CCXAP assigns A_g+ to Fu Gang Construction Group Co. Limited's proposed SBLC-supported CNY bonds

Hong Kong, 27 December 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a debt rating of A_g+ to the proposed offshore CNY bonds to be issued by Fu Gang Construction Group Co. Limited ("Fu Gang Construction" or the "Company") (BBB_g/Stable).

The bonds are fully supported by an irrevocable standby letter of credit ("SBLC") from Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu" or the "LC Bank"), Nantong Branch. The Company intends to use the net proceeds for refinancing outstanding offshore indebtedness.

Rating Rationale

The rating of the bonds is based on our assessment of Bank of Jiangsu's credit quality. The bonds are fully supported by an irrevocable SBLC from the Bank of Jiangsu, Nantong Branch which is considered unsecured and unsubordinated obligations of the Bank of Jiangsu. The payment obligations of the LC Bank under the SBLC shall at all times rank pari passu with all of its other present and future unsecured and unsubordinated obligations.

Our analysis of the transaction is based on Bank of Jiangsu to support the payment of the bonds through the SBLC. Investors will have the benefit of the irrevocable SBLC issued by LC Bank. In the event of a default by the issuer, the LC Bank would be obligated to the investors for the outstanding principal and interest payable.

Established in 2007 and headquartered in Nanjing, Bank of Jiangsu is one of 20 domestic systemically important banks in China. The Bank was listed on the Shanghai Stock Exchange in 2016 (Stock code: 600919. SH). Our analysis of the transaction is contingent upon Bank of Jiangsu to support the payment of the bonds through the SBLC.

Rating Sensitivities

Any change to the credit quality of Bank of Jiangsu could lead to a corresponding change in the rating of the bonds.

Rating Methodology

The methodology used in Fugang Construction's rating is the Rating Methodology for China's Local Infrastructure Investment and Financing Companies (July 2022).

The methodology used in the LC Bank's assessment is the Rating Methodology for Banks (November 2021).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
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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/

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