

2025 Issue 46 From December 1 to December 5

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

Headline: China's November S&P Manufacturing PMI Falls Below Prior Reading; US November ISM Manufacturing PMI Also Declines

On December 1, China announced its November S&P manufacturing PMI at 49.9, below the expected 50.5 and the previous reading of 50.6. On December 1, the US announced its November ISM Manufacturing PMI at 48.2, below the expected 49.0 and the previous value of 48.7.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of December 5, the RMB/USD middle rate closed at 7.0749, down 40.0bp from last Friday. The USD Index closed at 98.992, down 0.47% from last Friday.

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

Last week, China Government Bond yields increased. As the market expected that the Fed will not cut interest rate in December, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From December 1 to December 5, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD1.548 billion, a decrease of 67.46% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.505 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of December 5, the return rate of Chinese USD bonds decreased by 29.0bp to 6.50% compared to last Friday, among which the return rate of investment-grade bonds decreased by 31.0bp to 8.51%, while the return rate of high-yield bonds decreased by 14.0bp to 6.09%.

Rating Actions: Rating Agencies Took Rating Actions on 3 Chinese Issuers

From December 1 to December 5, rating agencies took positive rating actions on 3 Chinese issuers.



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Headline: China's November S&P manufacturing PMI falls below prior reading; US November ISM manufacturing PMI also declines

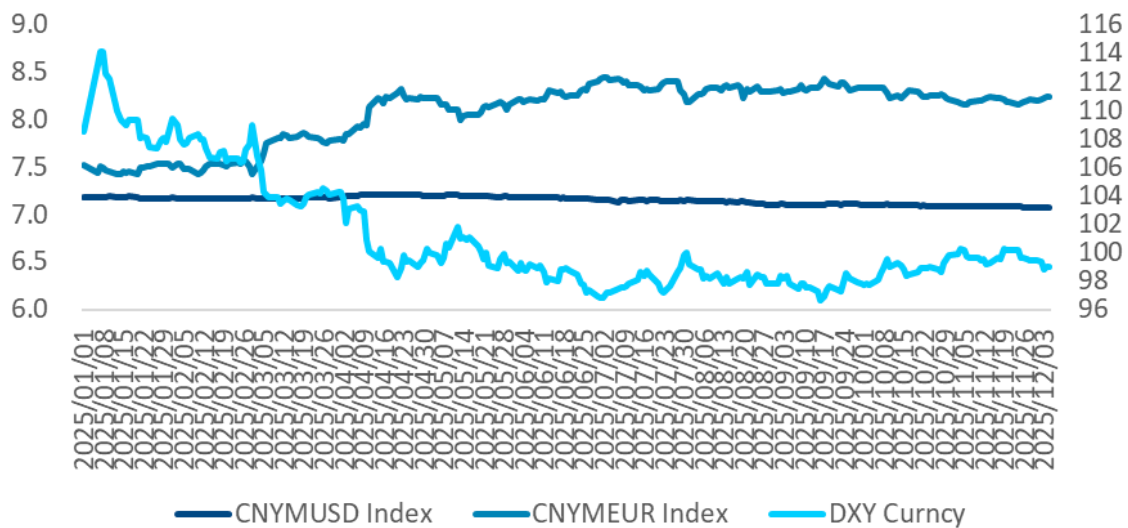
On December 1, China announced its November S&P manufacturing PMI at 49.9, below the previous reading of 50.6, falling into contraction. The figure also underperformed the market forecast of a drop to only 50.5, indicating a deterioration in manufacturing activity for the first time since July, though the extent of the decline was only marginal. During the period, new order growth slowed to near stagnation, and output expansion also halted, though export orders managed to return to growth. With new business growth weakening, Chinese manufacturers reduced staffing levels and procurement quantities, cautiously managing inventories. This led, to some extent, to employee departures and layoffs, resulting in a slight overall decline in workforce numbers. The reduction in capacity contributed to a fourth consecutive monthly increase in backlogs. Despite this, business confidence still improved compared to the previous month. In November, average input costs for Chinese manufacturers continued to rise. Surveyed firms widely reported that rising metal prices were the primary driver of higher input costs. However, the rate of increase in input prices slowed to its lowest in five months, remaining only marginal. In light of the weakened cost pressures, manufacturers opted to absorb the cost burden internally and offered further sales discounts, leading to a decline in average selling prices in November. Intensified competition among manufacturers also resulted in a decrease in export prices, though the decline was only marginal.

