

## Credit Opinion

29 December 2025

| Ratings                 |                  |
|-------------------------|------------------|
| Category                | Corporate        |
| Domicile                | China            |
| Rating Type             | Solicited Rating |
| Long-Term Credit Rating | A <sub>g</sub>   |
| Outlook                 | Stable           |

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## Hunan Xiangjiang New Area Development Group Co., Ltd.

### Surveillance credit rating report

**CCXAP affirms Hunan Xiangjiang New Area Development Group Co., Ltd.'s long-term credit rating at A<sub>g</sub>, with stable outlook.**

### Summary

The A<sub>g</sub> long-term credit rating of Hunan Xiangjiang New Area Development Group Co., Ltd. ("XNDG" or the "Company") reflects Changsha Municipal Government's (1) very strong capacity to provide support; and (2) high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Changsha Municipal Government's capacity to provide support reflects the Changsha City's status as a provincial capital, with good economic fundamentals. As a national-level new area located in Changsha City, Xiangjiang New Area was officially recognized as the 12<sup>th</sup> National New Area in China, the first one in Central China, and the sole National New Area in Hunan Province.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) key strategic role in the development of Xiangjiang New Area; (2) good track record of receiving government support; and (3) diversified financing channels.

However, the rating is constrained by the Company's (1) high exposure to commercial activities; (2) high debt leverage with certain short-term debt repayment pressure; and (3) moderate asset liquidity.

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

## Rating Drivers

- Key strategic role in the development of Xiangjiang New Area
- High sustainability for public policy businesses
- High exposure to commercial activities
- Good track record of receiving government support
- High debt leverage with certain short-term debt repayment pressure
- Moderate asset liquidity
- Diversified financing channels

## Rating Sensitivities

### What could upgrade the rating?

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

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reduced regional significance or weakened access to funding.

## Key Indicators

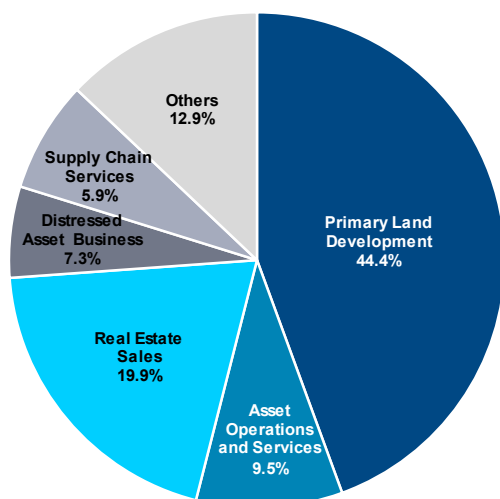
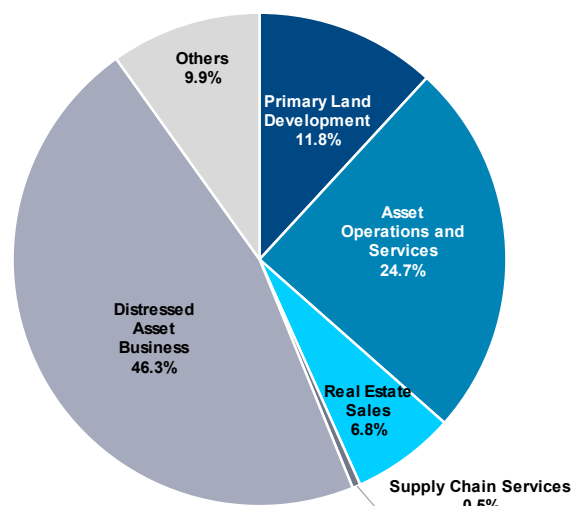
|                              | 2022FY | 2023FY | 2024FY | 2025Q3 |
|------------------------------|--------|--------|--------|--------|
| Total Asset (RMB billion)    | 105.9  | 114.8  | 128.3  | 146.2  |
| Total Equity (RMB billion)   | 37.2   | 37.7   | 39.4   | 45.0   |
| Total Revenue (RMB billion)  | 11.0   | 9.4    | 8.9    | 7.8    |
| Total Debt/Total Capital (%) | 54.3   | 58.1   | 62.5   | 62.3   |

