

2025H1 China Offshore Bond Market Report



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China's offshore bonds market remained stable, with concerns on liquidity risk and refinancing pressure of Chengtou companies

China's offshore bond market review in 2025H1

- **The scale of new issuance of Chinese offshore bonds remained steady with a slight increase, while net financing continued to be negative.** Supported by rate cut and refinancing demand, China's offshore bond market saw modest growth in 2025H1. Chinese entities issued a total of 555 offshore bonds, down 1.4% YoY, with issuance amounting to USD 57.81 billion, up 14.7% YoY. Net financing in 2025H1 stood at USD -31.55 billion, remaining negative for several consecutive years.
- **Offshore bond issuance in all non-financial sectors recorded year-on-year growth.** Offshore bonds issued by Chengtou amounted to USD 25.46 billion, up 9.7% YoY; industrial offshore bonds reached USD 6.38 billion, up 249.1% YoY; offshore bonds issued by financial institutions totaled USD 24.50 billion, down 3.2% YoY; real estate bonds saw the largest increase due to the low base last year, with issuance volume reaching USD 1.47 billion.
- **Chinese offshore bond issuance remains dominated by USD-denominated bonds, while the proportion of offshore RMB bonds declined.** In 2025H1, USD remained the primary issuance currency, with issuance volume reaching USD 44.16 billion, a year-on-year increase of 46.5%, accounting for 76.4% of the total issuance. Chengtou CNY-denominated offshore bonds faced a sharp decline under continued strict regulation, contributing to a 36.6% year-on-year drop in total CNY offshore bond issuance to USD 11.49 billion, accounting for 19.9% of overall issuance.
- **The proportion of direct issuance and guaranteed issuance has increased, while the coupon rates remained elevated.** In 2025H1, the scale of direct issuance and guaranteed issuance of Chinese offshore bonds was USD 32.74 billion and USD 17.83 billion, accounting for 56.6% and 30.8% of the total issuance, respectively. Due to the Fed's pause in interest rate cuts, the average coupon rate of Chinese offshore bonds remained high at 5.41%.
- **Investment-grade issuance has increased, and the influence of Chinese rating agencies continued to rise.** In 2025H1, a total of 75 Chinese offshore bonds received ratings from the three major international rating agencies, of which 67 were investment-grade bonds with an issuance amount of USD 26.88 billion, and 8 were high-yield bonds with an issuance amount of USD 2.25 billion. During the same period, the three major Chinese rating agencies participated in rating 73 offshore bonds, with a total rated amount of USD 11.68 billion. This represents a year-on-year increase of 160.1%, indicating continued growth in their influence.
- **The secondary market for offshore bonds of Chinese issuers showed a steady upward trend, with the real estate sector delivering the strongest performance.** In 2025H1, benefiting from expectations of Federal Reserve rate cuts, the overall Chinese offshore bond market maintained a steady growth trajectory. As of 30 June 2025, the total return index for Chinese offshore bonds was 3.69%, with investment-grade bonds returning 5.36% and high-yield bonds returning 5.32%. By sector, real estate offshore bonds outperformed with an 8.01% return.
- **Negative rating actions remained prevalent, primarily concentrated among industrial issuers.** In 2025H1, the three major international rating agencies took 179 rating actions on Chinese issuers, including 128 negative actions and 82 positive actions, with negative actions accounting for 61%. By sector, rating actions were most concentrated among industrial issuers, as the

downgrade of China's sovereign rating triggered synchronized downgrades of key industrial enterprises.

- **Debt risks for Chinese offshore bond issuers have largely been cleared, with a slowdown in default trends.** In 2025H1, only Ganglong China experienced a credit event. However, against the backdrop of sluggish market sales, real estate developers still face significant debt pressure, and the sector is still on the way of risk clearance.

Outlook

- Looking ahead to the second half of 2025, the cost of US dollar bond financing is expected to decline, and the issuance of Chinese offshore bonds may continue its upward trend. Since the beginning of this year, Chengdu have faced significant difficulties in obtaining new offshore bond financing. Furthermore, the next two years will see a peak in the maturity of Chengdu offshore bonds. Therefore, refinancing is expected to remain the primary focus for Chengdu in the second half of the year. Amidst the tightening of Chengdu offshore bond issuance, attention should be paid to the release of these companies' liquidity risks.
- Thanks to a series of supportive policies implemented in recent years, risks facing real estate companies have gradually eased and partially resolved. In June of this year, Seazen Development successfully issued US dollar bonds, marking the first time in nearly three years that a private real estate company has reopened its overseas financing channels. While expanding overseas financing channels remains challenging for Chinese real estate companies, if the real estate operating environment continues to recover, more private real estate companies with high-quality assets are expected to gradually explore overseas financing.

