

Ninghai County State-owned Assets Investment Holding Group Co., Ltd.

Summary	
Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	22 January 2026

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB+’ global scale Long-term Issuer and Issuance Credit Rating of Ninghai County State-owned Assets Investment Holding Group Co., Ltd. (“NCSA” or “the company”); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Ninghai County, Ningbo City (“Ninghai government”) would provide very strong support to NCSA if needed, in light of its direct full ownership of NCSA, NCSA’s strategic importance as an important local investment and development company (“LIDC”) responsible for engineering construction and state-owned asset operation in Ninghai, and the linkage between the Ninghai government and NCSA, including appointment of the senior management, strategic alignment, supervision of major investment and financing plans and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities if NCSA encounters any operational and financial difficulties.

Ninghai County is a key county under the jurisdiction of Ningbo City, Zhejiang Province. Its GDP grew steadily by 3.0% to RMB106.8 billion in 2024. The budgetary revenue also increased by 7.3% to RMB7.0 billion in 2024.

The Stable Outlook reflects our expectation that NCSA’s strategic importance would remain intact while the Ninghai government will continue to ensure NCSA’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The Ninghai government holds the full ownership of NCSA through the Ninghai County State-owned Assets Management Center (“Ninghai SAMC”). It is the sole shareholder and the actual controller of the company. The Ninghai government has the final decision-making authority and strong supervision over the company, including appointment and supervision of the senior management, strategic alignment and decision on its major investment and financing plan decisions. In addition, the Ninghai government has assessment mechanism over the company and regularly appoints auditors to review the company’s operating performance and financial position.

Strategic Importance to Ninghai and Strategic Alignment: NCSA remained an important LIDC that is responsible for engineering construction and state-owned asset operation in Ninghai. The company engages primarily in engineering construction and industrial park development projects. Besides, NCSA is now seeking to undergo an industrial transformation, continuously exploring new areas for business growth. NCSA plays an important role in the urban development and operation in Ninghai. Its business operation and strategic planning have been aligned with Ninghai government’s development plans.

Ongoing Government Support: NCSA receives support from the Ninghai government such as supportive policies, financial support, project assets and government subsidies. Between 2022 and the first six months of 2025, NCSA received financial subsidies of RMB617.3 million from the Ninghai government, mainly including operation subsidies,

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

position allowance and supporting funds. Given NCSA's strategic importance in Ninghai, we believe NCSA is likely going to receive ongoing government support in the future.

NCSA's Financial Matrix and Liquidity Position: NCSA's total assets increased to RMB31.8 billion at end-June 2025 from RMB29.2 billion at end-2023, as the company actively participated in the project development in Ninghai. The company mainly relied on borrowings to fund its asset expansion. Its total adjusted debt increased to RMB12.9 billion at end-June 2025 from RMB10.9 billion at end-2023. The company's financial leverage, as measured by debt/capitalization, increased from 44.2% to 40.5% over the same period.

The liquidity of NCSA was moderately tight. At end-June 2025, NCSA had a cash balance of RMB1.6 billion, compared with its debt due within one year of RMB5.7 billion. Having said that, NCSA has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations. The company had unused bank facilities of RMB2.7 billion at end-2024.

Rating Sensitivities

We would consider downgrading NCSA's rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the local government's ownership of NCSA, or (3) there is a downgrade in our internal credit assessment on the Ninghai government.

We would consider upgrading NCSA's rating if there is an upgrade in our internal credit assessment on the Ninghai government.

Any rating action on NCSA's rating would result in a similar rating action on its USD bonds.

Full List of Issuance Ratings

- USD110 million 4.90% senior unsecured bonds due 2028 affirmed at 'BBB+'.

Operating Environment

Ninghai is a key county under Ningbo City. It is situated in southern Ningbo and eastern Zhejiang's coastal zone, covering a total area of 1,843 square kilometers and administering 4 sub-districts, 12 towns and 2 townships. As a core area for Zhejiang's coastal transportation corridor, provincial smart photovoltaic characteristic industry cluster and national modern agricultural industrial park, it hosts key industrial platforms. Its industrial system is dominated by advanced manufacturing (molds, new energy auto parts), strategic emerging industries (smart photovoltaic, low-altitude economy), digital economy and modern logistics, fueling steady local economic growth.

