CCXAP affirms Yancheng Oriental Investment & Development Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Hong Kong, 29 June 2026 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Yancheng Oriental Investment & Development Group Co. Ltd. ("YOID" or the "Company") at A_g-, with stable outlook. At the same time, CCXAP has affirmed YOID's senior unsecured debt rating at A_g-.

The A_g- long-term credit rating of YOID reflects the Yancheng Municipal Government's very strong capacity to provide support; and the local government's high willingness to provide support, based on our assessment of the Company's characteristics. Our assessment of the local government's capacity to support reflects Yancheng City's growing economic and fiscal strengths, with good industrial development. Yancheng Economic and Technological Development Zone ("ETDZ") is a national-level ETDZ in Yancheng City that mainly develops automotive, crystalline silicon photovoltaic, and power battery.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) ultimate control by the Yancheng Municipal Government; (2) strategic role in Yancheng City, particularly in the Yancheng ETDZ; and (3) good track record of receiving government support. However, the rating is constrained by the Company's (1) high exposure to commercial activities; (2) moderate asset liquidity; and (3) large external guarantee associated with local state-owned enterprises ("SOEs").

Corporate Profile

Established in 2003, YOID is one of the major local infrastructure investment and financing companies ("LIIFCs") under the Yancheng Municipal Government. YOID is mainly responsible for infrastructure construction, and sales and construction of resettlement houses in the Yancheng ETDZ. As a national-level development zone, Yancheng ETDZ occupies an important position in Jiangsu Province with its industrial base of the Internet plus advanced manufacturing. The Company is also engaged in property leasing and management, equity investment, trading, and financial services businesses such as finance leasing and guarantee loans.

In December 2025, in order to deepen the reform of state-owned enterprises, the Yancheng Municipal Government transferred its 100% equity interest in YOID to Yancheng Oriental Industry Investment Group Co., Ltd. ("YOII"). As of 31 March 2026, the Company was wholly owned by YOII and ultimately controlled by Yancheng Municipal Government. It reported total assets of RMB102.3 billion as of the same date.

Rating Rationale

Credit Strengths

Important position in the development of Yancheng ETDZ. As the major infrastructure construction company in Yancheng ETDZ, YOID is entrusted by the local government to solely undertake the construction of public infrastructure and social welfare facilities in the main urban area of the Yancheng ETDZ. Despite the change in controlling shareholder, as the important operating subsidiary of YOII in construction, asset management, industrial investment, and financial services, we expect that the Company's position and business stability in the development of the Yancheng ETDZ to remain unchanged.

Undertaking important public activities in the Yancheng ETDZ. For Infrastructure construction projects, YOID has successfully delivered a series of large-scale municipal and urban infrastructure projects over the past few years, including roads, schools, greening projects, and other public facilities in the Yancheng ETDZ. It also engages in local resettlement housing construction projects, which are sold to relocated households at regulated prices.

Good track record of receiving government support. YOID has received ongoing support from the Yancheng Municipal Government including asset, capital injection and financial subsidies. Since its establishment, the Company has received capital injections from the local government, including cash injection, and land and property transfer. From 2023 to 2026Q1, the Company had received ongoing government subsidies with a total value of RMB533.7 million; and the Company continuously received infrastructure project payments from the local government.

Credit Challenges

High exposure to commercial activities. YOID also diversified into other commercial activities such as leasing and property management, equity and fund investment, and trading business. The proportion and size of commercial activities assets has been increasing with the continued investment, representing 30% to 40% of the Company’s total assets according to our estimation. Most of its commercial activities are self-sustaining while having a certain degree of market uncertainty and counterparty risks.

High debt leverage and moderate asset liquidity. YOID’s debt growth has shown a slowing trend in 2025; however, the Company’s debt leverage has still remained at a high level. As of 31 March 2026, the Company’s total debt (including perpetual debt) increased to RMB59.5 billion from RMB51.4 billion as of end-2024. The total capitalization ratio, measured by total debt to total capital, increased to 64.7%. In addition, the Company bore a relatively high short-term debt burden. YOID’s asset liquidity was moderate, with constraints stemming from the substantial receivables and certain restricted assets.

Large external guarantee associated with local SOEs. The Company’s credit profile is undermined by its large number of external guarantees. As of 31 March 2026, after excluding the exposure to its guarantee business, the Company still had an external guarantee of RMB16.0 billion primarily provided to other SOEs in Yancheng City. In case a credit event occurs, the Company may face large contingent liability risks and cross-default risks.

Rating Outlook

The stable outlook on YOID's rating reflects our expectation that the local government's capacity to support will remain stable, and the Company will maintain its important role in the economic and social development of Yancheng ETDZ 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 of its policy role or reduced exposure to risky 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 reduced regional significance, weakened financing ability or materially deteriorated contingent risks.

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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