Yancheng Oriental Investment & Development Group Co., Ltd.

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	7 August 2026

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

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'A' global scale Long-term Issuer and Issuance Credit Rating of Yancheng Oriental Investment & Development Group Co., Ltd. ("Yancheng Oriental"); Issuer Rating Outlook Stable

Summary

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 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"), and the strong linkage between the Yancheng government and Yancheng Oriental, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the Yancheng government has a very strong willingness to ensure Yancheng Oriental's business and financial viability in order to safeguard its reputation and local financing activities.

Yancheng is a prefecture-level city of Jiangsu Province. In 2025, Yancheng's GDP grew by 5.4% to RMB804.5 billion and its budgetary revenue reached RMB51.6 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.

Lianhe Global has also affirmed 'A' global scale Long-term Issuance Credit Rating of the senior unsecured USD bonds issued by Yancheng Oriental's indirect wholly-owned subsidiary, Oriental Capital Company Limited, at the same time. A full list of affirmed issuance rating is included in this rating report.

Rating Rationale

Government's Ownership and Supervision: The Yancheng government holds the full ownership of Yancheng Oriental through Yandongfang Industrial Investment Group Co., Ltd. ("YIIG"). YIIG is the sole shareholder of Yancheng Oriental, while the Yancheng government 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 RMB527 million between 2023 and 2025. 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 RMB102.3 billion at end-March 2026 from RMB92.3 billion at end-2024, as the company actively partipacited in the urban and industrial development in YETDZ. On the other hand, its total debts also increased to RMB59.5 billion at end-March 2026 from RMB51.4 billion at end-2024. The company's financial leverage, as measured by the debt to capitalization ratio, increased to 64.0% from 59.5% over the same period.

Yancheng Oriental's short-term debt servicing pressure was moderate. At end-March 2026, the company had a total cash balance of RMB7.8 billion (including restricted cash of RMB2.4 billion) and unused credit facilities of RMB23.0 billion, compared with its debt due within one year of RMB19.6 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, 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.

Full List of Issuance Rating

A full list of issuance ratings is included below. Any rating action on Yancheng Oriental's rating would result in a similar rating action on its USD bonds:

- USD394 million 5.2% senior unsecured bonds due 2028 affirmed at 'A'

Operating Environment

Economic Condition of Yancheng

Yancheng is a prefecture-level city of Jiangsu Province. Located in the northeast of Jiangsu Province and east of the Yellow Sea, Yancheng has a land area of 16,931 square kilometers, making it the largest prefectural city in Jiangsu Province. Yancheng administers 3 districts, 5 counties and 1 county-level city. In addition, Yancheng also administers two economic and technological development zones, namely the YETDZ and Yannan High-tech Industrial Development Zone.

Yancheng's GDP increased to RMB804.5 billion in 2025 from RMB777.9 billion in 2024, while GDP growth moderated to 5.4% from 5.5% in 2024 and 5.9% in 2023. The economic structure continued to shift towards services, with the tertiary sector accounting for 51.6% of GDP in 2025, up from 50.4% in 2024, while the secondary industry share declined to 37.6% from 38.7% and the primary industry share remained at 10.9%. Fixed asset investment fell sharply by 15.0% in 2025, compared with a modest 0.3% growth in 2024.

Established in 1992 and approved by the State Council as a national development zone, the YETDZ is located in the southeast of Yancheng and occupies a total land area of 200 square kilometers. Pillared on the automobile and auto-parts industry and focusing on other modern industries such as new energy autos and auto-parts, software and service outsourcing, photovoltaic and LED (Light-emitting diode), the development zone has four major industrial parks, which are Sino-Korea Industrial Park, New-Energy Automobiles and Auto Parts Industrial Park, Yancheng Comprehensive Bonded Zone and Yancheng Optoelectronic Industrial Park.

