

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd’s proposed USD green bonds

HONG KONG, 6 April 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured USD green bonds (“the USD Green Bonds”) to be issued by Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (“YETDG”; ‘BBB+’/Stable).

YETDG intends to use the net proceeds from the USD Green Bonds for refinancing its existing indebtedness in accordance with its green finance framework.

Key Rating Rationales

The USD Green Bonds are rated at the same level as YETDG’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as they constitute YETDG’s direct, unconditional, unsubordinated and unsecured obligations. YETDG’s obligations for the USD bonds shall rank pari passu with all its other present and future unsecured and unsubordinated obligations.

YETDG’s rating reflects a high possibility that the Yangzhou municipal government would provide strong support to YETDG if needed, in light of its full ownership of YETDG, YETDG’s strategic position as the major development and operation entity of the Yangzhou Economic and Technological Development Zone and the strong linkage between the Yangzhou municipal government and YETDG including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Yangzhou municipal government may face significant negative impact on its reputation and financing activities should YETDG encounter any operational or financial difficulties.

The Stable Outlook reflects our expectation that YETDG’s strategic importance would remain intact while the Yangzhou municipal government will continue to ensure YETDG’s stable operation.

Rating Sensitivities

Any rating action on YETDG’s rating would result in a similar rating action on the USD Green Bonds.

We would consider downgrading YETDG’s rating if (1) there is perceived weakening in support from the Yangzhou municipal government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of

the Yangzhou municipal government's ownership of YETDG, or (3) there is a downgrade in our internal credit assessment on the Yangzhou municipal government.

We would consider upgrading YETDG's rating if (1) there is strengthened support from the Yangzhou municipal government, or (2) there is an upgrade in our internal credit assessment on the Yangzhou municipal government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this YETDG's rating is Lianhe Global's China Local Government Financing Vehicle Criteria published on 31 December 2021, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

Contact Information

Primary Analyst
Alex Kung
Senior Director
(852) 3462 9577
alex.kung@lhratingsglobal.com

Committee Chairperson
Ben Yau
Director
(852) 3462 9586
ben.yau@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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