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S&P Global
China Ratings

Credit Rating Report:

Yiwu China Commodities City Holdings Limited

Issuer Credit Rating*: AAA_{spc}; Outlook: Stable

Rating Date: May 26, 2025
Expiry Date: May 25, 2026

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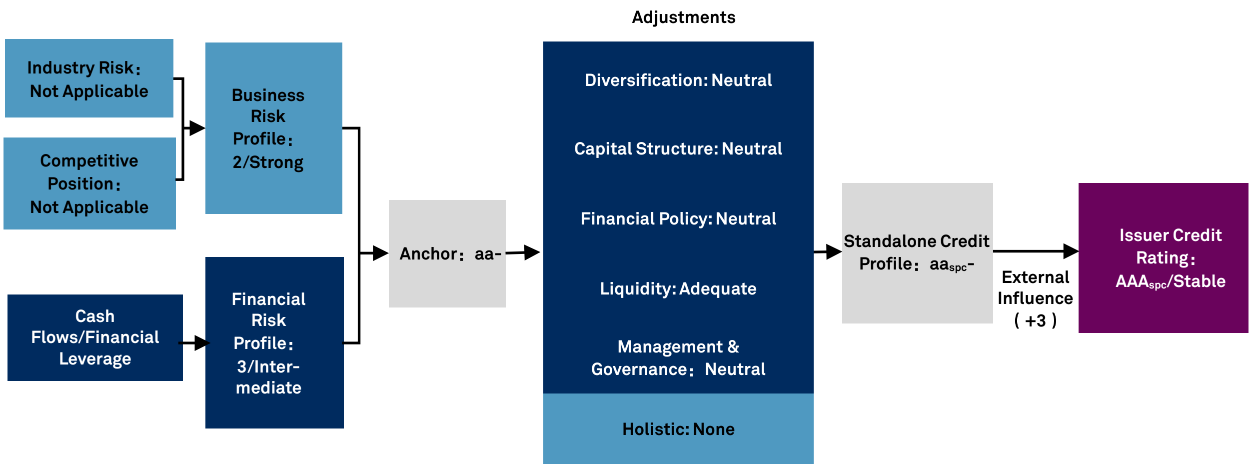
The rating presented in this report is effective from the rating date, until and unless we make any further updates.

Rating Summary

Company Name	Industry	Rating Type	Current Rating	Rating Date	Outlook/Credit Watch
Yiwu China Commodities City Holdings Limited	Commercial Property Holding & Operation and REITs/Property Development	Issuer Credit Rating	AAA_{spc}	May 26, 2025	Stable



Credit Highlights

Key Strengths	Key Risk
— Yiwu has strong trade foundations and good business conditions, which help the company's business development.	— Global trade volatility and geopolitical tensions have negatively impacted some small commodity merchants, creating indirect headwinds for the company's market operations.
— The Yiwu International Trade City is well-known globally. It operates steadily with good performance and strong profits.	— The property sector downturn has led to extended inventory turnover periods across the company's property portfolio, with particular sales execution challenges in certain projects.
— The company plays an important policy role in Yiwu. It runs the Yiwu Commodity Market, which is key to the city's "Prosperous Commerce for Urban Development" strategy. The company gets strong support from the Yiwu government, including favorable policies, business resources and funding.	
— The company maintains moderate financial leverage with strong access to low-cost financing and demonstrated refinancing capability.	

Outlook

The Rating Outlook for Yiwu China Commodities City Holdings Limited (hereinafter referred to as "CCC Holdings" or "the Company") is Stable. The Stable Outlook reflects expectations that over the next 24 months, CCC Holdings will further strengthen its competitive position in the industry, supported by stable operations in its existing markets and incremental contributions from newly developed markets. The Company will maintain a relatively prudent approach in its property development business, focusing on inventory reduction of existing projects while controlling new investments. The operation of the Yiwu Global Digital Trade Center (hereinafter referred to as "Global Digital Trade Center") will drive growth in shop usage fees and selection fees, leading to continuous improvements in the Company's profitability and cash flows. Financial leverage, as measured by Debt/EBITDA, is expected to decline, keeping financial risks at an intermediate level. We assess CCC Holdings as "Critical" to the Yiwu Municipal Government, and the government's capacity to provide support is extremely strong.

Downside scenario: S&P Ratings (China) may consider a downgrade of the company's issuer credit rating if any of the following circumstances materialize: 1.A reduction in external support from the Yiwu Municipal Government, which could be evidenced by: A significant decline in the Company's policy role, such as the divestment of core assets; A material weakening of government oversight over the Company. 2.A decline in the Yiwu Municipal Government's capacity to provide support.

Upside scenario: Not applicable.

Related Rating Methodologies, Models, and Research

Rating Methodologies:

— S&P Global Ratings (China) - Corporate Rating Methodology, May 14, 2025.

— S&P Global Ratings (China) Supplementary Methodology - Real Estate Industry, December 22, 2023.

— S&P Global Ratings (China) - General Factors for Rating Adjustments and Payment Hierarchy, May 21, 2019.

Related Research: None.

Related Models: None.

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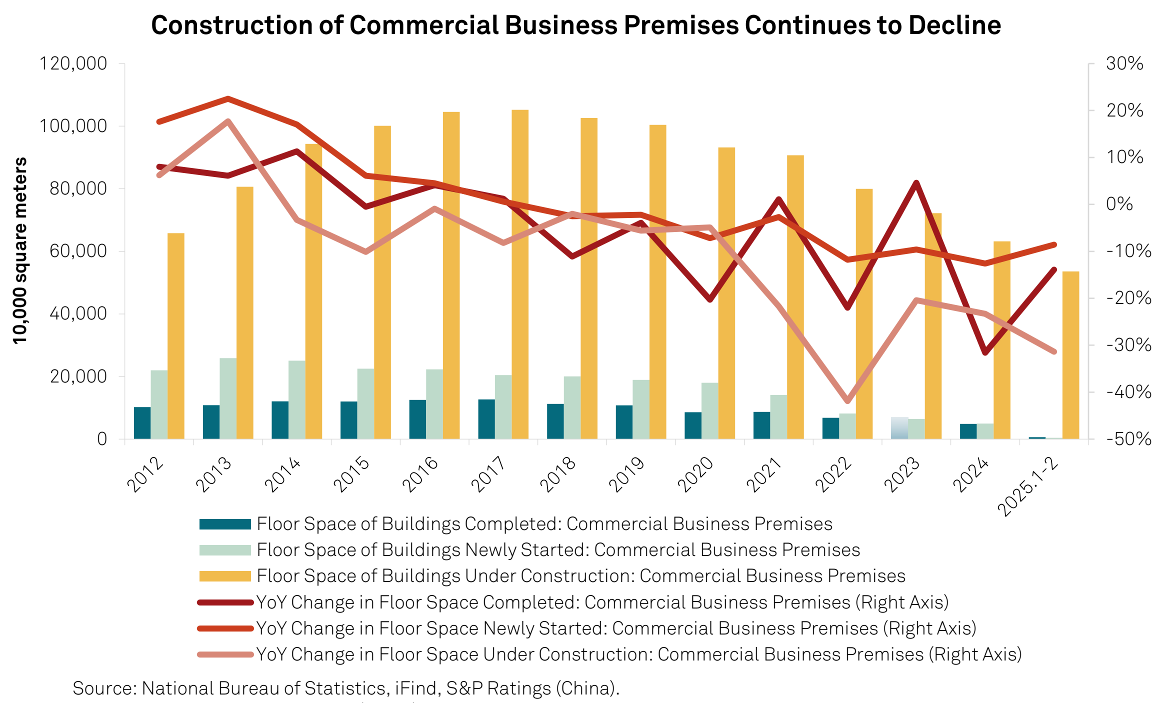
Macroeconomic and Industry Environment

