# Qingdao Ronghui Wealth Investment Holding Group Co., Ltd.

| Summary | |
|---|---|
| Issuer Rating | A |
| Outlook | Stable |
| Location | China |
| Industry | Local Investment and Development Companies |
| Date | 10 November 2026 |

**Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'A' global scale Long-term Issuer Credit Rating of Qingdao Ronghui Wealth Investment Holding Group Co., Ltd. ("QDRH"); Rating Outlook Stable**

## Summary

The Issuer Credit Rating reflects a high possibility that the People's Government of Shibei District, Qingdao City ("Shibei government") would provide very strong support to QDRH if needed. This mainly considers the Shibei government's direct majority ownership of QDRH, and QDRH's strategic position as the largest local investment and development company ("LIDC") in Shibei District ("Shibei"). The linkage between the local government and QDRH is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe that the Shibei government has a very strong willingness to ensure QDRH's business and financial viability to safeguard its reputation and local financing activities.

Shibei is a core urban district of Qingdao City ("Qingdao"), one of China's five municipalities with independent planning status. In 2025, Shibei's GDP grew steadily by 5.0% to RMB131.8 billion, while its budgetary revenue recovered by 5.6% to RMB9.1 billion.

The Stable Outlook reflects our expectation that QDRH's strategic importance would remain intact and that the local government will continue to support its stable operations.

## Rating Rationale

**Government's Ownership and Supervision:** The State-owned Assets Operation and Development Center of Shibei District, Qingdao City ("Shibei SAODC") directly holds a 90% stake in QDRH and is the ultimate controlling shareholder of the company; the remaining 10% equity is held by Shandong Caixin Asset Operation Co., Ltd. ("SCAO"). The Shibei government holds the final decision-making authority over the company, including senior management appointments, strategic development, and major investment plans. In addition, the government implements an assessment mechanism for the company and appoints auditors to monitor its operating performance and financial position on a periodic basis.

**Strategic Alignment and Importance:** QDRH is the largest LIDC by asset size in Shibei, tasked with state-owned asset operation, urban development, and strategic financial investments. The company undertakes major urban infrastructure construction, land consolidation, urban renewal, and industrial park development projects across the district. In addition, it participates in fund investments to foster local strategic emerging industries. The company's business operations and strategic initiatives are deeply integrated into the government's socioeconomic plans, playing a pivotal role in driving local urban development and industrial upgrading.

**Strong Government Support:** QDRH receives ongoing support from the Shibei government in the form of operational subsidies and asset/equity injections. Shibei government has transferred state-owned properties and equities of SOEs to the company without compensation in the past three years, valued at RMB503 million. In addition, the company received operating subsidies of approximately RMB3.2 million between 2023 and the first half of 2026. We expect QDRH to receive timely support from the local government over the coming years, given its strategic importance to Shibei.

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**Applicable Criteria**

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

**QDRH's Financial and Liquidity Position:** QDRH's asset base expanded steadily over the past few years, driven by its ongoing execution of urban and industrial development projects in Shibei District. Its total assets grew to RMB80.5 billion at end-June 2026 from RMB72.3 billion at end-2023. In the meantime, QDRH's financial leverage, measured by debt-to-capitalization, climbed to 61.4% at end-June 2026 from 56.9% at end-2023, primarily reflecting debt-funded project expenditures and sustained capital requirements.

The company faces significant short-term debt repayment pressure, with cash of RMB5.6 billion (including restricted cash of RMB2.9 billion) against short-term debt of RMB18.8 billion at end-June 2026. However, this liquidity pressure is mitigated by sound access to bank borrowings (RMB4.8 billion in unused bank facilities at end-June 2026) and bond issuances, as well as our expectation that the company will successfully roll over most of its short-term bank loans (RMB11.6 billion at end-June 2026).

## Rating Sensitivities

We would consider downgrading QDRH's rating if (1) there is a 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 QDRH, or (3) there is a downgrade in our internal credit assessment on the Shibei government.

We would consider upgrading QDRH's rating if there is an upgrade in our internal credit assessment on the Shibei government.

