

Qingdao Ronghui Wealth Investment Holding Group Co., Ltd.

Summary

Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	30 October 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘A’ global scale Long-term Issuer Credit Rating with Stable Outlook to Qingdao Ronghui Wealth Investment Holding Group Co., Ltd. (“QDRH” or “the company”)

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Shibei District, Qingdao City (“Shibei government”) would provide very strong support to QDRH if needed. This mainly considers the Shibei government’s direct majority ownership of QDRH, QDRH’s strategic position as an important local investment and development company (“LIDC”) responsible for state-owned asset operation and equity investment in Shibei District (“Shibei”). The linkage between the local government and QDRH is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities should QDRH encounter any operational or financial difficulties.

Shibei is one of the core urban areas of Qingdao City (“Qingdao”). In 2024, Shibei’s GDP grew steadily by 4.8% to RMB125.7 billion, while its budgetary revenue decreased by c.10% to RMB8.6 billion.

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

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Applicable Criteria

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

Rating Rationale

Government’s Ownership and Supervision: The State-owned Assets Operation and Development Center of Shibei District, Qingdao City (“Shibei SAODC”) directly holds 90% stake in QDRH and is the ultimate controlling shareholder of the company; the remaining 10% equity is held by Shandong Caixin Asset Operation Co., Ltd. (“SCAO”). The Shibei government has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan. In addition, the Shibei government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Alignment and Importance: QDRH is the key LIDC responsible for state-owned asset operation and equity investment in Shibei, focusing on urban development and construction, industrial park operation, financial investment and industrial investment. QDRH adjusts its strategic direction according to Shibei’s economic strategy and market demand. 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.

Strong Government Support: QDRH receives ongoing support from the Shibei government in the form of operational subsidies and asset/equity injections. Shibei Government has transferred equities of several stated-owned enterprises to the company

without compensation since 2019. In addition, the company received operating subsidies of approximately RMB12 million from 2022 to 2024. We expect QDRH to receive timely support from the local government over the coming years, given its strategic importance to Shibei.

QDRH's Financial and Liquidity Position: QDRH's asset base expanded steadily over the past few years as it actively participated in Shibei's urban and industrial development. Its asset size increased to RMB77.8 billion at end-June 2025 from RMB66.0 billion at end-2022. In the meantime, QDRH's financial leverage, measured by debt-to-capitalization, rose to 59.9% from 51.5% over the same period.

QDRH's short-term debt servicing pressure is moderately high. At end-June 2025, the company's short-term debt totaled about RMB23.9 billion, compared with RMB2.6 billion of unrestricted cash on hand. Yet QDRH retains access to a range of funding channels, including bank borrowings and bond issuance. Its undrawn bank facilities totaled around RMB9.2 billion at end-June 2025, providing additional liquidity headroom for its debt repayments and business operations.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Shibei

Shibei's Economy Condition			
(RMB billion)	2022	2023	2024
GDP	112.4	121.8	125.7
-Primary industry (%)	0.0	0.0	0.0
-Secondary industry (%)	20.8	20.2	20.4
-Tertiary industry (%)	79.2	79.8	79.6
GDP growth rate (%)	4.6	6.2	4.8
Fixed asset investment growth rate (%)	15.9	15.7	9.2
Residential population (million)	1.1	1.1	1.1

Source: Public information and Lianhe Global's calculations

Located in the geographical center of the urban area of Qingdao, Shibei is one of core districts of Qingdao and the birthplace of Qingdao's modern industries, such as beer brewery, textiles, home appliances, etc. It covers an area of 65.4 square kilometers and has a residential population of 1.1 million at end-2024.

Shibei maintained a steady economic growth in the past three years, and its GDP amount reached RMB125.7 billion in 2024, representing a year-over-year growth rate of 4.8%. The economy of Shibei was fully boosted by the secondary and tertiary industries, which accounted for 20.4% and 79.6% of GDP in 2024, respectively. The fixed investment of Shibei achieved double-digit growth in 2022 and 2023, but its growth rate was lowered to 9.2% in 2024.

