

2026 Issue 8 From March 2 to March 6

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

Headline: China's February Official Manufacturing PMI Below Expectations; Fed Released Beige Book on US Economic Conditions

On March 4, the National Bureau of Statistics of China announced that the official manufacturing PMI for February stood at 49, below the expected 49.1. On March 5, the Fed released its Beige Book on economic conditions, which showed that the US continues to face upward pressure on prices.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of March 6, the RMB/USD middle rate closed at 6.9025, down 203.0bp from last Friday. The USD Index closed at 98.986, up 1.38% from last Friday.

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

Last week, China Government Bond yields decreased. As geopolitical tensions heightened the risk of an energy crisis, the Fed may delay rate cuts to counter imported inflation, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From March 2 to March 6, Chinese enterprises issued 27 new bonds in the offshore market, totaling about USD1.763 billion, an increase of 74.0% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.225 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of March 6, the return rate of Chinese USD bonds decreased by 37.0bp to 0.86% compared to last Friday, among which the return rate of investment-grade bonds decreased by 41.0bp to 0.77%, while the return rate of high-yield bonds decreased by 10.0bp to 1.59%.

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

From March 2 to March 6, rating agencies took positive rating actions on 2 Chinese issuers and negative rating actions on 1 Chinese issuer.



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Headline: China's February official manufacturing PMI below expectations; Fed released Beige Book on US economic conditions

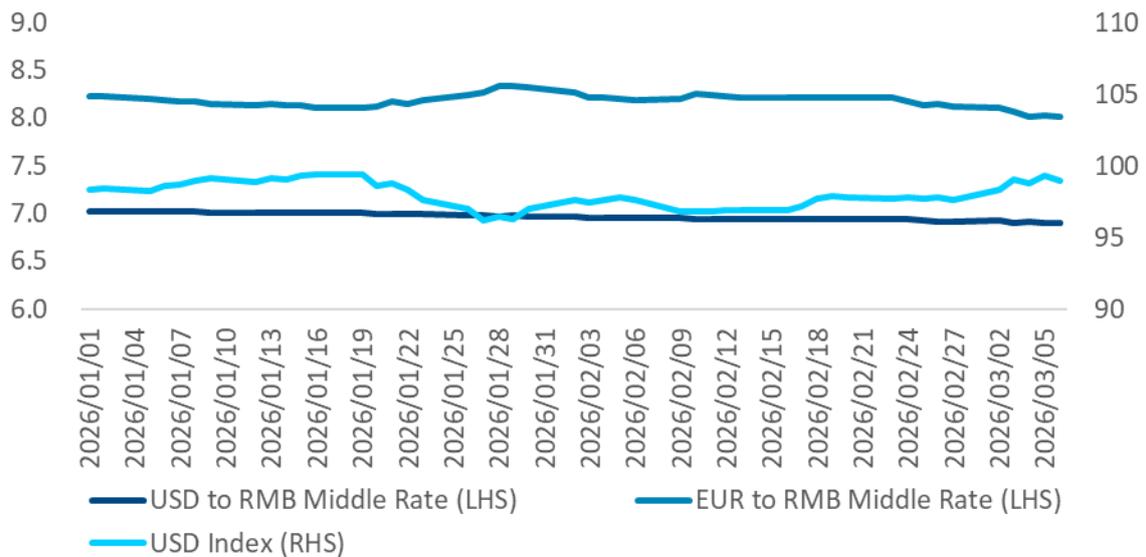
On March 4, the National Bureau of Statistics of China announced that the official manufacturing PMI for February stood at 49, below the expected 49.1 and down 0.3 percentage points from the previous month, indicating a retreat in the manufacturing sector's activity level. By enterprise size, large enterprises recorded a PMI of 51.5%, up 1.2 percentage points from the previous month and remaining above the threshold; medium-sized and small enterprises posted PMIs of 47.5% and 44.8% respectively, down 1.2 and 2.6 percentage points from the prior month, both below the threshold. Among the five sub-indices composing the manufacturing PMI, the production index, new orders index, raw materials inventory index, employment index, and supplier delivery time index all remained below the threshold. The production index was 49.6%, down 1.0 percentage points from the previous month, indicating a slowdown in manufacturing production activities. The new orders index stood at 48.6%, falling 0.6 percentage points, reflecting a decline in manufacturing market demand sentiment. The raw materials inventory index was 47.5%, up 0.1 percentage points from the previous month, signaling a slight narrowing in the reduction of raw material stockpiles. The employment index registered 48.0%, down 0.1 percentage points, suggesting a slight deterioration in hiring sentiment among manufacturing firms. The supplier delivery time index came in at 49.1%, down 1.0 percentage points from the previous month, indicating a slowdown in delivery times from raw material suppliers compared to the prior month.

