

## Qingdao Shanghe Guoda Industrial Holdings Co., Ltd.

### Summary

|               |                                            |
|---------------|--------------------------------------------|
| Issuer Rating | BBB                                        |
| Outlook       | Stable                                     |
| Location      | China                                      |
| Industry      | Local Investment and Development Companies |
| Date          | 14 October 2026                            |

**Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘BBB’ global scale Long-term Issuer Credit Rating with Stable Outlook to Qingdao Shanghe Guoda Industrial Holdings Co., Ltd. (“SGIH”)**

### Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Jiaozhou City, Qingdao (“Jiaozhou government”) would provide strong support to SGIH if needed. This mainly considers its direct full ownership of SGIH and SGIH’s strategic importance as an important local investment and development company (“LIDC”) in Jiaozhou responsible for industrial development and asset operations. The linkage between the local government and SGIH is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe the local government has a very strong willingness to ensure SGIH’s business and financial viability in order to safeguard its reputation and local financing activities.

Jiaozhou is a county-level city under the jurisdiction of Shandong’s Qingdao City, one of five municipalities with independent planning status in China. Jiaozhou’s GDP grew steadily by 5.1% to RMB179.6 billion in 2025, while the government’s budgetary revenue increased by 1.8% to RMB11.3 billion.

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

### Rating Rationale

**Government’s Ownership and Supervision:** Jiaozhou State-owned Assets Service Center (“Jiaozhou SASC”) is the ultimate controller of SGIH and directly holds a 100% equity interest in the company. The local government exercises strong control and oversight over SGIH through senior management appointments, strategic planning, investment approvals and major funding decisions. In addition, the local government has an assessment mechanism over the company, and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

**Strategic Importance and Alignment:** SGIH is an important LIDC in Jiaozhou. It develops and operates office buildings, exhibition centers, industrial parks and wind farms within the region, while also undertaking local grain reserve, procurement and storage functions. Its business activities are closely aligned with the local government’s social and economic policies, playing a significant role in promoting local industrial development.

**Strong Government Support:** SGIH benefits from ongoing government support. The company received capital injections of RMB393 million and RMB957 million in 2024 and 2025, respectively. In addition, the local government transferred equity interests in local SOEs and provided operational subsidies to SGIH. Given the company’s important role in local industrial development and asset operations, we expect government support to remain strong.

**SGIH’s Financial and Liquidity Position:** SGIH’s asset size increased steadily to RMB17.3 billion at end-2025 from RMB10.6 billion at end-2023, largely driven by government asset injections and ongoing project development. Total assets subsequently

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### Applicable Criteria

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

declined by 32.9% to RMB11.6 billion at end-March 2026, mainly due to the transfer of certain subsidiaries following the local government's adjustment of SOE asset allocation.

SGIH maintained a moderate leverage profile, with debt/(debt+equity) remaining below 50% during 2023-2025. Despite relatively high short-term debt maturities, liquidity is supported by expected bank loan rollovers and diversified funding channels. At end-March 2026, the company held RMB774 million of cash against RMB1.49 billion of short-term debt and had total bank facilities of RMB3.2 billion.

## Rating Sensitivities

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

We would consider upgrading SGIH'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 Jiaozhou government.

## Operating Environment

### Economic Condition of Jiaozhou

Jiaozhou is a county-level city under the jurisdiction of Shandong's Qingdao City, one of five municipalities with independent planning status in China. It is an important processing and manufacturing base in the Jiaodong Peninsula with a strong industrial foundation. Jiaozhou's GDP grew steadily by 5.1% to RMB179.6 billion in 2025. However, its fixed asset investment declined by 25.1%, primarily due to weak real estate investment.

| <b>Jiaozhou's Economic Condition</b>   |             |             |             |
|----------------------------------------|-------------|-------------|-------------|
| <b>(RMB billion)</b>                   | <b>2023</b> | <b>2024</b> | <b>2025</b> |
| GDP                                    | 164.3       | 172.7       | 179.6       |
| -Primary industry (%)                  | 4.1         | 4.0         | 4.0         |
| -Secondary industry (%)                | 46.2        | 44.2        | 43.0        |
| -Tertiary industry (%)                 | 49.7        | 51.8        | 53.0        |
| GDP growth rate (%)                    | 6.8         | 5.9         | 5.1         |
| Fixed asset investment growth rate (%) | 2.1         | 1.9         | -25.1       |
| Population (million)                   | 1.04        | 1.05        | 1.06        |

