
CCXAP affirms Fuqing State-owned Assets Operation Investment Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 23 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Fuqing City State-owned Asset Operation & Investment Co., Ltd. (“FSAO” or the “Company”) at A_g-, with stable outlook. At the same time, CCXAP has affirmed the Company’s senior unsecured debt rating at A_g-.

The A_g- long-term credit rating of FSAO reflects Fuqing City Government’s (1) very strong capacity to provide support; and (2) extremely high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Fuqing City Government’s capacity to provide support reflects its economic importance in Fuzhou City and its status as the top 20 Chinese counties/cities in terms of comprehensive development, with strong comprehensive strength, ongoing economic growth, and good fiscal self-sufficiency.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) status as the most important entity for infrastructure construction and state-owned assets operation in Fuqing City; (2) high sustainability for public policy businesses; and (3) good track record of receiving government support; and (4) diversified funding channels. However, the rating is constrained by the Company’s (1) increasing debt leverage with short-term debt repayment pressure; and (2) weak asset liquidity.

Corporate Profile

Established in 1998, FSAO is the most important local infrastructure investment and financing company (“LIIFC”) in Fuqing City. The Company is mainly engaged in infrastructure construction, resettlement housing construction, public transport operation, industrial parks development, and water supply in Fuqing City. Apart from its main business, the Company is also engaged in other commercial businesses, such as trading, security services, environmental sanitation, and property leasing. In May 2025, Finance Bureau of Fuqing City transferred its equity holding of FSAO to Fuqing State-owned Assets Management Center. As of 30 September 2025, the Company was wholly owned by Fuqing State-owned Assets Management Center and ultimately controlled by Fuqing City Government.

Rating Rationale

Credit Strengths

Status as the most important entity for infrastructure construction and state-owned assets operation in Fuqing City. FSAO is the most important infrastructure construction and state-owned assets operation entity in Fuqing City, conducting infrastructure construction, resettlement housing projects, water supply, public transportation operation in Fuqing City. Considering its strategic significance to the development of Fuqing City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

High sustainability for public policy businesses. The Company's public business has high sustainability given the considerable amount of construction projects in the pipeline. However, the large outstanding investment amount has also exerted certain capital expenditure pressure on the Company.

Good track record of receiving government support. FSAO has regularly received support from the local government in the form of capital injection, government subsidies and assets transfer. Given its status as the most important entity for infrastructure construction and state-owned assets operation in Fuqing City, we believe that the local government will continue to provide support to the Company.

Diversified funding channels. FSAO has good access to funding from banks and capital markets. In addition, FSAO has low exposure to non-standard financing, which accounted for around 5.0% of its total debts as of 30 September 2025.

Credit Challenges

Increasing debt leverage with certain short-term debt repayment pressure. FSAO's total debt increased from RMB14.8 billion at end-2023 to RMB19.8 billion at end-2025Q3, with total capitalization ratio increasing from 39.3% to 50.5% over the same period. In addition, as of 30 September 2025, the Company's short-term debt accounted for about 34.0% of total debt, and the cash-to-short-term-debt ratio was 0.3x, indicating certain short-term debt servicing pressure.

Weak asset liquidity. FSAO's asset liquidity is weak, which undermines its financial flexibility. The Company's assets mainly consist of inventories, receivables, and other non-current assets, which have relatively low liquidity and accounted for about 80.7% of the total assets as of 30 September 2025.

Rating Outlook

The stable outlook on FSAO's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its status as the most important entity for infrastructure construction and state-owned assets operation in Fuqing City over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens local government's willingness to provide support, such as strengthened regional significance or reduction in the exposure to commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's

willingness to provide support, such as reduced regional significance or weakened access to funding.

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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