

Qingdao Oceantec Valley Investment Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Qingdao Oceantec Valley Investment Development Group Co., Ltd. (“QDOV”) to ‘BBB+’ from ‘BBB’; Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating upgrade reflects an upgrade in our internal credit assessment on People’s Government of Jimo District (“the Jimo government”) and the expectation of continuing of a high possibility that the Jimo government would provide strong support to QDOV if needed. This mainly considers the Jimo government’s indirect full ownership of QDOV and QDOV’s strategic importance as an important development and investment platform in Qingdao’s Jimo District (“Jimo”), especially in the core area of Qingdao Oceantec Silicon Valley (“Oceantec Valley”). The linkage between the local government and QDOV 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 QDOV’s business and financial viability to safeguard its reputation and local financing activities.

Jimo is a municipal district in Qingdao City, Shandong Province. Its GDP grew steadily by 5.6% to RMB174.3 billion in 2025 while the budgetary revenue increased by 3.0% to RMB10.9 billion. Located in Jimo, Oceantec Valley is a hub for marine innovation and high-end industries development of Qingdao City.

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

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of its senior unsecured Bonds to ‘BBB+’ from ‘BBB’ at the same time. A full list of affirmed issuance rating is included in this press release.

Rating Rationale

Government’s Ownership and Supervision: At end-September 2025, Qingdao Oceantec Valley Management Bureau (“Management Bureau”) continued to hold 100% shares of QDOV on behalf of Qingdao Jimo District State-owned Asset Operation and Service Center (“Jimo SAOSC”), the company’s actual controller.

The local government has strong control and supervision over the company, including senior management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Jimo government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance and Strategic Alignment: QDOV is an important local investment and development company (“LIDC”) in Jimo, especially in the core area of Oceantec Valley. It undertakes major development projects, including urban infrastructure, industrial parks and public facilities within the region. QDOV’s strategic planning has been aligned with the local government’s economic and social development plans.

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	10 February 2026

Analysts

Chris Cao
(852) 3462 9579
chris.cao@lhratingsglobal.com

Roy Luo, CFA, FRM, CESGA
(852) 3462 9582
roy.luo@lhratingsglobal.com

Applicable Criteria

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

We expect QDOV to play a more important role in promoting local urban and industrial development, following Qingdao City's newly initiated "Science and Innovation Corridor" plan. By integrating Ocean Tec Valley, Licang and Laoshan Districts' industrial and talent strengths, the municipality aims to drive its technological innovation.

Strong Government Support: QDOV continues to receive substantial support from the local government. In 2024 and the first nine months of 2025, the local government provided operational subsidies of RMB153 million and 46 million to QDOV, respectively. Additionally, the company received cash capital injections totaling RMB465 million over the same period. We expect the support from the local government to remain intact given QDOV's strategic importance.

QDOV's Financial and Liquidity Position: QDOV's total assets grew continuously to RMB47.8 billion at end-September 2025 from RMB37.2 billion at end-2022, as the company actively participated in Jimo's project development. The company relied heavily on borrowings to fund its asset expansion, pushing its total debt to RMB8.5 billion from RMB2.1 billion over the same period. Yet the local government initiated multiple asset and capital injections to the company, enhancing its equity base to RMB37.8 billion from RMB34.3 billion. As a result, QDOV's financial leverage, as measured by total debt to capitalization, remained manageable, which was 18.4% at end-September 2025.

QDOV's short-term debt servicing pressure remained high. At end-September 2025, the company had cash of RMB1.1 billion (most of them was pledged to obtain bank facilities), compared with short-term debt of RMB3.7 billion. Nevertheless, the company has access to various financing channels, including bank borrowings and bond issuances and other non-traditional financings, to support its debt repayments and business operations. At end-September 2025, the company had total bank credit facilities of RMB7.2 billion, of which RMB2.0 billion remained unused. We also expect the company to receive timely financial support from the local government when needed. By end-2025, QDOV has settled all previously past-due commercial bills.

Rating Sensitivities

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

We would consider upgrading QDOV'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 Jimo government.

Full List of Issuance Rating

A full list of issuance rating is included below. Any rating action on QDOV's rating would result in a similar rating action on the bonds:

- CNY366 million 6.8% senior unsecured Bonds due 2027 upgraded to 'BBB+'
- CNY316 million 6.8% credit enhanced Bonds due 2027 upgraded to 'BBB+'
- CNY738.5 million 6.8% senior unsecured Green Bonds due 2028 upgraded to 'BBB+'

Operating Environment

Economic Condition of Jimo

Jimo's GDP grew steadily by 6.0% to RMB167.1 billion in 2024. Its GDP scale ranked 3rd among 10 districts and county-level cities under the administration of Qingdao. The fixed asset investment growth rate increased slightly to 3.1% in 2024 from 2.9% in 2023. The district focuses on the development of high-tech industries, equipment manufacturing, textile and clothing industries in recent years.

