

## **CCXAP assigns A<sub>g</sub>- to Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd.'s proposed USD bonds**

Hong Kong, 10 March, 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of A<sub>g</sub>- to the proposed USD bonds to be issued by Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (“YETD” or the “Company”) (A<sub>g</sub>-/stable).

The bonds will 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 net proceeds for refinancing the Company’s existing medium- and long-term indebtedness.

### **Corporate Profile**

Established in 1992, YETD is one of the essential local infrastructure investment and financing companies (“LIIFCs”) in Yangzhou City, particularly Yangzhou Economic and Technological Development Zone (“Yangzhou ETDZ”). The Company has a dominant position in primary land development and urban infrastructure construction in the region. Meanwhile, YETD is engaged in various commercial segments, including property development, commodity sales, and property leasing. In July 2023, in order to improve the efficiency of state-owned capital operations and stimulate the operational vitality of state-owned enterprises (“SOEs”), Yangzhou Municipal People’s Government established Yangzhou Industrial Investment State-owned Holding (Group) Co., Ltd. (“YZII”), and transferred 100% shares of the Company to YZII. As of 30 September 2024, the Company was directly and wholly owned by YZII, and Yangzhou Municipal People’s Government was still the ultimate controller.

### **Rating Rationale**

The rating of the senior unsecured bonds is equivalent to YETD’s long-term credit rating. We believe that government support will flow through the Company given its strong strategic position in primary land development and infrastructure construction in Yangzhou ETDZ, thereby mitigating any differences in an expected loss that could result from structural subordination.

The A<sub>g</sub>- long-term credit rating of YETD reflects Yangzhou Municipal Government’s very strong capacity to provide support and its high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Yangzhou Municipal Government’s capacity to provide support reflects Yangzhou City’s good industrial fundamental and improving economic profile, along with good fiscal stability.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) strong strategic position in primary land development and infrastructure construction in Yangzhou ETDZ; (2) good track record of receiving government support; and (3) good access to diversified financing channels. However, the Company’s rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) fast debt growth driven by

development projects; and (3) high contingent liability risk caused by large external debt guarantees.

### **Rating Outlook**

The stable outlook on YETD's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its strategic importance in the development of Yangzhou ETDZ.

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

The rating could be upgraded if (1) the local government's ability to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens local government's willingness to provide support, such as increased strategic importance and improved debt management.

#### **What could downgrade the rating?**

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reduced regional significance and weakened access to funding.

### **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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