

Credit Opinion

18 December 2025

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

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Yibin Cuiping Industrial Development Group Co., Ltd.

Surveillance credit rating report

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

Summary

The BBB_g long-term credit rating of Yibin Cuiping Industrial Development Group Co., Ltd. ("YCID" or the "Company") reflects Cuiping 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 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) weak asset liquidity; and (3) rising debt amount with relatively high leverage.

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

Rating Drivers

- Most important state-owned capital operation entity in Cuiping District
- Medium exposure to commercial activities
- Good track record of receiving government support
- Rising debt amount with relatively high leverage
- Weak asset liquidity
- Funding mainly from banks

Rating Sensitivities

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 strengthens 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.

Key Indicators

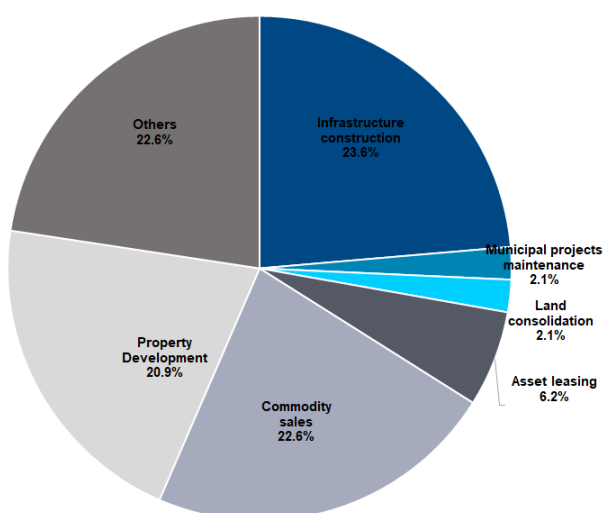
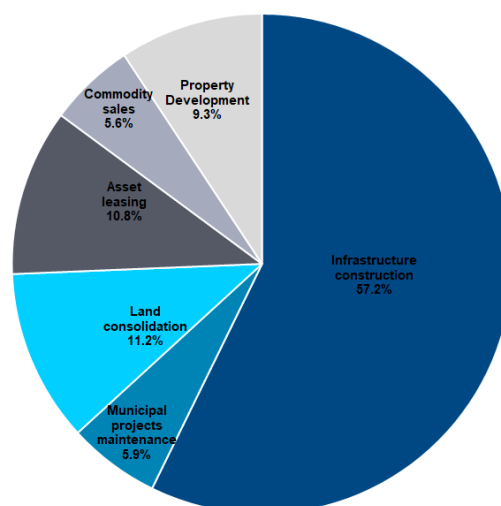
	2022FY	2023FY	2024FY	2025Q3
Total Asset (RMB billion)	64.6	77.6	87.8	101.1
Total Equity (RMB billion)	31.6	35.7	36.1	41.3
Total Revenue (RMB billion)	1.5	2.5	2.9	2.2
Total Debt/Total Capital (%)	44.6	47.7	51.3	51.2

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

Source: Company data, CCXAP research

Corporate Profile

YCID was established in 2020 held by Yibin Cuiping District State-owned Assets Management Co., Ltd. ("YCSO"). In 2022, the ownership of YCID was transferred to the State-owned Assets Supervision and Administration and Financial Bureau of Cuiping District, Yibin City ("Cuiping SASAB") and YCSO became YCID's subsidiary. After the consolidation of local state-owned enterprises by Cuiping SASAB, the Company has become 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 September 2025, the Company was wholly owned and ultimately controlled by Cuiping SASAB.

Exhibit 1. Revenue Structure in 2024**Exhibit 2. Gross Profit Structure in 2024**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Cuiping District Government has a strong capacity to provide support for the Company given that Cuiping District is the political, economic and cultural center of Yibin City, with strong industrial fundamental.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2024, Sichuan recorded a gross regional product ("GRP") of RMB6.5 trillion, with a GRP growth rate of 5.7% year-on-year ("YoY"), ranking 4th in terms of GRP among all provinces in China. In 2024, its general budgetary revenue increased to RMB563.6 billion, up by 1.9% YoY.

Yibin City is a prefecture-level city in Sichuan Province, with a total area of 13,283 square kilometers. It is an important node city in "the Belt and Road" and the Yangtze River Economic Belt. Yibin City has a well-developed agricultural foundation and is a major agricultural city in Sichuan Province. It has formed a "5+2" pillar industry, such as winemaking, bamboo, tea, silkworm, oil camphor, pig industry and aquaculture. In 2024, Yibin City recorded a GRP of RMB400.6 billion, ranking 3th among all prefecture-level cities in Sichuan Province, with a GRP growth rate of 5.0%. In the first half of 2025, the GDP of Yibin City recorded a YoY growth of 5.01%. Its general budgetary revenue increased from RMB27.6 billion in 2022 to RMB32.4 billion in 2024. However, its government fund revenue decreased from RMB20.8 billion in 2022 to RMB14.3 billion in 2024 due to the property market downturn and land sales fluctuations. Yibin City has relatively weak fiscal self-sufficiency, with a fiscal balance ratio of 48.3% in 2024. Yibin Municipal Government has an increasing debt burden, the government debt was RMB134.8 billion in 2024, representing 33.7% of its GRP.

