

2025 Issue 49 From December 22 to December 26

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

Headline: China Keeps LPR Unchanged for Seventh Month; US October Durable Goods Orders Fall 2.2% MoM

On December 22, China announced that the 1-year and 5-year LPR remained unchanged at 3.0% and 3.5% respectively. On December 23, the US reported that its October durable goods orders fell 2.2% MoM, lower than both expectations and the prior reading.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of December 26, the RMB/USD middle rate closed at 7.0358, down 192.0bp from last Friday. The USD Index closed at 98.022, down 0.59% from last Friday.

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

Last week, China Government Bond yields decreased. Under the influence of the Federal Reserve's interest rate cuts, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From December 22 to December 26, Chinese enterprises issued 9 new bonds in the offshore market, totaling about USD177 million, a decrease of 79.8% from last week. Among them, Chengtou were the main issuers, issuing a total of USD103 million in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of December 26, the return rate of Chinese USD bonds increased by 6.0bp to 6.82% compared to last Friday, among which the return rate of investment-grade bonds increased by 9.0bp to 8.80%, while the return rate of high-yield bonds decreased by 15.0bp to 6.62%.

Rating Actions: CCXAP Assigned Credit Ratings to 3 Chinese Entities

From December 22 to December 26, CCXAP assigned credit ratings to 3 entities, Jinan Quanbang Industrial Development Co., Ltd., Jinan Tianqiao Finance Investment Co., Ltd. and Jointown Pharmaceutical Group Co., Ltd.



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Headline: China keeps LPR unchanged for seventh month; US October durable goods orders fall 2.2% MoM

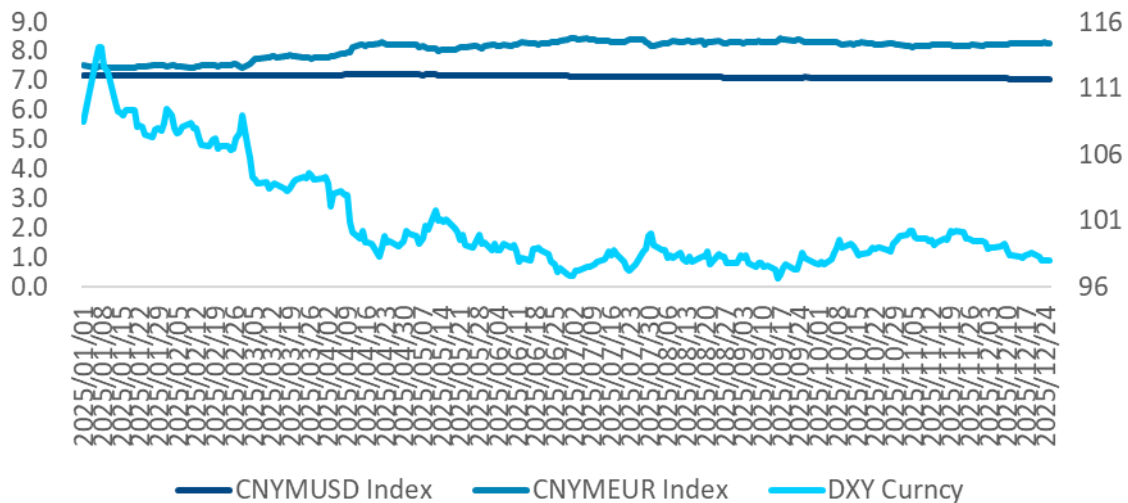
On December 22, China announced that the 1-year and 5-year Loan Prime Rates (LPR) remained at 3.0% and 3.5% respectively, unchanged for the seventh consecutive month, marking the final LPR quotation of 2025. The main reason for keeping the rate unchanged is that the policy rate serving as the pricing benchmark, the 7-day reverse repo rate, has remained steady since its cut in May, leaving little room for further downward adjustment of the LPR. Throughout the year, the LPR was adjusted only once in May, when both the 1-year and 5-year rates were lowered by 10 basis points. Overall lending rates remain at historically low levels. Central bank data shows that in November, the weighted average interest rate for newly issued corporate loans (domestic and foreign currency) was approximately 3.1%, down about 30 basis points from the same period last year; the weighted average interest rate for newly issued personal housing loans (domestic and foreign currency) was also 3.1%, down about 3 basis points YoY. Looking ahead, the recent Central Economic Work Conference emphasized that in 2026, China will continue to implement a moderately accommodative monetary policy, flexibly utilizing tools such as reserve requirement ratio cuts and interest rate reductions to support the expansion of domestic demand and the development of key sectors. The market widely believes there is room for such monetary easing measures in 2026.

