

## **CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>+ to Guangdong Gaohua Industrial Investment Development Group Co., Ltd., with stable outlook.**

Hong Kong, 3 June 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of BBB<sub>g</sub>+ to Guangdong Gaohua Industrial Investment Development Group Co., Ltd. (“GGII” or the “Company”), with stable outlook.

The BBB<sub>g</sub>+ long-term credit rating of GGII is underpinned by the Company's (1) status as the most important industrial investment platform in Gaoyao District; (2) good market position and competitiveness in engineering construction and product sales in Gaoyao District; and (3) rapid growth of lithium battery recycling business. However, the rating is constrained by the Company's (1) relatively weak profitability; (2) rapid debt growth and high short-term debt repayment pressure; and (3) modest debt servicing capability with moderate access to funding.

The rating also reflects a high likelihood of government support from the Gaoyao District Government when needed, which is based on the Company's (1) direct ownership and ultimate control by the Gaoyao District Government; (2) significance in promoting the industrial development and integration of state-owned assets in Gaoyao District; and (3) solid track record of receiving support from the local government including subsidies, capital injections and asset transfers.

### **Corporate Profile**

Established in 2021, formerly known as Zhaoqing Gaoyao District Huochuang Investment Development Co., Ltd., GGII is positioned as an important industrial investment and state-owned assets operation platform in Gaoyao District and mainly engages in industrial investment, engineering construction, product sales and human services businesses. As of 31 December 2025, GGII was wholly owned by the Zhaoqing Gaoyao District State-owned Assets Supervision and Administration Bureau (“Gaoyao SASAB”).

### **Rating Rationale**

#### **Credit Strengths**

**Most important industrial investment platform in Gaoyao District.** As the most important industrial investment platform in Gaoyao District, GGII is of great significance in promoting the development of strategic emerging industries in Gaoyao District. The Company engages in industrial investment business by ways of equity investment and project investment.

**Good market position in engineering construction and product sales in Gaoyao District.** GGII is a leading local E&C company in Gaoyao District, mainly in the area of water conservancy and municipal construction. The Company maintains high market recognition as it participates in most infrastructure construction projects in Gaoyao District. GGII also has

strong regional competitiveness in the sales business sector in Gaoyao District, supported by its regional advantages.

**Rapid growth of lithium battery recycling business.** In addition to engineering construction and product sales businesses, the Company has diversified its business segments into leasing, services, lithium battery recycling, and water supply, which is believed to mitigate revenue volatility through the synergistic operation of its multiple business segments. Driven by the development of the new energy vehicle industry, the lithium battery recycling business has grown significantly.

**High likelihood of support from the Gaoyao District Government.** We expect GGII has a high likelihood of receiving support from the Gaoyao District Government in times of need, given its ultimate control by the Gaoyao District Government, significance in promoting industrial development, and solid track record of receiving support.

### Credit Challenges

**Relatively weak profitability.** GGII's profitability is relatively weak as reflected by the weak return on assets. Meanwhile, investment income and gains from fair value change made great contribution to its total profit over the past years, accounting for 65.1% and 40.6% of its total profit in 2025.

**Rapid debt growth and high short-term debt repayment pressure.** At end-2025, the Company's adjusted total debt increased to RMB9.7 billion from RMB2.5 billion at end-2023. The Company is exposed to high short-term debt repayment pressure as its short-term debt accounted for 35.2% of its total debt, and its cash to short-term debt ratio was 0.1x.

**Modest debt servicing capability with moderate access to funding.** The Company's EBITDA interest coverage ratio descended to 2.4x in 2025 and total debt/EBITDA ratio increased to 21.8% over the same period. Its FFO/total debt ratio remained lower than 1.5% for the past three years.

### Rating Outlook

The stable outlook on GGII's rating reflects our expectation that the Company will continue to receive solid support from the Gaoyao District Government. We also expect the Company to maintain its strategic role as the important industrial development platform in Gaoyao District over the next 12 to 18 months.

### What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of support from the Gaoyao District Government increases; (2) the quality of the Company's investment portfolio materially improves, such as having a higher level of asset liquidity and generating better recurring cash flow from investees; or (3) the Company's stand-alone credit profile improves significantly, such as stronger market position and improvement in profitability.



### **What could downgrade the rating?**

The rating could be downgraded if (1) the likelihood of support from the Gaoyao District Government decreases; (2) the performance of the Company's investment portfolio deteriorates; or (3) the Company shows weakened access to funding and eroded liquidity profile.

### **Rating Methodology**

The methodology used in this rating is the Rating Methodology for [General Corporate \(May 2026\)](#).

### **Regulatory Disclosures**

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