Introduction

In the first half of 2025, the Federal Reserve entered a wait-and-see phase regarding interest rate cuts, with the US federal funds rate remaining in the 4.25%-4.50% range. Supported by expectations of Fed rate cuts and refinancing needs, the Chinese offshore bond market remained generally stable in the first half of 2025. In 2025H1, Chinese entities issued a total of 555 offshore bonds, down 1.4% YoY, issuance amounted to USD 57.81 billion, up 14.7% YoY. Net financing in 2025H1 stood at USD -31.55 billion. The decline in financing costs may increase China's willingness to issue overseas bonds and drive the issuance volume of Chinese overseas bonds to continue its growth trend in 2025H2. This year, there has been no relaxation in the review process for Chengtuo, making new offshore bond financing difficult. Furthermore, the next two years will be a peak period for Chengtuo offshore bond maturities. It is expected that Chengtuo will continue to focus on refinancing in the second half of the year. Amidst the tightening of Chengtuo offshore bond issuance, attention should be paid to the release of liquidity risks. Thanks to a series of supportive policies implemented in recent years, risks facing real estate companies have gradually eased and partially resolved. In June of this year, Seazen Development successfully issued US dollar bonds, marking the first time in nearly three years that a private real estate company has reopened its overseas financing channels. While expanding overseas financing channels remains challenging for Chinese real estate companies, if the real estate operating environment continues to recover, more private real estate companies with high-quality assets are expected to gradually explore overseas financing.

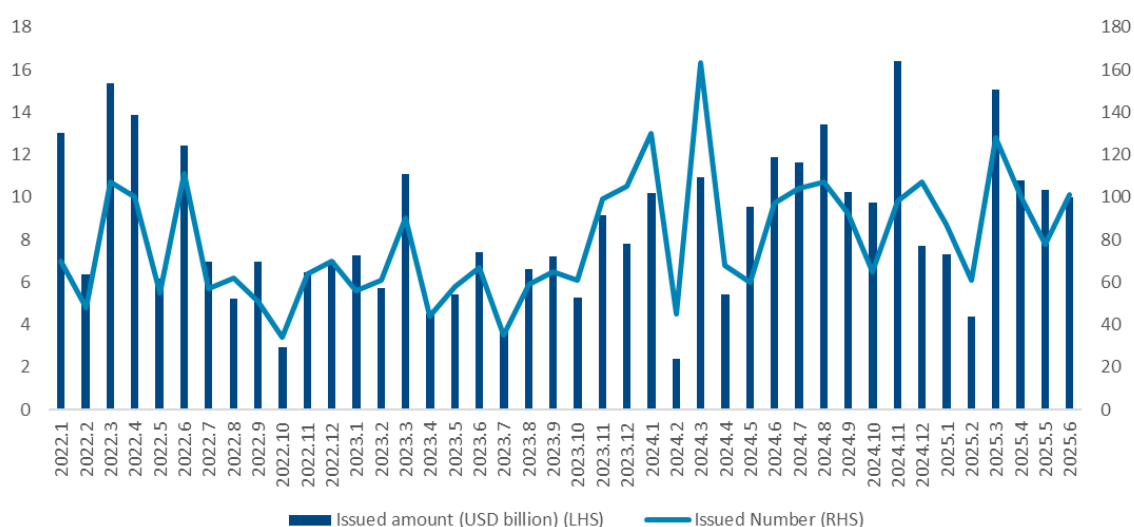
China's offshore bond market review

Primary market

The scale of new issuance of Chinese offshore bonds remained steady with a slight increase, while net financing continued to be negative. Supported by rate cut and refinancing demand, China's offshore bond market saw modest growth in 2025H1. Chinese entities issued a total of 555 offshore bonds, down 1.4% YoY, with issuance amounting to USD 57.81 billion, up 14.7% YoY. Although new issuance exceeded the same period last year, it did not reach the levels recorded in the same period of 2021–2022. Given the Fed's continued stance of not cutting rates, Chinese offshore bond issuance was primarily driven by refinancing, with relatively weak new financing. Net financing in 2025H1 stood at USD -31.55 billion, remaining negative for several consecutive years.

Overall, the issuance scale in each month showed varying year-on-year increases and decreases. By month, both January and June saw year-on-year declines in offshore bond issuance volume. January experienced a relatively large drop in issuance scale due to the impact of the Spring Festival holiday, with an issuance amount of USD7.30 billion, down 28.5% YoY. June saw a decrease due to a simultaneous reduction in offshore bond issuance by Chentou and financial institutions, and a large increase in the same period in 2024. The issuance amount in June was USD 10.00 billion, down 15.7% YoY. February, March, April and May all recorded year-on-year increases in offshore bond issuance volume, among which April had the highest year-on-year increase, with an issuance amount of USD 10.76 billion, up 98.3% YoY.

