

# Qingdao Economic and Technological Development Zone Investment Holding Group Co., Ltd.

## Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	15 September 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of Qingdao Economic and Technological Development Zone Investment Holding Group Co., Ltd. (“QEDIH” or “the company”); Issuer Rating Outlook is Stable

## Summary

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 QEDIH if needed, in light of its indirect full ownership of QEDIH, QEDIH’s strategic importance as the key local investment and development company (“LIDC”) responsible for infrastructure construction and innovative industries integration in the West Coast New Area, Qingdao City (“West Coast New Area”), and the linkage between the West Coast New Area government and QEDIH, including management appointments, strategic alignment, supervision of major investment and financing plans and ongoing operational and financial support. In addition, the West Coast New Area government may face significant negative impact on its reputation and financing activities if QEDIH 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 QEDIH’s strategic importance would remain intact while the West Coast New Area government will continue to ensure QEDIH’s stable operation.

## Rating Rationale

**West Coast New Area Government’s Ownership and Supervision:** The West Coast New Area government indirectly holds 100% ownership of QEDIH through the Qingdao West Coast New Area State-owned Assets Administration (“West Coast New Area SAA”). The West Coast New Area government has the final decision-making authority and supervision over the company, including management appointments, strategic development and investment planning, and major funding decisions. In addition, the West Coast New Area government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

**Strategic Importance to West Coast New Area and Strategic Alignment:** QEDIH, as the main implementation entity for infrastructure construction and integration of innovative industries in the West Coast New Area, plays an important role in promoting the economic development and innovation integration of the region. The company is primarily responsible for the infrastructure constructions in the core area of Guzhenkou and Qingdao Economic and Technological Development Zone among the ten functional areas of the West Coast New Area, and the construction of industrial parks, office buildings, R&D centers, security centers and other projects related to innovation integration, as well as equity investment in related projects. QEDIH’s business operation and development have been aligned with the government’s development plans.

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## Applicable Criteria

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

**Ongoing Government Support:** QEDIH continued to receive financial subsidies and asset/capital injections from the local government to support its business operations. Between 2022 and 2024, QEDIH received financial subsidies of RMB346.7 million from the local government. Meanwhile, the West Coast New Area government continued to inject cash, equity and other assets of RMB7.0 billion into QEDIH to expand its asset size. In addition, the West Coast New Area government continued to provide project-specific funds to QEDIH. We expect QEDIH to receive ongoing support from the local government in the coming years considering its strategic importance in West Coast New Area.

**QEDIH's Financial and Liquidity Position:** QEDIH's total assets increased to RMB140.4 billion at end-June 2025 from RMB116.2 billion at end-2023, as the company continuously participates in project construction within West Coast New Area. QEDIH's asset liquidity was weak, primarily due to the large proportion of inventories, investment properties, and fixed assets, representing 52% of total assets at end-June 2025. These assets usually take a long time to monetize.

QEDIH's total debt rose to RMB34.5 billion at end-June 2025 from RMB33.4 billion at end-2023. At end-June 2025, the short-term and long-term debt accounted for 38.2% and 61.8% of the total debt, respectively. The company's financial leverage, as measured by the debt to capitalization ratio, increased to 70.1% at end-June 2025 from 66.8% at end-2023.

QEDIH's liquidity was moderately weak. At end-2024, QEDIH had unrestricted cash balance of RMB5.0 billion, compared with its debt to be due within one year of RMB30.9 billion. It had unused credit facilities of RMB35.3 billion at end-2024. In addition, QEDIH has access to various channels of financing, including bank loans, onshore and offshore bonds issuance and non-traditional financing channels, to support its debt repayments and business operations.

## Rating Sensitivities

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

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

## Operating Environment

### Economic Condition of West Coast New Area

West Coast New Area, also known as Huangdao District, is an administrative district of Qingdao City. It is located in the southwest of Qingdao. West Coast New Area's GDP increased to RMB526.1 billion in 2024 from RMB500.3 billion in 2023, with its economic growth rate decreasing to 5.8% from 6.0% over the same period. West Coast New Area's economic growth was mainly fueled by the tertiary industries, which accounted for 64.3% of West Coast New Area's GDP in 2024. The fixed asset investment growth rate decreased to -1.5% in 2024 from 5.2% in 2023.

