

Lianhe Global has assigned ‘A-’ global scale Long-term Issuer Credit Rating with Stable Outlook to Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.

HONG KONG, 3 September 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuer Credit Rating to Qingdao West Coast New Area Ronghe Holding Group Co., Ltd. (“QWRH” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People’s Government of West Coast New Area, Qingdao City (“West Coast New Area government”) would provide strong support to QWRH if needed. This mainly considers the West Coast New Area government’s direct full ownership of QWRH, QWRH’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction and industry development in West Coast New Area, Qingdao City (“West Coast New Area”). In addition, the linkage between the West Coast New Area government and QWRH is strong, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. Moreover, the West Coast New Area government may face significant negative impact on its reputation and financing activities if QWRH encounters any operational and financial difficulties.

West Coast New Area is a district under the administration of Qingdao City. Its GDP grew steadily by 5.8% to RMB526.1 billion in 2024. Its budgetary revenue also increased by 1.2% to RMB27.2 billion in 2024.

The Stable Outlook reflects our expectation that QWRH’s strategic importance would remain intact while the West Coast New Area government will continue to ensure QWRH’s stable operation.

Key Rating Rationales

Government’s Ownership and Supervision: The West Coast New Area government directly holds 100% ownership of QWRH through the Qingdao West Coast New Area State-owned Assets Administration (“West Coast New Area SAA”). The West Coast New Area SAA is the actual controller of the company. The West Coast New Area government has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the West Coast New Area government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: QWRH, as one of the two flagship LIDCs directly administered by the West Coast New Area SAA, is the main implementation entity for infrastructure construction and innovative industries integration in West Coast New Area. It serves as a key driver for regional development, undertaking critical responsibilities including infrastructure construction, modern industrial development, urban renewal projects, asset management, capital operations and industrial park development and operation, with strong regional advantages. QWRH plays an important role in promoting the economic development and innovation integration of the region. Its business operation and development have been aligned with the government's development plans.

Strong Government Support: QWRH continued to receive financial subsidies and asset/capital injections from the local government to support its business operations. Between 2022 and the first three months of 2025, the West Coast New Area government provided operational subsidies amounting to RMB1.7 billion to the company. Meanwhile, QWRH received capital and asset injections in the form of cash, equities of other LIDCs, buildings and other assets over the same period. We expect QWRH to receive ongoing support from the West Coast New Area government in the coming years considering its strategic importance in the region.

QWRH's Financial and Liquidity Position: QWRH's asset size continued to grow, reaching RMB284.7 billion at end-March 2025, up from RMB234.9 billion at end-2023, as the company actively participated in West Coast New Area's project development. The company relied on external borrowings to fund its asset expansion. QWRH's total debt increased by 21.0% and reached RMB173.6 billion at end-March 2025. Its financial leverage, as indicated by the total debt/capitalization ratio, stayed at 65%-70% level.

QWRH's short-term debt servicing pressure was high. At end-March 2025, QWRH had an unrestricted cash balance of RMB14.8 billion, compared to its debt due within one year of RMB77.0 billion. However, QWRH has access to various financing channels, including bank loans, bond issuances, and other non-traditional financing methods, to support its debt repayments and business operations. The company had unused bank facilities totaling RMB43.7 billion at end-March 2025.

Rating Sensitivities

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

We would consider upgrading QWRH's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the West Coast New Area 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.

Principal Methodology Applied

China Local Investment and Development Companies Criteria (published on 31 July 2025)

The methodology 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. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

Contact Information

Primary Analyst, Hong Kong
Jack Li, CESGA
Analyst
(852) 3462 9585
jack.li@lhratingsglobal.com

Secondary Analyst, Hong Kong
Joyce Huang, CFA
Managing Director
(852) 3462 9586
joyce.huang@lhratingsglobal.com

Committee Chairperson and Ratings Approver, Hong Kong
Toni Ho, CFA, FRM
Senior Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Investor and Media Relations Contact,
Hong Kong
Alice Wang
Associate Director
(852) 3462 9568; (86) 185 1686 2143
alice.wang@lhratingsglobal.com

Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited (“Lianhe Global” or “the Company” or “us”) are subject to certain terms and conditions. Please read these terms and conditions at the Company’s website: www.lhratingsglobal.com

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global’s website for the last rating action and the rating history. Please see Lianhe Global’s website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company’s independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2025.