CCXAP affirms Yibin Cuiping Industrial Development Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 19 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Yibin Cuiping Industrial Development Group Co., Ltd. ("YCID" or the "Company") at BBB_g, with stable outlook.

The BBB_g long-term credit rating of YCID reflects Cuiping District Government's (1) strong capacity to provide support, and (2) extremely high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of Cuiping District Government's capacity to provide support reflects that Cuiping District is the political, economic and cultural center of Yibin City, with strong industrial fundamental.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important strategic role as the most important state-owned capital operation entity in Cuiping District; and (2) good track record of receiving government support. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) rapid debt growth with certain short-term repayment pressure; and (3) weak asset liquidity.

Corporate Profile

Established in 2020, YCID is the most important state-owned capital operation entity in Cuiping District. It is primarily engaged in infrastructure construction projects. It also undertakes commercial activities such as commodity sales, construction of self-operating projects, and asset leasing. As of 30 June 2026, the Company was wholly owned and ultimately controlled by the State-owned Assets Supervision and Administration Bureau of Cuiping District, Yibin City ("Cuiping SASAB").

Rating Rationale

Credit Strengths

Most important state-owned capital operation entity in Cuiping District. YCID is the most important state-owned capital operation entity in Cuiping District. Its most important subsidiary, Yibin Cuiping District State-owned Assets Management Co., Ltd., is mainly responsible for infrastructure construction, commodity sales, property development, and property leasing in Cuiping District. As of 30 June 2026, the Company had 20 major infrastructure construction projects under construction or planning, with a total planned investment amount of RMB36.6 billion and an outstanding amount of RMB3.7 billion, which ensures the sustainability of the business. Given its importance in the urban development of Cuiping District, we believe the Company will not be easily replaced in the foreseeable future.

Good track record of receiving government support. YCID has a good track record of receiving support from the local government in the past few years, including government subsidies, cash injections, and asset injections. Since 2025, the local government has

transferred operating rights for underground sand and gravel, commercial properties and public housing assets, and capital funds into the Company and its subsidiaries, greatly increasing its capital reserves of about RMB6.3 billion. Given its important position and contribution to regional industrial development, we believe that the Company will receive ongoing government support to sustain its business operations.

Credit Challenges

Medium exposure to commercial activities. YCID is also engaged in commercial activities such as the construction of self-operating projects, commodity sales, property development, and property leasing. We consider the Company's commercial business risk to be medium, with the proportion of assets related to commercial activities accounting for about 25% to 30% of its total assets. The investment needs from the self-operating projects may exert certain capital expenditure pressure to the Company.

Rapid debt growth with certain short-term repayment pressure. With the expansion of its construction projects, the total debt has been rising in the past few years. As of 30 June 2026, the total debt increased to RMB51.1 billion from RMB38.0 billion at end-2024, with the total capitalization ratio of 51.6%. Moreover, the Company has a certain short-term repayment pressure, with short-term debt ratio of 31.5% and cash to short-term debt ratio of 0.3x.

Weak asset liquidity. The Company's total assets mainly consist of inventories and intangible assets, accounting for 68.9% of its total assets as of mid-2026, which are mainly assets with low liquidity such as development costs for construction projects and franchise rights. The Company's weak asset liquidity may undermine its financial flexibility.

Rating Outlook

The stable outlook on YCID's rating reflects our expectation that, for the next 12-18 months, the local government's capacity to provide support will remain stable, and the Company will maintain its importance in the development of Cuiping District.

What could upgrade the rating?

The rating could be upgraded if (1) Cuiping District Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengths the local government's willingness to support such as improved access to funding channel.

What could downgrade the rating?

The rating could be downgraded if (1) Cuiping District Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as decreased government support.

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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