

Credit Opinion

27 April 2026

Ratings

Senior Unsecured Debt Rating	A _g -
Long-Term Credit Rating	A _g -
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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Science City (Guangzhou) Investment Group Co., Ltd.

Surveillance credit rating report

CCXAP affirms Science City (Guangzhou) Investment Group Co., Ltd.'s long-term credit rating at A_g-, with stable outlook.

Summary

The A_g- long-term credit rating of Science City (Guangzhou) Investment Group Co., Ltd. ("SCIG" or the "Company") reflects Guangzhou Economic and Technological Development Zone ("Guangzhou ETDZ") Government's (1) very strong capacity to provide support, and (2) high willingness to provide support, based on our assessment of the Company's characteristics.

Our assessment of Guangzhou ETDZ Government's capacity to provide support reflects its strong comprehensive strength as it ranked 2nd by comprehensive strength among 230 national ETDZs in China, with ongoing economic growth and good fiscal strength.

The rating also reflects the local government's willingness to support, which is based on the Company's (1) key role as the urban construction and renewal service provider in Guangzhou ETDZ; (2) high sustainability of public policy projects; and (3) good track record of receiving government support.

However, the Company's rating is constrained by (1) medium exposure to commercial activities with weak profitability; (2) increasing debt burden with relatively high short-term debt repayment pressure; and (3) moderate asset liquidity.

The stable outlook on SCIG's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its important role in the provision of urban renewal services in Guangzhou ETDZ over the next 12 to 18 months.

Rating Drivers

- Key role as the urban construction and renewal service provider in Guangzhou ETDZ
- High sustainability of public policy projects
- Medium exposure to commercial activities with weak profitability
- Good track record of receiving government support
- Increasing debt burden with relatively high short-term debt repayment pressure
- Moderate asset liquidity

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the Guangzhou ETDZ Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as decrease in exposure to commercial activities.

What could downgrade the rating?

The rating could be downgraded if (1) the Guangzhou ETDZ Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in exposure to commercial activities.

Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Asset (RMB billion)	127.6	147.1	155.0	174.5
Total Equity (RMB billion)	27.0	29.4	27.6	23.8
Total Revenue (RMB billion)	23.2	25.7	28.4	13.0
Total Debt/Total Capital (%)	75.9	76.9	79.7	84.8

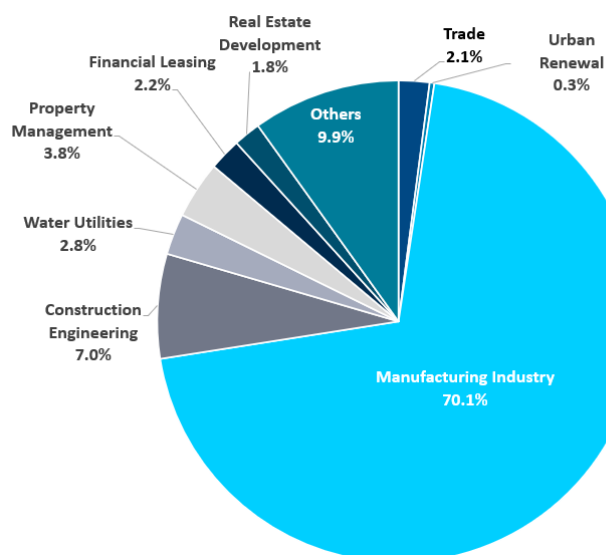
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

