Zhangzhou Jiulongjiang Group Co., Ltd.

Initial Issuer Report

Summary	
Issuer Rating	BBB+
Outlook	Stable
Location	China
Industry	Local Government Financing Vehicle
Date	6 September 2022

Key Figures of Zhangzhou and Jiulongjiang Group

(RMB billion)	2020	2021
Zhangzhou		
GDP	454.6	502.5
GDP growth rate (%)	-3.9	7.7
Budgetary revenue	21.9	24.6
Government fund	23.4	22.1
Transfer payment	20.4	20.4[1]
Budgetary expenditure	44.5	42.2
Jiulongjiang Group		
Assets	86.5	100.8
Equity	31.7	35.7
Revenue	21.7	34.5

[1]*Transfer payment in 2021 is estimated given the lack of such information*
Source: Zhangzhou Finance Bureau and Lianhe Global's calculations

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Applicable Criteria

China Local Government Financing Vehicle Criteria (31 December 2021)

Lianhe Ratings Global Limited ("Lianhe Global") has assigned 'BBB+' global scale Long-term Issuer Credit Rating with Stable Outlook to Zhangzhou Jiulongjiang Group Co., Ltd.

Summary

The Issuer Credit Rating reflects a high possibility that the Zhangzhou Municipal People's Government ("Zhangzhou government") would provide strong support to Zhangzhou Jiulongjiang Group Co., Ltd ("Jiulongjiang Group" or "the company") if needed, in light of its 90% ownership of Jiulongjiang Group, Jiulongjiang Group's strategic position as the major state-owned capital investment and operation entity of Zhangzhou and the strong linkage between the Zhangzhou government and Jiulongjiang Group including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Zhangzhou government may face significant negative impact on its reputation, business and financing activities should Jiulongjiang Group encounter any operational or financial difficulties.

The Stable Outlook reflects our expectation that Jiulongjiang Group's strategic importance would remain intact while the Zhangzhou government will continue to ensure Jiulongjiang Group's stable operation.

Rating Rationale

Zhangzhou Government's Ownership and Strong Supervision: The Zhangzhou government has 90% ownership of Jiulongjiang Group via the State-owned Assets Supervision and Administration Commission of the Zhangzhou government ("Zhangzhou SASAC"). The other 10% stake is held by Fujian Provincial Department of Finance. The Zhangzhou government also has strong control and supervision over Jiulongjiang Group, including control of the board of directors, senior management appointments, major strategic, investment and financing planning.

Strategic Importance and Strategic Alignment: Jiulongjiang Group, as the largest LGFV in Zhangzhou, is the major stated-owned capital investment and management entity that is mainly responsible for industrial projects investment and infrastructure construction in Gulei Port Economic Development Zone ("Gulei Port Zone") and Yuanshan High-Tech Zone, to support the local economic and industrial development. The company's business operation and development have been aligned with the government's economic and social policies. In the future planning of the Zhangzhou government, Jiulongjiang Group will continue to be in charge of state-owned capital investment and operation to support the local economy.

Ongoing Government Support: Jiulongjiang Group has received supports from the Zhangzhou government for its business operation, mainly including capital injections, government subsidies, financial support, and it also benefits from preferential tax and/or tax exemption policies in encouraged high-tech industries. Jiulongjiang Group received capital injection of RMB2 billion in 2019 when the Zhangzhou SASAC approved the company to use the capital reserves to increase the paid in capital by RMB2 billion. Jiulongjiang Group has also received solid and stable financial subsidies from the local

government, including project-related subsidies in Gulei Port EDZ and interest subsidies from the municipal financial pooling fund. We believe Jiulongjiang Group will likely receive government support in the form of operational and/or financial subsidies in the future.