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

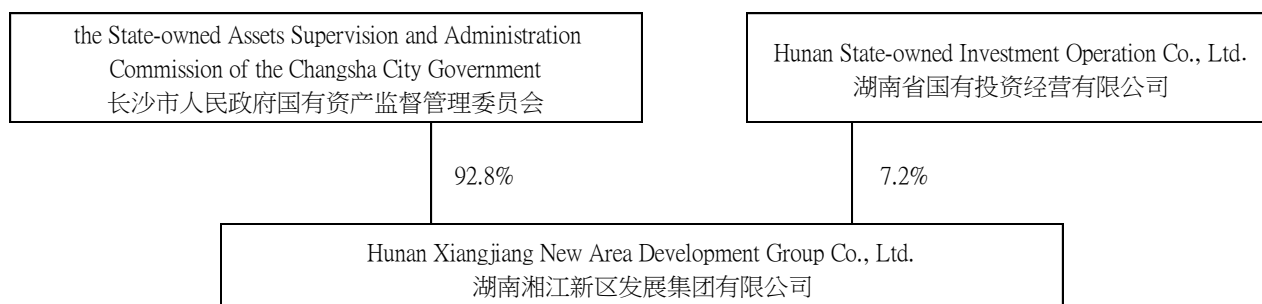
Source: Company information, CCXAP research

## Corporate Profile

Established in 2016, XNDG has played an important role in the development of the Xiangjiang New Area in Changsha City. The Company is mainly engaged in primary land development and infrastructure construction in Xiangjiang New Area. It has also participated in other commercial activities such as property management, distressed asset management and supply chain services. On 29 September 2025, the State-owned Assets Supervision and Administration Commission of Changsha Municipal Government ("Changsha SASAC") approved an increase of RMB14.0 billion in the Company's registered capital, raising it to RMB50.0 billion. As of 30 September 2025, XNDG was 92.8% directly owned by the Changsha SASAC, its ultimate controlling shareholder, and 7.2% owned by Hunan State-owned Investment Operation Co., Ltd.

**Exhibit 1. Revenue structure in 2025Q3****Exhibit 2. Gross profit structure in 2025Q3**

Source: Company information, CCXAP research

**Exhibit 3. Shareholder structure as of 30 September 2025**

Source: Company information, CCXAP research

## Rating Considerations

### Government's Capacity to Provide Support

We believe that the Changsha Municipal Government has a strong capacity to provide support, given its status as a provincial capital, with good economic fundamentals.

Located in the central part of China, Hunan Province serves as an important grain production base, energy and raw material base, modern equipment manufacturing and high-tech industrial base and comprehensive transportation hub in China. With the good transportation and resource advantages, Hunan Province's economic strength improved with general regional product ("GRP") increasing from RMB5.0 trillion to RMB5.3 trillion from 2023 to 2024, ranking 10<sup>th</sup> among all provinces in China and the 3<sup>rd</sup> among 6 provinces in central China. Its general public budget revenue increased to RMB344.9 billion in 2024 from RMB336.1 billion in 2023, with tax revenue accounting for 62.1% of its general public budget revenue. Meanwhile, Hunan Province Government has a relatively large debt burden. In 2024, Hunan Province had an outstanding direct government debt balance of RMB2.1 trillion, accounting for 39.9% of the Hunan Province's GRP. In the first three quarters of 2025, Hunan's GRP totaled RMB4.0 trillion, a 5.4% year-on-year ("YoY") growth.

Changsha City is the capital of Hunan Province. It is an important central city in the middle reaches of the Yangtze River and one of the first batch of national historical and cultural cities. In 2024, Changsha City ranked 5<sup>th</sup> among China's Top 100 Advanced Manufacturing Cities, with 6 manufacturing industries each exceeding RMB100 billion in output value, namely construction machinery, food and tobacco, automobiles and auto parts, new materials, electronic information, and advanced energy storage materials. Benefiting from robust industrial expansion, Changsha's GRP increased to RMB1.5 trillion and general budgetary revenue increased to RMB126.5 billion in 2024, with tax income accounting for 62.2% of its fiscal revenue. At the end of 2024, Changsha's local government debt balance was RMB321.2billion, accounting for 21.0% of GRP. Changsha's GRP in the first three quarters of 2025 reached RMB1.2 trillion, a YoY increase of 5.0%.