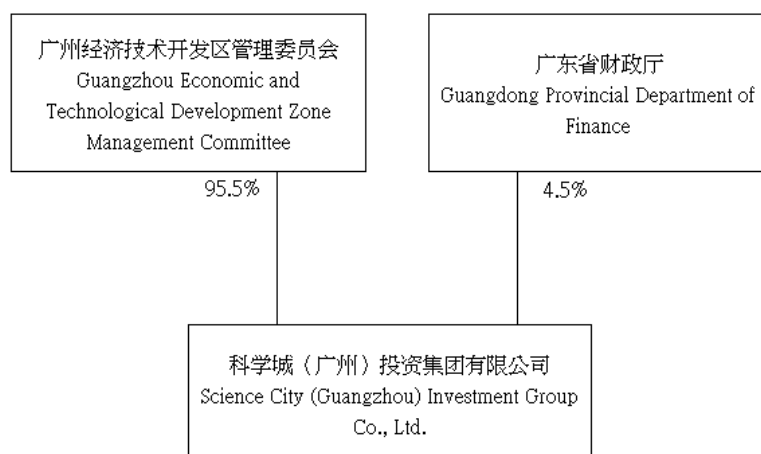
Established in 1984 and formerly known as Guangzhou Economic and Technological Development Zone Construction and Development Corporation, SCIG is a key local infrastructure investment and financing company ("LIIFC") in Guangzhou ETDZ. Its main business includes urban construction and development, as well as urban renewal and renovation in Guangzhou ETDZ, covering engineering construction and sewage and sludge treatment. The Company is also engaged in some commercial activities, such as trade, production and sales of furniture and copper products, financial leasing, property management, and real estate development. As of 31 December 2025, Guangzhou Economic and Technological Development Zone Management Committee held 95.5% of the Company's shares, serving as the controlling shareholder and the ultimate controller. The remaining 4.5% of the shares are held by the Guangdong Provincial Department of Finance.

Exhibit 1. Revenue structure in 2024



Source: Company information, CCXAP research

Exhibit 2. Shareholding chart as of 31 December 2025



Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe Guangzhou ETDZ Government has a strong capacity to provide support to the Company, given its strong comprehensive strength, with ongoing economic growth and good fiscal strength.

Guangdong Province is one of the most economically developed provinces in China, and its comprehensive economic strength outperforms other provinces. The gross regional product ("GRP") of Guangdong Province achieved RMB14.6 trillion in 2025, ranking first among all provinces in China, with a year-on-year ("YoY") increase of 3.9%. Its general budgetary revenue reached RMB1.4 trillion, ranking first in China for more than 30 consecutive years.

Guangzhou City, the capital of Guangdong Province and its political, economic, and cultural hub, is located on the northern fringe of the Pearl River Delta, adjacent to the South China Sea. It adjoins Huizhou City to the east, Foshan City to the south, Zhongshan City and Jiangmen City to the west, and Qingyuan City to the north. This geographical location positions Guangzhou as a pivotal transportation hub and a major commercial and trade center in southern China, as well as a key gateway linking the Chinese mainland to Southeast Asia. In 2025, its GRP reached RMB3.2 trillion, registering a 4.0% YoY growth and ranking second in Guangdong Province. The general public budget revenue amounted to RMB218.5 billion, with a 3.1% YoY growth. However, the government debt burden of Guangzhou amounted to RMB745.8 billion, accounting for 24.0% of the GRP.

Exhibit 3. Key economic and fiscal indicators of Guangzhou City

	2023FY	2024FY	2025FY
GRP (RMB billion)	3,035.6	3,103.3	3,203.9
GRP Growth (%)	4.6	2.1	4.0
General Budgetary Revenue (RMB billion)	194.5	195.5	218.5
General Budgetary Expenditure (RMB billion)	297.2	277.7	280.2
Local Government Debt (RMB billion)	553.2	648.3	745.8

Source: Statistics Bureau of Guangzhou City, CCXAP research

Guangzhou ETDZ, an important administrative district under the jurisdiction of Guangzhou City, is located in the eastern part of Guangzhou and the northern part of the Pearl River Delta. Since 2015, Guangzhou ETDZ has been merged with Huangpu District in terms of public economic data. Guangzhou ETDZ has strong comprehensive strength. It ranked 2nd by comprehensive strength among 230 national ETDZs in China, according to the evaluation results of the comprehensive development level of national ETDZs in 2025 released by the Ministry of Commerce of China. Dominated by high-tech industries and modern service industries, Guangzhou ETDZ houses multiple national-level economic functional zones such as Guangzhou Development Zone, playing a crucial supporting role in Guangzhou's economic growth. In 2025, its GRP reached RMB434.6 billion, with a YoY growth of 3.8%, ranking second among all districts in Guangzhou. Meanwhile, Guangzhou ETDZ has strong fiscal strength. In 2025, its general budgetary revenue was RMB22.6 billion, ranking first among all districts in Guangzhou. Affected by the downturn of local property market, the government funds dropped to RMB3.3 billion from RMB7.8 billion in 2024. However, Guangzhou ETDZ has a relatively large and increasing debt pressure. In 2025, Guangzhou ETDZ's debt balance increased to RMB69.3 billion.