Established in 2011 as a strategic node in national marine economic development framework, Oceantec Valley functions as a hub for marine innovation and high-end industries, including marine technology, biology, and equipment manufacturing, leveraging significant state support to aggregate key national research assets like the Laoshan Laboratory and the National Deep Sea Center.

In addition, the Qingdao government newly launched a 'Science and Innovation Corridor' initiative, which plans to integrate Oceantec Valley with Licang and Laoshan, synergizing their respective industrial capabilities and intellectual capital to drive regional technological innovation.

Jimo's GDP and Fixed Asset Investment			
(RMB billion)	2022	2023	2024
GDP	151.3	159.5	167.1
-Primary industry (%)	5.9	5.7	5.4
-Secondary industry (%)	50.3	48.6	47.3
-Tertiary industry (%)	43.9	45.6	47.3
GDP growth rate (%)	2.6	6.6	6.0
Fixed asset investment growth rate (%)	4.9	2.9	3.1
Population (million)	1.37	1.37	1.37
<i>Source: Statistical bureau of Jimo and Lianhe Global's calculations</i>			

Fiscal Condition of Jimo

In 2024, the Jimo government's budgetary revenue remained flat at RMB10.6 billion. The government fund income recovered to RMB2.3 billion in 2024 from RMB1.3 billion in 2023, mainly due to the increased land use right transfer income amid improved regional property market conditions. The transfer payment from higher governments also increased significantly to RMB6.0 billion from RMB3.5 billion over the same period.

However, the Jimo government's outstanding debt continued to accumulate, raising to RMB32.8 billion at end-2024 from RMB20.9 billion at end-2023, owing to the new issuance of special debts for project development. The government debt ratio, measured as total government debt to aggregate revenue, climbed sharply to 161.2% in 2024 from 134.6% in 2023.

Jimo's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	10.0	10.6	10.6
Budgetary revenue growth rate (%)	1.0	6.1	0.0
Tax revenue	6.4	7.5	7.6
Tax revenue (% of budgetary revenue)	64.4	71.4	71.5
Government fund income	5.8	1.3	2.3
Transfer payment	2.8	3.5	6.0
Aggregate revenue	18.8	15.6	18.9
Budgetary expenditure	13.3	13.3	14.2

Budget balance ¹ (%)	-33.5	-26.4	-34.7
Government debt ratio (%)	86.8	134.6	161.2

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

Source: Financial Bureau of Jimo and Lianhe Global's calculations

Company Profile

QDOV was established in May 2016 with initial registered capital of RMB800 million. In 2022, QDOV's registered capital has been enlarged to RMB2,000 million, of which RMB859 million was paid by end-September 2025. Jimo SAOSC, the company's actual controller, has authorized Management Bureau to hold 100% shares of the company.

As an important LIDC in Jimo, QDOV is primarily responsible for project development and maintenance within the Oceantec Valley core area, where it holds a strong regional franchise. The company also engages in commodities trading and generates leasing income from properties, car parks, and sea area use rights.

QDOV's revenue grew steadily from RMB2.7 billion in 2022 to RMB3.4 billion in 2024. However, gross margins contracted from 15.1% to 10.8% over the same period, dragged down by low-margin trading business (0.12% margin in 2024). For the first nine months of 2025, revenue was RMB2.4 billion with a 9.2% gross margin.

Key Financial Data

(RMB million)	2022	2023	2024	2025.9
Total Assets	37,222	41,752	44,649	47,814
Equity	34,275	36,850	37,279	37,772
Debt	2,123	3,636	5,857	8,540
Debt / (Debt + Equity) (%)	5.8	9.0	13.6	18.4
Unrestricted cash/ST Debts (x)	0.07	0.02	0.02	0.02
Debt/EBITDA (x)	3.7	6.4	11.8	-
Revenue	2,716	2,956	3,383	1,952
Operation Profit	469	446	382	176
Gross Margin (%)	15.1	12.6	10.8	9.2
Cash from sales or services/ Revenue (%)	34.5	57.6	51.5	70.2

Source: QDOV and Lianhe Global's calculations

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