

Credit Opinion

17 December 2025

Ratings	
Senior Unsecured Debt Rating	BBB _g
Long-Term Credit Rating	BBB _g
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Dongtai Chengxing Investment Development Co., Ltd.

Initial credit rating report

CCXAP assigns first-time long-term credit rating of BBB_g to Dongtai Chengxing Investment Development Co., Ltd., with stable outlook.

Summary

The BBB_g long-term credit rating of Dongtai Chengxing Investment Development Co., Ltd. (“DTCX” or the “Company”) reflects (1) the Dongtai City Government’s strong capacity to provide support; and (2) the local government’s very high willingness to provide support, based on our assessment of the Company’s characteristics.

Our assessment of Dongtai City Government’s capacity to provide support reflects Dongtai City’s status as one of the 2025 CCID Top 100 Counties in China and its economic and fiscal strength ranks top among all districts and counties in Yancheng City with good growth momentum.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) role as a key infrastructure entity in the Dongtai High-Tech Industrial Development Zone (“Dongtai HIDZ”); and (2) established track record of receiving government support in the form of capital injections, asset transfers, and fiscal subsidies.

However, the rating is constrained by the Company’s (1) increasing debt burden with certain near-term refinancing needs; (2) moderate liquid asset profile; and (3) relatively high reliance on non-standard financing instruments.

The stable outlook on DTCX’s rating reflects our expectation that Dongtai City Government’s capacity to provide support will remain stable, and the Company will maintain its important position in Dongtai City over the next 12-18 months.

Rating Drivers

- Major entity responsible for the regional construction in the Dongtai HIDZ
- Low commercial risk exposure
- Good track record of receiving government support
- Increasing debt burden with certain short-term pressure
- Moderate asset liquidity
- Access to multiple funding channels, but high reliance on non-standard financing products

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government's ability to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government's willingness to provide support, such as improved regional importance, improved asset liquidity and improved funding channels.

What could downgrade the rating?

The rating could be downgraded if (1) the local government's ability to provide support weakens; or (2) the Company's characteristics change in a way that decreases the local government's willingness to provide support, such as reduced regional significance, weakened financing ability or material deterioration in contingent risks.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Asset (RMB billion)	14.2	16.8	17.3	17.9
Total Equity (RMB billion)	9.1	9.3	9.5	9.7
Total Revenue (RMB million)	412.6	622.6	596.0	445.9
Total Debt/Total Capital (%)	32.5	38.4	39.0	40.1

