

CCXAP affirms Ningguo Economic Development Holding Group Co., Ltd.'s long-term credit rating at BBB_{g-}, with stable outlook.

Hong Kong, 16 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed Ningguo Economic Development Holding Group Co., Ltd.’s (“NGED” or the “Company”) long-term credit rating at BBB_{g-}, with stable outlook.

The BBB_{g-} long-term credit rating of NGED reflects the Ningguo City Government’s (1) strong capacity to provide support; and (2) very 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 Ningguo City’s economic importance in Xuancheng City, and the status of Ningguo Economic and Technological Development Zone (“Ningguo ETDZ”) as a national-level ETDZ with ongoing industrial development.

The rating also reflects the local government’s willingness to provide support, based on the Company’s (1) the most important local infrastructure investment and financing company (“LIIFC”) in Ningguo ETDZ; and (2) good track record of receiving government support. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) fast debt growth driven by continuous investment in construction projects; and (3) medium contingent liabilities risk.

Corporate Profile

Established in 2012, NGED is the most important LIIFC in Ningguo ETDZ. The Company has become the largest LIIFC by total assets in Ningguo ETDZ after the consolidation of Anhui Ningguo Construction Investment Group Co., Ltd. (“NGCI”) in May 2023. It takes the responsibility of undertaking major public infrastructure projects in Ningguo ETDZ, including infrastructure construction, and resettlement construction. Meanwhile, the Company has commercial operations, including property development, engineering construction and trading. As of 30 June 2025, the Company was directly and wholly owned by the Management Committee of Ningguo ETDZ.

Rating Rationale

Credit Strengths

The most important LIIFC in Ningguo ETDZ. NGED is the most important and the largest LIIFC in Ningguo ETDZ. It plays a dominant role in undertaking infrastructure construction in Ningguo ETDZ, contributing significantly to the industrial and economic development of Ningguo ETDZ. The Company also undertakes construction of the industrial parks and standard factories through engineering construction business. Given its essential role in regional development, we believe that the Company will not be easily replaced by other state-owned enterprises in the foreseeable future.

Good track record of receiving government support. The Company has a good track record of receiving support from the local government to support its operation in the form of equity

transfer, capital contributions, cash and asset injections, and fiscal subsidies. Given the importance of NGED to local economic and industrial development, we believe the Company will continue to receive support from the local government.

Credit Challenges

Medium exposure to commercial activities. The Company's commercial activities include engineering construction, trading, as well as self-operated project construction. Based on our assessment, NGED's exposure to commercial activities is medium with the assets of commercial activities accounting for 20% to 30% of total assets.

Fast debt growth driven by continuous investment in construction projects. The Company showed fast debt growth due to the continuous investment in construction projects. NGED's total debt increased from RMB14.3 billion in 2023 to RMB21.2 billion in 2025H1, with total capitalization ratio rising from 53.4% to 60.4% over the same period, indicating relatively high debt leverage.

Medium contingent liabilities risk. As of 30 June 2025, the Company's external guarantees amounted to RMB3.6 billion, accounting for 25.6% of its net assets. Most the external guarantees are provided to the state-owned enterprises in Ningguo City. However, due to the concentration of the guaranteed enterprises, the Company may face certain contingent liability risks when a default event occurs in Ningguo City, which could lead to large-scale cross-effects and negatively impact its credit quality.

Rating Outlook

The stable outlook on NGED's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its important role in the development of Ningguo ETDZ 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 enhances the local government's willingness to provide support, such as lower exposure to risky commercial activities and an improvement in financing ability.

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 reduced strategic significance or higher exposure to risky commercial activities.

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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