

Credit Opinion

2 July 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Positive

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Xiamen Xiangyu Group Corporation

Initial credit rating report

CCXAP assigns first-time long-term credit rating of A_g- to Xiamen Xiangyu Group Corporation, with positive outlook

Summary

The A_g- long-term credit rating of Xiamen Xiangyu Group Corporation ("Xiangyu Group" or the "Company") reflects the Company's (1) Leading market position in comprehensive supply chain management and logistics industry; (2) strong logistics and resources network with diversified business services; and (3) good access to capital.

However, the rating is constrained by the Company's (1) earnings vulnerable to commodity price volatility and global economic conditions; (2) decreasing revenue with weak profitability due to commodity price volatility; and (3) weak credit metrics, with high debt leverage and large reliance on short-term debt financing.

The rating also reflects a high likelihood of receiving support from Xiamen Municipal Government, which is based on the Company's (1) direct and full ownership by the State-owned Assets Supervision and Administration Commission of Xiamen Government ("Xiamen SASAC"); (2) strategic importance to its shareholders; and (3) good track record of receiving support from Xiamen SASAC.

The positive outlook on Xiangyu Group's rating reflects our expectation that the Company will further consolidate and strengthen its leading market position in the comprehensive supply chain management industry, especially upon the completion of ongoing supply chain industrial park projects. It also reflects our expectation that the completion of private share placement will lead to a sustained enhancement in the Company's debt structure.

Rating Drivers

- Leading market position in comprehensive supply chain management industry
- Strong logistics and resources network with diversified business services
- Earnings vulnerable to commodity price volatility and global economic condition
- Destocking pressure in property development business
- Decreasing revenue with weak profitability due to commodity price volatility
- Weak credit metrics, with high debt leverage and large reliance on short-term debt financing
- Good access to capital
- High likelihood of support from the local government

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) Xiamen SASAC's willingness and capacity to provide support increases; and (2) the Company's stand-alone credit profile improves significantly, such as having a more diversified business profile or improved credit metrics.

What could downgrade the rating?

The rating could be downgraded if (1) Xiamen SASAC's willingness and capacity to provide support decreases; or (2) the Company's stand-alone credit profile weakens significantly, such as deterioration in credit metrics or weakened liquidity position.

Key Indicators

	2022FY	2023FY	2024FY	2025Q1
Total Assets (RMB billion)	292.8	331.6	338.9	350.9
Total Equity (RMB billion)	83.1	87.5	88.3	88.8
Total Revenue (RMB billion)	562.6	490.5	416.4	111.9
Net Profit (RMB billion)	4.8	10.0	12.6	9.8
EBIT Margin (%)	1.9	1.2	1.5	-
Return on Assets (%)	4.1	1.9	1.9	-
Total Debt/Total Capital (%)	65.9	69.2	74.3	76.4
Total Debt/EBITDA (x)	10.7	17.6	19.4	-
EBITDA/Interest (x)	2.3	1.4	1.6	-
FFO/Total debt (%)	5.0	1.0	2.0	-

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

Source: Company data, CCXAP research

Corporate Profile

Founded in 1995, Xiangyu Group is a major municipal-level state-owned enterprise based in Xiamen, responsible for the development and operation services of Xiangyu Bonded Zone, Modern Logistics Park, and the small-amount commodity trading market in Xiamen. Its main business covering supply chain management services, comprehensive logistic services, property development, and financial services. The Company has a publicly listed subsidiary, Xiamen Xiangyu Co., Ltd. ("Xiamen Xiangyu", Stock Code: 600057.SH). According to

the Fortune Global 500 list in 2024, Xiangyu Group ranked 187th with a total revenue of RMB416.4 billion. As of 31 March 2025, Xiangyu Group was wholly owned and controlled by the Xiamen SASAC.

Exhibit 1. Revenue structure in 2024

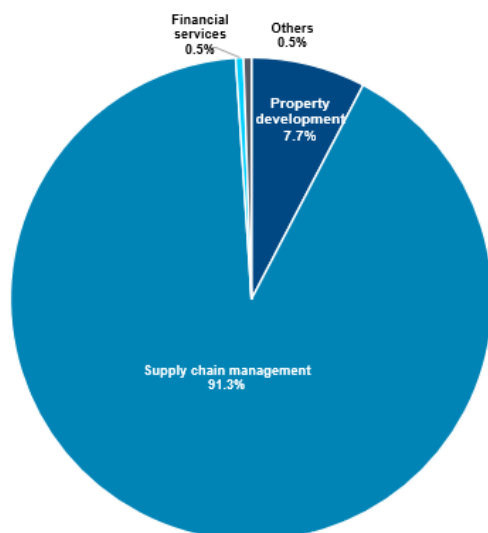
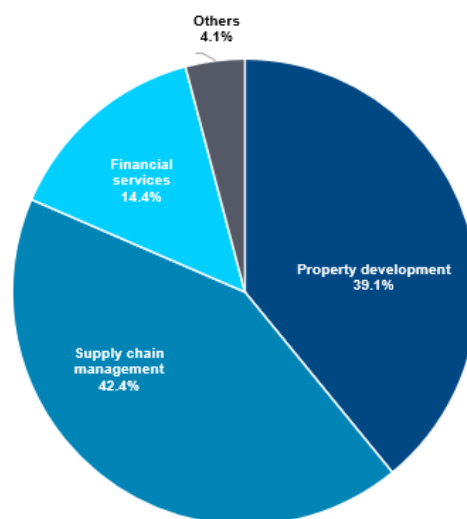