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

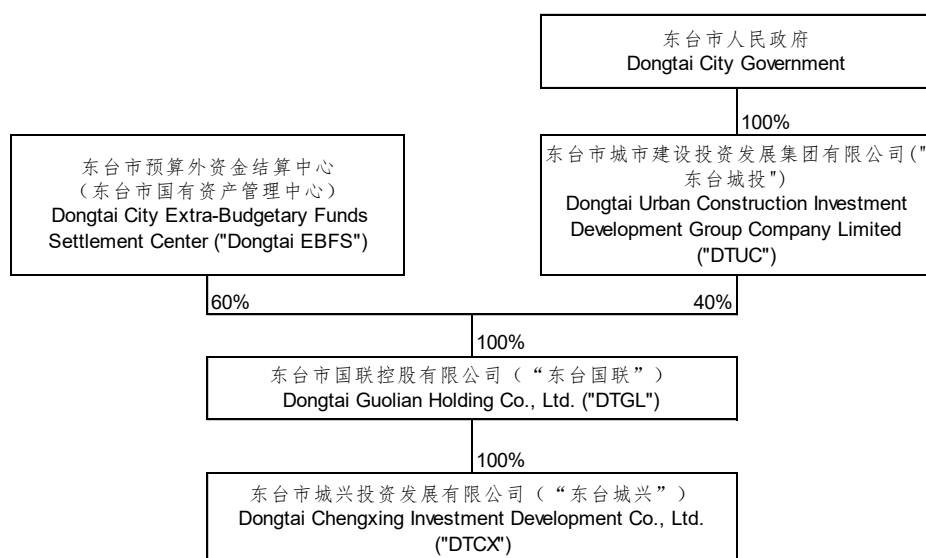
Source: Company data, CCXAP research

Corporate Profile

DTCX was established in 2015 by the Dongtai City Extra-Budgetary Funds Settlement Center ("Dongtai EBFS", which is also known as Dongtai City State-owned Assets Management Center) and is one of the key local investment and financing entities in Dongtai City. In 2021, Dongtai EBFS transferred its 40.0% equity shares in the Company to Dongtai Urban Construction Investment Development Group Company Limited ("DTUC"). In 2022, Dongtai EBFS and DTUC transferred their equity shares in the Company to Dongtai Guolian Holding Co., Ltd. ("DTGL"). As of 30 September 2025, the Company was wholly owned by DTGL with ultimate control by Dongtai EBFS.

The Company is primarily responsible for the investment and construction within the Dongtai HIDZ, a provincial-level high-tech industrial development zone in Dongtai City. Its shareholder, DTGL, is the core infrastructure construction and state-owned assets operation entity in Dongtai City, especially in Dongtai Coastal Economic Zone ("Dongtai CAZ"), Dongtai HIDZ, and Huanghai National Forest Park.

Exhibit 1. Shareholding chart as of 30 September 2025



Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

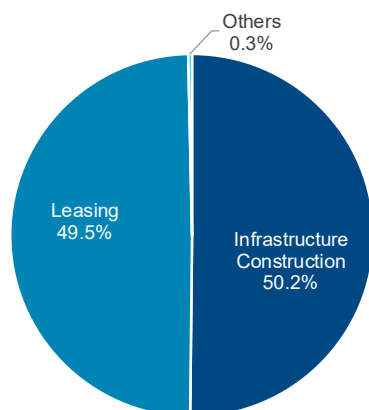
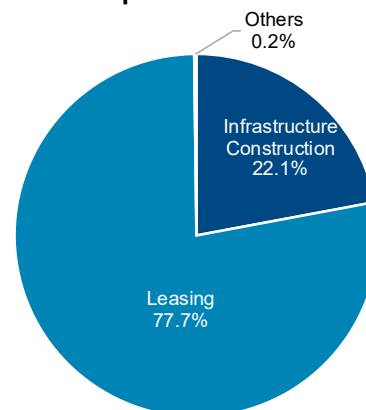


Exhibit 3. Gross profit structure in 2024



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the local government has a strong capacity to provide support, given its status as one of the 2025 CCID Top 100 Counties in China. Its economic and fiscal strength ranks top among all districts and counties in Yancheng City with a good growth trend.

Jiangsu Province is one of the leading and well-developed provinces in China. It is home to many of the world leading enterprises of electronic equipment, chemicals, and textiles. Jiangsu Province is the second largest province in China by GRP, after Guangdong Province. In 2024, its total GRP amounted to RMB13.7 trillion, a year-over-year ("YoY") increase of 5.8%. The GRP per capita for the same period was RMB160,694.0, ranking top among all provinces in China. In the first three quarters of 2025, Jiangsu Province achieved a GRP of RMB10.3 trillion, representing a YoY increase of 5.4%.

Yancheng City is a prefecture-level city in Jiangsu Province, with a good economic foundation. Based on its advantageous traditional industries including autos, textiles, steel, and chemical industries, Yancheng City is undergoing an economic transition and is developing emerging industries such as new energy vehicles and core components, new energy, new generation information technology, big health and digital economy and ocean economy industries, which help support sustainable economic growth in the long run. In 2024, Yancheng City achieved a GRP of RMB777.9 billion with a 5.5% YoY growth rate. In the first three quarters of 2025, Yancheng City's GRP increased by 5.6% YoY to RMB586.4 billion. The general budgetary revenue increased annually on the back of steady economic growth and optimized upgrading of the industrial structure. In 2024, the Yancheng Municipal Government achieved general budgetary and tax revenue of RMB49.6 billion and RMB33.5 billion, respectively. However, the fiscal balance ratio (calculated by general budgetary revenue over general budgetary expenditure) remained moderate, with a 3-year average ratio of 41.4%. As of the end of 2024, the local government's outstanding debt increased to RMB196.2 billion, accounting for around 25.2% of GRP.

