

Boxing County Finance Investment Group Co., Ltd.

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer and Issuance Credit Rating of Boxing County Finance Investment Group Co., Ltd. (“BFIG” or “the company”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Boxing County (“the Boxing government”) would provide very strong support to BFIG if needed, in light of its full ownership of BFIG, BFIG’s strategic importance as a key local investment and development company in Boxing County, Binzhou City (“Boxing”). The linkage between the Boxing government and BFIG is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Boxing government may face significant negative impact on its reputation and financing activities if BFIG encounters any operational or financial difficulties.

Lianhe Global has also affirmed ‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured bonds (“the Bonds”) issued by BFIG’s wholly-owned offshore subsidiary, Regent Oriental International Co., Ltd. at the same time. The Bonds are unconditionally and irrevocably guaranteed by BFIG. A full list of affirmed issuance rating is included in this report.

Boxing is a county under the jurisdiction of Binzhou City, Shandong Province. It is one of top 100 counties in terms of comprehensive strength in China. Boxing’s GDP amount increased steadily by 6.2% to RMB51.1 billion in 2024.

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

Rating Rationale

Government’s Ownership and Supervision: Boxing County Investment and Financing Service Center (“Service Center”), as the sole shareholder and ultimate controller of the company holds the full ownership of BFIG. The Boxing government has strong control and supervision over the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Boxing government has assessment mechanism over the company, and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: BFIG, as an important LIDC in Boxing, is primarily responsible for project development, industrial investment and city operation within the region. The company develops and operates infrastructure and public facilities, including convention and exhibition center, heat supply network, parking lots, etc. It also invests in local chemical products producer to promote industrial development of Boxing. BFIG plays an important role in promoting the economic and social development of the region. Its business operation and development have been aligned with the government’s development plans.

Strong Government Support: The Boxing government provides ongoing support to BFIG. From 2021 to the first nine months of 2024, BFIG received operational subsidies amounting RMB83.1 million from the local government. The company also received a large-scale asset

Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	16 April 2025

Analysts

Rechel Chen
(852) 3462 9589
rechel.chen@lhratingsglobal.com

Roy Luo, CFA, FRM, CESGA
(852) 3462 9582
roy.luo@lhratingsglobal.com

Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2024\)](#)

injection from in 2023. We expect that the Boxing government's support to BFIG would remain intact given its strategic importance.

BFIG's Financial Matrix and Liquidity Position: As the company actively participated in the development of Boxing and received asset injections from the Boxing government, BFIG's total assets increased to RMB26.3 billion at the end of September 2024, up from RMB15.7 billion at the end of 2022. Its total debt raised to RMB2.2 billion from RMB1.6 billion over the same period. The company's financial leverage ratio, measured as total debt to capitalization, remaining at a relatively low level of 10.0%.

However, BFIG's short-term debt servicing pressure remained high, as the company had cash of RMB462 million (including restricted cash of RMB420 million), compared with its debts due within one year of RMB1.0 billion at end-September 2024. Yet the company has access to various financing channels, including bank loans, onshore and offshore bond issuances and other non-traditional financing to support its debt repayments and business operations. By end-September 2024, BFIG had total credit facilities amounting to RMB2.9 billion.

Rating Sensitivities

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

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

Full List of Issuance Ratings

A full list of issuance ratings is included below. Any rating action on BFIG rating would result in a similar rating action on its bonds:

- CNY689 million 6.90% senior unsecured bonds due 2027 affirmed at 'BBB-'

Operating Environment

Economic Condition of Boxing

Boxing is a county under the jurisdiction of Binzhou City, Shandong Province, which ranks 78th among the top China's 100 counties in terms of comprehensive strength and has a strong industrial foundation. Boxing's GDP amount increased steadily to RMB51.1 billion in 2024 from RMB48.1 billion in 2023. However, its fixed asset investment growth rate demonstrated a downward trend in the past three years, dropping to 4.8% in 2024 from 10.1% in 2022.

Boxing's GDP and Fixed Asset Investment			
(RMB billion)	2022	2023	2024
GDP	45.7	48.1	51.1
-Primary industry (%)	7.8	7.6	7.4
-Secondary industry (%)	41.9	42.1	51.1
-Tertiary industry (%)	50.3	50.3	41.5
GDP growth rate (%)	3.7	4.5	6.2
Fixed asset investment growth rate (%)	10.1	6.8	4.8

Population (million)	0.5	0.5	0.5
----------------------	-----	-----	-----

Source: Financial Bureau of Boxing, statistical bureau of Boxing and Lianhe Global's calculations

Fiscal Condition of Boxing

The budgetary revenue of the Boxing government increased to RMB4.2 billion in 2024 from RMB3.9 billion in 2023. However, its fiscal self-sufficiency rate of the Boxing government remained relatively weak, with its budget deficit widened from 47.6% in 2023 to 72.6% in 2024.

The outstanding debt of the Boxing government kept growing in past few years. At end-2024, the Boxing government's outstanding debt increased to RMB15.8 billion from RMB13.5 billion at end-2023, mainly due to the issuance of special debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, had surged to 170.5% at end-2024 from 128.1% at end-2023.

Boxing's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	3.5	3.9	4.2
Budgetary revenue growth rate (%)	11.5	12.0	7.0
Tax revenue	2.1	2.6	2.7
Tax revenue (% of budgetary revenue)	61.6	67.9	63.5
Government fund income	2.6	3.1	2.3
Transfer payment	0.9	2.0	1.2
Aggregate revenue	7.8	10.5	9.2
Budgetary expenditure	4.8	5.8	7.2
Budget balance ¹ (%)	-38.7	-47.6	-72.6

¹ Budget balance = (1 - budgetary expenditure / budgetary revenue) * 100%

Source: Financial Bureau of Boxing, statistical bureau of Boxing and Lianhe Global's calculations

Company Profile

BFIG was established in January 2017, with a registered capital of RMB0.5 billion. After a series of capital injections and equity transfers, BFIG's registered capital reached RMB3.0 billion at end-September 2024. Service Center, as the sole shareholder and ultimate controller of the company, held 100% shares of the company.

BFIG is primarily responsible for project development, industrial investment and city operation within the region. The company develops and operates infrastructure and public facilities, including convention and exhibition center, heat supply network, parking lots. It also invests in local chemical products producer to promote industrial development of Boxing. BFIG recorded total revenue of RMB954 million, 1,216 million and 1,032 million in 2022, 2023 and the first nine months in 2024, respectively, representing an upward trend. It maintained a decent gross margin between 20% and 30% over the same period.

BFIG's Key Financial Data

(RMB million)	2021	2022	2023	2024.9
Total Assets	14,056	15,747	26,020	26,272
Equity	7,977	9,169	19,774	19,855
Debt	1,724	1,623	2,203	2,209
Debt / (Debt + Equity) (%)	17.8	15.0	10.0	10.0
Unrestricted cash/ST Debts (x)	0.0	0.7	0.0	0.0
Debt/EBITDA (x)	-	7.9	3.5	-
Revenue	1,078	954	1,216	1,032
Operation Profit	208	78	134	111



Gross Margin (%)	13.8	20.2	38.7	29.1
Cash from sales or services/ Revenue (%)	88.5	100.0	63.0	43.8

Source: BFIG and Lianhe Global's calculations

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

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.