

Credit Opinion

4 February 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

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Gansu Province Electric Power Investment Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Gansu Province Electric Power Investment Group Co., Ltd.'s A_g- long-term credit rating, with stable outlook.

Summary

The A_g- long-term credit rating of Gansu Province Electric Power Investment Group Co., Ltd. ("Gansu Power" or the "Company") is underpinned by the Company's (1) strong regional market position in the power generation sector of Gansu Province; (2) diversified power structure, with increased installed capacity; (3) strong profitability due to decreased fuel costs and increased power generation; and (4) good access to diversified funding channels.

However, the rating is constrained by the Company's (1) vulnerability to electricity tariffs and coal prices; and (2) moderate debt leverage with high capital expenditure pressure.

The rating also reflects our expectation of a high likelihood of support from the Gansu Provincial Government, given Gansu Power's (1) direct ownership by the Gansu Provincial State-owned Asset Investment Group Co., Ltd. and ultimate control by the Gansu SASAC; (2) high strategic importance in the regional economic development and power supply; and (3) solid track record of receiving government support, including project support and financial subsidies.

The stable outlook on Gansu Power's rating reflects our expectation that the willingness and ability of the local government to provide support to the Company is unlikely to change, and that the Company will sustain its solid market position in the power sector of Gansu Province in the next 12 to 18 months.

Rating Drivers

- High likelihood of government support from Gansu Provincial Government
- Strong regional market position in the power generation sector of Gansu Province
- Diversified power structure, with increased installed capacity
- Vulnerability to environmental protection policies and coal prices
- Strong profitability due to decreased fuel costs and increased power generation
- Moderate debt leverage with high capital expenditure pressure
- Good access to diversified funding channels

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the business environment further improves as supported by preferential government policies; (2) the Company strengthens business profile in terms of scale and diversification; (3) the Company's operating profitability continues to improve; and (4) the Company lowers its debt leverage and improves its liquidity position.

What could downgrade the rating?

The rating could be downgraded if (1) the business environment is adversely changed and the current preferential policies are no longer effective; (2) the Company's revenue declines and profitability deteriorates significantly; (3) the Company's liquidity buffer squeezes; or (4) the Company's credit metrics deteriorate significantly.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	85.3	88.5	88.6	91.1
Total Equity (RMB billion)	37.2	37.6	41.3	41.5
Total Revenue (RMB billion)	11.7	12.6	13.5	9.7
Net Profits (RMB billion)	0.1	2.0	1.5	0.7
EBITDA / Revenue (%)	32.0	47.3	44.0	-
ROA (%)	2.5	4.9	4.1	-
Total Capitalization Ratio (%)	54.1	55.2	51.1	51.5
RCF / CAPEX (X)	0.2	0.4	0.5	-
EBITDA / Interest (X)	1.9	2.8	7.3	-
Debt / EBITDA (X)	11.7	7.7	7.3	-

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

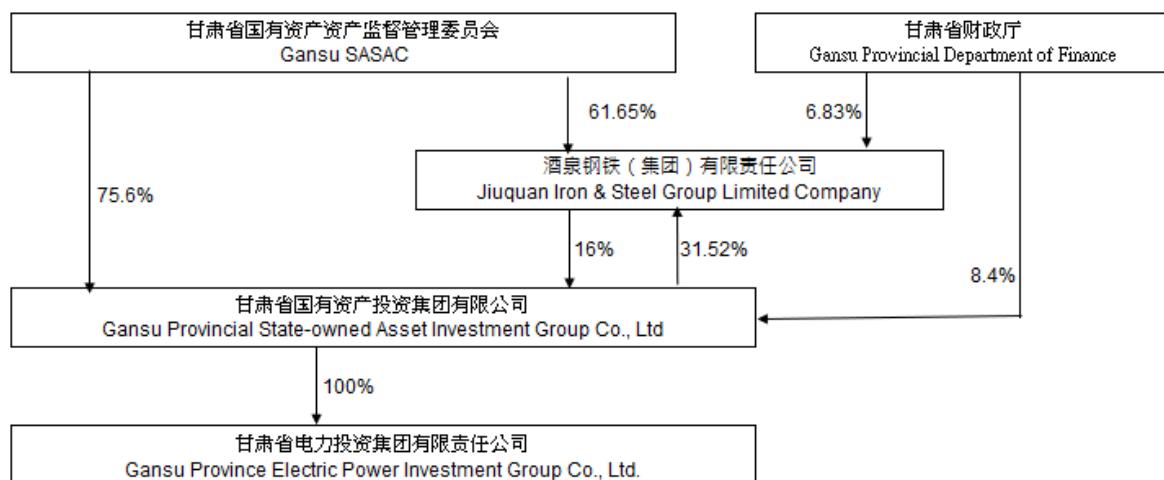
Source: Company information; CCXAP research