We anticipate China's GDP growth in 2025 will moderate compared to the previous year. While we believe the government's continued monetary and fiscal policy support will provide some stimulus to the national real estate market, local government debt resolution, and economic growth, slowing global demand and policy uncertainty under the new U.S. administration may heighten risks facing China's economy. Notably, export volumes could be impacted by potential U.S. tariff increases, with spillover effects on investment and consumption.

We view China's commercial real estate market as having entered a phase dominated by competition for existing assets. The commercial real estate sector primarily refers to industries that generate profits mainly through rental income by holding and operating real estate portfolios. By segment, it can be divided into commercial properties (e.g., retail, logistics, data centers, and long-term rental apartments) and office buildings. On the supply side, construction scale for both commercial properties and office buildings continues to shrink. New construction starts for commercial properties peaked in 2013, with the construction and completion peak occurring in 2017. The office building cycle lagged slightly, with new starts showing intermittent rebounds.

As a critical link between production and consumption, the wholesale sector plays an irreplaceable role in goods distribution, transaction cost reduction, employment promotion, and supply chain stability. Wholesale markets, its primary platform, can be categorized into general markets (e.g., industrial raw materials, manufactured goods, and agricultural products) and specialized markets. According to the 2020 China Commodity Trading Market Statistical Yearbook, general markets account for about 28% of total market operating area nationwide.

Chart 1



Source: National Bureau of Statistics, iFind, S&P Ratings (China).

We believe that Yiwu City possesses a robust trade foundation and a favorable business environment, with trade making significant contributions to the economic development of both Yiwu and Zhejiang Province. Benefiting from first-mover advantages and sustained policy support, Yiwu has achieved a high level of maturity in import and export trade, forming core competitive strengths such as well-developed logistics infrastructure and efficient administrative services. As world capital of small commodities, commerce and logistics play an especially prominent role in driving Yiwu's economy, with its economic output consistently ranking among the top counties in China. In 2024, Yiwu's GDP, total import and export volume, and express delivery business volume all maintained rapid growth. Its import, export, and import values accounted for 12.7%, 15.1%, and 5.9% of Zhejiang Province's total, respectively, contributing 26.1% to the province's export growth—the highest in the province.

We consider that while recent adjustments to U.S. trade policies have exerted pressure on Yiwu's economy, the negative impact remains relatively manageable. Data from 2020 to 2024 shows that Yiwu's export markets are highly diversified, reducing exposure to individual country risks, with exports to the U.S. accounting for approximately 10%-15% of its total. Additionally, Yiwu's export model is primarily based on market procurement trade, where tariff risks are borne by the buyers. The high cost-performance advantage of Chinese manufacturing will continue to support procurement demand, while local market participants are actively expanding into non-U.S. markets to further diversify risks.

Table 1

Yiwu's Major Export Markets

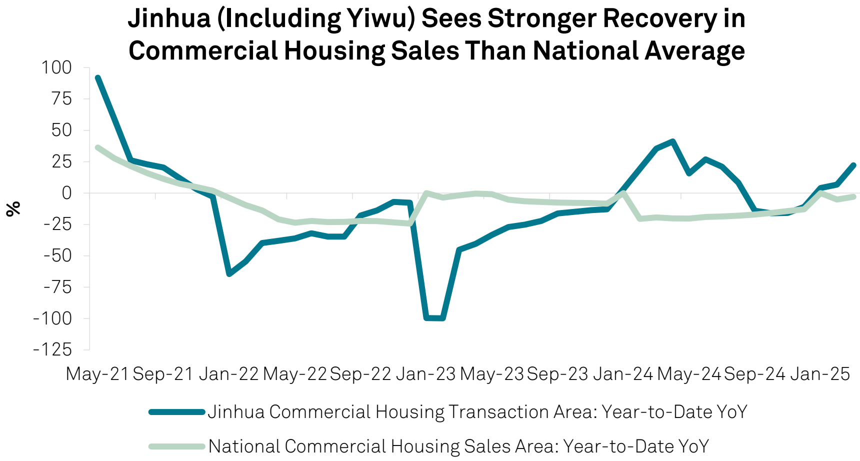
		2023			2024	
Rank	Countries and Regions	Export Value (RMB 100 million)	Proportion (%)	Countries and Regions	Export Value (RMB 100 million)	Proportion (%)
1	United States	586.57	12	United States	835.70	14
2	India	290.89	6	India	284.21	5
3	Mexico	200.94	4	Mexico	240.11	4
4	Brazil	158.67	3	Brazil	212.87	4
5	United Arab Emirates	141.77	3	Iraq	179.01	3
6	Saudi Arabia	141.02	3	Saudi Arabia	164.16	3
7	Netherlands	122.58	2	United Arab Emirates	162.27	3
8	Iraq	108.31	2	Chile	129.71	2
9	Chile	105.84	2	Greece	113.69	2
10	Greece	104.18	2	Philippines	110.46	2
	Top 10 Total	1,960.77	39	Top 10 Total	2,432.19	41
	Total	**5,005.74**		**Total**	**5,889.54**	

Source: Yiwu Commerce Bureau, compiled by S&P Ratings (China).

We project that China's commercial housing sales in 2025 will decline by 5%-10% year-on-year, with significant market divergence. High-tier cities are expected to remain stable under policy support, while low-tier cities will continue to face substantial pressure due to supply-demand imbalances and weak market confidence. Liquidity conditions among real estate developers will further diverge, with state-owned developers enjoying clear financing advantages while non-state-owned ones remain under strain. Third-tier and lower cities, constrained by population outflows and high inventory, are likely to see prolonged market adjustments. Although urban village renovation has expanded to 300 cities, policy-qualified projects are mainly concentrated in high-tier cities, limiting the boost to low-tier markets. The current commercial housing acquisition policy has progressed slowly due to price restrictions, but the 2025 Government Work Report proposed granting local governments greater autonomy—a breakthrough policy shift warranting close attention.