Figure 1: Amount and number of Chinese offshore bonds issued in 2025H1



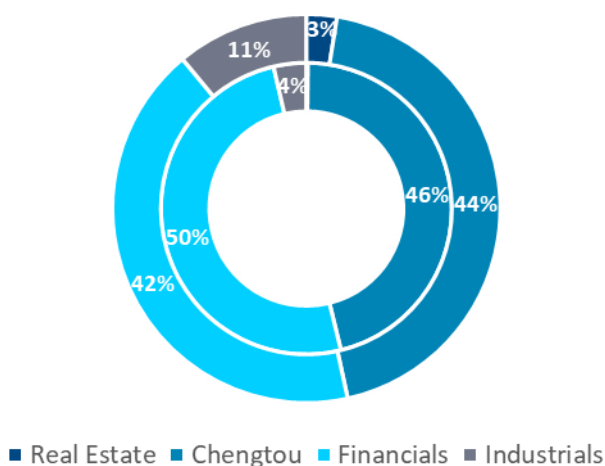
Source: CCXAP research

Offshore bond issuance in all non-financial sectors recorded year-on-year growth. By industry classification, only offshore bond issuance by financial institutions declined year-on-year, dropping by 3.2% to USD 24.5 billion. Chengtou, industrial, and real estate enterprises accounted for 44.0%, 11.0%, and 2.5% of total issuance in 2025H1, respectively. Driven by refinancing needs and the release of previously approved quotas, Chengtou issued USD 25.46 billion, up 9.7%. The industrial segment, boosted by large-scale offshore bond issuance from multiple entities including Baidu and State Power Investment Corporation, reached USD 6.38 billion, up 249.1%. In 2025, the issuance of USD-denominated property bonds saw a breakthrough, with developers like Seazen Group and Greentown China returning successfully to the market after several months, issuing USD 1.47 billion. Due to a low base last year, this segment recorded the highest year-on-year growth

rate at 1637.1%. In terms of net financing, all sectors posted negative figures. Net offshore bond financing for Chengtou, real estate, financial, and industrial sectors amounted to USD -230 million, USD -5.35 billion, USD -11.64 billion, and USD -14.32 billion, respectively.

Offshore bond issuance by Chengtou has continued the strict regulatory tone seen since 2024, making it difficult for Chengtou to obtain new approvals. In 2025H1, the issuance of offshore bonds by Chengtou entities maintained this regulatory intensity. Many companies rushed to issue bonds before their approvals expired, coinciding with a peak in refinancing activities, resulting in USD 7.06 billion in issuance in March, the highest monthly issuance amount for Chengtou in nearly five years. At the same time, the share of first-time offshore bond issuers among Chengtou entities fell from 34% in 2024 to 21% in 2025H1. In terms of issuance region, offshore bond issuance in 2025H1 was concentrated in more economically developed areas. The three provinces with the highest issuance volumes were Shandong, Jiangsu, and Sichuan, accounting for 23.4%, 12.7%, and 11.1% of the total Chengtou bond issuance in 2025H1, respectively. Overall, under the current strict regulatory environment, Chengtou offshore bonds in 2025H2 are expected to be largely focused on refinancing existing debt, with limited room for incremental issuance.

Figure 2: Industry distribution of Chinese offshore bonds in 2024H1 and 2025H1



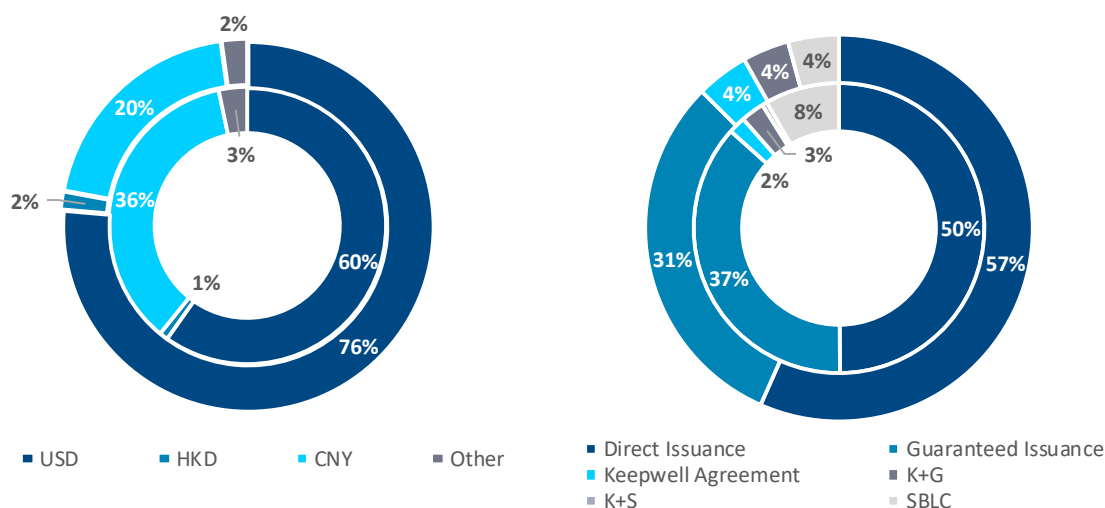
Inner Circle is the statistics of 2024H1; Outer Circle is the statistics of 2025H1