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

### Fiscal Condition of Jiaozhou

Jiaozhou's budgetary revenue recovered modestly to RMB11.3 billion in 2025 from RMB11.1 billion in 2024, following a decline from RMB11.6 billion in 2023. Nevertheless, fiscal flexibility remained constrained, as reflected by a budget deficit ratio of 17.5% in 2025. Meanwhile, continued weakness in government fund revenue, which is predominantly derived from land sales, amid the prolonged downturn in the property market, more than offset the recovery in budgetary revenue. As a result, aggregate fiscal revenue continued its downward trend, falling to RMB16.1 billion in 2025 from RMB18.1 billion in 2024 and RMB20.1 billion in 2023.

Meanwhile, outstanding government debt continued to increase, driven by new special bond issuance to support local public projects and address existing hidden debt. As a result, Jiaozhou's government debt ratio, measured as total government debt outstanding to aggregate fiscal revenue, surged to 347.0% at end-2025 from 181.2% at end-2023.

**Jiaozhou's Fiscal Condition**  
(RMB billion)

|                                      | 2023        | 2024        | 2025        |
|--------------------------------------|-------------|-------------|-------------|
| Budgetary revenue                    | 11.6        | 11.1        | 11.3        |
| Budgetary revenue growth rate (%)    | 3.0         | -4.8        | 1.8         |
| Tax revenue                          | 8.3         | 7.4         | 7.0         |
| Tax revenue (% of budgetary revenue) | 71.8        | 66.5        | 62.1        |
| Government fund income               | 4.3         | 3.0         | 1.2         |
| Transfer payment                     | 4.2         | 4.0         | 3.7         |
| <b>Aggregate revenue</b>             | <b>20.1</b> | <b>18.1</b> | <b>16.1</b> |
| Budgetary expenditure                | 13.4        | 12.9        | 13.2        |
| Budget balance <sup>1</sup> (%)      | -15.1       | -16.2       | -17.5       |
| Government debt ratio (%)            | 181.2       | 259.6       | 347.0       |

<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) \* 100%

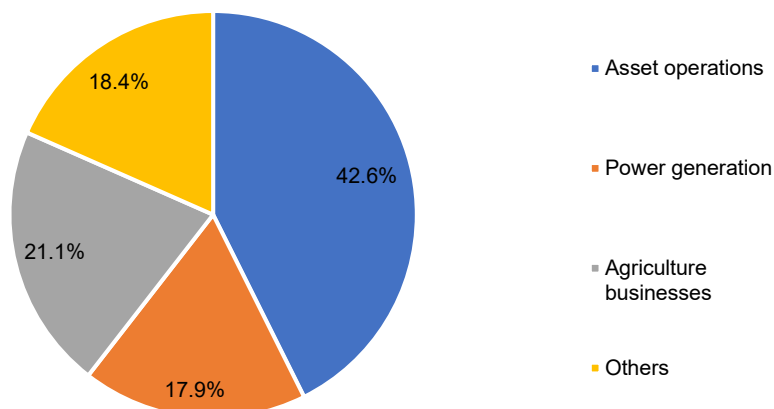
Source: Finance Bureau of Jiaozhou and Lianhe Global's calculations

## Company Profile

### Ownership Structure

SGIH was established by Qingdao Shanghe Holding Development Group Co., Ltd. in 2023 with initial registered capital of RMB200 million. Following a series of capital injections and equity transfers, the company's registered capital increased to RMB2.2 billion. As of end-March 2026, RMB1.7 billion of the registered capital was paid in. Jiaozhou SASC, the ultimate controller, directly holds a 100% equity interest in SGIH.

