

2025 Issue 34 From September 1 to September 5

New Issuance of Chinese Offshore Bonds Increased; Secondary Market Yields Increased

Headline: China's August S&P Manufacturing PMI Beats Expectations and Previous Reading; US August Unemployment Rate Matches Forecasts

On September 1, China announced its August S&P Global Manufacturing PMI at 50.5, above the expected 49.7 and the previous value of 49.5. On September 5, the US announced its August unemployment rate at 4.3%, higher than the previous value of 4.2% but matching expectations.

Exchange Rate: RMB Depreciated; USD Index Remained Flat

Last week, the RMB has depreciated. As of September 5, the RMB/USD middle rate closed at 7.1064, up 34bp from last Friday. The USD Index closed at 97.77, unchanged from last Friday.

Interest Rate: Chinese Government Bond Yields Decreased; US Treasury Yields Decreased

Last week, China Government Bond yields decreased. As the market expected the Federal Reserve to cut interest rates in September, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From September 1 to September 5, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD2.788 billion, an increase of 7.65% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.114 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of September 5, the return rate of Chinese USD bonds increased by 42.0bp to 5.80% compared to last Friday, among which the return rate of investment-grade bonds increased by 47.0bp to 7.39%, while the return rate of high-yield bonds increased by 19.0bp to 8.21%.

Rating Actions: Rating Agencies Took Rating Actions on 6 Chinese Issuers

From September 1 to September 5, rating agencies took positive rating action on 2 Chinese issuers and negative rating action on 4 Chinese issuers.



Analyst Contacts

Saul Zuo
852-2810 7142
saul_zuo@ccxap.com

Natalie Xu
852-2810 7142
natalie_xu@ccxap.com

Other Contacts

Peter Chong
852-2860 7124
peter_chong@ccxap.com

Headline: China's August S&P manufacturing PMI beats expectations and previous reading; US August unemployment rate matches forecasts

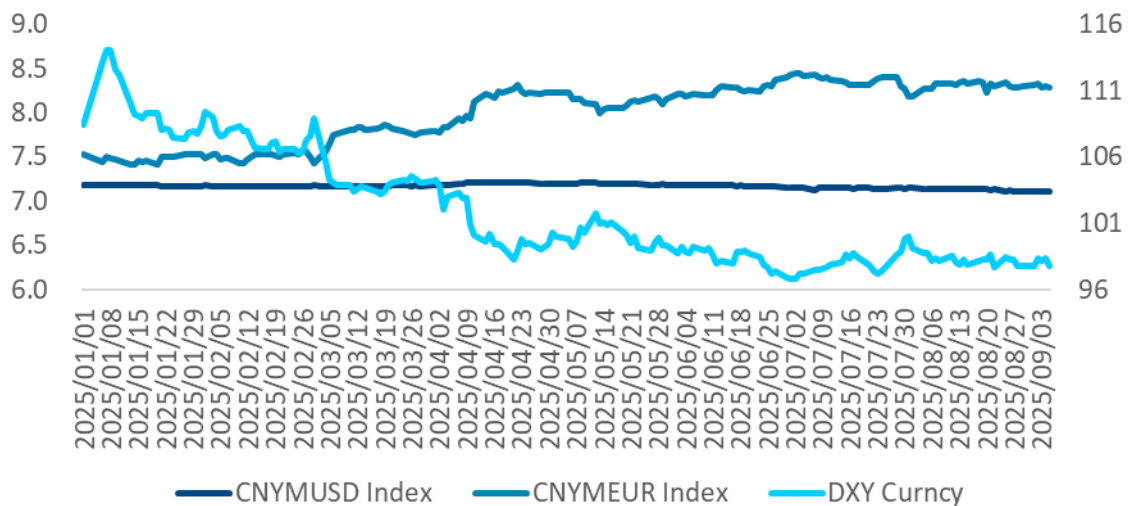
On September 1, China announced its August S&P Global Manufacturing PMI at 50.5, above the expected 49.7 and the previous value of 49.5. Previously released data showed China's official August manufacturing PMI edged up to 49.4, with the new orders index rising to 49.5, indicating improved manufacturing activity. Driven by increased new orders, manufacturing production returned to growth in August. Meanwhile, the contraction in new export business slowed compared to July. Due to growing new order inflows, procurement activities and inventories expanded, leading to increased backlogs. Business confidence also strengthened, though firms remained cautious about hiring. Manufacturing enterprises maintained optimism regarding output prospects for the coming year. With expectations for improved economic conditions and expansion plans likely to boost new sales over the next 12 months, goods producers' confidence reached its highest level since March.