Exhibit 2. Gross profit structure in 2024



Source: Company information, CCXAP research

Rating Considerations

Business Profile

Leading market position in comprehensive supply chain management and logistics industry

Xiangyu Group is primarily engaged in supply chain management business, mainly involving the trading of agricultural products, metal minerals, energy and chemicals, and new energy. The Company has demonstrated a leading market position and strong market competitiveness in comprehensive supply chain management industry, as well as logistic industry. Xiangyu Group ranked 187th in Fortune Global 500 list in 2024. Meanwhile, the Company ranked 2nd among the top 50 Chinese logistics enterprises in 2024.

Exhibit 3. Revenue breakdown of commodity management services from 2022 to 2025Q1

	2022		2023		2024		2025Q1
	Volume (mn tons)	Revenue (RMB bn)	Volume (mn tons)	Revenue (RMB bn)	Volume (mn tons)	Revenue (RMB bn)	Revenue (RMB bn)
Energy and chemicals	63.5	91.9	73.2	86.8	70.2	80.1	27.7
Metal minerals	116.7	349.1	131.3	271.5	139.8	214.9	53.0
Agricultural products	17.6	52.0	20.4	60.7	13.9	40.2	8.0
New energy	0.2	25.1	0.4	19.2	0.5	9.3	3.1
Others	-	2.7	-	1.0	-	0.9	0.5
Total	198.0	520.7	225.2	439.2	224.5	345.3	92.3

Source: Company information, CCXAP research

Xiangyu Group has actively expanded its distribution channels, driving a continuous increase in the operation volume of its core commodities over the past few years. The total commodity operation volume rose from 198.0 million tons in 2022 to 224.5 million tons in 2024, reflecting strengthened market penetration. However, due to external economic pressures and weak market demand, major commodity prices have trended downward over

the past few years, leading to a decrease in overall revenue. The overall revenue of commodity management services decreased from RMB520.7 billion in 2022 to RMB345.3 billion in 2024.

Strong logistics and resources network with diversified business services

The supply chain logistics services of Xiangyu Group are provided through a logistics and resources network, connecting highways, railways, shipping and warehouses. Such combined mode of transportation, supported by the Company's intelligent logistics service platform, forms its core logistics services. In addition, the supply chain business services of the Company are diversified and comprehensively distributed across various regions, providing customers with a rich variety of business services. The Company provides a full spectrum of supply chain services, including raw material procurement, finished product distribution, warehousing and logistics, supply chain financing, and information consulting.

The Company's logistics business has formed three major logistics systems: comprehensive logistics services, agricultural product logistics services and railway logistics services. The comprehensive logistics services cover warehousing, transportation, customs declaration and inspection. It also operates professional logistics parks, forming a nationwide logistics park network. In the field of agricultural product logistics, the Company has built 5 grain purchasing platforms in grain-producing areas, providing grain loading, drying, warehousing and multimodal transport services, and charging related fees and subsidies. For railway logistics services, the Company has 12 railway freight stations and 87 dedicated railway lines. It mainly transports coal, alumina, aluminum ingots and tiles.

Benefited from its long operating track record, the Company has a strong resource channel advantage. The Company focuses on the needs of manufacturing clients and continuously optimizes its customer structure. In 2024, manufacturing clients accounted for over 60% of its total service volume. The Company is also well-connected to upstream and downstream channels along the supply chain, strengthening its purchasing and sales capabilities. As of 31 March 2025, the top 5 upstream and downstream enterprises only accounted for 11.1% and 13.5% of the total procurement and total sales, indicating a diversified supplier and customer base.