#### Exhibit 4. Key economic and fiscal indicators of Changsha City

|                                             | 2022FY  | 2023FY  | 2024FY  |
|---------------------------------------------|---------|---------|---------|
| GRP (RMB billion)                           | 1,396.6 | 1,433.2 | 1,526.9 |
| GRP Growth (%)                              | 4.5     | 4.8     | 5.0     |
| General Budgetary Revenue (RMB billion)     | 120.2   | 122.7   | 126.5   |
| General Budgetary Expenditure (RMB billion) | 154.9   | 162.7   | 166.4   |
| Local Government Debt (RMB billion)         | 287.0   | 305.0   | 321.2   |

Source: Statistics Bureau of Changsha City, CCXAP research

Established in 2015, Xiangjiang New Area is a national-level new area located in the west of the Xiangjiang River in Changsha City, covering an area of 1,200 square kilometers. It is the first batch of National "mass entrepreneurship and innovation" demonstration base. It was officially recognized as the 12<sup>th</sup> National New Area in China, the first one in Central China and the sole National New Area in Hunan Province. Xiangjiang New Area has the advantages of industrial clusters in intelligent manufacturing equipment and engineering machinery. Xiangjiang New Area will be built into an important base for conversion of high-end manufacturing research and development results and a creative industry cluster. The Xiangjiang New Area Management Committee has introduced a series of supportive policies to promote industrial development, entrepreneurship, and innovation in the Xiangjiang New Area. In 2024, the GRP of Xiangjiang New Area grew by 5.6% YoY to RMB214.4 billion. In 2024, Xiangjiang New Area achieved general public budget revenue of RMB24.4 billion, with tax revenue accounting for 77.8%, indicating good fiscal self-sufficiency. However, the government fund revenue of Xiangjiang New Area decreased from RMB21.9 billion in 2023 to RMB11.0 billion in 2024, indicating a slowdown of the local land transfer market. The Xiangjiang New Area is a crucial driver of economic growth in Changsha City, offering significant development prospects and favorable conditions for the Company's business expansion. Besides, the government funds revenue is an important supplement to local government fiscal income, but it is greatly influenced by the land market and has a certain degree of volatility.

#### Exhibit 5. Key economic and fiscal indicators of Xiangjiang New Area

|                                         | 2022FY | 2023FY | 2024FY |
|-----------------------------------------|--------|--------|--------|
| GRP (RMB billion)                       | 428.2  | 451.9  | 214.4  |
| GRP Growth (%)                          | 5.0    | 5.6    | 5.6    |
| General Budgetary Revenue (RMB billion) | 39.3   | 24.2   | 24.4   |

Source: Statistics Bureau of Changsha City, CCXAP research

## Government's Willingness to Provide Support

### Key strategic role in the development of Xiangjiang New Area

There are two LIIFCs undertaking land development and infrastructure construction projects in the Xiangjiang New Area, Changsha Pilot Investment Holdings Group Co., Ltd. ("Changsha Pilot Investment") and XNDG, each responsible for the development of different area in the Xiangjiang New Area without overlapping. The Company maintains its important role in land development and infrastructure construction in Meixi Lake area, Dawangshan area, and Dakecheng area within the Xiangjiang New Area. It has played a key role in various aspects of the development of the Xiangjiang New Area, including primary land development, housing resettlement, and infrastructure projects. In December 2023, the Company signed a cooperation agreement with Xiangtan Municipal Government, the Xiangtan Economic Development Zone Management Committee and Xiangtan Jiuhua Investment Holding Group Co., Ltd. ("XJIH"), to co-develop the Xinglong Lake area, expanding its development area in Xiangjiang New Area. The cooperative development area is approximately 11.1 square kilometers. As of 31 March 2025, the Company and XJIH had jointly established a new entity to promote the cross-regional development of the Xinglong Lake area. Considering its key strategic role in Xiangjiang New Area, we believe that the Company is unlikely to be replaced by other state-owned enterprises in the foreseeable future.

### High sustainability for public policy businesses

As a crucial comprehensive development and operational entity in the Xiangjiang New Area, XNDG has a significant competitive advantage in executing infrastructure construction and land development projects in the region. By engaging in numerous construction projects within the Xiangjiang New Area, it has made substantial contributions to the economic and industrial development of the region. However, the Company has undertaken large-scale public policy projects, especially in the Meixi Lake and Dawangshan areas, indicating high business sustainability, but facing significant capital expenditure pressure.

