

2025 Issue 36 From September 15 to September 19

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

Headline: China's Industrial Enterprises above Designated Size Rose 5.2% YOY in August; Fed Announces a 25-Basis-Point Rate Cut

On September 15, the National Bureau of Statistics announced that the value added of industrial enterprises above the designated size increased by 5.2% YOY in August. On September 17, the Federal Reserve announced a 25-basis-point cut in the target range for the federal funds rate to between 4.00% and 4.25%

Exchange Rate: RMB Depreciated; USD Index Increased

Last week, the RMB has depreciated. As of September 19, the RMB/USD middle rate closed at 7.1128, up 109.0bp from last Friday. The USD Index closed at 97.64, up 0.09% from last Friday.

Interest Rate: Chinese Government Bond Yields Increased; US Treasury Yields increased

Last week, China Government Bond yields increased. Despite the Federal Reserve cutting interest rates on Thursday, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From September 15 to September 19, Chinese enterprises issued 25 new bonds in the offshore market, totaling about USD3.075 billion, a decrease of 2.78% from last week. Among them, Tencent Holdings Limited was the main issuer, issuing a total of USD1.27 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of September 19, the return rate of Chinese USD bonds increased by 4.0bp to 6.04% compared to last Friday, among which the return rate of investment-grade bonds decreased by 1.0bp to 7.57%, while the return rate of high-yield bonds increased by 38.0bp to 8.80%.

Rating Actions: Rating Agencies Took Rating Action on 1 Chinese Issuer

From September 15 to September 19, rating agencies took positive rating action on 1 Chinese issuer.



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Headline: China's industrial enterprises above designated size rose by 5.2% YoY in August; Fed announces a 25-basis-point rate cut

On September 15, the National Bureau of Statistics announced that the value added of industrial enterprises above the designated size increased by 5.2% YoY in August; on a month-on-month basis, the value added of industrial enterprises above the designated size grew by 0.37% compared to the previous month. From January to August, the value added of industrial enterprises above the designated size increased by 6.2% YoY. By three major categories, in August, mining increased by 5.1% YoY, manufacturing grew by 5.7%, and the production and supply of electricity, heat, gas, and water rose by 2.4%. By ownership type, in August, state-holding enterprises increased by 4.7% YoY; share-holding enterprises grew by 6.0%, enterprises funded by foreign investors, and investors from Hong Kong, Macao, and Taiwan increased by 2.3%; private enterprises rose by 4.6%. By sector, in August, among 41 major industrial sectors, 31 sectors maintained year-on-year growth in value added. Among them, coal mining and washing increased by 5.1% YoY, petroleum and natural gas extraction increased by 4.7%, agricultural and food processing increased by 4.7%, production of liquor, beverages, and refined tea decreased by 2.4%, textile industry increased by 1.5%, raw chemical materials and chemical products increased by 7.6%, non-metallic mineral products increased by 0.5%, smelting and pressing of ferrous metals increased by 7.3%, smelting and pressing of non-ferrous metals increased by 9.1%, general purpose equipment increased by 7.3%, special purpose equipment increased by 4.0%, automobile manufacturing increased by 8.4%, railway, ship, aerospace, and other transport equipment increased by 12.0%, electrical machinery and equipment increased by 9.8%, computer, communication, and other electronic equipment increased by 9.9%, production and supply of electricity and heat increased by 2.5%. By product, in August, among 623 industrial products produced by enterprises above the designated size, 319 products achieved year-on-year output growth. These included: crude steel 122.77 million tons, up 9.7% YoY; cement 148.02 million tons, down 6.2%; ten nonferrous metals 6.98 million tons, up 3.8%; ethylene 3.14 million tons, up 10.4%; automobiles 2.752 million units, up 10.5% (including new energy vehicles 1.333 million units, up 22.7%); electricity generation 936.3 billion kWh, up 1.6%; crude oil processing 63.46 million tons, up 7.6%.