While focusing on domestic trading, the Company has been actively expanding into the international market implementing the "One Belt, One Road" strategic layout, with partners in more than 100 countries. In 2024, Xiangyu Group achieved a total import-export and transit trade amount of RMB22.4 billion, including RMB14.4 billion in import-export trade. The Company's trade volume with BRICS countries, Belt and Road Initiative economies, as well as South American and African nations grew by over 50% YoY, while the export volume increased by more than 60% YoY. Moreover, in response to the "Belt and Road" initiative, the Company also participated in the 2.5 million tons of stainless-steel integrated smelting project in Indonesia. As of end-2024, the Company had sold 355,800 tons of stainless-steel billets and 1.3 million tons of ferronickel, with a total revenue of RMB15.8 billion from the Indonesian project. However, it has sustained continuous losses since 2023, due to the increase in raw material prices and production costs, as well as the declined in the price of finished products.

In addition, leveraging the strategic location advantages of the Xiamen Free Trade Zone and Xiangyu Bonded Zone, the Company has developed logistics platforms at critical hubs, aggregating extensive logistics resources to deliver robust support for supply chain operations. Moreover, the Company had 2 major supply chain industrial park projects under construction, with a total investment amount of RMB1.9 billion and an outstanding investment amount of RMB889.0 million. The Industrial Park is a new retail base for daily necessities integrating trading, circulation, processing, warehousing and distribution. We believe these projects will further consolidate and strengthen its leading market position in the comprehensive supply chain management industry.

Earnings vulnerable to commodity price volatility and global economic conditions

The commodity trading business is highly cyclical, as the underlying goods mainly sensitive to economic cycles, resulting in large price volatility during the economic downturn and recovery period in recent years. Major commodities of the Company's trading portfolio, such as metals mineral, new energy, as well as energy and chemicals have seen price fluctuations in recent years and the trend may persist. Affected by the slowdown in the China property sector and weak demand, metals and minerals especially ferrous metals (such as steel and coal) experienced a downward momentum since 2022. New energy materials (such as lithium and cobalt) also experienced a significant price drop mainly due to overcapacity over the past few years. Energy and chemical (such as crude oil) also experienced a slight declined over the past few years due to the slowdown of global economy and weak demand.

Nonetheless, the commodity price volatility risk can be partly offset by its risk management measures. The Company uses commodity and foreign exchange derivative instruments to hedge against price and exchange rate fluctuation risks.

Destocking pressure in property development business

Xiangyu Group also participates in property development business through its subsidiary Xiangyu Real Estate Group Co. Ltd ("Xiangyu Real Estate"), mainly covering first and second-tier cities such as Shanghai, Suzhou, Xiamen, Chongqing and Tianjin. According to the CRIC (China Real Estate Information Corporation) 2024 Top 200 Real Estate Enterprises Ranking, Xiangyu Real Estate ranked 38th among top 200 property developers in China. Due to the downward pressure in the real estate market, the Company's contracted sales decreased from RMB36.0 billion in 2022 to RMB24.7 billion in 2024. The Company also slow down the pace of land acquisition, with new land reserves decreased from 417.6 thousand square meter ("sqm") in 2022 to 321.1 thousand sqm in 2024. Considering that the real estate market has not fully recovered, we expect the Company's contracted sales will remain weak in the next 12 to 18 months.

Besides, the Company has a relatively large amount of unsold property development projects in stock, indicating a certain destocking pressure. As of 31 March 2025, the Company had unsold property development projects of 2.3 million sqm, mainly located in first-tier cities such as Shanghai, Fuzhou, Suzhou, and Xiamen. Furthermore, the Company has certain capital expenditure pressure for the projects under construction or planning. As of 31 March 2025, the Company had 28 property development projects under construction and planning with an estimated total investment amount of RMB83.3 billion and uninvested amount of RMB28.2 billion.

Supplementary income and profit from financial services segment

The financial services segment consisted of industrial finance (mainly factoring, financial leasing, and entrusted loans), consumer finance (mainly micro-lending and used car financing leases), and asset management (mainly non-performing asset package disposals). The clients of industrial finance are mainly upstream and downstream enterprises related to the supply chain management business, creating a synergistic effect. The industries of entrusted loan clients are mainly distributed in supply chain logistics, ferrous metals and coke, with high correlation with supply chain management business. Due to increasing reverse factoring business and good business operation, the factoring business demonstrates a good momentum, with a total factoring balance of RMB5.6 billion, as of 31 March 2025. For consumer finance business, micro-lending and used car financing leases has been consistently scaling down due to the ongoing downturn of real estate sector. Leveraging the Company's industrial expertise and its own resource advantages, its asset management business has continued

its strategic transition, evolving from traditional non-performing asset (NPA) operations to an innovative "NPA + industrial solutions" model.

Financial Profile

Decreasing revenue with weak profitability due to commodity price volatility

Affected by the commodity price volatility, the Company's total revenue has been dropping over the past few years, from RMB562.6 billion in 2022 to RMB416.4 billion in 2024. In terms of the business segment, supply chain management is the main contributor, accounting for 91.3% of total revenue in 2024, followed by property development (7.7%) and financial services (0.5%). The decline in revenue was primarily due to the contraction of the Company's supply chain management business, from RMB553.5 billion to RMB380.1 billion over the same period. In 2024H1, the Company's total revenue amounted to RMB111.9 billion, with YoY increase of 1%.

