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S&P Global
China Ratings

Credit Rating Report:

Zhejiang China Commodities City Group Co., Ltd.

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

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

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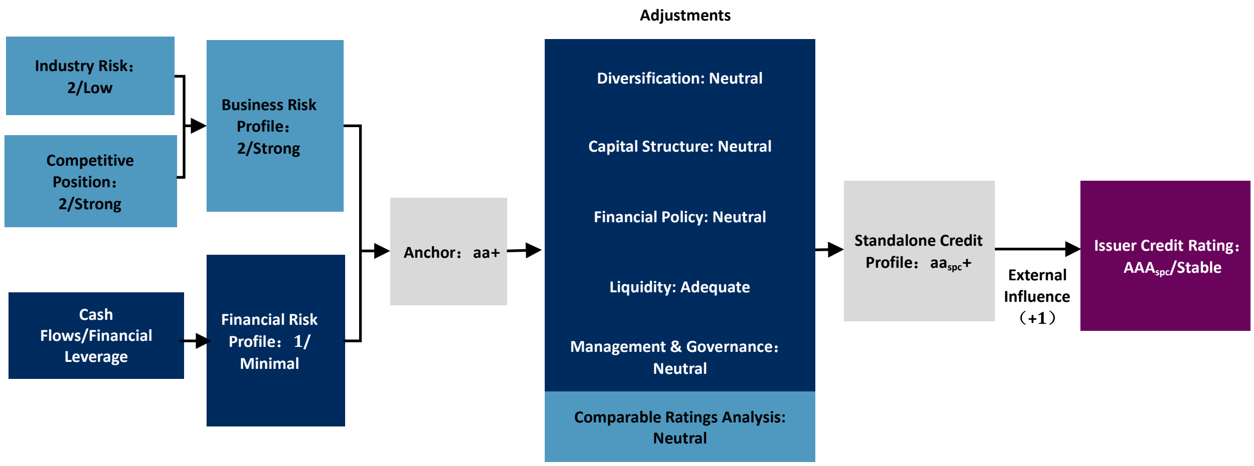
Rating Summary

Company Name	Industry	Rating Type	Current Rating	Rating Date	Outlook/Credit Watch
Zhejiang China Commodities City Group Co., Ltd.	Commercial Property Holding & Operation and REITs	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 select 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 company has very low leverage, with strong interest repayment ability, high recognition in the capital market, low financing costs, and plenty reserve liquidity.	
— The company plays an important role in the process of "promoting commerce and building the city" in Yiwu, with outstanding contributions, and will continue to receive external support.	

Outlook

The rating outlook for Zhejiang China Commodities City Group Co., Ltd. (hereinafter referred to as "CCC Group" or "the Company") is Stable. The Stable Outlook reflects expectations that over the next 24 months, CCC Group will further solidify its industry position and optimize its overall business situation with the stable operation of the existing market and the incremental contribution of the new market; At the same time, with sufficient operating cash flow, the debt scale will be basically maintained at the current scale, and the adjusted total debt/EBITDA will still be maintained at a level below 2.5 times, with minimal of financial risk. We believe that Yiwu China Commodities City Holdings Limited(hereinafter referred to as "CCC Holdings") maintains a very high level of external support for CCC Group.

Downside scenario: S&P Global Ratings may consider lowering the Company's issuer credit rating if any of the following occurs: The Standalone Credit Profile of CCC Group has deteriorated, for example, the overall rental situation in its subordinate markets has significantly deteriorated.

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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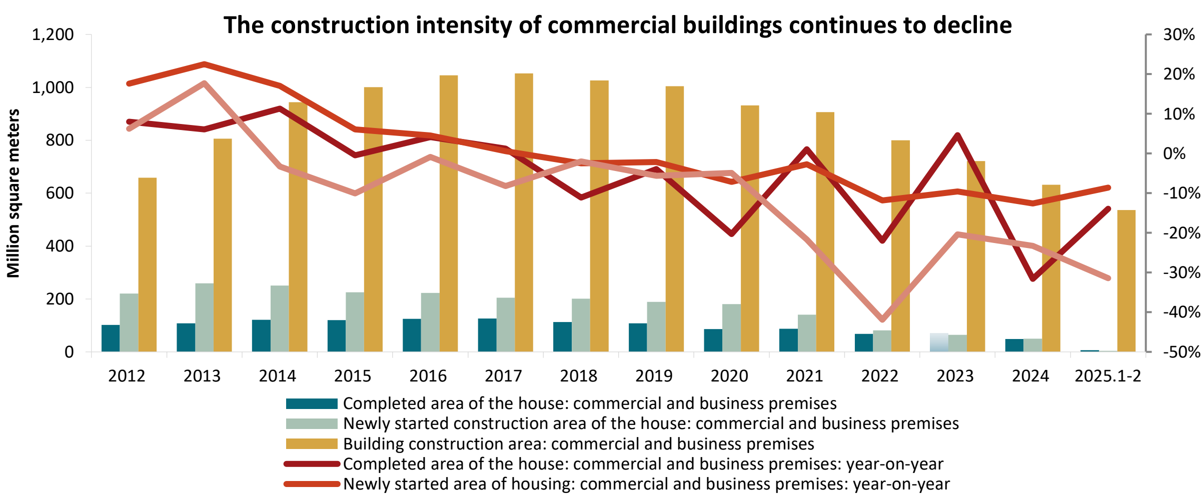
Macroeconomic and Industry Environment

