

CCXAP assigns first-time long-term credit rating of BBB_g to Beijing Jointown Pharmaceutical Co., Ltd., with stable outlook.

Hong Kong, 17 April 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BBB_g to Beijing Jointown Pharmaceutical Co., Ltd. (“Beijing Jointown” or the “Company”), with stable outlook.

The BBB_g long-term credit rating of Beijing Jointown reflects the Company’s (1) leading market position in the pharmaceutical distribution industry in Beijing City; and (2) strong regional logistics and resources network with diversified distribution channels coverage.

However, the rating is constrained by the Company’s (1) earnings vulnerable to regional competition and medical reform policies; (2) pressure on inventory turnover and accounts receivable recovery arising from business expansion; and (3) moderate credit metrics with increasing debt burden and short-term debt financing pressures.

The rating also reflects a high likelihood of support from its parent company in times of need, given the Company’s (1) status as the largest and the core subsidiary of Jointown Pharmaceutical Group Co., Ltd. (“Jointown”, Stock Code: 600998.SH); (2) close ties with local community and economic development; and (3) good track record of receiving ongoing parental support.

Corporate Profile

Founded in 2000, Beijing Jointown is the first subsidiary established by Jointown outside Hubei Province, and is also one of Jointown’s primary pharmaceutical sales entities and regional companies in the North China. Its main business includes hospital sales, pharmaceutical distribution and retailing sales. As of 31 December 2025, the Company’s registered capital and paid-in capital were both RMB1.3 billion. The indirect controlling shareholder, Jointown, held 56.03% stake in the Company through its wholly-owned subsidiary, Jointown Pharmaceutical Investment (Hubei) Co., Ltd. Mr. Liu Baolin, the founder of Jointown, was the ultimate controller of the Company. As of 30 September 2025, Beijing Jointown reported total assets of RMB9.8 billion and net assets of RMB2.8 billion.

The Company’s controlling shareholder, Jointown, is a comprehensive service provider for the whole chain pharmaceutical industry and the largest private-owned pharmaceutical distribution enterprise in terms of total assets in China. In November 2010, Jointown was successfully listed on the Shanghai Stock Exchange.

Rating Rationale

Credit Strengths

Leading market position in pharmaceutical distribution industry in Beijing City. Beijing Jointown is primarily engaged in pharmaceutical distribution and supply chain business, mainly involving the pharmaceutical products distribution, retailing, and hospital sales. It is the largest



pharmaceutical distribution subsidiary and one of the major regional subsidiaries of Jointown. As a key entity responsible for Beijing City's pharmaceutical reserves and emergency supply, the Company has demonstrated a leading market position and strong market competitiveness in pharmaceutical distribution industry within the business area.

Strong regional logistics and resources network with diversified distribution channels coverage. As an intermediary distributor within the pharmaceutical industry, Beijing Jointown's leading position is underpinned by its diverse channel strengths and outstanding logistics systems. The Company has established an omnichannel distribution network covering medical institutions at all levels in Beijing City (including large hospitals, community health centers, etc.), retail pharmacies (both chain and independent), and primary healthcare facilities.

High likelihood of receiving ongoing parental support. We expect a high likelihood of parental support from Jointown in times of need. Our expectation incorporates the considerations of the Company's (1) status as one of the largest and the core subsidiaries of Jointown; (2) close ties with local community and economic development; and (3) good track record of receiving ongoing parental support.

Credit Challenges

Modest profitability metrics, with earnings vulnerable to regional competition and medical reform policies. 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 increasing debt burden and short-term debt financing pressures. The Company's debt leverage stays at moderate level, with increasing debt burden. From end-2022 to end-2025Q3, the Company's total debt increased from RMB1.9 billion to RMB2.5 billion. The total capitalization ratio, calculated by total debt to total capital, was moderate at 46.6% at 2025Q3. The Company's debt-serving metrics are modest given its increasing short-term 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. Moreover, some assets of the Company, primarily real estates, are pledged to meet borrowing requirements for the expansion of its parent company's pharmaceutical wholesale operations, which could reduce the Company's financial flexibility.

Rating Outlook

The stable outlook on Beijing Jointown's rating reflects our expectation that the Company will further consolidate and strengthen its leading market position in the regional comprehensive pharmaceutical distribution for the next 12 to 18 months.

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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