On March 5, the Federal Reserve released its Beige Book on economic conditions. The report indicated that during the latest reporting period, from January 6 to February 23, the US continued to face upward pressure on prices. Prices increased at a moderate pace in recent weeks, with eight Federal Reserve districts reporting moderate increases and four districts reporting slight increases. Several districts reported rising non-labor costs, including insurance, utilities, energy, metals, and other raw materials. Additionally, nine Federal Reserve districts mentioned cost increases due to tariffs. Some businesses continued to pass tariff-related costs on to customers, while others began doing so after initially absorbing the cost increases themselves. Overall, businesses expect the pace of price increases to slow somewhat in the near term.

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of March 6, the RMB/USD middle rate closed at 6.9025, down 203.0bp from last Friday. The RMB/EUR middle rate closed at 8.0132, down 1076.0bp from last Friday. The USD Index closed at 98.986, up 1.38% from last Friday.

Figure 1: RMB exchange rate

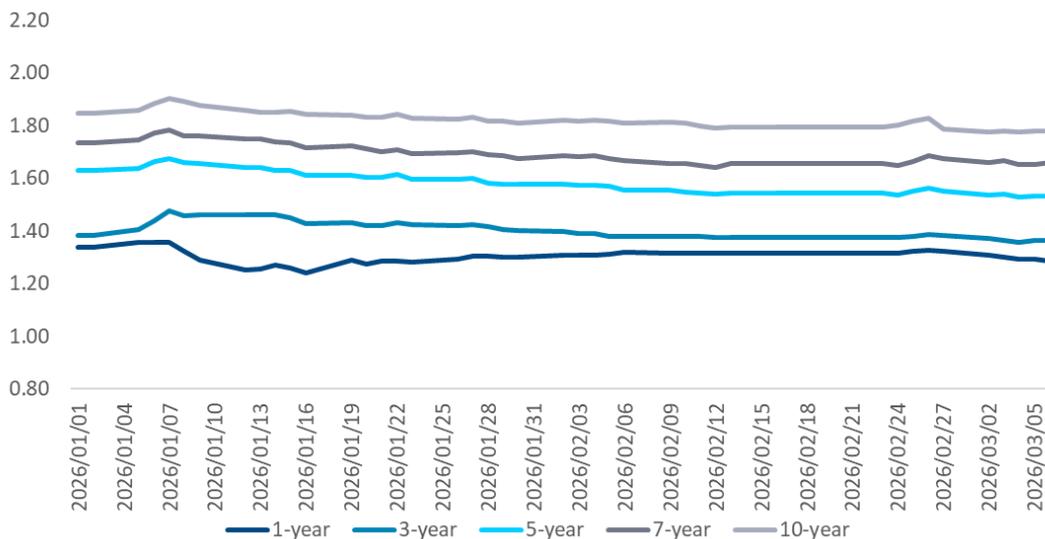


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of March 6, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2858%, 1.3629%, 1.5341%, 1.6594%, and 1.7810%, respectively. Down 3.58bp, 1.97bp, 1.58bp, 1.63bp, and 0.67bp from last Friday.

