

Credit Opinion

30 October 2025

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

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Chongqing Fengdu Industrial Development Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Chongqing Fengdu Industrial Development Group Co., Ltd.'s long-term credit rating at BBB_g-, with stable outlook.

Summary

The BBB_g- long-term credit rating of Chongqing Fengdu Industrial Development Group Co., Ltd. ("CFID" or the "Company") reflects Chongqing Fengdu County Government's (1) relatively strong capacity to provide support, and (2) extremely high willingness to provide support to the Company, based on our assessment of the Company's characteristics.

Our assessment of Fengdu County Government's capacity to provide support reflects its ongoing economic growth, but is constrained by its modest fiscal profile and relatively heavy debt burden.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) most important policy role in Fengdu County with strong regional franchise advantage; (2) high sustainability of public policy businesses; and (3) good track record of receiving government payments.

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

The stable outlook on CFID's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its most important policy role in Fengdu County over the next 12-18 months.

Rating Drivers

- The most important policy role in Fengdu County with a strong regional franchise advantage
- High sustainability of public policy businesses, but large capital expenditure pressure
- Good track record of receiving government payments
- Medium exposure to commercial activities
- Reasonable debt leverage
- Moderate asset quality
- Multiple financing sources with low exposure to non-standard financing

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) changes in company's characteristics enhance local government's willingness to provide support, such as improved asset quality or decreased exposure to commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in company characteristics decrease the local government's willingness to provide support, such as reduced regional significance or increased debt leverage.

Key Indicators

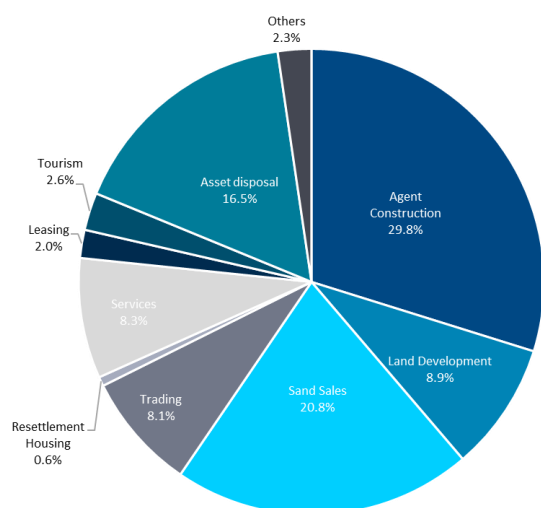
	2022FY	2023FY	2024FY	2025H1
Total Asset (RMB billion)	70.2	76.8	78.2	81.6
Total Equity (RMB billion)	43.0	43.4	43.3	46.3
Total Revenue (RMB billion)	2.2	2.0	1.8	0.5
Total Debt/Total Capital (%)	29.0	29.4	28.9	25.9

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

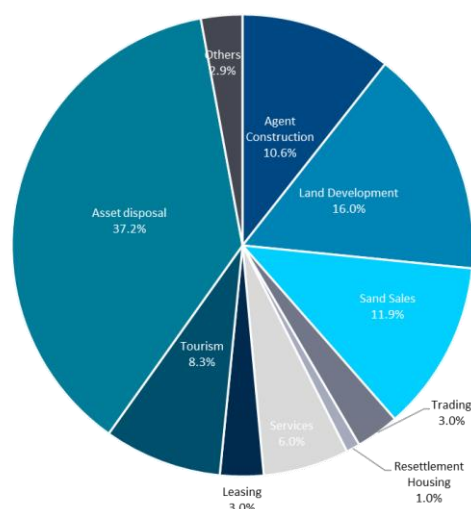
Source: Company data, CCXAP research

Corporate Profile

Founded in 2018, CFID was formerly known as Fengdu Hongfeng Construction Development Co., Ltd. In 2022, after the consolidation of 4 major local infrastructure investment and financing companies ("LIIFCs"), CFID became the most important LIIFC in Fengdu County. The Company is primarily responsible for infrastructure construction, land consolidation and development, resettlement housing construction, and shantytown renovation projects in Fengdu County. Apart from public projects, the Company also undertakes various commercial activities, such as property leasing, sand sales, and tourism operation. As of 30 June 2025, the Company was wholly owned and ultimately controlled by Fengdu County State-owned Assets Affairs Center.

