

Lianhe Global has assigned ‘A’ global scale Long-term Issuer Credit Rating to Yancheng Oriental Investment & Development Group Co., Ltd.; The Outlook is Stable

HONG KONG, 7 August 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A’ global scale Long-term Issuer Credit Rating to Yancheng Oriental Investment & Development Group Co., Ltd. (“Yancheng Oriental” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the Yancheng Municipal People’s Government (“Yancheng government”) would provide very strong support to Yancheng Oriental if needed. This mainly considers the Yancheng government’s direct full ownership of Yancheng Oriental, Yancheng Oriental’s strategic position as a major local investment and development company (“LIDC”) responsible for infrastructure construction, state-owned asset operation and investment in Yancheng, especially in Yancheng Economic and Technological Development Zone (“YETDZ”). In addition, the linkage between the Yancheng government and Yancheng Oriental is strong, including management supervision, strategic alignment and ongoing operational and financial support. Moreover, the Yancheng government may face significant negative impact on its reputation and financing activities if Yancheng Oriental encounters any operational or financial difficulties.

Yancheng is a prefecture-level city of Jiangsu Province. In 2024, Yancheng’s GDP grew by 5.5% to RMB777.9 billion and its budgetary revenue reached RMB49.6 billion. The YETDZ was first established in 1992, and it was approved by the State Council as one of the national economic and technological development zones in 2010.

The Stable Outlook reflects our expectation that Yancheng Oriental’s strategic importance would remain intact while the Yancheng government will continue to ensure Yancheng Oriental’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: The Yancheng government is the sole shareholder of Yancheng Oriental by holding 100% stake directly, and is the actual controller of the company. The Yancheng government has the final decision-making authority and strong supervision over Yancheng Oriental, including the appointment of senior management and decisions on its major investment and financing plan. In addition, the Yancheng government has an assessment mechanism over the company and regularly appoints auditors to review the company’s operating performance and financial position.

Strategic Importance and Strategic Alignment: As an important LIDC in Yancheng, Yancheng Oriental plays a major role in promoting urban and industrial development in YETDZ.

Yancheng Oriental undertakes infrastructure construction, resettlement housing development, property leasing and management, trading business, etc. in YETDZ. Therefore, the company plays an important role in promoting the economic and social development in YETDZ. Yancheng Oriental's business operation and strategic planning have been aligned with the Yancheng government's economic and social development plans.

Ongoing Government Support: Yancheng Oriental continues to receive ongoing support from the Yancheng government, which includes operational subsidies and capital/asset injections. Yancheng Oriental received operational support of RMB580 million between 2022 and 2024. Given Yancheng Oriental's strategic importance in Yancheng, we believe that the support from the Yancheng government remains intact.

Yancheng Oriental's Financial and Liquidity Position: Yancheng Oriental's total assets increased steadily to RMB95.6 billion at end-March 2025 from RMB67.2 billion at end-2022, as the company actively participated in the urban and industrial development in YETDZ. On the other hand, its total debts also increased to RMB54.8 billion at end-March 2025 from RMB39.6 billion at end-2022. The company's financial leverage, as measured by the debt to capitalization ratio, ranged between 60-65% during the same period.

Yancheng Oriental's short-term debt servicing pressure was moderate. At end-March 2025, the company had an unrestricted cash balance of RMB4.4 billion and unused credit facilities of RMB28.8 billion, compared with its debt due within one year of RMB19.9 billion. Also, the company has access to multiple financing channels, including bank loans, onshore and offshore bond issuances and other non-traditional financing tools, to support its debt repayments and business operations.

Rating Sensitivities

We would consider downgrading Yancheng Oriental's rating if (1) there is a perceived weakening in support from the Yancheng government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Yancheng government's ownership of Yancheng Oriental, or (3) there is a downgrade in our internal credit assessment of the Yancheng government.

We would consider upgrading Yancheng Oriental's rating if there is an upgrade in our internal credit assessment on the Yancheng government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2025)

The methodology can be found at the website www.lhratingsglobal.com

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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