On December 1, the US announced its November ISM Manufacturing PMI at 48.2, below the expected 49.0 and the previous value of 48.7. This index has remained below the 50 expansion-contraction threshold for nine consecutive months, indicating sustained contraction in the manufacturing sector. In November, new orders contracted at the fastest pace since July, and the weak demand conditions also explain the sharper contraction in factory employment for the month. The prices paid index for raw materials rose for the first time after five months of decline, while the production index expanded at its quickest rate in four months. Earlier the same day, data released by S&P Global showed the final November S&P Global US Manufacturing PMI at 52.2, compared with an expectation and preliminary reading of 51.9. Although the November S&P Global PMI indicated a further expansion in factory activity, Chris Williamson, Chief Business Economist at S&P Global Market Intelligence, noted: "The health of the US manufacturing sector gets more worrying the more you scratch under the surface. The main impetus came from a strong rise in factory production, but growth in new order inflows slowed sharply, hinting at a marked weakening of demand growth."

Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of December 5, the RMB/USD middle rate closed at 7.0749, down 40.0bp from last Friday. The RMB/EUR middle rate closed at 8.2376, up 298.0bp from last Friday. The USD Index closed at 98.992, down 0.47% from last Friday.

Figure 1: RMB exchange rate

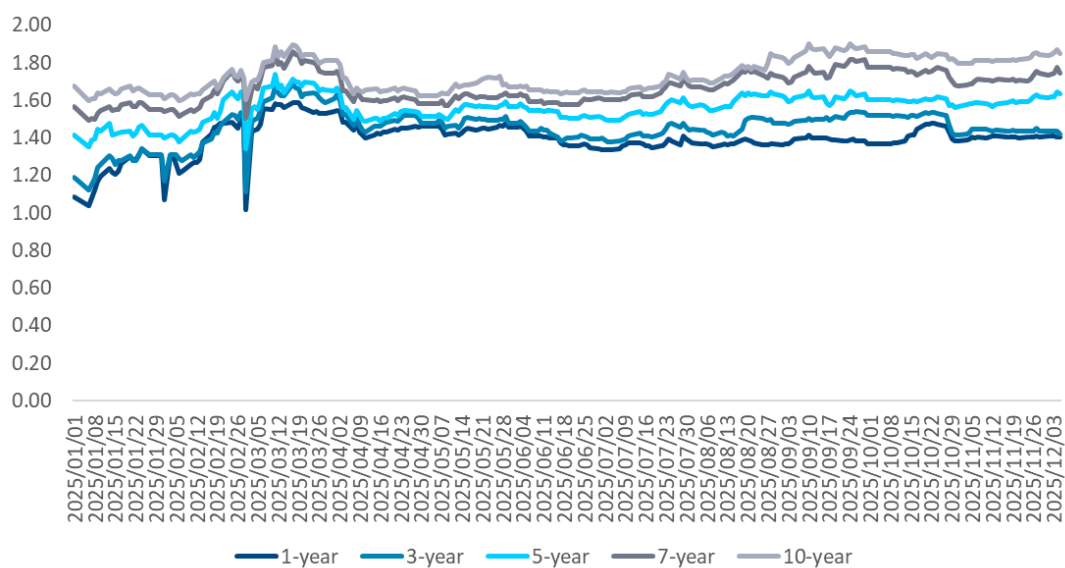


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of December 5, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.4016%, 1.4205%, 1.6322%, 1.7449%, and 1.8480%, respectively. Compared to last Friday, the 1-year yield decreased by 0.01bp, the 3-year yield decreased by 1.46bp, the 5-year yield increased by 1.39bp, the 7-year yield increased by 0.17bp, and the 10-year yield increased by 0.68bp.

