

Quzhou Great Garden Construction Investment Development Group Co., Ltd.

Lianhe Ratings Global Limited ("Lianhe Global") has assigned 'A-' global scale Long-term Issuer of Quzhou Great Garden Construction Investment Development Group Co., Ltd. ("QZGG" or "the Company"; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Quzhou City ("Quzhou government") would provide very strong support to QZGG if needed, in light of its indirect majority ownership of QZGG, QZGG's strategic importance as an important local investment and development company ("LIDC") that is responsible for infrastructure construction and cultural tourism operation in Quzhou, and the linkage between the Quzhou government and QZGG, including appointment and supervision of senior management, strategic alignment, and ongoing operational and financial support. In addition, the Quzhou government may face significant negative impact on its reputation and financing activities if QZGG encounters any operational or financial difficulties.

Quzhou is a prefecture-level city of Zhejiang Province. In 2024, Quzhou's GDP grew by 6.4% to RMB226.3 billion and its budgetary revenue reached RMB20.9 billion.

The Stable Outlook reflects our expectation that QZGG's strategic importance would remain intact while the Quzhou government will continue to ensure QZGG's stable operation.

Rating Rationale

Government's Ownership and Supervision: The Quzhou government holds almost entire ownership of QZGG through Quzhou State-owned Assets Supervision and Administration Commission ("Quzhou SASAC"), Quzhou State-owned Capital Operation Co., Ltd. ("QZSCO") and Quzhou Holding Group Co., Ltd. The remaining stake of QZGG is indirectly held by the Zhejiang Provincial Department of Finance. Quzhou SASAC and QZSCO are the actual controller and controlling shareholder of QZGG, respectively. The Quzhou government has the final decision-making authority and supervision over the company, including appointment and supervision of senior management, strategic alignment, and ongoing operational and financial support. In addition, the Quzhou government has an assessment mechanism over the company and regularly appoints auditors to review the company's operating performance and financial position.

Strategic Importance and Strategic Alignment: As an important LIDC in Quzhou, QZGG is primarily responsible for infrastructure construction and cultural tourism operation in Quzhou. QZGG is the sole prefectural-level LIDC responsible for cultural tourism operation in Quzhou. QZGG concentrates on investment, construction and operation in the agriculture, commerce, culture and tourism sectors. Its business operations and strategic planning have been aligned with the Quzhou government's economic and social development plans.

Ongoing Government Support: QZGG continues to receive various ongoing support from the Quzhou government, including financial subsidies and capital and asset injections and equity transfers. During 2021-2024, the Quzhou government transferred various assets to

Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	12 February 2026

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

QZGG including water resource rights, sand and gravel resource operation rights, advertising franchise rights, raw water supply rights, properties and nursery assets. Also, the Quzhou government transferred equity stakes in several local state-owned entities to QZGG during the same period. Additionally, QZGG received subsidies with a total amount of RMB56 million during 2021-2024.

QZGG's Financial Matrix and Liquidity Position: QZGG's total assets increased steadily over the past few years, reaching RMB23.5 billion at end-September 2025, up from RMB15.6 billion at end-2022. This was mainly driven by the growth in investment properties, construction in progress and other equity investments. At end-September 2025, the Company's assets mainly consisted of intangible assets, construction in progress and other non-current assets.

The Company mainly relied on bank borrowings to fund its asset expansion. At end-September 2025, QZGG's total debt reached RMB4.9 billion, with short-term debt accounting for 22.1% of the total debt. The financial leverage, as measured by debt to capitalization ratio, increased to 27.9% at end-September 2025 from 10.6% and 26.5% at end-2023 and end-2024, respectively.

The short-term debt servicing pressure of QZGG remained moderately high. At end-September 2025, QZGG had a total cash balance of RMB1.0 billion, compared with its short-term debt of RMB1.1 billion. The Company has access to financing channels, including bank loans and other non-traditional financing tools, to support its debt repayments and business operations. Also, at end-August 2025, the Company had unused bank credit facilities of RMB1.96 billion.

