

## Credit Opinion

5 February 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB <sub>g</sub> -
Outlook	Stable

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# Guangxi Baise Rundong Industrial Co., Ltd.

## Surveillance credit rating report

**CCXAP affirms Guangxi Baise Rundong Industrial Co., Ltd.'s BBB<sub>g</sub>- long-term credit rating, with stable outlook.**

### Summary

The BBB<sub>g</sub>- long-term credit rating of Guangxi Baise Rundong Industrial Co., Ltd. ("Baise Rundong" or the "Company") reflects the Company's (1) status as a major state-owned commodity trading company in Baise City; and (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 the important subsidiary in commodity trading of BUID; (2) track record of receiving support from BUID; and (3) medium parent-subsidiary linkage.

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.

## Rating Drivers

- Major state-owned commodity trading company in Baise City
- Trading business supported by sound development of the aluminum industry in Baise City
- Modest business diversification, with a concentration on zinc products
- Increasing profits but maintained at low profitability level
- Decreasing debt leverage but high short-term repayment pressure
- Weak credit metrics
- High likelihood of support from the parent company

## Rating Sensitivities

### 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.

## Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB billion)	2.6	8.5	8.1	8.0
Total Equity (RMB billion)	0.6	3.0	3.0	3.1
Total Revenue (RMB billion)	2.8	2.6	2.7	2.1
Net Profit (RMB million)	3.8	41.0	67.7	61.5
EBIT Margin (%)	2.2	7.1	9.9	-
Return on Assets (%)	2.9	3.3	3.2	-
Total Debt/Total Capital (%)	67.8	54.2	51.5	36.0
Total Debt/EBITDA (x)	18.7	19.3	12.0	-
EBITDA/Interest (x)	1.0	1.5	1.5	-
FFO/Total debt (%)	5.5	4.5	-32.5	-

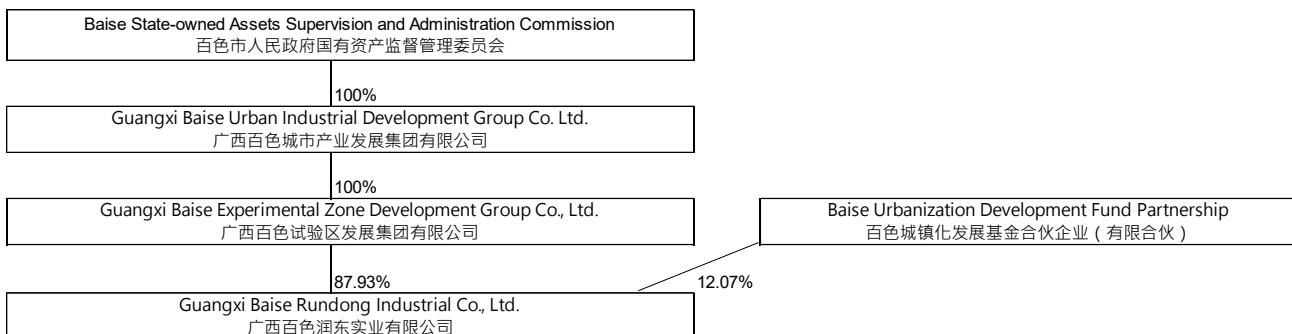
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

## 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. ("BUZD") and actively managed by BUID. Baise State-owned Assets Supervision and Administration Commission ("Baise SASAC") is the ultimate controller of the Company.

### Exhibit 1. Shareholding chart as of 30 September 2025



Source: Company information, CCXAP research

## Rating Considerations

### Business Profile

#### 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. The Company will then negotiate prices with upstream suppliers to ensure that the sales price will not fall below procurement cost. As the Company is operating via agency trading model, it is subject to less price fluctuation risk as peers conducting self-operating trading do. However, it does not collect service charges by providing a full range of services along the supply chain, such as agency purchasing and sales, processing, logistics delivery, supply chain financing, and information advice, as top-tier supply chain peers do. Therefore, the profitability of its trading business relies on the pricing negotiation ability with upstream and downstream counterparties, which is normally thin. Meanwhile, the Company relies on third-party logistics, implying a relatively weak control over the supply chain operation.

#### 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 a proven bauxite resources around RMB750.0 million tons, alongside prospective reserves exceeding 1 billion tons, which represents 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. In 2025, Baise City's aluminum product transactions have cumulatively exceeded RMB110.0 billion, providing a solid foundation for the Company's aluminum trading business.

In 2024, Baise City achieved a gross regional product of RMB200.5 billion, ranking in the middle of Guangxi Province, up by 4.7% year-on-year (YoY). In 2024, Baise City achieved a general budget revenue of RMB15.6 billion, up by 37.4% YoY, mainly driven by the increase in non-tax income, and ranking second among the prefecture-level cities in Guangxi Province.

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.

#### Modest business diversification, with a concentration on zinc products

Aluminum products have traditionally been the largest portion of the Company's product portfolio, accounting for more than 80% of its total trading volume in the past few years. In 2025, Zinc product became the major trading product due to fluctuations in the commodity market and the downstream demand. However, the Company still faces certain product concentration risk. 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.

