Credit Opinion

12 February 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A_g-
Outlook	stable

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Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Qingdao West Coast New Area Ocean Holdings Group Co., Ltd. ("Ocean Holding" or the "Company") reflects Qingdao West Coast New Area ("QDWC New Area") Government's (1) very strong capacity to support; and (2) very high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of the local government's capacity to provide support reflects the status of QDWC New Area as the 9th National New Area and the local government's strong economic strength and good fiscal metrics.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) full and direct ownership by the QDWC New Area Government; (2) important role in infrastructure construction of the QDWC New Area; (3) solid track record of receiving government payments; and (4) good access to diversified fundings.

However, the rating is constrained by the Company's (1) high exposure to commercial businesses; and (2) increasing debt burden driven by continuous investment.

The stable outlook on Ocean Holding's rating reflects our expectation that the QDWC New Area Government's capacity to provide support will be stable, and that the Company will maintain its strategic role in undertaking public policy projects in the QDWC New Area over the next 12 to 18 months.

Rating Drivers

- Essential policy role in serving the national marine economic strategy in the QDWC New Area
- Important role in infrastructure construction of the QDWC New Area
- Solid track record of receiving government payments
- High exposure to commercial businesses
- Increasing debt burden driven by continuous investment
- Good access to diversified fundings

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the local government’s capacity to provide support strengthens; or (2) the Company's characteristics change in a way that strengthens the local government’s willingness to provide support, such as lowered exposure to risky commercial activities materially.

What could downgrade the rating?

The rating could be downgraded if (1) the local government’s capacity to provide support weakens; or (2) the Company's characteristics change in a way that weakens the local government’s willingness to provide support, such as reduced strategic significance, decreased government support, or weakened funding capabilities.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	159.8	191.8	210.0	217.0
Total Equity (RMB billion)	54.4	66.6	69.1	69.7
Total Revenue (RMB billion)	46.5	51.3	51.7	42.4
Total Debt/Total Capital (%)	65.2	63.5	65.3	66.7

All ratios and figures are calculated using CCXAP’s adjustments.

Source: Company data, CCXAP research

Corporate Profile

Founded in November 2018, Ocean Holding is one of the two major local infrastructure investment and financing companies (“LIIFCs”) in the QDWC New Area. It was directly and wholly owned by the Qingdao West Coast New Area State-owned Assets Administration Commission (“QDWC New Area SAAC”) as of 30 September 2025. Ocean Holding has undertaken major infrastructure construction and primary land consolidation projects in the QDWC New Area. It is also involved in commercial businesses including property development, trading, sales of electrical product, communication products and polymer materials, clean energy products sales, and equity fund investments.

Exhibit 1. Shareholding as of 30 September 2025

Qingdao West Coast New Area State-owned Assets Administration Commission
青岛西海岸新区国有资产管理局

100%

Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.
青岛西海岸新区海洋控股集团有限公司

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2024

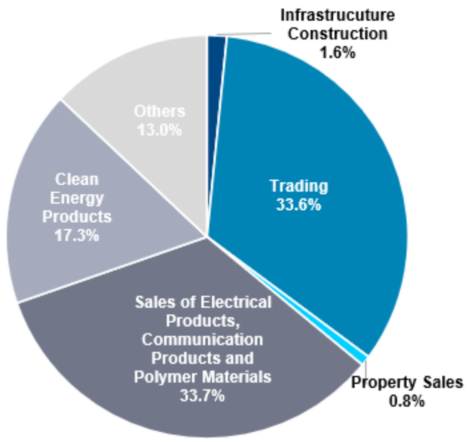
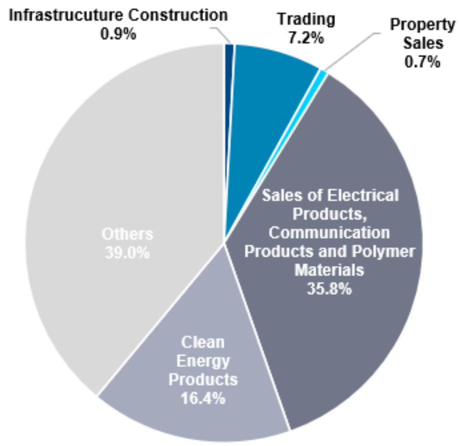


Exhibit 3. Gross profit structure in 2024



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe the local government of the QDWC New Area has a very strong capacity to provide support given its good economic fundamentals and fiscal strengths.

