

## Credit Opinion

26 March 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A <sub>g</sub> +
Outlook	Stable

### Analyst Contacts

Peter Chong +852-2860 7124  
Associate Director of Credit Ratings  
[peter\\_chong@ccxap.com](mailto:peter_chong@ccxap.com)

Jonathan Kwong +852-2860 7132  
Senior Credit Analyst  
[jonathan\\_kwong@ccxap.com](mailto:jonathan_kwong@ccxap.com)

Elle Hu +852-2860 7120  
Executive Director of Credit Ratings  
[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

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

### Client Services

Hong Kong +852-2860 7111

## Quanzhou Urban Construction Group Co., Ltd.

### Surveillance credit rating report

### CCXAP affirms Quanzhou Urban Construction Group Co., Ltd.'s long-term credit rating at A<sub>g</sub>+, with stable outlook.

#### Summary

The A<sub>g</sub>+ long-term credit rating of Quanzhou Urban Construction Group Co., Ltd. ("QUCG" or the "Company") reflects Quanzhou Municipal Government's (1) very 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 Quanzhou Municipal Government's capacity to provide support reflects the Quanzhou City's economic importance in Fujian Province and robust private economy, with ongoing growth in economic and fiscal strength.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) important policy role as the most important urban development and operation entity in Quanzhou City; (2) dominant role in local public activities with high sustainability; and (3) track record of receiving government support.

However, the rating is constrained by the Company's (1) medium exposure to commercial business activities; (2) rapid debt growth with large capital expenditure; and (3) weak asset liquidity.

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

## Rating Drivers

- Important policy role as the most important urban development and operation entity in Quanzhou City
- High sustainability of local public activities, with large capital expenditure pressure
- Medium exposure to commercial activities
- Track record of receiving government support
- Rapid debt growth driven by large capital expenditure needs
- Weak asset liquidity
- Good access to funding

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) Quanzhou Municipal Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as improved debt management.

### What could downgrade the rating?

The rating could be downgraded if (1) Quanzhou Municipal Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in importance of its policy role, or material decrease in government payments.

## Key Indicators

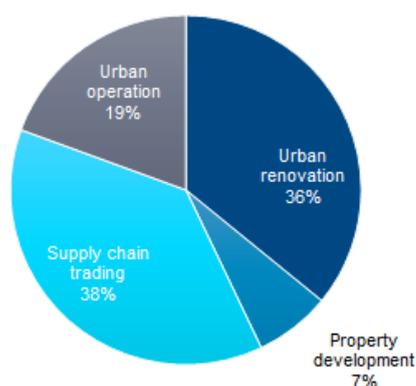
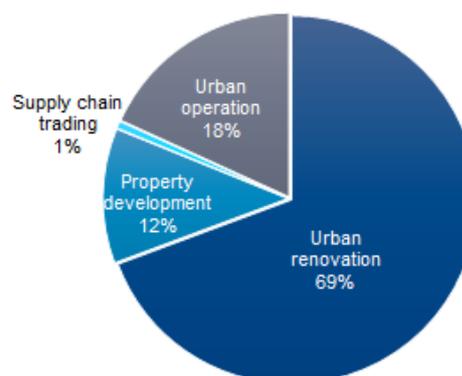
	2022FY	2023FY	2024FY	2025Q3
Total Asset (RMB billion)	159.3	179.7	203.1	213.8
Total Equity (RMB billion)	75.8	80.3	81.8	84.6
Total Revenue (RMB billion)	8.6	11.7	13.0	8.6
Total Debt/Total Capital (%)	38.3	43.3	48.1	50.5

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

Source: Company data, CCXAP research

## Corporate Profile

Founded in 2016, QUCG is the most important state-owned enterprise ("SOE") in Quanzhou City with the largest asset size. It plays an important public role in land consolidation, infrastructure construction, resettlement housing construction, water supply, and shantytown renovation. The Company also engages in some commercial activities such as supply chain trading, urban operation, and property development. As of 30 September 2025, the State-owned Assets Supervision and Administration Commission of Quanzhou City ("Quanzhou SASAC") held 90% and the Fujian Provincial Department of Finance held the remaining 10% of the Company's shares, respectively. It is ultimately controlled by Quanzhou SASAC.

**Exhibit 1. Revenue structure in 2024****Exhibit 2. Gross profit structure in 2024**

Source: Company information, CCXAP research

**Exhibit 3. Shareholding chart as of 30 September 2025**

Source: Company information, CCXAP research

## Rating Considerations

### Government's Capacity to Provide Support

We believe the Quanzhou Municipal Government has a strong capacity to provide support given its economic importance in Fujian Province and robust private economy, as well as ongoing growth in economic and fiscal strength.

