Credit Opinion

3 November 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB_g
Outlook	Stable

Analyst Contacts

Christy Liu +852-2860 7127
Assistant Director of Credit Ratings
christy_liu@ccxap.com

Jessica Cao +852-2860 7128
Senior Credit Analyst
jessica_cao@ccxap.com

Elle Hu +852-2860 7120
Executive Director of Credit Ratings
elle_hu@ccxap.com

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

Client Services

Hong Kong +852-2860 7111

Chengdu Yunlai Investment Group Co., Ltd.

Initial credit rating report

CCXAP assigns long-term credit rating of BBB_g to Chengdu Yunlai Investment Group Co., Ltd., with stable outlook.

Summary

The BBB_g long-term credit rating of Chengdu Yunlai Investment Group Co., Ltd. ("CYIG" or the "Company") reflects Chengdu Qionglai City 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 Qionglai City Government's capacity to provide support reflects Qionglai City's increasing economic growth but is constrained by a relatively small economic scale.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important role in the development of Qionglai City; (2) solid track record of receiving government payments; and (3) diversified funding channels.

However, the rating is constrained by the Company's (1) high debt growth driven by a large number of construction projects; (2) medium exposure to commercial activities; and (3) contingent liability risk from external guarantees.

The stable outlook on CYIG's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its strategic role as the key investment and operating entity in Qionglai City over the next 12 to 18 months.

Rating Drivers

- Important role in the development of Qionglai City
- Medium exposure to commercial activities
- Solid track record of receiving government payments
- High debt growth and moderate asset liquidity
- Diversified funding channels
- Contingent liability risk from external guarantees

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; or (2) changes in company's characteristics enhance local government's willingness to support, such as reducing exposure to risky commercial activities or reducing exposure to external guarantees.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) changes in company's characteristics weaken the local government's willingness to support, such as reducing strategic significance or increasing exposure to commercial activities.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Asset (RMB billion)	68.3	68.9	75.1	74.6
Total Equity (RMB billion)	43.6	43.5	43.8	43.9
Total Revenue (RMB billion)	2.6	2.1	2.4	0.9
Total Debt/Total Capital (%)	26.9	29.6	34.9	34.7

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in 2005, formerly known as Qionglai City Development Co., Ltd., CYIG is an important infrastructure construction entity in Qionglai City. CYIG is mainly responsible for infrastructure construction and resettlement housing construction in the area. In addition, the Company is also involved in local public services such as bus and parking lot operations. The Company is also engaged in commercial businesses, such as asset leasing, sand and gravel sales, trading and labor dispatch. As of 30 June 2026, the Company is directly and wholly owned by the State-owned Assets Investment Supervision Service Centre of Qionglai City ("Qionglai SASSC").

Exhibit 1. Revenue structure in 2025

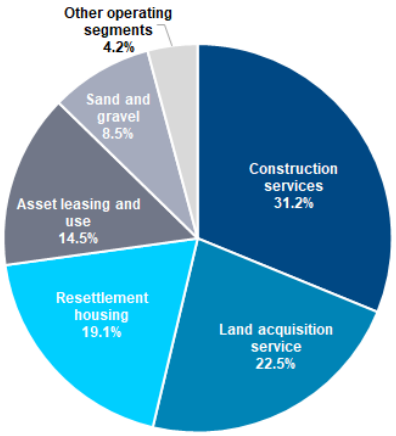
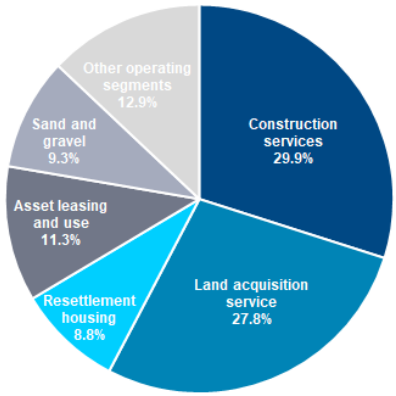


Exhibit 2. Gross profit structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Qionglai City Government has a strong capacity to provide support for the Company, which is supported by its ongoing economic growth but constrained by a relatively small economic scale.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2025, Sichuan's Gross Regional Product ("GRP") was RMB6.8 trillion, a Year-over-Year ("YoY") increase of 5.5%; its general budgetary revenue increased to RMB584.9 billion, up by 3.8% YoY.

Chengdu City is a sub-provincial city that serves as the capital city of Sichuan Province. Chengdu City is also an important economic and financial center, as well as a transportation and communication hub in Southwest China, with a solid economic foundation. Its economy is characterized by industries such as electronic information product manufacturing, machinery, automotive, metallurgy, building materials and light industry. In 2025, Chengdu achieved a GRP of RMB2.5 trillion, a YoY increase of 5.8%. The Chengdu Municipal Government's general budgetary revenue amounted to RMB200.1 billion in 2025, a YoY increase of 2.6%. In 2025, tax revenue of Chengdu City increased to RMB140.9 billion from RMB137.4 billion in 2024. In 2025, its fiscal balance ratio was 74.7%, which was at a relatively good level. In 2025, Chengdu's outstanding government debt increased to RMB722.4 billion with an increasing trend, accounting for 29.2% of its GRP. In the first half of 2026, Chengdu city achieved a GRP of RMB1,288.4 billion, a YoY increase of 5.0%.

