

CCXAP affirms Dongtai State-owned Assets Operation Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 24 November 2025 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed Dongtai State-owned Assets Operation Group Co., Ltd.'s ("DTAO" or the "Company") long-term credit rating at BBB_g, with stable outlook. At the same time, CCXAP has affirmed DTAO's senior unsecured debt rating (guaranteed) at BBB_g+

The BBB_g long-term credit rating of DTAO reflects (1) 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) position as an important entity for the investment and operation of state-owned assets in Dongtai City; (2) important role in the development of Dongtai Coastal Economic Zone ("Dongtai CAZ") with sufficient project reverses; and (3) good track record of receiving government support. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) moderate debt management and asset liquidity; and (3) medium level of contingent risk.

Corporate Profile

Founded in 2008, DTAO is an important local infrastructure investment and financing company ("LIIFC") in Dongtai City, which is responsible for the investment and operation of state-owned assets in Dongtai City, especially in Dongtai CAZ and Huanghai National Forest Park. DTAO has a diversified business scope including sales of agricultural products, assets leasing and contracting, tourism operations and hotel operations. As of 30 June 2025, the Company was indirectly held and ultimately controlled by the Dongtai City Government through Dongtai Guolian Holding Co., Ltd. ("DTGL").

Rating Rationale

Credit Strengths

Well-defined position for the investment and operation of state-owned assets in Dongtai City. DTAO is positioned as the main entity for the investment and operation of state-owned assets in Dongtai City, especially in Dongtai CAZ. The Company manages state-owned assets such as public housing, land, and granaries. Given its important position and the state assets it manages, we believe the Company is unlikely to be replaced in the foreseeable future.

Good track record of receiving government support. DTAO 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. 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.

Credit Challenges

Medium exposure to commercial activities. DTAO also engages in diversified commercial activities such as sales of agricultural products, asset leasing and contracting, and tourism and hotel operations. Based on our assessment of its assets, the Company had medium exposure to commercial activities, which accounted for less than 30% of its total assets. The commercial activities have become significant sources of revenue for the Company, and the associated commercial risks are manageable given that most of them are conducted under the development strategies of Dongtai City.

Moderate debt management and asset liquidity. DTAO's debt burden increased fast owing to its debt-driven business expansion and large investment in construction projects. The Company had a relatively high short-term debt burden with the short-term debt accounting for 41.5% of the total debt and the cash to short-term debt ratio was at 0.6x as of 30 June 2025. Considering the external financing needs from its construction projects, we expect the Company's debt level will continue to increase in the next 12 to 18 months. DTAO's asset liquidity is considered moderate, and some assets are pledged for borrowings, which reduces the Company's financial flexibility.

Medium level of contingent risk. DTAO's credit profile is constrained by its external guarantees, which could potentially increase its repayment obligations. The guarantees are provided to other local SOEs but no counter-guarantee measures were in place. In case a credit event occurs, the Company may face large-scale cross-effects risks, which could negatively impact its credit quality.

Rating Outlook

The stable outlook on DTAO'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.

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 debt management and reduced exposure to commercial activities.

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.



Rating Methodology

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

Regulatory Disclosures

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

Amy Chen

Credit Analyst

+852-2860 7127

amy_chen@ccxap.com

Elle Hu

Executive Director of Credit Ratings

+852-2860 7120

elle_hu@ccxap.com

Client Services: +852-2860 7111



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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

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656