing City. TXCI is the primary state-owned assets operation entity in Taixing City, with strong regional franchise advantages in various public-related activities such as infrastructure construction, land consolidation, water supply, and affordable housing development. As the main developer and operator of Taixing City, TXCI will focus on urban renewal projects in the future including both primary and secondary land development such as housing demolition, relocation of residents, land clearance, resettlement housing, and commercial real estate development.

Track record of receiving government support. TXCI has a track record of receiving support from the local government in terms of cash injections, asset injections and financial subsidies. Since its establishment, TXCI has received cash and asset injections such as equity shares and buildings from the local government, which has greatly improved its capital strength and increased operating assets. Considering TXCI's important position and tight relationship with the local government, we expect the local government will continue to support TXCI over the next 12 to 18 months.

Good access to diversified funding sources. TXCI has sufficient stand-by liquidity and diversified funding channels, including bank loans, bond issuances, and non-standard financing products. As of 30 September 2025, the Company's total credit facilities were more than RMB40.0 billion, of which the unutilized portion was more than RMB20.0 billion. Furthermore, TXCI has a proven track record of financing from both onshore and offshore debt markets. In addition, the Company maintained a manageable exposure to non-standard financing, accounting for less than 5% of its total debt as of 30 September 2025.

Credit Challenges

Moderate exposure to commercial business activities. TXCI also has been engaged in commercial activities, mainly including construction contracting and commercial real estate development. Although the commercial activities generate supplementary revenue and profit for the Company, they may also pose certain operating risks to the company. We estimate that TXCI maintained moderate commercial exposure, accounting for 15% to 20% of its total assets.

Moderate debt management and weak asset liquidity. With the continuous financing for construction projects, the Company demonstrated ongoing debt growth. Meanwhile, the short-term remained a relatively large portion of total debt. We expect that the Company will continue to rely on external financing such as bank loans and its debt burden will increase, considering ongoing investment in projects under construction in the next 12-18 months. In addition, TXCI's asset liquidity was relatively weak, with a large number of low-liquid inventories and other receivables.

High exposure to contingent liabilities. TXCI remained high exposure to contingent liabilities as its external guarantees amounted to RMB16.1 billion as of 30 September 2025, accounting for 51.7% of net assets. In case a credit event occurs, the Company may face certain contingent liability risks and cross default risks, which are negative to its credit quality. In addition, the Company's subsidiary Taixing Runtai Financing Guarantee Co., Ltd. provides financing guarantee services to local enterprises in Taixing City, with an outstanding re-guarantee balance of RMB1.8 billion as of 30 September 2025, and no compensation events have occurred in its operating history.

Rating Outlook

The stable outlook on TXCI's rating reflects our expectation that Taixing City Government's capacity to provide support will remain stable, and the Company will maintain its important position in public-related activities in Taixing City in the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Taixing City Government's capacity to support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as a material reduction in external guarantees or improved debt management.

What could downgrade the rating?

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

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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