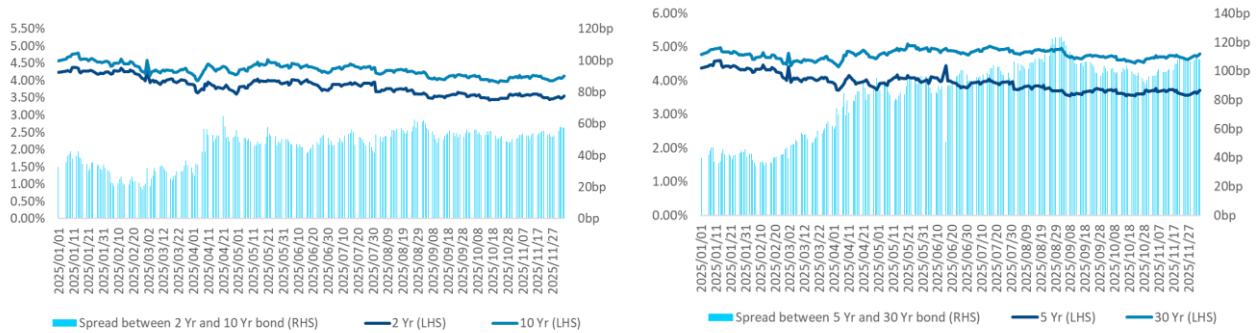
Figure 2: China Government Bond yields



Sources: CCXAP research

As the market expected that the Fed will not cut interest rate in December, US Treasury yields increased. As of December 5, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5603%, 3.7113%, 4.1351%, and 4.7918%, respectively. Up 7.10bp, 11.49bp, 12.19bp, and 12.90bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 5.09bp to 57.48bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 1.41bp to 108.05bp compared to last Friday.

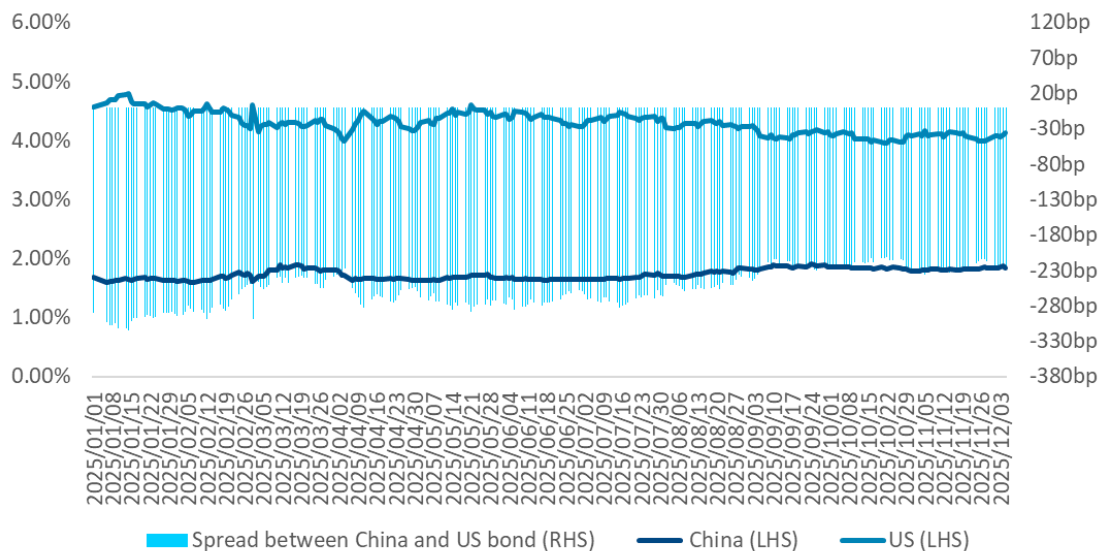
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of December 5, the 10-year Treasury bond interest rate gap between China and the US was -228.7bp, narrowing by 11.5bp from last Friday and widening by 60.7bp 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 December 1 to December 5, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD1.548 billion, a decrease of 67.46% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.505 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20251201-20251205)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/12/1	Agricultural Bank Of China Ltd/Tokyo	USD	300	SOFR +42	2028/12/8	3	Banks	-/-/-	A1/-/-
2025/12/1	Huatai International Financial Holdings Co Ltd	USD	31	4.15	2026/3/10	91D	Financials	Baa1/BBB+/-	-/-/-
2025/12/2	Chengdu Dongjin Huaizhou Xincheng Investment Group Co Ltd	CNY	305	5.9	2028/12/9	3	Chengtou	-/-/-	-/-/-
2025/12/2	GF Holdings Hong Kong Corp Ltd	CNY	100	1.97	2026/3/10	92D	Financials	-/BBB/BBB	-/-/-
2025/12/2	GF Holdings Hong Kong Corp Ltd	HKD	95	3.43	2026/6/3	181D	Financials	-/BBB/BBB	-/-/-
2025/12/2	GF Holdings Hong Kong Corp Ltd	USD	5	4.23	2026/2/12	62D	Financials	-/BBB/BBB	-/-/-
2025/12/2	Huatai International Financial Holdings Co Ltd	USD	20	4.15	2026/6/10	182D	Financials	Baa1/BBB+/-	-/-/-
2025/12/2	Huatai International Financial Holdings Co Ltd	USD	25	4.21	2026/3/10	91D	Financials	Baa1/BBB+/-	-/-/-
2025/12/2	Industrial Bank Co Ltd/Hong Kong	CNY	2,600	1.8	2026/12/9	364D	Banks	Baa2/-/-	-/-/-
2025/12/4	Bank of China Ltd/Hong Kong	USD	300	SOFR +41	2028/12/11	3	Banks	A1/-/-	A1/A/A
2025/12/4	Bank of China Ltd/Hong Kong	HKD	1,500	2.85	2027/12/11	2	Banks	A1/-/-	A1/A/A
2025/12/4	CITIC Securities International Co Ltd	CNY	388	0	2026/4/17	129D	Financials	-/BBB+/-	-/-/-
2025/12/4	CITIC Securities International Co Ltd	USD	13	0	2026/4/17	129D	Financials	-/BBB+/-	-/-/-
2025/12/4	GF Holdings Hong Kong Corp Ltd	USD	3	4.24	2026/3/10	92D	Financials	-/BBB/BBB	-/-/-
2025/12/4	Huatai International Financial Holdings Co Ltd	USD	30	4.21	2026/3/12	90D	Financials	Baa1/BBB+/-	-/-/-
2025/12/5	GF Holdings Hong Kong Corp Ltd	USD	5	4.24	2026/3/16	96D	Financials	-/BBB/BBB	-/-/-
2025/12/5	GF Holdings Hong Kong Corp Ltd	USD	40	SOFR +40	2026/12/9	364D	Financials	-/BBB/BBB	-/-/-
2025/12/5	Guotai Haitong Securities Co Ltd	CNY	500	1.8	2026/12/10	364D	Financials	Baa1/BBB+/-	-/-/-
2025/12/5	Huatai International Financial Holdings Co Ltd	USD	25	4.15	2026/3/11	89D	Financials	Baa1/BBB+/-	-/-/-

