Zhangzhou Jiulongjiang Group Co., Ltd.

Summary	
Issuer Rating	A
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	19 August 2026

Analysts
Toni Ho, CFA, FRM
+852 3462 9578
toni.ho@lhratingsglobal.com

Chris Cao
+852 3462 9579
chris.cao@lhratingsglobal.com

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

Lianhe Ratings Global Limited ("Lianhe Global") has upgraded the global scale Long-term Issuer and Issuance Credit Rating of Zhangzhou Jiulongjiang Group Co., Ltd. ("Jiulongjiang Group") to 'A' from 'A-'; Issuer Rating Outlook Revised to Stable

Summary

The Issuer Credit Rating upgrade reflects Jiulongjiang Group's increasing strategic importance in Zhangzhou City ("Zhangzhou") and Fujian Province, given its deepening role in the development of Gulei Port Economic Development Zone ("Gulei Port EDZ") and Yuanshan High-Tech Zone, as well as continuous support received from both Zhangzhou Municipal People's Government ("Zhangzhou government") and the People's Government of Fujian Province ("Fujian government").

We believe this continues to reflect a high possibility that the Fujian government and the Zhangzhou government would provide strong support to Jiulongjiang Group if needed, in light of their ownership of Jiulongjiang Group, Jiulongjiang Group's strategic position as an important state-owned asset management and operation entity in Zhangzhou and the strong linkage between the local government and Jiulongjiang Group, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, we believe the local government has a strong willingness to ensure Jiulongjiang Group's business and financial viability in order to safeguard its reputation and local financing activities.

Zhangzhou is a prefecture-level city in southern Fujian Province. Zhangzhou's GDP grew by 3.0% year-over-year to RMB615.4 billion in 2025, while the budgetary revenue of the Zhangzhou government grew by 3.6% year-over-year to RMB28.5 billion over the same period.

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

Lianhe Global has also upgraded the global scale Long-term Issuance Credit Rating of the senior unsecured CNY bonds issued by Jiulongjiang Group to 'A' from 'A-' at the same time. A full list of issuance rating is included in this rating report.

Rating Rationale

Government's Ownership and Supervision: The Zhangzhou government holds 90% ownership of Jiulongjiang Group via the State-owned Assets Supervision and Administration Commission of the Zhangzhou government ("Zhangzhou SASAC"), while the remaining 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.

Strategic Importance and Strategic Alignment: Jiulongjiang Group remains the largest local investment and development company ("LIDC") in Zhangzhou, in terms of asset size. It is the major state-owned capital investment and operation entity mainly responsible for industrial project investment and infrastructure construction in Gulei Port EDZ and Yuanshan High-Tech Zone, to support the local economic and industrial development. As one of China's seven national petrochemical industry bases, Gulei Port EDZ is a key development focus for both the Zhangzhou government and the Fujian government. The company is well-positioned to enhance its involvement in various aspects of regional industrial growth, including the petrochemical industry, port logistics, utility sales and other related sectors. Its business operation and development have been aligned with the government's development plans.

Ongoing Government Support: Jiulongjiang Group continues to receive support from the local government for its business operation, mainly including asset injections, equity injections, government subsidies, financial support, and it also benefits from preferential tax and/or tax exemption policies in encouraged industrial and/or utilities business. Jiulongjiang Group received steady financial subsidies between 2023 and 2025. Also, Jiulongjiang Group received asset and equity injections over the same period. Given Jiulongjiang Group's strategic importance in the region, we believe that Jiulongjiang Group is likely going to receive government support.

Jiulongjiang Group's Financial Matrix and Liquidity Position: Jiulongjiang Group's total assets increased to RMB166.8 billion at end-March 2026 from RMB139.0 billion at end-2024, driven by the company's active investment in industrial projects in Gulei Port EDZ and Yuanshan High-Tech Zone. The company's total adjusted debt (treating perpetual debts as debt instead of equity) increased to RMB118.7 billion at end-March 2026, with the short-term debt and long-term debt accounting for 49.1% and 50.9% of the total adjusted debt, respectively. The company's financial leverage, as measured by the debt to capitalization ratio, reached 77.1% at end-March 2026.

Jiulongjiang Group's short-term debt servicing pressure is moderate. At end-March 2026, Jiulongjiang Group had an unrestricted cash balance of RMB14.2 billion and an unused credit line of RMB40.5 billion (out of a total credit line of RMB90.4 billion), compared with its debt to be due within one year of RMB58.3 billion. In addition, Jiulongjiang Group has access to multiple financing channels including bank borrowings, corporate bonds and other non-traditional financing channels such as finance lease, and its two listed subsidiaries provide additional equity financing channels from the securities market.