Shandong Province is the third largest province in China by gross regional products ("GRP"), with a solid industrial foundation in industries such as logistics, shipbuilding, marine technology, chemical, automotive, and agri-food. Qingdao City is one of the five cities in China that are under separate state planning and is the strongest city in Shandong in terms of economic size and average income level. It reported a GRP of RMB1.7 trillion in 2024, increasing by 5.7% year-over-year ("YoY") and ranking 1st among all prefecture-level cities in Shandong Province and 13th among all municipalities in China. In the first three quarters of 2025, Qingdao City's GRP amounted to RMB1.3 trillion, with a YoY growth rate of 5.4%. Qingdao City also has strong fiscal strength and good fiscal metrics. In the past three years, its general budgetary revenue covered over 75% of its general budgetary expenditure, and tax incomes accounted for more than 70% of its general budgetary revenue on average. As of end-2024, the local government's direct debt increased to RMB438.3 billion, accounting for 26.2% of GRP.

Exhibit 4. Key economic and fiscal indicators of Qingdao City

	2022FY	2023FY	2024FY
GRP (RMB billion)	1,492.1	1,576.0	1,671.9
GRP Growth (%)	3.9	5.9	5.7

General Budgetary Revenue (RMB billion)	127.3	133.8	133.9
General Budgetary Expenditure (RMB billion)	169.6	171.9	172.0
Local Government Debt (RMB billion)	308.0	362.0	438.3

Source: Qingdao Municipal Government, CCXAP research

The QDWC New Area (Huangdao District) is the 9th national new area established with the approval of the State Council of China in 2014. It is an important and advanced manufacturing base and an emerging marine industry cluster. It has cultivated and formed six hundred-billion industrial clusters, namely automobile manufacturing, home appliances and electronics, petrochemicals, marine engineering, machinery and equipment, and shipping and logistics, while having more than 10 functional areas at the same time. In 2024, the GRP of the QDWC New Area increased by 5.8% YoY to RMB526.1 billion, representing around 31.5% of Qingdao's GRP and ranking 1st among all counties/districts in Qingdao City. In the first three quarters of 2025, QDWC New Area's GRP increased by 5.0% YoY to RMB417.4 billion. The QDWC New Area had good fiscal balance and strong fiscal self-sufficiency. In 2024, the general budgetary revenue of QDWC New Area amounted to RMB23.2 billion, ranking 1st in Qingdao City, with a high general budgetary revenue/general budgetary expenditure ratio of 105.3%. Government fund revenue is an important supplement to the QDWC New Area government's financial resources. However, the government fund income of QDWC New Area sharply decreased from RMB14.0 billion in 2023 to RMB2.9 billion in 2024, mainly due to the downturn of real estate market and the decrease in the scale of land transfers. As of 31 December 2024, it has an outstanding government debt balance of RMB67.4 billion with a moderate direct government debt/GRP ratio of 12.8%.

Exhibit 5. Key economic and fiscal indicators of the QDWC New Area

	2022FY	2023FY	2024FY
GRP (RMB billion)	469.2	500.3	526.1
GRP Growth (%)	4.8	6.0	5.8
General Budgetary Revenue (RMB billion)	22.3	23.2	23.2
General Budgetary Expenditure (RMB billion)	25.2	23.6	22.0
Local Government Debt (RMB billion)	53.3	61.4	67.4

Source: QDWC New Area Government, CCXAP research

Government's Willingness to Provide Support

Essential policy role in serving the national marine economic strategy in the QDWC New Area

Ocean Holding is one of two pilot state-owned enterprises ("SOEs") under the QDWC New Area SAAC, mandated by the government to develop the QDWC New Area. Each of them has different functional and regional positioning. Ocean Holding primarily serves the national marine economic strategy, mainly responsible for the development of 5,000 square kilometers of sea area in the QDWC New Area, and undertakes major investment and construction tasks as well as state-owned asset operation functions in the QDWC New Area, particularly in functional areas such as the Qingdao Marine High-tech Zone, the West Coast International Tourism Resort Zone, and the Dongjiakou Circular Economy Zone, as well as the former Huangdao District. Another pilot SOE, Qingdao West Coast New Area Ronghe Holding Group Co., Ltd. ("Ronghe Holding"), focuses on implementing the development strategies of military-civilian integration, rural revitalization and conversion of conventional and new energy, and undertakes investment and construction in areas such as Qingdao Economic and Technological Development Zone and Guzhenkou Military-Civilian Integration Innovation Demonstration Zone. Given Ocean Holding's strong strategic role in the QDWC New Area, we believe the Company is unlikely to be replaced by other SOEs in the foreseeable future.

