

## Credit Opinion

12 May 2026

### Ratings

Senior Unsecured Debt Rating	A <sub>g</sub> <sup>+</sup>
Long-Term Credit Rating	A <sub>g</sub> <sup>+</sup>
Outlook	Stable
Category	Corporate
Domicile	China
Rating Type	Solicited Rating

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## Yiwu State-owned Capital Operation Co., Ltd.

### Surveillance credit rating report

### CCXAP upgrades Yiwu State-owned Capital Operation Co., Ltd.'s long-term credit rating to A<sub>g</sub><sup>+</sup>, with stable outlook.

#### Summary

CCXAP has upgraded the long-term credit rating of Yiwu State-owned Capital Operation Co., Ltd. (“YSCO” or the “Company”) to A<sub>g</sub><sup>+</sup> from A<sub>g</sub>, with stable outlook. The rating upgrade reflects that the Company, as the largest state-owned enterprise in Yiwu City, is likely to receive a stronger government support due to the enhancing regional strength of Yiwu City.

The A<sub>g</sub><sup>+</sup> long-term credit rating of YSCO reflects Yiwu City Government’s (1) very strong capacity to provide support, and (2) extremely high willingness to provide support to the Company, based on our assessment of the Company’s characteristics. Our assessment of Yiwu City Government’s capacity to provide support reflects its position as the world’s largest small commodity export base with strong comprehensive strength and ongoing economic growth.

The rating also reflects the local government’s willingness to provide support, which is based on the Company’s (1) leading role in infrastructure construction and state-owned asset operation in Yiwu City; (2) high sustainability of public business sectors; (3) good track record of receiving government payments; and (4) strong access to funding with limited non-standard financing exposure.

However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) increasing debt burden with large capital expenditure; (3) moderate asset quality; and (4) medium contingent liability risk associated with external guarantees.

The stable outlook on YSCO’s rating reflects our expectation that, for the next 12 to 18 months, the local government’s capacity to support the Company will remain stable, and the Company will maintain its leading role in infrastructure construction and state-owned asset operation in Yiwu City.

## Rating Drivers

- Leading role in infrastructure construction and state-owned asset operation in Yiwu City
- High sustainability of public business sectors
- Good track record of receiving government payments
- Medium exposure to commercial activities
- Increasing debt burden with large capital expenditure
- Moderate asset quality
- Strong access to funding with limited non-standard financing exposure
- Medium contingent liability risk associated with external guarantees

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government's capacity to support strengthens; and (2) the Company's characteristics change in a way that strengthens the local government's willingness to support, such as improvement in debt management and asset quality.

### What could downgrade the rating?

The rating could be downgraded if (1) the local government's capacity to support weakens; or (2) the Company's characteristics change in a way that weakens the local government's willingness to support, such as decrease in its strategic significance; decrease in government payments; or increase in exposure to commercial activities.

## Key Indicators

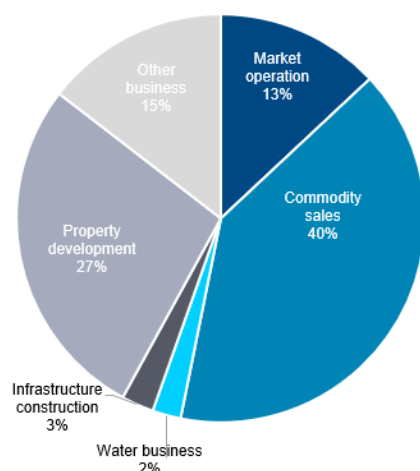
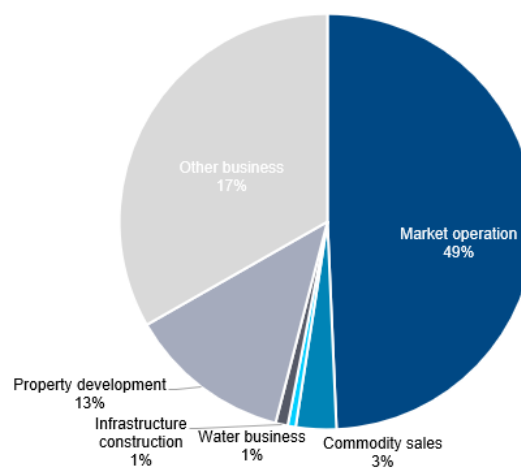
	2023FY	2024FY	2025FY
Total Asset (RMB billion)	252.9	266.5	274.0
Total Equity (RMB billion)	64.8	69.1	71.9
Total Revenue (RMB billion)	36.2	37.4	45.8
Total Debt/Total Capital (%)	68.9	67.8	68.9

All ratios and figures are calculated using CCXAP's adjustments.