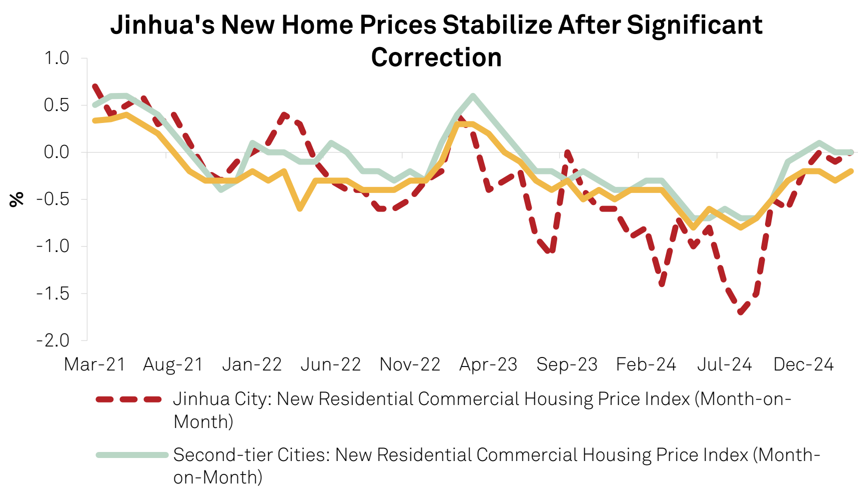
As an economically strong city in Zhejiang Province, Yiwu benefits from a solid industrial base, significant population agglomeration, and strong household purchasing power, providing genuine support for housing demand. However, inventory pressure continues to constrain market recovery. Driven by policies aimed at "stabilizing and reviving" the property market, commercial housing sales in Jinhua (including Yiwu) rebounded in Q1 2025, outperforming the national average. Yiwu's real estate market is highly sensitive to policy adjustments. For instance, the "Notice on Supporting Essential and Improved Housing Demand" issued on March 28, 2025, sparked strong market enthusiasm, featuring measures such as subsidies for first-home purchases, preferential policies for multi-child families, and optimized provident fund rules—the RMB80 million subsidy quota was fully claimed the next day. We believe Yiwu's property market recovery is closely tied to policy support, with future focus on the implementation effects of home purchase subsidies and existing housing acquisition policies.

Chart 2



Source: National Bureau of Statistics, Jinhua Real Estate Transaction Management Network, iFind, S&P Ratings (China).

Chart 3



Source: National Bureau of Statistics, iFind, S&P Ratings (China).

1. Credit Rating Anchor

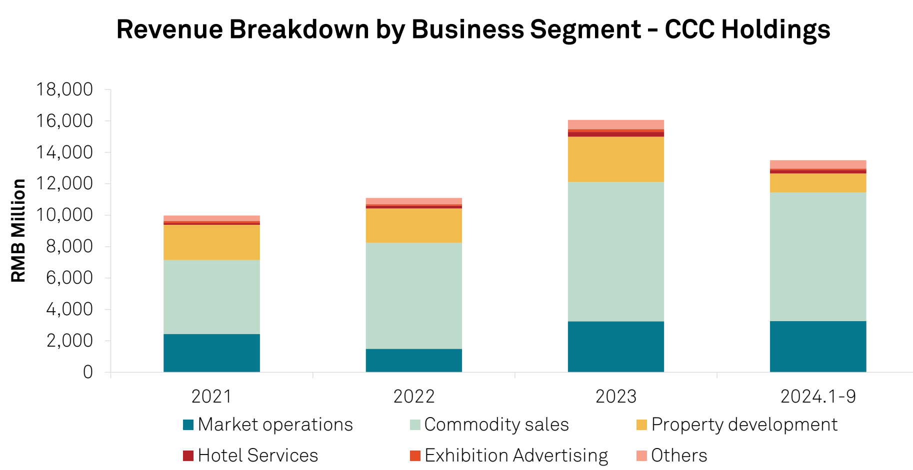
Company Description

Yiwu China Commodities City Holdings Limited (hereinafter referred to as "CCC Holdings" or "the Company") was established in October 2019 with a registered capital of RMB 1 billion. As a state-owned holding company wholly owned by Yiwu Market Development Group Co., Ltd. (hereinafter referred to as "Market Group"), its ultimate controller is the State-owned Assets Supervision and Administration Office of Yiwu Municipal People's Government (hereinafter referred to as "Yiwu SASAC").

In 2020, the Company completed two major asset restructurings: On February 26, upon approval by Yiwu SASAC, Market Group transferred its 55.82% equity stake in the listed company Zhejiang China Commodities City Group Co., Ltd. (hereinafter referred to as "CCC Group") to CCC Holdings at no cost. On July 16, CCC Group transferred 51% equity stakes in its subsidiaries Yiwu China Commodities City Real Estate Development Co., Ltd. (hereinafter referred to as "CCC Real Estate") and Pujiang Green Valley Property Co., Ltd. to CCC Holdings for consideration. These transactions established the Company's current operational structure.

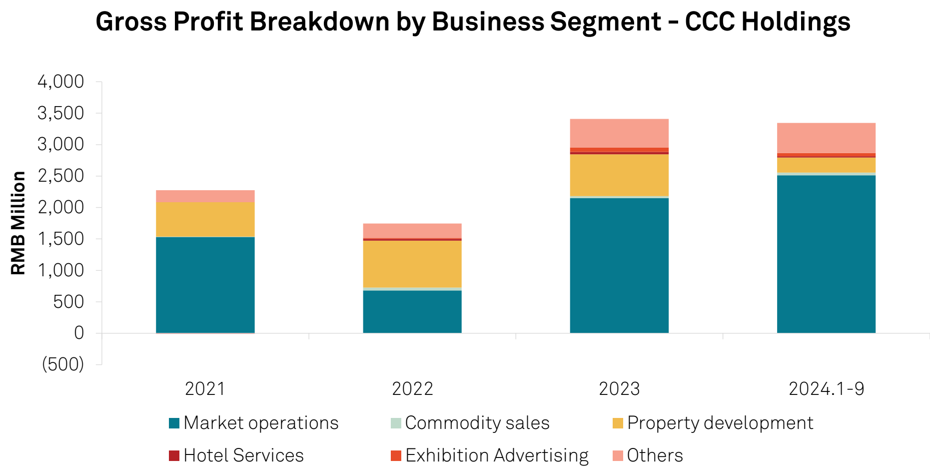
The Yiwu Commodity Market operated by the Company was founded during the early stages of China's reform and opening-up. It has consistently maintained a leading position in transaction volume among China's comprehensive markets and is recognized as the world's largest distribution center for small commodities. The Company's core businesses comprise three segments: 1.Market operations (including supporting services such as hotel operations, exhibition advertising, warehousing/logistics, and financial services) - operated by CCC Group; 2. Commodity sales - handled by both the Company's headquarters and CCC Group; 3. Property development - primarily managed by CCC Real Estate. In 2023, market operations and property development contributed 63% and 19% of gross profit respectively, constituting the Company's primary profit drivers.