Yancheng's Economic Condition **(RMB billion)**	**2023**	**2024**	**2025**
GDP	743.3	777.9	804.5
-Primary industry (%)	11.1	10.9	10.9
-Secondary industry (%)	40.3	38.7	37.6
-Tertiary industry (%)	48.7	50.4	51.6
GDP growth rate (%)	5.9	5.5	5.4
Fixed asset investment growth rate (%)	9.2	0.3	-15.0
Population (million)	6.7	6.7	6.6

Source: Financial Bureau of Yancheng, statistical bureau of Yancheng and Lianhe Global's calculations

Fiscal Condition of Yancheng

The budgetary revenue of the Yancheng government increased to RMB51.6 billion in 2025 from RMB49.6 billion in 2024, with growth accelerating to 3.9% from 2.8%. Tax revenue rose to RMB34.7 billion from RMB33.5 billion, although its contribution to budgetary revenue fell slightly to 67.3% from 67.6%. Government fund income declined to RMB42.6 billion in 2025 from RMB73.1 billion in 2024. As a result, aggregate revenue declined to RMB138.8 billion in 2025 from RMB168.4 billion in 2024. The fiscal self-sufficiency rate of the Yancheng government remained weak, although its budget deficit decreased to 113.1% in 2025 from 129.2% in 2024.

The outstanding debt of the Yancheng government kept growing in past few years. At end-2025, the Yancheng government's outstanding debt increased to RMB214.5 billion from RMB203.4 billion at end-2024, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, surged from 116.5% at end-2024 to 150.7% at end-2025.

Yancheng's Fiscal Condition **(RMB billion)**	**2023**	**2024**	**2025**
Budgetary revenue	48.3	49.6	51.6
Budgetary revenue growth rate (%)	6.5	2.8	3.9
Tax revenue	34.1	33.5	34.7
Tax revenue (% of budgetary revenue)	70.7	67.6	67.3
Government fund income	81.0	73.1	42.6
Transfer payment	46.0	42.8	42.0
Aggregate revenue	178.4	168.4	138.8
Budgetary expenditure	122.8	113.7	109.9

Budget balance[1] (%)	-154.4	-129.2	-113.1
Government debt ratio	92.8	116.5	150.7

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*

Source: Financial Bureau of Yancheng, statistical bureau of Yancheng and Lianhe Global's calculations

Company Profile

Yancheng Oriental was established in August 2003 under approval from the Yancheng government with an initial capital of RMB150 million, funded by the Yancheng Economic and Technological Development Zone Management Committee ("YETDZ MC"). After an array of capital injections, Yancheng Oriental's registered capital increased to RMB9.5 billion in August 2019. At end-March 2026, Yancheng Oriental's registered capital and paid-in capital were both RMB9.5 billion. YIIG is the sole shareholder of Yancheng Oriental, while the Yancheng government is the actual controller of the company.

Yancheng Oriental is a major LIDC responsible for infrastructure construction, state-owned asset operation and investment in Yancheng, especially in YETDZ. Yancheng Oriental undertakes infrastructure construction, resettlement housing development, property leasing and management, trading business, etc. in YETDZ. Yancheng Oriental achieved a total revenue of RMB3.9 billion in 2025, with a gross margin of 39.7%.

Key Financial Data (RMB million)	**2023**	**2024**	**2025**	**2026.3**
Total Assets	78,743	92,336	95,306	102,288
Equity	25,362	34,941	33,790	33,433
Debt	47,858	51,435	52,182	59,516
Debt / (Debt + Equity) (%)	65.4	59.5	60.7	64.0
Unrestricted cash/ST Debts (x)	0.1	0.1	0.1	0.3
Debt/EBITDA (x)	30.9	34.7	34.3	-
Revenue	2,898	3,479	3,922	1,456
Gross Margin (%)	42.8	44.9	39.7	19.0
Cash from sales or services/ Revenue (%)	89.0	72.6	83.5	199.8

Source: Yancheng Oriental and Lianhe Global's calculations

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