

Credit Opinion

28 November 2025

Renshou Urban Investment Group Co., Ltd.

Surveillance credit rating report

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB _g
Outlook	Stable

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

Summary

The BBB_g long-term credit rating of Renshou Urban Investment Group Co., Ltd. ("RUIG" or the "Company") reflects Renshou County Government's (1) 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 Renshou County Government's capacity to support reflects Renshou County's ongoing economic growth, with relatively rich agricultural resources.

The rating also reflects the local government's willingness to 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.

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.

Rating Drivers

- Most important infrastructure construction and state-owned assets operation entity in Renshou County
- Good track record of receiving government support
- Diversified funding channels
- Medium exposure to commercial activities, generating diversified sources of revenue
- Increasing debt level with relatively large short term debt repayment pressure
- Weak asset liquidity

Rating Sensitivities

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 strengthens 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.

Key Indicators

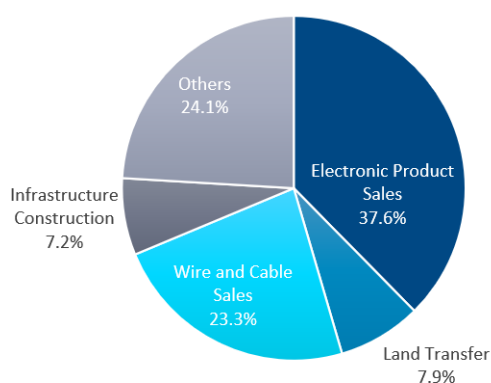
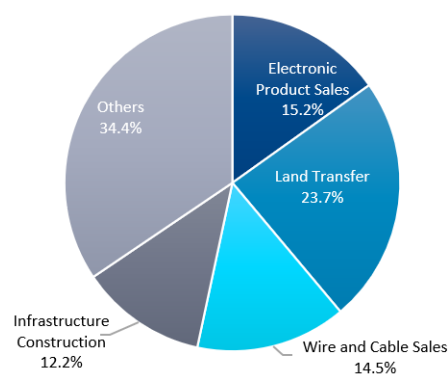
	2022FY	2023FY	2024FY	2025H1
Total Asset (RMB billion)	63.3	87.9	94.5	101.7
Total Equity (RMB billion)	36.3	52.0	50.7	50.4
Total Revenue (RMB billion)	6.5	8.6	9.4	4.9
Total Debt/Total Capital (%)	38.9	36.4	42.3	46.4

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

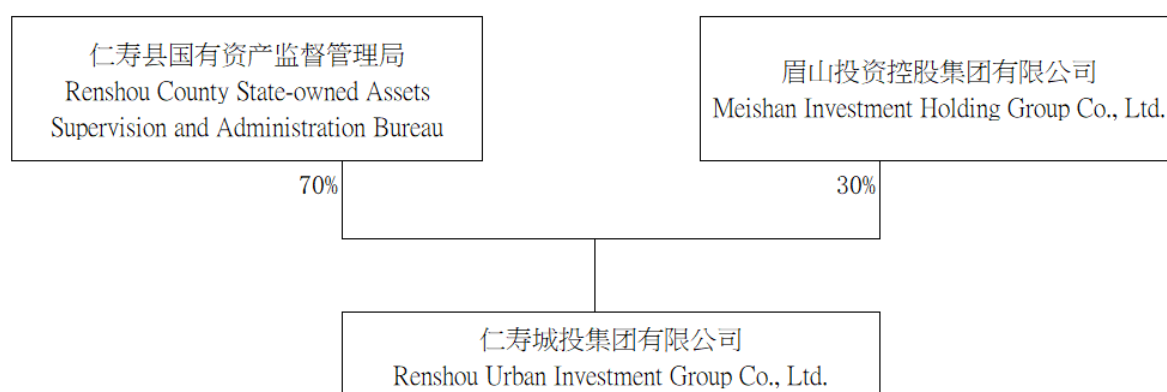
Source: Company data, CCXAP research

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.

Exhibit 1. Revenue Structure in 2024**Exhibit 2. Gross Profit Structure in 2024**

Source: Company information, CCXAP research

Exhibit 3. Shareholding chart as of 30 June 2025

Source: Company information, CCXAP research

Rating Considerations

Government's Capacity to Provide Support

We believe that the Renshou County Government has a strong capacity to provide support for the Company given its ongoing economic growth, with relatively rich agricultural resources.

Sichuan Province is a leading economic province and is recognized as one of the most developed provinces in China. In 2024, Sichuan recorded a gross regional product ("GRP") of RMB6.5 trillion, with a GRP growth rate of 5.7% year on year ("YoY"). Its general budgetary revenue increased to RMB563.5 billion, up by 1.9% YoY. In 2025H1, Sichuan achieved a GRP of RMB3.2 trillion, a YoY increase of 5.6%.