Exhibit 3. Key Economic and Fiscal Indicators of Chengdu City

	2023FY	2024FY	2025FY
GRP (RMB billion)	2,207.5	2,351.1	2,476.4
GRP Growth (%)	6.0	5.7	5.8
General Budgetary Revenue (RMB billion)	192.9	195.0	200.1
General Budgetary Expenditure (RMB billion)	258.7	261.0	268.0
Local Government Debt (RMB billion)	522.9	620.7	722.4

Source: Statistic Bureau of Chengdu City, CCXAP research

Qionglai City is located in the southwest of Chengdu Plain, and also in the "half-hour economic circle" of Chengdu City. It is an important transportation hub in western Sichuan. The leading industries in Qionglai City

are new energy and new materials, medicine and medical equipment, as well as food and beverage production. In the process of promoting industrial agglomeration in Qionglai City, three characteristic industrial parks have gradually formed, including the Industry Functional Area of Tianfu New District, the Green Food Industry Park, and the Tianfu Modern Seed Industry Park. In recent years, the economy of Qionglai City has shown rapid growth, but its economic aggregate is relatively weak, ranking at the middle-to-lower level among all districts and counties in Chengdu. In 2025, Qionglai City showed increasing economic growth as its GRP increased by 6.4% YoY to RMB47.6 billion, which has maintained a growth rate of over 6% over the past three years. Its general budgetary revenue achieved RMB3.9 billion in 2025, with moderate general budgetary revenue to the general budgetary expenditure of 59.1%, and tax contributed 43.6% to its general budgetary revenue. As of 31 December 2025, Qionglai City reported a total government debt balance of RMB13.8 billion with an increasing trend, and a government debt to GRP ratio of 29.0%. In the first half of 2026, Qionglai City's GRP reached RMB24.1 billion, representing a YoY growth of 6.2%.

Exhibit 4. Key Economic and Fiscal Indicators of Qionglai City

	2023FY	2024FY	2025FY
GRP (RMB billion)	42.5	45.4	47.6
GRP Growth (%)	6.2	6.4	6.4
General Budgetary Revenue (RMB billion)	3.7	3.7	3.9
General Budgetary Expenditure (RMB billion)	6.3	6.7	6.6
Local Government Debt (RMB billion)	9.9	11.6	13.8

Source: Statistic Bureau of Qionglai City, CCXAP research

Government's Willingness to Provide Support

Important role in the development of Qionglai City

There are two major local infrastructure investment and financing companies in Qionglai City, including Chengdu Lailing Investment Group Co., Ltd ("CLIG") and CYIG. CLIG is mainly responsible for the development of the tourism industry in Qionglai City and the construction of Yang'an New City. CYIG is mainly responsible for the urban development of Qionglai City, including infrastructure construction such as roads, bridges, and schools, as well as land development. The Company is also engaged in the construction of self-operated projects such as resettlement housing and the construction of sewage treatment plants, waste treatment plants, and agricultural products wholesale markets. Given the Company's important role in Qionglai City, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

The Company conducts infrastructure construction projects mainly through an agency construction model with self-raised funds. As of end-2025, the Company had completed a large amount of infrastructure construction projects with a total investment of approximately RMB377.2 million and recognized revenue of RMB113.2 million, of which RMB264.0 million has yet to be repaid, implying relatively prolonged repayment progress. It also had 5 projects under construction or planning, with a planned investment of RMB4.2 billion and an uninvested amount of RMB3.1 billion.

The Company also conducts land development projects, including land demolition and reconstruction projects. Since 2018, the Company no longer undertakes land development projects independently but merges them with infrastructure projects. Currently, the Company's land development income comes from projects before 2018. As of the end of 2025, the Company had no land development projects under construction, and the costs of land development projects pending settlement in inventories amounted to around RMB2.0 billion.

In addition, as an important urban operation entity of Qionglai City, the Company is also responsible for public transportation operations in Qionglai City. However, since public transportation operation has a public welfare nature, this business continues to generate losses and is subsidized by the local government.

Medium exposure to commercial activities

Apart from public-related activities, CYIG also engages in diversified commercial activities including self-operated project construction and operation, asset leasing, and sand and gravel sales. We consider CYIG's commercial business exposure to be medium as of 30 June 2026.

CYIG conducts resettlement housing construction projects under the self-operated model. These projects mainly rely on self-raised funds. After the completion of resettlement housing construction projects, the Company will obtain revenue through the sales of resettlement houses and the rental or sale of supporting shops and parking lots. As of end-2025, all the construction work of resettlement housing projects had been completed, but some had not yet completed the audit procedures and had not commenced sales. There were four major projects completed with a total investment of approximately RMB2.4 billion. However, the settlement progress is relatively slow. Besides, the Company's self-operated projects also include the construction of sewage treatment plants, waste treatment plants, and agricultural products wholesale markets, with a planned investment of RMB1.6 billion and an outstanding amount of RMB1.3 billion. Some of these projects have been included in the list of government special bond issuances by the Sichuan Provincial Government, providing relatively secure funding sources. However, attention should still be paid to the risk that post-operation returns may fall short of expectations.