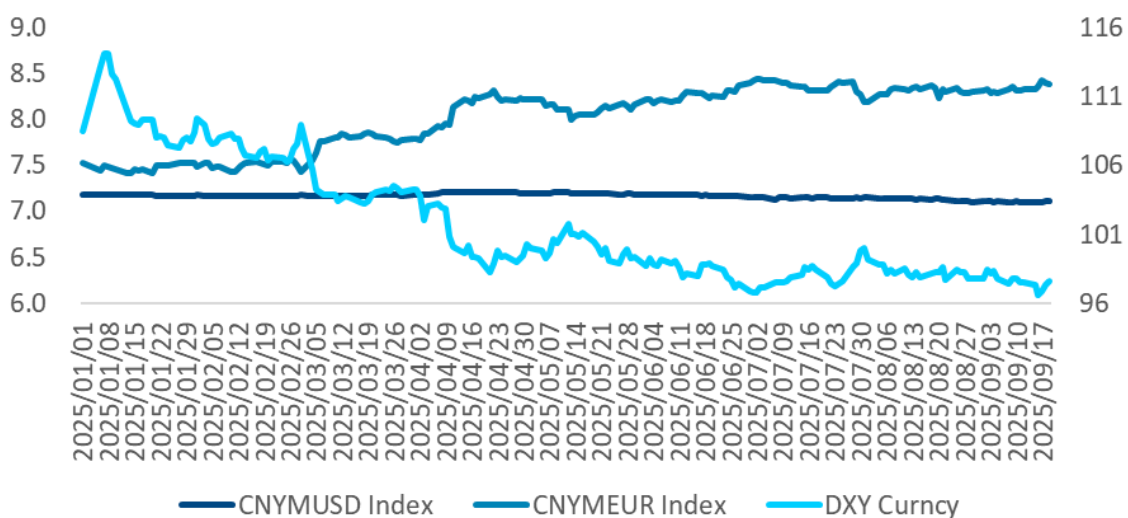
On September 17, the Federal Reserve announced a 25-basis-point cut in the target range for the federal funds rate to between 4.00% and 4.25%. This marked the Fed's first rate cut in 2025 and followed three rate cuts in 2024. The Federal Open Market Committee (FOMC), the Fed's policy-making body, stated in a release on the 17th that recent indicators showed US economic activity growth had slowed in the first half of the year, job gains had moderated, and the inflation rate had moved up. In light of shifts in the risk balance, the Committee decided to lower the target range by 25 basis points. Fed Chair Jerome Powell said at a press conference that weakness in the US labor market was the top concern for him and other policymakers at present. He noted the meeting's focus was entirely on the job market, stating "there's no risk-free path" now and that some people were "having a hard time finding jobs," while emphasizing that lowering rates would help the struggling labor market. Data from the US Labor Department on September 5 showed nonfarm payroll employment increased by just 22,000 in August, a significant decline from July's revised figure of 79,000 and well below market expectations. Preliminary revisions released by the Labor Department on September 9 indicated that US job gains from April 2024 to March 2025 were 911,000 fewer than initially reported, suggesting actual labor market conditions were weaker than

previously thought. Meanwhile, overall US inflation remained above the Fed's 2% long-term goal. Labor Department data on September 11 showed the CPI rose 2.9% YoY in August, the largest increase since January, signaling a pickup in inflationary pressures. The median forecast among Fed officials attending the policy meeting for the year-end inflation rate was 3%. In its post-meeting statement, the FOMC said that when considering further adjustments to the target range, it would carefully assess incoming data, the evolving outlook, and the balance of risks.

Exchange Rate: RMB depreciated; USD Index increased

In the past week, the RMB has depreciated. As of September 19, the RMB/USD middle rate closed at 7.1128, up 109.0bp from last Friday. The RMB/EUR middle rate closed at 8.3834, up 508.0bp from last Friday. The USD Index closed at 97.64, up 0.09% from last Friday.