Meishan City is a prefecture-level city of Sichuan Province. It is a crucial part of the national-level Tianfu New Area, Chengdu Economic Zone and Greater Emei International Tourism Zone and a key area of the Cheng (Du) Le (Mountain) Golden Corridor. In 2024, Meishan City achieved a GRP of RMB189.0 billion, an increase of 7.0% YoY, 1.3% higher than the GRP growth rate of Sichuan Province in 2024. Its general budgetary revenue amounted to RMB16.1 billion in 2024, ranking 9th among all cities in Sichuan Province, a YoY increase of 0.5%. In 2025H1, Meishan City recorded GRP of RMB94.5 billion, representing a YoY growth of 7.5%. Meanwhile, its general budgetary revenue amounted to RMB9.7 billion.

Exhibit 4. Key economic and fiscal indicators of Meishan City

	2022FY	2023FY	2024FY
GRP (RMB billion)	163.6	173.7	189.0
GRP Growth (%)	3.8	6.2	7.0
General Budgetary Revenue (RMB billion)	15.6	16.0	16.1
General Budgetary Expenditure (RMB billion)	31.1	36.9	35.2
Local Government Debt (RMB billion)	63.6	71.6	84.5

Source: Statistic Bureau of Meishan City, CCXAP research

Renshou County locates in the southeast of Meishan City, with a total area of 2,717 square kilometers. Renshou County is the most populous county in Sichuan Province, with a permanent population of around 851 thousand. Renshou County is one of the top 100 counties in China for comprehensive strength, with its GRP and general budgetary revenue ranking 2nd and 1st among 6 districts/counties in Meishan City in 2024, respectively. As one of the three major grain bases in Sichuan Province, it also has rich agricultural resources. Relying on its pillar industries of electronic information, food and agricultural sideline products processing, and advanced construction materials, Renshou County has continued to develop in recent years. Renshou County recorded a GRP growth rate of 6.9% in 2024. The Renshou County Government's general budgetary revenue slightly increased from RMB5.1 billion in 2023 to RMB5.3 billion in 2024, of which tax revenue accounted for 43.4%. Renshou County has a moderate fiscal self-sufficiency, with an average fiscal balance ratio of 49.6% over the past three years, indicating that the local fiscal strength relies heavily on transfer payments from upper-level government. At end-2024, Renshou County's outstanding government debt was RMB22.9 billion with an increasing trend, accounting for 38.2% of its GRP.

Exhibit 5. Key economic and fiscal indicators of Renshou County

	2022FY	2023FY	2024FY
GRP (RMB billion)	52.0	55.1	60.0
GRP Growth (%)	3.0	4.8	6.9
General Budgetary Revenue (RMB billion)	5.0	5.1	5.3
General Budgetary Expenditure (RMB billion)	9.7	11.8	10.9
Local Government Debt (RMB billion)	18.0	19.8	22.9

Source: Statistic Bureau of Renshou County, CCXAP research

Government's Willingness to Provide Support**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. We believe that the replacement cost for the Company's role is high as these public services are essential for local residents and regional development.

RUIG is responsible for the land consolidation and transfer in Renshou County. In 2024, the Company mainly transferred 6 plots of land, with a total land area of 145,401.3 square meters, and realized land transfer income

of RMB683.0 million. In addition, the Company has a large amount of land reserves. As of the end of 2024, the Company's book value of undeveloped land was RMB22.9 billion, which mainly consisted of urban residential land and retail commercial land. However, the business is susceptible to the fluctuation of local land and property markets, causing a degree of uncertainty in its land transfer income.

RUIG also undertakes infrastructure construction projects such as roads, resettlement housing, and hospitals in the region with self-raised funds and government funds. The infrastructure construction projects undertaken by the Company are mainly carried out through an agency construction model. As of 31 December 2024, the Company had 9 major infrastructure construction projects under construction, with a total planned investment of RMB5.3 billion and an outstanding amount of RMB3.9 billion. RUIG's construction agency business has sufficient project reserves and good business sustainability, but it still requires a large scale of capital expenditure and the payback collection is relatively prolonged.

The Company's public utility services business includes water supply, water installation services, and sewage treatment in Renshou County. As of 31 December 2024, the Company had 5 water supply plants with a total water supply capacity of 355 thousand tons per day. The Company also conducted sewage treatment business which processed a total of 32.8 million tons of water during 2024. Moreover, the Company is also responsible for the public transport operation in Renshou County. Due to the increasing operation cost and the public welfare nature of this business, the Company has continued to suffer losses for its public transport operations despite the increase in revenue, and receives financial subsidies from the government. Overall, given the strong regional franchise of the utility services, the business has good stability and sustainability.

Medium exposure to commercial activities, generating diversified sources of revenue

RUIG is also engaged in commercial activities such as electronic product sales, wire and cable sales, self-operated projects, property leasing, and inspection services. The diversified business portfolio generates a relatively large amount of cash flow to the Company, but has also significantly increased its commercial business risks. We consider the Company's commercial business risks to be medium, because its commercial activities accounted for around 30% of its total assets.