On December 23, the US announced that its October durable goods orders fell 2.2% MoM, lower than the expected 1.5% decline and compared with a 0.7% increase in the prior month. October durable goods orders dropped to US\$307.4 billion, forming a stark contrast to the growth in September, and the September data had been revised up from a preliminary 0.5% to 0.7%. Among these, orders for non-defense aircraft and parts plummeted by 32.4%, serving as the primary drag. Orders excluding aircraft rose 0.5% MoM, marking the fourth consecutive monthly increase. Despite the weak monthly performance, the year-on-year growth rate remained at 4.7%, above the inflation level, indicating that manufacturing orders in absolute terms continued to expand. Core orders, which exclude transportation equipment, increased by only 0.2% MoM, lower than September's 0.7% and the market expectation of 0.3%, but they achieved growth for the seventh consecutive month. The year-on-year growth rate for core orders reached 3.57%, approaching the highest level since November 2022, reflecting resilience in capital expenditure areas.

Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of December 26, the RMB/USD middle rate closed at 7.0358, down 192.0bp from last Friday. The RMB/EUR middle rate closed at 8.2747, up 131.0bp from last Friday. The USD Index closed at 98.022, down 0.59% from last Friday.

Figure 1: RMB exchange rate

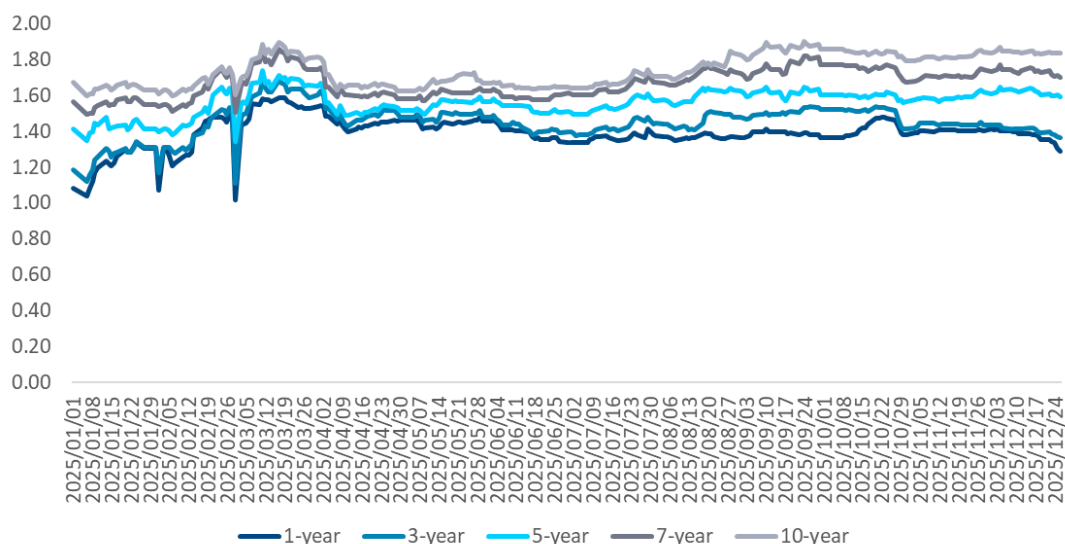


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of December 26, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2872%, 1.3627%, 1.5948%, 1.7033%, and 1.8376%, respectively. Compared to last Friday, the 1-year yield decreased by 6.75bp, the 3-year yield decreased by 3.14bp, the 5-year yield decreased by 0.73bp, the 7-year yield decreased by 2.25bp, and the 10-year yield increased by 0.68bp.

