

Credit Opinion

28 May 2026

Quzhou Qutong Transportation Investment Development Co., Ltd.

Surveillance credit rating report

Ratings	
Senior Unsecured Debt Rating	A _g -
Long-Term Credit Rating	A _g -
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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CCXAP affirms Quzhou Qutong Transportation Investment Development Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Quzhou Qutong Transportation Investment Development Co., Ltd. ("QTID" or the "Company") reflects (1) Quzhou Municipal Government's very strong capacity to provide support; and (2) the local government's very high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Quzhou Municipal Government's capacity to provide support reflects Quzhou City's status as a prefecture-level city in Zhejiang Province, with steady economic growth and good fiscal stability.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important strategic role as the transportation infrastructure construction entity in Quzhou City; (2) good access to funding; and (3) good track record of receiving government payments.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) moderate debt management and high short-term debt burden; and (3) weak asset liquidity.

The stable outlook on QTID's rating reflects our expectation that Quzhou Municipal Government's capacity to provide support will remain stable, and the Company will maintain its important strategic role in transportation infrastructure construction in Quzhou City over the next 12 to 18 months.

Rating Drivers

- Important strategic role as the transportation infrastructure construction entity in Quzhou City
- Medium exposure to commercial activities
- Moderate debt management and high short-term debt burden
- Weak asset liquidity
- Good access to funding
- Good track record of receiving government payments

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) Quzhou Municipal Government's capacity to provide support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as strengthened market position, material reduction in commercial business exposure, or improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Quzhou Municipal Government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as weakened market position, material decrease in government payments, or deteriorated debt management.

Key Indicators

	2023FY	2024FY	2025FY
Total Asset (RMB billion)	40.5	45.3	48.4
Total Equity (RMB billion)	19.4	19.8	20.6
Total Revenue (RMB billion)	5.0	4.4	3.5
Total Debt/Total Capital (%)	48.9	53.3	54.0

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Founded in 2002, QTID, formerly known as Quzhou Communications Investment Group Co., Ltd., is an important local infrastructure investment and financing company for major transportation infrastructure projects in Quzhou City, and also serves as a key industrial operator in the city. The Company is primarily engaged in transportation construction and operation. It also undertakes commercial activities such as self-operated project construction, engineering construction, and commodity trading. In June 2025, the State-owned Assets Supervision and Administration Commission of Quzhou Municipal Government ("Quzhou SASAC") approved the gratuitous transfer of the Company's 51% equity held by Quzhou State-owned Capital Operation Co., Ltd. and the remaining 49% equity held by Quzhou Holding Group Co., Ltd. to Quzhou Qutong Holding Group Co., Ltd. ("QQHG"). Following the transfer, QQHG directly holds 100% of the Company's shares and became the Company's direct controlling shareholder. As of 31 December 2025, the Company's ultimate controlling owner remains Quzhou SASAC.