Moderate Financials with Relatively Tight Liquidity: Jiulongjiang Group's financial leverage as measured by total liabilities/total assets has been at a relatively high level at c. 63%-65% in the past three years. We expect its financial leverage to remain below 70% considering the government's supervision. The enhanced profit generating capacity guaranteed by the substantial demand for the company's pharmaceutical and bearing products of its two listed subsidiaries, as well as the persistent returns from the fixed investment made the company's revenue grow significantly in past three years with relatively high gross margins.

At end-March 2022, Jiulongjiang Group had unrestricted cash of approximately RMB10.2 billion, and yet the total debt of the company was approximately RMB64.6 billion, of which short-term debt represented 48.7% of the total debt. However, Jiulongjiang Group has wide access to financing channels and established relationships with banks.

Moderate Economic and Fiscal Conditions of Zhangzhou: As a seaside city, Zhangzhou provides a network of roadways to access seaports for the central regions and benefits from the development of the West Coast Economic Zone. Zhangzhou's GDP reached RMB502.5 billion, representing a year-over-year growth rate of 7.7%, in 2021. The economic growth was mainly fueled from the secondary and tertiary industries.

Zhangzhou's aggregate fiscal revenues were mainly derived from budgetary revenue. The tax revenue accounted for approximately 65%-70% of its budgetary revenue in the past three years. Zhangzhou's fiscal deficit has been at a relatively high level. The fiscal self-sufficiency rate of Zhangzhou was relatively low, leading it to continue receiving subsidies from higher government authorities.

Rating Sensitivities

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

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

Operating Environment

Moderate Economic of Zhangzhou

Zhangzhou is a prefecture-level city in southern Fujian Province bordering Guangdong Province. Zhangzhou enjoys geographical advantages from the development of the West Coast Economic Zone [海峡西岸经济区], which is an economic development zone located in west of the Taiwan Straits. As one of the important road networks in Fujian, Zhangzhou plays a strategic role in the development of the West Coast Economic Zone that providing access to the seaports for central regions and strengthening economic cooperation between Central China, East and West China. Zhangzhou has jurisdiction over 4 districts

and 7 county-level cities with a total land area of c.12,600 square kilometers, and a residential population of c. 5 million with an urbanization rate of c. 63% in 2021.

The GDP of Zhangzhou reached approximately RMB502.5 billion, representing a year-over-year growth rate of 7.7% in 2021, which was ranked 4th in terms of GDP in Fujian Province (with a total of 9 cities in the province). The economic growth was mainly fueled by the secondary and tertiary industries, of which the secondary industry accounted for the largest of 49% and the tertiary industry accounted for 40.5% of its GDP in 2021. The GDP per capita of Zhangzhou was c. RMB99,000 and disposable income per capita was c. RMB34,000 in 2021, representing a year-over-year growth of 7.5% and 9.3%, respectively.

Zhangzhou's GDP and Fixed Asset Investment

(RMB billion)	2019	2020	2021
GDP	474.2	454.6	502.5
-Primary industry (%)	10.1	11.0	10.5
-Secondary industry (%)	48.9	45.2	49.0
-Tertiary industry (%)	41.0	43.8	40.5
GDP growth rate (%)	6.5	-3.9	7.7
Fixed asset investment	371.1	267.9	203.7
Fixed asset investment growth rate (%)	0.1	-27.8	8.2
Residential Population (million)	5.2	5.1	5.1

Source: Bureau of Statistics of Zhangzhou and Lianhe Global's calculation

Moderate Fiscal Conditions of Zhangzhou

Zhangzhou's aggregate fiscal revenues were mainly derived from budgetary revenue. The tax revenue accounted for approximately 65%-70% of its budgetary revenue in the past three years. However, as the main income of the government-managed fund, the land transfer income is vulnerable due to the influence of macro-policy controls, resulting in large fluctuation in the total government-managed fund income. The self-sufficiency rate of Zhangzhou was relatively low. The fiscal deficit remained high in the past three years but slightly decreased in 2021. Zhangzhou continues to receive subsidies from higher government authorities in the past few years. We expect the ongoing economic development to support Zhangzhou's budgetary revenue growth and it will continue to receive subsidies from higher level of governments, while land transfer planning remains a key factor affecting the government-managed fund income.