On September 5, the US announced its August unemployment rate at 4.3%, higher than the previous value of 4.2% but matching expectations. The US unemployment rate rose 0.1 percentage points from the previous month to 4.3%, marking the highest level in nearly four years; nonfarm payrolls increased by just 22,000, significantly lower than July's revised figure of 79,000 and well below market expectations. These employment indicators collectively suggest recent softening in the US labor market. As a result, the three major New York stock indices fell across the board, while the US Dollar Index and long-term Treasury yields declined sharply. Growing concerns over slowing US economic growth momentum drove gold futures prices substantially higher. Bank of America believes the August employment data will push the Federal Reserve to shift its focus from inflation to the labor market. The bank expects the Fed to cut rates by 25 basis points each in September and December. Should the labor market weaken further, the Fed may also cut rates at the October meeting, with potentially even larger rate cuts in 2026.

Exchange Rate: RMB depreciated, USD Index remained flat

In the past week, the RMB has depreciated. As of September 5, the RMB/USD middle rate closed at 7.1064, up 34.0bp from last Friday. The RMB/EUR middle rate closed at 8.2953, down 55.0bp from last Friday. The USD Index closed at 97.77, unchanged from last Friday.

Figure 1: RMB exchange rate

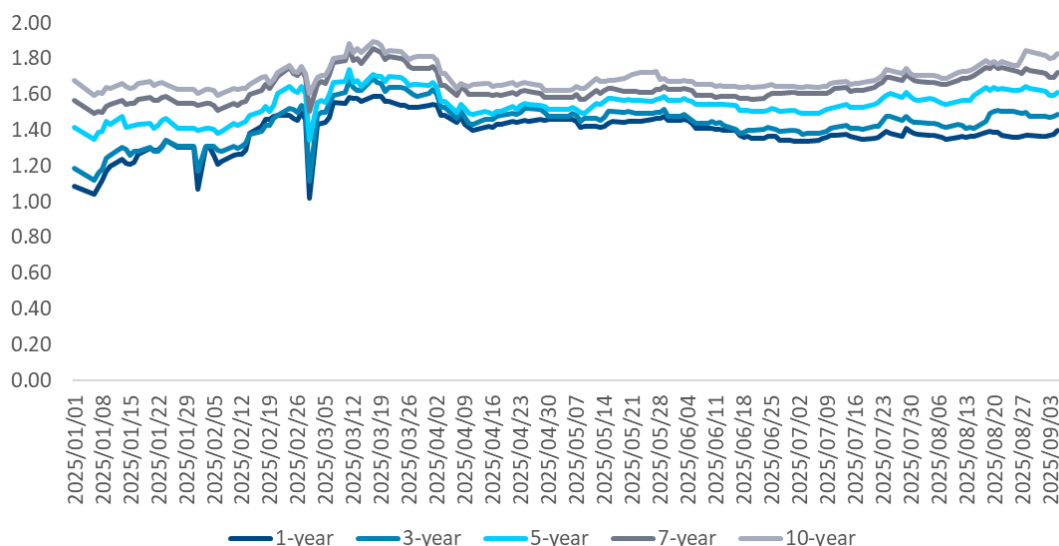


Sources: CCXAP research

Interest Rate: Chinese Government Bond yields decreased; US Treasury yields decreased

In the past week, China Government Bond yields generally decreased. As of September 5, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3959%, 1.4876%, 1.6121%, 1.7220%, and 1.8260%, respectively. Compared with last Friday, the 1-year was up 2.61bp, the 3-year was up 1.00bp, the 5-year was down 2.01bp, the 7-year was down 1.00bp and the 10-year was down 1.19bp.