Exhibit 1. Revenue Structure in 2024

Source: Company information, CCXAP research

Exhibit 2. Gross Profit Structure in 2024

Rating Considerations

Government's Capacity to Provide Support

We believe the Fengdu County Government has a relatively good capacity to provide support to the Company, given its ongoing economic growth, but restrained by its relatively heavy debt burden.

Chongqing City is one of the four municipalities in China and the only municipality in Western China. It has formed a pillar industry pattern represented by modern heavy machinery, electronics, chemical and pharmaceutical, as well as the energy industry. Chongqing Municipality sustained its robust economic expansion in 2024. In 2024, Chongqing City recorded a gross regional product ("GRP") of RMB3.2 trillion with a GRP growth rate of 5.7% year-on-year ("YoY"), ranking 4th among municipalities and prefecture-level cities in China, one place higher than last year. A significant milestone was achieved as its per capita GRP surpassed RMB100,000.0, making it the ninth provincial-level jurisdiction in China to reach this level of development. In the first half of 2025, the GRP rose by 5.0% YoY to RMB1.6 trillion, maintaining the momentum of economic recovery. The tax revenue increased from RMB147.6 billion in 2023 to RMB152.1 billion in 2024, fueling a rise in the general public budget revenue, which grew by 6.3% YoY to RMB259.5 billion. However, we still consider Chongqing City to bear a relatively high debt burden owing to its relatively large scale of direct government debt and the debt burden of local state-owned enterprises. As of end-2024, the outstanding direct government debt balance of Chongqing City amounted to RMB1.4 trillion, accounting for 44.8% of its GRP for that year, an increase from 40.7% at the end of 2023, indicating a growing leverage pressure.

Exhibit 3. Key Economic and Fiscal Indicators of Chongqing City

	2022FY	2023FY	2024FY
GRP (RMB billion)	2,912.9	3,014.6	3,219.3
GRP Growth (%)	2.6	6.1	5.7
General Budgetary Revenue (RMB billion)	210.3	244.1	259.5
General Budgetary Expenditure (RMB billion)	489.3	530.4	562.1
Local Government Debt (RMB billion)	1,007.1	1,225.8	1,442.5

Source: Statistic Bureau of Chongqing City, CCXAP research

Fengdu County is located in the eastern part of the Chongqing main district, with a total area of 2,901 square kilometers. Fengdu County is an important transportation hub for Chongqing, with its planned port throughput accounting for one-fifth of Chongqing City. Relying on its pillar industries such as food processing, new building materials, medical equipment, and biomedicine, electromechanical industry, Fengdu County has continued to grow and develop in recent years. The GRP of Fengdu County increased from RMB40.6 billion in 2023 to RMB42.8 billion in 2024, with a YoY growth rate of 6.6%, demonstrating resilient economic momentum. In the first half of 2025, Fengdu County's GRP increased by 5.1% YoY to RMB20.0 billion. However, economic growth was accompanied by accumulating fiscal risks, including a deteriorating tax revenue and a rapidly accumulating debt burden. Typically, in 2024, the tax revenue decreased by 4.0% YoY to RMB1.0 billion, combined with a slower growth in the general budgetary revenue of Fengdu County which rose by 9.3% YoY to RMB3.0 billion. The tax revenue-to-general budgetary revenue ratio decreased to a mere 33.4% in 2024, down from 38.1% in 2023, indicating a weak fiscal stability in Fengdu County. Moreover, Fengdu County has low fiscal self-sufficiency and a relatively heavy debt burden. It recorded an average general budgetary revenue/general budgetary expenditure ratio of 39.6% over the past three years. Fengdu County Government's debt has shown an increasing trend, as the outstanding government debt surged to RMB18.8 billion in 2024, bringing the debt-to-GRP ratio to a three-year high of 43.9%, indicating an accelerating leverage trend.

