

CCXAP assigns first-time long-term credit rating of A_g+ to Wenzhou Communications Development Group Co., Ltd., with stable outlook.

Hong Kong, 22 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A_g+ to Wenzhou Communications Development Group Co., Ltd. (“WCDG” or the “Company”), with stable outlook.

The A_g+ long-term credit rating of WCDG reflects Wenzhou Municipal Government’s (1) extremely strong capacity to provide support, and (2) very high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of Wenzhou Municipal Government’s capacity to provide support reflects Wenzhou City’s economic importance in Zhejiang Province, with ongoing economic and fiscal growth.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) status as the most important transportation infrastructure construction and operation entity in Wenzhou City, with high business sustainability; (2) solid track record of receiving government support; and (3) good access to funding. However, the rating is constrained by the Company’s (1) high exposure to commercial activities; (2) moderate asset quality; and (3) rapid debt growth and relatively high debt leverage.

Corporate Profile

Established in 1998, WCDG is the most important local infrastructure investment and financing companies (“LIIFCs”) for transportation infrastructure construction and operation in Wenzhou City. After the asset restructure in 2025, the Company is mainly engaged in construction and operation of expressway and transit railway, and public transportation operation. In addition, the Company also engages in diversified commercial businesses, such as product sale and engineering construction. As of 31 March 2026, the State-owned Assets Supervision and Administration Commission of Wenzhou Municipal Government (“Wenzhou SASAC”) held 93.61% equity interests of WCDG, while Zhejiang Caikai Group Co., Ltd. held the remaining 6.39%. Wenzhou SASAC is the ultimate controlling shareholder of the Company.

Rating Rationale

Credit Strengths

Most important transportation infrastructure construction and operation entity in Wenzhou City, with high business sustainability. After the asset restructuring in 2025, the Company has been mainly engaged in construction and operation of expressway and transit railway, and public transportation operation, making great contributions to the local economic and social development. Considering its high strategic significance to the development of Wenzhou City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future. In addition, the Company’s transportation infrastructure construction and operation business has high sustainability given the considerable amount of transportation construction projects in the pipeline and the long charging period of its road assets.

Solid track record of receiving government support. As the most important transportation infrastructure construction and operation entity in Wenzhou City, WCDG has a track record of receiving government support in the form of capital injection, asset transfer and financial subsidies. Considering its strategic importance in Wenzhou City, we expect the local government will provide ongoing support to the Company in the future.

Good access to funding. As the most important transportation construction and operation entity in Wenzhou City, WCDG has good access to funding from banks and bond market. Considering its important status in Wenzhou City, we expect the Company to maintain access to stable funding and retain good refinancing capabilities.

Credit Challenges

High exposure to commercial activities. WCDG also engages in diversified commercial businesses, including product sale, engineering construction, property leasing, property management, charging services, education services, and advertising businesses. We consider the Company's exposure to commercial businesses to be high, as they are the main profit contributors of the Company.

Rapid debt growth and relatively high debt leverage. WCDG's total debt has increased rapidly in the past three years due to external financing needs and the asset restructuring. The Company's adjusted total debt increased from RMB46.3 billion at end-2023 to RMB72.2 billion as of 31 March 2026. Given its continuous investment for transportation infrastructure projects, we expect the Company's debt burden will continue to grow for the next 12 to 18 months.

Moderate asset quality. As of 31 March 2026, the Company's total assets mainly consisted of fixed assets and construction in progress, accounting for around 66.2% of total assets. The fixed assets are mainly self-owned road and bridge assets, and construction in progress are mainly transportation projects, all with weak liquidity. Nevertheless, the fixed assets can provide stable toll income and cash flow to the Company.

Rating Outlook

The stable outlook on WCDG's rating reflects our expectation that, for the next 12 to 18 months, the local government's capacity to support will remain stable, and the Company will maintain its dominant role in transportation infrastructure construction and operation in Wenzhou City.

What could upgrade the rating?

The rating could be upgraded if (1) the local 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 improvement in debt leverage or assets quality.

What could downgrade the rating?



The rating could be downgraded if (1) the local 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 decrease in its strategic significance; decrease in government payments; or increase in exposure to commercial activities.

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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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong

Associate Director of Credit Ratings

+852-2860 7124

peter_chong@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com



Client Services: +852-2860 7111



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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656