Corporate Profile

Founded in 1990, Gansu Power is a leading electric power investment enterprise in Gansu Province. The Company was established with the initial aim of providing electricity power and easing the power shortage in Gansu Province through the construction and operation of power plants and power projects. Gansu Power's other businesses mainly include public welfare business and data information. As of 30 September 2025, Gansu Provincial State-owned Assets Investment Group Co., Ltd. directly held 100% of the Company's shares and

Gansu State-owned Assets Supervision and Administration Commission (“Gansu SASAC”) was its ultimate controlling shareholder.

Exhibit 1. Shareholding chart as of 30 September 2025



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

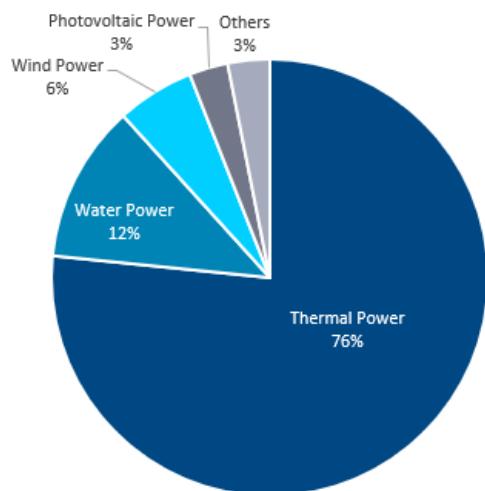
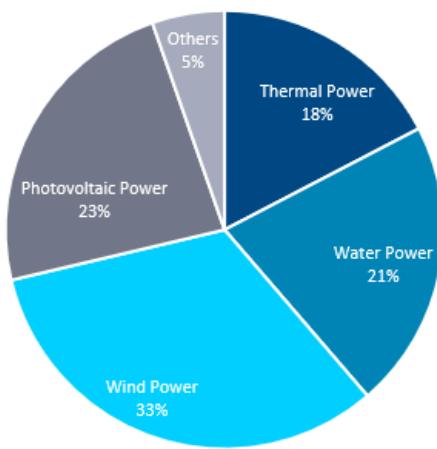


Exhibit 3. Gross profit structure in 2024



Source: Company information, CCXAP research

Rating Considerations

Strong regional market position in the power generation sector of Gansu Province

Gansu Power is one of the most important state-owned power suppliers in Gansu Province, with strong market position in the power sector of the region. The Company is responsible for the investment, financing, construction, and management of provincial power generation projects. Benefited by the completion of thermal power construction projects, the Company became the largest total installed capacity in Gansu Province. The Company's total installed capacity increased from 10,335.7 megawatts (“MW”) as of 31 December 2024 to 11,335.7 MW as of 30 September 2025, accounting for 9.1% of total installed capacity in Gansu Province. The

Company's power generation increased from 35,533 gigawatt-hours ("GWh") in 2023 to 40,110 GWh in 2024, accounting for 15.6% of total power generated in Gansu Province. We believe the Company will maintain a strong market position in the region in the foreseeable future.