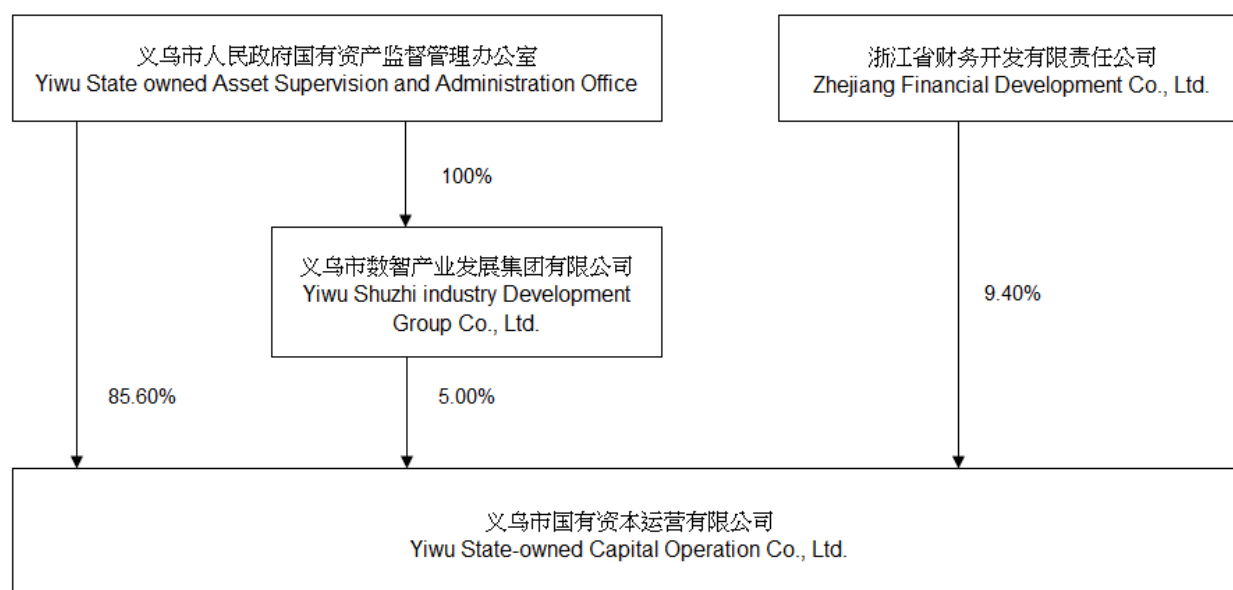
Source: Company data, CCXAP research

## Corporate Profile

Established in 2013, YSCO is the most important and largest Local Infrastructure Investment and Financing Company ("LIIFC") in Yiwu City by asset size, undertaking public service business, including infrastructure construction, affordable housing projects, as well as public transportation and urban utility services. In addition, the Company also engages in commercial business such as property development, commodity trading, and market operations. As of 31 March 2026, it was ultimately controlled by the Yiwu State-owned Asset Supervision and Administration Office ("Yiwu SASAO"). Yiwu SASAO directly held 85.6% of the Company's shares and indirectly held 5% of the Company's shares via Yiwu Shuzhi Industry Development Group Co., Ltd. Zhejiang Financial Development Co., Ltd held the remaining 9.4% of the Company's shares.

**Exhibit 1. Revenue structure in 2025****Exhibit 2. Gross profit structure in 2025**

Source: Company information, CCXAP research

**Exhibit 3. Shareholding chart as of 31 March 2026**

Source: Company information, CCXAP research

## Rating Considerations

### Government Capacity to Provide Support

We believe that the Yiwu City Government has a very strong capacity to provide support, as reflected by its position as the world's largest small commodity export base with strong comprehensive strength and ongoing economic growth.

Zhejiang Province is one of the most economically developed provinces in China, and its comprehensive economic strength and private economy lead in China. In 2025, the gross regional product ("GRP") of Zhejiang Province was RMB9.5 trillion, ranking 4<sup>th</sup> among all provinces in China, with a year-on-year ("YoY") increase of 5.5%. In 2025, its general budgetary revenue reached RMB886.5 billion, ranking 3<sup>rd</sup> among all provinces in China.

