

CCXAP assigns first-time long-term credit rating of BBB_g+ to Wenzhou Chengda Traffic Development Co., Ltd., with stable outlook.

Hong Kong, 25 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of BBB_g+ to Wenzhou Chengda Traffic Development Co., Ltd. (“Chengda Traffic” or the “Company”), with stable outlook.

The BBB_g+ long-term credit rating of Chengda Traffic is underpinned by the Company’s (1) status as an important state-owned enterprise providing comprehensive engineering services in Wenzhou City, with good technical strength and qualifications; (2) sufficient contracts to support business development; and (3) low debt burden. However, the rating is constrained by the Company’s (1) moderate business diversification and customer concentration (2) intensified competition from private sector; and (3) small revenue scale, with moderate profitability.

The rating also reflects a moderate likelihood of support from its shareholder and the local government, which is based on the Company’s (1) ownership and control by Wenzhou Communications Development Group Co., Ltd. (“WCDG”) and the State-owned Assets Supervision and Administration Commission of Wenzhou Municipal Government (“Wenzhou SASAC”); (2) status as an important engineering consulting subsidiary of WCDG, with certain business linkage with WCDG; and (3) track record of receiving support from the local government..

Corporate Profile

Established in 1995, Chengda Traffic is a comprehensive engineering consulting firm specializing in engineering supervision, testing and inspection, and project management technical consulting services. Its main clients are large state-owned enterprises in the highway, bridge, and tunnel sectors. As of 31 March 2026, WCDG directly and indirectly held 97.0% of the Company’s shares, while Wenzhou Construction Group Co., Ltd. held the remaining 3.0%. Wenzhou SASAC is its ultimate controller.

Rating Rationale

Credit Strengths

Important state-owned enterprise providing comprehensive engineering services in Wenzhou City, with good technical strength and qualifications. Chengda Traffic is a comprehensive engineering service enterprise specializing in engineering supervision, testing and inspection, and project management technical consulting services in Wenzhou City. Leveraging its complete qualifications, advanced technical capabilities, and state-owned background, the Company provides high-quality engineering supervision and testing services, with strong regional advantage.

Sufficient contracts to support business development. The Company has sufficient contracts at hand, which can support its business development. As of end-2025, the Company

held supervision contacts of RMB403.6 million, and testing contacts of RMB116.4 million at hand.

Low debt burden. As of 31 December 2025, the Company's adjusted total debt (lease liabilities) amounted to RMB21.7 million, with a low total capitalization ratio of 4.5%. Given its limited financing and investment needs, we expect that the Company's debt burden will remain at a low level for the next 12 to 18 months.

Moderate likelihood of support from its shareholder and the local government. We expect Chengda Traffic has a moderate likelihood of receiving support from the shareholder and the local government in times of need. This expectation incorporates our considerations of the Company's (1) ownership and control by WCDG and the Wenzhou SASAC; (2) status as an important engineering consulting subsidiary of WCDG, with certain business linkage with WCDG; and (3) track record of receiving support from the local government.

Credit Challenges

Moderate business diversification and customer concentration. The Company mainly engages in engineering supervision and testing businesses. However, these businesses have moderate customer concentration as the revenue from top five customers represented about 40.0% of total revenue in 2025.

Intensified competition from private sector. The engineering supervision and testing industries are industries that require qualification for entry. In the past, state-owned enterprises dominated the market by leveraging their resource advantages. However, with the gradual opening up of the testing and supervision market, the original market structure has changed, with intensified competition from private sector.

Small revenue scale, with moderate profitability. Chengda Traffic's revenue scale is small, but shows an increasing trend. From 2023 to 2025, its total revenue rose from RMB453.5 million to RMB481.6 million. The Company's profitability is moderate, showing a slight decreasing trend. The Company's growing period expenses and credit impairment loss have eroded its operating profits. From 2023 to 2025, the Company's EBIT margin declined from 16.1% to 15.1%.

Rating Outlook

The stable outlook on Chengda Traffic's rating reflects our expectation that, for the next 12 to 18 months, the Company will maintain its status as an important state-owned comprehensive engineering service enterprise in Wenzhou City, with low debt burden.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the shareholder and the local government increases significantly; and (2) the Company's stand-alone credit profile improves significantly, including enhancement of core business profitability and strengthening of market position.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of support from the Wenzhou City Government decreases; or (2) the Company shows eroded liquidity profile or substantial increase in debt burden.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(May 2026\)](#).

Regulatory Disclosures

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