

Qingdao Military-Civilian Integration Development Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB+’ global scale Long-term Issuer Credit Rating of Qingdao Military-Civilian Integration Development Group Co., Ltd. (“QMIDG”); Issuer Rating Outlook 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 QMIDG if needed. This mainly considers the local government’s indirect full ownership of QMIDG, QMIDG’s strategic importance as the key local investment and development company (“LIDC”) responsible for infrastructure construction and innovative industries integration in West Coast New Area, Qingdao City (“West Coast New Area”), and the linkage between the local government and QMIDG, including supervision of the management and major investment and financing decisions, strategic alignment, and ongoing operational and financial support. In addition, we believe the local government has a strong willingness to ensure QMIDG’s business and financial viability in order to safeguard its reputation and local financing activities.

West Coast New Area is a national-level new area under the administration of Qingdao City (“Qingdao”). Its GDP grew by 5.2% to RMB553.4 billion in 2025, while its budgetary revenue increased by 1.6% to RMB27.7 billion over the same period.

The Stable Outlook reflects our expectation that QMIDG’s strategic importance would remain intact while the West Coast New Area government will continue to ensure QMIDG’s stable operation.

Rating Rationale

Government’s Ownership and Supervision: The West Coast New Area government indirectly holds 100% ownership of QMIDG through the Qingdao West Coast New Area State-owned Assets Administration (“West Coast New Area SAA”), via Qingdao Economic and Technological Development Zone Investment Holding Group Co., Ltd. (“QETDZ”). The West Coast New Area SAA is the actual controller of the company. The West Coast New Area 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 West Coast New Area government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: QMIDG is the main implementation entity for infrastructure construction and innovative industries integration in West Coast New Area. It undertakes projects such as industrial parks, office buildings, research centers, and support facilities, while participating in innovation-related industries through equity investment as well as conducting other businesses for a broad business profile. With strong regional advantages, QMIDG plays an important role in supporting the area’s economic development. Its business operation and development have been aligned with the government’s development plans.

Ongoing Government Support: QMIDG continued to receive financial subsidies and asset/capital injections from the local government to support its business operations.

Summary

Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	30 April 2026

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Applicable Criteria

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

Between 2022 and the first nine months of 2025, QMIDG received financial subsidies of about RMB340 million from the local government. Meanwhile, the West Coast New Area government continued to inject cash, project-specific funds and other assets into QMIDG to expand its asset size. We expect QMIDG to receive ongoing support from the local government considering its strategic importance in West Coast New Area.

QMIDG's Financial Matrix and Liquidity: QMIDG's total assets showed a growth trend and reached RMB120.2 billion at end-September 2025, largely attributed to the increase in inventories. Overall asset liquidity was moderately weak due to large amount of inventories and investment properties, which usually take a long time to monetize due to the protracted construction and payment collection period. Its financial leverage, as measured by the debt to capitalization ratio, increased to 67.1% as of end-September 2025, from 63.8% as of end-2023.

QMIDG's short-term debt servicing pressure was moderately high. At end-September 2025, QMIDG had a cash balance of RMB12.3 billion, compared with its debt due within one year of RMB23.9 billion. Having said that, QMIDG has access to various financing channels, including bank loans, bond issuance and non-traditional financing. It had unused credit facilities of RMB25.4 billion at end-September 2025.

Rating Sensitivities

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

We would consider upgrading QMIDG'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 a national-level new area under the administration of Qingdao. West Coast New Area's GDP amount reached RMB553.4 billion in 2025, representing a year-over-year growth rate of 5.2%, lower than 5.8% recorded in 2024. West Coast New Area's economic growth was mainly fueled by the tertiary industries, which accounted for 65.5% of its GDP in 2025. The fixed asset investment growth rate of West Coast New Area decreased further to -28.0% in 2025 from -1.5% in 2024.

West Coast New Area's GDP and Fixed Asset Investment			
(RMB billion)	2023	2024	2025
GDP	500.3	526.1	553.4
-Primary industry (%)	4.1	1.8	1.8
-Secondary industry (%)	34.0	33.9	32.8
-Tertiary industry (%)	64.1	64.3	65.5
GDP growth rate (%)	6.0	5.8	5.2
Fixed asset investment growth rate (%)	5.2	-1.5	-28.0
Population (million)	2.0	2.0	2.0*

* Estimated data
 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 slightly to RMB27.7 billion in 2025 from RMB27.2 billion in 2024, with the contribution of tax revenue elevated to 78.0% from 76.1% over the same period. The fiscal self-sufficiency of West Coast New Area government remained strong, but its budget surplus narrowed to 0% in 2025 from 10.1% in 2024. The government managed fund income rebounded to RMB10.4 billion in 2025 from RMB3.3 billion in 2024, while transfer payment from higher government decreased to RMB5.3 billion from RMB6.8 billion over the same period.

The outstanding debt of West Coast New Area government continued to grow in past few years, reaching RMB78.1 billion at end-2025 from RMB67.4 billion at end-2024, mainly due to the increase in special debt. However, the government debt ratio, as measured by total government debt to aggregate revenue, decreased slightly to 179.0% at end-2025 from 180.3% at end-2024, mainly due to the larger increase in aggregate revenue.

West Coast New Area's Fiscal Condition			
(RMB billion)	2023	2024	2025
Budgetary revenue	26.9	27.2	27.7
Budgetary revenue growth rate (%)	3.8	1.2	1.6
Tax revenue	18.2	20.7	21.6
Tax revenue (% of budgetary revenue)	67.7	76.1	78.0
Government fund income	14.0	3.3	10.4
Transfer payment	6.9	6.8	5.3
Aggregate revenue	48.1	37.4	43.6
Budgetary expenditure	24.4	24.5	27.7
Budget balance ¹ (%)	9.3	10.1	0.0

¹ 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

QMIDG was established in April 2014 with an initial registered capital of RMB3 billion, funded by Qingdao Huangdao Development (Group) Co., Ltd. (holding 90% of the shares) and Qingdao Lingshanwan Development and Construction Co., Ltd. (holding 10% of the shares). As of end-September 2025, QETDZ was the sole shareholder of QMIDG and the actual controller was the West Coast New Area SAA. QMIDG's registered capital and paid-in capital were both c. RMB2.4 billion at end-September 2025.

The company's revenue was derived from businesses including shipbuilding, engineering, as well as manufacturing and trading. Its total revenue was RMB13.5 billion in the first nine months of 2025, with a moderate gross margin of 10.7%.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.9
Total Assets	84,867	100,385	107,506	120,176
Equity	27,435	30,569	31,824	33,146
Debt	41,845	53,923	59,040	67,451
Debt / (Debt + Equity) (%)	60.4	63.8	65.0	67.1
Unrestricted cash/ST Debts (x)	0.4	0.3	0.2	0.3
Debt/EBITDA (x)	46.7	38.0	51.9	-
Revenue	19,781	20,583	21,165	13,548
Operation Profit	487	229	393	317
Gross Margin (%)	4.9	5.9	7.8	10.7



Cash from sales or services/ Revenue (%)	109.3	106.0	105.5	105.5
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Source: QMIDG and Lianhe Global's calculations

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