Exhibit 1. Revenue structure in 2025

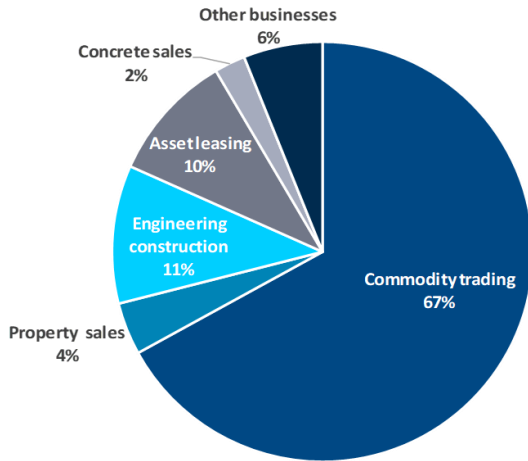
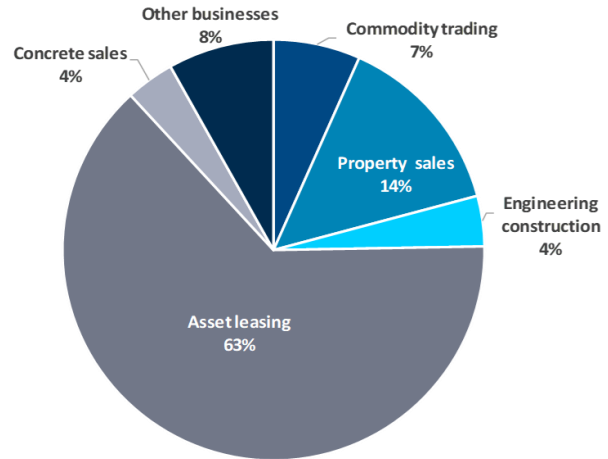
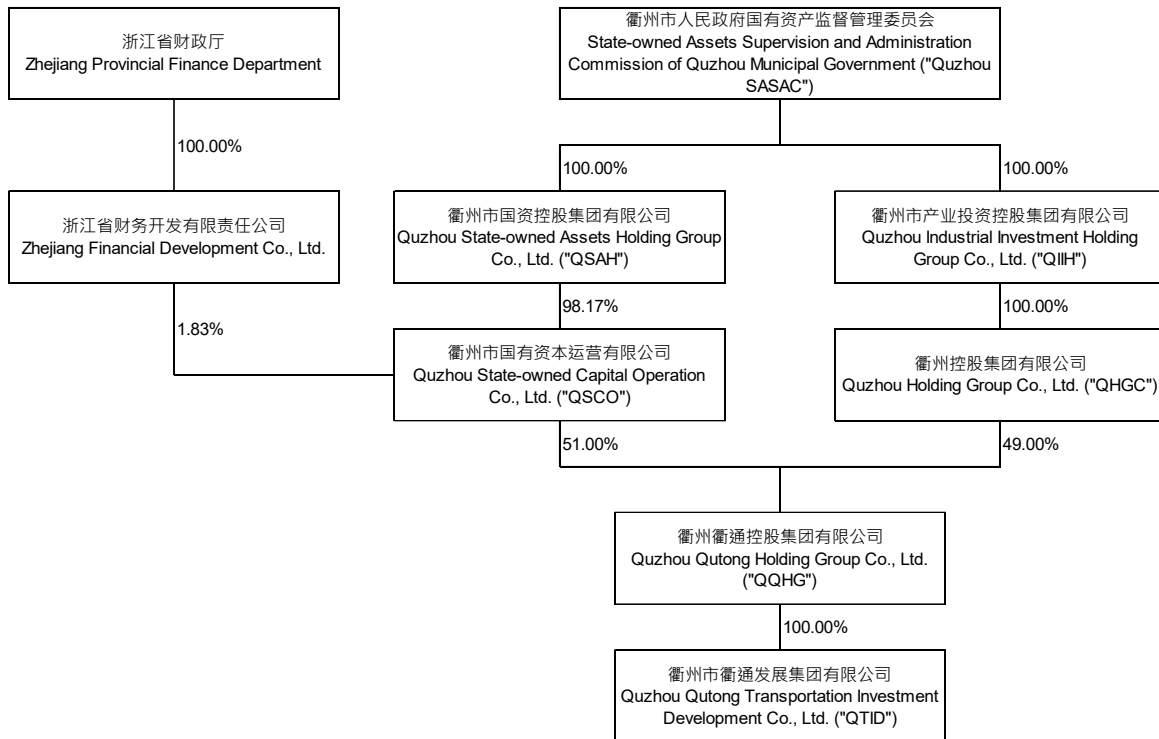


Exhibit 2. Gross profit structure in 2025



Source: Company information, CCXAP research

Exhibit 3. Shareholding chart as of 31 December 2025



Source: Company information, CCXAP research

Rating Considerations

Government’s Capacity to Provide Support

We believe the Quzhou Municipal Government has a very strong capacity to provide support, given Quzhou City’s steady economic growth and good fiscal stability.

Zhejiang Province is one of the most economically developed provinces in China, and its comprehensive economic strength and private economy lead in China. In 2025, the gross regional product (“GRP”) of Zhejiang Province was RMB9.5 trillion, ranking 4th among all provinces in China, with a year-on-year (“YoY”) increase of 5.5%. In 2025, its general budgetary revenue reached RMB886.5 billion, ranking 3rd among all provinces in China.

Quzhou City is a prefecture-level city in Zhejiang Province with rich mineral resources and hosts the most comprehensive fluorine chemical production base in China. Its six pillar industries include new materials, new energy, integrated circuits, advanced equipment, life and health, and specialty paper. Benefiting from continuous industrial development, Quzhou City’s economic growth remained steady. In 2025, Quzhou City recorded a GRP of RMB240.2 billion, with a GRP growth rate of 5.5% YoY. The Quzhou Municipal Government’s general budgetary revenue amounted to RMB21.6 billion in 2025, with the growth rate ranking 2nd among prefecture-level cities in Zhejiang Province. It has relatively good fiscal stability, with tax income contributing to 74.5% of the general budgetary revenue in 2025. However, its fiscal balance is weak, with a general budgetary revenue/general budgetary expenditure ratio of 36.4% in 2025, reflecting a high reliance on fiscal support from higher-tier governments and proceeds from land sales to balance its fiscal budget. As of 31 December 2025, the outstanding amount of local government debt grew to RMB136.6 billion, accounting for 56.9% of its GRP and continuing a sustained upward trend over the past three years.

