

## **CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>+ to Jointown Pharmaceutical Group Co., Ltd., with stable outlook.**

Hong Kong, 22 December 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BBB<sub>g</sub>+ to Jointown Pharmaceutical Group Co., Ltd. (“Jointown” or the “Company”), with stable outlook.

The BBB<sub>g</sub>+ long-term credit rating of Jointown reflects the Company’s (1) leading market position in domestic pharmaceutical distribution industry; (2) strong logistics and resources network with diversified distribution channels coverage; (3) good access to capital and fundings; and (4) close ties with local community and economic development.

However, the rating is constrained by the Company’s (1) earnings vulnerable to pharmaceutical price volatility and medical reform policies; (2) pressure on inventory turnover and accounts receivable recovery arising from business expansion; and (3) modest credit metrics with relatively high debt leverage and short-term debt financing pressures.

### **Corporate Profile**

Founded in 1999, Jointown (Stock Code: 600998.SH) is a technology-driven comprehensive service provider for the whole chain pharmaceutical industry in China. In November 2010, Jointown successfully listed on the Shanghai Stock Exchange. As the largest private-owned pharmaceutical distribution enterprise in terms of total assets in China, its main business includes digital pharmaceutical distribution and supply chain, agency brand promotion, pharmaceutical manufacturing, new retailing and medical health services. As of 30 September 2025, Chuchang Investment Group Co., Ltd. (“CCIG”) and its concerted parties held 42.3% of the equity interest in Jointown in total. Mr. Liu Baolin, the founder of Jointown, was the ultimate controller of the Company. As of the same date, CCIG and parties acting in concert has pledged around 49.4% of their holdings in Jointown for financing, accounting for 20.9% of the Company’s total share capital. Jointown reported total assets of RMB112.3 billion and net assets of RMB35.1 billion as of 30 September 2025.

### **Rating Rationale**

#### **Credit Strengths**

**Leading market position in domestic pharmaceutical distribution industry.** Jointown is primarily engaged in pharmaceutical distribution and supply chain business. The Company has demonstrated a leading market position and strong market competitiveness in pharmaceutical distribution industry, as well as logistic industry. Jointown is the largest private-owned pharmaceutical distribution enterprise operating nationwide, ranking 4<sup>th</sup> among top 10 pharmaceutical distribution enterprises in China in terms of asset scale.

**Strong logistics and resources network with diversified distribution channel coverage.** As an intermediary distributor within the pharmaceutical industry, Jointown’s leading position is underpinned by its diverse channel strengths and outstanding logistics systems. The Company

has established an omnichannel distribution network covering over 96% of administrative regions in China. Moreover, Jointown has consistently maintained close and long-term cooperative relationships with upstream and downstream partners across the industry chain. In terms of product portfolio, Jointown is one of the enterprises in the industry with the widest range of pharmaceutical products.

**Stable revenue generation with supplementary income from pharmaceutical services segment.** As a leading pharmaceutical distributor in China, the Company's revenue scale is relatively large and stable, increasing from RMB140.4 billion in 2022 to RMB151.8 billion in 2024. Pharmaceutical distribution is the main contributor, accounting for 95.8% of total revenue in 2024. The Company has been actively expanding businesses into relevant pharmaceutical services businesses including pharmaceutical retail, general agency and distribution promotion, as well as the pharmaceutical manufacturing, which can provide supplementary revenue and profit.

**Good access to capital and fundings.** Jointown's modest liquidity profile and weak credit metrics can be partially mitigated by its good access to capital and different funding channels. The Company has ample liquidity support from banks, and access to onshore bond market. As the Company continues to advance the securitization of its pharmaceutical warehousing and logistics assets by issuing public REITs and Pre-REITs, it is expected to further alleviate the funding pressure and lead to a sustained enhancement in the Company's debt structure. Meanwhile, as an A share-listed company, Jointown also has access to the equity financing channel.

**Close connections with local community and economic development.** Jointown has maintained close connections with local community and economic development, given its (1) important role in the local economic and social development; (2) track record of contributing to local employment and tax revenue; and (3) status as the largest private-owned pharmaceutical distribution enterprise in China.

### Credit Challenges

**Profitability vulnerable to medical reform policies and pharmaceutical price volatility.** Under the influence of policy factors such as medical insurance negotiations, the normalization of centralized procurement, and pharmaceutical price comparison policies, pharmaceutical and medical device prices face downward pressure, leading to narrowed profit margins in pharmaceutical distribution and retail industry. Meanwhile, against the backdrop of tight local government finances and healthcare payment systems, the Company continues to grapple with an extended trend in accounts receivable collection periods and certain short-term debt repayment pressures.

**Modest credit metrics, with relatively high debt leverage and short-term debt financing pressures.** The Company's debt leverage is at a relatively high level, with increasing debt burden. From end-2022 to mid-2025, the Company's total debt (including preference shares) increased from RMB42.3 billion to RMB46.1 billion. The total capitalization ratio, calculated by

total debt to total capital, was relatively high at 58.5% at mid-2025. The Company's debt-serving metrics are relatively weak given its large debt burden.

**Pressure on inventory turnover and accounts receivable recovery arising from business expansion.** The Company's asset liquidity is moderate, facing certain pressure on inventory turnover and accounts receivable collection arising from business expansion. The Company's downstream customers are predominantly public hospitals, whose payment cycles are lengthy, thereby occupying certain operational cash flow. Although the overall risk of non-recovery remains manageable, attention should be paid to subsequent accounts receivable collection and inventory turnover.

### Rating Outlook

The stable outlook on Jointown's rating reflects our expectation that the Company will further consolidate and strengthen its leading market position in the comprehensive pharmaceutical distribution industry for the next 12 to 18 months. It also reflects our expectation that the advancement of real estate securitization will lead to a sustained enhancement in the Company's debt structure.

#### What could upgrade the rating?

The rating could be upgraded if (1) pharmaceutical prices rise substantially, further boosting the Company's profits; (2) the Company's market position strengthens with a material increase in profitability; and (3) the Company demonstrates improved credit metrics and liquidity profile.

#### What could downgrade the rating?

The rating could be downgraded if (1) pharmaceutical prices decline sharply, adversely affecting the Company's earnings; (2) the Company's business scale and profitability deteriorate significantly; or (3) the Company indicates deteriorated credit metrics and weakened liquidity profile.

### Rating Methodology

The methodology used in this rating is the Rating Methodology for [General Corporate \(April 2019\)](#).

### Regulatory Disclosures

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