Ninghai maintained relatively stable economic growth in the past three years, and its GDP amount reached RMB106.8 billion in 2024, representing a year-over-year growth rate of 3.0%. The economy of Ninghai was mainly boosted by the secondary and tertiary industries, which both accounted for 47.3% of GDP in 2024. The GDP per capita of Ninghai increased steadily in the past three years and reached c. RMB151,100 in 2024.

Ninghai's GDP and Fixed Asset Investment

(RMB billion)	2022	2023	2024
GDP	90.1	100.1	106.8
-Primary industry (%)	6.1	5.6	5.4
-Secondary industry (%)	48.5	48.4	47.3
-Tertiary industry (%)	45.5	46.1	47.3
GDP growth rate (%)	4.3	7.8	3.0

Fixed asset investment growth rate (%)	9.3	8.6	-6.6
Population (million)	0.7	0.7	0.7
<i>Source: Financial Bureau of Ninghai, statistical bureau of Ninghai and Lianhe Global's calculations</i>			
<i>*Estimated by Lianhe Global</i>			

Fiscal Condition of Ninghai

The budgetary revenue of the Ninghai government increased from RMB6.8 billion in 2023 to RMB7.0 billion in 2024, while the contribution of tax revenue to budgetary revenue remained relatively stable at 78.6% over the same period. The fiscal self-sufficiency rate of the Ninghai government was low, and its budget deficit was enlarged to 65.8% in 2024 from 52.4% in 2023. The government fund income also increased to RMB5.0 billion in 2024 from RMB4.2 billion in 2023. The Ninghai government continued to receive transfer payments from higher government, amounting to RMB4.1 billion in 2024.

The outstanding debt of the Ninghai government kept growing in past few years. At end-2024, the Ninghai government's outstanding debt increased to RMB23.8 billion, including general government debts of RMB11.6 billion and special debts of RMB12.3 billion. Its government debt ratio, as measured by the total government debt/aggregate revenue, on the contrary, decreased to 147.7% at end-2024 from 152.6% at end-2023, mainly due to the improvement of its aggregate revenue.

Ninghai's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	6.2	6.8	7.0
Budgetary revenue growth rate (%)	1.7	9.4	7.3
Tax revenue	4.5	5.4	5.5
Tax revenue (% of budgetary revenue)	72.3	78.9	78.6
Government fund income	5.1	4.2	5.0
Transfer payment	3.3	3.8	4.1
Aggregate revenue	14.7	14.8	16.1
Budgetary expenditure	10.2	10.4	11.6
Budget balance ¹ (%)	-64.1	-52.4	-65.8
Government debt ratio (%)	148.9	152.6	147.7

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Ninghai, statistical bureau of Ninghai and Lianhe Global's calculations

Company Profile

NCSA was established in November 2014 by the Ninghai SAMC. The company started with a registered capital of RMB50 million, fully funded in cash. In May 2020, Ninghai SAMC increased the company's capital by RMB450 million through in-kind contributions, raising the registered capital to RMB500 million. The registered and paid-in capital were both RMB500 million at end-June 2025, with Ninghai SAMC being the sole shareholder and actual controller.

NCSA is an important LIDC that is responsible for engineering construction and state-owned asset operation in Ninghai. NCSA's main business income sources are engineering construction, leasing, property management and oil sales. The total revenue of NCSA was RMB1.3 billion, 1.2 billion, RMB1.4 billion and RMB505 million in 2022, 2023, 2024 and the first six months of 2025, respectively, representing a stable trend. The gross profit margin recorded at 22.3%, 18.0%, 9.8% and 28.2% in the corresponding period. The decrease in gross profit margin in 2024 was primarily attributed to the sluggish real estate market.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	26,654	29,194	29,500	31,773
Equity	15,966	15,931	15,922	16,302
Debt	7,504	10,855	11,744	12,887
Debt / (Debt + Equity) (%)	32.0	40.5	42.4	44.2
Unrestricted cash/ST Debts (x)	0.6	0.4	0.3	0.2
Debt/EBITDA (x)	20.1	31.6	30.8	-
Revenue	1,289	1,173	1,397	505
Operation Profit	183	151	100	-59
Gross Margin (%)	22.3	18.0	9.8	28.2
Cash from sales or services/Revenue (%)	119.9	84.2	98.2	96.6

Source: NCSA and Lianhe Global's calculations

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