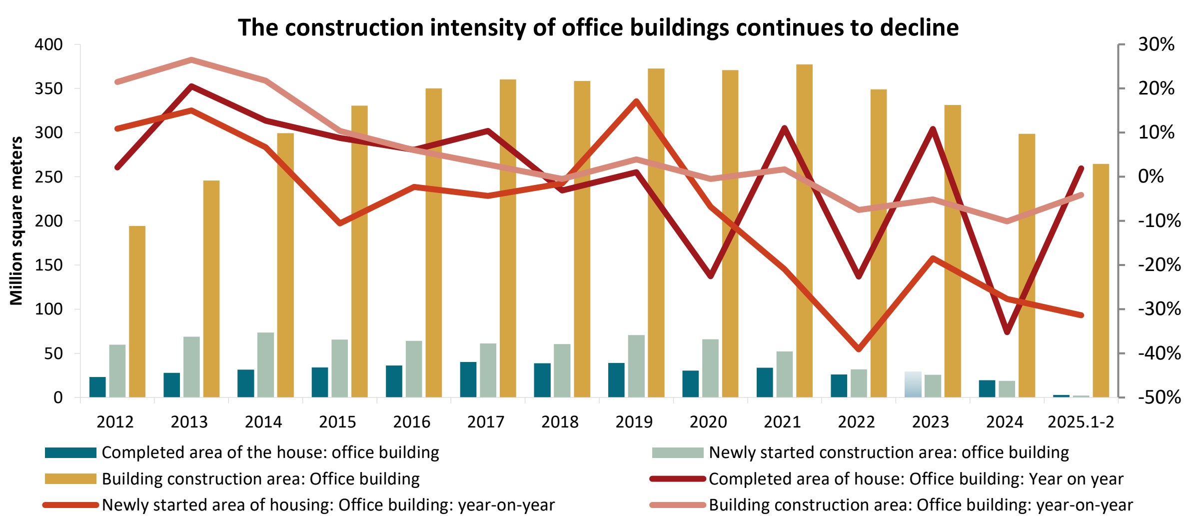
We anticipate China's GDP growth in 2025 will moderate compared to the previous year. While we believe the government's continued monetary and fiscal policy support will provide some stimulus to the national real estate market, local government debt resolution, and economic growth, slowing global demand 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. The construction of commercial and office buildings in China has been weakening for several consecutive years. Among them, the peak of new construction of commercial buildings occurred in 2013, while the peak of construction and completion occurred in 2017; The corresponding cycle of office buildings is slightly later than that of commercial buildings, especially in terms of newly started construction area, which experienced a small peak before and after the epidemic.

Chart 1



Source: National Bureau of Statistics of China, iFind.



Source: National Bureau of Statistics of China, iFind.

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.

We believe that Yiwu City has an excellent trade foundation and business environment, and trade has made a high contribution to the economic development of Yiwu City and even Zhejiang Province. Benefiting from the solid foundation laid earlier in the development of the market economy, Yiwu City has also started import and export trade earlier and has received policy support from various levels of government. Currently, it has formed an excellent business environment, including abundant transportation and logistics supporting resources and efficient administrative efficiency. At the same time, trade is of great importance to the economic development of Yiwu, especially in import and export trade, making it the world's capital of small commodities. Yiwu ranks among the top counties in China in terms of economic strength, and the importance of commercial logistics to the economy is significantly higher than other cities. In 2024, Yiwu's GDP, total import and export volume, and express delivery business volume will continue to maintain high-speed development overall. In 2024, Yiwu's import and export, export, and import value accounted for 12.7%, 15.1%, and 5.9% of the province's share, respectively, contributing 26.1% to Zhejiang Province's export increment, ranking first in the province.

We believe that although the current trade policy changes in the United States will have a negative impact on the Yiwu economy, the degree of impact is relatively controllable. According to the export data of Yiwu City from 2020 to 2024, the dispersion of export destinations in Yiwu City is high, and the degree of influence from fluctuations in a single country is low. During the same period, the proportion of US exports showed a steady but increasing trend, rising from about 9% in 2020 to 14% in 2024. In recent years, Yiwu's exports have mainly adopted the market procurement trade method, under which customs duties are declared by the purchaser themselves, and merchants do not bear the direct risk of tariff fluctuations. At the beginning of this trade policy change in the United States, the Mayor of Yiwu conducted research on foreign trade work, and the Secretary of the Yiwu Municipal Party Committee held a symposium on high-quality development of foreign trade and economic cooperation, reflecting that the local government has a keen perception of the objective environment changes in foreign trade business and is more efficient in its actions. It is expected that the government will introduce relevant support policies to assist the foreign trade industry chain to overcome this trade policy change in the future. At the same time, market practitioners have also taken active actions to explore non US markets.

Table 1

Main Export Destinations of Yiwu

	2023			2024		
Rank	Country/Region	Export Value (Billion Yuan)	Share (%)	Country/Region	Export Value (Billion Yuan)	Share (%)
1	USA	58.657	12	USA	83.570	14
2	India	29.089	6	India	28.421	5
3	Mexico	20.094	4	Mexico	24.011	4
4	Brazil	15.867	3	Brazil	21.287	4
5	UAE	14.177	3	Iraq	17.901	3
6	Saudi Arabia	14.102	3	Saudi Arabia	16.416	3
7	Netherlands	12.258	2	UAE	16.227	3
8	Iraq	10.831	2	Chile	12.971	2
9	Chile	10.584	2	Greece	11.369	2
10	Greece	10.418	2	Philippines	11.046	2

Top 10 Total	196.077	39	Top 10 Total	243.219	41
Total	500.57		Total	588.954	

Source: Yiwu Municipal Bureau of Commerce, S&P Ratings (China).

