# Credit Opinion

**23 November 2026**

| Ratings | |
|---|---|
| **Senior Unsecured Debt Rating (guaranteed)** | $BBB_g$+ |
| **Long-Term Credit Rating** | $BBB_g$ |
| **Outlook** | Stable |
| **Category** | Corporate |
| **Domicile** | China |
| **Rating Type** | Solicited Rating |


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# Dongtai State-owned Assets Operation Group Co., Ltd.

## Surveillance credit rating report

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

### Summary


The $BBB_g$ long-term credit rating of Dongtai State-owned Assets Operation Group Co., Ltd. ("DTAO" or the "Company") 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 2026 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 reserves; 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) rising debt burden and moderate asset liquidity; and (3) medium level of contingent risk from large external guarantees.

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.

## Rating Drivers

- Well-defined position for the investment and operation of state-owned assets in Dongtai City
- Important role in the development of Dongtai CAZ with quasi-public welfare project reserves
- Medium exposure to commercial activities
- Good track record of receiving government support
- Rising debt burden and moderate asset liquidity
- Access to multiple funding channels
- Medium level of contingent risk from large external guarantees

## 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 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.

## Key Indicators

| | 2023FY | 2024FY | 2025FY | 2026H1 |
|---|---|---|---|---|
| Total Asset (RMB billion) | 37.7 | 41.8 | 44.6 | 46.8 |
| Total Equity (RMB billion) | 22.2 | 22.3 | 22.4 | 22.3 |
| Total Revenue (RMB billion) | 1.4 | 1.1 | 1.2 | 0.6 |
| Total Debt/Total Capital (%) | 34.6 | 40.6 | 42.9 | 44.7 |

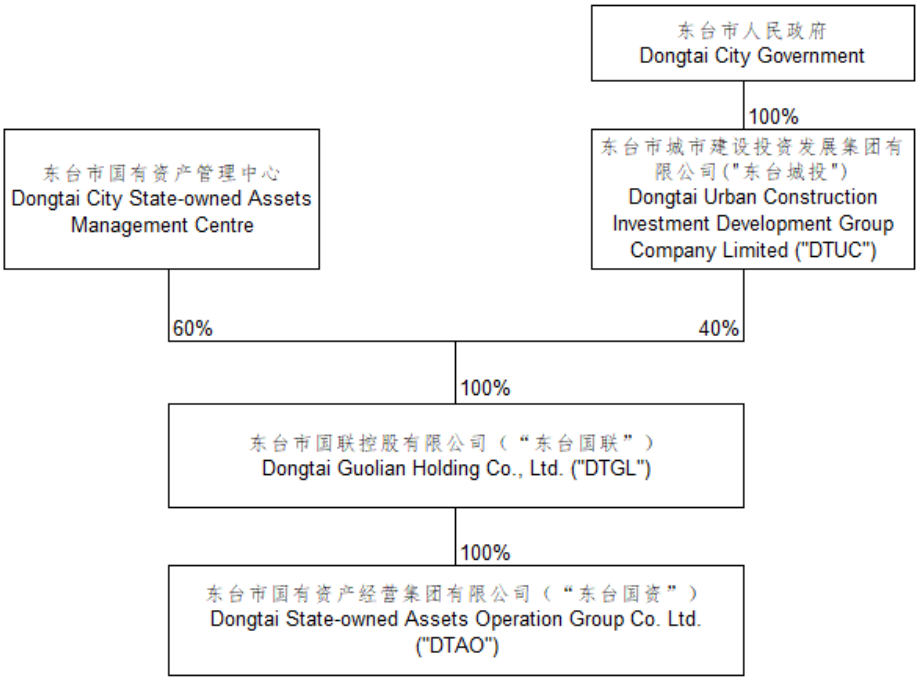
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## Corporate Profile

Founded in 2008, DTAO is an important local infrastructure investment and financing company ("LIIFC") in Dongtai City, responsible for infrastructure development and the investment and operation of state-owned assets, particularly in Dongtai CAZ and Huanghai National Forest Park. DTAO has a diversified business scope including sales of agricultural products, asset leasing and land contracting, tourism and hotel operations, security services and labor dispatch services. As of 30 June 2026, Dongtai Guolian Holding Co., Ltd. remained the Company's sole shareholder, and the Company was indirectly held and ultimately controlled by the Dongtai City Government.

