

Chuzhou Nanqiao Urban Investment Holding Group Co., Ltd.

Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	19 August 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Chuzhou Nanqiao Urban Investment Holding Group Co., Ltd. (“CNUI” or “the company”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Nanqiao District (“the Nanqiao government”) would provide very strong support to CNUI if needed. This mainly considers the Nanqiao government’s full ownership of CNUI, CNUI’s strategic importance as the sole construction and development platform in Nanqiao District (“Nanqiao”). The linkage between the local government and CNUI is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, the Nanqiao government may face significant negative impact on its reputation and financing activities if CNUI encounters any operational and financial difficulties.

Nanqiao is the seat of Chuzhou Municipal Government. In 2024, Nanqiao’s GDP grew by 5.7% to RMB26.2 billion. The budgetary revenue of Nanqiao reached RMB2.1 billion. Additionally, both the Chuzhou Economic and Technological Development Zone and the Zhongxin Suzhou-Chuzhou High-Tech Development Zone are located within Nanqiao, generating budgetary revenue of RMB2.4 billion and RMB1.0 billion respectively. Altogether, these budgetary revenues amounted to a combined total of RMB5.5 billion.

The Stable Outlook reflects our expectation that CNUI’s strategic importance would remain intact while the Nanqiao government will continue to ensure CNUI’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The Nanqiao State-owned Assets Supervision and Administration Commission (“Nanqiao SASAC”) directly holds 100% shares of CNUI and is the company’s actual controller. The Nanqiao government has the final decision-making authority and supervision over the company, including senior management appointment, decisions on its strategic development and investment plan and supervision of its major funding plans. In addition, the Nanqiao government has an assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance and Strategic Alignment: CNUI has become the flagship construction and development platform in Nanqiao since the SOEs integration in 2022. The company undertakes most construction projects, including infrastructure, public facilities, urban renovation within the region. Its business operation and strategic planning have been aligned with the government’s development plans, playing a significant role in promoting the economic and social development of the region.

Strong Government Support: CNUI receives ongoing government support in the form of capital/asset injections and financial subsidies to support its business operations. In 2024, the local government injected cash capital of RMB285 million into CNUI. In addition, CNUI received operational subsidies of RMB 212 million in 2024 and RMB 339 million in the first

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

half of 2024. We believe that the government support will remain intact given the company's strategic importance in Nanqiao District.

CNUI's Financial and Liquidity Position: CNUI's total assets increased to RMB30.6 billion at end-June 2025 from RMB28.7 billion at end-2024, which was mainly driven by the injection of assets from local government. Over the same period, its total debt of the company decreased slightly to RMB12.2 billion from RMB12.4 billion. As a result, the company's financial leverage, as measured by the debt to capitalization ratio, decreased to 43.4% from 46.2%.

CNUI's liquidity was manageable. At end-June 2025, CNUI had unrestricted cash balance of RMB1.8 billion, compared with its debt to be due within one year of RMB1.9 billion. Moreover, CNUI has access to various financing channels, including bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations. At end-June 2025, the company had unused credit facilities of RMB3.9 billion.

Rating Sensitivities

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

We would consider upgrading CNUI's rating if there is an upgrade in our internal credit assessment on the Nanqiao government.

Operating Environment

Economic Condition of Nanqiao

Nanqiao is a district under the jurisdiction of Chuzhou City of Anhui Province, and it is where the Chuzhou government is located. The industry in Nanqiao District has formed a "3+3" industrial system, focusing on cultivating three new strategic industries: new energy, semiconductors and electronic information, and new materials. Nanqiao's GDP amount increased to RMB27.7 billion in 2024, from RMB26.2 billion in 2023, and its economic growth rate normalized to 5.7%, from 7.3% in 2023.

Nanqiao's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	24.4	26.2	27.7
-Primary industry (%)	8.5	7.7	7.3
-Secondary industry (%)	36.9	38.5	34.0
-Tertiary industry (%)	54.6	53.7	58.7
GDP growth rate (%)	5.7	7.3	5.7
Fixed asset investment growth rate (%)	17.4	13.7	5.3
Population (million)	0.4	0.4	0.4

Source: Financial Bureau of Nanqiao, statistical bureau of Nanqiao and Lianhe Global's calculations

Fiscal Condition of Nanqiao

The budgetary revenue of the Nanqiao government increased slightly to RMB2.1 billion in 2024, with a year-over-year growth rate of 1.1%. The fiscal balance of the Nanqiao government remained weak, with a budget deficit of 64.1% in 2024. In addition, the

government fund income declined to RMB10 million in 2024 from RMB12 million in 2023, mainly due to the decreased land use right transfer income amid property market conditions.

The outstanding debt of the Nanqiao government kept growing in past few years. At end-2024, the Nanqiao government's outstanding debt increased to RMB7.4 billion from RMB6.2 billion at end-2023, mainly due to the new issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 176.1% at end-2024 from 136.2% at end-2023.

Nanqiao's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	2.0	2.1	2.1
Budgetary revenue growth rate (%)	5.3	5.0	1.1
Tax revenue	1.0	1.1	1.1
Tax revenue (% of budgetary revenue)	50.9	52.7	52.2
Government fund income	0.0	0.0	0.0
Transfer payment	2.2	2.5	2.1
Aggregate revenue	4.2	4.6	4.2
Budgetary expenditure	3.3	3.6	3.5
Budget balance ¹ (%)	-65.6	-70.9	-64.1
¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
Source: Financial Bureau of Nanqiao, statistical bureau of Nanqiao and Lianhe Global's calculations			

Company Profile

CNUI was established in April 2019 with an initial registered capital of RMB5.0 million. At end-June 2025, CNUI's paid-in capital was enlarged to RMB1.2 billion after an array of capital injections. Nanqiao SASA directly holds 100% shares of CNUI and is the company's actual controller.

CNUI is the sole LIDC responsible for infrastructure construction in Nanqiao District undertaking most municipal infrastructure and resettlement houses projects. The company also diversified into supply chain, logistics and other businesses. CNUI realized revenue of RMB1,060 million, 1,060 million, 882 million and 856 million in 2022, 2023, 2024 and the first half of 2025, respectively. Its gross margin increased to 22.4% from 10.7% over the same period.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	20,106	24,514	28,700	30,622
Equity	12,436	13,559	14,410	15,958
Debt	6,829	9,534	12,352	12,245
Debt / (Debt + Equity) (%)	35.4	41.3	46.2	43.4
Unrestricted cash/ST Debts (x)	0.7	0.5	0.2	1.0
Debt/EBITDA (x)	24.7	49.3	62.7	-
Revenue	1,060	1,060	882	856
Operation Profit	205	124	114	436
Gross Margin (%)	10.7	14.4	17.0	22.4
Cash from sales or services/ Revenue (%)	59.5	88.7	85.9	28.7
Source: CNUI and Lianhe Global's calculations				

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