

## Credit Opinion

9 June 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A <sub>g</sub> +
Outlook	Stable

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## Guangzhou Development District Investment Group Co., Ltd.

### Initial credit rating report

### CCXAP assigns first-time long-term credit rating of A<sub>g</sub>+ to Guangzhou Development District Investment Group Co., Ltd., with stable outlook

#### Summary

The A<sub>g</sub>+ long-term credit rating of Guangzhou Development District Investment Group Co., Ltd. ("GDDI" or the "Company") reflects Guangzhou Economic and Technological Development Zone ("Guangzhou ETDZ") Government's (1) very strong capacity to provide support, and (2) extremely 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 2<sup>nd</sup> 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) significant role as the sole transportation infrastructure construction and operation platform and the key primary industrial investment entity in Guangzhou ETDZ; (2) high sustainability of public policy projects; (3) good track record of receiving government support; and (4) good access to funding from banks and capital market.

However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) fast debt growth with relatively high debt leverage; and (3) moderate asset quality.

The stable outlook on GDDI'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

- Significant role as the sole transportation infrastructure construction and operation platform and the key primary industrial investment entity in Guangzhou ETDZ
- High sustainability of public policy projects
- Medium exposure to commercial activities
- Good track record of receiving government support
- Fast debt growth with relatively high debt leverage
- Moderate asset quality
- Good access to funding from banks and capital market

## 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

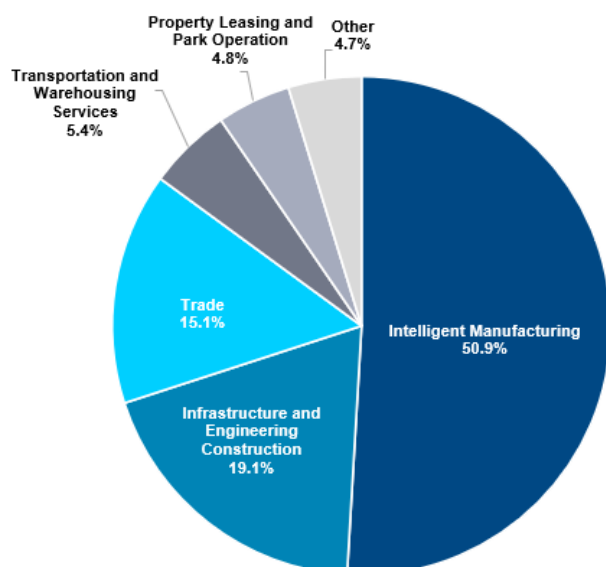
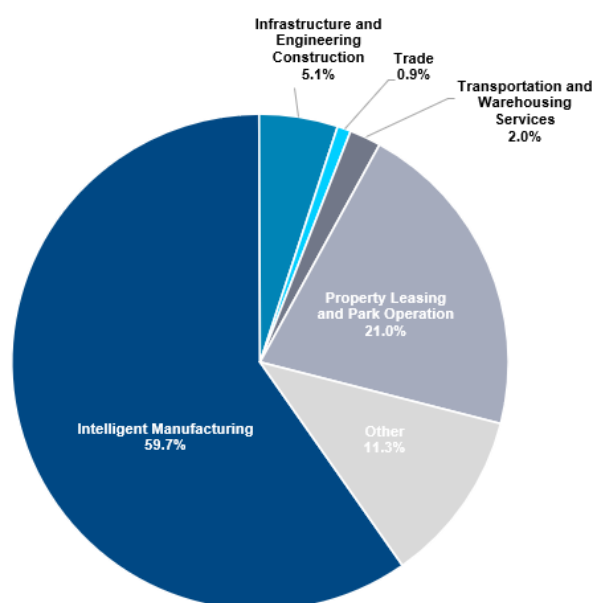
	2022FY	2023FY	2024FY	2025Q1
Total Asset (RMB billion)	52.4	59.9	70.8	73.1
Total Equity (RMB billion)	20.0	21.1	25.0	25.1
Total Revenue (RMB billion)	5.3	6.2	5.3	1.5
Total Debt/Total Capital (%)	56.9	61.2	66.8	68.5