**Exhibit 1. Shareholding chart as of 30 June 2026**




Source: Company information, CCXAP research

**Exhibit 2. Revenue structure in 2025**

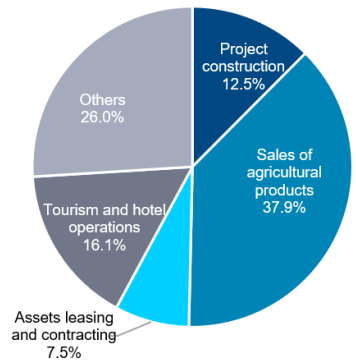
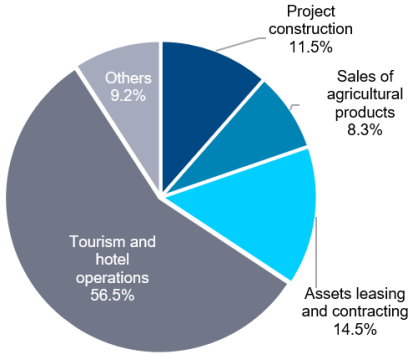



**Exhibit 3. Gross profit structure in 2025**




Source: Company information, CCXAP research

## Rating Considerations

### Government’s Capacity to Provide Support

We believe that the Dongtai City Government has a strong capacity to provide support, given its status as one of the 2026 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 gross regional product (“GRP”), after Guangdong Province. In 2025, its total GRP amounted to RMB14.2 trillion, a year-over-year (“YoY”) increase of 5.3%. The GRP per capita for the same

period was RMB166,961.7, ranking top among all provinces in China. In the first nine months of 2026, Jiangsu Province's GRP stood at RMB10.9 trillion, representing a YoY increase of 5.2%.

Yancheng City is a prefecture-level city in Jiangsu Province, with a good economic foundation. Building on its traditional industries, including automobiles, textiles, steel and chemicals, Yancheng City is undergoing an economic transition and developing emerging industries, including new energy vehicles and core components, new energy, next-generation information technology, healthcare, the digital economy and the marine economy, which could support sustainable economic growth over the long term. In 2025, Yancheng City achieved a GRP of RMB804.5 billion with a 5.4% YoY growth rate, ranking 8th among 13 municipals in Jiangsu Province. In the first nine months of 2026, Yancheng City's GRP stood at RMB612.8 billion, representing a YoY increase of 5.2%. The general budgetary revenue increased annually on the back of steady economic growth and optimized upgrading of the industrial structure. In 2025, the general budgetary revenue rose to RMB51.6 billion from RMB49.6 billion in 2024, with tax revenue increased slightly to RMB34.7 billion from RMB33.5 billion. The three-year average fiscal stability (tax revenue/general budget revenue) remained relatively stable at 68.5%. However, the fiscal balance ratio (calculated as general budgetary revenue divided by general budgetary expenditure) remained moderate, with a three-year average ratio of 43.3% for the period 2023 to 2025. As of the end of 2025, the local government's outstanding debt increased to RMB209.2 billion, accounting for around 26.0% of GRP.

**Exhibit 4. Key economic and fiscal indicators of Yancheng City**

| | 2023FY | 2024FY | 2025FY |
|---|---|---|---|
| GRP (RMB billion) | 740.4 | 777.9 | 804.5 |
| GRP Growth (%) | 5.9 | 5.5 | 5.4 |
| General Budgetary Revenue (RMB billion) | 48.3 | 49.6 | 51.6 |
| General Budgetary Expenditure (RMB billion) | 122.8 | 113.7 | 109.9 |
| Local Government Debt (RMB billion) | 165.5 | 196.2 | 209.2 |

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, ranking among the highest across the districts and counties in Yancheng City. The leading industries in Dongtai City include information technology, new energy, high-end equipment, new materials and healthcare. From 2024 to 2025, Dongtai City's economic strength improved steadily, with GRP increasing by 5.8% from RMB119.1 billion to RMB124.2 billion. In 2025, Dongtai City reported that general budgetary revenue increased to RMB7.0 billion from RMB6.8 billion in 2024. The fiscal balance ratio of the Dongtai City Government was moderate, with an average ratio of 44.6% 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 RMB28.4 billion at the end of 2025, accounting for about 22.9% of its GRP.

**Exhibit 5. Key economic and fiscal indicators of Dongtai City**

| | 2023FY | 2024FY | 2025FY |
|---|---|---|---|
| GRP (RMB billion) | 111.8 | 119.1 | 124.2 |
| GRP Growth (%) | 7.0 | 5.9 | 5.8 |
| General Budgetary Revenue (RMB billion) | 6.5 | 6.8 | 7.0 |
| General Budgetary Expenditure (RMB billion) | 15.0 | 15.6 | 15.0 |
| Local Government Debt (RMB billion) | 19.6 | 24.7 | 28.4 |

Source: Dongtai City Government, CCXAP research

Dongtai CAZ is located in the eastern coastal area of Dongtai City. It focuses on the development of new energy, healthcare and eco-tourism industries, aiming to build a sub-center of Dongtai City. The Jiangsu Huanghai National Forest Park is one of the first batch of national forest recreation bases in Dongtai CAZ. It is the largest man-made ecological forest garden in East China, which bringing rich tourism resources to Dongtai CAZ.