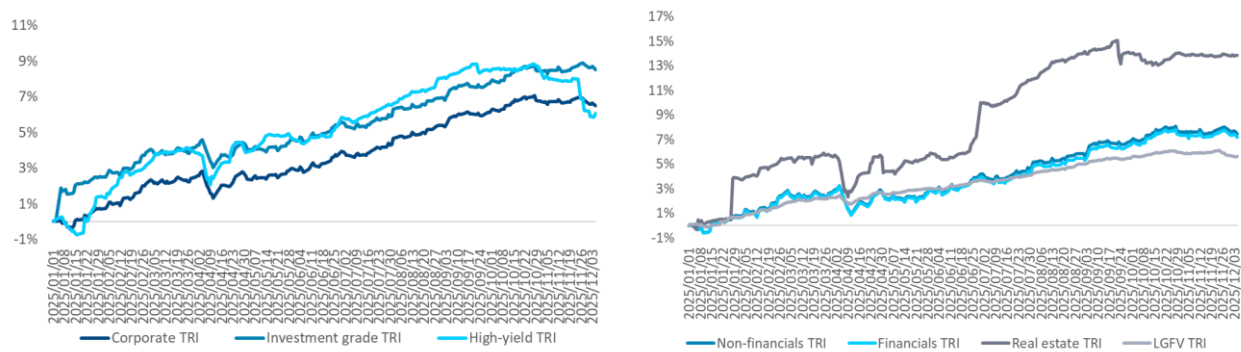
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of December 5, the year-to-date return¹ of Chinese USD bonds decreased by 29.0bp to 6.50% compared to last Friday, among which the return rate of investment-grade bonds decreased by 31.0 bp to 8.51%, while the return rate of high-yield bonds decreased by 14.0 bp to 6.09%. By industry, the return rate of non-financial bonds was 7.45%, down 46.0bp from last Friday. The return rate of financial bonds was 7.16%, down 48.0bp. The return rate of real estate was 13.85%, down 4.0bp. The return rate of Chengtou was 5.64%, down 10.0bp.