Exhibit 4. Key economic and fiscal indicators of Quzhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	212.5	226.3	240.2
GRP Growth (%)	6.8	6.4	5.5
General Budgetary Revenue (RMB billion)	20.4	20.9	21.6
General Budgetary Expenditure (RMB billion)	60.6	64.2	59.3
Local Government Debt (RMB billion)	103.1	115.9	136.6

Source: Finance Bureau of Quzhou City, CCXAP research

Government’s Willingness to Provide Support

Important strategic role as the transportation infrastructure construction entity in Quzhou City

The Company has continued to play an important role in the implementation of infrastructure construction and urban development policies in Quzhou City, successfully completing major provincial construction projects. In addition, the Company represents the Quzhou Municipal Government in participating in railway and highway projects under the equity participation model. Given its important strategic market position and distinguished role from other state-owned enterprises, we believe that the Company is unlikely be replaced in the foreseeable future.

QTID is the primary transportation infrastructure construction platform in Quzhou City, undertaking investment, financing, construction, and operation of key transportation infrastructure projects, including national and provincial roads, the Qujiang waterway development, and comprehensive passenger transport hubs. These transportation infrastructure projects are strategically aligned with the urban planning and development policies of Quzhou City, with funding mainly from government fiscal appropriations and self-raised funds. However, the Company’s road projects do not generate income and rely primarily on government funds to achieve breakeven. As of 30 June 2025, all major transportation infrastructure construction projects had been completed, and the

Company had no ongoing or planned projects. The subsequent transportation infrastructure projects will primarily be carried out through equity participation and self-operation models.

In addition, the Company also represents the Quzhou Municipal Government to participate in the construction and operation of railways and provincial highways under the equity participation model, mainly with government funding and self-raised funds. As of 30 June 2025, the Company had 5 major transportation infrastructure construction projects under the equity participation model, with a total investment amount of RMB2.7 billion, one of which remained under construction.

QTID was also engaged in the power generation business, which involves the operation of 4 hydropower stations. The business was mainly undertaken through its subsidiary, Quzhou Xin'an Energy Co., Ltd. ("Xin'an Energy"). In June 2025, Xin'an Energy was transferred out of the Company. As a result, the Company's power generation revenue declined sharply from RMB106.2 million in 2024 to RMB14.2 million in 2025.

Medium exposure to commercial activities

QTID is engaged in commercial activities such as self-operated project construction, engineering construction, commodity trading, building materials sales, and property development businesses. Although the Company's commercial activities account for about 30% of its total assets as of 31 December 2025, we consider the associated risks to be manageable. This is because most of the commercial activities carry low business risks, and some of the self-operated projects are closely aligned with transportation infrastructure needs of Quzhou City and have received fiscal support from the local government.

QTID focuses on the construction of self-operated projects, including waterway development and improvement, industrial parks, transportation hubs, and schools. The construction costs of such self-operated projects will be balanced by operating income and rental revenue generated after completion. Due to the public welfare nature of these projects, the construction expenditure is partly supported by government fiscal appropriations. As of 30 June 2025, the Company had 6 major self-operated projects under construction, with a total estimated investment of RMB8.0 billion, and an uninvested amount of RMB6.4 billion. In addition, the Company has 1 self-operated project under planning with a total planned investment of RMB1.0 billion. Overall, the Company faces substantial investment needs from its self-operated projects.

Moreover, QTID is engaged in the commodity trading business under a demand-driven business model, with main products including metal products (steel and wire rods), coal, metal ores, and other bulk commodities, as well as automobile tires and fast-moving consumer goods. In 2025, this segment generated revenue of RMB2.3 billion, accounting for 67.0% of the Company's total revenue, though its gross profit margin remained low at around 1.5%. The business faces high concentration risk. As of 30 June 2025, the top 5 suppliers and top 5 customers accounted for 97.4% and 81.5% of total procurement and sales value, respectively. In addition, the Company typically settles purchases on a prepayment or cash-on-delivery basis, while offering customers a payment term of 1-3 months. This mismatch between procurement outflows and sales collections exposes the Company to receivables recovery risk and imposes pressure from upfront funding.