Figure 1: RMB exchange rate

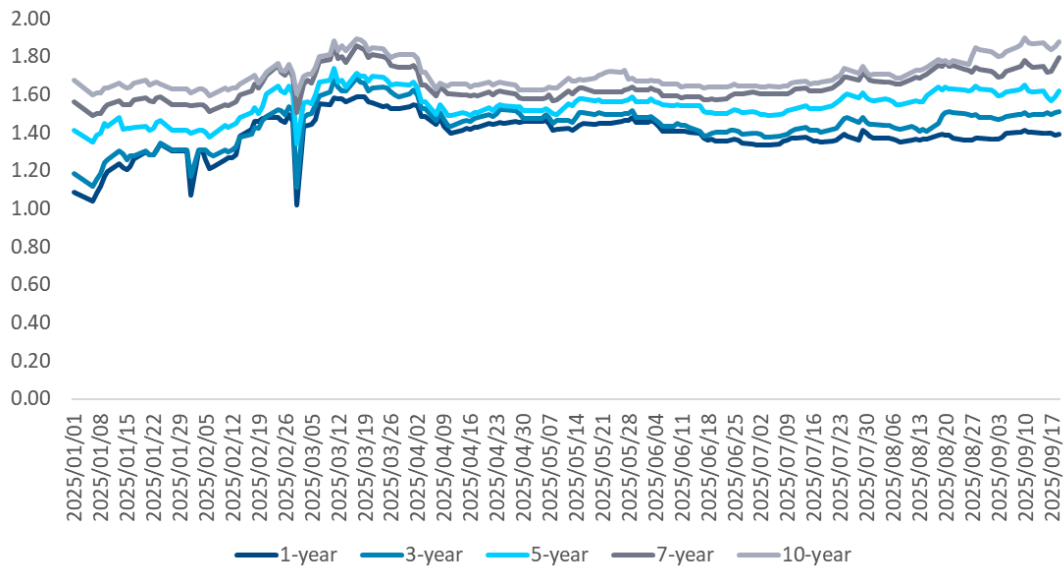


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of September 19, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3900%, 1.5124%, 1.6186%, 1.7934%, and 1.8789%, respectively. Compared with last Friday, the 1-year rate fell by 1.00bp, the 3-year rate rose by 1.51bp, the 5-year rate rose by 0.47bp, the 7-year rate rose by 4.89bp and the 10-year rate rose by 1.19bp.