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

Source: Company data, CCXAP research

## Corporate Profile

Established in 1992 and formerly known as Guangzhou ETDZ State-owned Assets Investment Company, GDDI is a key local infrastructure investment and financing company ("LIIFC") in Guangzhou ETDZ. Its main business includes transportation, and urban renewal. The Company is also engaged in commercial activities, such as strategic investment, intelligent manufacturing, engineering construction, property leasing and park operation, trade. Guangzhou Development District State-owned Assets Supervision and Administration Bureau is the Company's sole shareholder and ultimate controller.

**Exhibit 1. Revenue structure in 2024****Exhibit 2. Gross profit structure in 2024**

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 located in the southern coastal area of China and is the largest economic province in the country. Dominated by manufacturing, trade, finance, and technology industries, it is an important export-oriented economic region in China. In 2024, the province's gross regional product ("GRP") reached RMB14.2 trillion, with an increase of 3.5% year-on-year ("YoY"), ranking first among all provinces in the country. The general public budget revenue is RMB1.4 trillion, of which tax revenue accounts for 72.5%. At the same time, the debt burden is moderate. In 2024, the debt balance was RMB3.5 trillion, accounting for 24.9% of the GRP.

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. 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 2024, its GRP reached RMB3.1 trillion, registering a 2.1% YoY growth and ranking second in Guangdong Province. The general public budget revenue amounted to RMB195.5 billion, with tax revenue accounting for 70.2%. However, the government debt burden of Guangzhou has been on the rise year by year, increasing from RMB468.7 billion in 2022 to RMB648.3 billion in 2024, accounting for 20.9% of the GRP.

**Exhibit 3. Key economic and fiscal indicators of Guangzhou City**

	2022FY	2023FY	2024FY
GRP (RMB billion)	2,883.9	3,035.6	3,103.3
GRP Growth (%)	1.0	4.6	2.1
General Budgetary Revenue (RMB billion)	185.5	194.5	195.5
General Budgetary Expenditure (RMB billion)	306.3	297.2	277.7

Local Government Debt (RMB billion)	468.7	553.2	648.3
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Source: Statistics Bureau of Guangzhou City, CCXAP research

Guangzhou ETDZ, also known as Guangzhou Development District, is an important administrative district under the jurisdiction of Guangzhou City 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 2<sup>nd</sup> by comprehensive strength among 230 national ETDZs in China, according to the evaluation results of the comprehensive development level of national ETDZs in 2024 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 District, playing a crucial supporting role in Guangzhou's economic growth. In 2024, its GRP reached RMB433.9 billion, with a YoY growth of 2.2%, ranking second among all districts in Guangzhou. Meanwhile, Guangzhou ETDZ has strong fiscal strength. In 2024, its general budgetary revenue was RMB21.3 billion, ranking first among all districts in Guangzhou. The tax revenue was RMB16.0 billion, accounting for 74.9%, also ranking first in Guangzhou. However, Guangzhou ETDZ has a relatively large and increasing debt pressure. It had an outstanding direct debt balance of RMB59.6 billion as of 31 December 2024.

#### **Exhibit 4. Key economic and fiscal indicators of Guangzhou ETDZ**

	2022FY	2023FY	2024FY
GRP (RMB billion)	431.4	431.5	433.9
GRP Growth (%)	1.5	1.2	2.2
General Budgetary Revenue (RMB billion)	18.2	20.8	21.3
General Budgetary Expenditure (RMB billion)	25.4	23.0	23.0
Local Government Debt (RMB billion)	38.7	50.7	59.6

Source: Statistic Bureau of Guangzhou ETDZ, CCXAP research

#### **Government's Willingness to Provide Support**

##### **Significant role as the sole transportation infrastructure construction and operation platform and the key primary industrial investment entity in Guangzhou ETDZ**

