CCXAP affirms Foshan Sanshui Investment Development Group Co., Ltd.'s long-term credit rating at BBB_g+, with stable outlook.

Hong Kong, 22 September 2026 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Foshan Sanshui Investment Development Group Co., Ltd. ("FSID" or the "Company") at BBB_g+, with stable outlook. At the same time, CCXAP has affirmed the Company's senior unsecured debt rating at BBBg+.

The BBB_g+ long-term credit rating of FSID is underpinned by the Company's (1) essential role as an important industrial investment platform in Sanshui District (the "District"); (2) diversified sources of revenue; and (3) diversified access to funding from banks and capital markets. However, the rating is also constrained by (1) small revenue scale and modest profitability; and (2) relatively fast debt growth.

The rating also reflects a high likelihood of government support from the Sanshui District Government when needed, which is based on the Company's (1) ultimate control by the Sanshui District Government; (2) significance as the District's industrial investment platform and as the operator of district-wide drainage and related urban services; and (3) good track record of receiving support from the local government, including capital injections.

Corporate Profile

Established in 2012, FSID is the District's industrial investment platform, mandated to lead the introduction of emerging industries and the upgrading of the local industrial structure. Its operations cover public drainage facility maintenance, waste treatment, project management, building-materials trading, property sales, property leasing, and transportation, and the Company is also developing self-operated projects in environmental protection, new energy, warehousing and logistics, healthcare, and the digital economy. The Company no longer acts as the construction entity for public-welfare roads, bridges, and related works in the District. As of 31 December 2025, the Company was wholly owned and ultimately controlled by the State-owned Assets Supervision and Administration Commission of Sanshui District.

Rating Rationale

Credit Strengths

Important industrial investment platform in Sanshui District. From 2024, the Company has no longer been the construction entity for public-welfare projects such as roads, bridges and related works in the District. Existing agent-construction projects have been transferred out in stages, and no agent-construction revenue was recognized in 2025. The Company has further strengthened its position as an industrial investment platform in Sanshui District, focusing on the development of multiple business sectors such as environmental protection, new energy, warehousing and logistics, and supply chain. It is committed to guiding the introduction of emerging industries and promoting the transformation and upgrading of the regional industrial structure.

Diversified sources of revenue. In addition to industrial investment businesses, the Company has also diversified into different business segments, mainly including waste incineration, public drainage and sewage treatment, product sales, and property sales.

Adequate access to funding. The Company funds itself mainly with bank loans and bonds, which accounted for 57.9% and 34.1% of total debt at end-2025, respectively. Its standby liquidity is adequate; as of end-2026Q1, its total bank facilities amounted to RMB14.4 billion, of which RMB5.6 billion remained unutilized. The Company and its subsidiaries have a track record of fundraising activities in both onshore and offshore bond markets, including the issuance of corporate bonds, perpetuals, CMBS, and offshore RMB bonds.

High likelihood of support from the Sanshui District Government. We expect the Company to have a high likelihood of receiving support from the Sanshui District Government in times of need. This expectation incorporates our considerations of the Company's (1) ultimate control by the Sanshui District Government; (2) significance as the District's industrial investment platform and as the operator of district-wide drainage and related urban services; and (3) track record of receiving support from the local government, including capital injections.

Credit Challenges

Small revenue scale and modest profitability. The Company's operating revenue fell to RMB1.1 billion in 2025 from RMB1.7 billion in 2024. Its EBIT margin rose from 13.3% to 21.3%, remaining at a moderate level. In addition, the Company's asset profitability remains relatively weak, with return on average assets of 1.3% in 2025.

Relatively fast debt growth. The Company's adjusted total debt rose to RMB9.3 billion at end-2025 from RMB7.1 billion at end-2024, and the total capitalization ratio rose to 58.8% from 54.7%. In 2025, the total debt/EBITDA ratio was 27.1x and EBITDA interest coverage ratio was 1.3x.

Rating Outlook

The stable outlook on FSID's rating reflects our expectation that, for the next 12 to 18 months, the local government's capacity to provide support will remain stable, and the Company will continue to serve as the industrial investment platform and a key utility operator in Sanshui District.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Sanshui District Government increases; (2) the quality of the Company's asset mix materially improves, such as higher asset liquidity, faster collection of government-related receivables, and more stable recurring cash flow from drainage, waste-to-energy, and completed self-operated projects; and (3) the Company's credit metrics improve, for example, a lower total debt-to-EBITDA ratio and a higher EBITDA interest coverage ratio.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the Sanshui District Government decreases; (2) operating returns on self-operated and drainage projects fall short of invested cost, or destocking of property projects slows further; or (3) the Company shows weakened access to funding and an eroded liquidity profile.

Rating Methodology

The methodology used in this rating is the Rating Methodology for General Corporate (May 2026).

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