Zhangzhou's debt ratio (i.e., total government debt divided by aggregate revenue) remains moderately high. At end-2021, Zhangzhou had RMB94.2 billion outstanding debt (compared with its total outstanding debt of RMB82.1 billion at end-2020), including RMB39.8 billion of general obligations and RMB54.4 billion for special projects.

Zhangzhou's Fiscal Conditions

(RMB billion)	2019	2020	2021
Budgetary revenue	21.9	21.9	24.6
Budgetary revenue growth rate (%)	0.3	-0.4	12.6
Tax revenue	16.0	14.3	17.6
Tax revenue (% of budgetary revenue)	73.1	65.4	71.6
Government fund income	22.6	23.4	22.1
Transfer payment	16.8	20.4	20.4[2]
Aggregate revenue	62.0	66.4	68.2
Budgetary expenditure	44.0	44.5	42.2
Budget deficit[1] (%)	-100.7	-103.7	-71.2

*[1] Budget deficit = (1-budgetary expenditure / budgetary revenue) * 100%*
[2] Transfer payment in 2021 is estimated given the lack of such information
Source: Zhangzhou Finance Bureau and Lianhe Global's calculations

Ownership Structure and Profile

Government's Ownership with Strong Supervision

Jiulongjiang Group (formerly known as Zhangzhou Pien Tze Huang Group Company, Zhangzhou Pharmaceutical Factory) was established in December 1992 with an initial registered capital of RMB47.25 million. In May 2011, Jiulongjiang Group was transformed from an enterprise owned collectively by the common people into a wholly state-owned company under the approval of the State-owned Assets Supervision and Administration Commission of the Zhangzhou government ("Zhangzhou SASAC"), with a portion of its equity, RMB2.0 billion, been recognized as its registered capital.

In June 2019, Zhangzhou SASAC approved Jiulongjiang Group to use the capital reserves to increase its registered capital by RMB2.0 billion, after which its registered capital reached RMB4.0 billion. According to the Document [2020] No.22 issued by the Department of Finance of Fujian Province ("Fujian Finance Department"), Zhangzhou SASAC transferred its 10% of shareholding to Fujian Finance Department in July 2021. At end-March 2022, the registered capital of Jiulongjiang Group was RMB4.0 billion, and the Zhangzhou government is the sole controller with 90% shares of Jiulongjiang Group.

Strategic Importance and Government Linkage

The Strategic Importance of Jiulongjiang Group to Zhangzhou

Zhangzhou government is willing to extend support to Jiulongjiang Group in view of its strategic importance as the major state-owned capital investment entity for state-owned capital operation and management, industrial project investment and infrastructure construction of Zhangzhou to support the local economic and industrial development.

Jiulongjiang Group's strategic planning and development have been aligned with the local government's economic and social policies, aiming to develop Zhangzhou. In the future planning of the Zhangzhou government, Jiulongjiang Group will continue to be in charge of state-owned capital investment and operation to support the local economy.

Strong Linkage with Zhangzhou government

Jiulongjiang Group's linkage with the local government is strong as it is majority owned by the Zhangzhou government through Zhangzhou SASAC. The other 10% stake is held by Fujian Provincial Department of Finance. The Zhangzhou government has strong control and supervision over Jiulongjiang Group, including control of the board of directors, senior management appointments and major strategic, investing and financing plans.

Ongoing Government Support including Asset Injections, preferential tax and Financial Subsidies

Jiulongjiang Group has received supports from the local government for its business operation, which are not limited to capital injections, preferential tax and various government subsidies from the government in its daily management. Jiulongjiang Group received capital injection of RMB2 billion in 2019 when Zhangzhou SASAC approved the company to use the capital reserves to increase the paid in capital by RMB2 billion.