Wire and cable sales business is one of the Company's major sources of income, which accounted for 23.3% of the total revenue in 2024. The wire and cable sales business mainly engages in the procurement, processing, production and sales of soft optical cables, wires, aluminum (alloy) poles, overhead insulated wires and other related products. However, the business is subject to a certain concentration risk. In 2024, the top 5 customers accounted for 62.8% of the sales, while the top 5 suppliers accounted for 50.4% of the procurement. In addition, the sales of the business have a relatively large reliance on affiliated enterprises. The top 2 customers are affiliated enterprises of the operating subsidiary, which accounted for 52.7% of the total sales in 2024. The business is characterized by relatively low value-added profits and limited technological sophistication, resulting in a low gross profit margin at around 9.1% in 2024.

The Company has also participated in the electronic product sales business, which accounted for 37.6% of the Company's total revenue in 2024. It mainly engages in the production and sales of thin film transistor (TFT-LCD) liquid crystal displays and other semiconductor products. Similar to the wire and cable sales business, the electronic product sales business is also subject to relatively high concentration risk. In 2024, the top 5 customers accounted for 66.2% of total sales, while the top 5 suppliers accounted for 70.2% of the procurement. In 2024, revenue from this business has increased significantly to RMB3.4 billion, but still maintained low gross margin of 5.9%. However, the electronic product sales business is highly dependent on government subsidies. In 2024, the Company received government subsidies of RMB22.0 million for the business. According to the

Company's investment agreement with Truly Electronic Co., Ltd., who may repurchase the business shares from the Company for investment exit, the Company may no longer carry out display sales business after the asset disposal.

RUIG engages in construction of self-operating projects, such as meeting hall, tourism project, and sewage treatment plant. The Company constructs these projects with self-raised funds, and achieves breakeven through receiving operating income. As of 31 December 2024, the Company had 15 major self-operating projects (such as plantation, water plant, and logistic base) under construction, with a total planned investment of RMB4.4 billion and an outstanding amount of RMB1.9 billion, exerting a certain large capital expenditure pressure. The capital balance will also be largely affected by the subsequent operations of these projects.

RUIG engages in engineering construction business. The revenue of this segment decreased from RMB1.3 billion in 2023 to RMB671.3 million in 2024, due to factors such as project type and construction progress. The gross profit margin of engineering construction projects maintained low, resulting in an overall low segmental gross margin of 9.5% in 2024. As of end-2024, the Company had 9 major engineering construction projects, with a total investment amount of RMB841.0 million and an outstanding amount of RMB707.0 million.

Other businesses such as property leasing, and medical device sales provide supplementary income to the Company. However, the small operating scale of these businesses limits its contribution to the Company's overall cash flow and profit.

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. In 2024, the local government provided financial subsidies of around RMB1.3 billion to the Company. Besides, the Company received cash injection of RMB91.7 million from the local government. In addition, the Company received government special bond of RMB419.9 million over the same period. Considering that RUIG is the most important infrastructure construction and state-owned assets operation entity in Renshou County, we expect the Company to receive ongoing support from the local government in the future.

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. RUIG's total debt had increased significantly from RMB29.8 billion at the end of 2023 to RMB43.6 billion as of 30 June 2025. Its capitalization ratio increased from 36.4% to 46.4% over the same period. However, the Company has a relatively large short term debt repayment pressure. The Company's short-term debt accounted for 46.7% of total debt as of 30 June 2025. Meanwhile, its unrestricted cash to short-debt ratio was only 0.3x. Given the Company's relatively large capital expenditure on construction projects, we expect the Company will have fast debt growth for the next 12-18 months. Fortunately, some of the Company's infrastructure project expenditure can be supported by government special bonds, which can partially reduce the Company's capital expenditure pressure.

The Company bears manageable risks arising from external guarantees. As of 30 June 2025, the Company had outstanding external guarantees of RMB2.9 billion, representing 5.7% of its net assets. The majority of external guarantees were provided to local state-owned enterprises, with manageable default risks, as they can receive government support to withstand unfavorable market conditions.

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. Most of the restricted assets are used for pledge financing. Moreover, the Company's total asset mainly consists of inventories and receivables (inventories are mainly construction cost and receivables are mainly receivables from local government institutions), accounting for 44.0% of its total assets as of 30 June 2025, which are considered low liquidity.

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, such as Agricultural Development Bank of China and Bank of China, and has obtained sufficient credit facilities. As of 30 June 2024, it held a total bank credit facility of RMB36.8 billion, and the available credit facility was RMB13.4 billion. The Company also has access to both onshore and offshore debt capital market. In 2024, the Company issued three tranches offshore bonds, with a total issuance amount of RMB484.0 million and USD93.0 million. In addition, the Company has a low exposure to non-standard financing, such as financial leasing, which accounted for less than 15.0% of its total debt.

ESG Considerations

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

RUIG bears social risks as it implements public policy initiatives by building public infrastructure in Renshou County. Demographic changes, public awareness and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

RUIG's governance considerations are also material as the Company is subject to oversight by Renshou County Government and has to meet several reporting requirements, 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 \(July 2022\)](#).

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