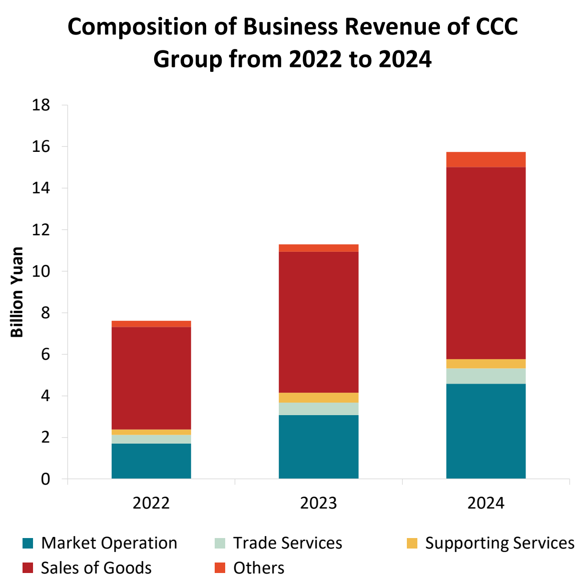
1. Credit Rating Anchor

Company Description

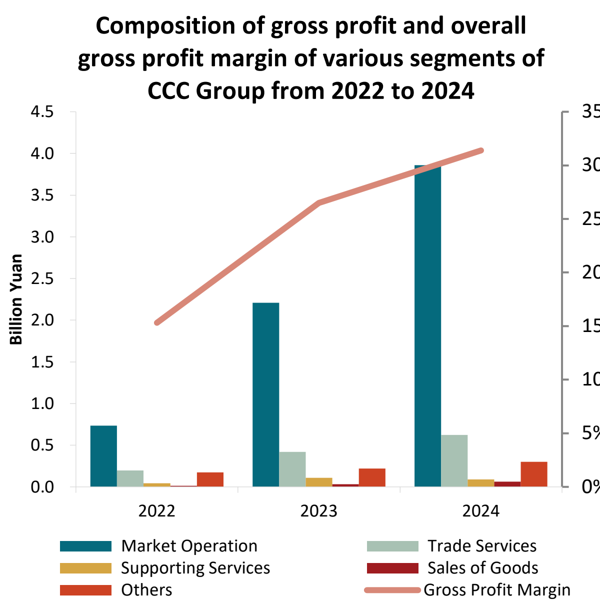
CCC Group is a joint-stock company established in 1993 by Yiwu China Commodity City Evergrande Development Corporation (now known as Yiwu Market Development Group Co., Ltd., hereinafter referred to as "MDG"), CITIC Trading Company, Zhejiang International Trust and Investment Company, Zhejiang Financial Development Company, Shanghai Shenyin Securities Company, and Yiwu Financial Development Company. In September 1995, the company was renamed to its current name. In 2002, the company was listed and traded on the Shanghai Stock Exchange with the stock code 600415.SH. As of the end of 2024, CCC Holdings holds 55.40% of CCC Group's equity as the controlling shareholder, and Yiwu State owned Assets Supervision and Administration Office is the actual controller of CCC Group. As a listed company, CCC Group has established a governance structure that includes the shareholders' meeting, board of directors, supervisory board, and management team. It has established and implemented internal control related systems in accordance with the "Enterprise Internal Control Standards".

CCC Group mainly operates market operation business in Yiwu City and provides various related services such as hotels, exhibitions, advertising, warehousing and logistics, cross-border payments, online platform services, and consumer goods import trade to promote the local business environment. In 2024, CCC Group achieved a total revenue of 15.74 billion yuan and a gross profit of 4.94 billion yuan, with total assets reaching 39.17 billion yuan by the end of 2024. In 2024, the operating revenue of CCC Group market operation business was 4.58 billion yuan, accounting for 29.1% of the total revenue; The gross profit of market operation business was 3.86 billion yuan, accounting for 78.1% of the total gross profit.

Chart 2



Source: Company data.



Source: Company data.

The revenue from the company's market operation business segment comprises two components: stall usage fees and stall selection fees. The company does not sell stalls but adopts a stall leasing model, charging stall usage fees based on the stall area.

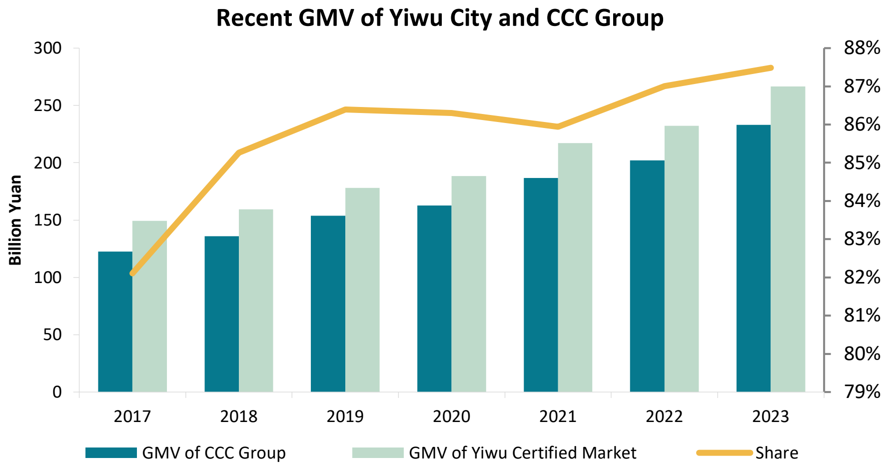
Merchants only possess the right to use the stalls for the duration specified in the stall usage agreement. The stall usage fees are collected in advance, meaning merchants prepay the entire usage fee for the lease period (currently primarily on a biennial basis), and the company recognizes the revenue in installments over the lease term. Starting in 2024, the company has further divided the stall usage fee into stall rental fees and operational service fees for newly signed stall usage agreements. Stall selection fee income is derived from fees paid by merchants through a bidding process to secure specific stall locations. These fees are collected in a lump sum and amortized as revenue over the lease period specified in the initial stall usage agreement. Stalls become available through the opening of new markets or the addition of stalls resulting from the optimization and reorganization of existing market spaces. We believe that, compared to stall usage fee revenue, stall 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 Group's business risk profile as "strong". The Yiwu International Trade City operated by CCC Group has a strong reputation and global influence, with excellent and stable overall operating conditions, strong profitability, and business scale at the average level of the "Commercial Property Holding & Operation and REITs" industry. Although the types of commercial properties are relatively single and have a high degree of regional concentration, the high dispersion of tenants has to some extent dispersed the above-mentioned risks.