Rating Sensitivities

We would consider downgrading QZGG's rating if (1) there is a perceived weakening in support from the Quzhou government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the Quzhou government's ownership of QZGG, or (3) there is a downgrade in our internal credit assessment on the Quzhou government.

We would consider upgrading QZGG's rating if there is an upgrade in our internal credit assessment on the Quzhou government.

Operating Environment

Economic Condition of Quzhou

Quzhou is a prefecture-level city in western Zhejiang Province, located at the source of the Qiantang River and bordering Fujian, Jiangxi and Anhui provinces. It is a key city in the Yangtze River Delta region with convenient transportation links. Quzhou has developed six pillar industries: new materials, new energy, electronic information, high-end equipment manufacturing, high-grade specialty paper, and high-end biopharmaceuticals. Notably, Quzhou is home to one of the world's largest cobalt material production bases and China's most comprehensive fluorine-silicon new material product system.

Quzhou's GDP reached RMB226.3 billion in 2024, representing a year-on-year growth rate of 6.4%. Its industrial structure is dominated by the secondary and tertiary sectors, with the tertiary sector accounting for 54.7% of GDP in 2024. However, fixed asset investment growth moderated to 9.4% in 2024 from 17.7% in 2022.

Quzhou's Economic Condition

(RMB billion)	2022	2023	2024
GDP	200.3	212.5	226.3
-Primary industry (%)	4.7	4.3	4.3
-Secondary industry (%)	43.6	42.8	41.0
-Tertiary industry (%)	51.7	52.9	54.7
GDP growth rate (%)	4.8	6.8	6.4
Fixed asset investment growth rate (%)	17.7	11.4	9.4
Population (million)	2.3	2.3	2.5

Source: Statistical bureau of Quzhou and Lianhe Global's calculations

Fiscal Condition of Quzhou

The budgetary revenue of the Quzhou government grew by 2.1% in 2024, reaching RMB20.9 billion. However, tax revenue as a percentage of budgetary revenue declined to 73.2% in 2024 from 80.9% in 2022, indicating a weakening in fiscal revenue quality. The government fund income, mainly generated from land sales, dropped significantly to RMB19.8 billion in 2024 from RMB37.2 billion in 2022, reflecting the downturn in the real estate market. The fiscal self-sufficiency ratio remained weak at around 32.5% in 2024, indicating heavy reliance on transfer payments from higher-level governments.

The outstanding debt of the Quzhou government increased to RMB115.9 billion at end-2024 from RMB86.4 billion at end-2022. Its government debt ratio rose sharply to 157.7% at end-2024 from 110.5% at end-2022, indicating an elevated debt burden.

Quzhou's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	17.3	20.4	20.9
Budgetary revenue growth rate (%)	5.6	18.0	2.1
Tax revenue	14.0	15.5	15.3
Tax revenue (% of budgetary revenue)	80.9	75.7	73.2
Government fund income	37.2	30.4	19.8
Transfer payment	236.2	235.0	300.7
Aggregate revenue	78.2	74.8	73.5
Budgetary expenditure	56.8	60.6	64.2
Budget balance ¹ (%)	-228.0	-197.0	-207.8

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Quzhou and Lianhe Global's calculations