Chart 4



Note: "Others" mainly includes supporting trade services for market operations, etc.
Source: Company-provided data, compiled by S&P Ratings (China).

Chart 5



Note: "Others" mainly includes supporting trade services for market operations, etc.
Source: Company-provided data, compiled by S&P Ratings (China).

The revenue from the company's market operation business segment comprises two components: shop usage fees and shop selection fees. The company does not sell shops but adopts a shop leasing model, charging shop usage fees based on the area. Merchants only possess the right to use the shops for the duration specified in the shop usage agreement. The shop usage fees are collected in advance, meaning merchants prepay the entire usage fee for the lease period (currently primarily on a biennial basis), and the company recognizes the revenue in installments over the lease term. Starting in 2024, the company has further divided the shop usage fee into shop rental fees and operational service fees for newly signed shop usage agreements. Shop selection fee income is derived from fees paid by merchants through a bidding process to secure specific shop locations. These fees are collected in a lump sum and amortized as revenue over the lease period specified in the initial shop usage agreement. Shops become available through the opening of new markets or the addition of shops resulting from the optimization and reorganization of existing market spaces. We believe that, compared to shop usage fee revenue, shop selection fee revenue, while more reflective of periodic income, still maintains a certain degree of sustainability. This is because there remains room for optimization in the proportion of leasable area relative to the total built-up area of the market.

Business Risk Profile

S&P Ratings (China) assesses CCC holdings' business risk profile as "strong". The company operates the Yiwu Commodity Market, which enjoys exceptional brand recognition and global influence. The market demonstrates excellent operational performance with high stability and robust profitability, while its business scale aligns with the industry average for commercial property operators and REITs. Despite operating in a single market type with high geographic concentration, the company's diverse product categories and well-distributed tenant base provide partial mitigation to these risks. The company's property development business has established solid brand equity and product competitiveness in Yiwu, maintaining relatively prudent operations with healthy profitability. Its strong refinancing capability provides solid support for stable operations. However, the property segment's relatively small sales volume, high regional concentration, and extended inventory turnover periods remain constraints.

We view the Yiwu Commodity Market as possessing exceptional brand recognition and global influence. Its flagship International Trade City—recognized by the UN and World Bank as "the world's largest small commodity wholesale market"—serves as the core platform for Yiwu's position as world capital of small commodities. The market offers 2.1 million product categories, serves over 230 countries and regions, and hosts more than 20,000 foreign merchants and 9,000 foreign-owned entities. It has become a vital bridge connecting Chinese products to global markets and vice versa. We expect the market's competitive position to strengthen further with the upcoming operational launch of the Global Digital Trade Center (International Trade Market Phase VI), which should enhance its comprehensive capabilities.

Table 2

Overview of Global Digital Trade Center (International Trade Market Phase VI)

No.	Technical and Economic	Area (square meters)	Estimated Completion or Delivery Time	Planned Total Investment (RMB100 Million)	Investment Completed by End of 2024 (RMB100 Million)
1	Land Area	374,379		83	42
2	Total Construction Area	1,236,415			
3	Above Ground Construction Area	860,439			
3.1	Market	391,820	October 2025		
3.2	Commercial Office Buildings	306,576	April 2026 (Partial)		
3.3	Commercial District	65,076	2026		
3.4	Apartments	84,944	To be determined		
3.5	Digital Brain	12,023	To be determined		
4	Underground Construction Area	375,976			

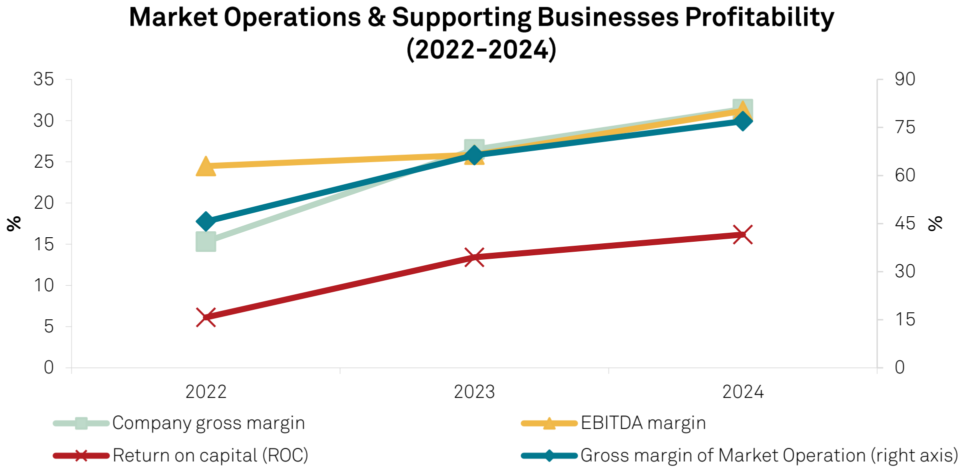
Source: Company data, Feasibility Study Report on Global Digital Trade Center Project, S&P Ratings (China)

We believe Yiwu Commodities Market demonstrates outstanding operational performance. Thanks to its exceptional business environment and strong commercial appeal, the market maintains high occupancy and lease renewal rates, stable shop usage fees, solid operational capabilities, and robust profitability. Benefiting from Yiwu's advantageous trade and logistics location and the company's continuous improvements in merchant services, the occupancy rates of its major markets (excluding the production materials market) have consistently exceeded 95% over the long term, with an overall high occupancy rate. Meanwhile, the lease renewal rate for major markets has reached 100%. From 2021 to 2024 (excluding 2022 due to rental fee reductions), the market's operating revenue remained stable at over RMB 2 billion annually.

The company places high importance on safety management. By establishing a Safety Production Committee and dedicated management departments, it incorporates safety performance into operational assessments. It has implemented the Emergency Response Plan for Flood, Typhoon, and Drought Prevention and the Emergency Plan for Fire Alarms and Fire Incidents to standardize risk response procedures. Regular safety inspections, employee training, and merchant drills have been conducted, ensuring safe and stable market operations for over 30 consecutive years without major safety incidents—providing a solid foundation for efficient market operations.

From 2022 to 2024, the EBITDA margin and return on capital (excluding merchandise sales) of the company's subsidiary CCC Group, were approximately 69% and 12%, respectively, significantly higher than the industry averages for commercial property operators and REITs. As a key state-owned enterprise in Yiwu, the company actively implements the "Prosperous Commerce for Urban Development" development strategy. While maintaining a favorable business environment, it adopts a prudent approach to adjusting shop usage fees, keeping them below actual market value. Given the market's sustained growth, the company raised usage fees by 5% during lease renewals starting in 2024. We expect the company's profitability to further improve as major sections of the Global Digital Trade Center project commence operations. Key operational data for the company's major markets can be found in Appendix 1.