Located in the central part of Zhejiang Province, Jinhua City is a well-known economically developed city in the province. After years of development, Jinhua City has formed traditional industries such as metal products, pharmaceutical manufacturing, electrical machinery and equipment manufacturing, textiles and clothing, and automobile manufacturing. In recent years, in addition to traditional industries, Jinhua City has started to promote industrial transformation and put great effort into developing a network economy, smart logistics, film, and television culture. In 2025, its GRP recorded RMB731.3 billion with a GRP growth rate of 6.3% YoY. Jinhua Municipal Government's general budgetary revenue increased from RMB53.7 billion in 2024 to RMB55.6 billion in 2025, with strong regional economic recovery. Its fiscal balance is at a moderate level, with a general budgetary revenue to general budgetary expenditure ratio of 61.2% in 2025. It has good fiscal stability, with tax income accounting for 81.5% of its general budgetary revenue in 2025. However, the debt scale of the Jinhua Municipal Government continues to grow. In 2025, the outstanding government debt of Jinhua City rose to RMB267.8 billion from RMB216.8 billion in 2024. As of end-2025, its government debt accounted for 36.6% of its GRP.

#### Exhibit 4. Key economic and fiscal indicators of Jinhua City

	2023FY	2024FY	2025FY
GRP (RMB billion)	601.1	692.6	731.3
GRP Growth (%)	6.8	6.3	6.3
General Budgetary Revenue (RMB billion)	52.6	53.7	55.6
General Budgetary Expenditure (RMB billion)	84.8	89.8	90.8
Local Government Debt (RMB billion)	169.1	216.8	267.8

Source: Statistics Bureau of Jinhua City, CCXAP research

Yiwu City is the world's largest small commodity export base, known as the world's "Capital of Small Commodity". It is also the first county-level national international trade comprehensive reform pilot zone. Yiwu City ranked 8<sup>st</sup> in term of comprehensive strength on the 2025 Top 100 Counties list. Relying on the advantages of the small commodity trade, the light industry dominated the local industry structure, including clothing, accessories, and toys. Besides, the international logistics infrastructure has expanded substantially in recent years, providing important support for the economic development of Yiwu City. With strong policy support from the local government, Yiwu City is transforming from a traditional commercial center into a digital and intelligent international trade hub through market iteration, reform and innovation, and industrial upgrading. In 2025, Yiwu City recorded a GRP of RMB269.3 billion, increasing by 7.9% YoY. Benefiting from the recovery in international trade, its general budgetary revenue increased from RMB15.0 billion in 2024 to RMB16.0 billion in 2025. It has good fiscal stability, with tax income accounting for 88.3% of its general budgetary revenue in 2025. Government fund revenue is an important supplementary income of Yiwu City. In 2025, the government funds increased to RMB24.6 billion from RMB18.5 billion in 2024. The fiscal balance of Yiwu City is good, with a general budgetary revenue/general budgetary expenditure ratio of 85.6% in 2025. Yiwu City's debt burden has increased significantly, but still manageable. In 2025, Yiwu City's governmental debt increased by 31.7% YoY to RMB55.9 billion, representing 20.7% of GRP.

**Exhibit 5. Key economic and fiscal indicators of Yiwu City**

	2023FY	2024FY	2025FY
GRP (RMB billion)	205.6	250.4	269.3
GRP Growth (%)	8.0	7.5	7.9
General Budgetary Revenue (RMB billion)	14.4	15.0	16.0
General Budgetary Expenditure (RMB billion)	16.3	17.0	18.6
Local Government Debt (RMB billion)	29.7	42.4	55.9

Source: Statistics Bureau of Yiwu City, CCXAP research

**Government Willingness to Provide Support****Leading role in infrastructure construction and state-owned asset operation in Yiwu City**

As the largest state-owned enterprise by asset size in Yiwu City, YSCO manages or operates around 90% of the city's state-owned assets. In 2023, Yiwu City improved its regional "1+N" state-owned enterprise reforms, supporting the centralized management of state-owned capital, assets, funds, and investment vehicles under Yiwu SASAO, which further enhanced the functional importance of the Company. The Company conducts public service business, including infrastructure projects, affordable housing, water-related business, and public transportation via different functional subsidiaries, which are highly relevant to the development of Yiwu City. Considering the Company's extremely high strategic significance to the development of Yiwu City, we believe the Company will not be easily replaced by other local state-owned enterprises in the foreseeable future.