Source: CCXAP research

Offshore bond issuance by Chinese issuers remained dominated by USD-denominated bonds, while the proportion of CNY bonds declined. In 2025H1, USD remained the primary issuance currency, with issuance volume reaching USD 44.16 billion, a year-on-year increase of 46.5%, accounting for 76.4% of the total issuance during the period, up from 59.8% in 2024. Chengtou CNY-denominated offshore bonds faced a sharp decline under continued strict regulation and mounting offshore RMB liquidity pressure. The issuance volume of CNY offshore bonds fell by 36.6%YoY to USD 11.49 billion, accounting for 19.9% of the total, significantly down from 35.9% in 2024. The primary reason for this trend is the marked contraction of Chengtou Dim Sum bond issuance under regulatory tightening in 2025H1. In November 2024, regulators suspended cross-border total return swap investments in Chengtou Dim Sum bonds, coupled with an approval-side policy of reducing existing quotas without issuing new ones, leading to sharp declines in market demand. Thus, Chengtou issuers shifted toward USD bond financing, driving a significant structural change in Chengtou offshore bond issuance. USD-denominated bond issuance rose from USD 9.53 billion in 2024H1 to USD 19.43 billion in 2025H1, with its share increasing from 41% to 76%.

Due to strict regulation on offshore bonds, the proportion of direct issuance and guaranteed issuance has increased. In 2025H1, the scale of direct issuance and guaranteed issuance of Chinese offshore bonds was USD 32.74 billion and USD 17.83 billion, accounting for 56.6% and 30.8% of the total issuance, respectively. Since March 2024, regulatory authorities tightened oversight on SBLC issuance, and the proportion of SBLC issuance in total issuance continued to decline in 2025H1. A total of 32 SBLC-backed bonds were issued, amounting to USD 2.45 billion, accounting for 4.2% of total issuance (2024H1: 8.3%), mainly by district and county-level Chengtoun issuers. Due to limited channels for SBLC credit enhancement, many issuers turned to keepwell agreements or guarantee + keepwell structures to complete credit enhancement. In 2025H1, offshore bonds issued through keepwell agreements amounted to USD 2.53 billion, accounting for 4.4% of total issuance, with main issuers including CMB Financial Leasing, State Power Investment Corporation, and Chengtoun issuers. Offshore bonds issued through the guarantee + keepwell structure totaled USD 2.25 billion, accounting for 3.9% of total issuance.

Figure 3: Issuance structure and currency composition Chinese offshore bonds in 2024H1 and 2025H1



Inner Circle is the statistics of 2024H1; Outer Circle is the statistics of 2025H1

