

## **CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>- to Yancheng Oriental Investment & Development Group Co., Ltd, with stable outlook**

Hong Kong, 7 September 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BBB<sub>g</sub>- to Yancheng Oriental Investment & Development Group Co., Ltd (“YOID” or the “Company”). The rating outlook is stable.

### **Corporate Profile**

Established in 2003, YOID is one of the major investment and financing platforms in the Yancheng Economic and Technological Development Zone (the “ETDZ”), and is directly and wholly owned by the Yancheng Municipal Government. YOID is primarily engaged in regional infrastructure construction, resettlement housing development, as well as property leasing and management services. On top of that, the Company also engages in equity investment, trading and finance. As of the end of March 2021, the Company had 32 directly holding subsidiaries.

### **Rating Rationale**

The BBB<sub>g</sub>- long-term credit rating of YOID is underpinned by the Company’s (1) strategic role in the Yancheng ETDZ, particularly in regional infrastructure construction and resettlement housing projects; and (2) recurring income from property leasing and management business.

However, the rating is constrained by the Company’s (1) large construction pipelines that exert capital expenditure pressure; (2) long cash collection period with weak asset liquidity; and (3) high debt leverage and sizable external guarantees.

We believe YOID has a high likelihood of receiving support from the Yancheng Municipal Government in times of need, given the Company’s (1) strong strategic position; (2) close relationship with the local government; and (3) track record of receiving support.

### **Rating Outlook**

The stable outlook on YOID’s rating reflects our expectation that the Company will maintain its important role and will continue to obtain support from the local government over the next 12 to 18 months.

### **What could upgrade the rating?**

The rating could be upgraded if (1) the economic and fiscal performance of Yancheng City improves notably; (2) the likelihood of receiving government support increases; and (3) the Company’s stand-alone credit profile such as asset quality, debt leverage and operating profitability, improves on a sustained basis.

### What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal performance of Yancheng City weakens; (2) the likelihood of receiving government support decreases; or (3) the Company's stand-alone credit profile deteriorates significantly, such as heightened debt leverage, weakened financing capability or worsened liquidity profile.

### Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(May 2020\)](#).

### Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

[http://www.ccxap.com/en/rating\\_services/category/6/](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/](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](http://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.

Vincent Tong

*Senior Analyst*

+852-2860 7125

[vincent\\_tong@ccxap.com](mailto:vincent_tong@ccxap.com)

Elle Hu

*Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)



Client Services: +852-2860 7111



Copyright © 2021 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](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656