Exhibit 4. Key economic and fiscal indicators of Guangzhou ETDZ

	2023FY	2024FY	2025FY
GRP (RMB billion)	431.5	433.9	434.6
GRP Growth (%)	1.2	2.2	3.8
General Budgetary Revenue (RMB billion)	20.8	21.3	22.6
General Budgetary Expenditure (RMB billion)	23.0	23.0	26.7
Local Government Debt (RMB billion)	50.7	59.6	69.3

Source: Statistic Bureau of Guangzhou ETDZ, CCXAP research

Government's Willingness to Provide Support

Key role as the urban construction and renewal service provider in Guangzhou ETDZ

There are five major state-owned urban development and construction entities in Guangzhou ETDZ, SCIG serves as a comprehensive service provider for urban construction, development, and urban renewal in

Guangzhou ETDZ. Given the Company's dominant position in Guangzhou ETDZ, we believe the Company is unlikely to be replaced by other local state-owned enterprises in the foreseeable future.

As a regional investment and construction, urban renewal comprehensive service, and information industry investment platform in Guangzhou ETDZ, SCIG has a focused and important functional positioning. The Company's public services mainly include urban renewal, and water utilities within Guangzhou ETDZ. SCIG has numerous ongoing and planned projects, ensuring the sustainability of its business.

SCIG is an important urban renewal business operator, with its main business being pre-service for the "Three Olds" renovation (referring to the renovation of old villages, old factories, and old urban areas). The Company's urban renewal business is progressively transitioning to the "legally expropriated land + net land transfer" model. In this new model, projects are implemented in cooperation with policy banks, with a designated counterparty responsible for repurchasing the net land and repaying the Company's consideration on an installment basis. Project funding comprises approximately 20% self-raised capital and 80% policy bank financing. As a result, the Company's capital expenditure pressure has been substantially reduced. As of 30 September 2025, the Company had 13 ongoing projects, with total investment of RMB44.3 billion and uninvested amount of RMB19.8 billion. With a large project reserve and overall investment scale, the business has good sustainability but still has certain pressure on capital expenditure, and the slow collection of payments has occupied a large amount of the Company's funds. In addition, the repayment progress is susceptible to changes in the real estate market conditions and the policy changes of urban renewal business. Moreover, SCIG engages in infrastructure construction through the agent construction model and the demolition and relocation model.

SCIG is also responsible for the water utilities in Guangzhou ETDZ, including sewage and sludge treatment as well as pipeline maintenance, with 30-year franchise right, indicating strong exclusivity and sustainability. As of 30 September 2025, the Company had 10 sewage treatment plants in operation, with a daily average sewage treatment capacity of 655.0 thousand tons. In 2024 and the first three quarters of 2025, the sewage treatment volumes were 166.9 million tons and 125.6 million tons, respectively. As of 30 September 2025, there were 13 ongoing sewage treatment projects, with total planned investment of RMB4.0 billion and uninvested amount of RMB1.2 billion, which puts a certain investment expenditure pressure on the Company. SCIG is also in charge of the operation, maintenance, and management of the existing drainage pipeline facilities in Guangzhou ETDZ. As of 30 September 2025, the length of pipeline maintenance was 3.6 thousand kilometers.

Medium exposure to commercial activities with weak profitability

In addition to public utilities, SCIG is involved in manufacturing, construction engineering, property management, financial leasing, and real estate development. We consider SCIG's commercial business exposure to be medium, as its market-driven businesses account for around 20% of its total assets.

