

**Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Nanxun Communications Investment Group Co., Ltd. to ‘BBB’ from ‘BBB-’; Issuer Rating Outlook Stable**

HONG KONG, 9 November 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Nanxun Communications Investment Group Co., Ltd. (“NCIG”) to ‘BBB’ from ‘BBB-’. The Outlook is Stable.

**Key Rating Rationales**

The Issuer Rating upgrade reflects the increased strategic importance of NCIG in Nanxun District, Huzhou City (“Nanxun”), as demonstrated in its newly assigned role in industrial investment and service projects in the region, which involves the construction and operation of industrial parks. This business aligns with the industrial development goals of the People’s Government of Nanxun District (“Nanxun government”) and underscores NCIG’s significant role in fostering consistent industrial growth in the region. Besides, NCIG undertakes additional commissioned construction projects in the fields of healthcare and education in Nanxun.

We believe there is a high possibility that the Nanxun government would provide strong support to NCIG if needed, in light of its 100% ownership of NCIG, NCIG’s strategic importance as the important state-owned entity for transportation and water conservancy related infrastructure investment, construction and operation in the region, and the linkage between the Nanxun government and NCIG, including control and supervision over the management, strategic alignment and ongoing operational and financial support. In addition, the Nanxun government may face significant negative impact on its reputation, business and financing activities if NCIG encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that NCIG’s strategic importance would remain intact while Nanxun Government will continue to ensure NCIG’s stable operation.

**Rating Sensitivities**

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

We would consider upgrading NCIG’s rating if (1) there is strengthened support from Nanxun Government, or (2) there is an upgrade in our internal credit assessment on Nanxun Government.

## **About Lianhe Global**

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## **Rating Methodology**

The principal methodology used in this NCIG'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](http://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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