

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Jiangyou Xingyi Agricultural Investment Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 14 May 2024 – 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 Jiangyou Xingyi Agricultural Investment Co., Ltd. (“JXAI”; ‘BBB-/Stable’).

JXAI intends to use the net proceeds from this offering for project construction and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as JXAI’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of JXAI. The payment obligations of JXAI 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 Jiangyou People’s Government (“the Jiangyou government”) would provide strong support to JXAI if needed, in light of its majority ownership of JXAI, JXAI’s strategic importance as an important local investment and development company (“LIDC”) responsible for project construction and agricultural development in Jiangyou, and the linkage between the Jiangyou government and JXAI, including the appointment of the senior management, strategic alignment, supervision of major financing plan and investment decisions and ongoing operational and financial support. In addition, the Jiangyou government may face significant negative impact on its reputation and financing activities if JXAI encounters any operational and financial difficulties.

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

Rating Sensitivities

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

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

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