

Lianhe Global has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of Jiangsu Fangyang Group Co., Ltd.; Issuer Rating Outlook Revised to Positive

HONG KONG, 16 August 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating to Jiangsu Fangyang Group Co., Ltd. (“JFG” or “the company”). The Outlook is revised to Positive from Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the Lianyungang government would provide strong support to JFG if needed, in light of its full ownership of JFG, JFG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and state-owned asset operation in Lianyungang City, Jiangsu Province (“Lianyungang”), especially in the Xuwei New District (“Xuwei District”), and the linkage between the Lianyungang government and JFG, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Lianyungang government may face significant negative impact on its reputation and financing activities if JFG encounters any operational and financial difficulties.

The Positive Outlook reflects our expectation that JFG’s strategic importance would be strengthened given its expanding role in regional industry development. As the production capacities of several large-scale petrochemical projects in Xuwei District are gradually realized, the company is well-positioned to enhance its involvement in various aspects of regional industrial growth, including port logistics, utility sales, wastewater treatment, and environmental protection. Besides, the Lianyungang government will continue to ensure JFG’s stable operation.

Rating Sensitivities

We would consider downgrading JFG’s rating if (1) there is perceived weakening in support from Henan’s Lianyungang government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Lianyungang government’s ownership of JFG, or (3) there is a downgrade in our internal credit assessment on the Lianyungang government.

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

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, 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 JFG's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 31 July 2024, 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.

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