Jiulongjiang Group has received various and relatively stable financial subsidies from the local government, including some project subsidies in Gulei Port EDZ and interest subsidies from municipal financial pooling fund. Most of the subsidies were on a regular basis. Jiulongjiang Group also benefits from 15% preferential tax break policies for its two listed subsidiaries as they are regarded as the high-tech enterprise. Jiulongjiang Group received a total of approximately RMB3.2 billion of government subsidies between 2018 and 2021. We believe Jiulongjiang Group is likely going to receive government support in time of operational and/or financial subsidies.

Business Profile

The Major State-owned Capital Investment Entity and the Largest LGFV in Zhangzhou

Jiulongjiang Group is a diversified state-owned entity that primarily engages in pharmaceutical manufacturing, machinery manufacturing, trading and investment in Zhangzhou, Fujian. It also engages in property development, industrial park construction, power distribution, and other businesses to a lesser degree to facilitates the economic development in Zhangzhou.

As the major state-owned capital investment entity in Zhangzhou, Jiulongjiang Group mainly participates in the development of industrial park and industrial projects investment, which are aligned to the strategic tasks or major special plans of the Zhangzhou municipal government. In 2021, the proportion of Jiulongjiang Group's asset was 38.1% of the total state-owned enterprises' asset in Zhangzhou, while the proportion reached 86.7% when comes to the profit, according to Zhangzhou SASAC.

The total revenue of Jiulongjiang Group was RMB18.67 billion, RMB21.72 billion, RMB34.47 billion and RMB14.43 billion in 2019, 2020, 2021 and the first three months of 2022, respectively. The company's overall gross margin declined to 12.74% for the first three months of 2022 from 25.03% in 2019 largely due to the declining margin in the trading segment which contributed an increasing share in terms of revenue in the past three years. The revenue of trading business reached RMB10.66 billion for the first three months of 2022, accounting for 73.9% in terms of the total operating revenue, compared with 48.3% in 2020.

Pharmaceutical Manufacturing

The pharmaceutical manufacturing sector has been the main source of the company's operating profit and helped Jiulongjiang Group to generate income of RMB6.5 billion, RMB8.0 billion and RMB2.3 billion in 2020, 2021 and the first three months of 2022 with relatively high gross margins at around 45%-50%. The main operating entity of this sector is one of Jiulongjiang Group's listed subsidiary Zhangzhou Pien Tze Huang Pharmaceutical Co., Ltd. (Zhangzhou Pien Tze Huang), which is mainly engaged in the production and sales of a proprietary Chinese medicine. It was listed on the Shanghai Stock Exchange in 2003 under the stock code of 600436.SH, in which Jiulongjiang Group held 51.6% of the share capital as of end-June 2022. At the time, the market capitalization of this subsidiary reached RMB215.22 billion, which was ranked first among the listed companies in the Chinese patent medicine manufacturing industry. The company holds 4 protected variety of traditional Chinese medicines and 34 patents, among which the Pien Tze Huang series are perceived as one of the only two top-secret formulas of national traditional Chinese medicine.

In terms of sales of its medicine, it is divided into domestic market and oversea market. The main mode of domestic sales are over-the-counter drug sales. The products are sold first to distributors who then resell these products through their own sales and distribution networks. The main mode of overseas sales is the general distributor mode through its general distributor Zhanglong Industry Co., Ltd. The proportion of sales revenue in the domestic market has remained stable in the past three years, accounting for c. 95% of the total.

The basic pricing principle of pharmaceutical products is the combination of government pricing and market pricing. Different pricing strategies are implemented according to different products and actual market conditions. Having said that, Pien Tze Huang series have relatively strong market bargaining power due to the scarcity of its raw materials and high demand, leading to an ongoing increasing price.