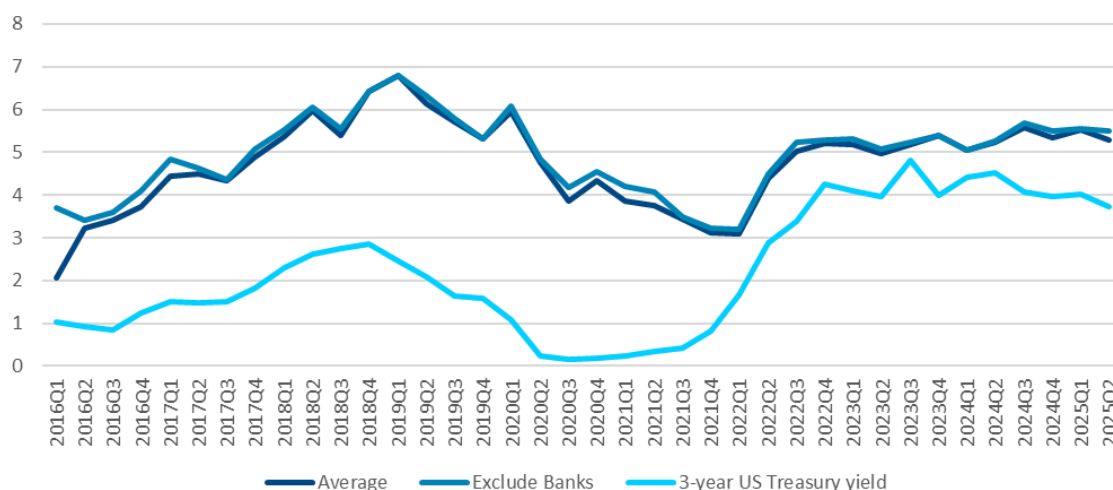
Source: CCXAP research

Coupon rates for Chinese offshore bonds remained elevated. After the Fed's final rate cut of 25 basis points in December 2024, it shifted to a wait-and-see stance in 2025. Throughout 2025H1, the Fed made no additional cuts, keeping the federal funds target range steady at 4.25%–4.50%. Despite upward inflationary pressure from Trump's tariff policy, economic uncertainty triggered by policy fluctuations made the inflationary impact difficult to quantify. In 2025H1, the US core PCE price index hovered between 2.5%–2.8%, while the unemployment rate remained stable at 4.0%–4.2%. Fed Chair Jerome Powell repeatedly emphasized that rate cuts would only resume upon confirmation of sustained desired inflation level. As a result, the average coupon rate¹ for Chinese offshore bonds remained high at 5.41% in 2025H1. However, as expectations for rate cuts in the second half of the year gained traction, the average coupon rate fell from 5.52% in Q1 to 5.28% in Q2. By sector, the average coupon rates were 7.05% for real estate, 6.05% for Chengtoun, 4.28% for financial, and 6.23% for industrial bonds. The prevailing market expectation is that the Fed may initiate rate cuts in September, with a cumulative cut of 50 basis points in 2025H2, bringing the target rate

¹ The statistical scope refers to bonds with fixed coupon rates and without call/put options.

range down to 3.75%–4.00%. Therefore, issuance costs for Chinese offshore bonds are expected to decline gradually in 2025H2.

Figure 4: Average coupon rates of Chinese offshore bonds issued from 2016Q1 to 2025Q2



Source: CCXAP research

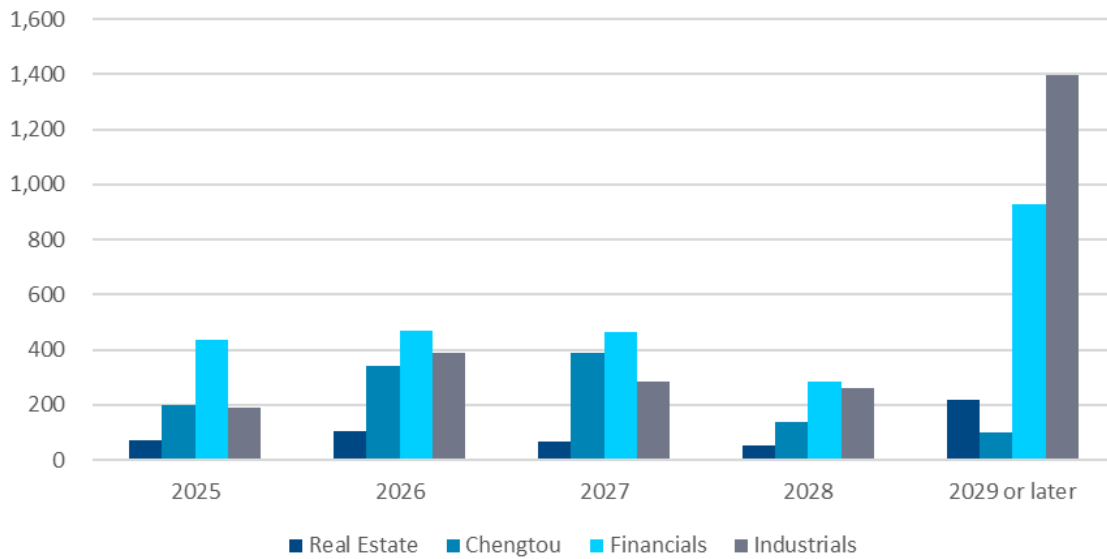
Investment-grade issuance has increased, and the influence of Chinese rating agencies continued to rise.

In 2025H1, a total of 75 Chinese offshore bonds received ratings from the three major international rating agencies², accounting for 13.5% of total issuances. Regarding investment-grade bonds, 67 were issued in 2025H1, with a total issuance amount of USD 26.88 billion, representing a year-on-year increase of 108.7%. Investment-grade issuance was primarily concentrated in the financial sector, with financial, industrial, and Chengtou issuers accounting for 54.8%, 22.7%, and 22.5% of total investment-grade issuance, respectively. In 2025H1, there were 8 high-yield bond issuances totaling USD 2.25 billion. This marks a significant increase compared to USD 430 million in 2024H1, mainly due to the restart of real estate bond issuance and an uptick in industrial issuers entering the market. Additionally, in 2025H1, 480 offshore bond issuances did not receive ratings from the three international rating agencies, with a combined value of USD 28.68 billion. Meanwhile, the international influence of Chinese rating agencies continued to grow. In 2025H1, the three major Chinese rating agencies participated in rating 73 offshore bonds, a year-on-year increase of 92.1%, with total issuance reaching USD 11.68 billion, up 160.1% YoY.

In the next two years, there will be a peak in maturities for financial entities, and the net financing scale of Chengtou bonds may bottom out. As of 30 June 2025, the outstanding amount of Chinese offshore bonds totaled USD 678.03 billion. Among them, the maturity amounts for 2025H2, 2026, and 2027 are USD 89.72 billion, USD 129.78 billion, and USD 120.31 billion respectively. By industry, 2025–2027 marks the peak period for financial offshore bond maturities, with maturity amounts for 2025H2, 2026, and 2027 at USD 43.39 billion, USD 46.64 billion, and USD 46.47 billion, respectively. For Chengtou bonds, the maturity amounts for 2025H2, 2026, and 2027 are USD 20.03 billion, USD 33.88 billion, and USD 38.64 billion respectively. Due to the ongoing tightening of offshore bond policies for Chengtou issuers, their net financing scale may approach a low point in the future.

