

Credit Opinion

10 September 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g
Outlook	Stable

Analyst Contacts

Amy Chen +852-2860 7127

Credit Analyst

amy_chen@ccxap.com

Celestyn Nan +852-2860 7128

Assistant Credit Analyst

celestyn_nan@ccxap.com

Elle Hu +852-2860 7120

Executive Director of Credit Ratings

elle_hu@ccxap.com

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

Client Services

Hong Kong +852-2860 7111

Nantong Coastal Development Co., Ltd.

Surveillance credit rating report

CCXAP affirms Nantong Coastal Development Co., Ltd.'s long-term credit rating at A_g, with stable outlook.

Summary

The A_g long-term credit rating of Nantong Coastal Development Co., Ltd. ("NTCD" or the "Company") 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.

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.

Rating Drivers

- Strong strategic position in the infrastructure construction of Nantong City
- Major infrastructure construction entity in Nantong City with sufficient project reserves
- Solid track record of receiving government support
- Good access to diversified funding
- Large exposure to commercial activities
- Large debt burden resulted from large development pipelines, with a high leverage ratio
- Contingent liability risks from external guarantees

Rating Sensitivities

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.

Key Indicators

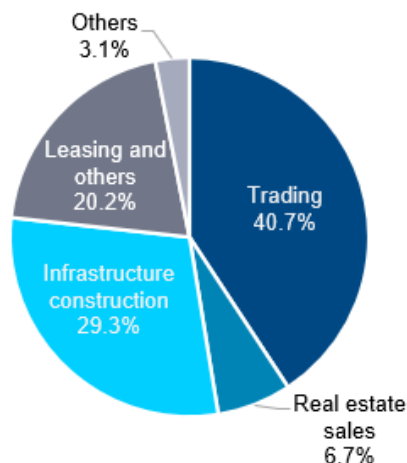
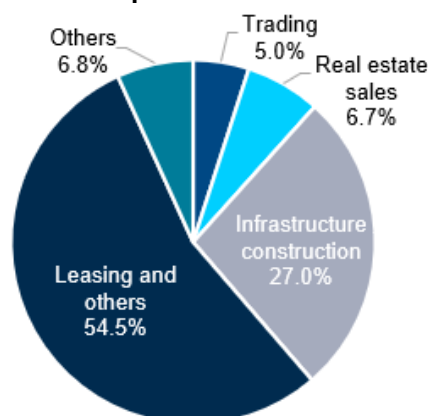
	2022FY	2023FY	2024FY	2025Q1
Total Assets (RMB billion)	89.2	100.3	105.5	110.1
Total Equity (RMB billion)	33.5	34.6	40.4	40.5
Total Revenue (RMB billion)	7.8	6.9	5.9	1.2
Total Debt/Total Capital (%)	58.2	61.8	57.3	58.2

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

Source: Company data, CCXAP research

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").

Exhibit 1. Revenue structure in 2024**Exhibit 2. Gross profit structure in 2024**

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Nantong Municipal Government has excellent capacity to provide support for the Company, given its status as the fourth largest city by GRP in Jiangsu Province, with fast economic growth and good fiscal stability.

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.

Located in the south of Jiangsu Province, Nantong City is an economic center and a modern port city on the north shore of the Yangtze River Delta. On the back of its port resources and location advantages, Nantong City has developed six core industrial sectors, including shipbuilding and marine equipment, textile and garment, electronic information, new materials, high-end equipment, and new energy. Nantong's GRP reached RMB1.2 trillion in 2024, ranking fourth among the prefecture-level cities in Jiangsu Province. In the first half of 2025, Nantong City recorded a GRP of RMB658.1 billion, a YoY increase of 5.8%. Nantong Municipal Government's fiscal indicators showed a continued improvement given the improved self-sufficiency ratio (general budgetary revenue/general budgetary expenditure) and good revenue generating ability. It reported a general budgetary revenue of RMB70.1 billion in 2024, of which the average tax revenue accounted for over 70% of general budgetary revenue on average over the past three years. Its fiscal self-sufficiency ratio was 56.8% on average over the past three years. The government fund budget revenue is an important supplement to fiscal revenue. However, affected by the slowdown of the real estate and land market conditions, the government fund revenue continued to decline to RMB83.5 billion in 2024. As of 31 December 2024, Nantong Municipal Government's outstanding debt amounted to RMB261.6 billion, accounting for 21.1% of GRP.

