

## **CCXAP assigns A<sub>9</sub> to Fu Gang Construction Group Co. Limited's proposed SBLC-supported CNY bonds**

Hong Kong, 13 December 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a debt rating of A<sub>9</sub> to the proposed offshore CNY bonds to be issued by Fu Gang Construction Group Co. Limited (“Fu Gang Construction” or the “Company”) (BBB<sub>g</sub>/Stable).

The bonds are fully supported by an irrevocable standby letter of credit (“SBLC”) denominated in Renminbi from Bank of Nanjing Co., Ltd. (“Bank of Nanjing” or the “LC Bank”), Nantong Branch. The Company intends to use the net proceeds to finance and/or re-finance the Eligible Green Projects as described in the Company’s Green Finance Framework.

### **Corporate Profile**

Founded in 2010, Fu Gang Construction is one of the important local infrastructure investment and financing companies in Rugao City, and primarily undertakes the role of infrastructure construction and sewage treatment in Rugao Port Area (Changjiang Town), a sub-center of Rugao City. Fu Gang Construction’s business scope mainly includes infrastructure construction, sewage treatment, land transfer, and trading businesses. As of 30 September 2024, the Company was controlled by Rugao City Government, which directly held 98.67% of the Company’s shares; the remaining shares were held by ICBC Financial Asset Investment Co., Ltd.

### **Rating Rationale**

The rating of the bonds is based on our assessment of Bank of Nanjing’s credit quality. The bonds are fully supported by an irrevocable SBLC from the Bank of Nanjing, Nantong Branch which is considered unsecured and unsubordinated obligations of the Bank of Nanjing. 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 Nanjing 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 1996 and headquartered in Nanjing, Bank of Nanjing is one of 20 domestic systemically important banks in China. The Bank was listed on the Shanghai Stock Exchange in 2007 (Stock code: 601009. SH). Our analysis of the transaction is contingent upon Bank of Nanjing to support the payment of the bonds through the SBLC.

### **Rating Sensitivities**

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



## Rating Methodology

The methodology used in Fu Gang 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

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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.

Kelly Liang

*Credit Analyst*

+852-2860 7127

[kelly\\_liang@ccxap.com](mailto:kelly_liang@ccxap.com)

Elle Hu

*Executive Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



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**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