Zhangzhou Transportation Development Group Co., Ltd.

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'A-' global scale Long-term Issuer Credit Rating of Zhangzhou Transportation Development Group Co., Ltd. ("ZZT"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that Zhangzhou Municipal People's Government ("Zhangzhou government") would provide very strong support to ZZT if needed, in light of its 90% ownership of ZZT, ZZT's strategic position as an important transportation infrastructure and assets operation entity in Zhangzhou City ("Zhangzhou") and the strong linkage between the Zhangzhou government and ZZT, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe the Zhangzhou government has a very strong willingness to ensure ZZT's business and financial viability in order to safeguard its reputation and local financing activities.

Zhangzhou is a prefecture-level city in southern Fujian Province. Zhangzhou's GDP grew by 3.0% year-over-year to RMB615.4 billion in 2025, while the budgetary revenue of the Zhangzhou government grew by 3.6% year-over-year to RMB28.5 billion over the same period.

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

Rating Rationale

Government's Ownership and Supervision: The Zhangzhou government holds 90% ownership of ZZT via the State-owned Assets Supervision and Administration Commission of the Zhangzhou government ("Zhangzhou SASAC"), while the remaining 10% stake is held by Fujian Provincial Department of Finance. Zhangzhou SASAC is the actual controller of the company. The Zhangzhou government has strong control and supervision over ZZT, including control of the board of directors, senior management appointments and major strategic, investing and financing plans. In addition, the Zhangzhou government has assessment mechanism over the company and it appoints auditor to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: ZZT is the major entity responsible for transportation infrastructure construction and urban transportation operation in Zhangzhou. The company also undertakes other businesses such as cargo ship leasing, tourism development and merchandise sales. Following the injection and consolidation of another LIDC which involves the infrastructure construction in coastal area, ZZT strengthens its role in the modern marine industry development, including the construction and development of ports, docks, industrial parks, etc. ZZT plays an important role in promoting the economic and social development of the region. Its business operation and development have been aligned with the government's development plans.

Ongoing Government Support: ZZT receives various and stable financial subsidies from the Zhangzhou government, including transportation-related construction project subsidies and transportation subsidies. Most of the subsidies were on a regular basis. Between 2023 and 2025, ZZT received financial subsidies of totally RMB408 million from the Zhangzhou government. Meanwhile, ZZT also received equity transfer, asset injections and funds from government special-purpose bonds, with a total amount of RMB20.6 billion over the same period. We believe ZZT is likely going to receive government support, given its strategic importance in Zhangzhou.

ZZT's Financial Matrix and Liquidity Position: ZZT's total assets increased to RMB115.1 billion at end-March 2026 from RMB108.2 billion at end-2024, driven by both the asset injection and the company's active participation in the transportation-related construction business. Similarly, ZZT's adjusted total debt (treating perpetual debts as debt instead of equity) increased to RMB72.0 billion at end-March 2026, with the short-term debt and long-term debt accounting for 28.4% and 71.6% of the total adjusted debt, respectively. The company's financial leverage, as measured by the debt to capitalization ratio, reached 65.8% at end-March 2026.

ZZT's short-term debt servicing pressure is moderate. At end-March 2026, ZZT had cash of RMB6.4 billion and an unused credit line of RMB23.8 billion, compared with its debt to be due within one year of RMB20.4 billion. In addition, ZZT has access to multiple financing channels including bank borrowings, corporate bonds (onshore and offshore) and other non-traditional financing channels to support its debt repayments and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Zhangzhou

Zhangzhou's GDP grew by 3.0% year-over-year to RMB615.4 billion in 2025, which ranked 4th among all prefecture-level cities in Fujian Province. Zhangzhou's economic growth was primarily driven by the secondary and tertiary sectors, which contributed 43.8% and 46.3% to the GDP in 2025, respectively. Fixed asset investment in Zhangzhou contracted by 1.6% year-over-year in 2025, compared with a growth of 8.5% in 2024.

