Lianhe Global has assigned 'A' global scale Long-term Issuer Credit Rating with Stable Outlook to Chongqing Fuling Industrial Development Group Co., Ltd.

HONG KONG, 18 November 2026 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has assigned 'A' global scale Long-term Issuer Credit Rating with Stable Outlook to Chongqing Fuling Industrial Development Group Co., Ltd. ("CFID").

The Issuer Credit Rating reflects a high possibility that the People's Government of Fuling District ("Fuling government") and Chongqing Municipal People's Government ("Chongqing government") would provide strong support to CFID if needed. This mainly considers the Fuling government's direct full ownership of CFID and its strategic importance as the flagship local investment and development company ("LIDC") responsible for state-owned asset operations in Chongqing's Fuling District ("Fuling"). The linkage between the local government and CFID is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a strong willingness to ensure CFID's business and financial viability in order to safeguard its reputation and local financing activities.

Chongqing is one of the four municipalities directly under the central government in China, while Fuling is an industrial and economic hub in the eastern part of Chongqing's metropolitan area. In 2025, Fuling recorded GDP of RMB178.3 billion, representing a year-over-year growth of 6.7%. The Fuling government's budgetary revenue dropped slightly by 0.8% to RMB10.8 billion in 2025.

The Stable Outlook reflects our expectation that CFID's strategic importance would remain intact while the local government will continue to ensure CFID's stable operation.

Key Rating Rationales

Government's Ownership and Supervision: The Fuling State-owned Assets Supervision and Administration Commission is the actual controller of CFID, directly holding a 100% stake in the company. The local government has strong control and supervision over CFID, including senior management appointments, decisions on its strategic development and investment plan and supervision of its major funding decisions. In addition, the local government has an assessment mechanism over the company, and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Alignment: Fuling is a key industrial hub and eastern transportation gateway within Chongqing Municipality, hosting China's first large-scale shale gas field as well as a major global production center for pickled mustard greens. As the district's flagship LIDC responsible for state-owned asset operations, CFID plays a central role in advancing these signature energy and food processing sectors, which are local signature

pillar industries. CFID's business operations and capital allocation are closely aligned with the industrial upgrading and regional development priorities of both the Fuling and Chongqing governments.

In the energy sector, CFID participates in shale gas wholesale, natural gas pipeline transmission and trading, and LNG liquefaction and distribution, supporting clean energy supply and cross-regional pipeline connectivity across Chongqing and neighboring areas. In the food processing sector, the company is the largest shareholder of Chongqing Fuling Zhacai Group Co., Ltd. (002507.SZ), China's leading producer of pickled mustard greens. In addition, CFID continues to undertake land consolidation and public infrastructure construction projects in Fuling, underscoring its policy mandate in local urban and industrial development.

Strong Government Support: CFID benefits from ongoing operational and financial support from the local government. The company received operational subsidies amounting to RMB1,027 million, 988 million, 1,004 million in 2023, 2024 and 2025, respectively. In addition, the local government injected stated-owned assets, including land, equity interest and operating rights into CFID to enhance its capital base. Given the company's strategic importance in Fuling and Chongqing, we expect the government support to remain intact.

CFID's Financial and Liquidity Position: CFID's total assets expanded steadily to RMB166.3 billion at end-September 2026 from RMB159.1 billion at end-2023, primarily driven by ongoing investments in local infrastructure and industrial development projects. Over the same period, total debt increased to RMB74.2 billion from RMB66.0 billion to fund this asset expansion. Supported by government equity and asset injections, however, CFID's financial leverage, measured as total debt to total capitalization, remained moderate at below 50%.

CFID's short-term debt servicing pressure is manageable. At end-September 2026, the company held cash of RMB23.8 billion (including restricted cash of RMB4.3 billion), compared to short-term debt of RMB18.6 billion. CFID can rely on its diverse funding sources, including bank loans, bond issuances, and other non-traditional financing to support its operation and debt repayment. As of end-March 2026, the company had total bank facilities of RMB65.1 billion, of which RMB29.6 billion was unused.

Rating Sensitivities

We would consider downgrading CFID'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 CFID, or (3) there is a downgrade in our internal credit assessment on the Chongqing government.

We would consider upgrading CFID's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Chongqing government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2025)
The methodology can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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