

## **CXAP affirms Quzhou Qutong Transportation Investment Development Co., Ltd.'s long-term credit rating at A<sub>g</sub>-, with stable outlook.**

Hong Kong, 28 May 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Quzhou Qutong Transportation Investment Development Co., Ltd. (“QTID” or the “Company”) at A<sub>g</sub>-, with stable outlook. At the same time, CCXAP has affirmed its senior unsecured debt rating at A<sub>g</sub>-.

The A<sub>g</sub>- long-term credit rating of QTID 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.

### **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.

### **Rating Rationale**

#### **Credit Strengths**

**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.

**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 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. 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.

#### Credit Challenges

**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.

**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. The Company's debt maturity profile is relatively compressed, with a high proportion of short-term obligations. 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. Moreover, the Company bears manageable risks arising from external guarantees.

**Weak asset liquidity.** QTID's asset liquidity is weak as its total assets mainly consist of assets with low liquidity. These assets include costs from construction projects, investment properties, and lands. Low asset liquidity may undermine the Company's financing flexibility.

#### Rating Outlook

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.

#### 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.

#### **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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