Gansu Province is a major province of energy in China. In 2025, Gansu Province's electricity consumption amounted to 180.4 billion kilowatt-hours ("KWh"), a year-on-year increase of 3.3%. Moreover, Gansu Province's installed capacity and power generation achieved 124,421.1 MW and 257.9 billion KWh in 2025. The proportion of installed capacity of new energy powers accounted for over 64.5% of provincial installed capacity, ranking among the top tier in the country. In addition, Gansu Province has enhanced its power transmission capacity to other provinces, strengthened the construction of transmission channels, and introduced a series of policies to address curtailment issues.

Diversified power structure, with increased installed capacity

Gansu Power's electric power investment mainly focuses on thermal power and hydropower projects, and the Company has also strategically diversified its power structure to include other clean energy such as wind power and solar power, with an aim of increasing power generated from clean and renewable sources. Diversified power structure can hedge industry risks and operation risks arising from environment changes and industry fluctuations. Moreover, the completion of thermal power plants projects significantly increased the Company's installed capacity and thereby improved its power generation capacity. However, affected by the rapid growth of new energy installed capacity in Gansu Province, the operational efficiency of Gansu Power has declined since 2023. Its average utilization hours decreased to 2,735 hours in the first nine months of 2025 from 2,829 hours in 2024Q3.

Thermal power generation accounts for a major portion of Gansu Power's power generation business. Its thermal power plants are located in Jinchang, Zhangye, Wuwei and Changle. Due to the completion of Changle Power Plant No.3 and No.4 Thermal Power Unit project, the installed capacity of thermal power significantly increased. As of 30 September 2025, the Company's installed capacity of thermal power amounted to 7,670 MW, accounting for 67.7% of its total installed capacity. With the completion and commissioning of the Changle Power Plant No.5 and No.6 Thermal Power Unit project in September and October 2025 respectively, the Company's total installed capacity of thermal power further increased. However, since 2024, factors such as increased power supply in Gansu and Hunan provinces and greater participation of thermal power units in power regulation have led to a significant decline in the average utilization hours of thermal power units. From 2024Q3 to 2025Q3, its average utilization hours decreased from 3,279 hours to 3,257 hours.

Gansu Power's hydropower plants mainly distribute in the Bailongjiang, Heihe, Datong River, Taohe and Yellow River basins in Gansu Province. As of 30 September 2025, the Company's installed capacity of hydropower plants was 1,792.2 MW, accounting for 15.8% of its total installed capacity. From 2024Q3 to 2025Q3, the average utilization hours for hydropower decreased from 2,844 hours to 2,430 hours, mainly due to rapid growth of new energy power installations in the region.

Gansu Power's wind power plants are located in the Jiuquan City. As of 30 September 2025, the Company's installed capacity of wind power was 1,104 MW, accounting for 10.7% of its total installed capacity. With the increasing power supply in Gansu Province, the Company's wind power generation and equipment utilization levels have decreased since 2024. From 2024Q3 to 2025Q3, the average utilization hours for wind power decreased from 1,288 hours to 1,161 hours, mainly due to rapid growth of new energy power installations in the region and decline the average wind speed at the wind farms.

Gansu Power also constructs and operates solar power projects in Gansu Province, which contribute a relatively small portion towards its total installed capacity. As of 30 September 2025, the Company's installed capacity of solar power was around 770 MW. In 2024, the Company's solar power generation increased from 826 GWh in 2023 to 1,084 GWh. However, from 2024Q3 to 2025Q3, the average utilization hours for solar power slightly decreased from 1,099 hours to 1,083 hours.

