

## **Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Nanxun Communications Investment Group Co., Ltd.'s proposed senior unsecured bonds**

HONG KONG, 26 February 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 Nanxun Communications Investment Group Co., Ltd. (“NCIG”; ‘BBB/Stable’).

NCIG intends to use the net proceeds from this offering for debt repayment, project construction and supplement of working capital.

### **Key Rating Rationales**

The Bonds are rated at the same level as NCIG’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of NCIG. The payment obligations of NCIG 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 Nanxun District (“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 on NCIG’s rating reflects our expectation that NCIG’s strategic importance would remain intact while the Nanxun government will continue to ensure NCIG’s stable operation.

### **Rating Sensitivities**

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

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

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