Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
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Applicable Criteria
China Local Investment and Development Companies Criteria (31 July 2025)

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer Credit Rating of Qingdao West Coast New Area Ronghe Holding Group Co., Ltd. ("QWRH") to 'A' from 'A-'; Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating upgrade reflects QWRH's increasing strategic importance in West Coast New Area, Qingdao City ("West Coast New Area"), given its deepening role in promoting the economic development and innovation integration of the region, as well as continuous support received from the People's Government of West Coast New Area, Qingdao City ("West Coast New Area government").

We believe this presents a high possibility that the West Coast New Area government would provide very strong support to QWRH if needed. This mainly considers the West Coast New Area government's direct full ownership of QWRH, QWRH's strategic importance as the key local investment and development company ("LIDC") that is responsible for infrastructure construction and industry development in West Coast New Area, and the strong linkage between the West Coast New Area government and QWRH, including appointment and supervision of the senior management, strategic alignment, supervision of major investment and financing plan decisions, and ongoing operational and financial support. In addition, we believe the West Coast New Area government has a very strong willingness to ensure QWRH'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 QWRH's strategic importance would remain intact while the West Coast New Area government will continue to ensure QWRH's stable operation.

Rating Rationale

Government's Ownership and Supervision: The West Coast New Area government directly holds 100% ownership of QWRH through the Qingdao West Coast New Area State-owned Assets Administration ("West Coast New Area SAA"). 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 it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: QWRH, as one of the two flagship LIDCs directly administered by the West Coast New Area SAA, is the main implementation entity for infrastructure construction and innovative industries integration in West Coast New Area. It serves as a key driver for regional development, undertaking critical responsibilities including infrastructure construction, modern industrial development, urban renewal projects, asset management, capital operations and industrial park development and operation, with strong regional advantages. QWRH plays an important role in promoting the economic development and innovation integration of the region. Its business operation and development have been aligned with the government's development plans.

Ongoing Government Support: QWRH continued to receive financial subsidies and asset/capital injections from the local government to support its business operations. Between 2023 and 2025, the West Coast New Area government provided operational subsidies amounting to RMB1.7 billion to the company. Meanwhile, QWRH received capital and asset injections in the form of cash, equities of other LIDCs, buildings and other assets over the same period. Given QWRH's strategic importance in the region, we believe that the support from the West Coast New Area government remains intact.

QWRH's Financial Matrix and Liquidity Position: QWRH's asset size continued to grow, reaching RMB304.6 billion at end-March 2026, up from RMB268.9 billion at end-2024, as the company actively participated in West Coast New Area's project development. The company relied on external borrowings to fund its asset expansion. QWRH's total debt increased to RMB191.0 billion at end-March 2026 from RMB160.7 billion at end-2024. Its financial leverage, as measured by the debt to capitalization ratio, increased to 71.0% from 67.9% over the same period.

QWRH's short-term debt servicing pressure was high. At end-March 2026, QWRH had a total cash balance of RMB39.9 billion (including restricted cash of RMB16.9 billion), compared to its debt due within one year of RMB83.6 billion. However, QWRH has access to various financing channels, including bank loans, bond issuances, and other non-traditional financing channels, to support its debt repayments and business operations. The company had unused bank facilities totaling RMB40.4 billion at end-March 2026.

Rating Sensitivities

We would consider downgrading QWRH'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 QWRH, or (3) there is a downgrade in our internal credit assessment on the West Coast New Area government.

We would consider upgrading QWRH's rating if 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 reached RMB553.4 billion in 2025, representing a year-over-year growth rate of 5.2%, slowing down from 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 further decreased by 28.0% year-over-year in 2025, compared with 1.5% decrease in 2024.

West Coast New Area's Economic Conditions (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 purpose debt. However, the government debt ratio, as measured by total government debt to aggregate revenue ratio, 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
Government debt ratio (%)	127.6	180.3	179.0

*[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

QWRH was established in 2018 with initial registered capital of RMB500 million. After an array of capital injections, the company's registered capital reached RMB5.0 billion at end-March 2026, while the paid-in capital reached RMB1.26 billion. The West Coast New Area SAA is both the sole shareholder and actual controller of the company.

QWRH operates across multiple sectors, including infrastructure, real estate, trade, manufacturing, and chemicals. Its total revenue reached RMB56.1 billion in 2025, with a gross margin of 8.4%. Trade remains its largest revenue source, but its contribution to the revenue was reduced to 59.3% in 2025 from 68.2% in 2024.

Key Financial Data (RMB million)	**2023**	**2024**	**2025**	**2026.3**
Total Assets	234,909	268,917	284,616	304,583

Equity	63,882	75,924	76,114	77,834
Debt	143,488	160,688	174,459	190,996
Debt / (Debt + Equity) (%)	69.2	67.9	69.6	71.0
Unrestricted cash/ST Debts (x)	0.2	0.1	0.2	0.2
Debt/EBITDA (x)	42.6	53.8	47.4	-
Revenue	49,524	54,557	56,076	12,940
Gross Margin (%)	7.7	6.1	8.4	9.3
Cash from sales or services/ Revenue (%)	103.8	104.9	99.1	115.5

Source: QWRH and Lianhe Global's calculations

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