SCIG participates in construction engineering business through general contracting model, and undertakes engineering projects through public bidding. The funding for project construction largely comes from the Company's own funds and bank loans. The Company settles with the contracting party based on the proportion of completed workload to the total workload. As of 30 September 2025, the Company had large amount of major contracting projects under construction and planning, with an estimated contract amount of RMB11.1 billion and invested amount of RMB6.2 billion, indicating sufficient projects at hand. In 2024, and in the first three quarters of 2025, the revenue from construction engineering business was RMB1.3 billion and RMB631.1 million, respectively. The Company has a complete set of qualifications for its construction business and a sufficient number of contracts in hand, ensuring good sustainability for this part of its operations.

The property sector of SCIG consists of property leasing, property management, and hotel services. The Company currently holds property assets of various types, including factories, office buildings, shops, and residences, all located within the Guangzhou ETDZ. The primary tenants are individual merchants and enterprises. As of the end of 2024, the total floor area of the Company's main operating property assets was 1.7 million square meters, with overall occupancy rate of 55.5%. In 2024 and the first three quarters of 2025, the revenue from property leasing amounted to RMB740.0 million and RMB750.0 million. Benefiting from the increasing occupancy rate, the property leasing income has been growing steadily.

SCIG also has manufacturing sector, which includes furniture sales and the production and sales of copper products. The revenue from the manufacturing sector decreased from RMB14.4 billion in 2023 to RMB12.9 billion in 2024, due to declining copper orders and furniture sales were impacted by the sluggish real estate market. In the first three quarters of 2025, the revenue from the manufacturing sector amounted to RMB10.5 billion. Despite the weak profitability of the business given its nature, the gross profit margin of this business increased from 0.8% in 2023 to 1.9% in 2024, due to the upgrading and iteration of some core products and the streamlining of organizational structure.

Since 2023, the Company has been continuously shrinking its trading business. In 2024, the Company no longer undertakes the trading of non-core categories such as chemicals, oil products, building materials. The revenue from trading business has significantly decreased in 2024. Additionally, the Company is engaged in other businesses, including financial leasing and real estate development, which have relatively lower contributions to the overall revenue.

Good track record of receiving government support

As the most important urban development and operation entity in Guangzhou ETDZ, SCIG has a track record of receiving support from the local government. These supports take various forms, such as government subsidies, capital injections, and project receivables. From 2024 to 2025Q3, the Company received RMB1.2 billion in capital injections from the local government. At the same time, RMB 760.0 million of capital reserves was converted into paid-in capital, further strengthening the Company's equity base. In addition, the local government provided total subsidies of RMB708.8 million to the Company over the same period. The local government also regularly makes project payments to the Company for its public policy projects. Overall, given its important position and contribution to regional economic development, we believe that SCIG will receive ongoing government support for its business operations.

Increasing debt burden with high short-term debt repayment pressure

Affected by the expansion of urban renewal business, SCIG's debt burden has grown rapidly. The adjusted total debt (including perpetual debts) increased from RMB97.7 billion at end-2023 to RMB133.0 billion as of the end of September 2025. Meanwhile, the Company's adjusted total equity decreased from RMB29.4 billion to RMB23.8 billion over the same period, due to the net loss accumulation. Therefore, the adjusted total capitalization ratio rising from 76.9% to 84.8%, maintained at a high level. Meanwhile, the Company is also facing high short-term debt repayment pressures. As of 30 September 2025, the proportion of short-term debt reached 33.4%. We expect that, given its large future capital needs, the Company's debt burden will continue to grow in the next 12 to 18 months.

In addition, the Company's contingent liability risk is manageable. As of 30 September 2025, the Company's external guarantee amount (excluding the guarantees provided by its financing guarantee subsidiary) was

RMB6.5 billion, accounting for about 20.4% of its net assets. Most of it were provided to the state-owned urban renewal business-related associate companies.

