

CCXAP upgrades the long-term credit rating of Yancheng City Assets Investment Group Company Limited to A_g, with stable outlook.

Hong Kong, 23 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has upgraded the long-term credit rating of Yancheng City Assets Investment Group Company Limited (“YCAI” or the “Company”) to A_g from A_g⁻, reflecting the Company’s improved financial flexibility underpinned by prudent debt management, and its continued strategic importance in Yancheng City, which sustains the ongoing government support.

The A_g long-term credit rating of YCAI reflects (1) the Yancheng Municipal Government’s very strong capacity to provide support; and (2) the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of the Yancheng Municipal Government’s capacity to support reflects Yancheng City’s growing economic and fiscal strengths as well as sustainable industrial development.

The rating also reflects the local government’s willingness to support, which is based on the Company’s (1) strong position as the largest LIIFC in Yancheng City, specializing in local infrastructure construction, primary land consolidation and public services; (2) good track record of receiving government support; and (3) good access to different financing channels. However, the rating is constrained by the Company’s (1) medium risk exposure to commercial activities; (2) relatively weak asset liquidity; and (3) large exposure to external guarantees.

Corporate Profile

Founded in 2003, YCAI, previously known as Yancheng City Urban Assets Operation Co., Ltd., is wholly owned by the Yancheng Municipal Government and directly supervised by the Yancheng State-owned Assets Supervision and Administration Commission (“Yancheng SASAC”). It is one of the key local state-owned enterprises in Yancheng City, specializing in infrastructure construction as well as state-owned asset operation and management. YCAI has undertaken major infrastructure construction and land development projects in Yancheng City. It also diversifies into utilities including water supply and sewage treatment, and commercial activities such as property development, property leasing and security services.

Rating Rationale

Credit Strengths

The largest LIIFC in Yancheng City, specializing in local infrastructure construction, primary land consolidation and public services. YCAI is the largest and most important entity that provides infrastructure construction and land consolidation in the main district of Yancheng City, and plays a vital and irreplaceable role in the city. YCAI is primarily responsible for infrastructure projects, such as roads, bridges, and sewage pipelines, as well as land consolidation and shantytown renovation in Yancheng City. YCAI is engaged in utility services including water supply and sewage treatment in Yancheng City with strong franchise advantages. Its business scope covers most of the areas in Yancheng City.

Good track record of receiving government support. YCAI has received ongoing support from the Yancheng Municipal Government, including capital injections, asset transfers, and financial subsidies. Given its key position in infrastructure investment and participation in public services, we believe that the local government will continue to support the Company in the foreseeable future.

Good access to different financing channels. YCAI's refinancing pressure could be partly mitigated by its strong financing ability from banks and debt capital market. As of 31 December 2025, it obtained total bank credit facilities of RMB90.6 billion with an available portion of RMB47.1 billion. The Company also has a track record of issuing different kinds of bond products such as PPNs, MTNs, asset-backed securities, and corporate bonds. Overall, we expect the Company's refinancing risk to be relatively manageable over the next 12-18 months.

Credit Challenges

Medium risk exposure to commercial activities. YCAI has moderate exposure to commercial activities in terms of scale. These activities mainly include property development, security services, property leasing and some construction projects under the self-operation model in Yancheng City. We consider that the risks of YCAI's commercial activities remain controllable as we expect such scale will remain at a medium level relative to its public activities.

Relatively weak asset liquidity. YCAI's asset liquidity remains relatively weak. As of 31 March 2026, the Company's total assets mainly consisted of inventories, other receivables, and receivables, accounting for 69.8% of the total assets. On top of that, as of end-2025, the Company pledged a number of assets for loans, including cash, inventories, and investment properties.

Large exposure to external guarantees. YCAI has provided large numbers of external guarantees of RMB14.7 billion as of 31 December 2025, accounting for 38.3% of the Company's adjusted net assets (excluding perpetual debt and other items treated as debt in minority interests). Large exposure to guarantees will increase YCAI's contingent liability risk. Nevertheless, we believe that the credit risk of these guarantees is manageable, as most of them are provided to local state-owned enterprises.

Rating Outlook

The stable outlook on YCAI's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its strategic position in local public services and infrastructure construction in Yancheng City 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 strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as increased importance in public-policy activities, or material decrease in external guarantees.



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 the decrease in the importance of its policy role, material decrease in government payments, or deteriorated refinancing ability.

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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