### Revenue Breakdown

**Total Revenue: RMB390 million in 2025**


Source: The company and Lianhe Global's calculations

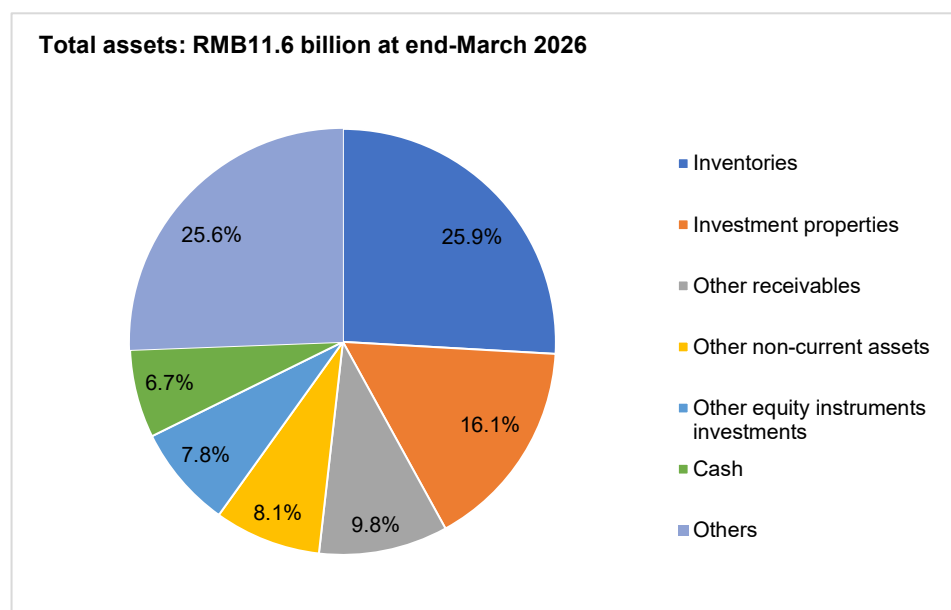
SGIH is an important LIDC responsible for industrial development and asset operations in Jiaozhou. The company develops and operates industrial parks and wind farms within the region, while also engaging in agriculture, trading, logistics, property development and quality inspection services. SGIH's revenue was relatively volatile during 2023-2025, amounting to RMB265 million, RMB470 million and RMB390 million, respectively. The revenue increase in 2024 was mainly attributable to a one-off gain from the disposal of investment properties.

SGIH develops office buildings, exhibition centers and industrial parks in Jiaozhou to support local economic and industrial development. These projects are primarily financed by internal resources and bank borrowings, with completed assets generating recurring revenue from leasing and property management services. The asset operations business recorded steady growth, with revenue increasing to RMB166 million in 2025 from RMB109 million in 2023, supported by the gradual commissioning of completed projects. Gross margins remained stable at above 20% in 2024 and 2025.

SGIH also operates three self-developed wind farms in Jiaozhou, with an aggregate installed capacity of 72MW comprising 19 wind turbines. Revenue from the power generation business decreased from RMB81 million in 2023 to RMB70 million in 2025, mainly due to lower power generation and a decline in electricity tariffs. Nevertheless, gross margins remained above 40% throughout the period.

SGIH's agriculture businesses primarily comprise local grain reserve, procurement and storage activities, as well as the cultivation and sale of agricultural products. The grain business generates revenue from trading activities, storage fees and government subsidies related to local grain reserves.

### Assets Breakdown



Source: The company and Lianhe Global's calculations

SGIH's asset liquidity is moderate. As of end-March 2026, the company's assets primarily comprised inventories, investment properties and other receivables. Inventories mainly consisted of land parcels and development costs associated with property projects under construction, exposing the company to project execution and property market risks. However, investment properties, primarily leased industrial parks and commercial properties, provided recurring rental income. Other receivables remained sizeable and were mainly due from government-related entities and local SOEs, with collection timing subject to uncertainty. Other equity instruments investments mainly represented strategic investments in local SOEs and investment platforms.



**Key Financial Data**  
(RMB million)

|                                          | 2023   | 2024   | 2025   | 2026.3 |
|------------------------------------------|--------|--------|--------|--------|
| Total Assets                             | 10,589 | 12,793 | 17,255 | 11,574 |
| Equity                                   | 4,258  | 6,076  | 7,416  | 4,769  |
| Debt                                     | 3,454  | 4,379  | 7,212  | 4,361  |
| Debt / (Debt + Equity) (%)               | 44.8   | 41.9   | 49.3   | 47.8   |
| Unrestricted cash/ST Debts (x)           | 0.1    | 0.5    | 0.1    | 0.2    |
| Debt/EBITDA (x)                          | 21.6   | 14.5   | 65.1   | -      |
| Revenue                                  | 265    | 470    | 390    | 89     |
| Gross Margin (%)                         | 23.5   | 30.6   | 25.6   | 30.2   |
| Cash from sales or services/ revenue (%) | 75.8   | 42.2   | 340.3  | 249.5  |

Source: The company and Lianhe Global's calculations

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