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## Bulletin:

# Ratings On China National Bluestar (Group) Co. Ltd. Not Immediately Affected By Parent Plan To Acquire Syngenta AG

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HONG KONG (Standard & Poor's) Feb. 5, 2016--Standard & Poor's Ratings Services today said that its ratings on China-based chemicals company China National Bluestar (Group) Co. Ltd. (BBB/Stable/--; cnA/--/--) are not immediately affected by its parent China National Chemical Corp.'s (ChemChina) announced acquisition of Swiss-based Syngenta AG (A+/Stable/A-1). At this time, the details of the transaction are not yet available.

In our view, should the acquisition of Syngenta proceed, it will have multiple implications for the 'bbb' group credit profile (GCP) of ChemChina:

- Our assessment of the business risk profile. A successful acquisition of Syngenta would create a company with a strong business profile in the chemicals industry with strong market positions in crop-protection production and seeds, and the potential to access a very large market in China. As such, this combined group could have a stronger business risk profile than that of ChemChina.
- The final funding structure of the acquisition and its impact on the capital structure of ChemChina. ChemChina's leverage is currently high given past aggressive capital expenditures and acquisitions.
- The future strategy of ChemChina post acquisition, and its financial policy. This transaction, together with the recent acquisition of Italy-based tire maker Pirelli & C. S.p.A. and KraussMaffei Group GmbH,

demonstrates the company's acquisition-focused growth strategy.

- We'll assess the scale and timetable of the integration, in particular the company's ability to manage much larger, globally diverse operations; and any regulatory and competition issues.
- Our reassessment of ChemChina's role to the Chinese government post transaction.
- Our reassessment of Bluestar's status within the ChemChina group.

The ratings on Bluestar reflect the 'bbb' GCP of its parent, ChemChina, and its status as a "core" subsidiary of the group. Bluestar contributes significant EBITDA to the group, and its management is highly integrated with the group.

Standard & Poor's will continue to monitor any developments related to the transaction, and assess the impact on the ratings on Bluestar when more information becomes available.

On Feb. 3, 2016, ChemChina announced that it has agreed to buy Swiss pesticide and seeds maker Syngenta AG for more than US\$43 billion in cash. The transaction is subject to the approval of the shareholders of Syngenta and various regulatory approvals.

We have determined, based solely on the developments described herein, that no rating actions are currently warranted. Only a rating committee may determine a rating action and, as these developments were not viewed as material to the ratings, neither they nor this report were reviewed by a rating committee.

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