

## **CCXAP affirms Jiangsu Yueda Group Co., Ltd's BBB<sub>g</sub>- long-term credit rating, with stable outlook**

Hong Kong, 28 June 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed BBB<sub>g</sub>- long-term credit rating of Jiangsu Yueda Group Co., Ltd ("Jiangsu Yueda" or the "Company"), with stable outlook. At the same time, CCXAP has affirmed Jiangsu Yueda's BBB<sub>g</sub>- senior unsecured debt rating.

### **Corporate Profile**

Founded in 1989, Jiangsu Yueda is a local state-owned conglomerate in Yancheng City of Jiangsu Province. It focuses on four core business segments, namely (1) modern services (which accounted for 61% of the Company's revenue in 2020), (2) energy and mineral resources (25%), (3) industrial manufacturing (10%), and (4) infrastructure investments (4%).

The Company's key operating subsidiaries include Jiangsu Yueda Investment Co., Ltd (600805.SH), Yue Da International Holdings Limited (00629.HK), Shanghai Yueda New Industrial Group Co., Ltd., Jiangsu Yueda South Holding Co., Ltd., and Yueda Capital Co., Ltd. The Company is wholly owned and supervised by Yancheng State-Owned Asset Supervision and Administrative Commission ("Yancheng SASAC"), with a registered capital of RMB5.0 billion as of 31 December 2020.

### **Rating Rationale**

The BBB<sub>g</sub>- rating of Jiangsu Yueda is underpinned by the Company's (1) solid shareholder support as one of the largest state-owned enterprises under the Yancheng Municipal Government; (2) large investment portfolio in line with Yancheng City's development strategy; and (3) diversified lines of business and quality asset resources. However, the rating is constrained by the Company's (1) exposure to business volatility from cyclical industries; (2) modest financial profile with weak profitability and high debt leverage; and (3) high refinancing pressure, which could nonetheless be mitigated by its diversified funding channels.

### **Rating Outlook**

The stable outlook on Jiangsu Yueda's rating reflects our expectation that the Company will continue to receive solid support from the Yancheng government. We also expect the Company's credit metrics to gradually recover as its business profile improves over the next 12 to 18 months.

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

The rating could be upgraded if (1) the Company's business profile improves with increase in operating profits; and (2) the Company demonstrates better credit metrics, including a lower total capitalization ratio and a higher EBITDA interest coverage ratio.



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

The rating could be downgraded if the Company's (1) likelihood of shareholder support significantly decreases; (2) business profile weakens; or (3) credit metrics materially deteriorates.

### **Rating Methodology**

The methodology used in this rating is the Rating Methodology for [Business and Customer Service Companies \(December 2019\)](#).

### **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