

Qingdao Laoshan Science and Technology Innovation Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of Qingdao Laoshan Science and Technology Innovation Development Group Co., Ltd. (“QLSTI”); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Laoshan District, Qingdao City (“Laoshan government”) would provide strong support to QLSTI if needed, in light of its direct full ownership of QLSTI, QLSTI’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for industrial park leasing and development, industrial investment and urban development in Laoshan District, Qingdao City (“Laoshan”), and the linkage between the Laoshan government and QLSTI, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, we believe that the Laoshan government has a strong willingness to ensure QLSTI’s business and financial viability in order to safeguard its reputation and local financing activities.

Laoshan is one of the seven urban districts of Qingdao City in Shandong Province and located in the eastern part of Qingdao City. Laoshan’s GDP grew by 6.2% and reached RMB140.3 billion in 2025. The budgetary revenue of the Laoshan government increased slightly to RMB22.5 billion in 2025.

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

Rating Rationale

Government’s Ownership and Supervision: The Laoshan government directly holds the full ownership of QLSTI through the Finance Bureau of Laoshan District, Qingdao City (“Laoshan FB”), and is the actual controller of the company. The Laoshan 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 Laoshan government has assessment mechanism over the company and it appoints auditor to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: QLSTI, as an important innovation and industrial investment LIDC in Laoshan, is primarily responsible for the industrial park leasing and development, urban development and industrial investment within the region with strong franchised advantages. The company undertakes functions such as technology venture capital investment, technology finance, industrial park projects development and operation, industrial guidance and investment attraction, according to the industrial development plan of the Laoshan government. The company also undertakes part of the urban renewal and area development projects on behalf of the Laoshan government. QLSTI plays an important role in promoting the economic development and industrial upgrading of the region. Its

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	20 April 2026

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Applicable Criteria

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

business operation and development have been aligned with the government's development plans.

Ongoing Government Support: QLSTI continues to receive financial subsidies and asset/capital injections from the Laoshan government to support its business operations. In 2024, the company received capital injection of RMB402.9 million, which enlarged its paid-in capital to RMB5,000 million at end-2024. At the same time, the company received subsidies with a total amount of RMB226.3 million in 2024. We believe the government support will remain intact given the company's strategic importance in Laoshan.

QLSTI's Financial Matrix and Liquidity Position: QLSTI's total asset size grew steadily from RMB37.3 billion at end-2023 to RMB42.6 billion and RMB47.0 billion at end-2024 and end-September 2025, respectively. The increase of QLSTI's total assets was largely attributed to its inventories and investment properties, which was driven by the company's active involvement in industrial park development projects. Similarly, its total debt increased to RMB21.6 billion and RMB25.9 billion at end-2024 and end-September 2025, respectively. Nevertheless, the short-term accounted for a low proportion of 15.7% of its total debt at end-September 2025. QLSTI's financial leverage, as measured by its debt to capitalization ratio, reached 65.1% at end-September 2025.

QLSTI's short-term debt servicing pressure was manageable. At end-September 2025, QLSTI had a total cash of RMB2.8 billion (including restricted cash of RMB0.5 billion), compared with its debt due within one year of RMB4.1 billion. Having said that, QLSTI has access to various channels of financing, including bank loans, bond issuance and non-traditional financing, to support its debt repayment and business operations. At end-September 2025, the company had unused bank facilities of RMB13.8 billion.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Laoshan

Laoshan's GDP increased to RMB140.3 billion in 2025 from RMB132.4 billion in 2024, while GDP growth edged up to 6.2% from 6.1%. The local economy remained service-oriented, with the tertiary sector accounting for 67.2% of GDP in 2025, compared with 67.8% in 2024. Fixed asset investment growth remained stable at 3.1% in 2025.

Laoshan's Economic Condition			
(RMB billion)	2023	2024	2025
GDP	115.1	132.4	140.3
-Primary industry (%)	0.7	0.6	0.6
-Secondary industry (%)	32.4	31.6	32.2
-Tertiary industry (%)	66.9	67.8	67.2
GDP growth rate (%)	7.0	6.1	6.2
Fixed asset investment growth rate (%)	16.2	3.1	3.1
Population (million)	0.5	0.5	0.5

Source: Statistical Bureau of Laoshan and Lianhe Global's calculations

Fiscal Condition of Laoshan

The budgetary revenue of the Laoshan government increased slightly to RMB22.5 billion in 2025 from RMB22.4 billion in 2024, while budgetary revenue growth slowed further to 0.5% from 1.7%. Tax revenue recovered modestly to RMB18.6 billion from RMB18.4 billion during the same period, and the contribution of tax revenue to the budgetary revenue rose to 82.4% from 82.0%. Government fund income rebounded to RMB4.6 billion in 2025 from RMB4.0 billion in 2024, while transfer payments declined further to RMB2.6 billion from RMB3.2 billion during the same period. Aggregate revenue remained stable at RMB29.8 billion in 2025, compared with RMB29.6 billion in 2024, while the budgetary expenditure fell to RMB13.1 billion from RMB14.2 billion during the same period. As a result, the fiscal self-sufficiency rate of the Laoshan government remained high, as it recorded a budget surplus of 42.1% in 2025.

The outstanding debt of the Laoshan government kept growing in past few years. At end-2025, the Laoshan government's outstanding debt increased to RMB19.0 billion from RMB13.9 billion at end-2024, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, surged to 62.7% at end-2025 from 46.9% at end-2024.

Laoshan's Fiscal Condition (RMB billion)	2023	2024	2025
Budgetary revenue	22.0	22.4	22.5
Budgetary revenue growth rate (%)	8.2	1.7	0.5
Tax revenue	18.7	18.4	18.6
Tax revenue (% of budgetary revenue)	84.7	82.0	82.4
Government fund income	9.3	4.0	4.6
Transfer payment	3.5	3.2	2.6
Aggregate revenue	34.9	29.6	29.8
Budgetary expenditure	14.5	14.1	13.1
Budget balance ¹ (%)	34.1	36.9	42.1
Government debt ratio (%)	27.1	46.9	62.6

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

Source: Finance Bureau of Laoshan and Lianhe Global's calculations

Company Profile

QLSTI was established in 2013 with an initial registered capital of RMB108 million, funded by Qingdao Laoshan District State-owned Assets Administration. In 2016, all of QLSTI's equity was transferred to the Laoshan FB.

QLSTI, as the key LIDC in Laoshan, is mainly responsible for industrial park development and rental, industrial technology investment and urban development within the region. It undertakes functions such as technology venture capital investment, technology finance, industrial park development and operation, and industrial guidance, according to the industrial development plan of the Laoshan government. The total revenue of QLSTI was RMB1.5 billion, RMB1.2 billion, and RMB1.5 billion in 2023, 2024 and the first nine months of 2025, respectively. The gross profit margin stayed between 24.5-26.5% over the same period.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	28,396	37,261	42,568	46,952
Equity	13,469	13,798	13,797	13,833
Debt	8,634	15,829	21,609	25,855
Debt / (Debt + Equity) (%)	39.1	53.4	61.0	65.1
Unrestricted cash/ST Debts (x)	0.2	0.7	0.5	0.6
Debt/EBITDA (x)	15.0	24.9	19.5	-
Revenue	1,619	1,459	1,172	1,494
Operation Profit	155	65	235	157
Gross Margin (%)	19.8	26.1	24.5	26.5
Cash from sales or services/ Revenue (%)	84.1	100.5	75.9	64.7

Source: The company and Lianhe Global's calculations

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