

# Zhangzhou Jiulongjiang Group Co., Ltd.

**Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A-’ global scale Long-term Issuer and Issuance Credit Rating of Zhangzhou Jiulongjiang Group Co., Ltd. (“Jiulongjiang Group” or “the company”); Issuer Rating Outlook Revised to Positive**

## Summary

Issuer Rating	A-
Outlook	Positive
Location	China
Industry	Local Investment and Development Companies
Date	2 September 2025

## Summary

The Issuer Credit Rating reflects a high possibility that the Zhangzhou Municipal People's Government (“Zhangzhou government”) would provide very strong support to Jiulongjiang Group if needed. This mainly considers the Zhangzhou government's 90% ownership of Jiulongjiang Group, Jiulongjiang Group's strategic position as an important state-owned asset management 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.

Zhangzhou is a prefecture-level city in southern Fujian Province. Zhangzhou's GDP grew steadily by 6.1% year-over-year in 2024 and reached RMB606.4 billion. The budgetary revenue of the Zhangzhou government stayed roughly flat at RMB27.6 billion in 2024 compared with RMB27.9 billion in 2023.

The Positive Outlook reflects our expectation that Jiulongjiang Group's strategic importance would be strengthened given its increasing involvement and investment in the national petrochemical base in Gulei. Jiulongjiang Group is expanding its investment in the major petrochemical projects in Gulei, which are under the guidance of both the People's Government of Fujian Province (“Fujian government”) and the Zhangzhou government and cooperated with leading national and international enterprises. Besides, the company also takes the leading role in attracting investment channels and partnerships. Upon the completion of these projects, the production and refining capacity could be significantly enhanced. Besides, the Zhangzhou government will continue to ensure Jiulongjiang Group's stable operation.

Lianhe Global has also affirmed the global scale Long-term Issuance Credit Rating of the senior unsecured CNY bonds issued by Jiulongjiang Group at ‘A-’. A full list of affirmed issuance ratings is included in this report.

## Rating Rationale

**Government's Ownership and 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 remains as the largest local investment and development company (“LIDC”) in Zhangzhou. It is the major stated-owned capital investment and operation entity that mainly responsible for industrial projects investment and infrastructure construction in Gulei Port Economic Development Zone (“Gulei Port EDZ”) and Yuanshan High-Tech Zone, to support the local economic and industrial development. The

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## Applicable Criteria

[China Local Investment and Development Companies Criteria \(31 July 2025\)](#)

company is well-positioned to enhance its involvement in various aspects of regional industrial growth, including petrochemical industry, port logistics, utility sales and other related sectors. 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 receives 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 financial subsidies with a total amount of RMB1.1 billion between 2024 and the first quarter of 2025. Besides, the company received capital injection during the same period. We believe Jiulongjiang Group will likely receive government support in the form of operational and/or financial subsidies in the future.

**Jiulongjiang Group's Financial and Liquidity Position:** Jiulongjiang Group's total assets showed a continuous growth trend in the past few years and reached RMB146 billion at end-March 2025. Jiulongjiang Group's financial leverage, as measured by the debt to capitalization ratio, remained stable at 64.7% at end-March 2025, compared with 62.6% and 66.4% at end-2023 and end-2024, respectively. Jiulongjiang Group mainly relies on external financing for capital expenditure. The total adjusted debt of Jiulongjiang Group reached RMB87.8 billion at end-March 2025, of which short-term and long-term debt accounted for about 55.4% and 44.6% of its total debt, respectively.

The liquidity of Jiulongjiang Group was sufficient. At end-March 2025, Jiulongjiang Group had a total unrestricted cash balance of RMB10.7 billion and a total credit line of RMB81.8 billion (unused: RMB39.0 billion), compared with its debt to be due within one year of RMB48.6 billion. Besides, Jiulongjiang Group has access to multiple financing channels including bank borrowings, corporate bonds and other financing channels such as finance lease.

## Rating Sensitivities

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

Any rating action on Jiulongjiang Group's rating would result in a similar rating action on its CNY bonds.

