

## **CCXAP affirms Nantong Coastal Development Co., Ltd.'s long-term credit rating at A<sub>g</sub>, with stable outlook.**

Hong Kong, 10 September 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Nantong Coastal Development Co., Ltd. (“NTCD” or the “Company”) at A<sub>g</sub>, with stable outlook.

The A<sub>g</sub> long-term credit rating of NTCD reflects Nantong Municipal Government’s excellent capacity to provide support and its high willingness to provide support, based on our assessment of the Company’s characteristics. Our assessment of the local government’s capacity to provide support reflects Nantong City’s status as the fourth largest city by gross regional product (“GRP”) in Jiangsu Province with good economic fundamentals and good fiscal stability.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) full ownership and ultimate control by the Nantong Municipal Government; (2) strong strategic position in local infrastructure construction; and (3) good access to funding. However, the rating is constrained by the Company’s (1) large exposure to commercial activities; (2) increasing debt resulting from large development pipelines with a high leverage ratio; and (3) contingent liability risks from external guarantees.

### **Corporate Profile**

Founded in 2012, NTCD is one of the key local infrastructure investment and financing companies (“LIIFCs”) in Nantong City. It undertakes major infrastructure projects in Nantong City, particularly in Tongzhou Bay Demonstration Zone (“Tongzhou Bay”) and Pingchao New Town. Meanwhile, the Company has diversified its business portfolio into commercial activities including real estate development, trading, property leasing and financial services. As of 31 March 2025, NTCD was directly and wholly owned by the State-owned Assets Supervision and Administration Commission of Nantong Municipal Government (“Nantong SASAC”).

### **Rating Rationale**

#### **Credit Strengths**

**Strong strategic position in the infrastructure construction of Nantong City, especially in Tongzhou Bay and Pingchao New Town.** NTCD has a clear functional positioning in the first-class state-owned enterprises in Nantong City. The Nantong Municipal Government has restructured its state-owned assets and clearly stated the functions of NTCD. As the sole entity responsible for the investment and financing of Tongzhou Bay and Pingchao New Town, NTCD undertakes the major infrastructure construction and urban service operation with a high monopoly. We believe that the strategic position of NTCD in Nantong City’s economic development and public welfare remains strong and will not be easily replaced in the short-to-medium term.

**Major infrastructure construction entity in Nantong City with sufficient project reserves.**

NTCD is commissioned by the local government to be the key urban infrastructure constructor in Tongzhou Bay and a key developer in Pingchao New Town. The Tongzhou Bay and Pingchao New Town projects adopt the entrusted construction model. NTCD developed the Railway Connection Line Project of Nantong Port Yangkou Port Area to Lusi Port Area (“Yanglv Railway”) with a total invested amount of RMB7.7 billion as of the end of September 2024). In October 2024, NTCD divested 64.7684% of its equity stake in the project to other Nantong SOEs with a consideration of RMB3.2 billion, retaining a 10.6174% interest. Consequently, NTCD no longer consolidates Yanglv Railway and will recognize future investment income through the equity method as a strategic shareholder.

**Good access to diversified funding.** NTCD has good access to multiple financing channels, primarily including bank loans and bond issuances. It has maintained a good relationship with joint-stock commercial banks and large state-owned commercial banks. The Company also has a good track record of fund-raising activities in the capital market and has issued general corporate bonds, MTNs and private placement bonds in the past three years. In addition, NTCD has manageable exposure to non-standard financing, with a proportion of around 5.0%.

#### Credit Challenges

**Large exposure to commercial activities.** Apart from construction tasks, NTCD has also been engaged in diversified commercial activities covering real estate development, property leasing, trading business, financial service and equity investment. Although the commercial activities can bring in supplemental income, they may also pose higher operating and business risks to the Company compared with its infrastructure construction businesses. The Company's exposure to commercial businesses is high, according to our assessment.

**Large debt burden resulted from large development pipelines, with a high leverage ratio.** NTCD has a relatively large debt burden owing to its debt-driven business expansion over the past few years. Meanwhile, NTCD has increasing short-term debt pressure with short-term debt accounting for 37.1% of the total debt and a cash/short-term debt ratio of 0.3x as of 31 March 2025. Given its need for external financing, we expect the Company's debt leverage will remain at a relatively high level in the next 12 to 18 months.

**Contingent liability risks from external guarantee.** As of 31 March 2025, the Company had outstanding external guarantees of RMB7.3 billion, equivalent to 18.2% of its net assets. Most of the external debt guarantees were provided to local state-owned companies and approximately RMB122.0 million was provided to a local private-owned company, namely Nantong Sumin Renewable Energy Technology Co., Ltd. (“NSRET”). NSRET is one of the investments of NTCD and has been listed as a judgment defaulter. Meanwhile, the Company was involved in 2 pending litigations with a total amount of RMB252.0 million as of June 2025, indicating certain contingent liability risks.

#### Rating Outlook

The stable outlook on NTCD's rating reflects our expectation that the Nantong Municipal Government's capacity to provide support will remain stable, and the Company will maintain its

strategic importance in the development of Nantong City over the next 12 to 18 months.

#### **What could upgrade the rating?**

The rating could be upgraded if (1) the local government's capacity 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 lower exposure to commercial activities or reduction in contingent liability risks.

#### **What could downgrade the rating?**

The rating could be downgraded if (1) the local government's capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as reduced regional significance or weakened access to funding.

### **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](mailto:amy_chen@ccxap.com)

Elle Hu

*Executive Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto: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](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656