Exhibit 3. Key economic and fiscal indicators of Yibin City

	2022FY	2023FY	2024FY
GRP (RMB billion)	342.8	380.7	400.6
GRP Growth (%)	4.5	7.5	5.0
General Budgetary Revenue (RMB billion)	27.6	31.4	32.4
General Budgetary Expenditure (RMB billion)	61.0	66.4	67.1

Local Government Debt (RMB billion)	90.4	110.2	134.8
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Source: Statistic Bureau of Yibin City, CCXAP research

Cuiping District is under the administration of Yibin City, with a total area of 1,259 square kilometers. It is the political, economic and cultural center of Yibin City. Cuiping District has strong industrial strength, and its leading industries include liquor and food, chemical fiber textiles, machinery and equipment manufacturing, and new energy. Several nationwide renowned companies have settled in Cuiping District, including Yibin Wuliangye Group Co., Ltd. and Langsha Holding Group Co., Ltd.

Cuiping District's GRP increased to RMB161.6 billion in 2024, with a YoY GRP growth rate of 6.5%. Cuiping District Government's general budgetary revenue amount to RMB3.8 billion in 2024, with a YoY growth rate of 5.4%, of which tax revenue accounted for 67.4% in 2024, with a YoY growth rate of 8.31%. The GRP and general budgetary of Cuiping District both ranked as 2nd among 10 districts/counties of Yibin City. However, its government fund revenue decreased from RMB1.7 billion in 2022 to RMB1.0 billion in 2024 due to the property market downturn and land sales fluctuations. Cuiping District has a moderate fiscal self-sufficiency, its fiscal balance ratios were around 47.5% over the past three years. The debt burden of Cuiping District is manageable but with an upward trend. From 2022 to 2024, the government debt of Cuiping District rose from RMB7.9 billion to RMB15.1 billion. At end-2024, Cuiping District's outstanding government debt accounted for 9.31% of its GRP.

Exhibit 4. Key economic and fiscal indicators of Cuiping District

	2022FY	2023FY	2024FY
GRP (RMB billion)	131.8	151.2	161.6
GRP Growth (%)	7.6	9.2	6.5
General Budgetary Revenue (RMB billion)	3.3	3.7	3.8
General Budgetary Expenditure (RMB billion)	7.2	7.1	7.3
Local Government Debt (RMB billion)	7.9	10.6	15.1

Source: Statistic Bureau of Cuiping District, CCXAP research

Government's Willingness to Provide Support

Most important state-owned capital operation entity in Cuiping District

YCID is the most important state-owned capital operation entity in Cuiping District. It's most important subsidiary, YCSO, is mainly responsible for infrastructure construction, commodity sales, construction of self-operating projects, and asset leasing. Given its importance in the urban development of Cuiping District, we believe the Company will not be easily replaced in the foreseeable future.

YCID undertakes infrastructure construction projects such as municipal roads, pipeline networks, shanty town reconstruction. The Company conducts infrastructure construction mainly by signing agency construction agreements with the entrusted parties, normally government institutions in Cuiping District, which would pay the Company based on the construction progress. The repurchase payment is calculated based on the construction cost plus an agreed return. As of 30 June 2025, the Company had 22 major infrastructure construction projects under construction or planning, with a total planned investment amount of RMB37.1 billion and an outstanding amount of RMB7.0 billion, which ensures the sustainability of the business, but exerts large capital expenditure pressure to Company.

YCID also undertakes land consolidation and municipal project maintenance business within Cuiping District. In terms of land consolidation business, the Company enters into agreements with Yibin Cuiping District Finance

Bureau and Yibin Cuiping District Land Acquisition and Demolition Service Center to conduct land consolidation. The Company receives land consolidation management fee from the government each year based on the work progress. In terms of municipal projects maintenance, the Company entered agreements with Yibin Cuiping District Finance Bureau and market-oriented entities. The Company manages the municipal facilities of Cuiping District, and receives management fee. However, the sustainability of the land consolidation and municipal project maintenance business faces uncertainty as the previous agreements with the government have expired and the Company currently has not initiated new agreements.

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 asset leasing. We consider the Company's commercial business risk to be medium, with the proportion of assets related to commercial activities accounting for its total assets of about 20%. In addition, the self-operating projects exert large capital expenditure pressure and the property development business is susceptible to local real estate market and faces certain sales pressure.

