Credit Opinion

25 August 2026

Ratings	
Senior Unsecured Debt Rating	BBB_g+
Long-Term Credit Rating	BBB_g+
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Foshan Nanhai Lianda Investment (Holding) Co., Ltd.

Surveillance credit rating report

CCXAP affirms Foshan Nanhai Lianda Investment (Holding) Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Summary

The BBB_g+ long-term credit rating of Foshan Nanhai Lianda Investment (Holding) Co., Ltd. ("Nanhai Lianda" or the "Company") reflects (1) Nanhai District Government has a very strong capacity to provide support, and (2) the local government's high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Nanhai District Government's capacity to provide support reflects its economic importance in Foshan City, with strong comprehensive strength and good fiscal balance.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) key role in infrastructure construction and land development of Nanhai District; and (2) good track record of receiving government support.

However, the rating is constrained by the Company's (1) high exposure to commercial activities; (2) rapid debt growth; and (3) moderate asset quality.

The stable outlook on Nanhai Lianda's rating reflects our expectation that for the next 12 to 18 months, the local government's capacity to support will remain stable, and the Company will maintain its important position in the development of Nanhai District.

Rating Drivers

- Key role in infrastructure construction and land development of Nanhai District
- High exposure to commercial activities
- Good track record of receiving ongoing government support
- Rapid debt growth
- Good access to funding from banks and bond market
- Moderate asset quality

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decrease in exposure to commercial activities or improvement in access to funding.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in debt burden.

Key Indicators

	2023FY	2024FY	2025FY
Total Asset (RMB billion)	20.7	24.3	26.1
Total Equity (RMB billion)	9.0	9.7	10.3
Total Revenue (RMB billion)	3.0	4.1	3.6
Total Debt/Total Capital (%)	48.8	52.7	52.4

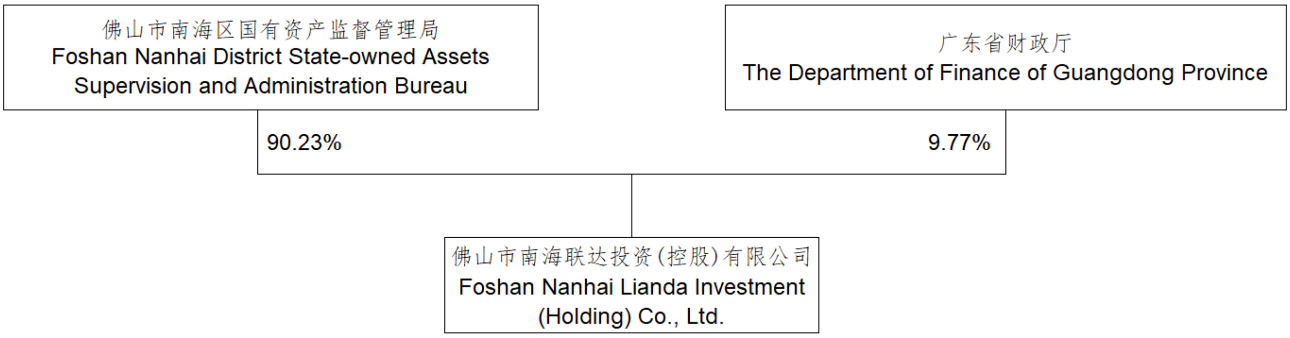
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in 2004, Nanhai Lianda is an important local infrastructure investment and financing company in Nanhai District. The Company is primary focus on urban development activities including agency construction, and land development and consolidation. It is also involved in other commercial activities such as trading and property leasing. Nanhai Lianda is ultimately controlled and 90.23% owned by the Foshan Nanhai District State-owned Assets Supervision and Administration Bureau ("Nanhai SASAB"). The Department of Finance of Guangdong Province holds the remaining 9.77% of the Company's shares.

Exhibit 1. Shareholding chart as of 31 March 2026



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025

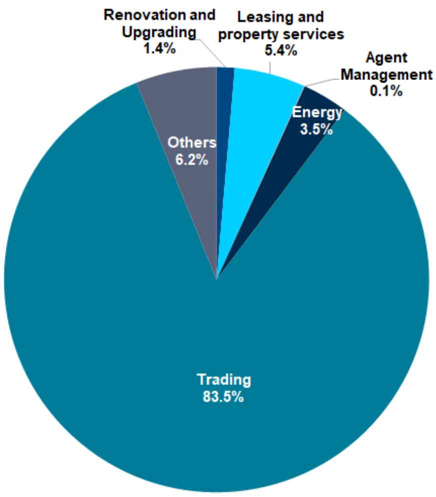
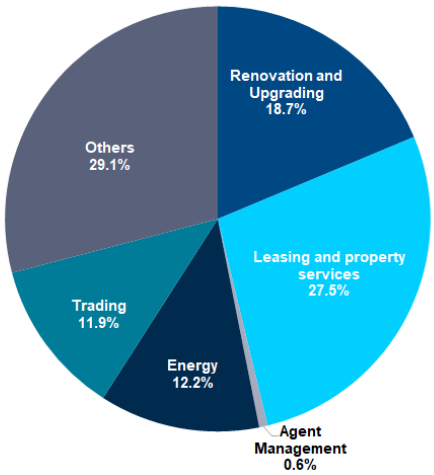


Exhibit 3. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government Capacity to Support

We believe Nanhai District Government has very strong capacity to provide support, given Nanhai District's economic importance in Foshan City, with strong comprehensive strength and good fiscal balance.