Fujian Province, located on the southeastern coast of China, is recognized as one of the country's fastest-growing regions. In 2025, Fujian recorded a gross regional product ("GRP") of RMB5.8 trillion, with a GRP growth rate of 5.5% year-on-year ("YoY"), ranking 8<sup>th</sup> in terms of GRP among all provinces in China. Additionally, the province's general budgetary revenue reached RMB361.5 billion.

Quanzhou City, situated in the southeastern part of Fujian Province, connects to Putian and Fuzhou to the north and Xiamen to the south. It is a key area for China's economic reforms and opening-up initiatives. The city's pillar industries include textiles, petrochemicals, machinery and equipment, building materials, and home furnishings. Quanzhou's GRP grew from RMB1309.5 billion in 2024 to RMB1377.8 billion in 2025, with an increase of 5.3% YoY, maintaining its position as the second-largest city in Fujian by GRP. In 2025, the general budgetary revenue is RMB59.2 billion, with an increase of 3.4% YoY. In 2024, the local government's fiscal balance remains moderate, with a revenue-to-expenditure ratio of 67.9%. In 2025, the government-managed funds revenue was RMB29.2 billion, a decrease of 8.3% YoY, mainly due to the reduction in revenue from state land concession fees. Quanzhou's debt burden is also relatively mild, with outstanding local government debt totaling RMB266.1 billion, accounting for 20.3% of GRP in 2024.

**Exhibit 4. Key economic and fiscal indicators of Quanzhou City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,210.3	1,217.2	1,309.5
GRP Growth (%)	3.5	4.8	6.5
General Budgetary Revenue (RMB billion)	52.7	58.1	57.2
General Budgetary Expenditure (RMB billion)	80.7	85.0	84.3
Local Government Debt (RMB billion)	211.3	234.3	266.1

Source: Statistic Bureau of Quanzhou City, CCXAP research

**Government's Willingness to Provide Support****Important policy role as the most important urban development and operation entity in Quanzhou City**

There are 5 main SOEs in Quanzhou City, each with different positioning, including urban development and operation, transportation construction, water conservancy, cultural and tourism, and financial services. QUCG is the largest SOE by total assets and the most important urban development and operation entity in Quanzhou City. It is also responsible for the development of new district and other major projects authorized by the local government. The Company focuses on four major business sectors: urban renovation, property development, urban operation, and supply chain trading. It has completed a large amount of land consolidation, infrastructure construction, and resettlement housing construction projects in Quanzhou City, making great contributions to the urbanization of the region. Considering its strategic significance to the development of Quanzhou City, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

**High sustainability of local public activities, with large capital expenditure pressure**

Positioned as an urban construction and operation service provider, QUCG's public activities mainly include urban renovation, resettlement housing construction, and water supply in Quangang District. The Company has considerable projects in the pipeline, which can ensure the sustainability of the business, but exert large capital expenditure pressure.

QUCG is entrusted by the local government to undertake the urban renovation projects, including land acquisition, demolition, compensation and resettlement. The business scope of the urban renovation projects covers 5 main areas in Quanzhou City, with a total transferable area of over 20,000 mu. As of 30 September 2025, the Company had 5 major urban renovation projects with an estimated total investment of RMB190.7 billion, and an outstanding amount of RMB63.4 billion. Fortunately, the large capital expenditure pressure can be partly supported by government special funds.

The Company is also responsible for the infrastructure construction projects in Quanzhou City, such as roads, and embankment projects. Most of the infrastructure construction projects are incorporated into urban renovation and the Company achieves fund balance through settlement with local fiscal department. Some of the infrastructure projects are conducted by signing agency construction agreements with the entrusting parties.

Furthermore, the Company is responsible for construction of the Quangang Petrochemical Industrial Park and safety control area project, involving demolition and land leveling of residential areas, as well as the improvement of the green landscape. To support the project construction, the local government has provided special funds, special bond funds, and bond swap funds to the Company. As of 30 September 2025, the Company had totally invested RMB29.6 billion into the project. The Quanzhou Municipal Government has provided policy and financial support to solve the funding gap of the project.

QUCG is also responsible for the construction of resettlement housing in the 5 main areas of Quanzhou City. The Company mainly obtained the land through government allocation and self-acquisition. The completed resettlement housings are mainly used for resettlement. As of 30 September 2025, the Company had 13 resettlement housing projects under construction, with a total planned investment of RMB10.4 billion and an outstanding amount of RMB2.1 billion.

In addition, QUCG is the sole water supply and water installation entity in Quangang District via its pipe networks of 1,258.5 kilometers. As of 30 September 2025, the Company had 3 water plants with a daily water supply capacity of 200,000 tons. Benefited by the rapid development of Quangang District, the total water sales of Quangang District have increased steadily over the past few years, which ensure the sustainability of the business.

### **Medium exposure to commercial activities**

In addition to public activities, QUCG is involved in various commercial activities such as supply chain trading, property development, property leasing, and engineering construction. We consider QUCG's commercial business exposure to be medium, as its market-driven businesses account for around 15-20% of its total assets.

