

Feicheng City Asset Management Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Feicheng City Asset Management Group Co., Ltd. (“FCAMG”); Issuer Rating Outlook is Stable.

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	24 June 2026

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Feicheng City, Tai’an City (“Feicheng government”) would provide very strong support to FCAMG if needed. This mainly considers its indirect full ownership of FCAMG, and FCAMG’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for major infrastructure construction and water operation in Feicheng City, Tai’an City (“Feicheng”). In addition, the linkage between the Feicheng government and FCAMG is strong, including management supervision, strategic alignment, and ongoing operational and financial support. We believe the local government has a very strong willingness to prevent FCAMG from encountering any operational or financial difficulties in order to safeguard its reputation and financing activities.

Feicheng is a county-level city under the administration of Tai’an City. In 2025, Feicheng’s GDP grew by 5.7% to RMB100.4 billion, while the Feicheng government realized budgetary revenue of RMB5.4 billion, representing a year-over-year growth rate of 2.1%.

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

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Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

Rating Rationale

Government’s Ownership and Supervision: The Feicheng government indirectly holds the full 100% ownership of FCAMG via the State-owned Assets Operation Centre of Feicheng’s (“Feicheng SAOC”) fully-owned subsidiaries, Feicheng City Urban Assets Holding Group Co., Ltd. and Feicheng City Urban Construction Investment Group Co., Ltd. The Feicheng government is the actual and ultimate controller of the company. The Feicheng government has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Feicheng government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Alignment: FCAMG is an important LIDC that is responsible for major infrastructure construction and water operation in Feicheng. It is the only LIDC in the region to carry out water related business. It is also engaged in trading business, pipe network leasing, quarantine testing, public transport operation and tourism development. FCAMG plays an important role in supporting the sustainability and development of the region. Its business operation and development have been aligned with the government’s development plans.

Ongoing Government Support: FCAMG continued to receive financial subsidies and asset/capital injections from the Feicheng government to support its business operations. Between 2023 and 2025, FCAMG received financial subsidies of totally about RMB1.1 billion from the local government. Meanwhile, FCAMG received capital and asset injections in the

form of cash, buildings and other assets. We expect FCAMG to receive ongoing support from the Feicheng government in the coming years considering its strategic importance in Feicheng.

FCAMG's Financial and Liquidity Position: FCAMG's total assets were broadly stable at RMB18.9 billion at end-2024, before contracting slightly to RMB18.7 billion at end-2025. The company's total debt expanded to RMB6.5 billion at end-2024, and edged up to RMB6.6 billion at end-2025. Its financial leverage, as measured by the debt to capitalization ratio, stood at 36.9% at end-2024, and was broadly stable at 36.8% at end-2025.

FCAMG's short-term debt servicing pressure was tight. The company had unrestricted cash of RMB0.1 billion compared to its debt due within one year of RMB2.5 billion at end-2025. Nonetheless, FCAMG maintains access to diversified financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations. At end-2025, total credit facilities were RMB2.7 billion, with RMB0.5 billion undrawn. We also expect the local government to provide timely support to FCAMG if needed.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Feicheng

Feicheng's GDP grew by 5.7% to RMB100.4 billion in 2025 from RMB96.6 billion in 2024, decelerating from 6.4% growth in the prior year and 6.7% in 2023. Fixed asset investment growth accelerated notably to 15.2% in 2025 from 8.5% in 2024, following an 8.6% expansion in 2023, indicating a significant pickup in investment activity driven by Feicheng's ongoing transition toward a new industrialization city focused on new energy, new materials, and high-end manufacturing.

Feicheng's Economic Condition			
(RMB billion)	2023	2024	2025
GDP	627.1	655.6	686.2
-Primary industry (%)	4.1	8.3	8.1
-Secondary industry (%)	38.9	40.5	39.7
-Tertiary industry (%)	52.4	51.2	52.2
GDP growth rate (%)	6.3	5.7	5.4
Fixed asset investment growth rate (%)	6.5	4.3	0.4
Population (million)	10.9	10.9	10.9

Source: Statistical Bureau of Feicheng and Lianhe Global's calculations

Fiscal Condition of Feicheng

Feicheng's budgetary revenue grew by 2.1% to RMB5.5 billion in 2025, decelerating markedly from 4.7% in 2024 and 9.0% in 2023. The tax revenue ratio continued to decline to 83.1% from 84.6% in 2024 and 88.1% in 2023, indicating ongoing deterioration in revenue

quality. Government fund income recovered to RMB1.1 billion in 2025 from RMB0.9 billion in 2024, though remaining below the RMB1.3 billion level in 2023.

The outstanding debt of the Feicheng government increased to RMB14.2 billion at end-2025 from RMB12.8 billion at end-2024, mainly due to the new issuance of special-purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government debt/aggregate revenue, expanded to 138.6% from 136.5% over the same period.

Feicheng's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	44.6	46.9	48.3
Budgetary revenue growth rate (%)	6.1	5.1	3.0
Tax revenue	32.9	31.7	31.4
Tax revenue (% of budgetary revenue)	73.8	67.7	65.0
Government fund income	24.5	26.6	29.2
Transfer payment	46.2	48.0	48.0
Aggregate revenue	115.4	121.7	125.7
Budgetary expenditure	92.0	97.6	101.1
Budget balance ¹ (%)	-106.4	-108.4	-109.5
Government debt ratio (%)	146.5	160.7	179.7

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

Source: Finance Bureau of Feicheng and Lianhe Global's calculations

Company Profile

FCAMG was established with the approval of the Feicheng government in January 2003, with an initial registered capital of RMB100 million. After an array of capital injections, at end-2025, FCAMG's registered capital was RMB2.0 billion and the paid-in capital was RMB1.0 billion.

FCAMG remains an important LIDC that is responsible for major infrastructure construction and water operation in Feicheng. It undertakes infrastructure construction, water operation and trading business, while it is also engaged in pipe network leasing, quarantine testing, public transport operation and property services. Its water business has regional franchise. The company recognized revenue of RMB450 million in 2025, decreased from RMB1,071 million in 2023 and RMB 647 million in 2024. The revenue decline was primarily driven by the complete exit from the steel and coal trading business, which more than offset the robust growth in urban infrastructure construction. The gross margin stayed at 6-12% over the same period.

FCAMG's Key Financial Data			
(RMB million)	2023	2024	2025
Total Assets	18,800	18,919	18,654
Equity	12,052	11,197	11,330
Debt	4,977	6,546	6,599
Debt / (Debt + Equity) (%)	29.2	36.9	36.8
Unrestricted cash/ST Debts (x)	0.2	0.1	0.1
Debt/EBITDA (x)	12.1	18.1	16.5
Revenue	1,071	647	450
Operation Profit	144	99	129
Gross Margin (%)	11.5	6.9	8.5
Cash from sales or services/ Revenue (%)	191.8	99.6	140.9

Source: FCAMG and Lianhe Global's calculations

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