Guangdong Province is one of the most economically developed provinces in China, and its comprehensive economic strength outperforms other provinces. The gross regional product ("GRP") of Guangdong Province achieved RMB14.6 trillion in 2025, ranking first among all provinces in China, with a year-on-year ("YoY") increase of 3.9%. Its general budgetary revenue reached RMB1.4 trillion, ranking first in China for more than 30 consecutive years.

Foshan City is located in the central part of Guangdong Province and plays a vital role in the economic development of the Guangdong-Hong Kong-Macao Greater Bay Area. Foshan City is economically dominated by manufacturing, including advantageous industries and emerging industries. Benefited from good location of Guangdong-Hong Kong-Macao Greater Bay Area and Guangzhou-Foshan Metropolitan Area, Foshan City's GRP increased by 0.2% YoY to RMB1,315.7 billion in 2025, ranking 3rd in terms of GRP among all the cities in Guangdong Province. However, its economic growth has slowed down as compared with previous years. Its general budgetary revenue amounted to RMB80.0 billion, with good fiscal balance. Foshan City's budgetary self-sufficient ratio reached 86.9% in 2025. Foshan City's government debt amounted to RMB357.4 billion in 2025, accounting for 27.2% of its GRP.

Exhibit 4. Key economic and fiscal indicators of Foshan City

	2023FY	2024FY	2025FY
GRP (RMB billion)	1,327.6	1,336.2	1,315.7
GRP Growth (%)	5.0	1.3	0.2
General Budgetary Revenue (RMB billion)	80.0	76.7	80.0
General Budgetary Expenditure (RMB billion)	98.3	92.0	92.1
Local Government Debt (RMB billion)	275.1	313.7	357.4

Source: Statistic Bureau of Foshan City, CCXAP research

Located in the hinterland of the Pearl River Delta, Nanhai District ranked second among the Top 100 Districts in China in terms of comprehensive strength in 2025. Nanhai District's GRP slowed down in recent years due to its traditional industries' heavy reliance on real estate, which faced a downturn market. In 2025, its GRP amounted to RMB401.3 billion, ranking the 2nd among all counties and districts in Foshan City. Nanhai District's general budgetary revenue amounted to RMB21.8 billion in 2025. In addition, it has a good fiscal balance ratio of around 81.3% in 2025. In 2025, Nanhai District had an outstanding direct government debt balance of RMB100.4 billion, accounting for 25.0% of the Nanhai District's GRP.

Exhibit 5. Key economic and fiscal indicators of Nanhai District

	2023FY	2024FY	2025FY
GRP (RMB billion)	393.1	400.3	401.3
GRP Growth (%)	4.3	1.8	0.3
General Budgetary Revenue (RMB billion)	22.7	25.0	21.8
General Budgetary Expenditure (RMB billion)	28.2	28.3	26.8
Local Government Debt (RMB billion)	75.6	88.7	100.4

Source: Statistic Bureau of Nanhai District, CCXAP research

Government Willingness to Support

Key role in infrastructure construction and land development of Nanhai District

As a key entity in Nanhai District's infrastructure and state-owned asset operations, Nanhai Lianda has completed numerous construction and development projects, including agency construction projects and land consolidation, significantly advancing the region's urbanization. With upcoming cultural and tourism projects, the Company will expand into related operations. Given its strategic role, Nanhai Lianda is unlikely to be replaced by other local SOEs in the foreseeable future.

Under the Nanhai district Government's mandate, the Company executes infrastructure projects via an agency construction model, handling planning, design, and construction while relying on the local government or its entrusted parties for funding. In 2025, the Company's agency construction management income reduced to RMB2.3 million, due to reduced delivery of completed projects. As of 31 March 2026, the Company mainly had 5 agency projects under construction, with planned total investment of RMB5.4 billion and uninvested amount of RMB3.1 billion. Some of the Company's agency construction projects, such as Nanhai Cultural Center, are fully supported by government funds, and the ownership of the completed projects will be transferred to the

Company for future operations. During the construction period, the Company only assumes the construction and management function of the projects and receives construction management fees.

