

Nanyang Investment Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A-’ global scale Long-term Issuer Credit Rating of Nanyang Investment Group Co., Ltd. (“NYIC”); Outlook Stable

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	29 April 2026

Summary

The Issuer Credit Rating high possibility that Nanyang Municipal People’s Government (“the Nanyang government”) would provide very strong support to NYIC if needed, in light of its indirectly full ownership of NYIC and NYIC’s strategic importance as a core development and operation platform in Henan’s Nanyang City (“Nanyang”). In addition, the linkage between the Nanyang government and NYIC is strong, including management supervision, strategic alignment and ongoing operational and financial support. We believe that the Nanyang government has a very strong willingness to ensure NYIC’s business and financial viability in order to safeguard its reputation and local financing activities.

Nanyang is a sub-provincial central city in Henan Province. In 2025, its GDP reached RMB 516.8 billion, representing year-on-year growth of 6.5%, while local government budgetary revenue recovered by 2.7% to RMB 22.8 billion.

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

Rating Rationale

Government’s Ownership and Supervision: The Finance Bureau of Nanyang (“Nanyang FB”), as the actual controller of NYIC, indirectly holds 100% shares of the company. The local government exerts strong control and supervision over NYIC, including senior management appointments, major strategic planning, and investment and financing decisions. Additionally, the Nanyang government has established performance assessment policies for the company and regularly appoints auditors to review its operational performance and financial position.

Strategic Importance and Strategic Alignment: NYIC is the core local investment and development company (“LIDC”) in Nanyang. The company undertakes major development projects, including urban infrastructure, public facilities, shantytown renovations, and river control, and operates the public utilities including gas supply and sewage treatment in the city. In addition, NYIC is actively pursuing industrial transformation, having established cultural and healthcare businesses to support local industrial development. Its business operations and strategic planning have been aligned with the Nanyang government’s social and economic policies, supporting Nanyang’s development as a sub-provincial center city.

Strong Government Support: The Nanyang government provides ongoing support to NYIC, including capital/asset injections and financial subsidies. In 2024 and the first nine months of 2025, NYIC received financial subsidies of approximately RMB741 and RMB105 million, respectively, primarily for its activities in relation to providing public goods. Moreover, the Nanyang government transferred assets, including operating rights and shares of other local SOEs, valued at RMB1,153 million in 2023 to NYIC. We expect that the Nanyang government’s support to NYIC would remain intact given its strategic importance in Nanyang.

NYIC’s Financial and Liquidity Position: NYIC’s asset size has remained stable at approximately RMB 66 billion since 2023, as the company has largely completed its existing

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2026)

development projects and new project development has slowed. Its total debt also stayed at some RMB30.0 billion. The company's financial leverage, as measured by debt to capitalization, has controlled below 60% benefited from the local government's effort to resolve implicit debts. However, NYIC's asset liquidity is weak, as its development projects have long investment recovery cycles, while public welfare assets such as forest land and timber are substantial in scale.

NYIC's debt servicing pressure remains moderately high. As of September 2025, NYIC had a cash balance of RMB 1.4 billion against short-term debt of RMB 5.5 billion. Despite the relatively low cash coverage ratio, the company has access to diversified financing channels, including bank loans, bond issuances, and non-traditional avenues, to support debt repayment and operations. As of September 2025, it had bank credit lines totaling RMB60.5 billion, with RMB33.5 billion unused, providing ample financial flexibility.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Nanyang

Nanyang is a sub-provincial central city in Henan Province. It has abundant agricultural resources and is known as the "granary of central China." The city is home to Muyuan Foods Co., Ltd. (2714.HK), the world's largest listed hog breeding company.

Nanyang's GDP grew steadily by 6.5% to RMB 516.8 billion in 2025. However, fixed asset investment growth moderated to 5.5% from 7.0%, reflecting weakness in the property sector and a slowdown in infrastructure investment.

Nanyang's Economic Condition			
(RMB billion)	2023	2024	2025
GDP	457.2	487.9	516.8
-Primary industry (%)	16.1	15.7	15.3
-Secondary industry (%)	28.8	32.3	31.9
-Tertiary industry (%)	55.1	52.0	52.8
GDP growth rate (%)	4.8	5.5	6.5
Fixed asset investment growth rate (%)	5.8	7.0	5.5
Population (million)	9.50	9.45	9.40

Source: Statistical bureau of Nanyang and Lianhe Global's calculations

Fiscal Condition of Nanyang

The Nanyang government's budgetary revenue recovered by 2.7% to RMB 22.8 billion. Its budgetary deficit remained high at 259.4%. According to its budget adjustment plan, the Nanyang government's government debt increased to RMB167.0 billion as of 19 December 2025, up from RMB145.2 billion at end-2024, mainly due to the new issuance of special debts to support local public projects and resolve government implicit debts.

Nanyang's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	28.9	22.2	22.8
Budgetary revenue growth rate (%)	12.7	-23.3	2.7
Tax revenue	19.7	15.5	15.4
Tax revenue (% of budgetary revenue)	68.2	69.9	67.6
Government fund income	15.9	11.8	-
Transfer payment	59.2	60.6	-
Aggregate revenue	105.2	96.3	-
Budgetary expenditure	82.1	82.6	82.0
Budget balance ¹ (%)	-183.7	-272.2	-259.4

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

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

Company Profile

NYIC is a wholly state-owned company established by the Nanyang government in 2009. In 2023, Nanyang FB transferred 100% shares of NYIC to Nanyang State-owned Capital Investment Holding Group., Ltd. under the policy backdrop of LIDC consolidation. The Nanyang government remains as the company's actual controller. It is the most important LIDC in Nanyang City responsible for project development and city operations. In addition to its core business, the company has diversified into trading, real estate sales, cultural and healthcare businesses.

NYIC's total revenue declined sharply in 2024 from RMB 5.6 billion in 2023, primarily due to the non-compensated transfer-out of its trading subsidiary. Real estate sales revenue also plunged, as sales of completed projects approached exhaustion while revenue recognition from in-progress projects stayed limited. Yet the reduction in low-profit trade business led to an overall gross margin improvement.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	52,199	65,648	66,507	65,850
Equity	18,581	20,473	21,080	21,228
Debt	22,611	29,082	29,108	29,863
Debt / (Debt + Equity) (%)	54.9	58.7	58.0	58.5
Unrestricted cash/ST Debts (x)	0.93	0.55	0.22	0.25
Debt/EBITDA (x)	29.9	30.7	30.3	-
Revenue	2,549	5,649	4,013	1,252
Operation Profit	70	126	69	-422
Gross Margin (%)	13.1	8.5	9.3	17.3
Cash from sales or services/ Revenue (%)	116.4	90.8	136.5	124.4

Source: NYIC and Lianhe Global's calculations

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