Fuyang Yingquan Industrial Investment Development Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'BBB-' global scale Long-term Issuer Credit Rating of Fuyang Yingquan Industrial Investment Development Co., Ltd. ("FYIID"); Issuer Rating Outlook Stable

Summary	
Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	23 November 2026

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Yingquan District, Fuyang City ("Yingquan government") would provide very strong support to FYIID if needed, in light of its full ownership of FYIID, FYIID's strategic importance as the key local investment and development company ("LIDC") that is responsible for infrastructure construction and industrial development in Yingquan District, Fuyang City ("Yingquan"), and the linkage between the Yingquan government and FYIID, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, we believe the Yingquan government has a very strong willingness to ensure FYIID's business and financial viability in order to safeguard its reputation and local financing activities.

Yingquan is one of the municipal districts under the jurisdiction of Fuyang City. Its GDP grew steadily by 5.4% to RMB31.6 billion in 2025. However, the budgetary revenue decreased to RMB1.0 billion in 2025.

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

Rating Rationale

Government's Ownership and Supervision: The Yingquan government holds the full ownership of FYIID through the Fuyang City Yingquan District State-owned Assets Supervision and Administration Commission ("Yingquan SASAC"). The Yingquan government is the actual controller of the company. It 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 Yingquan government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance to Yingquan and Strategic Alignment: FYIID remains the key LIDC in Yingquan. It is primarily responsible for the construction of industrial-related infrastructure and industrial development within Yingquan, especially in the Anhui Fuyang Yingquan Economic Development Zone. With a focus on industrial development in the area, the company engages in activities such as industrial park construction, industrial investments, and related road and utility network construction within the region. Additionally, the company is involved in the construction of industrial buildings, talent apartments, and other supporting facilities in the industrial parks it constructed, with strong regional advantages. The company's business operation and development have been aligned with the government's development plans.

Ongoing Government Support: FYIID receives ongoing support from the local government, including financial subsidies and capital, asset and equity injections, to support its business operations. FYIID received a capital injection of RMB120 million in 2025, which expanded

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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

its capital case. Besides, the Anhui Yingquan Economic Development Zone Management Committee ("EDZ MC") will repurchase some infrastructure projects and provide policy supports to FYIID to ensure its business operation. Given that it is the major entity for infrastructure construction and industrial park construction in Yingquan EDZ, FYIID has an advantage in acquiring land resources and major projects. We believe FYIID is likely going to receive government support to support its daily business operation.

FYIID's Financial Matrix and Liquidity Position: FYIID's total assets decreased to RMB13.1 billion at end-2025 from RMB14.2 billion at end-2024, which was mainly due to the decrease of intangible assets, such as right-of-use assets and goodwill. Its total debt also decreased to RMB4.4 billion at end-2024 from RMB4.8 billion at end-2024. Its financial leverage, as measured by the debt to capitalization ratio, increased to 46.6% at end-2025 from 42.6% at end-2024.

The liquidity of FYIID was weak. FYIID had a cash balance of RMB0.3 billion at end-2025, compared with debt within one year of RMB1.0 billion. The company mainly relies on external financing and has access to various financing channels, including bank loans and non-traditional funding, to support its debt repayment and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Yingquan

Yingquan's GDP reached RMB31.6 billion in 2025, up 5.4% from the prior year (same growth rate in 2024). The tertiary sector accounted for 64.2% of GDP in 2025 (2024: 63.1%). Fixed asset investment recorded a decline of 5.5% after expanding 9.3% in 2024. GDP per capita rose to RMB53,700 from RMB50,900.

Yingquan's Economic Condition

(RMB billion)	2023	2024	2025
GDP	28.2	30.1	31.6
-Primary industry (%)	11.2	10.3	9.4
-Secondary industry (%)	29.0	26.6	26.4
-Tertiary industry (%)	59.8	63.1	64.2
GDP growth rate (%)	6.8	5.4	5.4
Fixed asset investment growth rate (%)	-5.7	9.3	-5.5
Population (million)	0.6	0.6	0.7

Source: Financial Bureau of Yingquan, statistical bureau of Yingquan and Lianhe Global's calculations

Fiscal Condition of Yingquan

In 2025, the Yingquan government's budgetary revenue declined to RMB1.0 billion from RMB1.2 billion in 2024. Tax revenue's contribution to budgetary revenue remaining broadly stable at 44.1% in 2025. Given the higher government fund income and transfer payment, aggregate revenue expanded to RMB4.7 billion from RMB3.9 billion over the same period.

On the other hand, budgetary expenditure increased to RMB4.5 billion from RMB3.1 billion, widening the budget deficit ratio to 333.2% from 158.1%.

The outstanding government debt of the Yingyuan government increased to RMB12.5 billion at end-2025 from RMB11.0 billion at end-2024, which comprised general debt of RMB2.3 billion and special purpose debt of RMB10.2 billion. Its government debt ratio, as measured by total government debt to aggregate revenue ratio, decreased to 267.3% at end-2025 from 282.5% at end-2024.

Yingquan's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	1.3	1.2	1.0
Budgetary revenue growth rate (%)	26.3	-5.0	0.9
Tax revenue	0.7	0.5	0.5
Tax revenue (% of budgetary revenue)	54.8	44.3	44.1
Government fund income	0.0	0.0	0.8
Transfer payment	2.7	2.7	2.8
Aggregate revenue	4.0	3.9	4.7
Budgetary expenditure	3.1	3.1	4.5
Budget balance[1] (%)	-145.5	-158.1	-333.2
Government debt ratio (%)	249.7	282.5	267.3

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

Source: Financial Bureau of Yingquan, statistical bureau of Yingquan and Lianhe Global's calculations

Company Profile

FYIID was established in March 2017 with an initial registered capital of RMB200.0 million, funded by Yingquan SASAC. At end-2025, the company was solely owned by Yingquan SASAC with both registered and paid-in capital of RMB200 million.

FYIID focuses on the construction of industrial-related infrastructure and industrial development within Yingquan, especially in Yingquan EDZ. It also engages in activities such as industrial park construction, industrial investments, and related road and utility network construction within the region. Additionally, the company is involved in the construction of industrial buildings, talent apartments, and other supporting facilities in the industrial parks it constructed, with strong regional advantages. FYIID's revenue decreased by from RMB1.5 billion in 2024 from RMB1.3 billion in 2025. However, the gross margin increased to 22.8% from 16.4% over the same period.

Key Financial Data

(RMB million)	2023	2024	2025
Total Assets	12,738	14,228	13,062
Equity	6,836	6,472	5,073
Debt	4,317	4,802	4,429
Debt / (Debt + Equity) (%)	38.7	42.6	46.6
Unrestricted cash/ST Debts (x)	0.2	0.4	0.2
Debt/EBITDA (x)	15.5	(35.2)	-
Revenue	1,785	1,504	1,317
Gross Margin (%)	17.1	16.4	22.8
Cash from sales or services/ Revenue (%)	38.3	46.2	30.7

Source: FYIID and Lianhe Global's calculations

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