Figure 2: China Government Bond yields

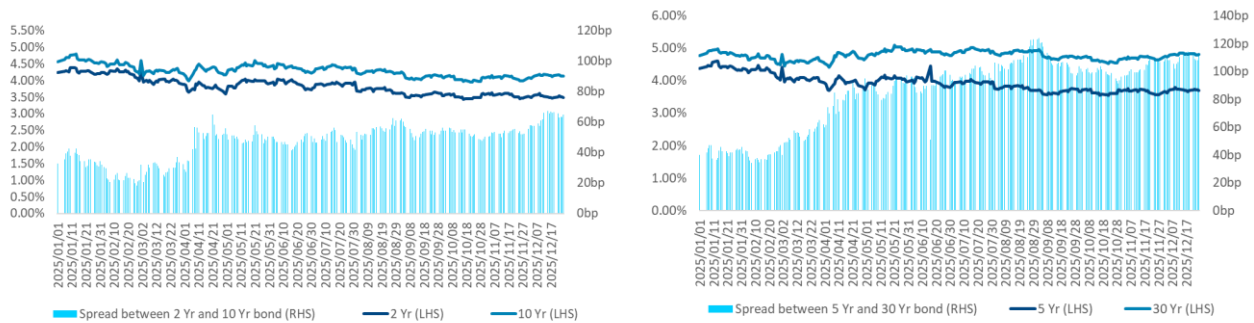


Sources: CCXAP research

Under the influence of the Federal Reserve's interest rate cuts, US Treasury yields decreased. As of December 26, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.4790%, 3.6958%,

4.1277%, and 4.8141%, respectively. Compared to last Friday, the 2-year yield decreased by 0.44bp, the 5-year yield increased by 0.25bp, the 10-year yield decreased by 1.94bp, and the 30-year yield decreased by 1.01bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 1.50bp to 64.87bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 1.26bp to 111.83bp compared to last Friday.

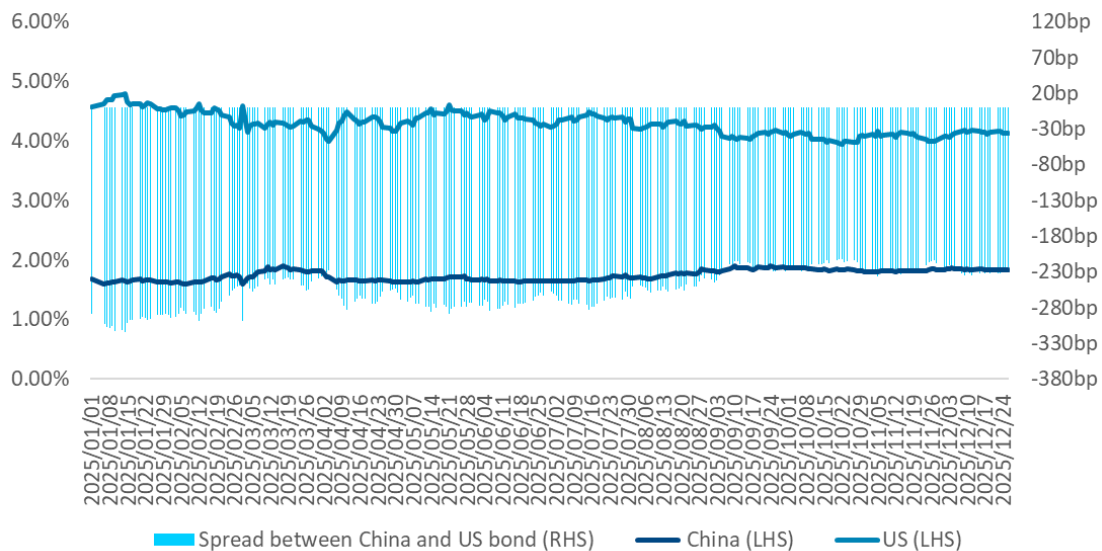
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of December 26, the 10-year Treasury bond interest rate gap between China and the US was -229.0bp, narrowing by 2.6bp from last Friday and widening by 60.4bp 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 22 to December 26, Chinese enterprises issued 9 new bonds in the offshore market, totaling about USD177 million, a decrease of 79.8% from last week. Among them, Chengtou were the main issuers, issuing a total of USD103 million in bonds.