Important role in infrastructure construction of the QDWC New Area

Ocean Holding mainly takes part in local infrastructure construction under agency construction model. Under the agent construction model, the Company is responsible for financing and constructing projects assigned by the local government and receives project repayments from the government based on the total cost, plus a few percentage markups (generally 5%-18%) after the projects are examined. As of 30 June 2025, the Company had completed a wide range of infrastructure construction projects totaling RMB4.0 billion in investment. However, the payment collection progress was relatively lagging, which may result in liquidity constraints on the Company. As of the same date, it realized RMB2.2 billion in revenue and received approximately RMB905.0 million in government repayments for these projects. From the perspective of project reserves, the Company had 10 infrastructure construction projects under construction, including shoreline improvement, Cold Chain Logistics Base, and Lingang Industrial Park, with a total investment of RMB16.7 billion and an outstanding amount of RMB427.0 million. At the same time, some of the projects under construction received repayment of RMB5.1 billion. Meanwhile, there were no agency construction projects under planning. Most of these projects are close to completion, and future investment in infrastructure construction is expected to gradually decline.

Ocean Holding's land consolidation projects are mainly carried out by its four subsidiaries, which are responsible for the projects in different regions in QDWC New Area. The Company undertakes land consolidation projects under agency construction model by signing construction agreements with the local government and receiving government payments based on the total cost of construction, usually with certain markups in return. As of 30 June 2025, the Company completed 8 land consolidation projects, with a total investment of RMB280.0 million. The Company also had 5 land consolidation projects under construction, with a total estimated investment of approximately RMB3.8 billion and an outstanding balance of RMB1.5 billion as of the same date. These projects under construction have recognized income of RMB1.3 billion and have received payments totaling RMB587.0 million. The relatively slow payment receipts in land consolidation projects and the need for ongoing investment put pressure on the Company's capital expenditure.

Solid track record of receiving government payments

As one of the core LIIFCs of QDWC New Area, Ocean Holding has a solid track record of receiving government payments in the form of asset and cash injections, operating subsidies, and project payments to support its investments and business operations. In 2024, the local government injected RMB32.1 million of cash into the Company, increasing its paid-in capital to RMB5.0 billion as of 30 September 2025. Meanwhile, the Company's capital reserves increased from RMB25.8 billion to RMB27.1 billion as at end-2024, mainly owing to the equity transfer of SOEs and government special bonds funding from the local government. In addition, from 2024 to 2025Q3, the Company continuously received subsidies from the local government with total amount of RMB1.6 billion. Meanwhile, the Company received government project repayments of RMB6.7 billion as of 30 June 2025. We expect government support to Ocean Holding to continue to increase over the next 12 to 18 months, given its strong public policy role in QDWC New Area.

High exposure to commercial business activities

Ocean Holding's exposure to commercial businesses is relatively high and is associated with substantial capital expenditure requirements. The Company's diversified commercial activities include trading, property development, sales of electrical, communication, and polymer materials, sales of clean energy products, and equity and fund investments. We consider the Company's exposure to commercial businesses to be high, particularly in property development, during the downturn in China's real estate market. Moreover, there was certain investment risk associated with equity investments, which tend to have a long return cycle.

Ocean Holding engages in property development in QDWC New Area, including residential housing and commercial buildings. The Company primarily develops these projects in-house. As of 30 June 2025, the Company had completed 18 property development projects with a total investment of RMB7.5 billion, most of which had been sold or leased out with an average destocking ratio of over 90%. At the same time, the Company had 7 major property projects under construction with a total investment of RMB3.7 billion and an outstanding investment of RMB1.7 billion, exerting certain capital expenditure pressure to the Company. Among them, one project started pre-sales with a selling rate of over 40%. At the same time, there were one project under planning with an estimated total investment of RMB366.0 million. Moreover, the Company has sufficient land reserves comprising 15 parcels totaling 489,900 square meters as at mid-2025. Affected by sluggish real estate market conditions, the Company's profitability in the property development segment declined. Its gross profit margin declined to 9.0% in 2024 from 15.5% in 2023 despite its revenue increasing to RMB417.9 million from RMB360.6 million. These commercial projects are subject to changes in the property market, and the subsequent project development and income may experience higher volatility, particularly during the downturn in China’s property market.