Figure 2: China Government Bond yields

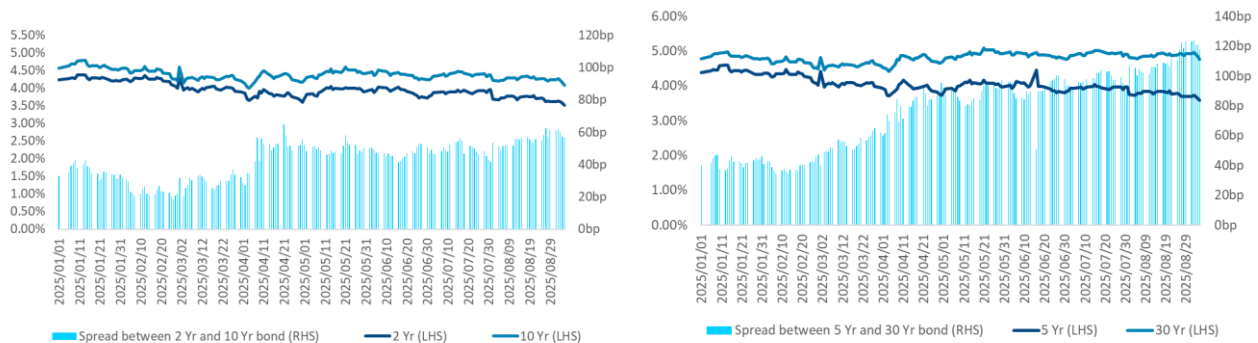


Sources: CCXAP research

As the market expected the Federal Reserve to cut interest rates in September, US Treasury yields decreased. As of September 5, the 2-year, 5-year, 10-year, and 30-year US treasury yields were

3.5092%, 3.5817%, 4.0742%, and 4.7587%, respectively, down 10.75bp, 11.41bp, 15.42bp, and 16.87bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 4.67bp to 56.50bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 5.46bp to 117.70bp compared to last Friday.

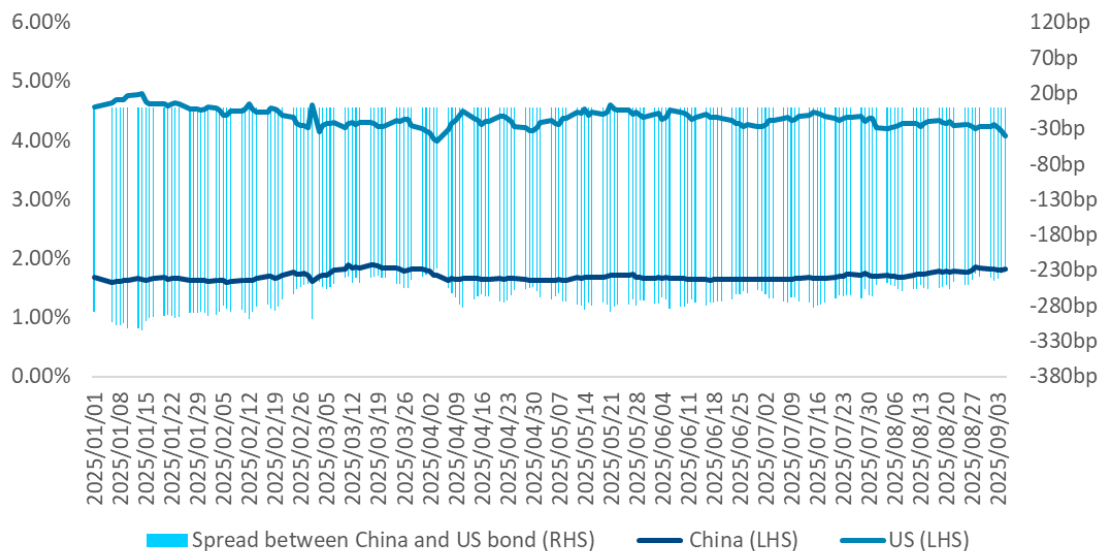
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of September 5, the 10-year Treasury bond interest rate gap between China and the United States was -224.8bp, narrowing by 14.2bp from last Friday and widening by 64.6bp from the beginning of the year.

