

# Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has upgraded the global scale Long-term Issuer Credit Rating of Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd. (“QDHF” or “the company”) to ‘A+’ from ‘A’; Outlook Revised to Stable

## Summary

The Issuer Credit Rating upgrade reflects QDHF’s enhanced strategic importance in Qingdao. The company has deepened its participation in Qingdao’s industrial development and has been tasked with supporting Qingdao’s development as an international shipping center. It plays a more important role in promoting local industrial and economic development.

We believe the People’s Government of Qingdao Municipal (“the Qingdao government”) would provide strong support to QDHF if needed, in light of its direct full ownership of QDHF and QDHF’s strategic importance as a key development, investment and operations platform in Qingdao. The linkage between the Qingdao government and QDHF is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe that the local government has a strong willingness to ensure QDHF’s business and financial viability in order to safeguard its reputation and local financing activities.

Qingdao is a municipality with an independent planning status enjoying provincial-level economic authority. In 2024, Qingdao’s GDP grew steadily by 5.7% year-over-year to RMB1,671.9 billion, while the budgetary revenue of the Qingdao government stayed at c. RMB134 billion. Its GDP is expected to exceed RMB1.7 trillion in 2025.

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

## Rating Rationale

**Government’s Ownership and Supervision:** The State-owned Assets Supervision and Administration Commission of Qingdao (“Qingdao SASAC”) holds 100% shares of QDHF, and is the company’s actual controller. The Qingdao government has strong control over the company, including appointment and supervision of its senior management, strategic alignment, major investment and financing planning decisions. In addition, the Qingdao government formulates a performance assessment policy for the company, and regularly appoints auditors to review the company’s operating performance and financial position.

**Strategic Importance and Alignment:** QDHF is a key development, investment and operations platform in Qingdao. The company is responsible for the city’s infrastructure construction, especially in Qingdao’s West Coast New Area. Its strategic importance has increased as it has deepened its participation in Qingdao’s industrial development through the development and operation of industrial parks, as well as fund and equity investments in sectors such as high-end manufacturing, new energy, and film and television. QDHF is also tasked with supporting Qingdao’s development as an international shipping center. Its business operations and strategic planning are closely aligned with the Qingdao government’s overall development plans.

## Summary

Issuer Rating	A+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	[ ] January 2026

## Analysts

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## Applicable Criteria

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

**Strong Government Support:** QDHF receives ongoing support from the Qingdao government including supportive policies, asset and equity injection and operational subsidies. Between 2024 and the first nine months of 2025, QDHF and its subsidiaries received operational subsidies of RMB302 million and cash capital injections of RMB1,921 million from the local government. Given QDHF's strategic importance in Qingdao, we believe QDHF is likely going to receive ongoing government support in the future.

**QDHF's Financial and Liquidity Position:** QDHF's total assets increased to RMB152.9 billion at end-September 2025 from RMB121.6 billion at end-2022, owing to its active participation in Qingdao's project development as well as equity and asset injections from the local government. Its total debt also increased to RMB84.6 billion from RMB606 billion over the same period. The company's financial leverage, as measured by debt to capitalization, remained at c. 65% level.

QDHF's short-term debt servicing pressure is moderately high. At end-September 2025, QDHF had unrestricted cash balance of RMB4.9 billion, compared with its debt to be due within one year of RMB43.3 billion. Having said that, the company may use bank borrowings, bond issuance and non-traditional financing to support its debt repayments and business operations. It had unused credit facilities of RMB61.2 billion at end-September 2025.

### Rating Sensitivities

We would consider downgrading QDHF'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 QDHF, or (3) there is a downgrade in our internal credit assessment on the Qingdao government.

We would consider upgrading QDHF'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 Qingdao government.

### Operating Environment

#### Economic Condition of Qingdao

Qingdao's GDP increased to RMB1,671.9 billion in 2024 from RMB1,576.0 billion in 2023. The economic growth rate of Qingdao declined slightly to 5.7% in 2024 from 5.9% in 2023. The economy of Qingdao was mainly boosted by the tertiary and secondary industries, which accounted for 62.8% and 34.2% of GDP in 2024, respectively. Qingdao has a well-established industrial base and a service sector centered on finance, logistics, and tourism.

