

## Lianhe Global has assigned 'BBB' global scale Long-term Issuer Credit Rating with Stable Outlook to Yangxin Lifa Industrial Investment Co., Ltd.

HONG KONG, 30 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuer Credit Rating to Yangxin Lifa Industrial Investment Co., Ltd. (“YLII” or “the company”). The Outlook is Stable.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Yangxin County (“Yangxin government”) would provide very strong support to YLII if needed, in light of its indirect full ownership of YLII, YLII’s strategic importance as an important local investment and development company (“LIDC”) that is responsible for state-owned asset operation in Yangxin County, and the linkage between the Yangxin government and YLII, including approval of senior management appointment, strategic alignment, supervision of major investment and financing plan decisions and ongoing operational and financial support. In addition, the Yangxin government may face significant negative impact on its reputation and financing activities if YLII encounters any operational and financial difficulties.

Yangxin County is under the jurisdiction of Huangshi City, Hubei Province and located in the southeastern part of Huangshi City. Yangxin County’s GDP grew by 7.3% to RMB53.7 billion in 2024, while its budgetary revenue reached RMB4.4 billion in 2024.

The Stable Outlook reflects our expectation that YLII’s strategic importance would remain intact while the Yangxin government will continue to ensure YLII’s stable operation.

### Key Rating Rationales

**Government’s Ownership and Supervision:** The Finance Bureau of Yangxin County (“Yangxin FB”) indirectly holds the full ownership of YLII through its wholly owned subsidiary, Yangxin Urban Construction and Development Group Co., Ltd. (“YUCDG”), which is the most important LIDC in Yangxin County. The local government has the final decision-making authority and supervision over the company, including approval and supervision of the senior management, strategy alignment and major investment and financing plan decisions, etc.

**Strategic Importance and Strategic Alignment:** YLII, as an important LIDC in Yangxin County, is mainly responsible for industrial park development and operation as well as water business within the region, with strong regional franchise advantages. YLII also engages in engineering construction, leasing, aquaculture, property management, and other businesses. It plays an important role in promoting the economic and social development of the region. Its business operation and strategic planning have been aligned with the government’s development plans.

**Ongoing Government Support:** The local government provided ongoing support to YLII by injecting cash, equity of local SOEs and other assets into the company between 2022 and the first six months of 2025, with a total amount of RMB674.8 million. The company also received operational subsidies totaling RMB1.4 million over the same period. We expect YLII to receive ongoing support from the local government in the future considering its strategic importance in Yangxin County.

**YLII's Financial Matrix and Liquidity Position:** YLII's total assets increased steadily to RMB6.8 billion at end-June 2025 from RMB5.0 billion at end-2023. The company heavily relied on borrowings to fund its asset expansion and its total debt expanded to RMB3.7 billion from RMB2.1 billion over the same period. As a result, the company's financial leverage, as measured by the debt to capitalization ratio, was elevated to 59.2% from 46.5% over the same period.

The short-term debt servicing pressure of YLII was high. At end-June 2025, the company had a cash balance of RMB514 million (including restricted cash of RMB450 million), while its debt due within one year was RMB498 million. YLII mainly relies on external financing and it has access to some financing channels, including bank loans and non-traditional financing, to support its debt repayments and business operations. At end-June 2025, the company had unused credit lines of RMB929 million.

### **Rating Sensitivities**

We would consider downgrading YLII's rating if (1) there is perceived weakening in support from the Yangxin government, particularly due to its reduced strategic importance, or (2) there is a significant reduction of the Yangxin government's ownership of YLII, or (3) there is a downgrade in our internal credit assessment on the Yangxin government.

We would consider upgrading YLII's rating if there is an upgrade in our internal credit assessment on the Yangxin government.

### **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**

*China Local Investment and Development Companies Criteria* (published on 31 July 2025)

The methodology can be found at the website [www.lhratingsglobal.com](http://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.

## Contact Information

Primary Analyst, Hong Kong

Chris Cao

Analyst

(852) 3462 9579

[chris.cao@lhratingsglobal.com](mailto:chris.cao@lhratingsglobal.com)

Secondary Analyst, Hong Kong

Joyce Huang, CFA

Managing Director

(852) 3462 9586

[joyce.huang@lhratingsglobal.com](mailto:joyce.huang@lhratingsglobal.com)

Committee Chairperson and Ratings Approver, Hong Kong

Toni Ho, CFA, FRM

Senior Director

(852) 3462 9578

[toni.ho@lhratingsglobal.com](mailto:toni.ho@lhratingsglobal.com)

Investor and Media Relations Contact, Hong Kong

Alice Wang

Associate Director

(852) 3462 9568; (86) 185 1686 2143

[alice.wang@lhratingsglobal.com](mailto:alice.wang@lhratingsglobal.com)

## Disclaimer

Ratings (including credit ratings and other rating products) and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: [www.lhratingsglobal.com](http://www.lhratingsglobal.com)

A rating is an opinion which addresses the creditworthiness of an entity or security or the assessment of an instrument. Ratings are not a recommendation or suggestion to buy, sell, or hold any security or instrument. Ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a rating. All ratings are derived by a rating committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, investors or principals for conducting rating services for solicited ratings. An unsolicited rating is a rating that is initiated by the Company and not requested by the issuer, underwriters, obligors, investors or principals.

Ratings included in any rating reports are disclosed to the rated entity (and/or its agents) prior to publishing. Rating reports and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through rating reports and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published rating reports and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from Lianhe Global.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The rating committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent ratings and research.

Copyright © Lianhe Ratings Global Limited 2025.