Figure 2: China Government Bond yields

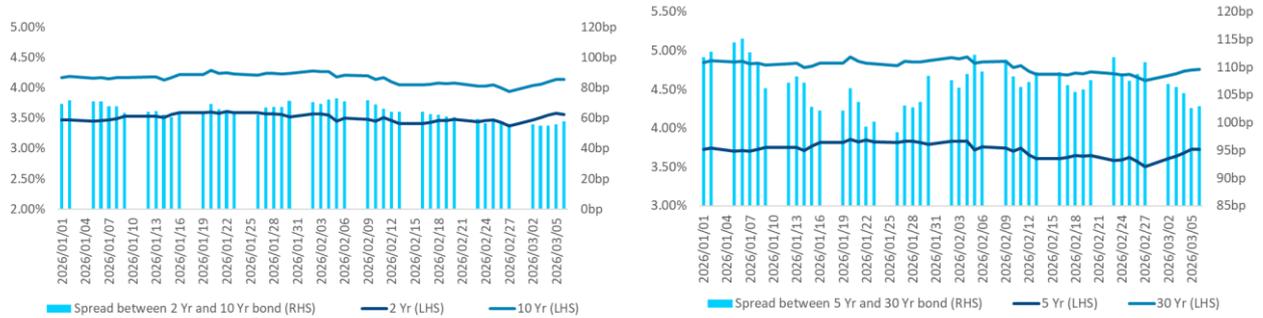


Sources: CCXAP research

As geopolitical tensions heightened the risk of an energy crisis, the Fed may delay rate cuts to counter imported inflation, US Treasury yields increased. As of March 6, the 2-year, 5-year, 10-year,

and 30-year US treasury yields were 3.5605%, 3.7271%, 4.1383%, and 4.7567%, respectively. Up 18.56bp, 22.54bp, 20.08bp, and 14.61bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 1.52bp to 57.78bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 7.93bp to 102.96bp compared to last Friday.

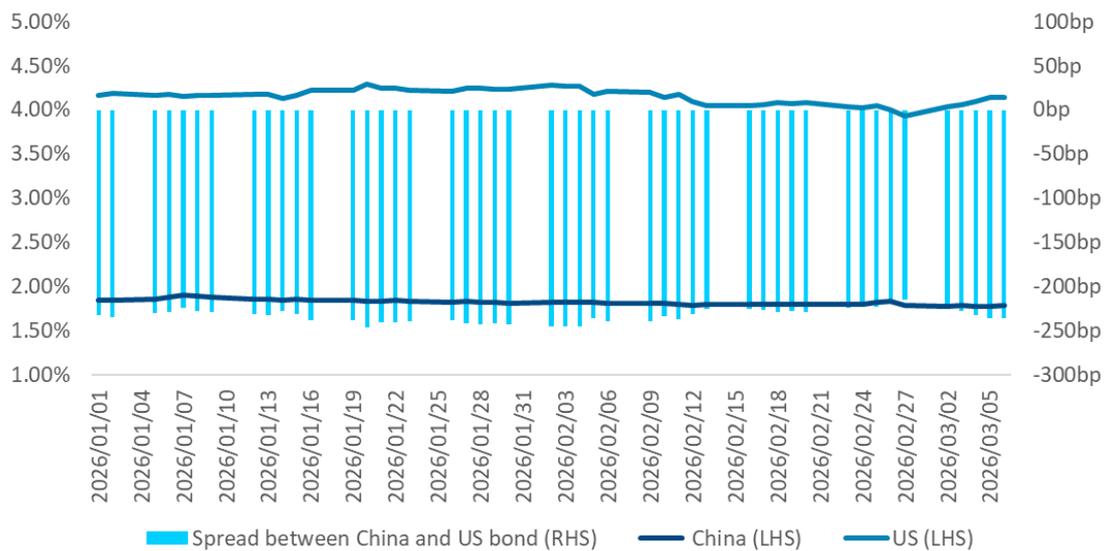
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of March 6, the 10-year Treasury bond interest rate gap between China and the US was -235.7bp, narrowing by 20.8bp from last Friday and widening by 3.8bp 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 March 2 to March 6, Chinese enterprises issued 27 new bonds in the offshore market, totaling about USD1.763 billion, an increase of 74.0% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.225 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20260302-20260306)

