



## **CCXAP assigns first-time BBB<sub>g</sub>+ to Nanning Communications Investment Group Co., Ltd., with stable outlook**

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Hong Kong, 13 March 2020 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has assigned a first-time long-term credit rating of BBB<sub>g</sub>+ to Nanning Communications Investment Group Co., Ltd. (“NNCIG” or the “Company”). The rating outlook is stable.

### **Rating Rationale**

The BBB<sub>g</sub>+ long-term credit rating of NNCIG is underpinned by the Company’s (1) proven track record of support from the Nanning government; (2) vital position in infrastructure construction and transportation operations of Nanning City (the “City”); and (3) increase in revenue from diversified businesses. However, the rating is constrained by the Company’s (1) capital expenditure pressure from a sizeable number of projects in the pipeline; and (2) rising debt burden.

### **Rating Outlook**

The stable outlook on NNCIG’s rating reflects our expectation that the Company would maintain its strong position in the public businesses of Nanning City and that it will continue to receive strong support from the local government. At the same time, we expect that the Company will benefit from the steady economic development of Nanning City.

### **What could upgrade the rating?**

The rating could be upgraded if (1) the economic and fiscal strengths of Nanning City improve notably; (2) there is stronger support from the local government; or (3) the Company’s profitability improves.

### **What could downgrade the rating?**

The rating could be downgraded if (1) Nanning City’s credit quality deteriorates; (2) there is a material weakening in NNCIG’s policy functions; or (3) the Company’s standalone credit profile weakens.

### **Rating Methodology**

CCXAP’s public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results->Corporate Ratings) and may be distributed through media and other means. The methodology used in this rating is

Rating Methodology for China's Local Government Financing Vehicles dated June 2017, available at [www.ccxap.com](http://www.ccxap.com) (Rating Process -> Rating Methodology).

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