Ocean Holding’s trading products include building materials, coal, rubber, non-ferrous metals, and steel, which generated considerable income for the Company but yielded thin profit margin. In 2024, this segment realized revenue of RMB17.3 billion, accounting for 33.6% of total revenue, with a gross profit margin of 2.2%. The Company operates in both demand-on-purchase and self-operated modes for its trading business. In the purchase demand mode, the Company confirms volumes and prices with downstream customers before placing orders with upstream customers. In self-operated mode, Ocean Holding procures products first and stores them in the warehouse, and the Company may bear inventory and price risks. In addition, the Company faced moderate concentration risk from upstream and downstream customers, with the top 5 suppliers and customers accounting for approximately 44.3% and 46.8% of total procurement and total sales, respectively, in 2024.

The Company’s electronical products, communication products and polymer materials sales businesses were conducted by Zhejiang Wanma Co., Ltd (“Wanma”, Stock Code: 002276.SZ), whose business mainly involves the sales of power cables, communication cables, and charging piles. In 2024, the revenue from these segments increased to RMB17.4 billion from RMB14.6 billion in 2023, and has made good contribution to the Company’s gross profit, accounting for 35.8% of total gross profit. Wanma’s top five customers accounted for 20.2% of its total sales in 2024, indicating a relatively low customer concentration. However, the increasing sales have generated a relatively large proportion of accounts receivable for Wanma. As of 30 September 2025, Wanma’s accounts receivable accounted for around 37.6% of its total assets, requiring attention to the receivable collection progress. In addition, the Company may face operational risks arising from raw material price fluctuations (such as copper). Meanwhile, Wanma has two projects under construction, including equipment industrial park construction and environmentally friendly cable polymer materials project, with a total investment of RMB3.0 billion, which are expected to further increase revenue scale and profitability in the future. The Company received dividends from Wanma over the past three years, indicating relatively stable dividend sustainability. In 2024 and the first half of 2025, the Company received dividends of RMB14.2 million and RMB12.9 million from Wanma, respectively.

Another listed subsidiary, ChengZhi Shareholding Co., Ltd. (“Chengzhi”, Stock Code: 000990.SZ), is responsible for the Company’s clean energy products sales business. The business focuses on providing clean energy to the chemical enterprises. Chengzhi mainly uses coal to produce clean energy, making it vulnerable to changes in the international energy market, and resulting in high degree of uncertainty about the business’s future profitability. As of end-2024, Chengzhi had two projects under construction, with a total estimated investment of RMB4.8 billion and uninvested amount of RMB4.3 billion. Upon completion, we expect the business's capacity and Chengzhi's revenue will further increase. Due to market conditions and equipment maintenance that reduced production capacity, revenue from the clean energy product sales segment declined in 2024, falling from RMB10.4 billion in 2023 to RMB9.0 billion. However, the Company continues to receive annual dividends from Chengzhi, totaling RMB18.7 million in 2024. In the first half of 2025, it also received dividends of RMB18.7 million from Chengzhi.

In addition, to foster industrial development in the QDWC New Area, the Company conducts equity investments through equity funds and direct investments, focusing on local emerging industries such as new materials and energy, intelligent manufacturing, high-end equipment manufacturing, cultural tourism, and healthcare. Supported by the ongoing development of QDWC New Area, Ocean Holding's equity investments continue to grow. As of 30 September 2025, the Company’s other non-current financial assets increased to RMB5.3 billion. The Company plans to exit its investments through IPO listing or project repurchases. As of end-2024, the Company had cumulatively withdrawn principal of RMB2.3 billion and realized investment income of RMB271.0 million. However, investment returns are greatly affected by macroeconomic policies and market conditions. Most of Ocean Holding’s investments are at the initial investment stage, which requires a long holding period, which may expose the Company to larger investment and execution risks.