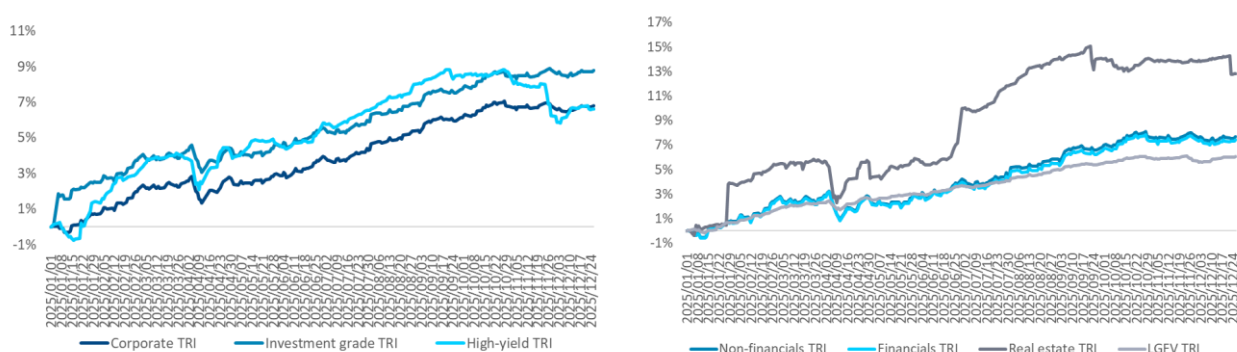
Table 1: New issuance of Chinese offshore bonds (20251222-20251226)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/12/22	CITIC Securities International Co Ltd	USD	20	0	2028/12/19	3	Financials	-/BBB+/-	-/-/-
2025/12/22	CITIC Securities International Co Ltd	USD	5	0	2026/3/31	90D	Financials	-/BBB+/-	-/-/-
2025/12/22	CITIC Securities International Co Ltd	USD	10	0	2026/2/27	58D	Financials	-/BBB+/-	-/-/-
2025/12/22	GF Holdings Hong Kong Corp Ltd	HKD	70	3.27	2026/3/24	90D	Financials	-/BBB/BBB	-/-/-
2025/12/22	GF Holdings Hong Kong Corp Ltd	USD	10	4.19	2026/3/24	90D	Financials	-/BBB/BBB	-/-/-
2025/12/22	GF Holdings Hong Kong Corp Ltd	USD	15	4.18	2026/3/30	96D	Financials	-/BBB/BBB	-/-/-
2025/12/23	Gaoyou City Construction Investment Group Co Ltd	CNY	300	4.7	2029/1/6	3	Chengtou	-/-/-	-/-/-
2025/12/23	Longnan Tourism Development and Investment Group Co Ltd	CNY	423	4.8	2029/1/5	3	Chengtou	-/-/-	-/-/-
2025/12/24	GF Holdings Hong Kong Corp Ltd	USD	5	4.16	2026/4/1	92D	Financials	-/BBB/BBB	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of December 26, the year-to-date return¹ of Chinese USD bonds increased by 6.0bp to 6.82% compared to last Friday, among which the return rate of investment-grade bonds increased by 9.0bp to 8.80%, while the return rate of high-yield bonds decreased by 15.0bp to 6.62%. By industry, the return rate of non-financial bonds was 7.67%, up 5.0bp from last Friday. The return rate of financial bonds was 7.43%, up 11.0bp. The return rate of real estate was 12.82%, down 137.0bp. The return rate of Chengtou was 6.05%, up 6.0bp.