² Data as of 30 June 2025, where ratings from the three major international rating agencies differ, the highest rating is used for statistical purposes.

Figure 5: Maturity distribution of existing Chinese offshore bonds as of the end of June 2025



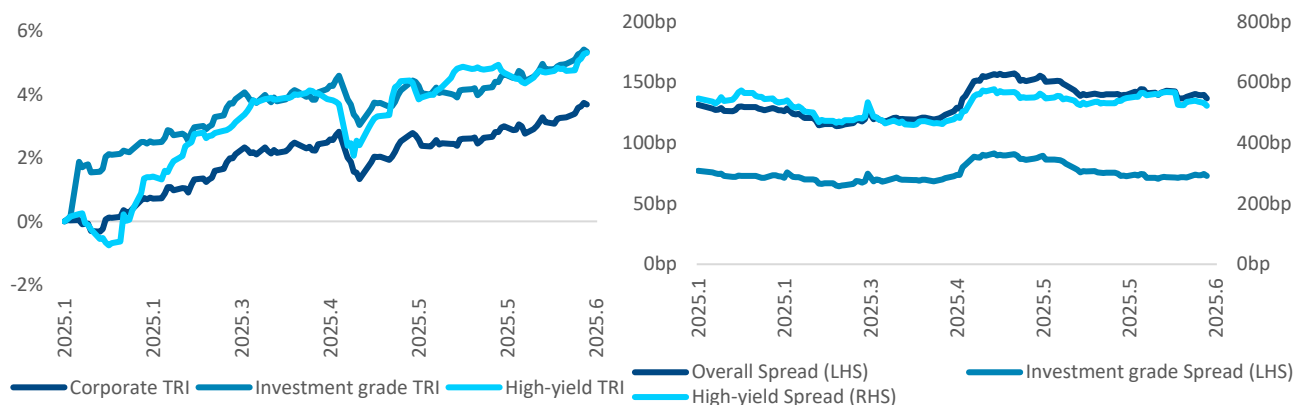
Source: CCXAP research

Secondary market

In 2025H1, the secondary market for offshore bonds of Chinese issuers showed a steady upward trend. With the central government continuing to implement fiscal stimulus and economic support policies, coupled with policy support following the credit event of Vanke, Chinese real estate bonds experienced a rebound, driving the high-yield sector upward. Benefiting from expectations of Fed rate cuts, both high-yield and investment-grade bonds in the secondary market of Chinese offshore bonds generally exhibited a steady upward trend. As of 30 June 2025, the total return index for Chinese offshore bonds was 3.69%, with investment-grade bonds returning 5.36% and high-yield bonds returning 5.32%.

In terms of spreads, as of 30 June 2025, the spread of Chinese offshore bonds increased by 5.4 basis points (bp) from the beginning of the year to 136.7 bp. The spread for investment-grade bonds decreased by 4.3 bp to 72.8 bp, while the spread for high-yield bonds decreased by 24.1 bp to 522.1 bp.

Figure 6: Performance and spread of Market iBoxx Chinese offshore bonds in 2025H1



Source: CCXAP Research

The overall return rate of Chinese offshore bonds rebounded, with the real estate sector performing the best. Across sectors, real estate offshore bonds delivered the highest annualized return (8.01%), followed by

financial, Chengtou, and non-financial sectors. For the real estate sector, accelerated risk clearance and favorable policies such as the central government's push to ensure housing delivery and reduce inventory of real estate projects boosted investor confidence, leading to significant valuation recovery and sector gains. The urban investment sector saw improved investor confidence due to the implementation of debt resolution policies, which alleviated short-term repayment pressure. The non-financial sector posted relatively moderate gains, primarily affected by weak overall demand recovery.