Chart 6



Note: To eliminate the impact of property development business on the profitability of the small commodity market, the company gross margin, EBITDA margin, and return on capital in the above chart are calculated based on the financial data of the company's subsidiary—CCC Group. The operating gross margin of market operations is derived from the gross margin of the market operations segment under CCC Holdings. 2024 data is based on January-September 2024 figures.
Source: Company-provided data, compiled and adjusted by S&P Ratings (China).

We assess that the company's commercial property is of medium scale within the commercial property operators and REITs industry, primarily consisting of wholesale markets with high regional concentration. However, the extensive range of business categories and high tenant diversification have effectively mitigated related risks. As of the end of 2024, the company operated markets with a total leasable area of 1.4116 million square meters, comprising over 75,000 merchant shops. Currently, all properties are concentrated in the wholesale sector, with the exception of markets in Dubai and Haicheng, all located within Yiwu city. The various zones of the International Trade City are interconnected, demonstrating significant geographical concentration characteristics. The company has successfully mitigated operational risks associated with property type homogeneity and high regional concentration through its diverse product categories and widely distributed tenant base. The small commodity market covers 26 major categories with 2.1 million product varieties, supported by numerous and well-distributed merchants. Through a comprehensive merchant training and management system, the company continuously optimizes shop allocation. Its mature merchant rotation mechanism ensures timely replacement of vacated shops with new merchants. Additionally, the two-year advance payment system for shop rentals provides a buffer period for potential vacancies. These systematic measures collectively maintain high occupancy rates and stable rental income.

We observe that the company's ancillary market services are performing well, serving as valuable complements to its core market operations. As a "world-renowned comprehensive international trade service provider," the company has actively expanded into supporting services including hotels, exhibition services, advertising, warehousing and logistics, cross-border payments, online platforms, and consumer goods import trade. While these businesses primarily serve the local Yiwu market and have yet to establish dominant positions in their respective segments, they have achieved sound operational results by creating effective synergies with the core market business. These ancillary services provide positive support for the company's overall business development.

We view the company's property development business as having established strong brand recognition and product competitiveness in Yiwu, characterized by relatively prudent operations and good profitability. Its sound refinancing capability provides solid support for stable operations. However, the business's sales volume remains below industry average with high regional concentration and extended inventory cycles. Sales recovery still largely depends on policy stimulus to boost housing demand in Yiwu. As a locally-focused developer in Yiwu, all the company's ongoing projects and land reserves are located within the city. As of end-September 2024, it held 22 property development projects, including 17 consolidated projects. Consolidated contract sales for 2022, 2023, and the first nine months of 2024 were RMB 1.0 billion, RMB 4.4 billion, and RMB 2.4 billion respectively—below the industry average in scale.

The company demonstrates prudent management as a state-owned local developer, reflected in its focused presence in its core market (Yiwu) without aggressive expansion or market downgrading. Wholly-owned projects dominate its portfolio, and all joint development partners are local state-owned enterprises in Yiwu, primarily including Market Group and Yiwu Urban Investment & Construction Group. Benefiting from strong product appeal and cost control, the profitability of its property development business outperforms industry peers, with gross margins of 34.3% and 23.0% in 2022 and 2023 respectively. Smooth refinancing channels ensure ample liquidity, allowing the company to avoid aggressive price-cutting for inventory clearance during industry downturns—a major factor supporting stable margins.

However, property sales have faced pressure in recent years amid sector weakness, resulting in prolonged inventory cycles (4-6 years based on current sales pace) for its RMB 18.3 billion consolidated unsold inventory as of end-September 2024. Certain projects exhibit particularly slow sales—the completed Jiayue Lanting, Jiayuan Xiaozhu, and Lügu Yunxi Phase III projects all show sell-through rates (measured as "1 - unsold area/GFA") below 50%, indicating significant destock challenges and sluggish cash recovery. We expect Yiwu's property market recovery to remain policy-dependent, with a full stabilization requiring more time. The extent to which individual projects benefit from policy stimulus will hinge on product positioning and marketing strategies—projects misaligned with current homebuyer demand may continue facing substantial clearance pressure, warranting ongoing monitoring. Refer to Appendix 2 for the company's property project details.

Financial Risk Profile

Assumptions

For the years 2024-2025, our baseline assumptions for the company's key financial indicators are as follows:

— Benefiting from new market shop leasing and increased shop usage fees, the company's operating revenue is expected to grow by 10%-20% year-on-year.

— The Company is projected to achieve annual contracted sales of RMB2.8-5.0 billion on consolidated basis, with construction and installation expenditures of RMB1.8-2.0 billion and land acquisition costs of approximately RMB1.0 billion.

— The EBITDA margin is expected to remain between 20%-25%.

— The Company's average annual capital expenditure will be around RMB2.0 billion, primarily allocated to major projects, with a focus on the Global Digital Trade Center.

S&P Ratings (China) assesses the Company's financial risk as "intermediate", considering the Yiwu Commodity Market's stable operations and strong profitability, with shop usage fees providing steady support for operating cash flows. The upcoming operation of the Global Digital Trade Center is expected to improve cash flow through advance collection of shop selection fees, usage fees and property sales, driving a gradual decline in leverage. The Company's property development business will focus on inventory destocking with controllable capital expenditure pressure, and we expect contracted sales and investment expenditures to remain relatively balanced over the next 1-2 years without increasing debt burden. As one of Yiwu's key state-owned enterprises, the Company maintains strong relationships with local financial institutions with smooth financing channels, low funding costs and robust refinancing capacity.

We anticipate the Global Digital Trade Center's trial operation in Q4 2025 will significantly boost cash flows, including stable recurring shop usage fees and volatile but substantial one-time shop selection fees during new shop releases, with advance collections (including RMB 1.5 billion from office presales in 2024) helping balance the project's capital expenditures (total investment RMB 8.3 billion with RMB 4.2 billion invested by end-2024). EBITDA margins are expected to fluctuate upward as selection fees temporarily lift profitability, though partially offset by low-margin commodity sales. For property development, the focus remains on inventory reduction with limited new investments, including annual contracted sales of at least RMB 3 billion, construction costs of RMB 1.8-2.0 billion for existing projects, and controlled land acquisition spending around RMB 1 billion (with only one undeveloped plot held as of 2024), while property development related debt (40-50% of total interest-bearing debt) should gradually decline. The capital expenditure is estimated at approximately RMB 2 billion annually. Major capital expenditures will concentrate on the Global Digital Trade Center (remaining RMB 4.1 billion) and supporting logistics/digital infrastructure. The Company maintains strong financial flexibility with RMB 23.1 billion in approved credit lines (including RMB 14.6 billion undrawn as of September 2024), 60% of which comes from major state-owned banks.