Exhibit 3. Key economic and fiscal indicators of Nantong City

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,138.0	1,180.0	1,242.2
GRP Growth (%)	2.1	5.8	6.2
General Budgetary Revenue (RMB billion)	61.3	68.0	70.1
General Budgetary Expenditure (RMB billion)	114.7	118.1	117.9
Local Government Debt (RMB billion)	197.9	213.0	261.6

Source: Statistic Bureau of Nantong City, CCXAP research

Government's Willingness to Provide Support**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. In 2019, the Nantong SASAC transferred the relevant assets and state-owned equities from the Management Committee of Binhai Park to the Company. 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. As of 31 March 2025, NTCD was the second-largest LIIFC that is directly owned by the Nantong Municipal Government in terms of total assets. 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.

Tongzhou Bay, formerly Nantong Binhai Industrial Park, was formally established with the approval of the National Development and Reform Commission and became a national-level strategic development demonstration zone in 2015. Located in eastern Jiangsu Province, Tongzhou Bay has a total planned development areas of 585 sq. km and integrates five industrial parks, one commercial town, and one logistic base. According to government documents, Jiangsu Province granted Tongzhou Bay pilot reform privileges in taxation, finance, land use, marine resources, industry, and talents. In 2024, Tongzhou Bay achieved 9% YoY GRP growth, 12.5% YoY general budgetary revenue growth, and 19% YoY industrial value-added growth for large-scale enterprises, all ranking first in Nantong City. Pingchao New Town is a new transportation hub of Nantong City, with a planned total area of 9.1 sq. km and a total construction area of 7.7 million square meters. The total planned investment of the area development and construction of Pingchao New Town is RMB23.0 billion, with a construction period of 13 years. Pingchao New Town is expected to leverage the high-speed rail station to drive the development of Nantong's industries and public service facilities, and to become a window for collaboration within the Yangtze River Delta.

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. The entrusting parties included the Demonstration District Management Committee, the Construction Bureau, government-related departments, and other state-owned enterprises in Nantong City. The government or its agency signs a construction agreement with NTCD, and the project will be settled annually according to the progress of land sales and the government fiscal budget.

Under the entrusted construction model, NTCD invests and constructs public facilities, urban roads, bridges,

and supporting facilities for industrial parks within Touzhou Bay. As of 31 March 2025, the Company had invested around RMB3.9 billion within the Tongzhou Bay. Meanwhile, the Company had large-scale projects in pipeline, which can ensure the sustainability of the business. As of 31 March 2025, the Company had 20 projects under construction, with a total investment of RMB3.4 billion and uninvested amount of RMB2.2 billion. The Company also had 8 projects under planning, with a total investment of RMB1.1 billion.

The Company is responsible for demolition, land consolidation, infrastructure construction and urban supporting tasks in Pingchao New Town. As of 31 December 2024, the Company had invested RMB5.6 billion in Pingchao New Town and sold 10 land plots. It had generated RMB6.6 billion land premium revenue, with RMB5.0 billion had already been collected. We expect as the development of the Pingchao New Town continues to advance, the Company's construction and investment tasks will remain stable. The Company achieved fund balancing mainly through land transfer income, which is susceptible to the progress of local investment promotion and real estate policy adjustments.

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, funded primarily through government special bonds and bank loans. 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. The transfer of Yanglv Railway, which constitutes less than 10% of the Company's total assets and less than 1% of its operating revenue, is expected to have a minimal impact on the Company's financial metrics. The potential risks associated with capital occupation and payment recovery stemming from the relatively long payment terms of the transaction are considered manageable, as all counterparties are state-owned enterprises in Nantong City.

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.

NTCD's real estate development mainly covers the construction and sale of residential properties in Nantong City. In 2024, due to the sluggish market conditions in real estate sectors, the revenue from this segment decreased by 68.2% to RMB393.0 million, accounting for 6.7% of total revenue. The gross profit margin also maintained at a relatively low level of 11.3%. As of 31 March 2025, the Company had completed 3 projects with a total investment of RMB4.4 billion and most of them have been sold out, achieving a total revenue amount of RMB4.8 billion. The Company had 4 key projects under construction with a total investment of RMB11.7 billion and the remaining investment amount of RMB5.4 billion. At the same time, there were 2 projects under planning with an estimated investment of RMB4.5 billion. Given the significant scale of the projects currently under construction and those yet to be sold, the Company may encounter capital expenditure and unstocking challenges during the market slowdown in the real estate industry.

NTCD conducts trading business through its subsidiary, and its products are mainly construction materials. The Company earns the rebate difference between upstream steel mills and downstream distributors. In 2024, the Company expanded its trading portfolio. Over the past three years, although this trading business has contributed a large amount of revenue to the Company, it has experienced a drop in both volume and price

under the effect of the macroeconomic environment and the slowdown of the real estate industry. In 2024, the revenue from the trading business decreased to RMB2.4 billion from RMB3.0 billion in 2023, a YoY drop of 20.3%. Meanwhile, the profitability of the Company's trading business is relatively low, with a gross profit margin of 1.4%.

