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

Hong Kong, 2 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed Jiangsu Yungang Development Group Co., Ltd.'s ("Yungang Group" or the "Company") long-term credit rating at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of Yungang Group reflects Lianyungang Municipal Government's strong capacity to provide support and its high willingness to provide support based on our assessment of the Company's characteristics. Our assessment of the local government's capacity to provide support reflects Lianyungang City's gross regional production ("GRP") of over RMB400.0 billion, with good industrial development and port resources. In addition, Lianyun District is a municipal district in Lianyungang City with relatively good economic growth and fiscal metrics.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) ultimate control by the Lianyungang Municipal Government; (2) strong policy role in the industrial development of Lianyun District, especially the Lianyun Economic and Development Zone ("Lianyun EDZ"); and (3) track record of receiving government support. However, the rating is constrained by the Company's (1) medium commercial activities exposure; (2) rising debt level driven by increasing capital expenditure; and (3) large exposure to external guarantees provided to local state-owned enterprises.

Corporate Profile

Established in 2009, Yungang Group, formerly known as Jiangsu Yungang Investment Development Co., Ltd., is the primary local infrastructure investment and financing company ("LIIFC") focusing on industrial investment in the Lianyun District, Lianyungang City. Yungang Group mainly undertakes the role of local infrastructure construction, industrial supporting projects and comprehensive services in the Lianyun EDZ, a provincial-level EDZ in the Lianyun District. The Company has developed diversified business segments, including infrastructure construction, service businesses such as sewage treatment and inland port operation, photovoltaic (PV) power generation, property leasing, and trading. As of 30 September 2025, the Company was ultimately controlled by Lianyungang Municipal Government through Jiangsu Haizhou Bay Holding Group Co., Ltd. ("Haizhou Bay Holding").

Rating Rationale

Credit Strengths

Strong policy role in the industrial development of Lianyun EDZ. Yungang Group is the key industrial investment platform that undertakes the functions of infrastructure development, industrial supporting project construction and providing comprehensive services in the Lianyun EDZ and the SCO Park, which are the key industrial parks of the Lianyun District. Yungang Group's policy role is expected to maintain as the key developer in the Lianyun EDZ and SCO

Park. Its businesses will increase along with the development of the SCO Park and Lianyun EDZ, including the construction of supporting facilities and provision of services.

Track record of receiving government support. Yungang Group has a track record of receiving government support in various forms such as capital injection, financial subsidies, as well as equity and asset injections. Besides, the Company also receives government support in the form of project allocation and assistance in the application of special bond funds. Meanwhile, from 2024 to September 2025, the Company received special-purpose bond funds of RMB383.6 million for infrastructure projects. Given the Company's strong public policy role in the Lianyun EDZ and the SCO Park, we expect the Company will continue to receive government support over the next 12 to 18 months.

Credit Challenges

Medium exposure to commercial activities. Yungang Group maintained medium exposure to commercial business, which has increased along with the rising local industrial investments. The Company is engaged in commercial activities including trading, PV power generation and property leasing, which generate additional income sources. The risk nature of such activities is generally higher than traditional infrastructure construction projects and direct government financial support will be more difficult under stricter regulatory supervision on the risk control of government's debt. Yungang Group relies on external financing to support the development of its commercial activities.

Rising debt level driven by expanding capital expenditure. Yungang Group demonstrated ongoing debt growth driven by continuous investment in projects. The Company had a relatively high short-term debt burden with the short-term debt accounting for 67.1% of the total debt and the unrestricted cash to short-term debt ratio was at 0.4x as of 30 September 2025. Yungang Group has a large investment plan for its infrastructure construction and commercial activities. Although some of them can be supported by government special funds, there are still large external financing needs for construction projects. The Company's debt level is expected to increase in the next 12 to 18 months along with ongoing investment.

Large exposure to external guarantees provided to local state-owned enterprises. Yungang Group has a large exposure to contingent liabilities from its external guarantees provided to external parties. All of these external guarantees were provided to other local LIIFCs or state-owned enterprises. In case a credit event occurs, the Company may face certain contingent liability risks and cross-default risks, which are negative to its credit quality.

Rating Outlook

The stable outlook on Yungang Group's rating reflects our expectation that the local government's capacity to provide support will be stable, and the Company's characteristics, such as its primary role in the development of the Lianyun District and Lianyun EDZ, is expected to remain unchanged over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support materially strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support such as an increase in the importance of its policy role, improved debt management, or reduced exposure to commercial activities.

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 an increase in risk exposure to commercial activities, or decline in its policy significance.

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

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:
http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

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.

Amy Chen
Credit Analyst
+852-2860 7127
amy_chen@ccxap.com

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

Client Services: +852-2860 7111

Copyright © 2025 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