Figure 4: Yield spread between 10-year note of China and US



Sources: CCXAP research

Primary Market: new issuance of Chinese offshore bonds increased

From September 1 to September 5, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD2.788 billion, an increase of 7.65% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.114 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20250901-20250905)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025-09-02	CITIC Securities International Co Ltd	CNY	78	0	2028/9/8	3	Financials	-/BBB+/-	-/BBB+/-
2025-09-02	Fosun International Ltd	USD	400	6.8	2029/9/9	4	Consumer Discretionary	-/BB-/	-/BB-/
2025-09-02	Zhengding State-Owned Assets Holding & Operation Group Co Ltd	USD	100	6.9	2028/9/5	3	Chengtou	-/-/-	-/-/-
2025-09-03	Huatai International Financial Holdings Co Ltd	USD	43	0	2025/12/9	91D	Financials	-/BBB+/-	-/-/-
2025-09-03	Huatai International Financial Holdings Co Ltd	USD	25	4.5	2025/12/9	91D	Financials	-/BBB+/-	-/-/-
2025-09-03	Huatai International Financial Holdings Co Ltd	USD	50	4.53	2025/12/10	91D	Financials	-/BBB+/-	-/-/-
2025-09-03	Huatai International Financial Holdings Co Ltd	USD	30	0	2025/12/10	91D	Financials	-/BBB+/-	-/-/-
2025-09-03	Huatai International Financial Holdings Co Ltd	USD	50	4.53	2025/12/9	90D	Financials	-/BBB+/-	-/-/-
2025-09-04	China Construction Bank Corp/London	USD	1,000	SOFR +50	2028/9/11	3	Banks	A1/-/-	A1/-/-
2025-09-04	China Construction Bank Corp/London	USD	500	SOFR +58	2030/9/11	5	Banks	A1/-/-	A1/-/-
2025-09-04	China Construction Bank Corp/London	CNY	2,000	1.89	2028/9/11	3	Banks	A1/-/-	A1/-/-
2025-09-04	GF Holdings Hong Kong Corp Ltd	USD	20	4.49	2025/12/10	91D	Financials	-/-/-	-/-/-
2025-09-04	GF Holdings Hong Kong Corp Ltd	USD	20	4.47	2025/12/11	91D	Financials	-/-/-	-/-/-
2025-09-04	Shenzhen Mingde Holdings Development Co Ltd	HKD	750	3.5	2028/9/11	3	Industrials	-/-/-	-/-/-
2025-09-05	Changzhou Xinyun Urban Development Group Co Ltd	EUR	50	3.8	2028/9/10	3	Chengtou	-/-/-	-/-/-
2025-09-05	Changzhou Xinyun Urban Development Group Co Ltd	EUR	35	2.6	2028/9/10	3	Chengtou	-/-/-	-/-/-
2025-09-05	CITIC Securities International Co Ltd	USD	70	0	2025/12/12	91D	Financials	-/BBB+/-	-/BBB+/-
2025-09-05	GF Holdings Hong Kong Corp Ltd	USD	10	4.46	2025/12/10	91D	Financials	-/-/-	-/-/-
2025-09-05	Tianfeng Securities Co Ltd	USD	5	4.95	2026/7/9	303D	Financials	-/-/BBB-	-/-/BBB-

