

CCXAP assigns BBB_g+ to Foshan Gaoming Construction Investment Group Co., Ltd.'s proposed USD transition bonds

Hong Kong, 19 March 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed USD transition bonds to be issued by Foshan Gaoming Construction Investment Group Co., Ltd. (“FGCI” or the “Company”) (BBB_g+ / stable).

The bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of FGCI, which shall at all times rank pari passu with all the Company’s other present and future unsecured and unsubordinated obligations. The Company intends to use the net proceeds for refinancing of existing offshore indebtedness in accordance with the Transition Finance Framework.

Corporate Profile

Established in 2011, FGCI is an important local infrastructure construction platform in Gaoming District. The Company is primarily engaged in land development and tram operation. It is also involved in other commercial activities such as sales of meat products and leasing. As of 30 September 2024, FGCI was ultimately controlled and 90% owned by the State-owned Assets Supervision and Administration Bureau of Gaoming District, Foshan City (“Gaoming District SASAB”). The Department of Finance of Guangdong Province held the remaining 10% of the Company’s shares.

Rating Rationale

FGCI’s senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its important position in the development of Gaoming District, thereby mitigating any differences in an expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of FGCI reflects Gaoming District Government’s (1) 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 Gaoming District Government’s capacity to provide support reflects its strong industrial development and good comprehensive strength, with ongoing economic growth and good fiscal balance.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) importation role in land development; (2) good track record of receiving government support; and (3) good access to funding. However, the rating is constrained by the Company’s (1) uncertainty on the sustainability of tram operation business; (2) increasing debt burden driven by ongoing investment needs; and (3) moderate asset liquidity.

Rating Outlook

The stable outlook on FGCI's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its important position in the development of Gaoming District.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as increase in asset liquidity, or decrease in debt burden.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance, decrease in government support, or increase in debt burden.

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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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong

Assistant Director of Credit Ratings

+852-2860 7124

peter_chong@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656