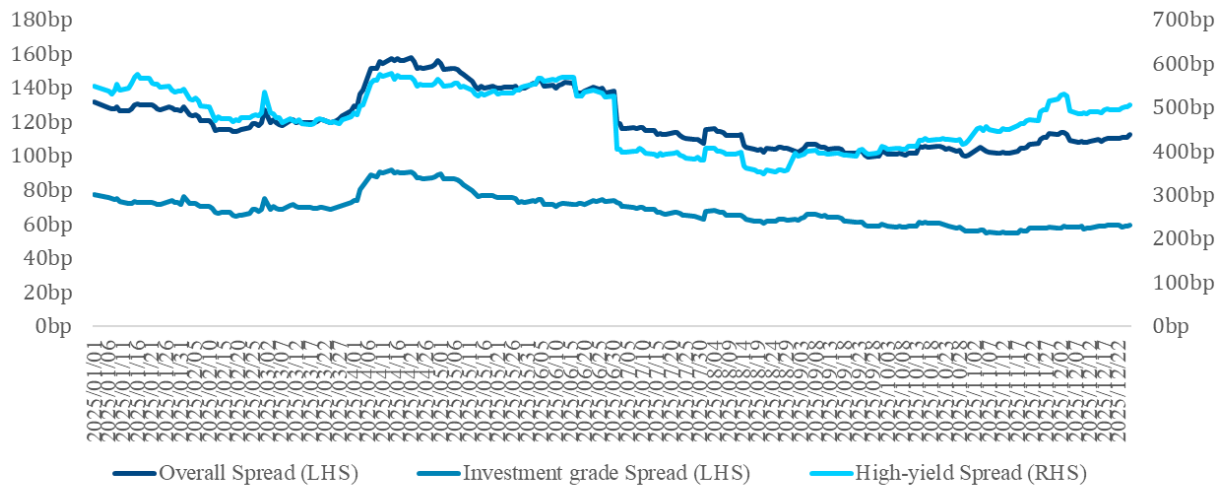
Figure 5: YTD return on Markit iBoxx Chinese USD bond index


Sources: CCXAP research

As of December 26, the spread of Chinese USD bonds widened by 2.3bp to 112.08bp from last Friday, among which the spread of investment-grade bonds widened by 0.3bp to 59.34bp, and the spread of high-yield bonds widened by 12.1bp to 504.11bp.

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

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



Sources: CCXAP research

From December 22 to December 26, 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 (20251222-20251226)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
VNKRLE 3.975 11/09/27	Vanke Co., Ltd.	22.716	1.86	108.901	1.1928M
CFAMCI 4.95 11/07/47	China CITIC Financial Assets International Holdings Limited	92.718	21.87	5.528	471.4
GZUIHG 7.7 02/24/26	Ganzhou Urban Investment Holding Group Co., Ltd.	102.1	0.16	-6.012	270.1
VNKRLE 3.5 11/12/29	Vanke Co., Ltd.	21.751	3.87	52.961	183
EHICAR 7 09/21/26	eHi Car Rental Service Co., Ltd.	79.612	0.73	42.381	145.5
YXREIT 2.65 02/02/26	Yuxiu Real Estate Investment Trust	99.585	0.10	7.27	116.9
FTLNHD 4.5 05/02/26	Seazen Holdings Limited	95.273	0.34	19.62	95.7
WUXIND 2.85 04/09/26	Wuxi Industrial Development Group Co., Ltd.	99.253	0.28	5.572	86.7
LNGFOR 4.5 01/16/28	Longfor Group Holdings Limited	89.417	2.05	10.375	83.4
CHDUIN 2.6 04/12/26	Chengdu Jiazi Financial Holdings Group Co., Ltd.	99.141	0.28	5.648	73.2

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

Sources: CCXAP research

Rating Actions: CCXAP assigned credit ratings to 3 Chinese entities

On December 22, CCXAP assigned first-time long-term credit rating of BBB_g+ to Jinan Quanbang Industrial Development Co., Ltd. ("QBID"), with stable outlook.