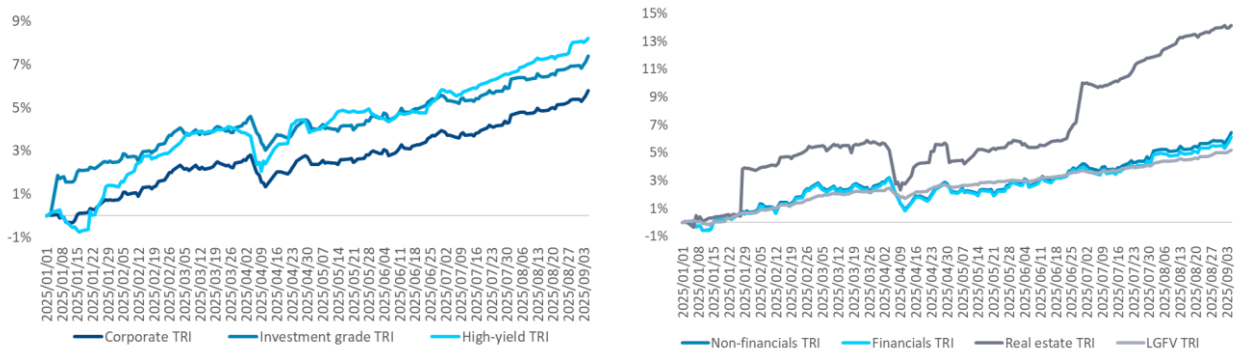
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of September 5, the year-to-date return¹ of Chinese USD bonds increased by 42.0bp to 5.80% compared to last Friday, among which the return rate of investment-grade bonds increased by 47.0bp to 7.39%, while the return rate of high-yield bonds increased by 19.0bp to 8.21%. By industry, the return rate of non-financial bonds was 6.47%, up 64.0bp from last Friday. The return rate of financial bonds was 6.13%, up 65.0bp. The return rate of real estate was 14.15%, up 18.0bp. The return rate of Chengtou was 5.21%, up 22.0bp.

¹ Year-to-date return measures the return since January 2, 2025

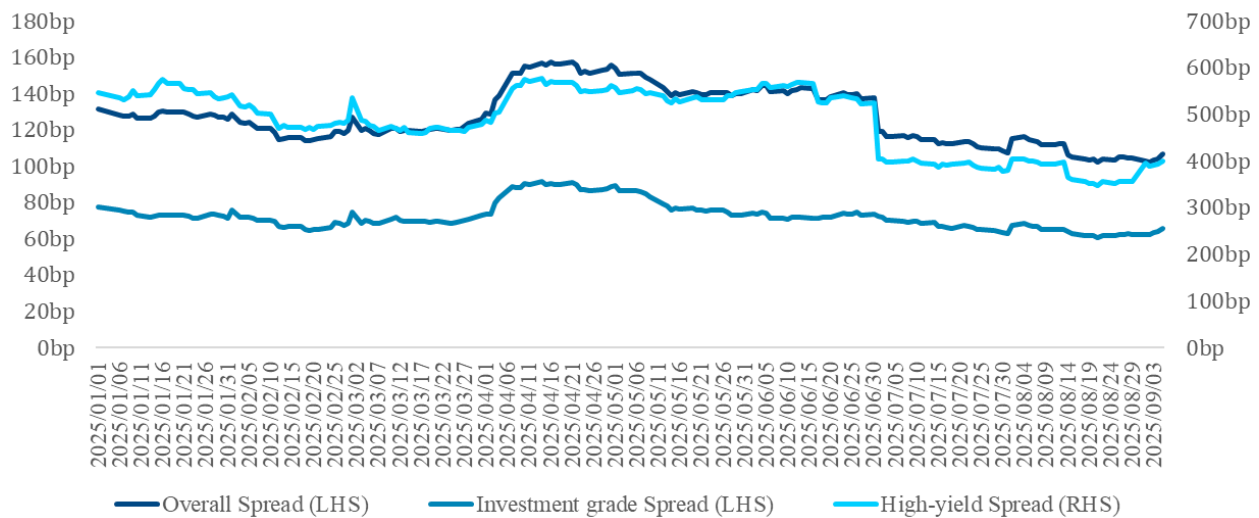
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of September 5, the spread of Chinese USD bonds widened by 1.9bp to 106.38bp from last Friday, among which the spread of investment-grade bonds widened by 3.4bp to 65.58bp, and the spread of high-yield bonds widened by 43.3bp to 398.84bp.