Exhibit 4. Key economic and fiscal indicators of Yancheng City

	2022FY	2023FY	2024FY
GRP (RMB billion)	708.0	740.4	777.9
GRP Growth (%)	4.6	5.9	5.5
General Budgetary Revenue (RMB billion)	45.3	48.3	49.6
General Budgetary Expenditure (RMB billion)	111.8	122.8	114.1
Local Government Debt (RMB billion)	153.5	165.5	196.2

Source: Yancheng Municipal Government, CCXAP research

Dongtai City is a county-level city under the administration of Yancheng City. Dongtai City has good economic and fiscal strength with over RMB100.0 billion GRP which ranks the top among all districts and counties in Yancheng City. Dongtai City ranked 34th among the Top 100 counties in China released by CCID Consulting County Economic Research Center in 2025. The leading industries in Dongtai City include information technology, new energy, high-end equipment, new materials and healthcare. From 2023 to 2024, Dongtai City's economic strength improved steadily with GRP increasing from RMB111.8 billion to RMB119.1 billion. During the first quarter of 2025, Dongtai City's GRP increased by 6.4% YoY to RMB32.1 billion. In 2024, Dongtai City reported that the general budgetary revenue increased to RMB6.8 billion from RMB6.5 billion in 2023. The fiscal balance ratio of the Dongtai City government was considered moderate with an average ratio of 43.4% over the past three years. It reflects a relatively high reliance on fiscal support from higher-level governments and revenue from government funds to balance its fiscal budget. Dongtai City Government's outstanding direct debt increased to RMB24.7 billion at the end of 2024, accounting for about 20.7% of its GRP.

Exhibit 5. Key economic and fiscal indicators of Dongtai City

	2022FY	2023FY	2024FY
GRP (RMB billion)	105.1	111.8	119.1
GRP Growth (%)	4.7	7.0	5.9
General Budgetary Revenue (RMB billion)	6.1	6.5	6.8
General Budgetary Expenditure (RMB billion)	14.0	15.0	15.6
Local Government Debt (RMB billion)	17.8	19.6	24.7

Source: Dongtai City Government, CCXAP research

Dongtai HIDZ, located in the eastern part of Dongtai City's central urban area, was officially approved as a provincial-level high-tech industrial development zone in 2025. It covers a planned area of 24.6 square

kilometers. Distinguished from other functional zones in Dongtai City, Dongtai HIDZ focuses on two core themes: "industrial development and urban construction." It prioritizes three main industries, including next-generation information technology, new energy, and modern services. A characteristic industrial chain has been formed, encompassing crystalline silicon photovoltaics, integrated circuits, printed circuit boards, and wind power equipment. In 2024, the total industrial operating revenue (based on tax invoice sales) of Dongtai HIDZ reached RMB26.5 billion. Positioned as the key infrastructure entity for the Dongtai HIDZ, the Company is expected to benefit from the zone's strategic location and growth momentum.

Government's Willingness to Provide Support

Major entity responsible for the construction in the Dongtai HIDZ

State-owned enterprises in Dongtai City have clear functional positions under the guidance and governance of the local government. DTCX is the major developer responsible for the construction projects within the Dongtai HIDZ. Its shareholder, DTGL, is one of the largest investment and financing entities in terms of total assets and the core infrastructure construction and state-owned assets operation entity in Dongtai City, especially in Dongtai Coastal Economic Zone, Dongtai HIDZ, and Huanghai National Forest Park. Dongtai State-owned Assets Operation Group Co., Ltd. ("DTAO"), another major subsidiary of DTGL, is the main entity for the investment and operation of state-owned assets in Dongtai CAZ and Huanghai National Forest Park.

