

Lianhe Global has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to Ningbo Mingshan Construction Development Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 14 June 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB+’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Ningbo Mingshan Construction Development Group Co., Ltd. (“NMCD”; ‘BBB+/Stable’).

NMCD intends to use the net proceeds from this offering for project construction and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as NMCD’s global scale Long-term Issuer Credit Rating of ‘BBB+’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of NMCD. The payment obligations of NMCD under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Fenghua District, Ningbo City (“Fenghua government”) would provide very strong support to NMCD if needed, in light of its full ownership of NMCD, NMCD’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for project construction and tourist spot development and construction in Fenghua District (“Fenghua”), Ningbo City (“Ningbo”), and the linkage between the Fenghua government and NMCD, including appointment of the senior management, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Fenghua government may face significant negative impact on its reputation and financing activities if NMCD encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that NMCD’s strategic importance would remain intact while the Fenghua government will continue to ensure NMCD’s stable operation.

Rating Sensitivities

Any rating action on NMCD’s rating would result in a similar rating action on the Bonds.

We would consider downgrading NMCD’s rating if (1) there is perceived weakening in support from the Fenghua government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Fenghua government’s ownership of NMCD, or (3) there is a downgrade in our internal credit assessment on the Fenghua government.

We would consider upgrading NMCD's rating if there is an upgrade in our internal credit assessment on the Fenghua government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this NMCD's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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