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

Hong Kong, 12 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Ningguo Economic Development Holding Group Co., Ltd. ("NGED" or the "Company") 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. Ningguo Economic and Technological Development Zone ("Ningguo ETDZ") is 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) important position in Ningguo ETDZ undertaking the majority of development and construction tasks; 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) high leverage and weak liquidity; and (3) medium contingent liability risk.

Corporate Profile

Established in 2012, NGED is the sole platform responsible for the construction and development of Ningguo ETDZ, a national-level ETDZ in Ningguo City, Xuancheng City. The Company is responsible for major public infrastructure projects in Ningguo ETDZ, including infrastructure construction, and resettlement construction. Meanwhile, the Company has commercial operations, including property leasing, engineering construction and trading. As of 30 June 2026, the Company was wholly owned by the Management Committee of Ningguo ETDZ, which is the dispatched agency of the Ningguo Municipal People's Government.

Rating Rationale

Credit Strengths

Strategic importance in Ningguo ETDZ. NGED is the sole platform responsible for major infrastructure development and state-owned asset operations within Ningguo ETDZ. It plays a dominant role in undertaking infrastructure construction within the area, 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 in the form of equity transfer, capital contributions, cash and asset injections, and fiscal subsidies. In 2025, the Company received RMB475.0 millions of government grants, RMB165.0 million of cash capital injections and

approximately RMB1.9 billion of asset and equity injections. Given the importance of NGED to local economic and industrial development, we believe the Company will continue to receive support from the local government.

Access to diversified funding channels. NGED maintains access to bank loans, public bond markets and non-standard financing. At 30 September 2026, bank financing, public bonds and non-standard financing represented 50.9%, 20.4% and 28.6% of total financing, respectively. The Company has established relationships with policy banks and major commercial banks and has access to both onshore and offshore bond markets. As of the same date, the Company had total bank credit facilities of RMB41.8 billion, of which around RMB30.1 billion remained unused. These sizeable unused facilities provide a liquidity buffer and partly mitigate refinancing risk. Nevertheless, the relatively high share of non-standard financing constrains the strength of its funding profile.

Credit Challenges

Medium exposure to commercial activities. The Company's commercial activities primarily comprise engineering construction, industrial park leasing, trading, and property sales. Engineering construction remained a key revenue source for the Company, accounting for around 27.8% of revenue in 2025, with the majority of customer being state-owned enterprises in Ningguo City. The commercial residential properties developed by the Company have been almost completed, with an overall high destocking ratio. In addition, the Company faces relatively high counterparty concentration risk from both upstream and downstream counterparties. Based on our assessment, NGED's exposure to commercial activities remained medium with the assets of commercial activities accounting for around 20% of total assets.

Increasing leverage and weak liquidity. NGED's debt has continued to grow, with increasing leverage and high refinancing pressure. The Company's total debt increased from RMB18.5 billion at end-2024 to RMB23.2 billion at 30 September 2026. The capitalization ratio rose to 60.0%. Short-term debt accounted for 28.1% of the total debt, while the cash to short-term debt was low at 0.2x, indicating certain refinancing pressure. For assets side, inventories accounted for 51.1% of total assets and mainly comprised development costs and land-use rights. The monetization of these assets depends on project completion, government settlement and local market conditions, limiting their ability to provide near-term liquidity.

Medium contingent liabilities risk. As of 30 September 2026, the Company's guarantee balances amounted to approximately RMB3.1 billion, equivalent to 19.7% of its net assets. All of the beneficiaries were local state-owned enterprises, limiting private-sector credit exposure, but the guarantees remain geographically and institutionally concentrated.

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 strategic 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; or (2) the Company's characteristics change in a way that enhances the local government's willingness to provide support, such as a significant reduction in risky commercial exposure or a sustained improvement in liquidity.

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 material weakening of its role 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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