Authorized by the Changsha Government and Changsha Administration for Industry and Commerce, the Company has undertaken the land development projects in the Xiangjiang New Area. Through its subsidiaries, the Company is responsible for primary land development projects covering the area of Dawangshan area, Meixi Lake area, and Dakecheng area. For land development projects, the Company employs a partnership model with public institutions. In 2024, the development scope of the Dawangshan area expanded substantially, with the development area increasing from 40,905 mu in March 2024 to 160,554 mu in March 2025. This expansion markedly enhanced the sustainability and revenue potential of the Company's land development business. Consequently, the Company's primary land development revenue rose significantly from RMB2.9 billion in 2023 to RMB5.4 billion in 2024. As of 31 March 2025, the Company's remaining transferable land area reached 26,368 mu, ensuring the sustainability of this business. Similarly, the total planned development investment also increased. As of 31 March 2025, the Company still required RMB141.1 billion to be invested in land projects under development, indicating high capital expenditure pressure. Moreover, this business remains highly sensitive to local land market conditions and government planning policies.

The Company is involved in infrastructure construction as ancillary projects to land development in the Meixi Lake and Dawangshan areas, receiving income from land development or construction management fees to maintain fund balance, which constitute a relatively small portion of the income. Part of the project construction funds is sourced from government funding. It has completed a number of projects, such as roads and Changsha Dawangshan Tourism Infrastructure Project. As of 31 March 2025, the Company had 6 key infrastructure construction projects under construction, with a total planned investment amount of RMB7.1 billion and an

uninvested amount of RMB4.0 billion. There were also 7 projects under planning, with a planned investment of RMB8.0 billion. The construction period spans from 2026 to 2030, with funding sourced from fiscal allocations.

Additionally, the Company participates in the construction of resettlement housing in the Meixi Lake and Dawangshan areas, which includes building and selling such housing to relocated households at prices regulated by the local government. The balance of funds relies on land development income, as the construction costs have been higher than sale revenue in recent years. As of 31 March 2025, the Company had invested RMB8.1 billion into main completed affordable housing projects, with planned repayments of RMB4.8 billion and collected repayments of RMB3.0 billion, indicating a relatively slow repayment process. As of 31 March 2025, the Company had 4 main resettlement housing projects under construction, with a total estimated investment of RMB7.2 billion and an uninvested amount of RMB6.1 billion.

### **High exposure to commercial activities**

In addition to public activities, XNDG is also engaged in commercial businesses, mainly including property development, financial services businesses, and supply chain services. We consider the Company's exposure to commercial businesses to be high, accounting for more than 30% of its total assets. In addition, the property development business brings certain capital expenditure pressure to the Company, and the asset management business is subject to market risks.

The Company engages in commercial property development through its subsidiary, providing supplementary revenue to the Company. As of 31 March 2025, the Company had 3 commercial housing projects for sale, with an invested amount of RMB3.9 billion and an overall selling rate of 94.6%. In addition, the Company had 5 projects under construction, with a total planned investment of RMB13.9 billion and an uninvested amount of RMB4.0 billion. The planned sales cycle of these ongoing projects extends through 2028, with an overall selling rate of 51.0% as of 31 March 2025. In 2024, the Company achieved contracted sales of 134,500 square meters, with a contracted sales value of RMB1.7 billion. Due to reduced housing deliveries, real estate business revenue declined from RMB2.5 billion in 2023 to RMB153.2 million in 2024, before rebounding to RMB1.6 billion in the first three quarters of 2025. Nonetheless, it is noteworthy that this business is subject to sales execution risk and inventory destocking pressure during the property market downturn.

The Company participates in the distressed asset management sector via its subsidiary Changsha Xiangjiang Asset Management Co., Ltd., the second asset management company in Hunan Province. This involvement encompasses acquiring and disposing of non-performing assets, making further investments related to non-performing asset operations, restructuring debts, conducting asset management activities, overseeing troubled enterprises, and serving as bankruptcy administrators. As of 31 March 2025, the Company had acquired non-performing loans (including financial and non-financial) with accumulated value of about RMB31.5 billion, with average recovery rate of about 65.7%. This business is a key profit contributor, accounting for 50.9% and 46.3% of the Company's total gross profit in 2024 and the first three quarters of 2025, respectively. However, this business is highly susceptible to economic cycle and real estate market.