DTCX and its subsidiaries are primarily responsible for entrusted construction projects within the Dongtai HIDZ, including the regional investment and construction and demolition works. These projects are typically carried out under a mandated construction model. Entrusted by the Management Committee of the Dongtai HIDZ and its related state-owned enterprises, the Company is responsible for project financing and construction. Annually, the entrusting party recognizes the Company's revenue and transfers the investment cost based on the actual cost plus a 25% margin. Additionally, in 2020, the Dongtai Municipal Finance Bureau transferred 100% equity of the entity originally responsible for construction in the Dongtai HIDZ to the Company. The transfer has brought a substantial portfolio of existing mandated construction projects to the Company, thereby strengthening the sustainability of its mandated construction revenue. For these subsequently integrated projects, the entrusting party will repurchase them at cost plus a 5% margin. The Company has a large number of completed but unsettled projects, as the total cost of agency construction projects in inventory amounted to RMB5.6 billion at end-2024. Overall, most of the Company's current mandated construction projects have entered the settlement and completion phases, resulting in a reduced scale of required future investment, with no new projects planned for construction. However, considering the ongoing industrial development in the region, future construction demand in the Dongtai HIDZ is expected to persist. As a key investment and financing entity in the area, DTCX is anticipated to maintain business continuity moving forward.

Low commercial risk exposure

DTCX's commercial activities mainly comprise asset leasing, which represents a stable and material revenue stream with low commercial risk, as the lessees are local state-owned entities. Meanwhile, the Company's investments in joint ventures, covering property management, landscaping, and trading, are guided by the local government, though they contributed limited returns as so far.

DTCX's leasing revenue is primarily derived from pipeline network assets that were allocated by the local government at no cost. The lessors of these assets are two state-owned water supply and sewage treatment companies in Dongtai City. The Company has entered into long-term leasing agreements with these lessors, which feature predefined annual rent escalations. Over the past three years, leasing revenue from these pipeline assets has demonstrated steady growth, increasing from RMB273.0 million to RMB295.0 million. This income

stream has consistently accounted for around 50.0% of the Company's total revenue and is characterized by a high gross margin.

DTCX also holds 49.0% equity shares in several joint ventures, acquired in 2023 for a total consideration of RMB2.5 billion. The remaining equity stakes in these associate companies are held by another state-owned enterprise within the Dongtai HIDZ. These joint ventures are primarily engaged in property management, landscaping, and trading businesses. However, their revenue and profit contributions have been limited, leading to modest investment income for the Company over the past 24 months. Future investment income or capital requirements will depend on the development and performance of these joint ventures' operations.

Good track record of receiving government support

DTCX has a good track record of receiving support from the local government in various forms such as capital injections, asset injections and government subsidies to support its operation. The Company was established with government capital injection and continues to receive stable annual fiscal subsidies, totaling approximately RMB300.0 million between 2022 and 2024. Furthermore, the local government has allocated revenue-generating operating assets, such as pipeline networks, to the Company, which has provided DTCX with supplementary operating income and has expanded its business scope. Meanwhile, the Company also holds a sizable portfolio of construction costs for entrusted construction projects pending settlement. Although the settlement progress for these projects could be partially protracted, they are expected to provide a stable stream of future agency construction revenue and government payments, underpinning the Company's business sustainability. We expect that the Company will maintain its strategically important position in project construction in Dongtai City, and the local government will continue to support its development when necessary.