Company Profile

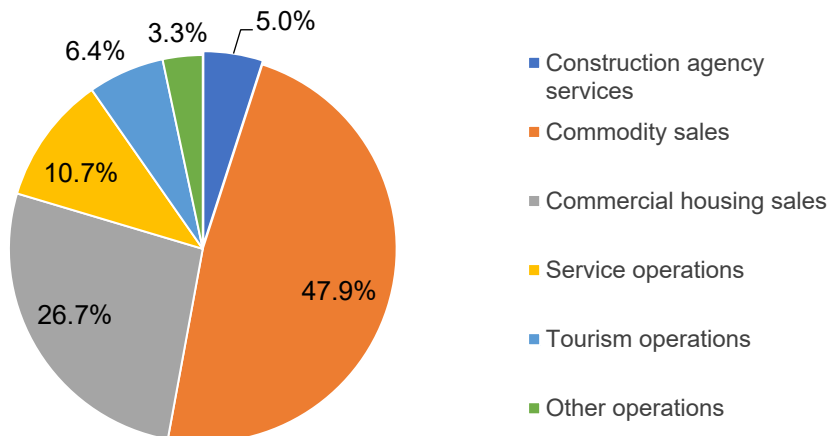
Ownership Structure

Established in October 2020 by the Quzhou government, QZGG is an important infrastructure development and cultural tourism operation entity in Quzhou. The Quzhou government holds almost entire ownership of QZGG through Quzhou SASAC, QZSCO and Quzhou Holding Group Co., Ltd. The remaining stake of QZGG is indirectly held by the Zhejiang Provincial Department of Finance. Quzhou SASAC and QZSCO are the actual controller and controlling shareholder of QZGG, respectively.

Revenue Breakdown

QZGG is primarily responsible for investment, construction and operation in the agriculture, commerce, culture and tourism sectors in Quzhou. The Company realized revenue of RMB540 million, RMB730 million and RMB829 million in 2022, 2023 and 2024, respectively, representing an upward trend. However, its profitability remained weak, with total return on capital hovering below 0.5% over the same period, mainly due to high operating costs and reliance on non-recurring income such as government subsidies and fair value gains on investment properties.

Total Revenue: RMB0.8 billion in 2024

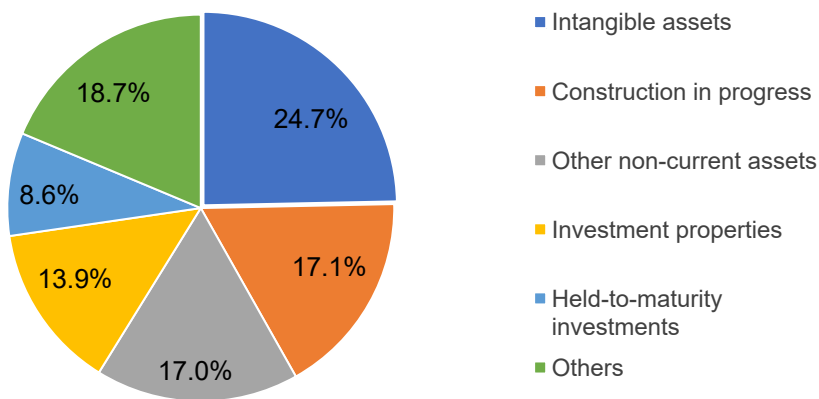


Source: The company's financial reports and Lianhe Global's calculations

Assets Breakdown

QZGG's asset liquidity was weak. As of September 2025, the company's asset composition was dominated by intangible assets, construction in progress and other non-current assets, collectively representing approximately 59% of its RMB23.5 billion asset base. Intangible assets accounted for the largest share at 24.7%, followed by construction in progress (17.2%) and other non-current assets (17.0%). Investment properties represented another 13.9% of total assets. These assets face extended monetization timeframes due to their illiquid nature and protracted development or disposal cycles.

Total assets: RMB23.5 billion at end-September 2025





Source: The company's financial reports and Lianhe Global's calculations

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	15,558	20,075	21,800	23,477
Equity	11,816	11,743	12,566	12,606
Debt	530	1,392	4,528	4,880
Debt / (Debt + Equity) (%)	4.3	10.6	26.5	27.9
Unrestricted cash/ST Debts (x)	28.4	1.9	0.1	0.9
Debt/EBITDA (x)	8.3	10.7	34.2	-
Revenue	540	730	829	524
Operation Profit	60	59	64	-119
Gross Margin (%)	6.6	16.5	16.9	12.9
Cash from sales or services/ Revenue (%)	153.3	115.9	96.8	36.3

Source: QZGG and Lianhe Global's calculations

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