Rating Sensitivities

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

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

Full List of Issuance Rating

A full list of issuance ratings is included below. Any rating action on Jiulongjiang Group's rating would result in a similar rating action on its CNY bonds.

- CNY2.13 billion 4.20% senior unsecured bonds due 2026 upgraded to 'A' from 'A-'

Operating Environment

Economic Condition of Zhangzhou

Zhangzhou's GDP grew by 3.0% year-over-year to RMB615.4 billion in 2025, which ranked 4th among all prefecture-level cities in Fujian Province. Zhangzhou's economic growth was primarily driven by the secondary and tertiary sectors, which contributed 43.8% and 46.3% to the GDP in 2025, respectively. Fixed asset investment in Zhangzhou contracted by 1.6% year-over-year in 2025, compared with a growth of 8.5% in 2024.

Zhangzhou's Economic Condition

(RMB billion)	2023	2024	2025
GDP	579.0	606.4	615.4
-Primary industry (%)	10.5	10.1	9.9
-Secondary industry (%)	47.0	45.0	43.8
-Tertiary industry (%)	42.5	44.9	46.3
GDP growth rate (%)	5.9	6.1	3.0
Fixed asset investment growth rate (%)	8.1	8.5	-1.6
Population (million)	5.1	5.1	5.1

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

Fiscal Condition of Zhangzhou

The budgetary revenue of the Zhangzhou government grew by 3.6% year-over-year to RMB28.5 billion in 2025, compared with a contraction of 1.30% in 2024. The contribution of tax revenue to budgetary revenue was elevated to 59.5% in 2025 from 58.4% in 2024. The fiscal self-sufficiency of the Zhangzhou government improved slightly, with its budget deficit narrowing to 107.0% from 109.9% over the same period. In addition, government fund income decreased slightly to RMB21.1 billion in 2025.

The outstanding debt of the Zhangzhou government increased to RMB193.9 billion at end-2025 from RMB169.4 billion at end-2024, mainly due to the new issuance of special purpose debts. Its government debt ratio, as measured by total government debt to aggregate revenue ratio, was further elevated to 237.8% in 2025 from 208.1% in 2024.

Zhangzhou's Fiscal Condition

(RMB billion)	2023	2024	2025
Budgetary revenue	27.9	27.6	28.5
Budgetary revenue growth rate (%)	11.5	-1.3	3.6
Tax revenue	16.7	16.1	17.0
Tax revenue (% of budgetary revenue)	59.8	58.4	59.5
Government fund income	17.0	22.2	21.1
Transfer payment	25.5	27.1	27.1*
Aggregate revenue	73.0	81.4	81.5*
Budgetary expenditure	52.2	57.9	59.1
Budget balance[1] (%)	-86.9	-109.9	-107.0
Government debt ratio (%)	195.6	208.1	237.8

*[1] Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%*
** Estimated data*
Source: Financial Bureau of Zhangzhou and Lianhe Global's calculations

Company Profile

Jiulongjiang Group was established in December 1992 with an initial registered capital of RMB47.25 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 RMB4.0 billion at end-March 2026. The Zhangzhou government has

90% ownership of Jiulongjiang Group through the Zhangzhou SASAC, while the remaining 10% stake is held 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. The company achieved a revenue of RMB57.9 billion in 2025 with a gross margin of 9.9%.

Key Financial Data

(RMB million)	**2023**	**2024**	**2025**	**2026.3**	***2026.3** (Adjusted)
Total Assets	124,599	138,941	162,245	166,763	166,763
Equity	43,125	43,295	49,958	51,940	35,240
Debt	72,236	85,595	93,230	95,535	118,686
Debt / (Debt + Equity) (%)	62.6	66.4	65.1	64.8	77.1
Unrestricted cash/ST Debts (x)	0.4	0.3	0.2	0.2	0.2
Debt/EBITDA (x)	12.8	18.0	33.4	-	-
Revenue	70,421	76,382	57,946	12,781	12,781
Gross Margin (%)	11.1	8.7	9.9	14.0	14.0
Cash from sales or services/ Revenue (%)	105.8	110.9	120.3	115.6	115.6

*Note: *The perpetual debts are treated as long-term debts and total debts instead of equity*
Source: Jiulongjiang Group 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.