## Full List of Issuance Rating

- CNY1.37 billion 4.28% senior unsecured bonds due 2026 affirm at 'A-'
- CNY2.13 billion 4.20% senior unsecured bonds due 2026 affirm at 'A-'

## Operating Environment

### Economic Condition of Zhangzhou

Zhangzhou's economy maintained a stable growth in the past few years and its GDP reached RMB606.4 billion in 2024, representing a year-on-year growth of 6.1% (2023: 5.9%).

Zhangzhou's economic growth was mainly fueled by secondary and tertiary industries, which accounted for 45.0% and 44.9% of GDP in 2024, respectively. The GDP per capita of Zhangzhou was RMB119,500 in 2024, which was lower than that of Fujian Province (RMB137,900) but higher than that of China (RMB95,700).

#### Zhangzhou's Economic Condition

(RMB billion)	2022	2023	2024
GDP	570.7	572.8	606.4
-Primary industry (%)	10.0	10.5	10.1
-Secondary industry (%)	50.1	47.0	45.0
-Tertiary industry (%)	39.9	42.5	44.9
GDP growth rate (%)	6.9	5.9	6.1
Fixed asset investment growth rate (%)	10.1	8.1	8.5
Population (million)	5.1	5.1	5.1

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

#### Fiscal Condition of Zhangzhou

The budgetary revenue of the Zhangzhou government stayed roughly flat at RMB27.6 billion in 2024 compared with RMB27.9 billion in 2023, with the contribution of tax revenue slightly down to 58.4% from 59.8% over the same period. The fiscal self-sufficiency rate of the Zhangzhou government remained weak, with its budget deficit widened to 110.0% in 2024 from 86.8% in 2023.

The outstanding debt of the Zhangzhou government kept growing in past few years. At end-2024, the Zhangzhou government's outstanding debt increased to RMB168.8 billion from RMB142.8 billion at end-2023, mainly due to the issuance of special purpose debts to support local public projects. Having said that, its government debt ratio, as measured by the total government debt/aggregate revenue, decreased slightly to 193.4% at end-2024 from 200.6% at end-2023.

#### Zhangzhou's Fiscal Condition

(RMB billion)	2022	2023	2024
Budgetary revenue	25.1	27.9	27.6
Budgetary revenue growth rate (%)	1.8	11.5	-1.3
Tax revenue	13.0	16.7	16.1
Tax revenue (% of budgetary revenue)	51.8	59.8	58.4
Government fund income	22.7	17.0	22.2
Transfer payment	23.0	25.5	33.0
<b>Aggregate revenue</b>	<b>71.8</b>	<b>71.2</b>	<b>87.3</b>
Budgetary expenditure	50.2	52.2	57.9
Budget balance <sup>1</sup> (%)	-100.3	-86.8	-110.0
Government debt ratio (%)	153.2	200.6	193.4

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

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

#### Company Profile

Jiulongjiang Group was established in December 1992 with an initial registered capital of RMB 47.25 million under the approval of the Zhangzhou government. After several capital injections and equity transfers, the registered capital and paid-in capital of Jiulongjiang Group both stood at RMB 4.0 billion at end-March 2025. The Zhangzhou government, as the actual controller of the company, held a 90 % ownership stake through the Zhangzhou SASAC, while the remaining 10 % was owned by the Fujian Provincial Department of Finance.



Jiulongjiang Group is a diversified state-owned entity headquartered in Zhangzhou that primarily engages in pharmaceutical manufacturing, machinery manufacturing, trading and investment. It also participates in property development, industrial-park construction, power distribution and other businesses that support Zhangzhou's economic development.

Key Financial Data				
(RMB million)	2022	2023	2024	2025.3
Total Assets	118,356	124,599	138,941	145,988
Equity	38,955	43,125	43,295	47,826
Debt	72,714	72,236	85,595	87,768
Debt / (Debt + Equity) (%)	65.1	62.6	66.4	64.7
Unrestricted cash/ST Debts (x)	0.3	0.4	0.3	0.2
Debt/EBITDA (x)	18.1	12.8	18.0	-
Revenue	58,456	70,421	76,382	23,992
Operation Profit	2,808	4,483	3,996	1,242
Gross Margin (%)	11.3	11.1	8.7	8.8
Cash from sales or services/ Revenue (%)	103.2	105.8	110.9	100.1

Source: Jiulongjiang Group and Lianhe Global's calculations

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