We believe that the Yiwu International Trade City operated by CCC Group has a strong reputation and global influence, and plays a crucial role in the economic development of Yiwu city. The core market of CCC Group, Yiwu International Trade City, is the absolute core carrier of Yiwu City. It is referred to as the "largest small commodity wholesale market" in the world by authoritative institutions such as the United Nations and the World Bank. The Yiwu International Trade City sells over 2.1 million types of goods, which have radiated to more than 230 countries and regions. There are more than 13000 foreign long-term buyers and over 5300 foreign-related institutions, including more than 2200 foreign-invested partnership enterprises, accounting for about 75% of the country's total. In 2024, Yiwu International Trade City have an average daily passenger flow of 224300 and an average daily vehicle flow of 99000. The daily average number of foreign visitors exceed 3900, attracting over one million global buyers to enter the market throughout the year. Some international organizations and enterprises have set up procurement information centers in Yiwu International Trade City. Yiwu has become one of the important bridges for Chinese goods to go global and for world goods to go to China, as well as an important link in global trade and industrial chains. From the past situation, the Yiwu International Trade City was completely closed for 28 days during the epidemic, and various products in Europe and America were severely out of stock. As of the end of 2023, Yiwu City has a certified market building area of 6.12 million square meters, 85100 market operating households, 232400 market employees, a total transaction volume of 266.476 billion yuan, and the proportion of CCC Group is 72%, 86%, and 87% respectively. We expect that the comprehensive competitive strength of CCC Group will be further consolidated due to the upcoming operation of the Global Digital Trade Center project.

Chart 3



Source: Yiwu Municipal Bureau of Statistics

Table 2

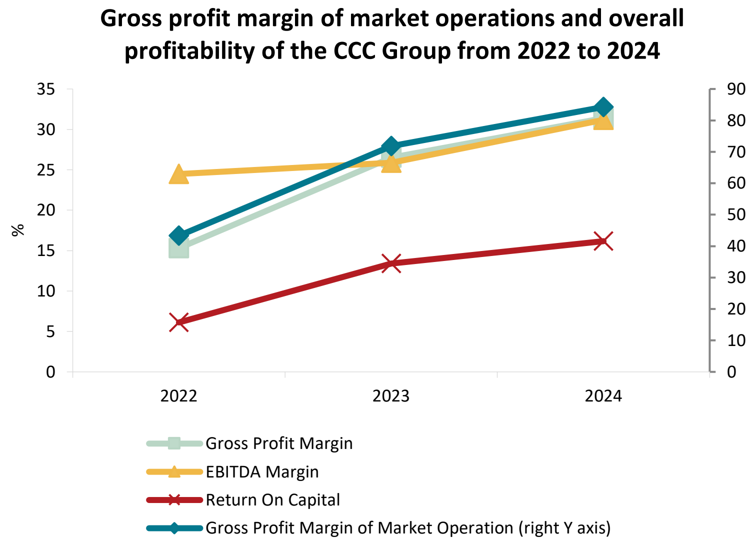
Global Digital Trade Center project overview

No.	Technical and Economic	Area (square meters)	Estimated Completion or Delivery Time	Planned Total Investment (Billion Yuan)	Investment Completed by End of 2024 (Billion Yuan)
1	Land Area	374,379		8.3	4.2
2	Total Construction Area	1,236,415			
3	Above Ground Construction Area	860,439			
3.1	Market	391,820	2025.10		
3.2	Commercial Office Buildings	306,576	2026.4(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 that the market operations under CCC Group are good and stable, with excellent profit performance. In terms of rental and renewal rates, benefiting from the overall advantages of Yiwu's commercial logistics and the efforts made by CCC Group in serving merchants, the rental rate of CCC Group's main markets, except for the International Production Materials Market, has remained above 95%, with a high overall rental rate; at the same time, the renewal rate of major markets has reached 100%. In terms of average commercial space usage fees, the average unit commercial space usage fees in the market under CCC Group are relatively high, at a level of 1400 yuan/square meter/year in recent years. The sustained prosperity of the market has provided favorable objective conditions for CCC Group to increase the usage fee of commercial spaces. Since 2024, CCC Group has increased the fee by 5% on the basis of the previous level when renewing the commercial space usage agreement. The main market operations of CCC Group are detailed in Appendix 1. From 2022 to 2024, the EBITDA margin and average return on capital of CCC Group after excluding commodity sales business (the impact of rent exemption will be restored in 2022, the same below) will be around 69% and 12% respectively, both significantly higher than the industry average. We expect that with the completion and operation of the market part of the Global Digital Trade Center project, the profitability of CCC Group will be further enhanced.