NTCD has accumulated a certain amount of high-quality assets such as leasable properties and equity shares, providing additional recurring income. NTCD's leasable assets were mainly located in Tongzhou Bay including education buildings, standard factories, and office buildings, mostly has been leased out based on market prices with some policy support at the initial stage. The lease term is generally from one to five years. As of 31 December 2024, the total leasable area reached 1.2 million square meters, with a comprehensive occupancy rate of 86.4%. The Company is also engaged in private equity funds and equity investments. Private equity funds were invested in local businesses and planned to realize the investment income of projects through IPO or share buyback. As of the end of 2024, the Company had invested in 30 private equity funds, with committed investment of RMB637.0 million. Moreover, the Company also established the Nantong Coastal Zhixin Industry Investment Development (Limited Partnership) parent fund, with a total size of RMB1.0 billion and a committed size of RMB290.0 million. The direct equity investment projects mainly invest in Su-Tong Yangtze River Highway Bridge ("Su-Tong Bridge"), the total investment book value of RMB2.1 billion. In 2024, the Company achieved investment revenue of RMB126.3 million, representing a YoY increase of 41.9%. As most of the investment projects are in the early stages, the investment returns are relatively low and subject to investment uncertainties and the long payback period.

In addition, the Company also engages in engineering factoring business through subsidiary, after the divesting of its financial leasing subsidiary. The customers of the factoring business are mainly construction companies involved in the infrastructure construction projects of SOEs in Nantong City. As of 31 December 2024, the factoring subsidiary has cumulatively lent out RMB464.7 million and the outstanding balance of the factoring business was RMB221.1 million.

Solid Track record of receiving government support

NTCD has received ongoing support from the Nantong Municipal Government including asset injections, project payments and financial subsidies. In 2024, the Company's capital reserves increased by approximately RMB6.5 billion in terms of government equity transfers and cash injections. Apart from that, the Company received operating and financial subsidies of RMB395.6 million in 2024. The Nantong Municipal Government also provided policy and payment support for NTCD's construction projects, particularly for its development of Tongzhou Bay. As of 31 December 2024, the Company had received total repayments of RMB4.0 billion for the completed infrastructure construction projects. Overall, given its important role in Nantong City and its track record of government support, we expect that the Company will continue to receive support from the local government in the next 12-18 months.

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. As of 31 December 2024, the Company's total debt decreased to RMB54.2 billion from RMB56.1 billion at end-2023, primarily because of debt repayment and a reduction in new financing. Its total capitalization ratio, as measured by total debt to total capital, also decreased to 57.3% from 61.8% at end-2023, mainly due to the increase in capital. During the first quarter of 2025, the Company's total debt and capitalization ratio increased to RMB56.2 billion and 58.2% respectively. 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. As of 31 March 2025, the Company had projects under construction and planning with a total uninvested amount of RMB13.2 billion, and it is expected to rely on external financing for project investments, resulting in a further increase in debt scale. 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.

NTCD's liquidity profile is constrained by significant concentrations in less liquid assets, primarily inventories and other receivables. As of 31 March 2025, inventories, primarily comprising costs for real estate and infrastructure projects, as well as land held for development, represented a high portion of 42.2% of total assets. Other receivables, largely comprising amounts due from local state-owned enterprises, accounted for 19.7% of total assets. These substantial exposures pose liquidity and collection risks to the Company. At the same time, the Company's restricted assets amounted to RMB21.1 billion, mainly including inventories and investment properties, accounting for around 19.2% of total assets, which reduces its financial flexibility to a certain extent.

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, such as China Merchants Bank and Bank of China. As of 31 March 2025, the Company had obtained total credit facilities of RMB99.0 billion, with an unutilized amount of RMB57.9 billion, providing adequate standby liquidity buffer. 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. For example, from Jan 2025 to July 2025, the Company issued 4 three-year private bonds with coupon rates ranging from 1.98% to 2.06%, showing a decreasing financing cost. In addition, NTCD has manageable exposure to non-standard financing, with a proportion of around 5.0%.

Contingent liability risks from external guarantees

The Company has medium contingent risk, especially resulting from the guarantee to a private-owned enterprise. 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.

ESG Considerations

NTCD faces environmental risks because it has undertaken primary land development and infrastructure construction projects. 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.

NTCD bears social risks as it implements public policy initiatives by undertaking infrastructure construction projects in Nantong 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.

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

Rating Methodology

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

Copyright © 2025 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP’s publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP’s publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

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