The Company also undertakes self-operated projects to expand its business scope. As of 31 March 2025, the Company had 3 main self-operated projects under construction, primarily involving the construction of two piers and an industrial factory, with a total investment of RMB666.0 million and an uninvested portion of RMB304.0 million. The Company is expected to achieve fund balancing through the rental and operating income, including shipping, tourism, and industrial operations. However, the investment recovery period for self-operated projects is relatively long, and rental progress depends on the pace of local investment attraction, which may pose financial and business risks to the Company.

Increasing debt burden driven by continuous investment

Ocean Holding’s debt had grown rapidly over the past three years due to continuous investment in construction projects and business expansion. As of 30 September 2025, the Company’s total debt increased to RMB131.7 billion from RMB108.9 billion at end-2023. The Company’s capitalization ratio also increased from 63.5% to 66.7% over the same period, remaining relatively high. In addition, the Company faced a relatively high short-term debt burden, mainly bank loans and bonds, with short-term debt representing 50.6% of total debt at the end of September 2025. The cash-to-short-term debt ratio was around 0.3x, indicating its cash balance was insufficient to cover its short-term debt. Therefore, the Company's debt rollover is highly dependent on external refinancing. We expect the Company to rely on external financing for its capital expenditures, and its debt leverage will remain at a high level in the next 12 to 18 months.

Moreover, the liquidity of the Company's assets remained moderate. As of 30 September 2025, accounts receivable, inventories, construction in progress, investment property, and fixed assets accounted for approximately 55.1% of total assets. Accounts receivable is primarily composed of mutual payments, construction payments, and factoring payments. The inventories and construction in progress are mainly the cost of infrastructure construction and self-construction projects. The Company's investment properties are mainly industrial parks, office buildings, and other rental housing. All these assets were considered low liquidity, which may undermine the Company's financial flexibility. In addition, the acquisition of Wanma and Chengzhi has formed a large amount of goodwill. The goodwill is at risk of impairment if the future operation of the acquired assets fail to meet expectations. Meanwhile, the total restricted assets were RMB26.0 billion, which accounted for 12.0% of total assets as at mid-2025, of which investment property was the largest component.

Good access to diversified fundings

Ocean Holding has good access to various financing channels to support its operations and investments, including bank borrowing, onshore and offshore bond issuance, which can partially alleviate the pressure on debt repayment and capital expenditure. The major funding channel for the Company is bank loans, which accounted for around half of its total debt at end-September 2025. It maintains good relationships with joint-stock commercial banks and large state-owned commercial banks. As of 30 September 2025, the Company had a total credit facility of RMB120.4 billion, with an unused portion of RMB53.5 billion.

The Company and its subsidiaries also have active access to the onshore and offshore debt capital markets. It has issued different financial products in the onshore bond market such as commercial papers, MTNs, private placement bond, and PPN. For example, from January 2025 to January 2026, the Company itself issued 25 tranches of onshore bonds, raising about RMB18.9 billion. We consider Ocean Holding’s exposure to non-standard financing was controllable, accounting for less than 10% of total debt as of 30 September 2025.

ESG Considerations

Ocean Holding assumes environmental risks through its infrastructure construction projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

Ocean Holding bears social risks in implementing public policy initiatives through the building of public infrastructure in QDWC New Area. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

Ocean Holding’s governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity.

Rating Methodology

The methodology used in this rating is the Rating Methodology for China’s Local Infrastructure Investment and Financing Companies (July 2022).

Appendix

Exhibit 6. Peer comparison

	Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.	**Qingdao West Coast New Area Ronghe Holding Group Co., Ltd.**
Long-Term Credit Rating	A_g-	A_g-
Shareholder	Qingdao West Coast New Area State-owned Assets Administration Commission (100%)	Qingdao West Coast New Area State-owned Assets Administration Commission (100%)
Positioning	Key entity to carry out major infrastructure construction and primary land consolidation projects in the QDWC New Area	Key entity to focus on the provision of major infrastructure construction, resettlement housing and educational projects in the QDWC New Area
Total Assets (RMB billion)	210.0	268.9
Total Equity (RMB billion)	69.1	75.9
Total Revenue (RMB billion)	51.7	54.6
Total Debt/Total Capital (%)	65.3	68.9

All ratios and figures are calculated using CCXAP's adjustments based on financial data as of 31 December 2024.

Source: Company information, CCXAP research

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