Machinery Manufacturing

The main operating entity of this sector is one of Jiulongjiang Group's listed subsidiary, Fujian Longxi Bearing (Group) Co., Ltd. (600592.SH), which is mainly engaged in the supply and export of bearings. The company holds 37.85% of the share capital. The bearings manufacturing and distribution business includes the research and development, manufacture, and sale of bearings products, in which the joint bearings, the core product of this sector, accounted for more than 60% of the sales revenue of bearing products. The joint bearing manufactured by the company is widely used in new energy, aerospace, military industry, railway locomotive and rail transit and other industries relating to the national economy given its unique performance, making it the leading enterprise in the segmented market, with the variety, production and sales of the joint bearings ranking first in the world.

The revenue of machinery manufacturing was c. RMB1.1 billion, RMB1.4 billion and RMB0.4 billion in 2020, 2021 and the first three months of 2022, respectively, with relatively high gross margins at around 25%-30%.

For market distribution, the domestic market sales revenue of the company accounted for 73.89%, 82.91% and 77.99% in 2019, 2020 and 2021, respectively, while the total revenue showed an upward trend accompanied by the increasing demand from both domestic and global demand. In terms of raw material procurement, the main raw material of the

company is bearing steel, accounting for more than 90% of the total raw material cost. The bearing steel adopts the centralized procurement mode and signs long-term strategic cooperation procurement contracts with major suppliers.

The production and marketing rate and sales volume of all major products of this sector has advanced steadily since 2020 with the improvement of the production line. Having said that, the sharp rise in the price of main raw material steel and the rise in labor costs in recent years have placed relatively high pressure on the cost control, which may further adversely affect the profitability of the sector.

Trading

Jiulongjiang Group's trading business is the largest business segment that mainly involves steel, mineral products, light textile, and chemical industry, etc. The revenue derived from trading business increased significantly and amounted to c. RMB10.5 billion, RMB21.2 billion and RMB10.7 billion, representing approximately 48%, 61% and 74% of the total revenue in 2020, 2021 and the first three months of 2022. The main driver of the rapid growth is the robust development of the chemical industry in Zhangzhou Gulei Port EDZ Economic Development Zone (Gulei Port EDZ) and remarkable trading environment in Xiamen where the main operating subsidiary, Xiamen Xiangjiang Import and Export Co., Ltd. is located. The gross margin of this sector has been below 1% since 2020 because of the high proportion of commodity, especially chemical industry product with high cost in the trading portfolio.

In the selection of customers and suppliers, the company has established a solid relationship with some creditworthy state-owned chemical enterprises or material traders, such as Sinopec Group, to manage the counterparty risk. Jiulongjiang Group has also engaged in international trade, including trading business and trade agency services. The trading counterparties are scattered in more than 50 countries and regions (e.g., Europe, the U.S., Southeast Asia, Africa, and Australia). To avoid the exchange risk, Jiulongjiang Group uses financial instruments such as forward contract to mitigate exchange rate risk.

For procurement of this sector, Jiulongjiang Group adopts the mode that only embarking on consulting with suppliers until having a concrete notion of customer demands, which can minimize the fluctuation effect of raw materials and storage cost. For sales, deposits from customers in advance are required to control the risk of default. Per management, Jiulongjiang Group's trading business will always be based on the industrial supply chain of its main business.

Investment

The investment business of Jiulongjiang Group primarily focuses on making investments in Fujian Zhangzhou Gulei Port EDZ and Yuanshan High-Tech Zone to support the construction and development of these two districts. The Management Committee of these two districts, as the cooperative development counterparty, takes the role of construction, implementation, and operation of specific projects, while Jiulongjiang Group is in charge of the financing and investment of part of the funds used in related projects. The investment agreement clarified that the income generated from this sector is fixed with a quarterly payment. Per management, the return for investment in Gulei Port EDZ and Yuanshan High-Tech Zone is 7.5% and 8%, respectively. The investment period for the projects are usually 1-3 years. Besides, the Zhangzhou Finance Bureau has provided stable financial subsidies for the infrastructure construction undertaken by the company in these two districts, which will be further expanded according to the company.