## Government's Willingness to Provide Support

**Well-defined position for the investment and operation of state-owned assets in Dongtai City**

There are four major LIIFCs 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 other LIIFCs' main business scopes are the urban area of Dongtai City, Dongtai Economic Development Zone, Dongtai High-tech Industrial Development Zone, respectively. Each of these companies has a clear position under the local government's planning. 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.

**Important role in the development of Dongtai CAZ with quasi-public welfare project reserves**

DTAO's infrastructure construction projects are primarily concentrated in Dongtai CAZ and Huanghai Forest Park. Following the urban development plan laid out by the local government, the Company has undertaken important public projects involving road networks, public facilities and water supply infrastructure. Under an agency construction model, the Company enters into agreements with the relevant coastal economic zone management committee and Dongtai Lvzhikang Scenic Area Tourism Development Co., Ltd., with payments settled following project completion and final cost determination, based on construction costs plus a construction management fee. As of 31 December 2025, the Company had five major completed government-entrusted projects including the roads, resettlement housing, shopping center and the school, with aggregate investment of approximately RMB1.2 billion. The repayment on these completed projects totaled approximately RMB954.3 million. At the same time, the Company had 11 agency construction projects under construction, with a total planned investment of RMB6.9 billion and approximately RMB3.2 billion remaining to be invested.

Additionally, the Company has continued its market-oriented transformation through self-operated projects, including water supply infrastructure, financial plazas and distributed rooftop photovoltaic facilities. Several of these projects have a quasi-public welfare nature. As of 31 December 2025, there were 4 major self-operated projects, with a combined planned investment of approximately RMB3.3 billion and an outstanding investment amount of RMB2.4 million. These projects support business continuity but entail further capital expenditure requirements.

**Medium exposure to commercial activities**

DTAO also engages in diversified commercial activities, including agricultural product sales, asset leasing and land contracting, tourism and hotel operations, security services, labor dispatch services, and energy storage and photovoltaic electricity supply. 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. These activities provide diversified revenue sources but expose the Company to market demand, pricing, operating and investment recovery risks.

The Company's agricultural product sales business mainly comprises grains and tree seedlings, with grains accounting for the majority of revenue. Its grain trading business primarily operates under a distribution model, purchasing wheat, rice and other crops from farmers and farms, paying for purchases on the day of procurement

and subsequently selling the grain to downstream customers. A small portion of grain sales comes from its subsidiaries' own production. The business is influenced by market prices and government guidance on grain procurement prices and generates relatively low margins. In 2025, agricultural product sales revenue increased to RMB457.0 million from RMB394.0 million in 2024, while its gross profit margin decreased to 4.1% from 7.8%. In the first half of 2026, combined grain and tree-seedling sales revenue amounted to RMB235.7 million, with a gross profit margin of 6.5%. Downstream customer concentration is moderate. In 2025, the top five grain customers accounted for 33.6% of grain sales revenue, with the largest single customer contributing 15.6%.

DTAO's asset leasing and land contracting business mainly involves leasing commercial premises and contracting out agricultural land, fishponds and mudflat resources to farmers or other entities. Building leases generally have terms of three to five years, with rent collected annually, rather than being subject to annual renewal. In 2025, revenue from this business decreased by 15.6% YoY to RMB90.9 million from RMB107.7 million in 2024, mainly reflecting fluctuations in sea-area use-right rental income. Its gross profit margin declined to 36.0% from 51.5%. In the first half of 2026, the revenue decreased by 9.5% YoY to RMB29.8 million, with a gross profit margin of 21.7%.

DTAO leverages the ecological resources of Huanghai National Forest Park to conduct tourism operations. In 2025, scenic-area revenue decreased slightly to RMB106.3 million from RMB112.6 million in 2024. The Company also operates several hotels, including the Guest House, Hot Spring Hotel, Mercure Hotel and Junzhuan Hotel. Hotel revenue decreased by 4.2% YoY to RMB88.2 million in 2025 from RMB92.0 million in 2024 due to intensified industry competition. In the first half of 2026, scenic-area and hotel revenues amounted to RMB43.2 million and RMB38.0 million, respectively. These businesses remain exposed to tourism demand, hotel occupancy and catering demand, while the recovery of investment in tourism-related assets remains subject to operating performance.

