

CCXAP upgrades Yidu State-owned Assets Investment, Operation and Holding Group Co., Ltd.’s long-term credit rating to BBB_g+, with stable outlook.

Hong Kong, 29 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has upgraded the long-term credit rating of Yidu State-owned Assets Investment, Operation and Holding Group Co., Ltd. (“YDSI” or the “Company”) to BBB_g+ from BBB_g-, reflecting the stronger capacity to provide support from Yidu Municipal Government with ongoing economic growth and YDSI’s strong business position and continued development mandate within Yidu City, characterized by high livelihood attributes and good business sustainability.

The BBB_g+ long-term credit rating of YDSI reflects Yidu City 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 Yidu City Government’s capacity to provide support reflects Yidu City’s good comprehensive strength with fast economic growth, improving fiscal strengths as well as sustainable industrial development.

The rating also reflects the local government’s willingness to provide support, based on the Company’s (1) pivotal role as the primary engineering construction and state-owned assets operation entity in Yidu City; (2) good track record of receiving government support; and (3) good access to funding from banks and capital markets. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) relatively high short-term debt repayment pressure; and (3) weak asset liquidity.

Corporate Profile

Established in 1997, YDSI is a key and largest state-owned entity (“SOE”) in Yidu City. It primarily manages state-owned enterprises/assets and drives local industrial development. As a vital player in local economic and social progress, it undertakes engineering construction projects and provides public services like highway operation, hydroelectric power, and water supply. It also engages in commercial activities including commercial property development, construction materials sales, hotel services, property leasing, and equity investment. As of 31 March 2026, YDSI was wholly owned and controlled by the State-owned Assets Supervision and Administration Bureau of Yidu City Government (“Yidu SASAB”).

Rating Rationale

Credit Strengths

Pivotal role as the primary infrastructure construction and state-owned assets operation entity in Yidu City. YDSI is the largest and most important SOE in terms of total assets in Yidu City under the control of Yidu SASAB. It undertakes a range of public activities such as infrastructure development, affordable housing development, highway operation, hydroelectric power provision, and water supply services. Considering its strategic significance to the

development of Yidu City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

Good track record of receiving government support. As the most crucial SOE in Yidu City, YDSI maintains a demonstrated track record of receiving support from the local government. Such support takes various forms, including government subsidies, capital injections, and project receivables. Given the Company's status as one of the most important state-owned assets in Yidu City, we expect that YDSI will continue to receive support from the local government.

Good access to funding from banks and the capital markets. YDSI has diversified funding channels, including policy banks, commercial banks, and bond markets, which may alleviate the pressure on refinancing and capital expenditures. The Company maintains solid cooperation with multiple commercial banks and has sufficient standby liquid funds. Additionally, YDSI and its key subsidiary, Yidu Guotong Investment & Development Co., Ltd. ("YGID"), have issued various bonds in onshore and offshore bond markets, including corporate bonds, CPs, and MTNs, with bond financing accounting for approximately 26.0% of total debt.

Credit Challenges

Medium exposure to commercial activities. YDSI engages in diverse commercial activities, primarily encompassing property development, engineering construction, trading, hotel service, as well as property leasing. We consider the Company's commercial business exposure to be medium, as its market-driven businesses account for less than 20% of total assets. These activities have been a good supplement to the Company's operating revenue but pose the Company to related business risks that require prudent risk control.

Relatively high short-term debt repayment pressure. YDSI's total debt has shown a decreasing trend in 2025, accompanied by ongoing optimization of the debt structure owing to its continued efforts to reduce the short-term debt burden and lower financing costs. The short-term debt repayment pressure remains relatively high. Considering the ongoing investment and debt repayment needs, we expect the Company may continue to rely on external financing such as bank loans and bond issuances, and the total debt may further increase over the next 12-18 months.

Weak asset liquidity. YDSI's asset quality is weak, as reflected by its weak asset liquidity. As of 31 December 2025, the Company's total assets mainly consisted of construction in progress, intangible assets, and accounts receivable, accounting for 70.6% of the total assets. These assets have weak liquidity. In addition, as of 31 December 2025, the Company had restricted assets amounting to RMB5.6 billion, accounting for 7.8% of total assets.

Rating Outlook

The stable outlook on YDSI's rating reflects our expectation that Yidu City Government's capacity to provide support will remain stable, and the Company will maintain its crucial role in the economic and social development of Yidu City over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Yidu City Government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that enhances the local government's willingness to provide support, such as improved debt management or lower exposure to risky commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) Yidu City Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced strategic significance, decrease in government support or higher exposure to risky commercial activities.

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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