The revenue of Jiulongjiang Group's investment sector was RMB3.4 billion, RMB3.2 billion and RMB0.9 billion in 2020, 2021 and the first three months of 2022 with relatively high gross margins, which was 43.4%, 46.3% and 45.6% in the corresponding period. As of 31 March 2022, the Jiulongjing Group has invested approximately RMB95.93 billion in the development of the Gulei Port EDZ and RMB16.96 billion in the development of the High-Tech Zone. In respect of cash collection, Jiulongjiang Group has received payments of RMB73.3 billion and RMB8.4 billion in Gulei Port EDZ and Yuanshan High-Tech Zone, respectively, of which RMB19.7 billion and RMB2.8 billion was recognized as investment return. Meanwhile, Jiulongjiang Group anticipated a constant and steady investment in those two districts, both of which amount c. RMB4.0 billion in the next three years.

Other Businesses

Jiulongjiang Group also engages in other businesses such as water conservancy project, industrial park construction, government policy fund management etc. It also cooperates with many other large state-owned enterprises to carry out business like financial leasing, environmental protection, and power distribution. Most of the company's other business draws on its privileged status in the area and further takes advantage of the opportunities of serving the Gulei Port EDZ and Yuanshan High-Tech Zone as the key state-owned capital investment entity.

Financial Profile

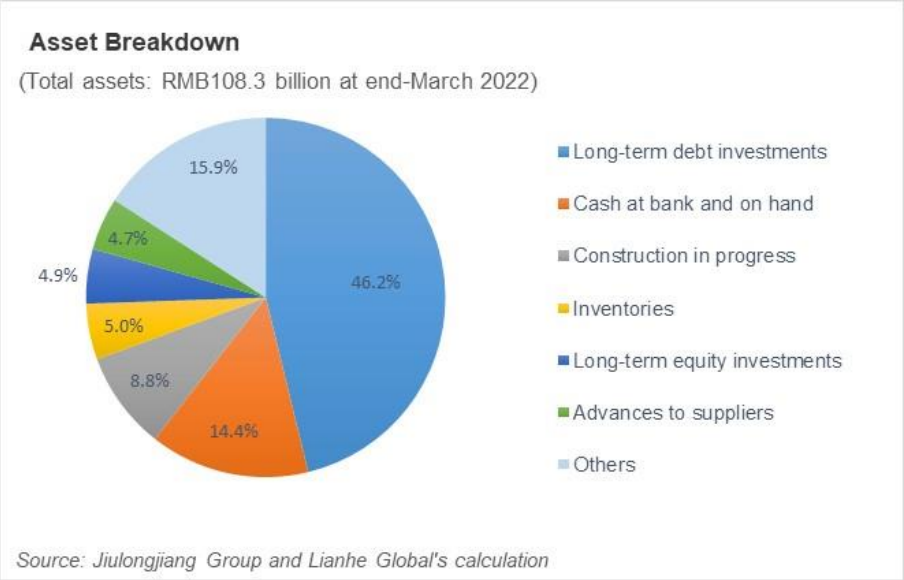
Balance Sheet Structure and Quality

Balance Sheet Structure and Quality

(RMB million)	2019	2020	2021	1Q2022	1Q2022*
Total Assets	78,854	86,543	100,768	108,344	108,344
Equity	27,977	31,740	35,746	37,883	28,007
Debt	45,370	49,199	58,891	64,583	74,459
Debt / (Debt + Equity) (%)	61.9	60.8	62.2	63.0	72.7
LT Debt	82,721	28,322	27,505	29,871	39,746
LT Debt/(LT Debt + Equity) (%)	50.7	47.2	43.5	44.1	58.7

*Note: * Adjusted numbers and ratios reflect the perpetual debts reallocating to long-term debts and total debts from equity*
Source: Jiulongjiang Group's financial reports and Lianhe Global's calculations