Increasing debt burden with certain short-term pressure

DTCX's debt burden has kept increasing during the past three years, driven by debt-funded business expansion and ongoing construction project investments. From 2022 to 2025Q3, the Company's total debt increased from RMB4.4 billion to RMB6.5 billion; and the total capitalization ratio, calculated by total debt to total capital, also increased from 32.5% to 40.1%. Meanwhile, the Company had certain short-term debt burden with the short-term debt accounting for 44.2% of the total debt and the cash to short-term debt ratio was 0.2x at 30 September 2025. Considering its continued external financing needs for project construction and its reliance on refinancing to meet debt obligations, we expect the Company's debt and leverage level will continue to increase in the next 12 to 18 months.

Moderate asset liquidity

DTCX's asset liquidity is considered moderate. As of 30 September 2025, its assets were dominant by other receivables (24.9%), inventories (32.5%), long-term equity investment (13.7%), and fixed assets (19.7%). While receivables and inventories are primarily related with local government and state-owned enterprise counterparts, implying minimal ultimate default risk, their liquidity is subject to prolonged settlement cycles. Meanwhile, the Company's long-term equity investments are mainly joint ventures with another state-owned enterprise, including a property management enterprise, a landscaping enterprise and a trading enterprise. But these enterprises generated negligible investment returns over the past 24 months, offering limited financial benefit. Fixed assets are mainly consisting of pipeline network assets allocated by the government, which provide stable leasing income to the Company. Also, as of end-2024, the Company restricted assets accounted for 2.6% of its total assets. Overall, this illiquid asset profile limits the Company's financial flexibility.

Access to multiple funding channels, but with high reliance on non-standard financing products

DTCX has a diversified funding structure, comprising bank loans, non-standard financing products, and capital market instruments. Bank borrowings and bonds constituted around 54.0% of its total debt as of 30 September 2025. The Company benefits from established banking relationships, primarily with large state-owned and city commercial banks. As of end-2024, it has obtained total bank facilities of RMB2.8 billion, with an unused portion of RMB950.0 million. The Company also has access to both onshore and offshore debt capital markets. In the offshore market, DTCX established initial funding channels in 2023 by issuing EUR- and CNY-denominated bonds, both supported by Standby Letters of Credit (SBLC). In the onshore market, the Company has demonstrated its ability to secure funding with relatively low costs, as illustrated by its issuance of a 5-year, RMB800.0 million private placement note with a coupon rate of 2.8%.

However, the Company's exposure to non-standard financing products was relatively high, accounting for more than 40.0% of the total debt as of end-2024. Such financing typically carries higher interest costs or shorter tenors compared with standard bank loans, which could put pressure on its refinancing burden and flexibility especially under the evolving and relatively stringent regulatory environment for non-standard financing products at the local government level.

ESG Considerations

DTCX faces environmental risks because it has undertaken construction business. Such risks could be moderated by conducting environmental studies and planning prior to the start of the projects, and close monitoring during the construction phase.

DTCX bears social risks as it implements public policy initiatives by building public projects in Dongtai City. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

DTCX's governance considerations are also material as the Company is subject to oversight by the Dongtai EBFS and must meet several reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Structural Consideration

DTCX's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company given its important position in infrastructure construction in Dongtai HIDZ, thereby mitigating any difference in an expected loss that could result from structural subordination.

Rating Methodology

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

Appendix

Exhibit 6. Peer comparison

	Dongtai State-owned Assets Operation Group Co., Ltd.	Dongtai Chengxing Investment Development Co., Ltd.
Long-Term Credit Rating	BBB _g	BBB _g
Shareholders	Dongtai Guolian Holding Co., Ltd. (100%)	Dongtai Guolian Holding Co., Ltd. (100%)
Positioning	Main entity for the investment and operation of state-owned assets in Dongtai City, especially in Dongtai CAZ and Huanghai National Forest Park	Key entity for infrastructure construction in Dongtai HIDZ
Total Assets (RMB billion)	41.8	17.3
Total Equity (RMB billion)	22.3	9.5
Total Revenue (RMB billion)	1.1	0.6
Total Debt/Total Capital (%)	40.6	39.0

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024.

Source: Company information, CCXAP research

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