Chart 4



Source:Company data

We believe that the overall business scale of CCC Group is at the industry average level. Although the types of operational properties are relatively single and the regional concentration is high, the high dispersion of tenants has to some extent dispersed the above risks. As of the end of 2024, the total leasable area of the market under CCC Group is 1.4116 million square meters, with more than 75000 commercial spaces. From 2021 to 2024, except for the impact of rent exemption in 2022, the operating revenue of the CCC Group market operating segment will continue to remain above 2 billion yuan. At present, all properties are concentrated in the field of commercial logistics, except for the Dubai market, which is located in Yiwu city. The various districts of the Yiwu International Trade City are interconnected, and the geographical concentration feature is significant. However, the market under CCC Group involves a wide range of product categories and tenants are highly dispersed, which can alleviate the operational risks of single property types and high regional concentration to a certain extent. On the basis of already operating 2.1 million individual products, the CCC Group can maintain high unit space usage fees and rental rates through guidance, arrangement, and even training on merchant dynamics. At the same time, benefiting from the highly dispersed tenants in the subordinate market, CCC Group has a mature system to support merchants who wish to exit the market to match with new merchants, so that the rental situation will not be affected due to operational difficulties of some merchants. In addition, the usage fees for market stalls under CCC Group are collected in advance, with a lease term of 2 years. Therefore, even if some merchants encounter difficulties in operating and finding new merchants, CCC Group can still obtain a longer buffer time.

We believe that CCC Group attaches great importance to safety and has made proper arrangements for the prevention and disposal of risks such as fires, achieving good results and providing important support for the efficient operation of its affiliated markets. CCC Group adheres to the concept of "safe development" and implements various market safety management work. It has established a safety production committee and a Safety Production Department, dedicated to implementing safety supervision, guidance, and coordination, and incorporating safety production work into business performance management assessment. CCC Group has formulated and implemented the "Emergency Plan for Flood Control, Typhoon Prevention and Drought Relief" and the "Emergency Response Plan for Fire Alarm and Fire", and has provided detailed regulations on the disposal process when corresponding risks occur. At the same time, it has carried out regular safety inspections and checks to avoid the occurrence of risks. CCC Group has purchased property insurance for all its affiliated markets, providing a relatively sufficient safety cushion for its own operations. CCC Group has been operating safely and steadily in the market for over 30 years without any major safety incidents.

We believe that the other business operations of CCC Group are in good condition. CCC Group positions itself as a "Globally Renowned Integrated Service Provider for International Trade", providing services such as hotels, exhibitions, advertising, warehousing and logistics, cross-border payments, online platform services, and consumer goods import trade in addition to market operations. Although limited by mainly serving the local market in Yiwu, the above-mentioned businesses of the company do not have significant scale advantages in their respective industries. However, due to their close connection with market operations and the formation of good supplements, they have still achieved good business results, which is a beneficial supplement to the overall business situation of CCC Group.

Financial Risk Profile

Assumptions

— In 2025, the operating revenue of CCC Group will increase by 0% -5% year-on-year, and in 2026, it will increase by 20% -40% year-on-year.

— From 2025 to 2026, the EBITDA margin of CCC Group is expected to be around 20% -35%.

— From 2025 to 2026, the average annual capital expenditure of CCC Group is about 1-2 billion yuan.

— From 2025 to 2026, CCC Group will pay an average of around 2 billion yuan in cash dividends annually.

S&P Ratings (China) assesses CCC Group's financial risk profile as "Minimal". The "Minimal" financial risk profile mainly reflects that CCC Group has a very low level of leverage and a high ability to repay interest. We expect that, benefiting from the "Strong" business risk profile, the leverage level of CCC Group will remain very low. At the same time, benefiting from the pre collection of property sales, selection fees, and commercial space usage fees through the Global Digital Trade Center project, CCC Group can quickly payback investment funds and confirm partial returns to further reduce leverage levels. The interest repayment ability will continue to remain at a high level. CCC Group has a high recognition in the capital market, low financing costs, and plenty reserve liquidity.

We expect that the operating revenue of CCC Group in 2025 will be basically the same as that in 2024, and will significantly increase in 2026; the overall EBITDA profit margin will remain at the level of 2024. We expect that in 2025, the market operating income will still benefit from the deferred effect of the selection fees collected in the Yiwu China Commodities City District 2 East, coupled with the opening of the Global Digital Trade Center project, which will roughly maintain the scale of the selection fees in the CCC Group market operating sector. At the same time, the original market will continue to operate steadily, and the revenue sources from the opening of new markets will increase year by year, resulting in a steady increase in the revenue from the use of commercial spaces. CCC Group will continue to expand its logistics warehousing, exhibition, import trade and other related businesses around promoting market prosperity, and its operating revenue in 2025 will be basically the same as in 2024. Benefiting from the completion and delivery of the commercial office buildings and commercial district in the Global Digital Trade Center project, and the confirmation of the full annual market space usage and selection fees for the Global Digital Trade Center project, CCC Group's revenue in 2026 will significantly increase compared to 2025. In terms of EBITDA margin, the overall revenue structure is affected by high profit margin selection fee income and low profit margin consumer goods import trade income. In 2025 and 2026, the EBITDA margin of CCC Group will fluctuate slightly, but the overall difference from 2024 is not significant.

We expect that the debt scale of CCC Group will remain at the level of 2024 in 2025 and 2026, with a further decrease in leverage compared to 2024. We expect that in addition to the Global Digital Trade Center project, CCC Group will continue to invest in projects such as market construction, warehousing and logistics, and platform building around Yiwu's "promoting commerce and building the city" initiative, with an annual capital expenditure of approximately 1-2 billion yuan. Meanwhile, CCC Group will continue to maintain a high dividend payout ratio, with an annual cash dividend payout of around 2 billion yuan. Benefiting from the large-scale cash recovery achieved by the Global Digital Trade Center project, CCC Group will have plenty financial support for capital expenditures and dividend payments, without the need to increase debt financing, and can achieve a net debt reduction and further decrease in leverage levels. At the same time, CCC Group will still maintain a strong ability to repay interest.

We believe that as a listed company, CCC Group has smooth and diverse financing channels, high recognition in the capital market, and strong refinancing capabilities. As of the end of 2024, the main debt type of CCC Group is bonds, which are diverse, including ultra short term commercial papers, medium-term notes, and corporate bonds. The above-mentioned bonds have relatively low coupon rates, reflecting investors' recognition of the company. CCC Group maintains stable and good cooperative relationships with various financial institutions, mainly banks, and the sources of bank credit lines are highly dispersed. As of the end of 2024, CCC Group has obtained a bank credit line of 5.7 billion yuan, of which approximately 4.95 billion yuan is unused.