The Company conducts supply chain services business mainly under demand-driven model, with steel, coal, and sand as its main trading products. This segment provides supplementary income but generates relatively low margins. In recent years, the Company has proactively reduced the scale of trading activities. Revenues from trading decreased from RMB2.3 billion in 2023 to RMB1.6 billion in 2024, with a low average gross margin of 2.2%. In 2024, overall concentration risk declined, with the top five suppliers and customers accounting for 40.7% and 27.5% of revenue, respectively.



The Company manages urban assets and services through its subsidiary, including road maintenance, property management, advertising, parking facilities, gas stations, and charging stations. These operations have expanded with good profitability, achieving RMB748.7 million in revenue in the first three quarters of 2025, with gross margin of 40.6%. XNDG's cultural tourism projects are mainly located in the Dawangshan area and are constructed and operated by its subsidiaries. These projects include amusement parks and hotels. In 2024, the revenue reached RMB277.0 million, indicating a relatively small scale of income.

### **Good track record of receiving government support**

XNDG has regularly received support from the local government in the form of operating subsidies and capital injection. The Company has received ongoing capital injection, significantly enhancing its capital strength. In 2024 and 2025Q3, the Company totally received a capital injection of RMB5.4 billion from the Finance Bureau of Xiangjiang New Area Management Committee. During the same period, the Company converted the project construction funds and risk compensation funds totaling RMB1.2 billion provided by the Finance Bureau of Xiangjiang New Area Management Committee into paid-in capital. In addition, the Company has received operating subsidies of RMB147.2 million from the local government in 2024. Given its strategic position in the development of Xiangjiang New Area, we believe that the local government will continue to provide support to the Company.

### **High debt leverage with certain short-term debt repayment pressure**

XNDG's debt burden continues to show an increasing trend, due to the ongoing financing for the construction projects. The Company's total debt had increased from RMB52.3 billion at end-2023 to RMB74.3 billion at end-2025Q3, with total capitalization ratio of 62.3%. Meanwhile, the Company has certain short-term debt repayment pressure. As of 30 September 2025, its short-term debt accounted for about 19.1% of total debt and its unrestricted cash to short-term debt ratio was 0.7x, suggesting that available cash reserves were insufficient to fully cover near-term obligations. Given its limited debt coverage ability and large capital expenditure pressure, we expect the Company to rely on refinancing and its debt burden will continue to grow in the next 12 to 18 months.

### **Moderate asset liquidity**

XNDG has moderate asset liquidity, which may undermine its financing flexibility. As of 30 September 2025, the Company's total assets mainly consisted of inventories and investment properties, accounting for 59.2% of its total assets. Inventories are mainly investment costs for land development and infrastructure construction projects, while investment properties are rental properties such as the resort service center, both with low liquidity. Nonetheless, the investment properties can provide stable rental income for the Company. Additionally, the Company's long-term investments, primarily comprising debt investments, long-term equity investments, and other non-current financial assets, has shown a rising trend in scale, which can bring certain investment returns. However, their liquidity is subject to uncertainty due to external environmental factors. As of 30 September 2025, the Company's restricted assets totaled RMB11.7 billion, accounting for 8.01% of total assets.

### **Diversified financing channels**

XNDG has good access to funding from banks and bond markets. The Company has sufficient approved line of credit from diversified banks, such as China Development Bank, Agricultural Development Bank of China, and China CITIC Bank. As of 30 September 2025, it had obtained total credit facilities of RMB126.3 billion, with available amount of RMB70.6 billion. The Company also has access to onshore and offshore bond markets. As

of 30 November 2025, the Company had outstanding onshore bonds of about RMB9.3 billion at a low average rate of 2.8%. Additionally, the Company had an outstanding offshore debt of USD330.0 million. The Company's reliance on non-standard financing has declined, accounting for less than 1% of total debt as of 30 September 2025.

## ESG Considerations

XNDG faces environmental risks because it has undertaken infrastructure construction and land development 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.

XNDG bears social risks as it implements public policy initiatives by undertaking infrastructure construction and land development in Xiangjiang New Area. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

XNDG's governance considerations are also material as the Company is subject to oversight by the Changsha Municipal Government and has to 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 \(July 2022\)](#).



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