CCXAP

CCXAP affirms Renshou Urban Investment Group Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Hong Kong, 28 November 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Renshou Urban Investment Group Co., Ltd. ("RUIG" or the "Company") at BBB_g, with stable outlook.

The BBB_g long-term credit rating of RUIG reflects Renshou County Government's (1) strong capacity to provide support, and (2) extremely high willingness to provide support to the Company, based on our assessment of the Company's characteristics. Our assessment of Renshou County Government's capacity to provide support reflects Renshou County's ongoing economic growth, with relatively rich agricultural resources.

The rating also reflects the local government's willingness to provide support, which is based on the Company's (1) crucial status as the most important infrastructure construction and state-owned assets operation entity in Renshou County; and (2) good track record of receiving government support; and (3) diversified funding channels. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) weak asset liquidity; and (3) increasing debt level with relatively large short-term debt repayment pressure.

Corporate Profile

Formerly known as Renshou County Heilongtan Sunshine Cultural Tourism Development Co., Ltd., RUIG is the most important infrastructure construction and state-owned assets operation entity in Renshou County. After consolidating Renshou Development Investment Group Co., Ltd. and other local state-owned enterprises, the Company became the largest Local Infrastructure Investment and Financing Company ("LIIFC") by asset in Renshou County. RUIG primarily engages in infrastructure construction, land consolidation, public transport operation, water supply, and sewage treatment in Renshou County. It also undertakes commercial activities such as self-operating projects, electronic product sales, wire and cable sales, property leasing, and inspection services. As of 30 June 2025, Renshou County State-owned Assets Supervision and Administration Bureau ("Renshou SASAB") remained the actual controller of the Company, holding 70.0% of the Company's shares. Besides, Meishan Investment Holding Group Co., Ltd. held another 30% stake in the Company.

Rating Rationale

Credit Strengths

The most important infrastructure construction and state-owned assets operation entity in Renshou County. RUIG is the most important infrastructure construction and state-owned assets operation entity in Renshou County, with a clear strategic role in regional development and the largest asset scale. The Company is mainly responsible for major public infrastructure and welfare projects construction in Renshou County, as well as land transfer and land consolidation. The Company also conducts public utilities in Renshou County, including public transport operation, water supply, and sewage treatment.

Good track record of receiving government support. The Company has a solid track record of receiving support from the local government in the past few years, including government subsidies, cash injections, asset injections, and equity transfers. Overall, given its crucial status and contribution to regional development, we believe that RUIG will receive ongoing government support to support its business operations.

Diversified funding channels. RUIG has good access to fundings, reflected by its sufficient stand-by liquidity and access to bond financing. The Company has good relationship with multiple commercial banks and policy banks in China and has obtained sufficient credit facilities. The Company also has access to both onshore and offshore debt capital market.

Credit Challenges

Medium exposure to commercial activities. In addition to its public policy role, RUIG is also engaged in commercial activities such as electronic product sales, wire and cable sales, self-operated projects, property leasing, and inspection services. We consider the Company's commercial business risks to be medium, because its commercial activities accounted for around 30% of its total assets.

Increasing debt level with relatively large short-term debt repayment pressure. RUIG has demonstrated a fast debt growth as a result of relatively large capital demands for the construction projects. The Company has a relatively large short term debt repayment pressure, with short-term debt accounting for 46.7% of total debt as of 30 June 2025. Meanwhile, its unrestricted cash to short-debt ratio was only 0.3x.

Weak asset liquidity. The Company's asset liquidity is weak, which may undermine its financial flexibility. As of 30 June 2025, the Company had a relatively large amount of restricted assets totaling RMB21.5 billion, which accounted for 21.1% of its total assets. Moreover, the Company's total asset mainly consists of inventories and receivables, accounting for 44.0% of its total assets as of 30 June 2025, which are considered low liquidity.

Rating Outlook

The stable outlook on RUIG's rating reflects our expectation that the local government's capacity to provide support will remain stable, and the Company will maintain its strategic importance in the development of Renshou County over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) Renshou County Government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengths the local government's willingness to support such as materially reduced exposure to risky commercial activities and improved debt management.

What could downgrade the rating?

The rating could be downgraded if (1) Renshou County Government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to provide support, such as deteriorated access to fundings, or material decreased government support.

Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

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