Exhibit 4. Gansu Power's total installed capacity, average utilization hours and power generation from 2022 to 2025Q3

	2022FY	2023FY	2024FY	2024Q3	2025Q3
Total Installed Capacity (MW)	7,715.7	10,335.7	10,335.7	10,335.7	11,335.7
Thermal Power	4,670.0	6,670.0	6,670.0	6,670.0	7,670.0
Hydropower	1,822.2	1,792.2	1,792.2	1,792.2	1,792.2
Wind Power	1,003.5	1,103.5	1,103.5	1,103.5	1,103.5
Solar Power	220.0	770.0	770.0	770.0	770.0
Average Utilization Hour (Hours)	4,389	4,286	3,881	2,829	2,735
Thermal Power	5,406	5,346	4,611	3,279	3,257
Hydropower	3,290	3,426	3,673	2,844	2,430
Wind Power	1,648	1,951	1,527	1,288	1,161
Solar Power	1,795	1,726	1,408	1,099	1,083
Power Generation (GWh)	32,926	35,533	40,110	29,239	28,613
Thermal Power	25,247	26,430	30,757	21,874	22,143
Hydropower	5,981	6,226	6,582	5,098	4,355
Wind Power	1,354	2,053	1,685	1,421	1,281
Solar Power	345	826	1,084	847	834

Source: Company information, CCXAP research

Vulnerability to electricity tariffs and coal prices

Gansu Power's power generation businesses mainly focus on thermal power, which has known negative effects on the environment. In recent years, the central government has enhanced environmental protection policies and heightened clean development of thermal power. Accordingly, the Company is subject to extensive and stricter environmental protection laws and regulations that impose fees for the discharge of pollutants and waste substances, and impose fines for serious environmental violations. A violation of environmental regulations or over-emissions during the construction and operation of thermal power projects may impact the Company's normal operations and profitability.

Furthermore, a majority of the Company's power plants are fueled by coal. Therefore, its operations and profitability are also directly affected by the availability and coal costs. Due to the decreasing demand of coal and the rapid development of sustainable energy, the coal prices have dropped since 2023, decreasing the Company's cost of sales. Given the continuous promotion of sustainable energy by the central government, we expect the coal prices might further decreased in the future.

Besides, with the introduction of national market-oriented reforms for new energy tariffs, the Company's average on-grid tariffs for wind and solar power have decreased noticeably in 2025. The future trend of new energy tariffs remains uncertain. Affected by the decreasing coal prices, the on-grid tariffs of thermal power also slightly decreased compared to 2023, but created higher profit margins for the Company's thermal power.

Strong profitability due to decreased fuel costs and increased power generation

Due to the sound growth of thermal power generation, the total revenue for Gansu Power increased from RMB12.6 billion in 2023 to RMB13.4 billion in 2024, which the revenue from thermal power and hydropower accounted for 76.6% and 11.7% of total revenue, respectively. Benefited by the decreased fuel costs and increased power generation, the Company's profitability remained strong. Due to the high base of investment income in 2023, and the incurrence of credit impairment loss in 2024, the Company's net profit slightly decreased from RMB2.0 billion in 2023 to RMB1.5 billion in 2024. In the first nine months of 2025, the Company's total revenue amounted to RMB9.7 billion, with a YoY decrease of 1.4%. The Company's EBITDA margin decreased from 47.3% in 2023 to 44.2% in 2024, while its return on assets decreased from 4.9% to 4.1% over the same period. Given the completion of two major thermal power construction projects at end-2025, we expect that the Company's revenue and earnings will maintain moderate growth in the next 12 to 18 months, given the continuous increase in operating scale and efficiency from the construction projects.

Moderate debt leverage with high capital expenditure pressure

Gansu Power's debt leverage maintains at a moderate level, although its debt burden has slightly reduced due to the intensified repayment of debt. The Company's total debt decreased from RMB46.3 billion at end-2023 to RMB44.0 billion as of 30 September 2025, while its total capitalization ratio decreased from 55.2% to 51.5% over the same period. Nonetheless, the Company has reasonable debt structure. As of 30 September 2025, the Company had a total short-term debt of RMB4.4 billion, accounting for 10.1% of the total debt. In addition, the Company's debt and interest repayment capability improved due to the decreasing debt amount. From 2023 to 2024, the Company's Debt/EBITDA ratio decreased from 7.7x to 7.3x and EBITDA/Interest ratio rose from 2.8x to 3.1x.