There are five major state-owned urban development and construction entities in Guangzhou ETDZ, including GDDI, Science City (Guangzhou) Investment Group Co., Ltd. ("SCIG"), Knowledge City (Guangzhou) Investment Group Co., Ltd. ("KCIG"), Guangzhou High-tech District Investment Group Co., Ltd. ("GHDI"), and Guangzhou Development District Holding Group Co., Ltd. ("GDDH"). SCIG serves as a comprehensive service provider for urban construction, development, and urban renewal in Guangzhou ETDZ, while KCIG mainly engages in the construction and development of Sino-Singapore Guangzhou Knowledge City. GHDI is an important entity for the construction, development, and operation of industrial parks in Guangzhou ETDZ. GDHG is the largest state-owned capital operation entity in Guangzhou ETDZ.

GDDI is the sole platform for transportation infrastructure investment, construction, and operation, and a major industrial investment and operation platform in Guangzhou ETDZ. The Company assumes the functions of transportation infrastructure construction, industrial investment, and industrial park operation 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.

##### **High sustainability of public policy projects**

As the sole traffic infrastructure construction and operation platform in Guangzhou ETDZ, GDDI has a focused and important functional positioning. The Company's public services mainly include transportation and urban renewal within Guangzhou ETDZ. The Company has numerous ongoing and planned projects, ensuring the sustainability of its business.

GDDI serves as Guangzhou ETDZ's sole transportation infrastructure investment and construction platform, focusing on tram network development while expanding into comprehensive transportation services such as bus terminal and charging station operations. For tram line construction, Guangzhou ETDZ has planned for 12 tram lines totaling 186 kilometers, constructed under Public-Private Partnership or government financial allocation models. The Company collects payments through a combination of ticket revenue and government fiscal subsidies. As the end of 2024, Line 1 had been fully put into operation with a total investment of about RMB2.8 billion. Furthermore, there were one project under construction and four projects under planning, with total planned investment of RMB12.9 billion, and uninvested amount of RMB11.2 billion. The Company also expanded into comprehensive transportation services, operating 21 bus terminals and 6 charging stations with 84 charging piles. In summary, the transportation business benefits from its strong exclusivity and project reserves, leading to good business stability and sustainability.

GDDI is also one of the four major urban renewal entities in the Guangzhou ETDZ, primarily responsible for the Xinxi and Xiayuan projects. The business is conducted under the cooperative development model, in which the Company establishes project companies with partners, and the project companies handle financing and construction. As of 31 March 2025, the Company had completed two projects with an invested amount of RMB43.0 million. There were four ongoing projects with a total planned investment of RMB20.6 billion and an outstanding investment of RMB19.5 billion. The urban renewal business faces significant capital expenditure pressure, and the slow collection of payments has occupied a large amount of the Company's funds.

### **Medium exposure to commercial activities**

In addition to public utilities, GDDI is involved in strategic investment, intelligent manufacturing, engineering construction, property leasing and park operation, trade. We consider GDDI's commercial business exposure to be medium, as its market-driven businesses account for 30% of its total assets.

GDDI's strategic investment business is divided into three major segments: financial institutions investment, strategic industries investment, and strategic investment funds. Financial institutions investment and strategic investment funds are significant in scale, with their book values accounting for 99.4% of the total value of strategic investment business in 2024. Financial institutions investment is the main source of investment return, contributing 75.2% of the investment profits in 2024. The Company has formed a complete financial service chain including securities, banks, insurance, and private equity funds by holding 20.3% equity interests of Wanlian Securities Co., Ltd., 3.9% equity interests of Guangzhou Bank Co., Ltd., and 15.0% equity interests of Dinghe Property Insurance Co., Ltd.. In addition, for strategic investment funds, the Company concentrates on intelligent manufacturing and launches different funds for various projects, including industry funds, M&A funds, Pre-IPO funds, etc. As the end of 2024, the Company had issued 36 funds with a total scale of RMB25.0 billion, of which the capital contribution by the Company amounted to RMB8.5 billion, and the income in 2024 was RMB94.7 million, accounting for 24.7% of total investment profits. For strategic industries investment, the Company focus is on the regional key industries such as new energy vehicles, integrated circuits, and intelligence manufacturing. However, strategic industries investment is currently in its infancy, mainly focusing on industrial park construction, and its income only accounted for 0.1% of the strategic investment income in 2024.