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

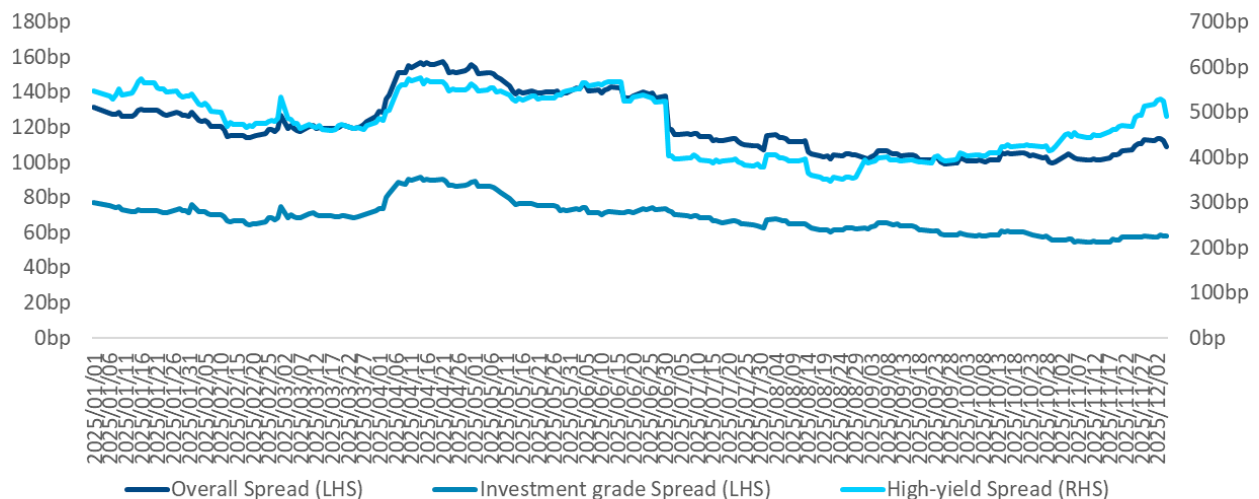
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of December 5, the spread of Chinese USD bonds narrowed by 4.4bp to 108.74bp from last Friday, among which the spread of investment-grade bonds narrowed by 0.4bp to 57.85bp, and the spread of high-yield bonds narrowed by 23.3bp to 490.62bp.

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



Sources: CCXAP research

From December 1 to December 5, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Vanke Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20251201-20251205)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
VNKRLE 3.975 11/09/27	Vanke Co., Ltd.	22.062	1.92	108.029	1.2538M
VNKRLE 3 ½ 11/12/29	Vanke Co., Ltd.	21.132	3.93	53.391	405
KNMIDI 8 ½ 08/20/26	Kunming Industrial Development and Investment Co., Ltd.	99.899	0.70	8.621	398.6
CHDXCH 2.9 01/20/26	Chengdu Xingcheng Investment Group Co., Ltd.	99.765	0.12	4.971	269.5

CCB 3 % 11/30/26	China Construction Bank Luxembourg Branch	101.19	0.98	2.618	129.5
FWDGHD 6.675 PERP	FWD Group Co., Ltd.	100.951	PERP	-0.037	115.1
HUALUG 2.2 10/27/26	Hualu Holdings Group Co., Ltd.	98.212	0.88	4.288	108.2
EHICAR 7 09/21/26	eHi Car Rental Service Co., Ltd.	79.776	0.79	39.438	105.4
EHICAR 12 09/26/27	eHi Car Rental Service Co., Ltd.	66.808	1.80	39.392	95
LNGFOR 3 % 04/13/27	Longfor Group Holdings Co., Ltd.	90.164	1.35	11.485	65

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 actions on 3 Chinese issuers

From December 1 to December 5, rating agencies took positive rating actions on 3 Chinese issuers.

Table 3: Rating actions of cross-border issuer (20251201-20251205)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Beijing Capital Development Holding (Group) Co., Ltd.	Chengtou	BBB-	Stable	2025/12/02	BBB-	NEG	2024/12/04	Fitch	The certainty of the company's transformation into a leading urban renewal company in Beijing and the sole platform for undertaking and managing state-owned non-commercial assets has increased.
	Zhengzhou Urban Construction Group Investment Co., Ltd.	Chengtou	A+	Stable	2025/12/04	A-	Stable	2024/07/15	Lianhe	The company's strategic importance is rising.
	Xiaomi Group	Technologies	BBB+	Stable	2025/12/05	BBB	Pos	2025/04/03	Fitch	The company's profitability is improving.

Source: CCXAP research

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