As a result of the challenges on the major business lines, Xiangyu Group's profitability profile is weak. The Company's return on total assets decreased from 4.1% in 2022 to 1.9% in 2024, while the EBIT margin also dropped from 1.9% to 1.5% over the same period. The Company's weakened profitability was mainly driven by the contraction of supply chain management business and asset impairment loss in property development projects. The Company's asset impairment losses and credit impairment losses totaled RMB9.7 billion in 2024, a YoY increase of 70.2%. The gross profit margin of the supply chain management segment decreased from 2.3% in 2022 to 1.6% in 2024. In 2025Q1, the gross profit margin of supply chain management further decreased to 1.5%. Although the gross profit margin of financial services segment remained at a relatively high level, its contribution to the overall profit is limited due to small scale. Overall, the Company's profitability is expected to remain relatively weak due to the challenges on the major business lines.

Weak credit metrics, with high debt leverage and large reliance on short-term debt financing

The Company's debt leverage is at a relatively high level, with increasing debt burden. From 2022 to 2025Q1, the Company's total debt (including perpetual debt) increased from RMB141.6 billion to RMB209.6 billion, with a relatively high total capitalization ratio, calculated by total debt to total capital, of 76.4% at end-2025Q1. Due to the business nature of commodity trading, the Company have a large reliance on short-term financing. As of 31 March 2025, the Company's short-term debt accounted for 65.2% of its total debt, which is at a relatively high level. The Company's debt structure needs to be improved.

The Company's debt-serving metrics are weak given its large debt burden. From 2022 to 2024, the Company recorded EBITDA interest coverage ratio of 2.3x, 1.4x and 1.6x, respectively. Over the same period, the total debt/EBITDA ratio were 10.7x, 17.6x and 19.4x, indicating relatively weak debt serving ability. The weak debt-serving metrics are mainly due to the weak performance in the supply chain trading business and increasing debt size.

Good access to capital

Xiangyu Group's weak credit metrics can be partially mitigated by its good access to capital. It has maintained good relationships with major domestic financial institutions, such as large state-owned banks and policy banks. As of 31 March 2025, the Company has ample liquidity support from banks, with a total credit facility of RMB329.7 billion and an unutilized amount of RMB168.2 billion. In addition, the Company had access to both onshore and offshore bond market. From January 2024 to May 2025, the Company raised RMB37.5 billion in onshore debt market, with low coupon rate from 1.95% to 3.5%. In September 2022, the Company issued an offshore bond with an issuance amount of USD490.0 million with coupon rate of 5.7%. The Company also has

access to equity financing through Xiamen Xiangyu. In March 2025, Xiamen Xiangyu successfully completed a private share placement, raising approximately RMB3.2 billion (with Xiangyu Group subscribing around RMB1.2 billion). Post-transaction, Xiangyu Group's stake adjusted to 48.55%, maintaining its controlling shareholder status. We expect the completion of private share placement will alleviate the funding pressure and lead to a sustained enhancement in the Company's debt structure.

External Support

High likelihood of support from the local government

Xiangyu Group has a high likelihood of receiving support from the local government, given its (1) direct and full ownership by Xiamen SASAC; (2) good track record of strong shareholder and government support; and (3) important role in the local economic and social development.

Xiangyu Group is one of the top state-owned enterprises under Xiamen SASAC. Xiamen SASAC has positioned Xiangyu Group as the development and operation service provider of Xiangyu Bonded Zone, Modern Logistics Park, and the small-amount commodity trading market in Xiamen, which plays a key role in the local economic development. We believe once Xiamen Group defaults, the economic and social impact to the region is very strong.

In addition, Xiamen SASAC and Xiamen Municipal Government continues to provide support to the Company. In 2022, the Xiamen Municipal Government expanded Xiangyu Group's functional mandate to include port and shipping infrastructure development, while transferring relevant port-related assets and equity stakes to the Company, increasing its net asset by RMB5.9 billion. From 2023 to 2024, Xiamen SASAC injected cash and asset to the Company with a total amount of RMB1.5 billion. It received a total amount of RMB2.2 billion in subsidies from 2022 to the first quarter of 2025. Moreover, Xiamen SASAC has entered into a Financial Assistance Agreement with the Company, wherein it will provide funds to support the Company's liquidity needs.

Overall, given Xiangyu Group's strategic importance to the local government, we believe the local government will continue to support the Company in the form of capital injections and asset injections, and the strong willingness to support the Company from the local government is unlikely to change in the near to medium term.

Rating Methodology

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

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