GDDI entered into intelligent manufacturing business in 2022 through the acquisition of Guangdong Sunwill Precision Plastic Co., Ltd. (“Sunwill”, stock code: 002676.SZ). Its main products include plastic air conditioner blades and modified plastics, with strong market position. In January 2024, Sunwill acquired 75% equity interests of Jiangsu Junwei Precision Components Technology Co., Ltd. (“JSJW”), expanding into the auto part sector. In 2024, Sunwill had an improvement in revenue, increasing by 19.0% YoY, accounting for 18.9% of GDDI’s total revenue. However, its gross margin declined by 1.0 percentage point YoY due to factors such as the macroeconomic environment, policy adjustments, and fluctuations in raw material costs.

GDDI undertakes engineering construction business relying on its state-owned background and First-Level qualification for municipal and public utility construction projects. The Company obtains projects through public bidding, and collects project payments according to construction progress. In 2024, it signed 21 new contracts totaling RMB893.0 million, mostly within Guangzhou ETDZ. As of the end of 2024, the Company had completed 4 projects, with accumulated payment received of RMB232.3 million and outstanding payment of RMB30.2 million. It has 14 ongoing projects with a total contract value of RMB4.0 billion, generating revenue of RMB1.1 billion during 2023-2024. Overall, with large project reserve and reliable payment for completed and ongoing projects, the engineering construction business shows strong sustainability.

In addition, GDDI is responsible for property leasing and park operations. The Company holds a large number of property assets in Guangzhou ETDZ, which are diverse in type and well-located, contributing relatively stable rental income annually. The Company acquired the leasable properties through self-construction and acquisition. As of 31 December 2024, the Company operated approximately 40 leasing projects with a leasable area of 967.9 thousand square meters (“sqm”) and average occupation rate of 61.5%, partially affected by the economic downturn and the depressed leasing market. Meanwhile, it had 14 projects under construction with a total planned investment of RMB30.4 billion and an uninvested amount of RMB13.3 billion, and the total leasable area will be 1.6 million sqm. We believe the rental income of the Company will continue to increase upon the completion of the ongoing projects. In 2024, the business achieved a high gross profit margin of 70.7%, which is one of the main profit contributors for the Company.

GDDI also engages in bulk commodities trading business concentrated in Guangdong Province, primarily trading of aluminum ingots, steel, and PVC, with plans to expand into coal and pulp in the future. Under an agency procurement model, the Company collects a deposit from customers upon contract signing and then purchases goods from suppliers. This business is a key revenue source, accounting for 15.1% of total revenue in 2024, but has limited profit contribution with a low gross margin of 0.9%. Moreover, this business has a high concentration risk as the top five suppliers accounted for 99.4% of total procurement value, and the top five customers represented 96.1% of total sales in 2024.

Additionally, GDDI is engaged in other businesses, including transportation and warehousing services and so on. Although these commercial activities have brought stable income to the Company, the small operating scales limit their contributions to the Company’s overall revenue.

### **Good track record of receiving government support**

In recognition of the Company’s importance of public activities in Guangzhou ETDZ, GDDI has a proven track record of receiving support from the local government in terms of financial subsidies and asset injections. In the 2020 restructuring of state-owned enterprises in Guangzhou ETDZ, the local government gratuitously transferred Guangzhou Development District Communications Investment Group Co., Ltd. and other local state-owned enterprises into the Company, greatly enhancing its capital strength and broadening its business scope. Additionally, from 2022 to 2024, the Company received total stable government subsidies of RMB94.4 million

to support its operations and enhance profitability. Meanwhile, as of 31 March 2025, the government provided RMB3.6 billion to the Company in the form of project capital injections. Overall, given its important position and contribution to regional economic development, we believe that GDDI will receive ongoing government support to support its business operations.