**High sustainability of public business sectors**

As the most important LIIFC in Yiwu City, YSCO has abundant infrastructure construction and affordable housing projects in the pipeline, ensuring its business sustainability. However, the Company also faces certain capital expenditure pressure.

In terms of the infrastructure construction segment, the Company enters into agreements with the Yiwu City Government, which will make payments to the Company annually based on the progress of construction. The types of infrastructure projects include municipal projects, road construction and maintenance, and logistics-related facilities. As of 31 December 2025, the Company had 31 projects under construction, with a total estimated investment of RMB31.9 billion and an uninvested amount of RMB14.0 billion, indicating a large capital expenditure in the future.

The Company also engages in the affordable housing business, which is mainly aimed at transforming rural areas into modern communities. The affordable house was sold to resettlement households at a government-guided price, which is below the market price, and the loss is compensated in several ways, including government subsidies, government purchase payments, and agency construction repayments. As of 31 December 2025, the Company had 5 major affordable housing projects under construction, with a total investment amount of RMB7.0 billion and an outstanding balance of RMB2.5 billion. Thus, the Company will continue to undertake the construction of affordable housing in Yiwu City, with strong business sustainability, but facing certain investment pressure.

The Company is the sole water business provider in Yiwu City. The water segment includes water supply, sewage treatment, pipeline construction, and water conservancy projects. As of 31 December 2025, the Company had a daily water processing capacity (water supply and sewage treatment) of 1.8 million tons per day through 8 water supply plants and 10 sewage treatment plants. Due to YSCO's monopolistic position in the water business in Yiwu City, the business has strong stability and sustainability.

The public business conducted by the Company also includes warehouse and logistics facilities, as well as public transportation. The business segment of public transportation involves buses, cabs, long-distance passenger transportation, and the operation of passenger terminals. In recent years, the rise of private cars, airplanes, and high-speed rail has intensified competition in the business. Due to its public welfare nature, the overall profitability of the public transportation business remained weak, requiring government subsidies to support its operations. In addition, in line with the national “One Belt, One Road” strategy, the Company vigorously develops supporting logistics terminals and warehousing facilities.

### **Medium exposure to commercial activities**

YSCO engages in commercial business such as property development, commodity trading, as well as its well-known market operation business based on its small commodities trading centres. We estimate that the Company had medium commercial exposure, with the proportion of commercial business assets being around 30% of its total assets. We believe the Company’s commercial businesses are complementary to its existing policy mandates with manageable risk.

The market operation business is the core business and the largest contributor to the Company’s gross profits. It is mainly operated by the Company’s owned subsidiary and its holding subsidiary Zhejiang China Commodity City Group Company Ltd (“CCC Group”, Stock Code: 600415.SH). CCC Group is one of China’s largest commodities trading platforms, boasting a strong brand presence in the national commerce sector. Its products reach over 220 countries and regions worldwide. The Company possesses different small commodity trading centers and achieves profit by rental income paid by numerous small tenants, which mainly engaged in consumer staples such as toys and clothing. This segment has shown extraordinary resilience in 2025, as the occupancy rate of stores has been maintained at over 90%. Meanwhile, given that the Company has adopted the business model of collecting leasing fees 1 to 5 years in advance, coupled with the Company’s monopoly advantage in the local market, which guarantees its source of income and business competitiveness. In 2025, the revenue from market operations recorded RMB6.0 billion, increasing by 13.3% YoY, with gross profit margin of 77.8%. The Company is also constructing the Global Digital Trade Center, with a total planned investment of RMB8.3 billion and an outstanding balance of RMB2.3 billion as of 31 December 2025. The Company plans to achieve revenues primarily through leasing, sales, property management, and advertising upon completion of the project.

The Company’s property development business is mainly operated via a self-development model and a joint-development model by using self-raised funds. The projects are primarily located in Yiwu City. As of 31 December 2025, the Company had invested RMB36.2 billion in major completed property projects, with total sales of RMB23.3 billion. In addition, the Company had 9 major market-oriented property projects under development, with a total investment amount of RMB21.8 billion and an outstanding balance of RMB4.6 billion. There were no planned market-oriented property projects as of 31 December 2025. However, as the sales of real estate projects could be adversely affected by the industry downturn of China’s property market, the property development business may bring certain project destocking and debt repayment pressure to the Company.