The Company engages in the construction of self-operating projects, such as industrial parks, pipeline networks and cultural center. The Company constructs self-operating projects mainly with self-raised funds and relies on leasing and operating income to achieve breakeven. However, the income of self-construction projects is subject to the changes of operating performance and market landscape. As of 30 June 2025, the Company had 17 major self-operating projects under construction or planning, with an estimated total investment of RMB13.0 billion and an outstanding amount of RMB10.3 billion, exerting large capital expenditure pressure. In addition, the future operation and financial balance of these self-operated projects are subject to uncertainty.

The Company also engages in commodity sales business, such as sands, pebbles, flakes, quicklime and stone powder. This segment faces certain concentration risk. In 2024, the top 5 suppliers and customers accounted for 53.7% and 81.5% of the total procurement and total sales, respectively. In recent years, the gross profit from segment has been gradually dropping, mainly due to the higher sales volume of low-profit-margin products. This segment recorded substantial increase in revenue from RMB76.0 million in 2022 to RMB653.0 million in 2024, but with weak profitability. It is also noteworthy that the downstream customers involve private-owned enterprises, hence the progress of payment collection shall be closely monitored.

The housing leasing business mainly generated income by renting shops, office building and public rental housing. As of 30 June 2025, the Company had total leasable area of 1.3 million square meters, with occupancy rate of 93.1%. Meanwhile, the future development of housing leasing segment shall be closely monitored given the fluctuations in the rental market. Benefited by the high occupancy rate and the properties injection from Cuiping District Government, the revenue from asset leasing business has been growing steadily over the past few years. The revenue from the asset leasing business increased from RMB101.0 million in 2022 to RMB178.0 million in 2024.

In 2023, the Company newly engaged into property development business. As of 30 June 2025, the Company had invested RMB2.1 billion into 3 completed projects, with saleable area of 469.0 thousand squared meters and sold area of 212.5 thousand squared meters, indicating moderate sale progress. In addition, the Company faces certain capital expenditure pressure from its ongoing projects. As of 30 June 2025, the Company had 1 project under construction, with a total planned investment of RMB1.1 billion and an uninvested amount of RMB0.5 billion. Overall, the property development business is susceptible to local real estate market and faces certain sales pressure.

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. From 2022 to 2024, the Company received government subsidies of RMB336.0 million. From 2023 to 2025Q3, the Company had received asset injection of RMB8.0 billion, mainly operating rights, investment properties, and cash. Overall, 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.

Rising debt amount with relatively high leverage

With the expansion of its construction projects, the total debt has been rising in the past few years. As of 30 September 2025, the total debt increased to RMB43.3 billion from RMB32.5 billion in 2023, with the total capitalization ratio of 51.2%. Moreover, the Company has a certain short-term repayment pressure. As of 30 September 2025, the Company's short-term debt amounted to RMB11.0 billion, accounting for 25.5% of its total debt, and cash to short-term debt ratio was 0.4x. Given the Company's relatively large capital expenditure on construction projects, we expect the Company will expand external financing and have a relatively fast debt growth for the next 12-18 months.

In terms of contingent liability, as of 30 June 2025, the Company's external guarantee amount was RMB2.1 billion, accounting for 5.2% of its net assets. Most of the external guarantees are provided to local state-owned enterprises in Cuiping District. The local state-owned enterprises have a strong ability to avoid liability risks, because most of these local state-owned enterprises are likely to be supported by the local government when necessary, and therefore contingent risk would be controllable.

Weak asset liquidity

The Company has weak asset liquidity, which may undermine its financial flexibility. The Company's total assets mainly consist of inventories and intangible assets, accounting for 70.4% of its total assets as of the end of 2025Q3. Inventories are mainly construction costs arising from its public projects, while intangible assets are operation rights and land-use rights, which are of low liquidity. The sand and gravel mining rights injected by the local government have not yet been put into actual operation, indicating weak liquidity. Moreover, the Company's total restricted asset was RMB4.1 billion as of 30 June 2025, which mainly consists of construction cost, intangible asset, fixed asset and cash that were used for pledge.

Funding mainly from banks

Most of the Company's financing was the loans provided by domestic banks. The Company has a sufficient liquidity buffer given its relatively large amount of available credit facilities. As of 30 June 2025, it held available bank credit facility of RMB9.0 billion. In addition, the Company has access to the onshore debt capital market, raising RMB1.5 billion from 2024 to 2025, with coupon rate ranging from 2.5% to 3.2%. However, it has certain amount of non-standard debt, which accounted for about 20% at end-2025Q3.

ESG Considerations

YCID bears environmental risks through its infrastructure projects. Such risks could be mitigated by conducting environmental studies and detailed planning before the commencement of the projects and close supervision during construction.

YCID bears social risks as it implements public policy initiatives by building public infrastructure in Cuiping District. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

YCID's governance considerations are also material as the Company is subject to oversight by the Cuiping District Government and has to 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 \(July 2022\)](#).

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