QTID is also engaged in the engineering construction business, including road maintenance and building engineering construction. It obtains the projects mainly through public bidding. As of 31 March 2025, the Company had 5 engineering construction projects at hand, with a total contracted amount of RMB669.0 million.

The Company's building materials sales is managed by subsidiary Zhejiang Baohong Construction Industrial Manufacturing Co., Ltd. ("Baohong Construction"). Baohong Construction is engaged in the production and

sales of building materials, including commercial concrete, building industrialized components, and prefabricated concrete parts. The concentration of suppliers and customers is relatively high. As of 30 June 2025, the top 5 suppliers and top 5 customers accounted for 74.2% and 58.8% of total procurement and total sales, respectively. In addition, this segment is susceptible to fluctuations in the building materials and real estate industry.

Furthermore, the Company has participated in the property development business. As of 30 June 2025, the Company completed 2 major property development projects, with a total investment amount of RMB3.6 billion. Of these, one project has been substantially sold, while the other has experienced relatively slow destocking progress, with cumulative sales proceeds of RMB2.4 billion. As of 30 June 2025, the Company had 1 major property project under construction, with cumulative investment of RMB3.0 billion and a construction cycle spanning from 2023 to 2026.

Moderate debt management and relatively high short-term debt pressure

QTID has moderate debt management, as reflected by its elevated leverage and modest debt structure. Its total debt increased from RMB22.6 billion at end-2024 to RMB24.2 billion at end-2025, and its total capitalization ratio slightly increased from 53.3% to 54.0% over the same period. Moreover, the Company's debt maturity profile is relatively compressed, with a high proportion of short-term obligations. As of 31 December 2025, its short-term debt amounted to RMB11.3 billion, accounting for 46.8% of its total debt, and its cash-to-short-term-debt ratio was lower than 0.1x, indicating a high short-term debt servicing pressure. We expect the Company's debt leverage to remain high in the next 12 to 18 months, given its large number of construction projects in the pipeline.

The Company bears manageable risks arising from external guarantees. As of 31 December 2025, the Company had outstanding external guarantees of RMB2.3 billion, representing 11.3% of its net assets. All the external guarantees were provided to other local state-owned enterprises.

Weak asset liquidity

QTID's asset liquidity is weak as its total assets mainly consist of assets with low liquidity. These include costs from construction projects (recorded as inventories, construction in progress, and other non-current assets), investment properties, and lands (recorded as intangible assets), which accounted for 68.3% of total assets as of 31 December 2025. It is noteworthy that low asset liquidity may undermine the Company's financing flexibility. In addition, as of 31 December 2025, the amount of restricted assets was RMB5.0 billion, which were mainly used as collateral and accounted for 10.2% of total assets.

Good access to funding

We consider QTID's access to funding to be good, given its strong banking relationships and access to the bond market. As of 30 September 2025, the Company had obtained sufficient credit facilities from major policy banks or commercial banks, with total credit facilities of around RMB19.2 billion and available credit facilities of RMB4.7 billion. The Company is also an active issuer in the public bond market. From January 2025 to March 2026, it had issued multiple types of onshore debt financing instruments, such as MTNs, SCPs, and ABSs, with a total issuance amount of RMB4.0 billion. In addition, the Company has an outstanding offshore bond of USD200.0 million. As of 31 December 2025, bank loans and bonds accounted for 40.1% and 22.7% of the Company's total debt, respectively. In addition, the Company has a relatively high reliance on non-standard financing, with non-standard financing accounting for 19.6% of its total debt as of 31 December 2025.

Good track record of receiving government payments

QTID has received continuous support from the local government, including capital injections, asset transfers, financial subsidies, and special funds. In 2025, the Company received a total capital injection of RMB290.5 million, mainly including cash and ultra-long-term special government bonds allocated for project construction. The Company also received total government subsidies of RMB27.0 million and government special funds of RMB640.0 million during the same period. This sustained government support has significantly enhanced the Company's capital strength. Overall, given the Company's important position and its contribution to regional economic development, we believe the Company will continue to receive support from the government.

ESG Considerations

QTID assumes environmental risks through its infrastructure projects. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of the projects and close supervision during construction.

As a public services provider in Quzhou City, the Company also faces social risks. Demographic changes, public awareness, and social priorities shape the government's target for QTID, which may affect the government's propensity to support the Company.

QTID's governance considerations are also material as the Company is subject to oversight and reporting requirements to the local government, reflecting its public policy role and status as a government-owned entity.

Structural Considerations

QTID's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its important position in the transportation infrastructure construction in Quzhou City, thereby mitigating any differences in an expected loss that could result from structural subordination.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

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