Since 2020, the Company has undertaken the Eastern Industrial Park Area Renovation and Upgrading Project in Lishui Town (the “Lishui Project”) through its subsidiary Foshan Nanhai Liansheng Property Co., Ltd. The Lishui Project is the largest renovation project in Foshan City in recent years to accelerate the transformation and upgrading of traditional industries of Lishui Town. As of 31 March 2026, the Company had invested RMB9.0 billion into the Lishui Project, funded through owned funds and project loans, with uninvested amount of RMB1.0 billion, indicating significant external financing pressure. Although the project is expected to generate sufficient returns to cover its investment through approaches such as land acquisition and storage by the local government, the large investment scale and long construction period have introduced uncertainty regarding the development progress of the project.

High exposure to commercial activities

Nanhai Lianda’s commercial businesses mainly include property leasing and management, trading, and power and fuel supply businesses. We consider the Company’s exposure to commercial businesses to be high, accounting for around 35% of its total assets. The power and fuel supply business is susceptible to macro situation and steel trading is subject to high concentration risk. Nonetheless, the leasing business demonstrates manageable business risk, with high occupancy rate.

The Company engages in property leasing and management businesses. Its rental property mainly includes residential units, office buildings, gas stations, and commercial properties, while the types of managed properties include residential, commercial, office buildings, and comprehensive properties. As of 31 March 2026, the Company mainly had 8 leased properties with total leasable area of 119.6 thousand square meters and occupancy rate of 92.1%. In 2025, its property leasing and management revenue increased by 22.6% YoY to RMB192.1 million, due to increased leased area.

The Company has engaged in steel trading business since 2023, which is its largest source of revenue, accounting for 83.5% of its total revenue in 2025. The business has a relatively diversified customer base as the sales from the top five customers accounted for about 10% of the total sales in 2025. However, there is a high concentration risk regarding to upstream suppliers as the top five suppliers accounted for around 80% of the total procurement in 2025.

The Company’s power and fuel supply business includes gas refueling and power battery charging, and a gas and diesel retail, with a certain regional exclusivity in Nanhai District. As of 31 March 2026, the Company had operated 34 charging stations with 366 charging piles, with about 67% market share in Nanhai District. In 2025, revenue from power and fuel supply business decreased by 2.5% YoY to RMB124.4 million, mainly due to the reduced sales of traditional fuels and energy-saving policies in public transportation.

Good track record of receiving government support

As an important urban development and operation entity in Nanhai District, the Company has a proven history of receiving support from Nanhai District Government through various channels including asset injection, capital injections and subsidies. In 2025, the Company and its subsidiaries had received capital injection and asset transfer from Nanhai SASAB, increasing its capital reserves by RMB422.3 million. Besides, the Company had received government subsidies of RMB5.6 million to support its operation. The local government also provides special project funds to support the Company’s agent construction. Given its important position in the development of Nanhai District, we believe that the Nanhai District Government will continue to provide support to the Company.

Rapid debt growth, partly alleviated by good access to funding from banks and bond market

Nanhai Lianda has experienced significant debt growth in recent years, primarily due to substantial capital expenditures for the Lishui Project. The Company's total debt increased from RMB10.8 billion at end-2024 to RMB11.3 billion at end-2025, with a total capitalization ratio of 52.4%. Nonetheless, the Company's short-term debt burden has reduced. As of 31 December 225, its short-term debt accounted for 26.3% of total debt and its cash to short-term debt ratio increased from 0.4x at end-2024 to 0.5x. With pipeline of projects under construction, we expect that its debt burden will continue to grow in the next 12 to 18 months.

However, Nanhai Lianda's good access to funding from banks and bond market can partly alleviate its liquidity pressure. It maintains a good relationship with banks. As of end-2025, it had obtained total credit facilities of RMB15.5 billion from diversified policy banks and major domestic commercial banks, with available amount of RMB6.2 billion, indicating moderate standby liquidity given its large future capital needs. The Company also has access to debt capital markets. As of end-2025, the Company's had 2 onshore bonds with outstanding amount of RMB1.0 billion and 2 offshore bonds with outstanding amount of RMB2.0 billion. Besides, it has a relatively low reliance on non-standard financing, accounting for less than 10% of total debt.

Moderate asset quality

Nanhai Lianda's asset quality is moderate, which may undermine its financial flexibility. The Company's assets mainly consist of inventories and investment properties, all with low liquidity. The inventories are development costs of the construction projects, while the investment properties are properties for leasing, totally accounting for around 64.4% of total asset at end-2025. Nevertheless, the investment properties can provide stable rental income and cash flow to the Company.

ESG Considerations

Nanhai Lianda assumes environmental risks through its urban infrastructure projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

In terms of social awareness, Nanhai Lianda has played a crucial role in the social welfare of Nanhai District by involving the construction of public projects and land development projects in Nanhai District.

In terms of corporate governance, Nanhai Lianda's governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Structural Consideration

Nanhai Lianda's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its key role in infrastructure construction and land development of Nanhai District, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for China’s Local Infrastructure Investment and Financing Companies (July 2022).

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

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