Zhangzhou's Economic Condition (RMB billion)	**2023**	**2024**	**2025**
GDP	579.0	606.4	615.4
-Primary industry (%)	10.5	10.1	9.9
-Secondary industry (%)	47.0	45.0	43.8
-Tertiary industry (%)	42.5	44.9	46.3
GDP growth rate (%)	5.9	6.1	3.0
Fixed asset investment growth rate (%)	8.1	8.5	-1.6
Population (million)	5.1	5.1	5.1

Source: Statistics Bureau of Zhangzhou and Lianhe Global's calculations

Fiscal Condition of Zhangzhou

The budgetary revenue of the Zhangzhou government grew by 3.6% year-over-year to RMB28.5 billion in 2025, compared with a contraction of 1.30% in 2024. The contribution of tax revenue to budgetary revenue was elevated to 59.5% in 2025 from 58.4% in 2024. The fiscal self-sufficiency of the Zhangzhou government improved slightly, with its budget deficit narrowing to 107.0% from 109.9% over the same period. In addition, government fund income decreased slightly to RMB21.1 billion in 2025.

The outstanding debt of the Zhangzhou government increased to RMB193.9 billion at end-2025 from RMB169.4 billion at end-2024, mainly due to the new issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue ratio, was further elevated to 237.8% in 2025 from 208.1% in 2024.

Zhangzhou's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	27.9	27.6	28.5
Budgetary revenue growth rate (%)	11.5	-1.3	3.6
Tax revenue	16.7	16.1	17.0
Tax revenue (% of budgetary revenue)	59.8	58.4	59.5
Government fund income	17.0	22.2	21.1
Transfer payment	25.5	27.1	27.1*
Aggregate revenue	73.0	81.4	81.5*
Budgetary expenditure	52.2	57.9	59.1
Budget balance[1] (%)	-86.9	-109.9	-107.0
Government debt ratio (%)	195.6	208.1	237.8

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
** Estimated data*
Source: Financial Bureau of Zhangzhou and Lianhe Global's calculations

Company Profile

ZZT was established by the Transportation Bureau of Zhangzhou in May 2011 with an initial registered capital of RMB100 million. In December 2014, ZZT's shareholder was changed to the Zhangzhou SASAC from the Transportation Bureau of Zhangzhou. In October 2021, Zhangzhou SASAC transferred 10% of the equity of ZZT to the Fujian Provincial Department of Finance. At end-March 2026, ZZT's registered capital and paid-in capital were both RMB2 billion. Zhangzhou SASAC is the actual controller of ZZT.

ZZT is the major entity responsible for transportation infrastructure construction and urban transportation operation in Zhangzhou. The company also undertakes other businesses such as cargo ship leasing, tourism development and merchandise sales. Following the injection and consolidation of another LIDC which involves the infrastructure construction in coastal area, ZZT strengthens its role in the modern marine industry development, including the construction and development of ports, docks, industrial parks, etc. ZZT achieved a revenue of RMB13.6 billion in 2025 with a gross margin of 10.1%.

Key Financial Data

(RMB million)	2023	2024	2025	2026.3	*2026.3 (Adjusted)
Total Assets	70,129	108,197	111,633	115,066	115,066
Equity	25,703	38,748	40,725	40,317	37,421
Debt	41,379	62,443	64,676	69,067	71,964
Debt / (Debt + Equity) (%)	61.7	61.7	61.4	63.1	65.8
Unrestricted cash/ST Debts (x)	0.1	0.2	0.2	0.3	0.3
Debt/EBITDA (x)	30.1	49.1	33.9	-	-
Revenue	9,752	16,082	13,571	2,737	2,737
Operation Profit	239	213	44	7	7
Gross Margin (%)	3.5	6.2	10.1	6.4	6.4
Cash from sales or services/ Revenue (%)	98.2	101.2	138.8	109.2	109.2

*Note: *The perpetual debts are treated as long-term debts and total debts instead of equity*
Source: ZZT and Lianhe Global's calculations

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