Adjusted Key Financial Data and Metrics (RMB million)

	2022A	2023A	2024A	2025E	2026F
Revenue	7,620	11,300	15,737	In 2025, the operating revenue of CCC Group will increase by 0% -5% year-on-year, and in 2026, it will increase by 20% -40% year-on-year; The average annual capital expenditure of CCC Group is about 1-2 billion yuan, and the average annual cash dividends paid are about 2 billion yuan.	
EBITDA	1,865	2,922	4,907		
Interest Expense	283	348	360		
Debt	7,514	7,946	4,678		
Funds From Operations	1,705	2,144	3,706		
Adjusted Financial Metrics					
Debt/EBITDA (x)	4.0	2.7	1.0	0-1.0	0-1.0
EBITDA Interest Coverage (x)	6.6	8.4	13.6	15.0-25.0	30.0-40.0
EBITDA margin (%)	24.5	25.9	31.2	20.0-30.0	25.0-35.0

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

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

Reconciliation of Rated Entity (As of 2024, RMB million)

	Total Debt	EBITDA	EBITDA	EBITDA	Interest Expense	Net Cash Flow from Operating Activities	Cash paid to acquire and construct fixed assets,intangible assets and other long-term assets
Company Reported Amount	7,642	4,678	4,678	4,678	249	4,491	1,500
S&P Ratings (China) adjustments							
Interest and dividend income	-	-	82	-	-	-	-
Current Taxes							
Surplus Cash							
Other Equity Instruments	-	-	-	-	-		
External guarantees and litigation	46	-	-	-	-		
Dividends received from associates and joint ventures	-	-	-	-	-		

Current Taxes	-	-	-924	-	-	-	-
Surplus Cash	-2,964	-	-	-	-	-	-
Dividends received from associates and joint ventures	-	213	213	-	-	-	-
Capitalized R&D costs	-	-29	-29	-29	-	-29	-29
Depreciation and Amortization	-	-	-	-890	-	-	-
Expensed interest	-	-	-249	-	-	-	-
Capitalized interest	-	-	-111	-	111	-	-
Cash interest payment	-	-	-	-	-	-360	-
Other adjustments	-	45	45	369	-	-	-
Total adjustments	-2,964	229	-972	-551	111	-389	-29
	Debt	EBITDA	Funds From Operations	EBIT	Interest Expense	Operating Cash Flow	Capital Expenditure
S&P Ratings (China) Adjusted	4,678	4,907	3,706	4,127	360	4,103	1,471

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

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

Peer Comparison

For comparative analysis, we have selected Haining China Leather Market Co., Ltd. ("HCLC"), Linyi Trade City Holding Group Limited. ("Linyi Trade City"), and Zhejiang China Light&Textile Industrial City Group Co., Ltd. ("L&T City") 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 HCLC, 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 real estate and utilities alongside market operations, resulting in significantly higher leverage than industry peers. Excluding Linyi Trade City, the company maintains relatively lower leverage levels compared to other peers.

Table 3

Peer Comparisons – Business Information

	CCC Group	Haining Leather Market	Linyi Commercial City	Textile City Group
Major Markets	Yiwu International Trade City: Zones 1-5 (including expansion areas), Huangyuan Market	Haining China Leather City, Liaoning Tong'erpu Haining Leather City, Jiangsu Shuyang Haining Leather	Linyi Small Commodity Market, China Educational Supplies Procurement Base, Lunan Furniture City,	Old Textile Market, North Textile Market, Tianhui Textile Market, East Textile Market, United Textile

		City, Harbin Haining Leather City, Sichuan Chengdu Haining Leather City, Jinan Haining Leather City	Huafeng International Non-Staple Food City, Huaqiang Building Materials Logistics City, East China Plywood Market, East China Decoration Materials Market	Market, Garment Market, Dongsheng Road Market, Beilian Market, Apparel & Accessories Market, Kebu Grey Fabric Market
Major Operational Zones	Yiwu City	National wide	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 billion)	3.074	0.631	0.193	0.798
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, %)	71.8	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, %)	26.5	35.6	15.8	48.9
Controlling Shareholder	CCC Holdings	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 4

Peer Comparisons – Financial Metrics (2023, RMB Million)

	CCC Group	Haining Leather Market	Linyi Commercial City	Textile City Group
Revenue	11,299.7	1,220.2	1,500.9	854.8
Debt	7,945.7	1,568.3	4,431.7	1,984.3
EBITDA	2,921.8	608.2	131.5	423.9

Operating cash flow	1,469.9	-28.0	-360.1	15.6
Funds from operation	2,144.2	570.2	-140.1	431.7
Capital expenditure	2,600.7	116.0	27.8	1,252.5
EBITDA margin (%)	25.9	49.8	8.8	49.6
Debt/EBITDA (x)	2.7	2.6	33.7	4.7
EBITDA Interest coverage (x)	8.4	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 CCC Group's liquidity position to be adequate, with liquidity sources expected to cover liquidity needs by more than 1.2x over the next 12 months.

We expect that the liquidity demand of the CCC Group will mainly be for debt repayment, capital expenditures for the investment and construction of the Global Digital Trade Center project, and cash dividend payments; The main source of funding is the net inflow of operating cash flow.

