

Ningbo Mingshan Construction Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB+’ global scale Long-term Issuer and Issuance Credit Rating of Ningbo Mingshan Construction Development Group Co., Ltd. (“NMCD”); Issuer Rating Outlook is Stable.

Summary

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. This mainly considers its full ownership of NMCD and 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”). In addition, the linkage between the Fenghua government and NMCD is strong, including management supervision, strategic alignment, and ongoing operational and financial support. We believe that the local government has a very strong willingness to ensure NMCD’s business and financial viability in order to safeguard its reputation and local financing activities.

Lianhe Global has also affirmed ‘BBB+’ global scale Long-term Issuance Credit Rating of the senior unsecured bonds issued by NMCD at the same time. A full list of affirmed issuance rating is included in this report.

Fenghua is a district of Ningbo, Zhejiang province. Fenghua’s GDP grew by 3.6% year-over-year in 2025 and reached RMB110.5 billion. The budgetary revenue of Fenghua reached RMB8.5 billion in 2025.

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 Rationale

Government’s Ownership and Supervision: The Fenghua government holds 100% ownership of NMCD via the State-owned Assets Management Center of Fenghua (“Fenghua SAMC”), which is both the sole shareholder and actual controller of the company. The Fenghua government has the final decision-making authority and supervision over the company, including appointment and supervision of the senior management, strategy alignment and major investment and financing plan decisions, etc. In addition, the Fenghua government formulates a performance assessment mechanism for the company and appoints auditors to review the company’s operating performance and financial position.

Strategic Importance and Alignment: NMCD is an important LIDC in Fenghua. It is the sole LIDC that is responsible for the project construction and operation, water supply and resettlement housing construction in the western region of Fenghua, as well as tourist attraction development and construction in Xikou Town tourist area (“Xikou tourist area”) in Fenghua. It plays an important role in promoting the economic and social development of the region. Its business operation and strategic planning have been aligned with the government’s development plans.

Ongoing Government Support: NMCD continues to receive financial subsidies and asset/capital injections from the Fenghua government to support its business operations. We believe the support will remain intact given the company’s strategic importance in

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	15 June 2026

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Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

Fenghua. Between 2023 and 2025, the company received financial subsidies from local government mainly for supporting projects related to public infrastructure or special projects, with a total amount of RMB303 million.

NMCD's Financial and Liquidity Position: NMCD's total assets increased to RMB21.8 billion at end-2024 from RMB19.5 billion at end-2023, and further expanded to RMB24.5 billion at end-2025. The company's total debt grew to RMB10.0 billion from RMB9.8 billion over the same period, and continued to rise steadily to RMB10.9 billion at end-2025. Its financial leverage, as measured by the debt to capitalization ratio, increased to 50.5% at end-2025 from 45.5% at end-2023.

The short-term debt servicing pressure of NMCD was high. At end-2025, the company had cash balance of RMB811.6 million (including restricted cash of RMB32.9 million) and unused credit facilities of RMB2.8 billion, while its debt due within one year was RMB4.1 billion. However, the company has access to various financing channels, including bank borrowings, bond issuances and non-traditional financing, to support its debt repayments and business operations.

Rating Sensitivities

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, 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.

Full List of Issuance Ratings

A full list of issuance ratings is included below. Any rating action on NMCD rating would result in a similar rating action on its bonds:

- RMB230 million 3.5% senior unsecured bonds due 2027 affirmed at 'BBB+'

Operating Environment

Economic Condition of Fenghua

Fenghua District's GDP grew by 3.6% to RMB 110.5 billion in 2025, decelerating from 5.1% growth in 2024. This slowdown coincided with the local economy's continued structural shift toward the tertiary sector, which rose to 38.2% of total GDP from 37.7% in 2024, while the primary and secondary industries marginally declined. Meanwhile, fixed asset investment growth decelerated sharply to -39.7% in 2025 from -13.3% in 2024, primarily driven by a 63.2% collapse in real estate development investment amid the nationwide property market downturn, compounded by weak tertiary-sector investment.

Fenghua's Economic Condition			
(RMB billion)	2023	2024	2025
GDP	96.0	110.2	110.5
-Primary industry (%)	3.8	3.5	4.0
-Secondary industry (%)	60.1	58.8	57.8
-Tertiary industry (%)	36.0	37.7	38.2
GDP growth rate (%)	4.0	5.1	3.6

Fixed asset investment growth rate (%)	2.5	-13.3	-39.7
Population (million)	0.6	0.6	0.6

Source: Statistical Bureau of Fenghua and Lianhe Global's calculations

Fiscal Condition of Fenghua

Fenghua District's budgetary revenue decreased by 2.8% to RMB8.5 billion in 2025, decelerating from 0.3% growth in 2024. The tax revenue ratio (of budgetary revenue) remained broadly stable at 68.4% in 2025. Government fund income rose to RMB357.0 million in 2025 from RMB265.0 million in 2024, yet remained subdued compared to historical levels.

The outstanding debt of the Fenghua District government increased significantly to RMB28.8 billion at end-2025, from RMB22.7 billion at end-2024, mainly due to the new issuance of special-purpose debts to support local public projects. As a result, its government debt ratio, as measured by total government debt to aggregate revenue, increased to 211.0% from 151.8% over the same period.

Fenghua's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	8.7	8.7	8.5
Budgetary revenue growth rate (%)	25.4	0.3	-2.8
Tax revenue	6.0	5.9	5.8
Tax revenue (% of budgetary revenue)	69.4	68.2	68.4
Government fund income	1.0	0.3	0.4
Transfer payment	7.3	6.0	4.8
Aggregate revenue	17.0	14.9	13.6
Budgetary expenditure	10.9	11.4	11.4
Budget balance ¹ (%)	-25.3	-30.3	-34.4
Government debt ratio (%)	109.1	151.8	210.8

¹ Budget balance = (1 - budgetary expenditure / budgetary revenue) * 100%

Source: Finance Bureau of Fenghua and Lianhe Global's calculations

Company Profile

NMCD was established in April 2017 with an initial registered capital of RMB199.99 million, funded by the Ningbo City Fenghua District Xikou Town Assets Operation Co., Ltd. After a series of capital replenishments and equity transfers, the company's registered and paid-in capital were both RMB1.5 billion at end-2025. The Fenghua SAMC is the sole shareholder and actual controller of the company.

NMCD is the sole LIDC that is responsible for the project construction and operation, water supply and resettlement housing construction in the western region of Fenghua, as well as tourist attraction development and construction in Xikou tourist area in Fenghua. The company recognized revenue of RMB479 million in 2025 with a gross margin of 20.0%.

NMCD's Key Financial Data

(RMB million)	2023	2024	2025
Total Assets	19,545	21,809	24,526
Equity	9,830	9,980	10,687
Debt	8,214	9,201	10,908
Debt / (Debt + Equity) (%)	45.5	48.0	50.5
Unrestricted cash/ST Debts (x)	0.1	0.1	0.2
Debt/EBITDA (x)	51.3	50.6	85.7
Revenue	542	585	479
Operation Profit	123	134	85



Gross Margin (%)	18.7	19.2	20.0
Cash from sales or services/ Revenue (%)	83.6	81.3	51.5
<i>Source: NMCD and Lianhe Global's calculations</i>			

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