### **Fast debt growth with relatively high debt leverage**

With continuous investments in core businesses such as industrial investment as well as park construction and operation, GDDI's debt scale and leverage have grown rapidly. The total debt increased from RMB26.1 billion at end-2022 to RMB44.8 billion as of 31 March 2025. In the same period, the total capitalization ratio maintained at a relatively high level, rising from 56.9% to 68.5%. Moreover, the Company's short-term debt repayment pressure is relatively high. As of 31 March 2025, the proportion of short-term debt reached 28.7%, and the cash-to-short-term-debt ratio is 0.5x, indicating insufficient monetary funds to cover the short-term debt. With large number of construction projects under construction, we expect that the Company will continue to rely on external financing to meet its future capital expenditure needs, and its debt burden will continue to grow in the next 12 to 18 months.

Furthermore, the Company has a low contingent liability risk. As of 31 March 2025, the Company's external guarantee amount was RMB344.5 million, accounting for 1.9% of its net assets.

### **Moderate asset quality**

GDDI's asset quality is moderate, as reflected by its weak asset liquidity and relatively good asset profitability. As of 31 March 2025, the Company's total asset mainly consisted of long-term equity investment, other non-current financial assets, investment properties, and construction-in-progress, accounting for 61.5% of its total assets. The long-term equity investments and other non-current financial assets are primarily consisted of the strategic investment, including direct equity investment and fund investment, the investment properties mainly compose of leasable assets, such as office buildings and industrial parks, and construction-in-progress mainly covers numerous self-operated projects, including research institutes and industrial parks, all of which are considered weak liquidity. Nonetheless, the strategic investment can generate ongoing investment returns to the Company, while its operational property assets can contribute relatively stable annual rental income.

### **Good access to funding from banks and capital market**

GDDI has a diversified range of financing channels, mainly including bank borrowings and bond issuance, which accounted for 65.9% and 21.6% of its total debt as of 31 March 2025, respectively. The Company maintains a solid cooperation with multiple commercial banks and has sufficient standby liquid funds. In addition, as of the end of March 2025, the Company had obtained a total credit facilities of RMB91.5 billion, of which RMB58.5 billion had been unused, accounting for 63.9% of the total credit facilities. Moreover, the Company has issued various bond products, including corporate bonds, CPs, MTNs, ABS, and offshore USD bonds. As of 30 April 2025, the Company in aggregate raised RMB22.8 billion in domestic bond market and USD400.0 million in offshore bond market. In addition, the Company's exposure to non-standard financing is relatively low, accounting for less than 5% of total debt as of 31 March 2025. We consider the Company's diversified funding channels can largely fulfill its future refinancing needs and capital expenditure.

## ESG Considerations

GDDI bears environmental risks through its infrastructure projects. Such risks could be moderated by conducting environmental studies and detailed planning before the commencement of projects and close supervision during the construction.

GDDI is also exposed to social risks as a public services provider in Guangzhou ETDZ. Demographic changes, public awareness and social priorities shape government's target for GDDI, or affect the government's propensity to support the Company.

GDDI's governance considerations are also material as the Company is subject to oversight and reporting requirements to the local government, 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 5. Peer Comparison

	Guangzhou Development District Investment Group Co., Ltd.	Science City (Guangzhou) Investment Group Co., Ltd.
Long-Term Credit Rating	A <sub>g</sub> +	A <sub>g</sub> -
Shareholder	Guangzhou Development District State-owned Assets Supervision and Administration Bureau (100%)	Guangzhou ETDZ Management Committee (94.8%), Guangdong Provincial Department of Finance (5.2%)
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)	25.0	35.3
Total Revenue (RMB billion)	5.3	18.5
Total Debt/Total Capital (%)	66.8	82.3

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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