Table 5

Source of Liquidity	Use of Liquidity
By the end of 2024, unrestricted cash and cash equivalents RMB 5.9 billion	Over the next 12 months, debt principal & interest payments RMB 6.7 billion
By the end of 2024, revolving or undrawn credit facilities from financial institutions and financing in the public market amounting to approximately RMB 4.95 billion yuan.	Over the next 12 months, capital expenditures about RMB 2.0 billion
Over the next 12 months, net operating cash inflow RMB 8 billion.	Over the next 12 months, shareholder dividends distribution about RMB 1.8 billion

Note: Data as of the end of 2024.

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

Table 6

Debt Maturity Profile (RMB million)	
Maturity Term	Amount
Within one year	6,742
One to two years	68
Two to three years	68
Over three years	522
Total	7,399

Note: Data as of the end of 2024.

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

Contingent Liabilities

As of the end of 2024, there are no external guarantees or major pending lawsuits affecting the normal operation of CCC Group.

Past Debt Performance

According to the Enterprise Credit Report and related materials provided by CCC Group, as of March 6, 2025, all loans of CCC Group have been repaid at maturity and paid interest on schedule, and there have been no cases of delayed payment of principal and interest. According to publicly available information, as of the date of this report, CCC Group has no credit default record in the open market.

3. Issuer Credit Rating

S&P Ratings (China) believes that the credit quality of CCC Holdings is extremely strong, and the external support of CCC Holdings for CCC Group is "Critical", mainly reflected in the following aspects:

— CCC Holdings directly controls CCC Group, with strong control. As of the end of March 2025, CCC Holdings directly holds 55.4% of CCC Group's shares as the controlling shareholder. At the same time, the shareholding situation of other shareholders is highly dispersed, while according to the Articles of Association, the board of directors, supervisory board, and shareholders holding more than 1% of the company's issued shares individually or in combination can propose independent director candidates. At present, only Zhejiang Zhe Cai Capital Management Co., Ltd. has the nomination right temporarily (Hong Kong Securities Clearing Company Limited holds a total of shares through the Hong Kong Stock Connect in the H-share market, which is usually highly diversified). In addition, there is a high degree of overlap between the core leaders of CCC Group and CCC Holdings, and CCC Holdings can exert significant influence on CCC Group in personnel appointments, strategic designations, and daily operations.

— The business carried out by CCC Group is the core business of CCC Holdings, and has a high contribution to CCC Holdings' revenue and profits. CCC Holdings is an important entity in maintaining and promoting the overall market prosperity of Yiwu City. Its various businesses, mainly focused on market operations, serve this goal and account for a high proportion. Although the business objectives of CCC Holdings have certain policy implications, overall it is still a market-oriented operating entity, and achieving profitability remains an important performance indicator. CCC Group contributes approximately 70% to CCC Holdings' revenue (excluding merger offset) and nearly 100% to its profit contribution (excluding merger offset).

— The company names of CCC Holdings and CCC Group have strong similarities and a high degree of reputation correlation. As an important A-share listed company, CCC Group is one of the key index components such as CSI A50, CSI 300, and ESG100, as well as a target stock of the Shanghai-Hong Kong Stock Connect. Its market public opinion spreads quickly and has a significant impact. As the parent company of CCC Group and with highly similar names, CCC Holdings has the motivation and willingness to provide full support for CCC Group.

In conclusion, we believe the credit quality of CCC Group is extremely strong, 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： Key Financial Data

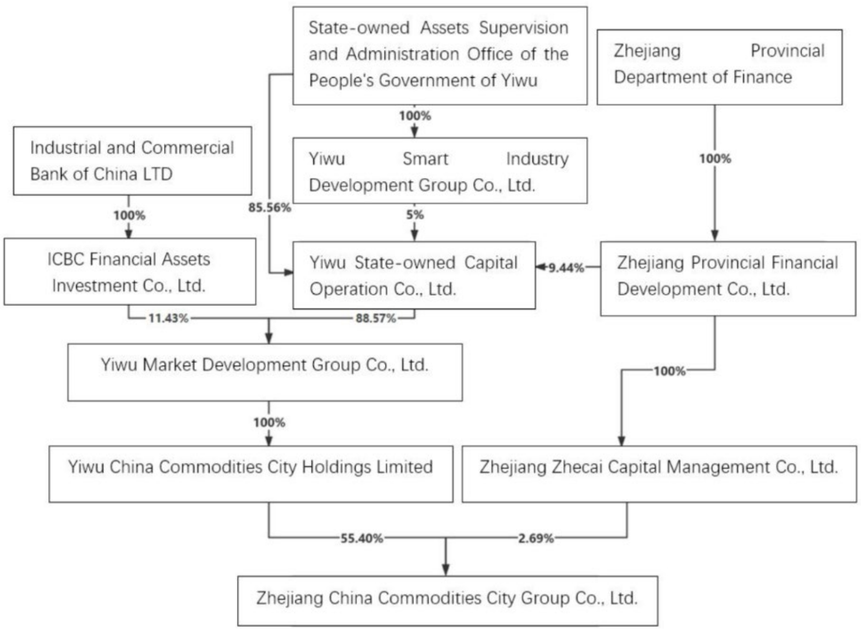
Key Financial Data (RMB, millions)	2022	2023	2024	2025.1-3
Cash and cash equivalent	2,054	2,938	5,940	4,695
Fixed assets	5,221	4,941	5,504	5,415
Property investment	2,852	4,144	6,115	5,748
Total assets	32,111	36,219	39,168	37,763
Short term borrowings	1,059	1,620	60	60
Notes payable and accounts payable	1,191	1,390	1,470	834
Advances from customers and Contract liabilities	4,877	4,669	6,145	5,441
Non-current liabilities due within one year	87	179	3,765	2,689
Other current liabilities	3,474	3,515	3,640	4,669
Long term borrowings	405	863	658	658
Bonds payable	3,497	3,498	-	-
Total owner's equity	15,281	17,704	20,572	21,383
Total revenue	7,620	11,300	15,737	3,161
Operating costs	6,453	8,306	10,798	2,017
Selling expenses	198	240	321	49
Administrative expenses	529	560	581	79
Financial expenses	149	125	102	5
Total profit	1,042	1,068	263	58
Net profit	1,150	3,208	4,029	1,017
Cash inflow from operating activities	1,104	2,681	3,078	804
Cash outflow from operating activities	9,417	12,185	18,824	3,027
Net cash flow from operating activities	8,017	10,340	14,333	3,306
Cash inflow from investment activities	1,400	1,845	4,491	-278
Cash outflow from investment activities	2,426	1,287	3,383	33
Net cash flow from investing activities	4,788	2,662	2,160	884
Cash inflow from financing activities	-2,363	-1,375	1,223	-851
Cash outflow from financing activities	14,419	7,594	6,393	999
Net cash flow from financing activities	15,477	7,133	9,488	1,111