Table 3

Adjusted Key Financial Data and Metrics (RMB million)					
	2021A	2022A	2023A	2024E	2025F
Revenue	10,450	11,415	16,506	Revenue to grow 10%-20% (YoY) on new shop leases & higher usage fees. EBITDA margin steady at 20%-25%.	
EBITDA	2,495	2,352	3,472		
Interest Expense	482	570	773		
Debt	11,259	16,444	20,108		
Capital Expenditure	2,177	4,130	2,632		
Adjusted Financial Metrics					
Debt/EBITDA (x)	4.5	7.0	5.8	3.5-6.0	3.5-6.0
EBITDA Interest Coverage (x)	5.2	4.1	4.5	5.0-7.5	5.0-7.5
EBITDA margin (%)	23.9	20.6	21.0	20.0-25.0	20.0-25.0

Note: Data presented reflects S&P Ratings (China)'s adjustments. A = Actual; E = Estimate; F = Forecast.
Source: Company data, S&P adjustments.

Table 4

Reconciliation of Rated Entity (As of 2023, RMB million)					
	Total Debt	EBITDA	Interest Expense	Net Cash Flow from Operating Activities	Cash Outflows for Acquisition of Fixed Assets, Intangible Assets and Other Long-term Assets
Company Reported Amount	22,007	3,446	532	415	2,632
S&P Ratings (China) adjustments					
Surplus Cash	-1,946	-	-	-	-
Other Equity Instruments	-	-	-	-	-
External guarantees and litigation	46	-	-	-	-
Dividends received from associates and joint ventures	-	-	-	-	-
Capitalized R&D costs	-	-27	-	-27	-27

Current Taxes	-	-	-	-	-
Capitalized interest	-	-	241	-	-
Capitalized Interest Included in Operating Costs	-	20	-	-	-
Dividends or interest on other equity instruments	-	-	-	-	-
Cash interest payment	-	-	-	-773	-
Other adjustments	-	33	-	-	-
Total adjustments	-1,900	26	241	-800	-27
	Debt	EBITDA	Interest Expense	Operating Cash Flow	Capital Expenditure
S&P Ratings (China) Adjusted	20,108	3,472	773	-385	2,605

Note: Total Debt = Short-term Debt + Long-term Debt

Source: Company data, Audit report, S&P Ratings (China).

Peer Comparison

For comparative analysis, we have selected Haining China Leather Market Co., Ltd. ("Haining Leather Market"), Linyi Commercial City Holdings Group Co., Ltd. ("Linyi Commercial City"), and Zhejiang China Light & Textile Industrial City Group Co., Ltd. ("Textile City Group") as the company's peers. These entities are leading operators of wholesale market construction and operation in China, sharing similarities with the company in terms of business scope and operational models, thus providing strong comparability.

We believe that compared to these peers, the company's market operation business demonstrates more significant scale advantages, stronger profitability, and greater operational stability. As a comprehensive wholesale market operator, the company owns a larger number of markets and generates several times more business revenue than its peers, while maintaining relatively higher gross margins in market operations. Additionally, except for Haining Leather Market, the company and other comparable peers have essentially achieved full occupancy rates in their markets, indicating strong operational stability.

We observe that while high regional concentration is common in wholesale markets, the company demonstrates relatively stronger risk mitigation capabilities compared to its peers. By establishing an integrated market system that combines domestic and international trade while covering diverse product categories, the company has effectively expanded its market coverage and reduced risks associated with regional concentration.

We consider the company's financial risk to be moderate among its peers. While both its revenue and debt scale are significantly larger than industry averages, its leverage ratio and EBITDA interest coverage multiple remain at mid-range levels within the peer group. Among comparable companies, Linyi Commercial City engages in substantial capital-intensive businesses such as property development and utilities alongside market operations, resulting in significantly higher leverage than industry peers. Excluding Linyi Commercial City, the company maintains relatively lower leverage levels compared to other peers.

Table 5

Peer Comparisons – Business Information

	CCC Holdings	Haining Leather Market	Linyi Commercial City	Textile City Group
Major Markets	Yiwu International Trade City: Zones 1-5	Haining China Leather City, Liaoning Tong'erpu	Linyi Small Commodity Market, China	Old Textile Market, North Textile Market, Tianhui

	(including expansion areas), Huangyuan Market	Haining Leather City, Jiangsu Shuyang Haining Leather City, Harbin Haining Leather City, Sichuan Chengdu Haining Leather City, Jinan Haining Leather City	Educational Supplies Procurement Base, Lunan Furniture City, Huafeng International Non-Staple Food City, Huaqiang Building Materials Logistics City, East China Plywood Market, East China Decoration Materials Market	Textile Market, East Textile Market, United Textile Market, Garment Market, Dongsheng Road Market, Beilian Market, Apparel & Accessories Market, Kebu Grey Fabric Market
Major Operational Zones	Yiwu City	Nationalwide	Linyi City	Keqiao City
Number of Markets	12	9	7	10
Market Type	Composite	Specialized	Composite	Specialized
Product Categories	Daily necessities, Crafts & ornaments, Toys, Beauty & cosmetics, Office & stationery supplies, Watches & eyewear, Apparel & footwear, Textiles, Leather goods & luggage, Digital appliances, Building materials & home décor, Hardware & machiner	Leather products	Small commodities, Daily necessities, Building materials, Panel products, Non-staple food	Textiles
Profit Models	Leasing Only	Hybrid Lease-to-Sale	Leasing Only	Leasing Only
Primary Lease Term	2 years	1 year	1year	6 years
Revenue of Market Operations (2023, in RMB million)	32.4	6.3	1.9	8.0
Occupancy Rate in Key Markets (2023, %)	96	83	100	99
Unit Shop Rental Fees (2023, RMB/sq.m/year)	About 1,300	337	80-560	- -
Subsequent Measurement Method for Market Assets	Cost Method	Cost Method	Fair Value Method	Cost Method
Gross Profit Margin of Market Operations (2023, %)	66.3	23.9	65.3	45.6
Other Businesses	Exhibition & Advertising, Warehousing & Logistics, Merchandise Sales, Hotels, Payment Services	Hotels, Property Management, Healthcare, Trading, Fund Matching, Financial Leasing, Guarantees	Trading, Hotels, Land Primary Development, Industrial Park Operations, Property Management, Exhibitions	Property Management, Logistics
Gross Profit Margin (2023, %)	22.2	35.6	15.8	48.9
Controlling Shareholder	Yiwu Market Development Group Co., Ltd.	Haining Asset Management Company	Linyi Urban Development Group Co., Ltd.	Shaoxing Keqiao Development & Operation Group Co., Ltd.
Ultimate Controlling Party	Yiwu State-owned Assets Supervision and Administration Office	Haining State-owned Assets Supervision and Administration Office	Linyi State-owned Assets Supervision and Administration Commission	Shaoxing Keqiao District People's Government

Note: Some information was not available.