QUCG's supply chain trading business includes domestic and international trading. Its international trading business mainly involves trading of handicrafts, textiles, and clothing, while domestic trading business mainly involves trading of commodity products, such as zinc ingots, aluminum ingots, copper ore, non-ferrous metals. For the first nine months of 2025, the top 5 customers and suppliers accounted for 28.4% of the total sales and 35.6% of the total procurement, respectively. The revenue of the segment amounted to RMB6.5 billion in 2025Q3. In addition, the supply chain trading business recorded a low gross profit rate of 0.8% in 2025Q3, due to the low profitability of commodity products trading. Moreover, due to the mismatch in payment cycles between upstream and downstream operations, the Company is required to advance funds, exposing it to certain financial risks

Apart from the construction of resettlement housing, the Company also participates in the construction of commercial housing. The Company primarily acquires land through public bidding and carries out the projects using a pre-sale model. As of 30 September 2025, the Company had 12 commercial housing projects under construction, with a total planned investment of RMB26.4 billion and an outstanding amount of RMB10.4 billion, exerting large capital expenditure pressure. However, it faces a certain destocking pressure as the sales progress of two projects is lower than 50%. In addition, the Company had 5 commercial housing projects under planning, with a total planned investment of RMB9.3 billion. Moreover, the property development business is subject to the slowdown of property market in China and may exert certain business risks to the Company.

In addition, the urban operation business mainly consists of project management, property leasing, engineering construction, providing supplemental income to the Company. The Company owns a large amount of leasable state-owned properties, such as car parks, office buildings, and shopping malls. The Company's property leasing income amounted to RMB225.0 million in 2024. Moreover, the Company undertakes the engineering construction and mainly acquires the project through public bidding. In 2024, the Company recorded an engineering construction income of RMB395.0 million.

### **Track record of receiving government support**

As the most important urban development and operation entity in Quanzhou City, QUCG has a track record of receiving support from the Quanzhou Municipal Government. These supports take various forms, such as

government subsidies, capital injections, and equity transfers. From 2024 to 2025Q3, the local government injected cash of RMB4.9 billion to the Company. In addition, the local government provided total subsidies of RMB141.0 million to the Company over the same period. The local government also regularly makes project payments to the Company for its public policy projects. Overall, given its important position and contribution to regional economic development, we believe that QUCG will receive ongoing government support to support its business operations.

### **Rapid debt growth driven by large capital expenditure needs**

With ongoing financing for its construction projects in recent years, QUCG demonstrates a rapid debt growth. The Company's adjusted total debt increased from RMB61.3 billion at end-2023 to RMB86.4 billion as of 30 September 2025, while its total capitalization increased from 43.3% to 50.5% over the same period. The Company faces certain liquidity pressure as short-term debt accounted for 33.0% of total debt as of 30 September 2025, and the cash to short term debt ratio was 0.5x. We expect that, given its large future capital needs for urban renewal and property development projects, the Company's debt burden will continue to grow in the next 12 to 18 months.

In terms of contingent liability, as of 30 September 2025, the Company's external guarantee amount was RMB3.1 billion, accounting for 3.5% of its net assets. Most of the external guarantees are provided to local state-owned enterprises in Quanzhou City.

### **Weak asset liquidity**

QUCG's asset liquidity is weak, which may undermine its financial flexibility. The Company's total asset mainly consists of receivables, inventories, and other non-current assets, which accounted for 80.4% of its total asset as of 30 September 2025. The inventories and other non-current assets are mainly investment costs for its public policy projects and resettlement housing projects, while receivables are mainly unreceived payments from the agencies of government or other state-owned companies, all of which are considered low liquidity. As of 30 September 2025, the Company had restricted asset of RMB3.5 million, accounting for 1.6% of its total asset.

### **Good access to funding**

QUCG has good access to funding as reflected by its good banking relationships and access to the debt capital market. Bank loans are the main financing channel of the Company, accounting for about 48.0% of its total debt as of 30 September 2025. It has sufficient standby liquidity. As of 30 September 2025, the Company obtained total credit facilities of RMB72.7 billion from large domestic commercial and policy banks, with available credit facilities of RMB35.1 billion. The Company has a track record of fund-raising activities in debt capital market, including offshore and onshore bonds. Around 24.8% of its debt were provided by bond financing as of 30 September 2025. However, a relatively large amount of bond financing may make the Company vulnerable to the fluctuations of capital market. Additionally, the Company has a relatively high reliance on non-standard financing, such as financial leasing and trust financing, which accounted for around 29.8% of its total debt.

## **ESG Considerations**

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

The Company is also exposed to social risks as a public services provider in Quzhou City. Demographic changes, public awareness and social priorities shape government's target for QUCG, or affect the government's propensity to support the Company.

QUCG'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.

## Rating Methodology

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

Copyright © 2026 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP’s publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP’s publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

**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](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656