

## **CCXAP affirms Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd.’s long-term credit rating at A<sub>g</sub>-, with stable outlook.**

Hong Kong, 16 March, 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd. (“YETD” or the “Company”) at A<sub>g</sub>-. At the same time, CCXAP has affirmed its senior unsecured debt rating at A<sub>g</sub>-.

The A<sub>g</sub>- long-term credit rating of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (“YETD” or the “Company”) reflects (1) Yangzhou Municipal Government’s very strong capacity to provide support; and (2) the local government’s 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 Economic and Technological Development Zone (“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.

### **Corporate Profile**

Established in 1992, YETD is one of the essential local infrastructure investment and financing companies (“LIIFCs”) in Yangzhou City, particularly the 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 businesses, 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 2025, the Company was directly and wholly owned by YZII, and Yangzhou Municipal People’s Government remained the ultimate controller.

### **Rating Rationale**

#### **Credit Strengths**

**Strong strategic position in primary land development and infrastructure construction in Yangzhou ETDZ.** YETD is the sole entity responsible for the primary land development in Yangzhou ETDZ, along with large scale of regional municipal infrastructure construction projects. It plays a key role in promoting the social and economic development of Yangzhou

ETDZ, and has made great contributions to the improvement of the investment environment and the continuous expansion of the scale of investment attraction in the region. We believe that the important strategic position of Company to Yangzhou ETDZ's economic development and public welfare is unlikely to be replaced in short-to-medium term.

**Good track record of receiving governmental supports.** YETD has received ongoing support from the local government in the form of operating subsidies, interest grants, capital injections, and high-quality asset transfers. Given the Company's strategic importance in the development of Yangzhou ETDZ, we believe that the local government will provide YETD with ongoing operational and financial support.

**Good access to diversified funding channels.** YETD has good access to different sources of funding including bank loans, onshore and offshore bond issuances, and non-standard financing products, which could partially release its capital expenditure pressure and liquidity profile. The Company has maintained good relationship with large domestic banks such as Industrial and Commercial Bank of China and China Development Bank. The Company also has a good track record of fund-raising activities in both onshore and offshore debt capital markets.

### Credit Challenges

**Medium exposure to commercial activities.** Apart from the construction tasks in Yangzhou ETDZ, YETD is engaged in diversified commercial activities, including property development, commodity sales and leasing business. We consider the Company's exposure to commercial activities to be medium, accounting for around 25% to 30% of its total assets.

**Fast-growing debt from development projects.** As one of the major investment and financing entities in Yangzhou ETDZ, YETD has a large scale of construction projects in the pipeline. The Company mainly funded the projects under construction through external financing over the past years, resulting in its substantial capital expenditure and relatively high debt leverage. We expect the Company will continue to rely on external financing to meet its future capital needs, and its debt leverage will remain at a relatively high level in the next 12 to 18 months, considering its large construction projects in the pipelines.

**High contingent liabilities risk from external debt guarantees.** YETD has large contingent risk exposure as the Company has a large number of external guarantees that may increase its repayment obligations. All the counterparties of external guarantees are local SOEs. In case a credit event occurs, the Company may face large contingent liability risks and cross-default risks.

### 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 over the next 12-18 months.

### 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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