

## Bazhou Development Holding Group Co., Ltd.

**Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Bazhou Development Holding Group Co., Ltd. (“BDHG” or “the company”); Issuer Rating Outlook Stable**

### Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	22 August 2025

### Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Bazhou City, Langfang City (“Bazhou government”) would provide strong support to BDHG if needed, in light of its full ownership of BDHG, BDHG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for state-owned assets operation, infrastructure construction and industrial development in Bazhou City, Langfang City (“Bazhou”), and the linkage between the Bazhou government and BDHG, 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 Bazhou government may face significant negative impact on its reputation and financing activities if BDHG encounters any operational and financial difficulties.

Bazhou is a county-level city under the administration of Langfang City. Its GDP grew steadily by 6.5% to RMB48.2 billion in 2024. The budgetary revenue also increased by 5.1% to RMB2.5 billion in 2024.

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

### Rating Rationale

**Government’s Ownership and Supervision:** The Bazhou government holds the full ownership of BDHG through Bazhou Finance Bureau (“Bazhou FB”), and it is the ultimate controlling shareholder of the company. The Bazhou government has the final decision-making authority and supervises the company, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Bazhou government has assessment mechanism over the company and appoints auditors to supervise the operating performance and financial position on a periodic basis.

**Strategic Importance to Bazhou and Strategic Alignment:** BDHG remains as the key LIDC in Bazhou. It is primarily responsible for the state-owned assets operation and infrastructure construction in Bazhou with strong regional advantages. The company undertakes most of Bazhou’s infrastructure projects and is responsible for trading, leasing, land sale, sanitation and human resources services. In addition, the company is expanding its business, such as new energy (photovoltaic, wind energy, charging pile), real estate development, furniture trade, tourism, industrial investment, etc., aiming to enhance its revenue generation capacity. BDHG adjusts its strategic direction according to Bazhou’s economic strategy and market demand. 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:** BDHG continued to receive financial subsidies and asset/capital injections from the Bazhou government to support its business operations. Between 2022 and 2024, BDHG received financial subsidies of totally about RMB386.5

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### Applicable Criteria

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

million from the local government. Meanwhile, BDHG received capital and asset injections in the form of right of use assets, construction projects, buildings and other assets. We expect BDHG to receive ongoing support from the Bazhou government in the coming years considering its strategic importance in Bazhou.

**BDHG's Financial Matrix and Liquidity Position:** BDHG's total assets decreased to RMB11.3 billion at end-2024 from RMB14.7 billion at end-2023. The company transferred its public-utility related assets to another LIDC in the region in 2024 according to Bazhou government's guidance. However, as the company advances its industrial park developments and related industrial investments, total assets are expected to increase. BDHG's assets were moderately illiquid, primarily due to the large proportion of investment properties, inventories and construction in progress. BDHG's total debt increased from RMB2.3 billion at end-2023 to RMB2.4 billion at end-2024, with short-term debt accounting for 48.8% of the total debt. Its financial leverage, as measured by the debt to capitalization ratio, increased to 22.2% at end-2024 from 16.6% at end-2023.

The liquidity of BDHG was moderately tight. At end-2024, BDHG had a cash balance of RMB106.6 million, compared with its debt due within one year of RMB1.2 billion. Having said that, BDHG has access to various financing channels, including bank loans and non-traditional financing, to support its debt repayment and business operations.

## Rating Sensitivities

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

We would consider upgrading BDHG's rating if (1) there is strengthened support from the local government, or (2) there is an upgrade in our internal credit assessment on the Bazhou government.

## Operating Environment

### Economic Condition of Bazhou

Bazhou, a county-level city of Langfang City, Hebei Province, is located in The BeijingTianjin-Xiongan Central Core Area. Bazhou is well served for transport links and enjoys unique location advantages. Besides, Bazhou is also famous for its folk arts and cultural relics. Bazhou has jurisdiction of over nine towns, three villages and one provincial development zone.