Fiscal Condition of Shibei

Shibei 's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	7.4	9.6	8.6
Budgetary revenue growth rate (%)	4.3	6.0	-9.4
Tax revenue	5.7	8.8	7.9
Tax revenue (% of budgetary revenue)	76.9	91.0	91.0
Government fund income	2.1	5.9	6.0
Transfer payment	5.0	7.0	4.6
Aggregate revenue	14.5	22.5	19.4
Budgetary expenditure	4.9	7.2	6.3
Budget balance ¹ (%)	34.1	24.7	27.4
Government debt ratio (%)	57.8	46.2	69.8
¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
Source: Public information and Lianhe Global's calculations			

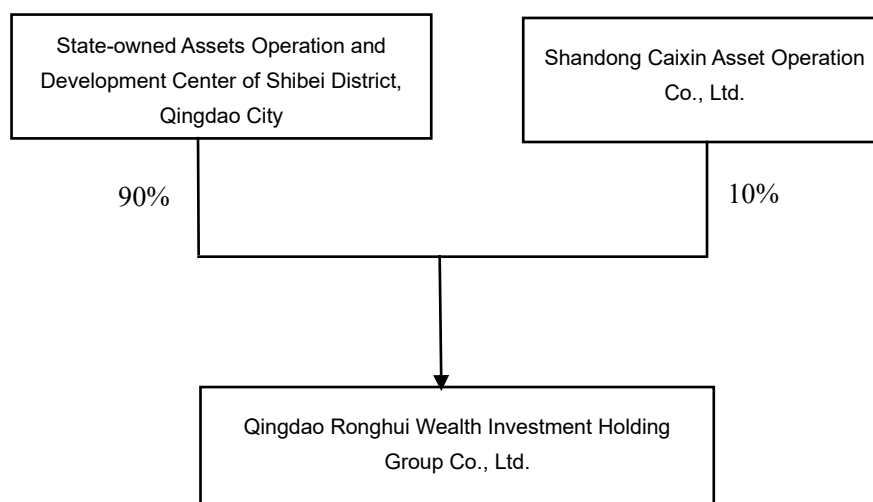
Shibei government's fiscal revenue is mainly derived from budgetary revenue and government fund income. The budgetary revenue of the Shibei government increased from RMB7.4 billion in 2022 to RMB9.6 billion in 2023, but dropped to RMB8.6 billion in 2024. The fiscal self-sufficiency rate of the Shibei government was strong, with its budget surplus remaining around 30% from 2022 to 2024. The government fund income of Shibei government was on an upward trend in the past three years and reached RMB6.0 billion in 2024, more than doubled compared with RMB2.1 billion in 2022.

The outstanding debt of the Shibei government kept growing in past few years. At end-2024, the Shibei government's outstanding debt increased to RMB13.6 billion, including general government debts of RMB2.5 billion and special debts of RMB11.0 billion. Its government debt ratio, as measured by the total government debt/aggregate revenue, dropped from 57.8% at end-2022 to 46.3% at end-2023, but rebounded to 69.8% at end-2024.

Company Profile

Ownership Structure

QDRH was established in November 2019 by the Shibei SAODC with an initial registered capital of RMB10.0 billion. In July 2021, Shibei SAODC transferred 10% equity of the company to SCAO (wholly owned by Shandong Provincial Department of Finance) without compensation. At end-June 2025, the registered capital and paid-in capital of the company were RMB10.0 billion and c. RMB8.1 billion, respectively. Shibei SAODC directly holds 90% stake in QDRH and is the ultimate controlling shareholder of the company; the remaining 10% equity is held by SCAO.



Source: The company and Lianhe Global

Revenue Breakdown

QDRH is primarily responsible for state-owned asset operation and equity investment in Shibei, with strong regional franchise advantages. The company mainly engages in trading, land consolidation, industrial park operation, properties sales, equity investment, and other businesses. The company's total revenue decreased to RMB8.3 billion in 2024 from RMB11.5 billion in 2022, while its gross margin increased to 10.3% from 4.2% over the same period.

As the major source of revenue for the company, trading business mainly involves the trading of building materials and nonferrous metals. Revenue derived from trading business decreased to RMB6.4 billion in 2024 from RMB10.3 billion, with gross margin remaining at a low level of 0.2% around over the same period. The concentration ratios for the company's top 5 suppliers and customers were between 10% and 20% in 2024, indicating diversified supplier and customer bases.

The company mainly undertakes land consolidation business in two models: industrial zone development projects and shantytown renovation projects. The company recognizes a management fee not exceeding 15% for industrial zone development projects, while the management fee for shantytown renovation projects varies between 2% and 13%. Revenue derived from land consolidation business decreased to RMB66 million in 2024 from RMB383 million, with gross margin remaining above 50% over the same period.