## Operating Environment

### Economic Condition of Shibei

Located in the geographic center of urban Qingdao, Shibei is a core urban district and the historical cradle of the city's modern industries, including brewing, textiles, and home appliances. The district maintained steady economic growth over the past three years, with GDP reaching RMB131.8 billion in 2025, up 5.0% year over year. However, this growth was tempered by a 6.0% contraction in fixed asset investment over the same period.

| **Shibei's Economic Condition (RMB billion)** | **2023** | **2024** | **2025** |
|---|---|---|---|
| GDP | 121.8 | 125.7 | 131.8 |
| -Primary industry (%) | 0.0 | 0.0 | 0.0 |
| -Secondary industry (%) | 20.2 | 20.4 | 19.4 |
| -Tertiary industry (%) | 79.8 | 79.6 | 80.6 |
| GDP growth rate (%) | 6.2 | 4.8 | 5.0 |
| Fixed asset investment growth rate (%) | 15.7 | 9.2 | -6.0 |
| Population (million) | 1.1 | 1.1 | 1.1 |

*Source: Statistical Bureau of Shibei and Lianhe Global's calculations*

### Fiscal Condition of Shibei

The budgetary revenue of the Shibei government recovered by 5.6% to RMB9.1 billion in 2025. Fiscal self-sufficiency remained sound, with a budget surplus of 42.1% in 2025. The outstanding debt of the Shibei government continued to expand over the past three years. At end-2025, its outstanding debt rose to RMB17.1 billion from RMB13.6 billion at end-2024, mainly driven by on-lent government bonds to fund local public projects. Consequently, the government debt ratio (measured by total government debt over aggregate revenue) climbed to 146.3% from 102.0% at end-2024.

| Shibei's Fiscal Condition (RMB billion) | 2023 | 2024 | 2025 |
|---|---|---|---|
| Budgetary revenue | 9.6 | 8.6 | 9.1 |
| Budgetary revenue growth rate (%) | 6.0 | -9.4 | 5.6 |
| Tax revenue | 8.8 | 7.9 | 8.1 |
| Tax revenue (% of budgetary revenue) | 91.0 | 91.0 | 89.2 |
| *Government fund income | 0.0 | 0.0 | 0.0 |
| Transfer payment | 7.0 | 4.6 | 2.6 |
| **Aggregate revenue** | **16.6** | **13.3** | **11.7** |
| Budgetary expenditure | 7.2 | 6.3 | 5.3 |
| Budget balance[1] (%) | 24.7 | 27.4 | 42.1 |
| Government debt ratio (%) | 62.6 | 102.0 | 146.3 |

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
**Note: Government funds income is centrally administered by the Qingdao government*
*Source: Finance Bureau of Shibei and Lianhe Global's calculations*

## Company Profile

QDRH was established in November 2019 by the Shibei SAODC with an initial registered capital of RMB10.0 billion. In July 2021, Shibei SAODC transferred a 10% equity of the company to SCAO, a provincial platform wholly owned by the Shandong Provincial Department of Finance that manages state-owned equity transferred to replenish the social security fund. As of end-June 2026, Shibei SAODC directly holds a 90% stake in QDRH and is the ultimate controlling shareholder of the company, which is primarily engaged in state-owned asset operation, urban development, and strategic financial investments in Shibei District, underpinned by a solid regional franchise.

QDRH's trading business, principally comprising building materials and nonferrous metals, serves as the primary revenue contributor. Total revenue contracted to RMB7.4 billion in 2025 from RMB10.1 billion in 2023, largely driven by the downsizing of its trading activities. Nevertheless, the overall gross profit margin improved to 9.9% from 6.8% over the same period, primarily benefiting from a reduced contribution from this lower-margin trading segment. In addition, financial investments yielded steady returns, with investment income rising to RMB186 million, RMB246 million, and RMB331 million in 2023, 2024, and 2025, respectively.

| Key Financial Data (RMB million) | 2023 | 2024 | 2025 | 2026.6 |
|---|---|---|---|---|
| Total Assets | 72,258 | 75,124 | 76,485 | 80,506 |
| Equity | 27,968 | 28,448 | 28,469 | 28,272 |
| Debt | 36,859 | 40,508 | 42,795 | 44,980 |
| Debt / (Debt + Equity) (%) | 56.9 | 58.7 | 60.1 | 61.4 |
| Unrestricted cash/ST Debt (x) | 0.2 | 0.1 | 0.1 | 0.1 |
| Debt/EBITDA (x) | 40.2 | 36.1 | 37.0 | - |
| Revenue | 10,064 | 8,294 | 7,427 | 4,861 |
| Gross Margin (%) | 6.8 | 10.3 | 9.9 | 4.5 |
| Cash from sales or services / revenue (%) | 105.9 | 112.1 | 113.1 | 103.8 |

*Source: QDRH and Lianhe Global's calculations*

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