Exhibit 4. Key Economic and Fiscal Indicators of Fengdu County

	2022FY	2023FY	2024FY
GRP (RMB billion)	39.1	40.6	42.8
GRP Growth (%)	4.0	6.5	6.6
General Budgetary Revenue (RMB billion)	2.5	2.8	3.0
General Budgetary Expenditure (RMB billion)	6.5	7.0	7.4
Local Government Debt (RMB billion)	12.6	16.4	18.8

Source: Statistic Bureau of Fengdu County, CCXAP research

Government's Willingness to Provide Support

Most important policy role in Fengdu County with a strong regional franchise advantage

There are three major LIIFCs in Fengdu County, CFID, Chongqing Fengdu Tourism Culture Group Co., Ltd. ("CFTC"), and Chongqing Fengdu Industry Development Group Co., Ltd. ("FIDG"), each with clear positioning in the development of the region. CFTC is mainly responsible for infrastructure construction and scenic spot operation of Ming Mountains and Nantian Lake in Fengdu County; FIDG is mainly engaged in the industrial park construction in Fengdu County. CFID is the largest and most important infrastructure construction entity in the region, and undertakes important functions such as infrastructure construction, land consolidation, resettlement housing construction, and shantytown renovation projects in Fengdu County, which are beneficial to local social and economic development. Considering CFID's most important policy role in implementing the local government's development plan, we believe that the Company will not be easily replaced by other state-owned enterprises in the foreseeable future.

High sustainability of public policy businesses

As the major developer and operator of Fengdu County, CFID has participated in primary land development and infrastructure construction businesses through its subsidiaries. There are considerable construction projects in the pipeline from these public policy businesses, ensuring their sustainability, but exerting certain capital expenditure pressure on the Company.

CFID conducts land development business mainly through an agency construction model. Entrusted by the Fengdu County Government, the Company would pay land consolidation fees to conduct land acquisition, demolition, compensation, development, and consolidation within the planned area. The Land Reserve Center of Fengdu County would pay the Company based on the cost of land consolidation plus a certain markup after completion of the land consolidation. As of 31 December 2024, the Company had completed 13 land consolidation projects, with a total investment of around RMB215.9 million and received repayment of RMB437.8 million. As of 31 December 2024, the Company had 17 major land consolidation projects under construction with total invested amount of RMB6.3 billion and an outstanding amount of RMB1.9 billion, indicating certain capital expenditure pressure. However, the income and profit from the land development business are largely susceptible to the land market conditions and government's budget, resulting in certain fluctuations.

Entrusted by the local government, CFID also undertakes infrastructure construction projects in Fengdu County through an agency construction model. The Company has completed a number of agency construction projects, such as roads and bridges, in Fengdu County. As of 31 December 2024, the Company had completed 20 infrastructure construction projects with a total investment of around RMB8.5 billion and received repayment of RMB5.1 billion. Meanwhile, the Company had 11 major infrastructure construction projects under construction, with a total planned investment of RMB5.6 billion and an outstanding amount of RMB2.4 billion.

In addition, the Company is also responsible for the shantytown renovation projects in Fengdu County, including the construction of resettlement housing, and renovation, management and maintenance of the shantytown. The Company will first construct with self-raised funds, and receive repurchase payment after the project is transferred to the government. As of 31 December 2024, the Company had completed 5 major shantytown renovation projects, with a total investment of RMB2.5 billion and a received repayment of RMB295.0 million. The sustainability of this business is uncertain as there is no project under construction or under planning.

Medium exposure to commercial activities

In addition to public activities, CFID is also involved in various commercial activities such as sand sales, self-operating projects construction, property leasing, and other businesses. We consider the Company's commercial business exposure to be medium, as its market-driven businesses account for around 30.0% of its total assets. We expect these activities have been a good supplement to the Company's revenue but could exert certain funding pressure and business risks.

The Company broadened its business scope to sand sales business in 2023, utilizing sand operating rights of up to 10 years transferred from the local government in 2021, with sand reserves of 153,279 thousand cubic meters. The sand sales business is the second largest income driver of the Company, which generated a substantial income of RMB365.8 million in 2024, accounting for 20.8% of its total revenue. Moreover, the gross profit margin of the business is relatively high at 14.3% in 2024, providing cash flow to the Company. However, the sustainability of the business relies highly on the government's policies.