On December 22, CCXAP assigned first-time long-term credit rating of A_g- to Jinan Tianqiao Finance Investment Co., Ltd. ("TQFI"), with stable outlook.

On December 22, CCXAP assigned first-time long-term credit rating of BBB_g⁺ to Jointown Pharmaceutical Group Co., Ltd. (“Jointown”), with stable outlook.

Table 3: CCXAP’s rating actions of cross-border issuer (20251222-20251226)

Rating Date	Obligor	Entity Rating	Rating Rational
2025/12/22	QBID	BBB _g ⁺	The rating reflects Company’s (1) strong regional competitiveness in industrial development and operation in Tianqiao District; and (2) supplementary income benefited from a relatively diverse business structure. However, the rating is constrained by the Company’s (1) relatively weak profitability with low return on assets; and (2) fast-growing debt with weak credit metrics.
2025/12/22	TQFI	A _g ⁻	The rating reflects Company’s (1) direct and full ownership by the Finance Bureau of Tianqiao District; (2) strategic importance in urban construction and industrial development in Tianqiao District; and (3) solid track record of receiving government support. However, the rating is constrained by the Company’s (1) medium and increasing exposure to commercial activities; (2) increasing debt burden driven by large investment needs; and (3) moderate access to funding.
2025/12/22	Jointown	BBB _g ⁺	The rating reflects Company’s (1) leading market position in domestic pharmaceutical distribution industry; (2) strong logistics and resources network with diversified distribution channels coverage; (3) good access to capital and fundings; and (4) close ties with local community and economic development. However, the rating is constrained by the Company’s (1) earnings vulnerable to pharmaceutical price volatility and medical reform policies; (2) pressure on inventory turnover and accounts receivable recovery arising from business expansion; and (3) modest credit metrics with relatively high debt leverage and short-term debt financing pressures.

Source: CCXAP research

From December 22 to December 26, rating agencies took positive rating action on 4 Chinese issuers and negative rating action on 4 Chinese issuers.

Table 4: Rating actions of cross-border issuer (20251222-20251226)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Guangxi Beibu Gulf Investment Group Co., Ltd.	Chengtou	BBB	Stable	2025/12/23	BBB-	Stable	2025/09/09	Fitch	Guangxi government's improved management of off-balance-sheet debt has enhanced its ability to support the company.

	Guangxi Communications Investment Group Corporation Ltd.	Chengt ou	BBB+	Stable	2025/12/23	BBB	Stable	2025/09/09	Fitch	Guangxi government's improved management of off-balance-sheet debt has enhanced its ability to support the company.
	Guangxi Investment Group Co., Ltd	Chengt ou	BBB+	Stable	2025/12/23	BBB	Stable	2025/09/09	Fitch	Guangxi government's improved management of off-balance-sheet debt has enhanced its ability to support the company.
	Guangxi Financial Investment Group Co., Ltd.	Chengt ou	BBB	Stable	2025/12/23	BBB-	Stable	2025/09/09	Fitch	Guangxi government's improved management of off-balance-sheet debt has enhanced its ability to support the company.
Downgrade	Vanke Co., Ltd.	Real estate	SD	None	2025/12/23	CCC-	Rating Watch Neg	2025/11/28	S&P	The company's extension of the grace period for an onshore bond is regarded as a distressed debt restructuring equivalent to default.
	Vanke Co., Ltd.	Real estate	RD	None	2025/12/24	C	None	2025/12/17	Fitch	The company's extension of the grace period for an onshore bond meets the definition of a restricted default issuer rating.
	Dalian Wanda Commercial Management Group Co., Ltd.	Real estate	C	None	2025/12/24	CC	None	2025/12/16	Fitch	The company's subsidiary obtained a two-year extension for its offshore bond, which is classified as a distressed debt exchange.

	Wanda Commercial Properties (Hong Kong) Co., Limited	Real estate	C	None	2025/12/24	CC	None	2025/12/16	Fitch	The company's subsidiary obtained a two-year extension for its offshore bond, which is classified as a distressed debt exchange.
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Source: CCXAP research

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