Source: Company-provided data, public information, compiled and adjusted by S&P Ratings (China).

Table 6

Peer Comparisons – Financial Metrics (2023, RMB Million)

	CCC Holdings	Haining Leather Market	Linyi Commercial City	Textile City Group
Revenue	16,506	1,220	1,501	855
Debt	20,108	1,568	4,432	1,984
EBITDA	3,472	608	132	424
Operating cash flow	-385	-28	-360	16
Funds from operation	2,068	570	-140	432
Capital expenditure	2,632	116	28	1,253
EBITDA margin (%)	21.0	49.8	8.8	49.6
Debt/EBITDA (x)	5.8	2.6	33.7	4.7
EBITDA Interest coverage (x)	4.5	10.0	0.5	6.5

Source: Company data, iFind, complied and adjusted by S&P Ratings (China).

2. Standalone Credit Profile

Liquidity

S&P Ratings (China) considers the company's liquidity position to be adequate, with liquidity sources expected to cover liquidity needs by more than 1.2x over the next 12 months. During this period, the company's major funding needs include debt principal repayments, interest payments, and capital expenditures for key projects. Its primary funding sources consist of operating cash flow, unused bank credit facilities, and public market financing. As a key state-owned enterprise in Yiwu, the company maintains strong relationships with local financial institutions, ensuring smooth refinancing channels and low financing costs.

Table 7

Source of Liquidity	Use of Liquidity
Cash and cash equivalents RMB 3.4 billion	Debt principal & interest payments RMB13.5-14.5 billion
Net operating cash inflow RMB 5.1billion	Capital expenditures (Primarily for Global Digital Trade Center) about RMB 2.0 billion
Unutilized credit facilities & capital market financing capacity about RMB 12.0-14.0 billion	Shareholder Dividends Distribution about RMB 1.5-2.0 billion

Note: Data as of the end of September 2024.

Source: Company-provided information.

Table 8

Debt Maturity Profile	
Maturity Term	Amount (in RMB 100 million)
2024	35
2025	113
2026	25
2027	21
2028	8
2029 and beyond	21
Total	223

Note: Data as of the end of September 2024, principal amount due.

Source: Company data, compiled and adjusted by S&P Ratings (China).

Contingent Liabilities

As of the end of September 2024, the company had provided RMB 2.4 billion in guarantees for mortgage loans to homebuyers in relation to its property development business. Beyond this, the company has no other external guarantees. Such guarantees are standard practice in the real estate industry's home purchase process, and the associated obligations will be released once the homebuyers complete the property title registration. To date, no guarantee claims have been triggered.

As of the end of September 2024, the company was not involved in any material pending litigation that could affect its normal operations.

Historical Debt Service Performance

As evidenced by the company's Enterprise Credit Report and supporting documentation, all borrowings have been fully repaid upon maturity with timely interest payments as of April 1, 2025, with no instances of delayed principal or interest payments. Public records indicate that the company maintains a clean credit history in public markets with no default records as of the date of this report.

3. Issuer Credit Rating

In our view, Yiwu City possesses very strong economic strength, exceptional fiscal balance capabilities, and extremely robust comprehensive support capacity. We assess CCC Holdings as "Critical" to the Yiwu Municipal Government, primarily reflected in the following aspects:

— The company maintains strong ties with Yiwu Municipal Government in terms of ownership structure and management mechanisms. Yiwu SASAC indirectly holds a 74.95% stake in the company through Yiwu State-owned Capital Operation Co., Ltd. and Market Group. The municipal government exerts significant influence over management appointments, strategic planning, and daily operations. Although there exists a two-tier shareholder structure in formality, all major operational matters require direct reporting to the SASAC, which exercises comprehensive supervision over critical areas including project investment, capital operations, and debt financing.

— The company plays a vital policy role for Yiwu City. The Yiwu Commodity Market operated by the company serves as the core platform for implementing the city's "Prosperous Commerce for Urban Development" economic strategy, bearing the crucial mission of building a high-quality "World Capital of Small Commodities." Its stable operation plays a pivotal role in attracting population, building industrial clusters, and creating employment opportunities. According to the 2024 annual report, the market has fostered the growth of 2.1 million SMEs nationwide and created 32 million jobs, demonstrating significant economic and social value.

— As Yiwu's key market-oriented SOE, the company demonstrates strong competitive capabilities and makes substantial profit contributions to the state-owned asset system. The Yiwu Commodity Market ranks as a globally renowned trade center, maintaining leading position in transaction volume among China's comprehensive markets for consecutive years. In 2023, the company accounted for 20% of total assets, 42% of revenue, and 119% of total profits among Yiwu's municipal SOEs.

— The company continues to receive strong government support in policy preferences, business resources, and capital injections. In December 2024, the State Council approved the "Overall Plan for Deepening Comprehensive International Trade Reform in Yiwu City", designating the company's subsidiary as the exclusive pilot enterprise for import trade innovation. The company has taken the lead in implementing positive list import business, fully benefiting from policy support. Regarding financial support, the company received RMB 1.4 billion capital injection from its parent in 2023, along with government subsidies totaling RMB 69.15 million, RMB 57.88 million, and RMB 80.57 million during 2021-2023.

In conclusion, we believe CCC holdings demonstrates strong credit quality, and accordingly assign it a AAA_{spc} issuer credit rating.

Appendix

Appendix 1： Operational Overview of the Company's Major Markets

Please refer to the Chinese version of the rating report.

Appendix 2： Status of the Company's Property Development Projects

Please refer to the Chinese version of the rating report.

