

Hunan Ruixin Industrial Operation Management Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB’ global scale Long-term Issuer Credit Rating of Hunan Ruixin Industrial Operation Management Co., Ltd.; Issuer Rating Outlook Stable

Summary

Issuer Rating	BBB
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	23 December 2025

Summary

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

Yuanjiang is a county-level city under the administration of Yiyang City and is located in northern Hunan Province. Yuanjiang’s GDP grew by 4.6% to reach RMB32.2 billion in 2024. Its budgetary revenue reached RMB1.6 billion in 2024, representing a year-over-year growth rate of 8.6%.

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

Rating Rationale

Government’s Ownership and Supervision: The Yuanjiang government holds 100% ownership of HRIOM through Yuanjiang State-owned Asset Affairs Center (“YSAAC”). The Yuanjiang government has the final decision-making authority and supervision over the company, including senior management appointment, decision on its strategic development and supervision of its major investment and financing plan decisions. In addition, the Yuanjiang government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financials on a periodic basis.

Strategic Importance and Strategic Alignment: HRIOM, as an important LIDC in Yuanjiang, is mainly responsible for the state-owned assets operation and investment within the region, with a strong regional franchise advantage. The company expanded its business to reed sales. The company also engages in gravel sales, property leasing, property management and other businesses. HRIOM 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: HRIOM receives financial subsidies, funding and capital support from the Yuanjiang government to support its business operations. The company has established full vertical integration across the sand and gravel value chain, spanning from extraction to end-sales. We believe that the government support will remain intact given the company’s strategic role in the economic development of Yuanjiang.

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 Julv 2025)

HRIOM's Financial Matrix and Liquidity Position: HRIOM's asset size grew significantly to RMB7.2 billion at end-June 2025 from RMB3.9 billion at end-2023, which was largely attributed to the expansion of the scale of its gravel sales business. HRIOM's total debts climbed to RMB1.8 billion at end-June 2025 from RMB1.4 billion at end-2024 and RMB1.0 billion at end-2023. The debt to capitalization ratio, as measured by debt to capitalization ratio, ranged between 26.5% and 37.5% between end-2023 and end-June 2025.

The liquidity of HRIOM was moderately weak. At end-June 2025, HRIOM had unrestricted cash balance of RMB0.6 billion, compared with its debt due within one year of RMB1.1 billion. At the same time, the company had unused credit facilities of RMB1.2 billion at end-June 2025. HRIOM's financing channel mainly concentrates in bank loans. Therefore, obtaining additional funding channels or government support would be crucial in maintaining its liquidity.

Rating Sensitivities

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

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

Operating Environment

Economic Condition of Yuanjiang

Yuanjiang is a county-level city under the administration of Yiyang City and is located in northern Hunan Province. Situated in the south of Dongting Lake, Yuanjiang is well-known for its production of grain. Yuanjiang government's GDP increased to RMB32.18 billion in 2024 from RMB30.52 billion in 2023, and its growth rate improved to 4.6% from 4.3% in 2023. The fixed asset investment growth remained strong at 18.4% in 2024. The primary industry had a high contribution to the economy at 25.1% of GDP in 2024, while the tertiary sector accounted for 35.3% of GDP during the same period. The GDP per capita remained low at RMB58,400 in 2024, which was below the national average level.

Yuanjiang's Economic Condition			
(RMB billion)	2022	2023	2024
GDP	30.01	30.52	32.18
-Primary industry (%)	25.00	24.90	25.10
-Secondary industry (%)	40.00	39.70	39.60
-Tertiary industry (%)	35.00	35.40	35.30
GDP growth rate (%)	2.30	4.30	4.60
Fixed asset investment growth rate (%)	27.54	13.64	18.40
Population (million)	0.56	0.55	0.55

Source: Statistical bureau of Yuanjiang and Lianhe Global's calculations

Fiscal Condition of Yuanjiang

The budgetary revenue of the Yuanjiang government increased to RMB1.62 billion in 2024 from RMB1.49 billion in 2023, with a year-over-year growth rate of 8.6%. The fiscal self-sufficiency rate of the Yuanjiang government remained weak, with its budget deficit at 264.8% in 2024, though slightly improving from 273.0% in 2023. The tax revenue as a percentage of budgetary revenue remained low at 49.9% in 2024. In addition, the government fund

income declined significantly to RMB0.17 billion in 2024 from RMB0.66 billion in 2023, mainly due to the decreased land use right transfer income amid challenging property market conditions. The Yuanjiang government remains highly dependent on transfer payments from upper-level governments, which amounted to RMB3.66 billion in 2024.

The outstanding debt of the Yuanjiang government kept growing in past few years. At end-2024, the Yuanjiang government's outstanding debt increased to RMB7.79 billion from RMB6.44 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Its government debt ratio, as measured by the total government debt to aggregate revenue ratio, increased significantly to 142.86% at end-2024 from 108.45% at end-2023.

Yuanjiang's Fiscal Condition			
(RMB billion)	2022	2023	2024
Budgetary revenue	1.37	1.49	1.62
Budgetary revenue growth rate (%)	12.22	8.84	8.60
Tax revenue	0.66	0.73	0.81
Tax revenue (% of budgetary revenue)	48.14	49.13	49.88
Government fund income	1.31	0.66	0.17
Transfer payment	3.66	3.79	3.66
Aggregate revenue	6.34	5.94	5.45
Budgetary expenditure	5.51	5.57	5.91
Budget balance ¹ (%)	-301.53	-272.99	-264.75
¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%			
Source: Financial Bureau of Yuanjiang and Lianhe Global's calculations			

Company Profile

HRIOM was established in April 2019 with an initial registered capital of RMB10.0 million. After an array of capital injections, the company's registered capital reached RMB300.0 million at end-June 2025. YSAAC is the sole shareholder and the actual controller of the company, following a shareholding restructuring in March 2024 where the previous shareholder, Hunan Yuanjiang Qionghu Investment Construction and Development Group Co., Ltd., transferred its entire stake to YSAAC.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.6
Total Assets	3,292	3,916	6,988	7,213
Equity	1,594	1,629	3,883	3,902
Debt	579	977	1,401	1,753
Debt / (Debt + Equity) (%)	26.7	37.5	26.5	31.0
Unrestricted cash/ST Debts (x)	0.2	0.0	0.1	0.8
Debt/EBITDA (x)	8.9	16.5	16.2	-
Revenue	319	355	331	324
Operation Profit	54	38	31	21
Gross Margin (%)	15.5	14.8	10.0	10.6
Cash from sales or services/Revenue (%)	89.0	67.4	94.2	125.5
Source: HRIOM and Lianhe Global's calculations				

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