

CCXAP assigns BBB_g+ to Jiangyin Lingang Holding (Group) Co., Ltd.'s proposed offshore bonds

Hong Kong, 19 January 2024 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned an expected senior unsecured debt rating of BBB_g+ to the proposed offshore bonds to be issued by a wholly-owned subsidiary (the “issuer”) of Jiangyin Lingang Holding (Group) Co., Ltd. (“JYLG” or the “Company”) (BBB_g+/stable).

The bonds are expected to be unconditionally and irrecoverably guaranteed by JYLG, or carry keepwell deeds and equity interest purchase undertakings from JYLG. The Company intends to use the proceeds for project construction and replenishment of working capital.

Rating Rationale

The senior unsecured debt rating of the bonds is equal to JYLG’s long-term credit rating, as JYLG will either provide unconditionally and irrevocably guarantee or keepwell deed to the bonds. Under the unconditional and irrevocable guarantee, the bonds will constitute direct, unconditional, unsubordinated, and unsecured obligations of JYLG, which shall at all times at least rank pari passu with all its other present and future unsubordinated and unsecured obligations. Alternatively, JYLG will provide a keepwell deed, liquidity support, and deed of equity interest purchase undertaking, which shows JYLG’s strong willingness to support the issuer in meeting its debt obligations. Furthermore, a default by the issuer would have significant negative impact on JYLG’s reputation and future offshore funding activities, which underpins JYLG’s intention to support the bonds. However, there could be some difficulties in enforcing the keepwell deed, which is not as strong as the guarantee.

We believe that government support will flow through JYLG given its strategic position in the development of Jiangyin Harbour Economic Development Zone, thereby mitigating any differences in expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China’s Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

Regulatory Disclosures

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