

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Xiangyin Hengyuan New Energy Development Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 28 December 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Xiangyin Hengyuan New Energy Development Co., Ltd. (“XHNE”; ‘BBB-/Stable’).

XHNE intends to use the net proceeds from this offering for project construction and general purpose.

Key Rating Rationales

The Bonds are rated at the same level as XHNE’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of XHNE. The payment obligations of XHNE under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xiangyin County (“the Xiangyin government”) would provide very strong support to XHNE if needed. This mainly considers the Xiangyin government’s ownership of XHNE, XHNE’s strategic importance as an important local investment and development company responsible for the construction and management of industrial parks and other infrastructure projects in Xiangyin County, and the strong linkage between the Xiangyin government and XHNE, including the appointment of senior management, strategic alignment, supervision of major investment and financing decisions and ongoing operational and financial support. In addition, the Xiangyin government may face significant negative impact on its reputation and financing activities if XHNE encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that XHNE’s strategic importance would remain intact while the Xiangyin government will continue to ensure XHNE’s stable operation.

Rating Sensitivities

Any rating action on XHNE’s rating would result in a similar rating action on the Bonds.

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

We would consider upgrading XHNE's rating if there is an upgrade in our internal credit assessment on the Xiangyin 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 XHNE's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 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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