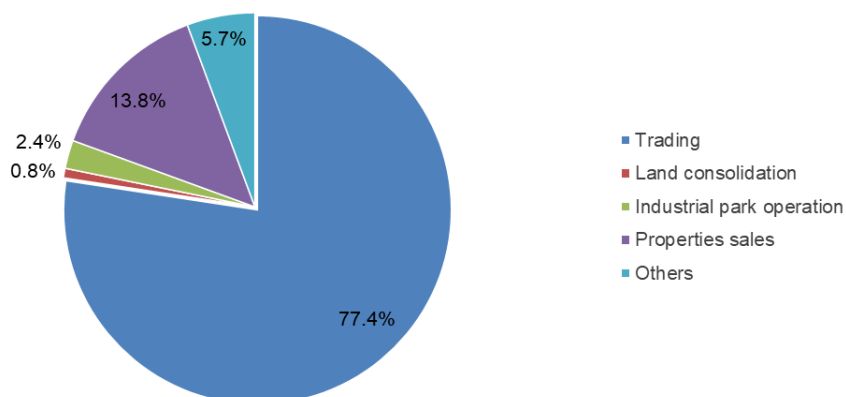
The company's industrial park operation business mainly involves the development or purchase of commercial properties, office buildings and industrial parks, and the company recognizes revenues through sales or leasing.

The company undertakes property development projects with its own fund or bank loans and recognizes revenue through sales after the completion of the projects. Revenue derived from properties sales business reached RMB1.1 billion in 2024, accounting for 13.8% of the company's total revenue.

QDRH mainly undertakes equity investment business through a fund-of-funds (FoFs) model, with its subsidiary Qingdao Guozhu Asset Management Co., Ltd. serving as the general partner (GP) and the company headquarters acting as a limited partner (LP) in the FoFs. These FoFs usually establish sub-funds in cooperation with other government-related

entities and investment institutions to invest in strategic emerging industries including semiconductors, advanced manufacturing, healthcare, new energy vehicles, etc.

Total revenue: RMB8.3 billion in 2024

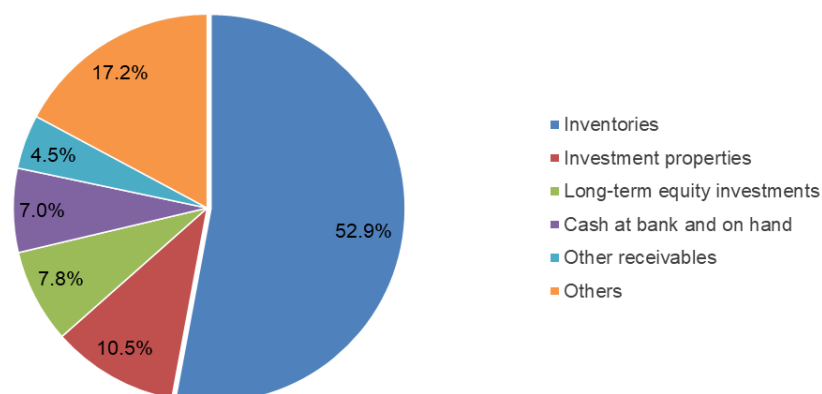


Source: The company's financial reports and Lianhe Global's calculations

Assets Breakdown

QDRH's asset-side liquidity was weak. At end-June 2025, inventories and investment properties together accounted for 63.5% of its RMB77.8 billion asset base. Long-term equity investments (around 29% of total assets) primarily reflect shares of local SOEs. Inventories (around 53% of total assets) mainly comprise construction costs related to the company's land consolidation projects, properties and industrial park development projects, which usually take a long time to monetize due to protracted construction and cash collection period. Investment properties (around 17% of total assets) mainly involve self-owned properties for leasing, which may become a stable source of revenue for the company in the future. In addition, long-term equity investment accounted for 7.8% of QDRH's total assets, primarily reflecting the investments made by the company's 8 FoFs in strategic emerging industries including semiconductors, advanced manufacturing, healthcare, new energy vehicles, etc.

Total assets: RMB77.8 billion at end-June 2025



Source: The company's financial reports and Lianhe Global's calculations



Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	65,953	72,258	75,124	77,798
Equity	27,906	27,968	28,448	28,163
Debt	29,666	34,250	43,122	41,998
Debt / (Debt + Equity) (%)	51.5	55.0	60.3	59.9
Unrestricted cash/ST Debts (x)	0.2	0.2	0.1	0.1
Debt/EBITDA (x)	38.1	37.4	38.4	-
Revenue	11,492	10,064	8,294	5,308
Operation Profit	110	183	130	-234
Gross Margin (%)	4.2	6.8	10.3	3.1
Cash from sales or services/ revenue (%)	134.5	105.9	112.1	120.4
Source: The company and Lianhe Global's calculations				

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