Meanwhile, the top 5 suppliers and customers accounted for around 81.5% and 49.6% of total procurement and sales in 2025, indicating certain counterparty concentration risks. Besides, the Company has stable demand from downstream customers, which are mainly concentrated in areas with relatively strong consumption in South China and East China. The Company mainly purchases raw materials locally, while downstream sales are mainly made to other provinces because the local consumption of these products is relatively small.

#### **Exhibit 2. Major products in the trading portfolio**

Revenue (RMB million)	2023	2024	2025
Aluminum ingot	5,653.5	5,587.7	116.2
Zinc ingot	780.3	480.1	5,990.7
Electrolytic copper	-	1,512.2	611.8
Coal	-	37.4	9.3

Source: Company information, CCXAP research

#### **Credit contagion risks arising from trading counterparties**

The Company provides supply chain services to its customers, including goods procurement, order processing, and settlement, and recognizes revenue through the sale of goods. Settlement primarily follows a payment-before-delivery basis. However, its trading counterparties involve privately-owned enterprises, exerting certain credit contagion risks. The Company has some disputes related to coal trading, and as a result, it has been included in the list of persons subject to enforcement. In 2024, the Company recognized credit impairment losses of RMB7.9 million to reflect the bad debts caused by trading disputes.

#### **Financial Profile**

##### **Increasing profits but maintained at low profitability level**

Due to solid demands for zinc products, the revenue of the Company increased from RMB2.6 billion to RMB2.7 billion from 2023 to 2024. In the first three quarters of 2025, the Company recorded a total revenue of RMB2.1 billion, a YoY increase of 16.1%. In addition, the Company's gross profit increased from RMB186.1 million in 2023 to RMB254.8 million in 2024. Along with the increasing gross profit, the net income has increased from RMB41.0 million in 2023 to RMB67.7 million in 2024. However, the Company's credit impairment losses totaled RMB7.9 million in 2024, driven largely by bad debts on some receivables, exerting an erosive effect on overall profitability.

Despite the increasing profit, 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.

##### **Decreasing debt leverage but large short-term repayment pressure**

Benefited by active debt management, the Company's debt burden has decreased. From 2024 to 2025Q3, the Company's total debt decreased from RMB3.2 billion to RMB1.7 billion; while its total capitalization ratio declined

from 51.5% to 36.0% over the same period. However, 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. However, we believe the parent company is likely to provide support to the Company to contain the leverage level and debt repayment pressure in times of need.

### **Weak credit metrics**

The Company's debt-serving metrics remained weak, given its 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 its EBITDA interest coverage ratio remained at around 1.5x. As a result of the agency trading model with a thin margin, the Company's cash generation capacity has been weak over the past three years. Despite the increasing profit, the Company has weak cashflow generating ability as reflected by the net cash flow from operations ("CFO"). In 2024 and 2025Q3, the Company recorded a negative CFO of RMB1.4 billion and RMB588.1 million, respectively.

Meanwhile, the Company has large amounts of other receivables, mainly between the Company and other group affiliates. The balance of other receivables has increased dramatically since 2021, from RMB1.1 billion to RMB3.5 billion at the end-2025Q3. The timing of the collection of these receivables remains unclear. In addition, the unrestricted cash balance was only RMB23.2 million as of 30 September 2024. The occupation of funds by the group affiliates has weakened the Company's liquidity.

### **External Support**

#### **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.

BUID is the largest local infrastructure and investment financing company in Baise City with a diversified income structure and strong business sustainability. BUID has undertaken tasks such as infrastructure construction, affordable housing construction, and land development and consolidation in Baise City and Baidong New District. Given its dominant role in the development of Baise City, we believe the ability to provide support of BUID is strong.

Among the different business segments of BUID, the Company plays an important role in the trading business of BUID. The Company accounted for around 10% of BUID's total assets. The importance of the Company has been strengthened as BUID's another subsidiary responsible for trading business, Guangxi Baise Guangda Industrial Development Co., Ltd., suspended business in late 2022. This can be further evidenced by BUID's decision to inject a limestone mine of RMB2.4 billion to cut its leverage, as well as BUID's guarantee on the bank facilities of the Company. Its shareholders have also provided support to help reduce the debt burden of the Company.

Overall, we believe that Baise Rundong will remain an important subsidiary of BUID, and BUID's strong willingness to support the Company is unlikely to change in the near to medium term.

### **ESG Considerations**

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge, and other environmental matters issued by the national governmental authorities.

The Company is also exposed to social risks. The Company entails strong social responsibilities—including data privacy, and community well-being. Its social license to operate depends on fair labor practices, employee welfare, service quality, and local economic contributions. Shifting consumer preferences, demographic changes, and public health trends directly affect both demand and public perception.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to BUID and Baise SASAC. Overall, the Company has a relatively sound internal control and governance structure, and its development strategy aligns with industry policies and its business objectives.

## **Rating Methodology**

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

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