Moderate asset liquidity

SCIG's asset liquidity is moderate. As of 30 September 2025, the Company's total assets consisted mainly of inventories, total receivables, and investment properties, accounting for 56.5% of its total assets. The inventories are mainly development costs for construction projects, the total receivables are primarily deposits and advances made in the course of urban renewal business, and the investment properties mainly consist of leasing properties, all of which are generally considered to have low liquidity. Nonetheless, the leasing properties and sewage treatment assets can provide stable cash flow for the Company. Over the past two years, the Company has recognized high impairment losses on its external investments. In addition, the valuation of certain property assets has been adjusted downward. These developments have adversely affected the Company's operating profit and overall asset quality. In 2024, the disposal of properties by the Company resulted in a decrease of RMB 2.9 billion in the carrying value of investment properties; while due to stock price fluctuations, the Company recognized an impairment loss of RMB 866.5 million. Moreover, as of 30 September 2025, the Company had restricted assets of RMB49.1 billion, accounted for 28.1% of the total assets.

Diversified financing channels but with reliance on non-standard financing

SCIG has a diversified range of financing channels, including bank borrowings, bond financing, and non-standard financing. As of 30 September 2025, bank financing accounted for approximately 45.2% of the Company's total debt. In addition, as of the end of September 2025, the Company had obtained a total credit facilities of RMB148.0 billion from various banks, with remaining available credit facilities of RMB27.0 billion. The Company has a moderate reliance on non-standard financing, which accounted for 18.8% of the total debt. Moreover, the Company has maintained a solid cooperation with multiple domestic banks and enjoys smooth channels for indirect financing. Bond financing accounted for 36.0% of the total debt. The Company has a track record of fund-raising activities in both onshore and offshore debt capital markets. From January to April 2026, the Company had issued a total of USD150.0 million in offshore bonds.

ESG Considerations

SCIG's core business of copper processing is highly energy-intensive, emission-heavy, and carries significant pollution risks. The company faces substantial climate transition risks and physical climate risks in its main operations. Although it has launched a Sustainable Finance Framework covering green buildings, clean transportation, sustainable water and wastewater management, renewable energy, and pollution prevention and control, these green projects represent only a small portion of its overall business and do not effectively address the major environmental exposures arising from its copper processing activities.

As a key state-owned platform in Guangzhou ETDZ, SCIG plays an important role in social development. It supports local government efforts in village revitalization and provides clean water to city residents. Through urban renewal projects, the company constructs resettlement housing that improves living conditions for affected low-income villagers and migrant workers, aligning with China's "Three Major Projects" initiative on affordable housing.

The Company has established a Sustainable Finance Working Group responsible for project evaluation and selection, fund allocation tracking, and reporting. This demonstrates a basic governance structure for

sustainable financing. It also maintains an exclusion list to avoid controversial sectors and commits to annual disclosure of proceeds allocation and project impact reports, indicating some improvement in transparency.

Structural Consideration

We did not notch SCIG's senior unsecured debt rating for structural subordination, reflecting our expectation that, in the event of financial distress, the government will likely provide support to the Company as the holding company, thereby increasing the recovery prospects for the holding company's creditors. We also see that the structural subordination risk is mitigated by the strategic importance of SCIG's infrastructure and public facility assets, thus we expect that government support will be provided to the Company to preserve its ownership of such assets.

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 5. Peer Comparison

	Guangzhou Development District Investment Group Co., Ltd.	Science City (Guangzhou) Investment Group Co., Ltd.
Long-Term Credit Rating	A _g +	A _g -
Shareholder	Guangzhou Development District State-owned Assets Supervision and Administration Bureau (100%)	Guangzhou ETDZ Management Committee (95.5%), Guangdong Provincial Department of Finance (4.5%)
Positioning	The sole platform for transportation infrastructure construction and operation	The urban construction and renewal service provider in Guangzhou ETDZ
Total Asset (RMB billion)	70.8	155.0
Total Equity (RMB billion)	20.5	27.6
Total Revenue (RMB billion)	5.3	28.4
Total Debt/Total Capital (%)	66.8	79.7

All ratios and figures are calculated using CCXAP's adjustments based on financial data in 2024FY.

Source: Company information, CCXAP research

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