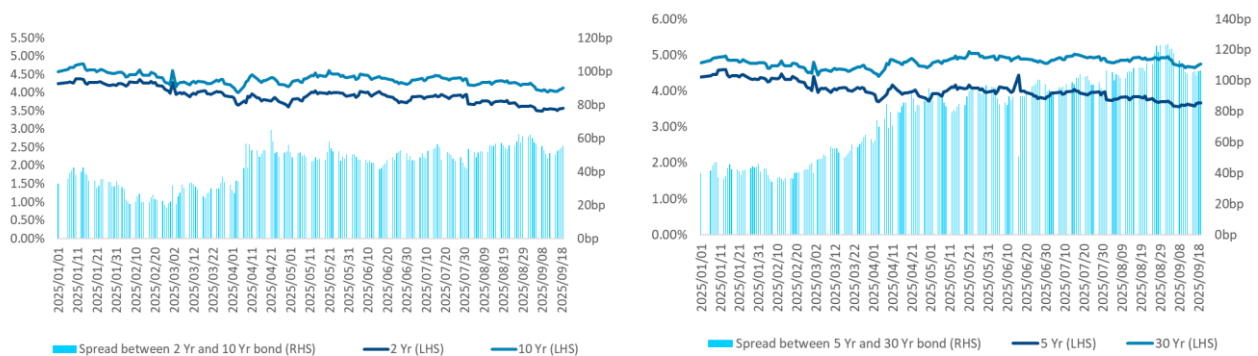
Figure 2: China Government Bond yields



Sources: CCXAP research

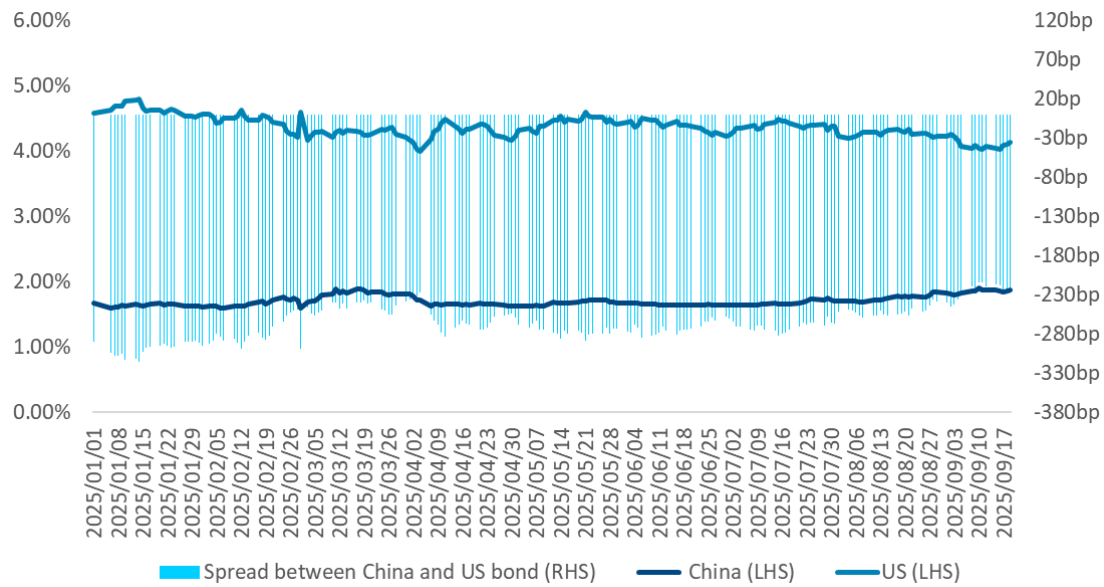
Despite the Federal Reserve cutting interest rates on Thursday, US Treasury yields increased. As of September 19, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5715%, 3.6769%, 4.1274%, and 4.7438%, respectively. Up 1.59bp, 4.35bp, 6.31bp and 6.33bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 4.72bp to 55.59bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 1.98bp to 106.69bp compared to last Friday.

Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of September 19, the 10-year Treasury bond interest rate gap between China and the United States was -224.8bp, narrowing by 5.1bp from last Friday and widening by 64.5bp 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 decreased

From September 15 to September 19, Chinese enterprises issued 25 new bonds in the offshore market, totaling about USD3.075 billion, a decrease of 2.78% from last week. Among them, Tencent Holdings Limited was the main issuer, issuing a total of USD1.27 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20250915-20250919)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/9/15	China CITIC Bank International Ltd	HKD	90	3.3	2025/12/15	84D	Banks	A3/-/-	-/-/-
2025/9/15	China Securities International Finance Holding Co Ltd	USD	2	3.86	2026/9/22	365D	Financials	-/-/-	-/-/-
2025/9/15	China Securities International Finance Holding Co Ltd	CNY	72	0	2028/7/21	3	Financials	-/-/-	-/-/-
2025/9/15	China Securities International Finance Holding Co Ltd	CNY	29	0	2028/7/21	3	Financials	-/-/-	-/-/-
2025/9/15	Huatai Securities Co Ltd	HKD	2,000	3	2028/9/22	3	Financials	Baa1/BBB+/-	Baa1/-/-
2025/9/15	Huatai Securities Co Ltd	CNY	1,700	1.9	2028/9/22	3	Financials	Baa1/BBB+/-	-/-/-
2025/9/15	Taixing Runjia Holdings Ltd	CNY	250	5.5	2028/9/19	3	Chengtou	-/-/-	-/-/-
2025/9/16	CITIC Securities International Co Ltd	USD	5	3.86	2025/12/23	91D	Financials	-/BBB+/-	-/BBB+/-
2025/9/16	CITIC Securities International Co Ltd	USD	3	0	2025/12/19	91D	Financials	-/BBB+/-	-/BBB+/-
2025/9/16	Dongying District Urban Development Investment Group Co Ltd	CNY	122	6.95	2026/9/15	364D	Chengtou	-/-/-	-/-/-
2025/9/16	GF Holdings Hong Kong Corp Ltd	USD	13	4.31	2025/11/18	61D	Financials	-/-/-	-/-/-
2025/9/16	Tencent Holdings Limited	CNY	1,000	3.1	2055/9/23	30	Communications	A1/A+/A	A1/A+/-