<b>West Coast New Area's Economic Condition</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
GDP	469.2	500.3	526.1

-Primary industry (%)	2.0	1.9	1.8
-Secondary industry (%)	35.9	34.0	33.8
-Tertiary industry (%)	62.1	64.1	64.3
GDP growth rate (%)	4.8	6.0	5.8
Fixed asset investment growth rate (%)	5.1	5.2	-1.5
Population (million)	2.0	2.0	2.0

Source: Financial Bureau of West Coast New Area, Statistical Bureau of West Coast New Area and Lianhe Global's calculations

## Fiscal Condition of West Coast New Area

The budgetary revenue of West Coast New Area government increased by 1.2% to RMB27.2 billion in 2024 from RMB26.9 billion in 2023. The contribution of tax revenue increased to 76.1% in 2024 from 67.7% in 2023. The fiscal self-sufficiency rate of West Coast New Area government remained good, with its budget surplus widening to 19.3% in 2024 from 12.4% in 2023. The government managed fund income continued to decrease to RMB3.3 billion in 2024, down from RMB14.0 billion in 2023.

The outstanding debt of West Coast New Area government continued growing in past few years. The local government's outstanding debt increased to RMB67.4 billion at end-2024 from RMB61.4 billion at end-2023, mainly due to the increase in special debt. The government debt ratio, as measured by the total government debt/aggregate revenue, increased to 180.3% at end-2024 from 126.0% at end-2023.

<b>West Coast New Area's Fiscal Condition (RMB billion)</b>			
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Budgetary revenue	27.6	26.9	27.2
Budgetary revenue growth rate (%)	-14.4	3.8	1.2
Tax revenue	15.4	18.2	20.7
Tax revenue (% of budgetary revenue)	55.7	67.7	76.1
Government fund income	21.1	14.0	3.3
Transfer payment	8.2	7.5	6.8
<b>Aggregate revenue</b>	<b>57.1</b>	<b>48.7</b>	<b>37.4</b>
Budgetary expenditure	25.2	23.6	22.0
Budget balance <sup>1</sup> (%)	8.8	12.4	19.3
Government debt ratio (%)	93.3	126.0	180.3

<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) \* 100%

Source: Financial Bureau of West Coast New Area, Statistical Bureau of West Coast New Area and Lianhe Global's calculations

## Company Profile

QEDIH was established in November 2019 with an initial registered capital of RMB5.0 billion, funded by West Coast New Area SAA. In May 2020, QEDIH's 51% equity was transferred to the Qingdao West Coast New Area Ronghe Holdings Group Co., Ltd. (青岛西海岸新区融合控股集团有限公司) ("QWRH") (fully owned by the West Coast New Area SAA) without compensation, and QWRH injected its 97.62% equity in Qingdao Civil-Military Integration Development Group Co., Ltd. ("QMIDG") to the company.

At end-2024, QEDIH's registered capital and paid-in capital were both RMB5.0 billion; 51% of the company's equity was held by QWRH and the remaining 49% was held by the West Coast New Area SAA. The actual controller of the company is the West Coast New Area SAA and the ultimate controller is the West Coast New Area government.

The company recognized a revenue of RMB16.1 billion in the first half of 2025 with a gross margin of 5.9%.



Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	94,625	116,190	127,493	140,373
Equity	30,182	33,405	34,646	34,541
Debt	51,040	67,080	70,577	80,949
Debt / (Debt + Equity) (%)	62.8	66.8	67.1	70.1
Unrestricted cash/ST Debts (x)	0.3	0.3	0.2	0.3
Debt/EBITDA (x)	41.0	38.0	48.5	-
Revenue	27,745	34,362	35,833	16,146
Operation Profit	602	26	30	-79
Gross Margin (%)	4.6	5.0	5.7	5.9
Cash from sales or services/ Revenue (%)	110.2	107.6	103.0	105.0
Source: QEDIH and Lianhe Global's calculations				

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