

CCXAP affirms Guangxi Baise Rundong Industrial Co., Ltd.'s BBB_g- long-term credit rating, with stable outlook.

Hong Kong, 5 February 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Guangxi Baise Rundong Industrial Co., Ltd. (“Baise Rundong” or the “Company”) at BBB_g-, with stable outlook.

The BBB_g- long-term credit rating of Baise Rundong reflects the Company’s (1) status as a major state-owned commodity trading company in Baise City; (2) trading business supported by sound development of the aluminum industry in Baise City. However, the rating is constrained by the Company’s (1) modest business diversification, with a concentration on zinc products; (2) weak profitability in trading business; (3) high short-term repayment pressure; and (4) weak credit metrics.

The rating also reflects a high likelihood of receiving support from its parent, Guangxi Baise Urban Industrial Development Group Co. Ltd. (“BUID”), which is based on the Company’s (1) status as an important subsidiary in commodity trading of BUID; (2) track record of receiving support from BUID; and (3) medium parent-subsidiary linkage.

Corporate Profile

Founded in 2014, Baise Rundong is an important state-owned trading enterprise in Baise City. Relying on the aluminum resources in Baise City, the Company’s trading portfolio mainly consists of non-ferrous metal products. As of 30 September 2025, the Company was wholly owned by Guangxi Baise Experimental Zone Development Group Co., Ltd. and actively managed by BUID. Baise State-owned Assets Supervision and Administration Commission (“Baise SASAC”) is the ultimate controller of the Company.

Rating Rationale

Credit Strengths

Major state-owned commodity trading company in Baise City. Baise Rundong is one of the major state-owned commodity trading companies in Baise City, Guangxi Province. As of 30 September 2025, the trading products of the Company mainly consist of non-ferrous metals (aluminum, zinc), coal, and electrolytic copper. The Company adopts the sales-driven procurement strategy, whereby the Company establishes its purchasing plans upon understanding the needs and price preferences of downstream customers. As the Company operates via an agency trading model, it is subject to less price fluctuation risk than peers conducting self-operating trading.

Trading business supported by sound development of the aluminum industry in Baise City. The aluminum industry has been a pillar industry in Baise City with proven bauxite resources of around 750.0 million tons and prospective reserves exceeding 1 billion tons, representing approximately 25% of the total reserves in China. As of November 2025, Baise has established an annual production capacity of 12.5 million tons of alumina, 2.3 million tons



of electrolytic aluminum, and 5.0 million tons of aluminum processing, forming an integrated and fully developed aluminum industry chain. We believe the ongoing economic growth and sound development of the aluminum industry of Baise City can provide a good external environment for the Company's development.

High likelihood of support from the parent company. Baise Rundong has a high likelihood of receiving support from its parent, BUID, given its (1) status as the important subsidiary in commodity trading of BUID; (2) track record of receiving support from BUID; and (3) the medium parent-subsidiary linkage.

Credit Challenges

Modest business diversification, with a concentration on zinc products. In 2025, zinc products became the major trading product due to fluctuations in the commodity market and downstream demand. Therefore, the Company faces certain single-product concentration risks. The fluctuation of the industry cycle has a great impact on performance, and a sharp drop in demand or prices of products will be detrimental to the Company's business performance.

Weak profitability in trading business. The profitability of the Company remained weak due to the Company's business model. From 2023 to 2024, the EBIT margin of the Company increased from 7.1% to 9.9%, while the average return on total assets decreased from 3.3% to 3.2%, remained at relatively low level.

High short-term repayment pressure. The Company highly relies on short-term financing due to the nature of trading business, resulting in very high short-term debt repayment pressure. As of 30 September 2025, its short-term debt accounted for 100.0% of total debt and the cash to short-term debt ratio was 0.1x.

Weak credit metrics. The Company's debt-serving metrics are weak, given its large debt burden and modest ability to generate sufficient cash flow. The Company's total debt/EBITDA ratio decreased from 19.3x in 2023 to 12.0x in 2024, while the EBITDA interest coverage ratio remained around 1.5x.

Rating Outlook

The stable outlook on Baise Rundong's rating reflects our expectation that the Company will maintain its good market position in commodity trading in Baise City as well as a stable relationship with BUID over the next 12-18 months.

What could upgrade the rating?

The rating could be upgraded if (1) BUID's willingness and capacity to provide support increases; and (2) the Company's stand-alone credit profile improves significantly, such as having a more diversified business profile or improved credit metrics.

What could downgrade the rating?



The rating could be downgraded if (1) BUID's willingness and capacity to provide support decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in credit metrics or weakened liquidity position.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(April 2019\)](#).

Regulatory Disclosures

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