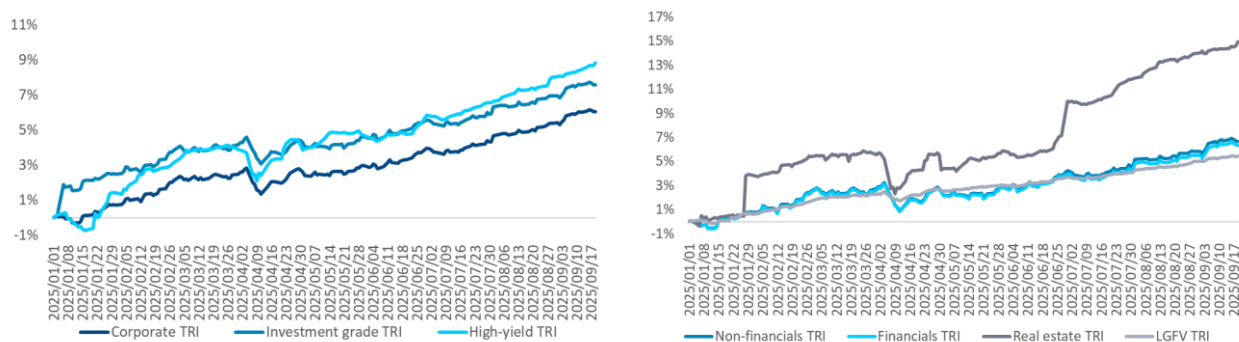
2025/9/16	Tencent Holdings Limited	CNY	6,000	2.5	2035/9/23	10	Comm unicati ons	A1/A+/A	A1/A+/-
2025/9/16	Tencent Holdings Limited	CNY	2,000	2.1	2030/9/23	5	Comm unicati ons	A1/A+/A	A1/A+/-
2025/9/17	Dongying District Municipal Holding Group Co Ltd	USD	7	6.9	2026/9/18	364D	Cheng tou	-/-/-	-/-/-
2025/9/17	Dongying District Municipal Holding Group Co Ltd	CNY	135	6.9	2026/9/16	364D	Cheng tou	-/-/-	-/-/-
2025/9/17	Nanyang Caihe Investment Co., Ltd.	CNY	165	7.5	2026/9/16	364D	Indust rials	-/-/-	-/-/-
2025/9/18	China Securities International Finance Holding Co Ltd	USD	1	4.05	2026/9/23	365D	Financ ials	-/-/-	-/-/-
2025/9/18	CMB International Leasing Management Ltd	USD	50	SOFR +63	2028/9/24	3	Financ ials	A3/A-/-	-/-/-
2025/9/18	GF Holdings Hong Kong Corp Ltd	USD	100	4.33	2025/11/26	62D	Financ ials	-/-/-	-/-/-
2025/9/18	Huatai Securities Co Ltd	USD	500	SOFR +57	2028/9/25	3	Financ ials	Baa1/BBB+/-	Baa1/-/-
2025/9/18	Tianchang Agricultural Development Co Ltd	USD	10	6.99	2028/9/23	3	Cheng tou	-/-/-	-/-/-
2025/9/18	Yiwu State-owned Capital Operation Co Ltd	USD	450	4.15	2028/9/24	3	Cheng tou	Baa2/-/BBB	-/-/BBB
2025/9/19	China Securities International Finance Holding Co Ltd	USD	4	4.05	2025/12/30	95D	Financ ials	-/-/-	-/-/-
2025/9/19	Sichuan Liquor Group Co Ltd	CNY	385	3.1	2028/9/25	3	Consu mer Staple s	-/-/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of September 19, the year-to-date return¹ of Chinese USD bonds increased by 4.0bp to 6.04% compared to last Friday, among which the return rate of investment-grade bonds decreased by 1.0bp to 7.57%, while the return rate of high-yield bonds increased by 38.0bp to 8.80%. By industry, the return rate of non-financial bonds was 6.68%, down 5.0bp from last Friday. The return rate of financial bonds was 6.32%, down 8.0bp. The return rate of real estate was 14.92%, up 58.0bp. The return rate of Chengtou was 5.47%, up 14.0bp.