As of 30 September 2025, the Company had 6 major power generation projects under construction and planning, with a total planned investment of about RMB31.0 billion and an uninvested amount of RMB17.5 billion. The projects under construction and planning can enhance its operating scale and efficiency after completion of construction, but also exert certain level of capital expenditure pressure to the Company. Given high future capital needs from the construction project reserves, we believe that the Company's debt burden will grow moderately for the next 12 to 18 months.

Good access to diversified funding channels

Gansu Power has diversified sources of funding including bank loans, onshore and offshore bonds, and equity financing. The Company maintains good relationship with policy banks such as China Development Bank and large domestic banks such as China Construction Bank. As of 30 September 2025, the Company's total credit facilities were RMB114.1 billion, of which the unutilized amount was about RMB74.9 billion, indicating sufficient standby liquidity. The Company also has access to debt capital markets. From 2025 to January 2026, the Company and its subsidiaries issued 6 onshore bonds, with a total issuance amount of RMB3.5 billion, and a coupon range from 1.92% to 2.98%.

Besides, Gansu Power has equity financing channels by holding around 63.2% of equity interests of GEPIC Energy Development Co., Ltd. ("GEPIC Energy", Stock code: 000791.SZ). In December 2024, GEPIC Energy issued around 335.1 million shares raising supporting funds to purchase the 66% equity of Gansu Power Investment Changle Power Generation Co., Ltd. and project construction, with a total capital raised of RMB1.9 billion.

External Support

High likelihood of government support from Gansu Provincial Government

We expect a high likelihood of government support from the Gansu Province Government provided to Gansu Power. This expectation incorporates our considerations of the Company's (1) direct ownership by the Gansu Provincial State-owned Asset Investment Group Co., Ltd. and ultimate control by the Gansu SASAC; (2) high strategic importance in the regional economic development and power supply; and (3) solid track record of receiving government support, including project support and financial subsidies.

Located in the northwest part of China and serving as key energy base, Gansu Province has very strong capacity to support Gansu Power. As one of the fast-growing areas of China, GRP of Gansu Province increased from RMB1,186.4 billion in 2023 to RMB1,233.0 billion in 2024, while its general budgetary revenue increased from RMB100.4 billion to RMB105.2 billion over the same period.

Besides, Gansu Power has large scale and important position among all the state-owned enterprises of Gansu Province. As the sole electric industrial investment entity under the Gansu SASAC for both traditional energy like thermal power and clean energy like wind power, Gansu Power is established with the aim of providing power to Gansu Province through the construction and operation of power plants and power projects throughout Gansu Province. Gansu Power has great importance in promoting electric industry development and ensuring power supply in Gansu province.

Gansu Power has very tight relationship with the local government and has solid track record of receiving support from local government. As the ultimate controlling shareholder of Gansu Power, the Gansu SASAC appoints most of the board members, and has decision rights on the Company's material decisions. Furthermore, Gansu Provincial Government provides financial subsidies to the Company every year, as the support for ensuring power supply and promoting clean energy. We expect the local government's willingness to support the Company is high, which is unlikely to change in the foreseeable future.

ESG Considerations

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge, and other environmental matters issued by the national governmental authorities. The Company assumes environmental risks for its power thermal construction projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision. Moreover, new energy power generation serves as the primary solution to mitigating climate change and reducing ecological impact, contributing directly to a low-carbon future.

The Company is also exposed to social risks. The Company entails strong social responsibilities—including data privacy, and community well-being. Its social license to operate depends on fair labor practices, employee welfare, service quality, and local economic contributions. Shifting consumer preferences, demographic changes, and public health trends directly affect both demand and public perception.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to Gansu SASAC. Overall, the Company has a relatively sound internal control and governance structure, and its development strategy aligns with industry policies and its business objectives.

Rating Methodology

The methodology used in this rating is the [Rating Methodology for Electric Utilities Industry \(April 2018\)](#).

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