

CCXAP upgrades Chongqing Nan'an Urban Construction & Development (Group) Co., Ltd.'s long-term credit rating to A_g-, with stable outlook.

Hong Kong, 23 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") CCXAP has upgraded the long-term credit rating of Chongqing Nan'an Urban Construction & Development (Group) Co., Ltd. ("CQNA" or the "Company") to A_g- from BBB_g+, reflecting the stronger capacity to provide support from Nan'an District Government, driven by Nan'an District's ongoing gross regional product ("GRP") growth and remarkable progress in asset revitalization in recent years, which will translate into enhanced support for the Company. At the same time, CCXAP has upgraded its senior unsecured debt rating to A_g-.

The A_g- credit rating of CQNA reflects the Nan'an District Government's (1) very strong capacity to provide support; and (2) extremely high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of the Nan'an District Government's capacity to provide support reflects Nan'an District's status as one of nine core districts in Chongqing City, with relatively good fiscal stability and moderate fiscal balance.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) dominant position of public policy projects in Nan'an District; (2) solid track record of receiving local government support; and (3) diversified access to funding. However, the rating is constrained by the Company's (1) moderate asset liquidity; and (2) high debt leverage and relatively high short-term debt pressure.

Corporate Profile

Founded in 2003, CQNA is the largest infrastructure investment and financing platform in terms of total assets in Chongqing Nan'an District, primarily undertaking infrastructure construction, shantytown renovation, and primary land development. In addition, the Company is also engaged in a number of commercial businesses, such as tourism highway operations, and property leasing business. It is directly owned by Chongqing Nan'an District Bureau of Finance, and ultimately supervised by Chongqing Nan'an District Government. As of 31 March 2026, Chongqing Nan'an District Bureau of Finance held 92.72% of the Company's shares, and National Development Fund Co., Ltd. held the remaining 7.28%.

Rating Rationale

Credit Strengths

Dominant position of public policy projects in Nan'an District. As the main force for primary land development and infrastructure construction in Nan'an District, CQNA has played a key role in implementing the local government's development plan for Nan'an District. The Company has undertaken and completed a number of important municipal infrastructure construction and shantytown renovation projects in Nan'an District. We expect that the Company's vital position in Nan'an District could ensure its business sustainability in public policy projects.

Solid track record of receiving local government support. As the most important infrastructure construction and state-owned assets operation entity in Nan'an District, CQNA has a track record of receiving payments from Nan'an District Government. Given CQNA's important strategic role and its contribution to the regional economic development, we expect the Company will continue to receive support from Nan'an District Government over the next 12 to 18 months.

Diversified access to funding. CQNA has diversified funding sources, including bank loans, onshore and offshore bond issuances, and non-standard financing. The Company has long-term relationships with various major domestic banks, including policy bank and joint-stock commercial bank. The Company has a track record of fund-raising activities in both onshore and offshore debt capital markets, including the issuance of MTNs, PPNs, private bonds, and USD bonds. In addition, the Company maintained low reliance on non-standard financing, which accounted for less than 10% of its total debt.

Credit Challenges

Moderate asset liquidity. CQNA's asset liquidity remained moderate, as most of its assets are low-liquidity inventories and receivables, thereby increasing capital occupation. As of 31 March 2026, inventories, accounts receivable and other receivables accounted for approximately 82.6% of the total assets. The inventories mainly consist of development costs from infrastructure projects and land reserves. Nevertheless, the Company's operating assets, such as investment properties, can generate a certain scale of cash inflows annually.

High debt leverage and relatively high short-term debt pressure. Despite ongoing construction of public activities projects, the Company is actively reducing its debt scale, demonstrating relatively good debt management. Its total debt had decreased from RMB26.9 billion at end-2024 to RMB23.7 billion as of 31 March 2026. Over the same period, the capitalization ratio (total debt/ total capital) also declined from 56.0% to 53.1%. Given the Company's ongoing capital expenditure pressure, we expect the Company will maintain a relatively high debt leverage for the next 12-18 months.

Rating Outlook

The stable outlook on CQNA's rating reflects our expectation that the local government's capacity to support the Company will remain stable, and the Company will maintain its key role as the largest entity to undertake municipal infrastructure projects and the only entity to undertake shantytown renovation projects in Nan'an District over the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to provide support strengthens; and (2) changes in company's characteristics enhance local government's willingness to provide support, such as improvement on asset liquidity and debt management.



What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) changes in company characteristics decrease the local government's willingness to provide support, such as reduced regional significance.

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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