<b>Qingdao's GDP Economic Condition</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
GDP	1,492.1	1,576.0	1,671.9
-Primary industry (%)	3.2	3.1	3.0
-Secondary industry (%)	34.8	33.4	34.2
-Tertiary industry (%)	62.0	63.5	62.8
GDP growth rate (%)	3.9	5.9	5.7
Fixed asset investment growth rate (%)	4.5	5.0	0.8
Population (million)	10.3	10.4	10.4
<i>Source: Statistical Bureau of Qingdao and Lianhe Global's calculations</i>			

## Fiscal Condition of Qingdao

The budgetary revenue of the Qingdao government increased slightly to RMB133.9 billion in 2024 from RMB133.8 billion in 2023, while the contribution of tax revenue reduced to 70.0% from 75.2% over the same period. Its budget deficit stayed at 28.5% in 2023 and 2024.

The outstanding debt of the Qingdao government kept growing in 2024. At end-2024, the Qingdao government's outstanding debt increased to RMB438.3 billion from RMB362.0 billion at end-2023, mainly due to the issuance of special purpose debts. Its government debt ratio, as measured by the total government debt/aggregate revenue, increased to 211.3% at end-2024 from 163.8% at end-2023.

<b>Qingdao's Fiscal Condition</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Budgetary revenue	127.3	133.8	133.9
Budgetary revenue growth rate (%)	-6.9	5.1	0.1
Tax revenue	88.1	100.6	93.8
Tax revenue (% of budgetary revenue)	69.2	75.2	70.0
Government fund income	89.6	53.1	29.9
Transfer payment	36.6	28.2	41.9
<b>Aggregate revenue</b>	<b>255.8</b>	<b>217.1</b>	<b>207.4</b>
Budgetary expenditure	169.6	171.9	172.0
Budget balance <sup>1</sup> (%)	-33.2	-28.5	-28.5
Government debt ratio (%)	127.3	133.8	133.9
<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
Source: Finance Bureau of Qingdao and Lianhe Global's calculations			

## Company Profile

QDHF was established as a wholly state-owned company by the Qingdao Government in 2012 with an initial registered capital of RMB10 billion. By end-September 2025, Qingdao SASAC, as the company actual controller, owned 100% shares of QDHF. In December 2025, Qingdao SASAC increased the company's registered capital to RMB14.7 billion from RMB10 billion.

QDHF undertake major development projects, such as land consolidation, infrastructure construction, social housing development in key areas, including the Lingshan Bay Industrial Zone, the Lingshan Bay West Area, the Cangmashan Tourist Resort, and the Qingdao Free Trade Zone within Qingdao's West Coast New. In addition, QDHF controls an array of listing companies, including Prosper Construction Holdings Limited (6816.HK, a marine construction services contractor), Nanjing Sample Technology Co., Ltd. (1708.HK, an intelligent transportation and logistics services provider) and AUCMA Co., Ltd. (600336.SH, an appliance manufacturer). QDHF also engages in finance, trading and other businesses.

QDHF realized revenue of RMB106.8 billion, 113.8 billion, 75.7 billion and RMB43.0 billion in 2022, 2023, 2024 and the first nine months of 2025, respectively. The decrease was mainly due to the contraction of the company's trade activities. QDHF's gross margin was stable at c. 4% in the past years.



Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	131,615	137,661	150,521	152,922
Equity	34,890	37,085	43,490	44,847
Debt	60,582	73,481	77,712	84,627
Debt / (Debt + Equity) (%)	63.5	66.5	64.1	65.4
Unrestricted cash/ST Debts (x)	0.19	0.16	0.12	0.11
Debt/EBITDA (x)	15.5	16.7	20.6	-
Revenue	106,843	113,837	75,667	43,018
Operation Profit	329	1,260	929	406
Gross Margin (%)	4.2	4.3	4.2	3.6
Cash from sales or services/ Revenue (%)	105.4	107.0	117.0	121.0
Source: QDHF and Lianhe Global's calculations				

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