The Company also engages in the commodity trading business, which covers consumer staples, building materials and oil, and non-ferrous metals. We assess the risk of its commodity trading business as low. Consumer staples account for more than 50% of the product portfolio, which is less vulnerable to economic cycles. The suppliers and customers of its commodity trading business are also diversified, which reduces the concentration risk along the industry chain.

### **Good track record of receiving government payments**

As the largest LIIFC in Yiwu City, YSCO has a proven track record of receiving government support in the form of debt repayment funding, project repayments, financial subsidies, capital injection, and asset injection, which has effectively improved the liquidity, solvency, and refinancing capabilities of YSCO. In 2025, the Company received a total government support of RMB11.4 billion, including capital injection, government subsidies, special bond funds, and other government payments. In addition, the Company receives regular project repayment from its public business. We expect the local government will continue to support the Company in the future, given its important position in the region.

### **Increasing debt burden with large capital expenditure**

The Company's subsidiaries face heavy construction and investment commitments, particularly in infrastructure and property development, which have imposed significant capital expenditure pressure and increased the debt burden to the Company. From 2023 to 2025, the Company's adjusted total debt (including perpetual debt) increased from RMB133.2 billion to RMB143.3 billion, and its total capitalization ratio remained at a high level of 68.9% as of 31 December 2025. The Company also has relatively high short-term debt repayment pressure. As of 31 December 2025, its short-term debt accounted for about 41.8% of total debt, with a cash-to-short-term debt ratio of around 0.3x, indicating that its cash balance was insufficient to cover its short-term debt. However, we believe the debt burden can be mitigated by the Company's resilient market operation business and strong access to capital.

### **Moderate asset quality**

YSCO's asset liquidity is relatively weak. As of 31 December 2025, inventories, receivables, fixed assets, construction in progress, and lands (recorded as intangible assets), accounted for 63.9% of total assets. Furthermore, as of 31 December 2025, the Company had pledged assets of RMB31.1 billion, accounting for 11.4% of total assets, which may impact the Company's financing flexibility. However, YSCO owns the equity of the listed company CCC Group, and large-scale investment property and water assets, which can bring stable operating income for the Company and partly offset its weak liquidity profile.

### **Strong access to funding with limited non-standard financing exposure**

The Company's strong credit profile has been recognized by different financial institutions and investors, with its overall financing cost lower than 3.5% as of 31 December 2025. Bank loans and the bond market are the main sources of funding for the Company. As of 31 December 2025, bank loans accounted for 46.0% of the Company's total debt. The Company maintains a good relationship with several banks, including policy banks and commercial banks. As of 31 December 2025, the Company's total credit facilities were RMB112.8 billion, of which the unutilized amount was about RMB64.8 billion, indicating sufficient standby liquidity. Meanwhile, the bond financing accounted for 45.5% of the Company's total debt. In 2025, the Company issued 2 tranches of offshore bond of USD850.0 million, with a coupon rate of 4.8% and 4.15%, respectively. In addition, the Company's reliance on non-standard financing is low, accounting for around 8.5% of its total debt.

### **Medium contingent liability risk associated with external guarantees**

YSCO has medium exposure to contingent liabilities. As of 31 December 2025, the Company's external guarantees (including its financing guarantee business) were RMB10.4 billion, accounting for 14.4% of its net assets, most of which were provided to local state-owned enterprises. Meanwhile, around 43.8 of the external guarantees were provided to private-owned enterprises due to its financing guarantee business, with counter-

guarantee measures. Should any guaranteed entity default on its obligations, the Company would face repayment risks.

## ESG Considerations

YSCO assumes environmental risks through its infrastructure construction projects. Such risks could be moderated through environmental studies and detailed planning prior to the start of the projects and close supervision during construction.

YSCO bears social risks as it implements public policy initiatives by building public infrastructure in Yiwu City. Demographic changes, public awareness, and social priorities shape the Company's development targets and ultimately affect the local government's propensity to support the Company.

In terms of corporate governance, YSCO's governance considerations are also material as the Company is subject to local government oversight and reporting requirements, reflecting its public-policy role and status as a government-owned entity.

## Structural Consideration

YSCO's senior unsecured debt rating is equivalent to its long-term credit rating. We believe that government support will flow through the Company, given its important position in infrastructure construction in Yiwu City, thereby mitigating any differences in an expected loss that could result from structural subordination.

## Rating Methodology

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(July 2022\)](#).

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