

Lianhe Global has affirmed ‘BBB+’ global scale Long-term Issuer and Issuance Credit Ratings of XMXYG Corporation; Issuer Rating Outlook remains Positive

HONG KONG, 13 September 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of XMXYG Corporation (“XMXYG” or “the company”). The Outlook remains Positive.

Lianhe Global has also affirmed “BBB+” global scale Long-term Issuance Credit Rating of the senior unsecured USD notes issued by XMXYG at the same time. A full list of issuance ratings is included in this press release.

Key Rating Rationales

The Issuer Rating reflects XMXYG’s leading market position in comprehensive supply chain management industry and track record of revenue growth, supported by its established nationwide logistics network and the strengthening of its comprehensive service capability. Moreover, XMXYG has proven track record of strong external support from Xiamen government. However, the rating is constrained by XMXYG’s relatively high financial leverage and low profit margin.

The Positive Outlook reflects our expectation that XMXYG will continue to consolidate and strengthen its leading market position in the comprehensive supply chain management industry, utilize its nationwide and overseas logistics network, strengthen its strategic importance to the local government in port construction and operation, while remain prudent in its expansion pace with demonstrated efforts to maintain its operating efficiency and improve its profitability.

Rating Sensitivities

We would consider downgrading XMXYG’s rating if (1) it were to increase its financial leverage as measured by its EBITDA interest coverage to consistently below 2.0x or debt over EBITDA leverage consistently to above 9.5x, or (2) it were to suffer a significant deterioration in operating performance in terms of revenue, profit margin or cash flow generation, or its liquidity profile is worsened, or (3) there is a decrease in support from or function for the local government.

We would consider upgrading XMXYG’s rating if (1) it were to significantly improve its operating performance, and/or (2) it demonstrates prudent financial management and maintains its financial leverage as measured by its EBITDA interest coverage at consistently above 5.0x and debt over EBITDA leverage consistently at below 6.5x, and/or (3) it were to improve its liquidity position, and/or (4) there is a material increase in support from or function for the local government.

Any rating action on XMXYG’s rating would result in a similar rating action on the USD notes.

Full List of Issuance Ratings

- USD490 million 5.7% senior unsecured bonds due 2025 affirmed at 'BBB+'

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 methodologies used in this XMXYG's rating are Lianhe Global's General Corporate Rating Criteria published on 31 December 2021 and General Corporate Rating Criteria: Addendum published on 30 August 2022, 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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