CCXAP assigns A_g to China Overseas Grand Oceans Group Limited's proposed CNY bonds.

Hong Kong, 30 January 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a senior unsecured debt rating of A_g to the proposed CNY bonds (ISIN: HK0001249025) to be issued by China Overseas Grand Oceans Finance V (Cayman) Limited (the "Issuer"). The bonds are unconditionally and irrevocably guaranteed by China Overseas Grand Oceans Group Limited ("COGO" or the "Company", A_g/stable). The Issuer is a direct wholly-owned subsidiary of COGO.

The bonds constitute direct, general, unconditional, unsubordinated, and unsecured obligations of COGO, which shall at all times rank pari passu with all other present and future unsecured and unsubordinated obligations of COGO. The net proceeds of the bonds will be used for the Company's refinancing of the mid-term to long-term offshore indebtedness due within one year.

Corporate Profile

Established in 1979, COGO (Stock Code: 00081.HK) is a state-owned real estate developer with nationwide operations in China. As a major subsidiary of China Overseas Land & Investment Ltd. ("COLI"), the Company is primarily engaged in real estate development and property leasing focusing on second- and third-tier cities in mainland China. The Company has a business presence in 39 cities, and it ranked among the top three in terms of sales in 23 of these cities, demonstrating strong market competitiveness.

In 2010, COGO completed a backdoor listing on the Hong Kong Stock Exchange. As of 30 June 2025, COLI was the controlling shareholder of the Company and collectively held 39.6% of the Company's shares. COLI is a leading nationwide listed property developer, with China State Construction Engineering Corporation Ltd. being the controlling shareholder and the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") being the ultimate controller.

Rating Rationale

The rating of the bonds is equivalent to COGO's long-term credit rating. Despite that the majority of COGO's claims are at operating subsidiary level, we expect that the Company's strong market position, prudent financial management, and the support from COLI (which will directly flow through the holding company) can help mitigate structural subordination risks.

The A_g long-term credit rating of COGO is underpinned by the Company's (1) strong market position and high brand recognition in its core markets; (2) prudent financial management and good liquidity profile; and (3) robust financing channels and financial flexibility. However, the rating is constrained by the Company's (1) sensitivity to the persistently weak property market in Mainland China; (2) focus on lower-tier cities, resulting in persistent destocking and asset impairment risks; and (3) ongoing pressure on profitability.

The rating also incorporates our assumption that the Company is likely to receive extraordinary support from its controlling shareholder, China Overseas Land & Investment Ltd. ("COLI"), given its (1) strong and well-defined strategic position within COLI; (2) high degree of operational integration with COLI, including the sharing of the same brand; and (3) proven track record of receiving support from COLI in terms of project resources and funding.

Rating Outlook

The stable outlook on COGO's rating reflects our expectation that over the next 12 to 18 months, the Company will maintain a stable standalone credit profile, supported by its sustained market position and debt-servicing capacity. We also expect its importance to COLI is unlikely to change.

What could upgrade the rating?

The rating could be upgraded if (1) the parent company's capacity to support strengthens or the likelihood of the support increases; or (2) the Company demonstrates improved standalone credit profile, such as significant improvement in contracted sales, moderated pressure of destocking and asset impairment, and significant progress in deleveraging, such that net gearing ratio reduces and EBIT interest coverage improves on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if (1) the parent company's capacity to support weakens or the likelihood of the support decreases; or (2) the Company indicates deteriorated standalone credit metrics, such as significantly increased leverage level, weakened cash flow stability, decline in profitability with no signs of recovery.

Rating Methodology

The methodology used in this rating is the Rating Methodology for Real Estate Development Industry (December 2019).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

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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