**Good track record of receiving government support**

DTAO has a good track record of receiving local government support in various forms, including capital injections, asset injections and government subsidies, to support its operations. The Company continued to receive substantial government subsidies. From 2025 to the first half of 2026, the Company has received government subsidies totalling RMB633.8 million. Historical shareholder support included a cash capital injection of RMB12.9 million in 2024, which increased its paid-in capital. We expect the Company to maintain its strategically important position in infrastructure development and state-owned asset operations in Dongtai City, and the local government to continue supporting its development when necessary.

**Rising debt burden and constrained asset liquidity**

DTAO's debt burden has increased alongside its debt-driven business expansion and investment in construction projects. As of 30 June 2026, the Company's total debt increased to RMB18.0 billion from RMB15.2 billion as of end-2024. Over the same period, its total capitalization ratio increased to 44.7% from 40.6%. The Company had a relatively high short-term debt burden, with short-term debt accounting for 46.9% of total debt and the cash-to-short-term-debt ratio standing at 0.6x as of 30 June 2026. 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 constrained by the sizeable proportion of assets that are not convertible into cash, while assets pledged for borrowings further reduce the Company's financial flexibility. As of 30 June 2026, the Company's restricted assets totaled RMB8.2 billion, accounting for 17.5% of total assets, primarily comprising

assets mortgaged for borrowings and restricted cash. The Company's inventories, accounts receivable and other receivables accounted for a relatively high proportion of total assets, totaling 43.8% as of 30 June 2026. Other receivables are mainly from government units and local SOEs and have a relatively low risk of default, but the timing of repayment is uncertain, which has formed a drain on the Company's working capital. Inventories mainly comprised land use rights held for development and contract fulfilment costs, whose conversion into cash depends on development progress and settlement. At the same time, intangible assets accounted for 22.2% of total assets and mainly comprised mudflat assets and sea area use rights, providing limited immediate liquidity to meet debt repayments.

**Access to multiple funding channels**

DTAO has access to multiple financing channels, including borrowings, onshore and offshore bonds, financing leases, trust financing and factoring. As of 30 June 2026, borrowing and bond balances were the major financing sources which accounts for approximately 66.7% of total debt. As of 31 December 2025, the Company had total credit facilities of RMB12.8 billion, of which RMB2.4 billion remained unused. The Company has accessed both onshore and offshore debt capital markets. In 2024, the Company issued three-year private placement bonds with a total amount of RMB440.0 million. The Company also issued an offshore bond in 2025, raising RMB310.0 million with coupon rate of 5.0%. The Company's exposure to non-standard financing products remained relatively high. As of 30 June 2026, the non-standard financings accounted for over 35.0% of its total debt, which mainly consists of financial leases and trust loans. Such funding is short tenor and has higher costs, heightening the refinancing risks for the Company.

**Medium level of contingent risk from large external guarantees**

DTAO's credit profile is constrained by its guarantee exposure, which could potentially increase its repayment obligations. As of 30 June 2026, the Company disclosed guarantees for other entities of RMB18.3 billion, accounting for approximately 82.0% of its net assets. The guarantees are provided to other local SOEs but no counter-guarantee measures were in place. If guaranteed borrowers experience credit events, DTAO could face payment obligations under its guarantees, exposing the Company to contagion risk and potentially weakening its liquidity and credit quality.

## ESG Considerations

DTAO 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.

DTAO 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.

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

## Credit Enhancement

DTAO's senior unsecured debt rating (guaranteed) is based on our assessment of Dongtai Urban Construction Investment Development Group Co., Ltd. ("DTUC"), which provides an unconditional and irrevocable guarantee

of the due payment of all sums payable by DTAO under the bonds (ISIN: XS3226097957). DTUC is directly and wholly owned by the Dongtai City Government and is an important infrastructure development entity in Dongtai City. It is responsible for urban infrastructure construction and the operation of state-owned assets, with core activities including infrastructure development, land consolidation and affordable housing construction. Our analysis of the transaction relies on DTUC fulfilling its payment obligations under the guarantee. Any change in DTUC's credit quality could lead to a corresponding change in the rating of the bonds.

## 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) | 44.6 | 18.4 |
| Total Equity (RMB billion) | 22.4 | 9.9 |
| Total Revenue (RMB billion) | 1.2 | 0.6 |
| Total Debt/Total Capital (%) | 42.9 | 40.3 |

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2025.

Source: Company information, CCXAP research

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