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

Hong Kong, 30 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Chongqing Fengdu Industrial Development Group Co., Ltd. ("CFID" or the "Company") at BBB$_g$-, with stable outlook.

The BBB$_g$- long-term credit rating of CFID 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 liquidity.

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.

Rating Rationale

Credit Strengths

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

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. 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.

Credit Challenges

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.

Moderate asset liquidity. 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.

Rating Outlook

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.

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 liquidity 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.

Rating Methodology

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

Regulatory Disclosures

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