Table 1: Sector-wise Return Rates of Chinese Offshore Bonds in 2025H1

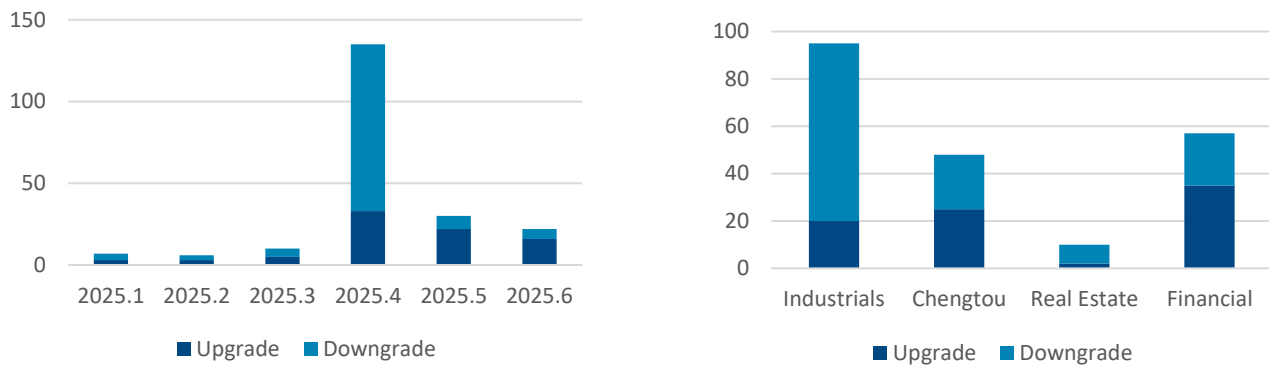
Markit iBoxx Chinese Offshore Bonds Return Index	2025Q1	2025Q2	2025H1
Real Estate TRI	6.50%	1.56%	8.01%
-Investment grade TRI	3.32%	1.17%	4.64%
-High Yield TRI	7.96%	1.71%	9.55%
Financial TRI	2.28%	1.28%	3.61%
-Investment grade TRI	1.89%	1.24%	3.20%
-High Yield TRI	3.62%	1.42%	5.04%
Non-financial TRI	2.73%	0.87%	3.80%
-Investment grade TRI	2.62%	0.85%	3.67%
-High Yield TRI	5.56%	1.36%	7.16%
Chengtou TRI	1.72%	1.26%	3.04%
-Investment grade TRI	1.58%	1.20%	2.84%
-High Yield TRI	2.42%	1.57%	4.08%

Source: CCXAP research

Rating adjustments and credit events

Negative rating actions remained prevalent, primarily concentrated among industrial issuers. In 2025H1, the three major international rating agencies took 179 rating actions on Chinese issuers, including 128 negative actions and 82 positive actions, with negative actions accounting for 61%. This was mainly due to Fitch's downgrade of China's sovereign credit rating from A+ to A in April 2025, which led to subsequent downgrades of many leading Chinese issuers. By sector, rating actions were most concentrated among industrial issuers, as the downgrade of China's sovereign rating triggered synchronized downgrades of key industrial enterprises. In 2025H1, 75 industrial issuers were downgraded or had their outlook revised, while only 20 received positive rating actions. The Chengtou sectors saw 22 and 23 issuers, respectively, subject to negative rating actions, primarily due to the downgrade of China's sovereign rating outlook and reduced support from regional governments to financing platforms.

Figure 7: Rating actions by month and by industries in 2025H1



Data Source: CCXAP Research; Unit: Count

Debt risks for Chinese offshore bond issuers have largely been cleared, with a slowdown in default trends. In 2025H1, only Ganglong China experienced a credit event. However, against the backdrop of sluggish market sales, real estate developers still face significant debt pressure, and the sector is still on the way of risk clearance.

Table 2: Credit Events of Chinese issuers in offshore market in 2025H1

Company abbreviation	Credit Events
Ganglong China	On June 15, Ganglong China Property announced that the notes it issued with a total principal amount of USD 180,551,641 (ISIN: XS2927758065) would mature on November 17, 2025, accruing interest at an annual rate of 9.5% from November 17, 2024 (inclusive), with interest payments due on May 18, 2025, and November 17, 2025. The interest payment of USD 8,576,203 due on May 18, 2025, came with a 30-day grace period. Given the company's liquidity pressure and the need to preserve funds for project delivery, it is expected to be unable to pay the interest.

Source: Public Information, CCXAP Research

Regulatory developments: policy analysis and development prospects of free trade zone offshore bonds at the 2025 Lujiazui Forum; Hong Kong leads the RWA innovation wave

The 2025 Lujiazui Forum, as one of the most influential international forums in China's financial sector, released a series of important measures to deepen financial reform and opening under the theme of "Financial Open Cooperation and High-Quality Development in the Context of Global Economic Changes." Among these, free trade zone offshore bonds, as a key tool to promote RMB internationalization and enhance Shanghai's competitiveness as an international financial center, became a focal point of this year's forum.

The fifth of the eight financial opening measures announced at the Lujiazui Forum explicitly proposed "developing free trade zone offshore bonds," emphasizing adherence to the principle of "two ends outside" (funds and investors both coming from overseas) and internationally recognized standards. This aims to broaden financing channels for "going global" enterprises and high-quality companies in countries and regions participating in the Belt and Road Initiative. This policy statement clarifies the strategic positioning of free

trade zone offshore bonds in the broader context of financial opening and sends a strong signal of regulatory support for the development of the offshore RMB bond market.

