Lianhe Global has assigned 'BBB' global scale Long-term Issuer Credit Rating with Stable Outlook to Shenzhen Dongyangguang Industrial Development Co., Ltd.

HONG KONG, 30 October 2026 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has assigned 'BBB' global scale Long-term Issuer Credit Rating to Shenzhen Dongyangguang Industrial Development Co., Ltd. ("SDID"). The Issuer Rating Outlook is Stable.

The Issuer Rating reflects SDID's established market position in electronic new materials, biopharmaceuticals, and health and wellness, diversified business portfolio, and competitive advantages in production capacity, technology, and new drug R&D. The company benefits from its listed subsidiaries, which enhance its fundraising capacity and support business expansion, while its diversified operations provide resilience against sector-specific risks. The rating also considers SDID's significant debt burden, which has risen alongside its expanding asset base and investment activities. The reliance on short-term borrowings heightens refinancing and repayment pressure, particularly in the event of an economic downturn or adverse market conditions. That said, SDID has established a close collaboration with local state-owned platforms. We believe this close cooperation, backed by local financial resources, helps sustain SDID's business operations.

The Stable Outlook reflects our expectation that SDID will maintain its competitive position and stable operating performance, while preserving a manageable debt structure, supported by ongoing growth in its core businesses and strategic entry into new business segments.

Key Rating Rationales

Strength in Electronic New Materials and Biopharmaceuticals: SDID has established market presence in both electronic new materials and biopharmaceuticals. Its electronic new materials business, operated by its listed subsidiary Guangdong Dongyangguang Technology Holdings Co., Ltd. ("HEC Tech"), spans six divisions and has built a fully integrated industry chain, enhancing competitiveness and market influence. In biopharmaceuticals, SDID has integrated drug research, production, and sales, supported by a robust R&D team and international facilities. This division has been a core business and main profit driver, led by its listed subsidiary Sunshine Lake Pharma Co., Ltd. and its subsidiaries. In 2026, SDID and HEC Tech expanded into the data center sector by the entire equity interest in the operating entity for the China business of Chindata Group Holdings Limited (hereinafter referred to as "Chindata Group"), and plan to invest further to consolidate the business. This initiative broadens the group's business scope but may add risks if not carefully managed.

Multiple Revenue Streams Underpin Growth: SDID's revenues are supported by diverse segments, with electronic new materials and biopharmaceuticals as the main contributors,

supplemented by Cordyceps and other businesses. In 2025, total revenue rose 8.6% to RMB36,222 million, led by electronic new materials at 40.1%, commodity trading at 27.9%, and biopharmaceuticals at 21.9% of the main business revenue. Gross margins of main businesses fluctuated at 32.9%, 25.8%, and 27.0% from 2023 to 2025, reflecting weaker pharmaceutical formulation sales in 2024 and a rebound in 2025 from strong electronic new materials performance. Despite its significant revenue share, commodity trading delivered a very low margin of around 0.4%.

Satisfactory Profit Margins on Stable Business Operations: Supported by stable business operations, SDID maintained an EBITDA margin of around 17%-20% between 2023 and 2025. However, greater investment activities in 2024 and 2025 drove an increase in net financing and leverage, with EBITDA leverage rising to 8.3x in 2025 from 5.9x in 2023. Despite this higher debt burden, EBITDA interest coverage remained stable at 2.8x in 2025, reflecting the company's ability to service its obligations, though the elevated leverage underscores the importance of prudent financial management.

Refinancing Pressure from Large Debt Scale: SDID's total debt continued to rise, reaching RMB51.1 billion at end-2025, from RMB 41.5 billion a year earlier, lifting its debt-to-capitalization ratio to 60.8%. Short-term borrowings made up 68.9% of the total, resulting in tight liquidity with a quick ratio of 0.4x as of end-2025, heightening refinancing pressure. In addition, SDID has pledged a significant portion of its shareholdings in HEC Tech. Although these pledges are OTC pledges serving as a supplementary credit enhancement measure, they could pose risks if there is significant fluctuation of the share price. The company has mainly relied on bank loans and bond issuances for funding, and as of end-March 2026 held RMB14.2 billion unused credit line, while its two listed subsidiaries with capital market access provide additional funding flexibility.

Rating Sensitivities

We would consider downgrading SDID's rating if (1) it increases financial leverage, resulting in EBITDA interest coverage consistently below 2.0x, or (2) it suffers a significant deterioration in operating performance in terms of revenue, margin or cash flow generation, or (3) its liquidity is materially worsened.

We would consider upgrading SDID's rating if (1) it improves the funding structure by reducing debt maturity concentration, and/or (2) it enhances the debt servicing capacity.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

General Corporate Rating Criteria (published on 31 December 2025)
The methodology can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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