

CCXAP assigns BBBg+ to Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd.'s proposed USD green bonds

Hong Kong, 6 April 2022 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBBg+ to the proposed USD green bonds to be issued by Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd. (“YETD” or the “Company”).

The bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of YETD, which shall at all times rank pari passu with all the Company's other present and future unsecured and unsubordinated obligations. The Company intends to use the gross proceeds for refinancing YETD's existing indebtedness in accordance with the Green Finance Framework and the NDRC Certificate.

The final rating on the proposed USD green bonds is contingent upon the receipt of final documents conforming to information already received.

Corporate Profile

Founded in 1992, YETD, formerly known as Yangzhou Economic and Technological Development Zone Development Corporation, is the largest state-owned enterprise in Yangzhou Economic and Technological Development Zone (“Yangzhou ETDZ”). The Company is mainly engaged in various business sectors, including primary land development, infrastructure construction, real estate, and others such as commodity sales, property leasing, and property management. As of 30 June 2021, the Company was directly and wholly owned by the Yangzhou Municipal Government, with a registered capital of RMB19.6 billion.

Rating Rationale

The senior unsecured debt rating of the bonds is equal to YETD's long-term credit rating as first-time assigned by CCXAP on 28 March 2022. We believe that the government support will flow through the Company given the Company's important position in the regional infrastructure construction of Yangzhou ETDZ, thereby mitigating any differences in expected loss that could result from structural subordination.

The BBB_g+ long-term credit rating of YETD is underpinned by the Company's (1) key role in primary land development and infrastructure construction in Yangzhou ETDZ; and (2) good access to funding. However, the rating is constrained by the Company's (1) large capital expenditure pressure and high debt leverage; and (2) high contingent risk that results from external debt guarantees and money lending.

The rating also incorporates our expectation that YETD is likely to receive support from the Yangzhou Municipal Government in times of need, given the Company's (1) important position in the regional infrastructure construction of Yangzhou ETDZ; (2) direct ownership and ultimate control by the local government; (3) good track record of receiving government support.

Rating Outlook

The stable outlook on YETD's rating reflects our expectation that the Company will maintain its strategic position in Yangzhou ETDZ and will continue to receive strong government support.

What could upgrade the rating?

The rating could be upgraded if (1) the economic and fiscal performance of Yangzhou City and Yangzhou ETDZ materially improves; (2) YETD demonstrates a stronger role in Yangzhou City, with increased likelihood of government support; and (3) the Company's stand-alone credit profile improves significantly, such as improvement in asset quality and reduction in debt leverage.

What could downgrade the rating?

The rating could be downgraded if (1) the economic and fiscal performance of Yangzhou City and Yangzhou ETDZ deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company's stand-alone credit profile weakens significantly, such as deterioration in financing ability and business sustainability.

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/

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/

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 (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.

Peter Chong

Credit Analyst

+852-2860 7124

peter_chong@ccxap.com

Elle Hu

Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



Copyright © 2022 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

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656