Jiulongjiang Group's total assets showed a continuous growth trend in the past few years, with growth rate of 7.7%, 18.6% and 8.4% at 2020, 2021 and end-March 2022, respectively, making it the largest state-owned enterprises in terms of asset in Zhangzhou. The asset increase was mainly due to the increase in construction in progress and advances to suppliers. The asset structure was stable, with long-term debt investments, cash at bank and on hand and construction in progress accounting for c. 69.4% of its total assets at end-March 2022. The long-term debt investment, as the largest composition of the asset, reached RMB50.1 billion at end-March 2022, of which c. 96% was investment agreements to cooperative development of Gulei Port EDZ and Yuanshan High-Tech Zone. The construction in progress reached RMB9.6 billion at end-March 2022, most of which are continuous investment in co-developed projects such as Zhongsha Project co-developed with Saudi Industrial Investment Company. Notably, the long-term equity investment, as c. 5% of the total asset, has been impaired since 2019 caused by the decreasing net profit of its joint ventures.



Jiulongjiang Group's financial leverage (total liabilities to assets) has been stable but relatively high at a level around c. 63% to 65% since 2019. We expect Jiulongjiang Group's financial leverage would remain at this level considering the government's supervision. Compared with the figures at end-2020, Jiulongjiang Group's total liabilities increased by 28.6% to RMB70.5 billion at end-March 2022, while its total equities increased by 19.4% to RMB37.9 billion at end-March 2022 with unchanged equity structure. The total debt of the company was approximately RMB 64.6 billion, of which short-term of c. RMB34.7 billion represented 48.7% of the total debt. Debt over capitalization ratio was 63.0% at end-March 2021. Jiulongjiang Group mainly relies on external financing to support its capital expenditure. In view of its projects under construction and to be development in Gulei Port EDZ and Yuanshan High-Tech Zone, where most of the company's debt was used, we expect Jiulongjiang Group's capital expenditure to increase.

Cash Flow

Cash Flow				
(RMB million)	**2019**	**2020**	**2021**	**3M2022**
Cash Inflows from Operation	30,109	27,909	40,733	15,430
Cash Outflows from Operation	25,727	25,640	36,567	17,064
Net CF from Operation	**4,382**	**2,268**	**4,166**	**-1,634**
Cash Inflows from Investment	6,939	9,065	21,403	5,318
Cash Outflows from Investment	15,861	12,623	27,633	7,653
Net CF from Investment	**-8,922**	**-3,558**	**-6,230**	**-2,335**
Cash Inflows from Financing	35,306	36,893	41,801	11,868
Capital Contribution	1,377	1,189	148	89
Borrowings	20,623	22,093	30,924	9,780
Others	13,306	13,612	10,730	2,000
Cash Outflows from Financing	30,130	33,599	38,214	6,514
Net CF from Financing	**5,176**	**3,294**	**3,587**	**5,354**
Net Increase in Cash and cash equivalent	635	2,004	1,518	1,384

Source: Jiulongjiang Group's financial reports

Debt Servicing Capability

Debt Maturity Profile at end-March 2022 (RMB million)		
2022 Q2-Q4	28,236	40.10%
2023	16,761	23.80%
2024	10,029	14.2%
2025	9,736	13.8%
2026	3,258	4.6%
2027	2,480	3.5%
Total	**70,499***	**100.0%**

Source: Jiulongjiang Group
**Note: Include perpetual bond*

At end-March 2022, Jiulongjiang Group had unrestricted cash of c. RMB10.2 billion and a total credit line of RMB35.1 billion, of which approximately RMB10.3 billion was available, compared with its debt to be due within one year of c. RMB34.7 billion. It also has an available USD bond issuance quota of USD500 million and onshore bond issuance quota of RMB5 billion. Besides, the steady dividend incomes from its two listed companies and fixed income from its long-term debt investment can help to mitigate the liquidity pressure to some extent. Jiulongjiang Group has access to multiple financing channels including bank borrowings, corporate bonds and other financing channels such as finance lease. Bank loans, corporate bonds and other financing channels (mainly ABN, ABS and finance leases) accounted for c. 30%, 65% and 5% of Jiulongjiang Group's total debt, respectively.

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