Figure 6: Yield Spreads of Bloomberg Barclays Chinese USD bond index



Sources: CCXAP research

From September 1 to September 5, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of China General Nuclear Power Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20250901-20250905)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CHGDNU 2 09/11/25	China General Nuclear Power Group Co., Ltd.	100.025	0.01	-6.984	1.4515M
HENANG 2.8 09/18/25	Henan Water Conservancy Investment Group Co., Ltd.	99.871	0.02	9.321	710.4
CHINAM 1.2 09/10/25	CMB International Capital Corporation Limited	99.973	0.01	10.858	358.7

BOCOM 1.2 09/10/25	Bank of Communications Co., Ltd. (Hong Kong Branch)	99.986	0.01	6.204	143.8
EHICAR 7 09/21/26	eHi Car Rental Co., Ltd.	73.551	1.03	41.044	94.9
CHJMAO 6 PERP	China Jinmao Holdings Group Co., Ltd.	100.472	永续	4.795	89.3
XIANGY 5.7 09/23/25	Xiamen Xiangyu Group Co., Ltd.	100.183	0.04	0.204	88.3
YWSOAO 4.1 10/20/25	Yiwu State-owned Capital Operation Co., Ltd.	100.265	0.11	1.623	71.3
JDZHSI 6.8 10/25/25	Jingdezhen Hesheng Industrial Investment Development Co., Ltd.	100.053	0.13	6.204	70.4
GZUIHG 6 09/14/25	Ganzhou City Investment Holding Group Co., Ltd.	100.263	0.01	-24.764	57.7

Note: M in the rate of return change represents 1000; all defaulting entities have been excluded

Sources: CCXAP research

Ratings Action: rating agencies took rating actions on 6 Chinese issuers

From September 1 to September 5, rating agencies took positive rating action on 2 Chinese issuers and negative rating action on 4 Chinese issuers.

Table 3: Rating actions of cross-border issuer (20250901-20250905)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Zhangzhou Jiulongjiang Group Co., Ltd.	Chengtou	A-	POS	2025/09/02	A-	Stable	2024/08/30	Lianhe	The Zhangzhou municipal government is likely to provide very strong support to Jiulongjiang Group if needed.
	Fujian Zhanglong Group Co., Ltd.	Chengtou	A-	POS	2025/09/03	A-	Stable	2025/06/16	Lianhe	The Zhangzhou municipal government is likely to provide very strong support to Zhanglong Group if needed.
Downgrade	Baidu Group Co., Ltd.	Technologies	A	Neg	2025/09/01	A	Stable	2024/10/18	Fitch	Baidu Group's core search business continues to lose market share in online advertising.
	CITIC Resources Holdings Co., Ltd.	Energies	Ba2	Neg	2025/09/01	Ba2	Stable	2024/01/30	Moody's	The company's leverage has deteriorated due to a significant

									increase in short-term borrowings.
Meituan	Technologies	BBB+	Stable	2025/09/05	BBB+	POS	2025/04/09	Fitch	Fitch believes the current price war is unsustainable, but its intensity and duration remain uncertain.
Sinochem Hong Kong (Group) Co., Ltd.	Industrials	BBB+	Stable	2025/09/07	A-	Stable	2023/08/31	S&P	Amid the prolonged downturn in China's real estate sector, Sinochem Hong Kong's credit profile has weakened.

Source: CCXAP research

Copyright © 2025 China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP"). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-28200711

Fax: +852-28208020