In his speech at the forum, Pan Gongsheng, Governor of the People's Bank of China, pointed out that developing free trade zone offshore bonds is a critical breakthrough in building an offshore financial system. Through this market, Shanghai will gradually accumulate RMB bond pricing power, strengthen its voice in global financial markets, and help establish the city as an Asian bond pricing center and a hub for offshore RMB assets. This policy synergizes with other financial opening measures announced at the forum, such as "optimizing and upgrading the functions of free trade accounts" and "conducting comprehensive reforms for offshore trade financial services in the Shanghai Lingang New Area," collectively creating a more open and convenient cross-border investment and financing environment.

The free trade zone offshore bond policy has been incorporated into the framework of the "Opinions on Supporting the Accelerated Construction of Shanghai as an International Financial Center" issued by the Central Financial Commission, becoming one of the core tasks in Shanghai's international financial center development. The document explicitly calls for "coordinating the development of onshore and offshore markets, deepening cross-border financial and offshore financial services, and enriching and upgrading the offshore service system in the free trade zone," providing institutional guarantees for the long-term development of free trade zone offshore bonds.

We believe that the free trade zone offshore bond market, driven by policy support, has the potential to become an important financial innovation platform connecting onshore and offshore markets, serving cross-border financing for the real economy, and promoting RMB internationalization. More high-quality enterprises from the Belt and Road Initiative, multinational corporations, and financial institutions will enter this market. In particular, with the advancement of foreign debt management reforms, corporate issuance willingness is expected to increase significantly.

Additionally, beyond traditional fixed-rate bonds, innovative products such as floating-rate bonds, green bonds, and convertible bonds will continue to emerge. Zhu Hexin, Administrator of the State Administration of Foreign Exchange, mentioned at the forum the "pilot program for green foreign debt policies," which is expected to guide more environmentally friendly and low-carbon projects to raise funds through the free trade zone offshore bond market. With the optimization of the QFII system (e.g., expanding the range of tradable products to 100) and the introduction of risk management tools like RMB foreign exchange futures, participation by overseas institutional investors is likely to increase. The entry of long-term capital, such as sovereign wealth funds and international pension funds, will significantly enhance market depth.

In recent years, the integration of RWA (Real World Assets) and the offshore bond market has accelerated. RWA, which tokenizes traditional assets through blockchain technology, is gradually being applied to the offshore bond market. The Hong Kong Monetary Authority (HKMA) has launched a pilot program for bond tokenization, with its Ensemble project pioneering the exploration of bond tokenization and planning to establish a settlement system for tokenized assets. Several financial institutions have already initiated real estate and bond tokenization projects, such as UBS issuing the first batch of tokenized notes in Hong Kong. With its robust legal system, free capital flows, and mature financial infrastructure, Hong Kong is poised to become Asia's RWA hub, providing an ideal testing ground for the convergence of traditional finance and blockchain technology.

Outlook

Looking ahead to the second half of 2025, based on the recent Federal Reserve meeting minutes, Fed officials' consensus on cooling inflation is driving the start of interest rate cuts in September. Meanwhile, data shows that as of June 2025, the year-on-year growth rate of the US core PCE price index has remained below the 2%

target threshold for three consecutive months. The continued decline in this key indicator has become a key argument for dovish forces within the Fed, leading to expectations of a decline in USD bond financing costs. Lower financing costs will increase Chinese investors' willingness to issue offshore bonds, and issuance is expected to continue its upward trend in the second half of 2025.

Since 2024, regulatory policies on Chengtou offshore bonds have continued to tighten. Recent policy trends indicate that preventing and resolving hidden debt risks is the primary goal of offshore bond regulation. This year, there has been no relaxation in the review process for Chengtou, making new offshore bond financing difficult. Furthermore, the next two years will be a peak period for Chengtou offshore bond maturities. It is expected that Chengtou will continue to focus on refinancing in the second half of the year. Amidst the tightening of Chengtou offshore bond issuance, attention should be paid to the release of liquidity risks.

In the real estate sector, thanks to a series of supportive policies implemented in recent years, risks facing real estate companies have gradually eased and partially resolved. In June of this year, Seazen Development successfully issued US dollar bonds, marking the first time in nearly three years that a private real estate company has reopened its overseas financing channels. Seazen Development's reopening of overseas financing channels and the completion of its bond issuance signal the reopening of overseas financing channels for private real estate companies, a potentially significant signal that will help restore overall market confidence in these companies. While expanding overseas financing channels remains challenging for Chinese real estate companies, if the real estate operating environment continues to recover, more private real estate companies with high-quality assets are expected to gradually explore overseas financing. However, it should also be noted that the real estate industry still faces numerous challenges. A full recovery in consumer purchasing appetite will take time, influenced by factors such as income expectations and employment stability. Furthermore, with no significant improvement in bond financing for real estate companies, the performance of these companies remains uncertain.

Furthermore, given the large maturing volume of Chinese overseas bonds, caution is warranted regarding the potential for risk transmission from the overseas bond market to the domestic market. In the second half of 2025, the amount of overseas debt due for Chinese companies will remain large, with USD 89.72 billion of bonds maturing. In an uncertain market environment, Chinese companies will face greater pressure to repay foreign debts.

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