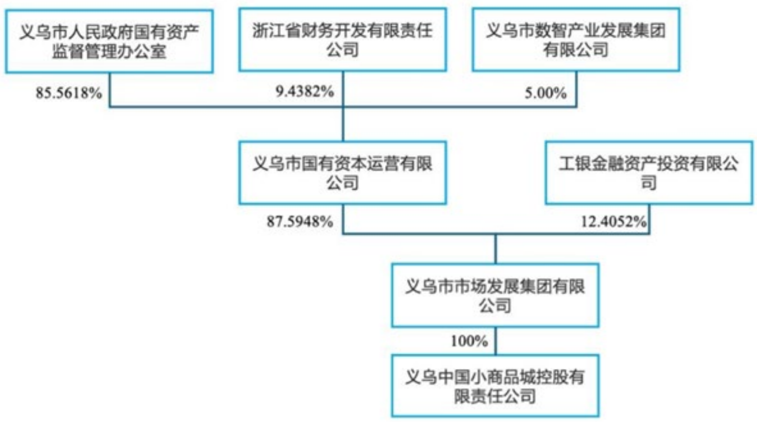
Appendix 3： Key Financial Data

Key Financial Data (RMB, millions)				
	2021	2022	2023	2024.1–9
Cash and cash equivalent	5,808	2,750	4,586	3,389
Fixed assets	5,107	5,240	4,948	4,783
Total assets	42,944	47,931	57,698	59,813
Short term borrowings	3,847	3,333	4,150	3,431
Non-current liabilities due within one year	3,721	538	1,456	6,513
Long term borrowings	1,961	3,876	4,648	4,954
Bonds payable	-	5,296	7,276	1,979
Total owner's equity	14,333	14,973	18,773	21,713
Total revenue	10,450	11,415	16,506	13,958
Operating costs	7,887	9,499	12,835	10,356
Selling expenses	246	240	302	162
Administrative expenses	504	626	637	392
Financial expenses	235	345	376	314
Total profit	1,580	1,235	3,233	2,758
Net profit	1,132	1,046	2,599	2,096
Cash inflow from operating activities	14,328	12,609	18,502	15,845
Cash outflow from operating activities	19,657	15,288	18,087	15,211
Net cash flow from operating activities	-5,329	-2,680	415	634
Cash inflow from investment activities	15,637	3,528	1,274	776
Cash outflow from investment activities	9,820	6,779	5,134	2,068
Net cash flow from investing activities	5,817	-3,250	-3,860	-1,292
Cash inflow from financing activities	17,183	26,248	18,176	10,877
Cash outflow from financing activities	15,728	22,427	13,339	11,552
Net cash flow from financing activities	1,455	3,821	4,837	-674
Adjusted Financial Data and Indicators				
Revenue	10,450	11,415	16,506	13,958
EBITDA	2,495	2,352	3,472	--
Interest expense	482	570	773	--
Debt	11,259	16,444	20,108	--
Capital expenditure	2,177	4,130	2,632	--
Debt/EBITDA (x)	4.5	7.0	5.8	--
EBITDA interest coverage (x)	5.2	4.1	4.5	--
EBITDA margin (%)	23.9	20.6	21.0	--

Notes: 1. The financial data in the above table is based on the company's audited financial statements for 2021-2023 (with unqualified opinions issued by Baker Tilly China Certified Public Accountants LLP) and unaudited financial statements for January-September 2024. 2.Adjusted financial data and metrics reflect S&P Ratings (China)'s adjustments. 3. "--" indicates data is not available.

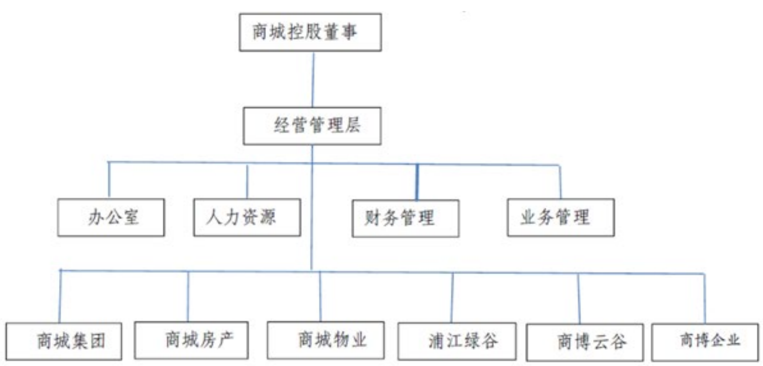
Source: Company data, compiled and adjusted by S&P Ratings (China).

Appendix 4： Ownership Structure of the Rated Entity (as of September 2024)



Source: Company-provided information.

Appendix 5： Organizational Structure of the Rated Entity (as of September of 2024)



Source: Company-provided information.

Appendix 6： Key Terms

Key Terms
EBITDA (reported) = Revenue - COGS- SG&A - R&D + D&A(reported) - Taxes and Surcharges - other operating expenses(income)
EBITDA = EBITDA (reported) + OLA rent - Capitalized development cost + Capitalized interest in COGS + Dividend received from equity investments + other adjustments
D&A = D&A(reported)+ OLA depreciation + other adjustments
EBIT = EBITDA (reported) + OLA rent - Capitalized development cost + Capitalized interest in COGS - D&A + non-operating income(expense) + other adjustments
Interest expense = interest expense(reported) + Capitalized interest + OLA interest expense + Hybrid dividend accrual + other adjustments
Cash interest paid = Cash Interest expense + Hybrid dividend cash payment + other adjustments
FFO = EBITDA - Interest expense + interest and dividend income - Current tax + other adjustments
CFO = CFO (reported) + OLA depreciation - Capitalized development cost - Hybrid dividend cash payment - Cash interest expense + Dividends received + other adjustments
Capital expenditure = Capital expenditure(reported)- Capitalized development cost + other adjustments
FOCF = CFO - Capital expenditure

Dividends = Cash dividends + Dividends to minority interest - Hybrid dividend cash payments
DCF = FOCF - Dividends
Short-term debt = Shot-term loan + Financial liabilities held for trading + (Account payable - margin for payables) + Current portion of non-current liabilities (interest-bearing) + Interest payable + Other interest-bearing short-term debt
Long-term debt = Long-term loan + Bond + Financial lease payable+ Lease obligation + Provisions - guarantees & litigations + other interest-bearing long-term debt
Debt = Short-term debt + Long-term debt + OLA debt - Surplus cash + Asset retirement obligation debt adjustment + Hybrid securities + External guarantees & litigations + other adjustments
Capital = Total Equity - Hybrid securities + Debt + Deferred taxes + other adjustment
EBITDA interest coverage = EBITDA/Interest expense
FFO interest coverage = (FFO + Interest expense)/ Cash interest paid
EBITDA (reported) = Revenue - COGS- SG&A - R&D + D&A(reported) - Taxes and Surcharges - other operating expenses(income)
EBITDA = EBITDA (reported) + OLA rent - Capitalized development cost + Capitalized interest in COGS + Dividend received from equity investments + other adjustments

Appendix 7： Ratings Definitions

Category	Definition
AAA_{spc}	The repayment ability is extremely strong, generally not impacted by any adverse economic environment, and the default risk is extremely low.
AA_{spc}	The repayment ability is very strong, not considerably impacted by any adverse economic environment, and the default risk is very low.
A_{spc}	The repayment ability is comparatively strong, comparatively vulnerable to the impact of adverse economic environment, and the default risk is comparatively low.
BBB_{spc}	The repayment ability is average, comparatively impacted by adverse economic environment, and the default risk is average.
BB_{spc}	The repayment ability is comparatively weak, materially impacted by adverse economic environment, and the default risk is comparatively high.
B_{spc}	The repayment ability relies comparatively on fair economic environment and the default risk is very high.
CCC_{spc}	The repayment ability relies extremely on fair economic environment and the default risk is extremely high.
CC_{spc}	Lower protection in situation of bankruptcy or reorganization and the repayment of debt may not be generally guaranteed.
C_{spc}	Unable to repay the debt.

Note: except for AAA_{spc} rating, CCC_{spc} and all ratings below may be added a "+" or "-" sign for minor adjustment to indicate a slightly higher or lower rating.