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

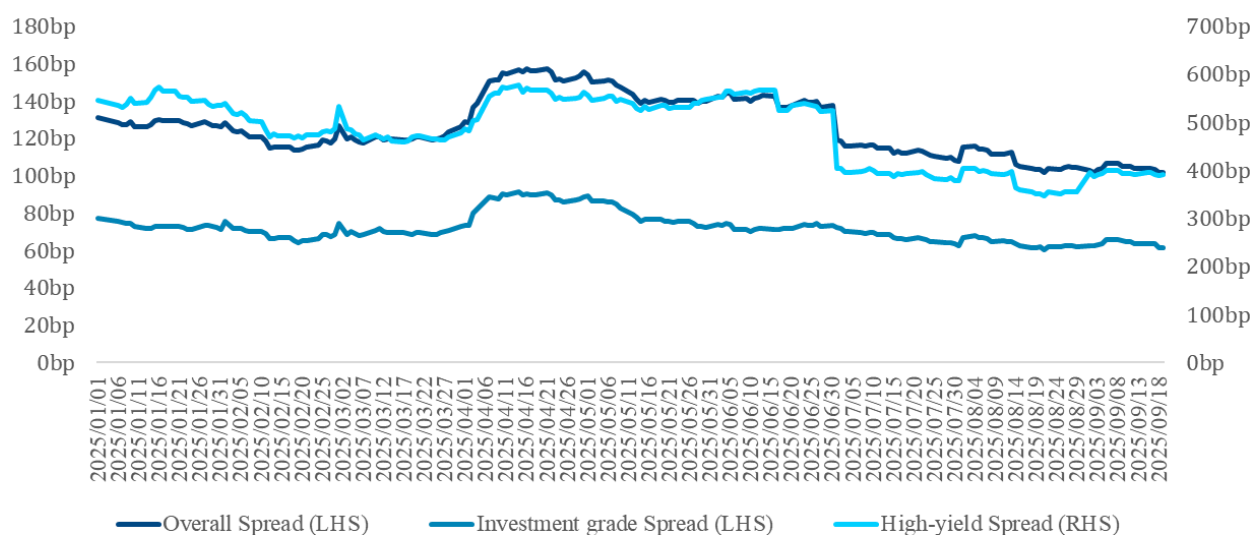


Sources: CCXAP research

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

As of September 19, the spread of Chinese USD bonds narrowed by 2.1bp to 101.56bp from last Friday, among which the spread of investment-grade bonds narrowed by 2.2bp to 61.39bp, and the spread of high-yield bonds narrowed by 1.1bp to 390.20bp.

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



Sources: CCXAP research

From September 15 to September 19, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Kunming Industrial Development Investment Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20250915-20250919)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
KNMIDI 7.9 09/21/25	Kunming Industrial Development Investment Co., Ltd.	98.108	0.01	341.58	25.402M
DFINVH 7 09/28/25	Yancheng Oriental Investment and Development Group Co., Ltd.	100.51	0.02	2.329	1.1496M
FTLNHD 4.625 10/15/25	Seazen Holdings Group Co., Ltd.	100.003	0.06	4.533	413.9
XIANGY 5.7 09/23/25	Xiamen Xiangyu Group Co., Ltd.	100.141	0.01	-43.758	270.3
PDCTEV 7.5 04/10/26	Pingdu Urban Development Group Co., Ltd.	100.329	0.55	6.862	263
JDZHSI 6.8 10/25/25	Jingdezhen Hesheng Industrial Investment Development Co., Ltd.	100.053	0.09	6.012	163.5
WFNGWI 8.6 01/24/26	Weifang Water Investment Group Co., Ltd.	99.197	0.34	10.931	144.9
YWSOAO 4.1 10/20/25	Yiwu State-owned Capital Operation Co., Ltd.	100.265	0.08	0.422	133.6
ICBCAS 3.58 PERP	Industrial and Commercial Bank of China (New Zealand) Limited	100.004	PERP	2.066	123.7
CHDUIN 2.6 04/12/26	Chengdu Jiaozi Financial Holding Group Co., Ltd.	98.725	0.55	4.976	113.7

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

Sources: CCXAP research

Rating Actions: rating agencies took rating action on 1 Chinese issuer

From September 15 to September 19, rating agencies took positive rating action on 1 Chinese issuer.

Table 3: Rating actions of cross-border issuer (20250915-20250919)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Zhongcheng Automobile Insurance Co., Ltd.	Financials	BBB+	Stable	2025/09/18	BBB	Stable	2024/09/25	Fitch	The company's business performance continues to improve thanks to the strengthening of its business franchise and the continued expansion of its market share

Source: CCXAP research

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