The Company's asset leasing business started in 2021. It received the green assets, underground pipe network and street lamps assets from the local government, and were mainly leased to Qionglai City Guosheng Regional Comprehensive Development and Operation Co., Ltd. and other local state-owned enterprises in Qionglai City. This business generated a supplementary income to the Company, with revenue of around RMB344.8 million per year for the last three years, accounting for 14.5% of its total revenue in 2025.

CYIG also engaged in the sand and gravel sales business. The Company entered into a sand and gravel operation cooperation agreement with the third-party local SOE service providers to jointly operate underground sand and gravel resources on construction land within Qionglai City from April 2022. Under the agreement, the Company transferred part of its sand and gravel operating rights to the service providers for external operation and charged operating rights income at RMB65 per cubic meter, and renewed the agreement every two years. From 2023 to 2025, the Company generated sand and gravel sales revenue of more than RMB200 million. However, the sand and gravel business is mainly conducted under a cooperative development model, with high customer concentration of only two downstream customers.

Solid track record of receiving government support

CYIG has a proven track record of receiving ongoing government support from Qionglai SASSC, including government subsidies, asset injections and equity transfers. Since its consolidation, the Company has received equity injections from two major local infrastructure entities, Qionglai Construction Investment Group Company Limited and Chengdu Tianxin Transportation Construction Co., Ltd. Meanwhile, the local government has allocated assets including land, real estate, landscaping, and pipe networks and streetlights to the Company at no cost, leading to a substantial enhancement in both its capital strength and systemic importance.

Furthermore, the Company has consistently secured annual government subsidies, effectively bolstering its

profitability. From 2023 to 2026H1, the government provided subsidies totaling approximately RMB353.6 million to the Company. Considering the important role of CYIG after consolidation, we expect the Company will continue to receive support from Qionglai City in the future.

High debt growth and moderate asset liquidity

The Company's debt has increased over the past three years due to the ongoing project construction. The Company's adjusted total debt increased from RMB16.1 billion at the end of 2023 to RMB23.4 billion in mid-2026, while its total capitalization ratio increased from 26.9% to 34.7% over the same period, maintained at a reasonable level. In terms of debt structure, the ratio of short-term debt to total debt was 32.4% at mid-2026. Given the Company's large capital expenditure pressure from its construction projects and refinancing needs from its short-term debts, we expect the Company will rely on external financing and maintain a high debt growth for the next 12-18 months.

In addition, CYIG's asset liquidity is moderate. As of 30 June 2026, the Company pledged a number of assets for loans, such as receivables and commercial properties, with a total amount of RMB6.6 billion, accounting for around 8.8% of its total assets. As of the same date, inventories, intangible assets and receivables accounted for 84.3% of the Company's total assets, mainly consisting of development costs for land and urban development construction, sand and gravel operating rights, and receivables from construction projects, all of which are relatively low in liquidity.

Diversified funding channels

CYIG has relatively good access to various sources of funding, including bank loans and bond financing. The Company maintains good long-term relationships with several banks. As of 31 March 2026, the Company had available credit facilities of RMB6.8 billion, indicating sufficient liquidity buffer. In addition, as of 30 June 2026, the Company's subsidiaries had 10 outstanding domestic bonds, including PPNs and corporate bonds, with coupon rates ranging from 2.45% to 6.65% and a total amount of RMB5.2 billion. The Company also had 2 tranches of outstanding offshore bonds, with a total amount of USD109 million. Meanwhile, CYIG's exposure to non-standard financing is relatively low, accounting for approximately 10.3% of its total debt as of 30 June 2026.

Contingent liability risk from external guarantees

CYIG has a medium exposure to contingent liabilities. As of 30 June 2026, the Company's external guarantee amount was RMB16.2 billion, accounting for 37.0% of its net assets, indicating a relatively large amount of external guarantees. All external guarantees were provided to local SOEs in Qionglai City. Given their relatively strong risk-avoidance capabilities, the related risks are considered controllable. However, due to the regional concentration of guaranteed enterprises, the Company may face considerable contingent liability risk when a default event occurs, which is credit negative for its credit quality.

ESG Considerations

CYIG assumes environmental risks through its infrastructure construction and land development projects. Such risks could be moderated through environmental studies and detailed planning before the start of the projects and close supervision during construction.

CYIG bears social risks as it implements public policy initiatives by building public infrastructure in Qionglai City by participating in the provision of the construction of public infrastructure projects including roads, bridges, schools, and other facilities.

CYIG's governance considerations are also material as the Company is subject to oversight by Qionglai City's Government and must meet several reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for China's Local Infrastructure Investment and Financing Companies (July 2022).

Copyright © 2026 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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