Adjusted financial data and indicators	2022	2023	2024	2025.1-3
Revenue	7,620	11,300	15,737	3,161
EBITDA	1,865	2,922	4,907	--
Interest expense	283	348	360	--
Debt	7,514	7,946	4,678	--
EBITDA margin (%)	24.5	25.9	31.2	--
Debt/EBITDA (x)	4.0	2.7	1.0	--
EBITDA interest coverage (x)	6.6	8.4	13.6	--

Notes: 1. The financial data in the above table are based on the 2022-2023 audit report Ernst & Young Hua Ming Certified Public Accountants (special general partnership) and 2024 audit report Pan-China Certified Public Accountants LLP issued with standard unqualified opinion and the unaudited financial statements for the first quarter of 2025 disclosed by the company; 2. The adjusted financial data and indicators are the data adjusted by S&P Ratings (China); and 3. "--" means that data are not available.

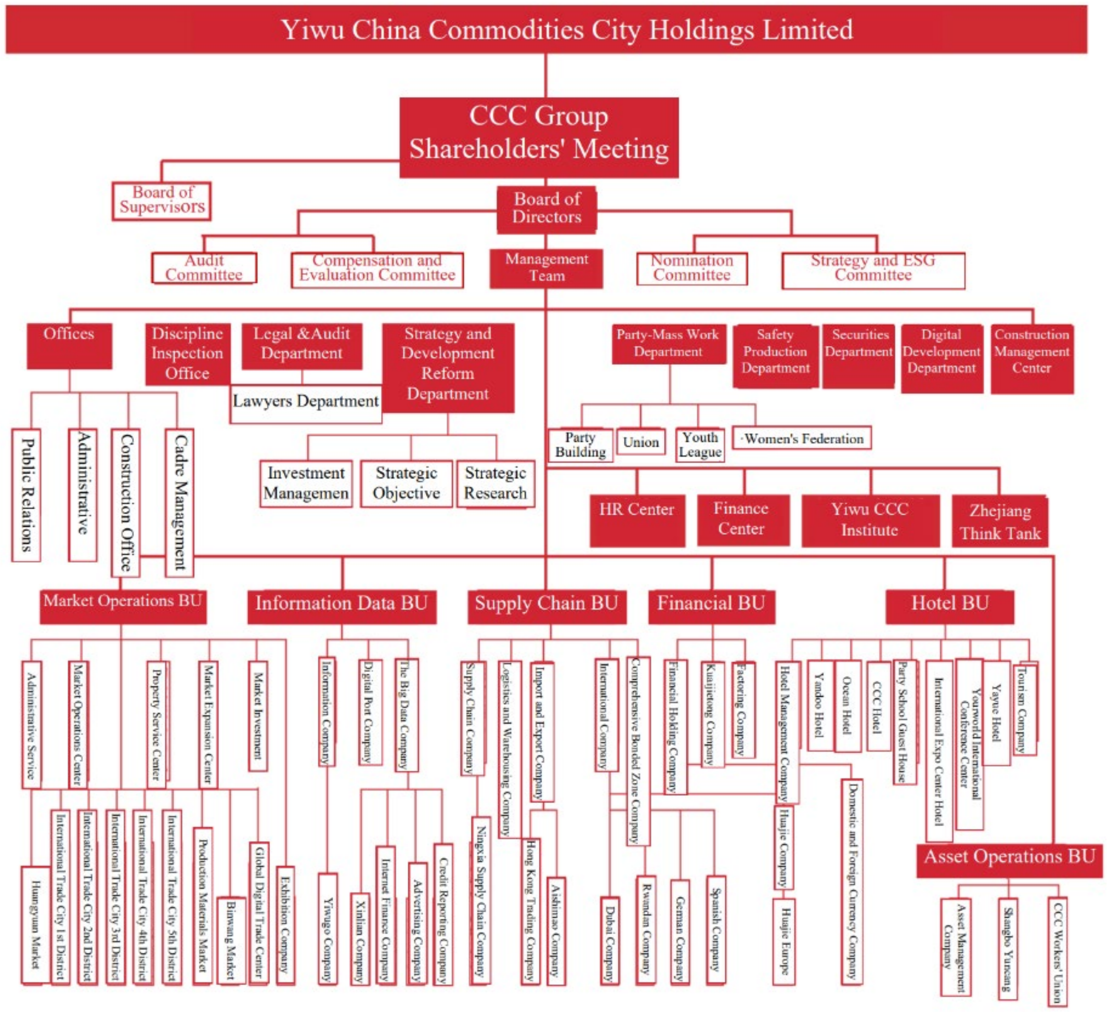
Source: Company data, Audit report, S&P Ratings (China) adjustments.

Appendix 3： Ownership Structure of the Rated Entity (as of the end of 2024)



Source: Company annual report.

Appendix 4： Organizational Structure of the Rated Entity (as of the end of 2024)



Source: Company’s official website.

Appendix 5： 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 6： 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.