Bazhou's GDP amount increased to RMB48.2 billion in 2024, from RMB45.2 billion in 2023, and its economic growth rate increased to 6.5%, from 4.8% in 2023. The GDP per capita was RMB64,800 in 2024. After plunging 15% in 2023, Bazhou's fixed-asset investment rebounded explosively in 2024, surging by 114.6%. The turnaround was powered by a flood of post-disaster reconstruction funds and an accelerated pipeline of provincial key projects that quickly converted into physical construction activity.

<b>Bazhou's GDP and Fixed Asset Investment</b>			
<b>(RMB billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
GDP	45.0	45.2	48.2
-Primary industry (%)	2.7	2.1	2.1*
-Secondary industry (%)	52.4	48.1	48.1*

-Tertiary industry (%)	44.9	49.8	49.8*
GDP growth rate (%)	2.7	4.8	6.5
Fixed asset investment growth rate (%)	13.0	-15.0	114.6
Population (million)	0.7	0.7	0.7

Source: Financial Bureau of Bazhou, statistical bureau of Bazhou and Lianhe Global's calculations  
\*Estimated by Lianhe Global

## Fiscal Condition of Bazhou

The budgetary revenue of the Bazhou government increased to RMB2.5 billion in 2024 from RMB2.4 billion in 2023, with a year-over-year growth rate of 5.1%. The Bazhou government's fiscal self-sufficiency remained weak, with the budget deficit widening to 180.2% in 2024 from 156.2% in 2023. Additionally, government fund income declined to RMB0.3 billion in 2024 from RMB1.2 billion in 2023, due to a collapse in land-sale proceeds amid the nationwide property slump.

The outstanding debt of the Bazhou government kept growing in past few years. At end-2024, the Bazhou government's outstanding debt increased to RMB10.6 billion from RMB9.5 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/aggregate revenue, increased to 208.3% at end-2024 from 110.3% at end-2023.

<b>Bazhou's Fiscal Condition</b>			
(RMB billion)	2022	2023	2024
Budgetary revenue	2.9	2.4	2.5
Budgetary revenue growth rate (%)	6.3	-16.7	5.1
Tax revenue	1.3	1.8	2.0
Tax revenue (% of budgetary revenue)	43.7	73.1	77.9
Government fund income	1.0	1.2	0.3
Transfer payment	1.9	4.9	2.2
<b>Aggregate revenue</b>	<b>5.8</b>	<b>8.6</b>	<b>5.1</b>
Budgetary expenditure	5.4	6.2	7.1
Budget balance <sup>1</sup> (%)	-87.5	-156.2	-180.2
Government debt ratio (%)	83.3	110.3	208.3

<sup>1</sup> Budget balance = (1-budgetary expenditure / budgetary revenue) \* 100%

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

## Company Profile

BDHG, formerly known as Bazhou Caixin City Construction Investment and Development Operation Co., Ltd., was established in June 2002 by Bazhou Bureau of Culture and Sports, Bazhou Bureau of Education and Bazhou Bureau of Construction, with an initial registered capital of RMB30.57 million. After an array of capital replenishment and equity transfers, at end-2024, BDHG's registered capital was RMB5.0 billion and the paid-in capital was RMB3.5 billion. The sole shareholder of the company is the Bazhou FB, and the ultimate controlling shareholder is the Bazhou government.

BDHG is Bazhou's flagship LIDC, mandated to operate state-owned assets and deliver infrastructure projects, with strong regional advantages. The company generated revenues of RMB442 million, RMB691 million, and RMB1,052 million in 2022–2024, respectively. Over the same period, its gross margin compressed from 40.8% to 25.4% and then 2.5%, primarily due to a higher contribution from market-oriented businesses, which typically carry lower margins than government-backed operations.

## Key Financial Data



(RMB million)	2022	2023	2024
Total Assets	13,016	14,683	11,349
Equity	11,063	11,615	8,274
Debt	1,507	2,314	2,360
Debt / (Debt + Equity) (%)	12.0	16.6	22.2
Unrestricted cash/ST Debts (x)	1.1	0.4	0.3
Debt/EBITDA (x)	5.3	28.3	11.8
Revenue	442	691	1,052
Operation Profit	184	7	73
Gross Margin (%)	40.8	25.4	2.5
Cash from sales or services/ Revenue (%)	137.6	135.6	89.1
Source: BDHG and Lianhe Global's calculations			

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