

Lianhe Global has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Xiangyin Hengyuan New Energy Development Co., Ltd.; Issuer Rating Outlook is Stable

HONG KONG, 27 December 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Xiangyin Hengyuan New Energy Development Co., Ltd. (“XHNE”). The Outlook is Stable.

Key Rating Rationales

The Issuer Credit Rating reflects a high possibility that the People’s Government of Xiangyin County (“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 major industrial development and operation, as well as 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

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 31 July 2024, 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. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

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