CFID participates in the construction of self-operating projects, such as reservoir, logistics center, and breeding farm. The Company constructs self-operating projects with self-raised funds and government funds, and achieves capital balance mainly through leasing and operating income. As of 31 December 2024, the Company had 3 self-operating projects under construction, with a total planned investment of RMB1.4 billion and an outstanding amount of RMB227.0 million. Considering the relatively large scale of capital expenditure and the long payback period, there are uncertainties about the subsequent fund balancing of these projects.

CFID also engages in other businesses including trading of civilian explosion products, property leasing, and tourism operation. However, the small operating scale limits their contribution to the Company's overall income.

Good track record of receiving government payments

As the most important LIIFC in Fengdu County, CFID has a track record of receiving payments from the Fengdu County Government. These payments take various forms, such as government subsidies, assets and capital injections. In 2023, the Company received RMB1.3 billion in refinancing bonds issued by the Chongqing Municipal Government to repay its debts. In 2024, the local government transferred equity assets of RMB402.9 million and inject capital of RMB580.0 million into the Company, enhancing its capital strength. From 2023 to 2025H1, the Company received a total government subsidy of RMB254.6 million. Given CFID's most important policy role in the region, we expect the Company will continue to receive support from the Fengdu County Government in the future.

Reasonable debt leverage

CFID's total debt was RMB16.1 billion as of 30 June 2025, with a capitalization ratio of 25.9%, indicating reasonable debt leverage. In addition, the Company's short-term debt repayment pressure is manageable as the proportion of short-term debt to total debt was 8.2% and its cash to short-term debt ratio was 0.8x at mid-2025. Considering the Company's moderate investment needs from its infrastructure construction and shantytown renovation projects, we anticipate a reduced need for external financing, which will allow the Company to maintain its total debt at a manageable level.

As of 31 December 2024, the total amount of external guarantees of the Company was RMB4.0 billion, representing 9.3% of its net assets. All the external guarantees are provided to local state-owned enterprises in Fengdu District. As a result, we consider that the Company's contingent liability risk is relatively controllable.

Moderate asset quality

CFID's asset quality is considered moderate. The Company's assets mainly consist of inventories, and receivables, all with relatively low liquidity. The inventories are mainly development costs from construction projects and land use rights, and the receivables mainly consist of uncollected payments from the local government and other state-owned enterprises, totally accounting for about 60.1% of total assets as of 30 June 2025. However, as of 30 June 2025, the Company had intangible assets of RMB10.4 billion, mainly sand operating rights, accounting for around 12.8% of total assets, which can provide supplemental revenue and cash flow to the Company.

Multiple financing sources with low exposure to non-standard financing

The Company's funding channels include banks, debt market and non-standard financing, which may partially mitigate the liquidity risks. More than 75% of the Company's debt financing was provided by domestic banks. As of 31 December 2024, it held total credit facilities of RMB18.0 billion and available credit facilities of RMB3.4 billion, indicating a sufficient liquidity buffer. It also has access to the onshore bond market. As of 30 September 2025, the Company's had outstanding onshore bonds of totaling RMB1.5 billion with the coupon rates ranging from 3.4% to 5.0%. In addition, the Company issued a bond of RMB420.0 million in the offshore debt market in 2024, with a coupon rate of 4.8%. CFID has a low exposure to non-standard financing, such as financial leasing, which accounted for only 6.1% of its total debt as of 30 June 2025. We consider that diversified funding sources can alleviate the Company's large capital needs.

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. CFID assumes environmental risks for its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision during construction.

CFID is also exposed to social risks as it implements public-policy initiatives by building public infrastructure in Fengdu County. Demographic changes, public awareness and social priorities shape government's development strategy, and it will affect the government's propensity to support the Company.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its public-policy role and status as a government-owned entity. The Company maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the licenses, concessions, permits, or certificates.

Rating Methodology

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

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