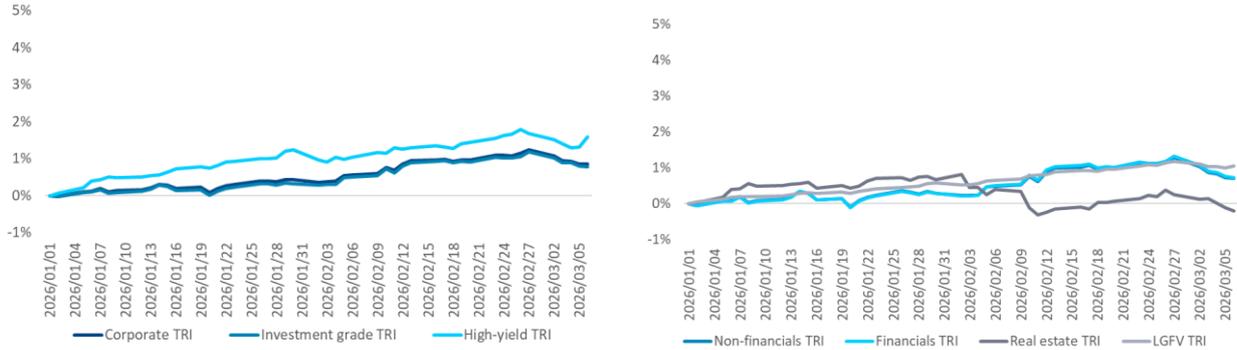
Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/3/2	Changchun Urban Development & Investment Holdings Group Co Ltd	USD	200	4.9	2029/3/6	3	Cheng tou	Baa2/--/BBB	Baa2/--/--
2026/3/2	CITIC Securities International Co Ltd	USD	10	0	2026/9/10	184D	Financials	-/BBB+/-	-/-/-
2026/3/2	GF Holdings Hong Kong Corp Ltd	USD	5	4.04	2026/6/16	92D	Financials	-/BBB/BBB	-/-/-
2026/3/2	GF Holdings Hong Kong Corp Ltd	HKD	8	2.88	2026/12/10	275D	Financials	-/BBB/BBB	-/-/-
2026/3/2	GF Holdings Hong Kong Corp Ltd	USD	5	4.04	2026/6/9	91D	Financials	-/BBB/BBB	-/-/-
2026/3/2	GF Holdings Hong Kong Corp Ltd	USD	11	3.9	2026/3/30	26D	Financials	-/BBB/BBB	-/-/-
2026/3/2	Guotai Junan International Holdings Ltd	CNY	600	1.85	2027/2/3	331D	Financials	Baa2/BBB+/-	-/-/-
2026/3/2	Shaoxing Shangyu State-owned Capital Investment Operation Co Ltd	USD	200	3.9	2029/3/5	3	Cheng tou	--/--/BBB-	--/--/BBB-
2026/3/3	China Securities International Finance Holding Co Ltd	USD	0.4	3.8	2027/3/5	364D	Financials	-/BBB+/BBB+	-/-/-
2026/3/3	GF Holdings Hong Kong Corp Ltd	USD	3	3.89	2026/4/9	35D	Financials	-/BBB/BBB	-/-/-
2026/3/3	GF Holdings Hong Kong Corp Ltd	USD	10	SOFR +37	2026/6/17	92D	Financials	-/BBB/BBB	-/-/-
2026/3/3	GF Holdings Hong Kong Corp Ltd	CNY	10	2.04	2027/3/12	361D	Financials	-/BBB/BBB	-/-/-
2026/3/4	CNCB Hong Kong Investment Ltd	USD	7	0	2026/6/10	97D	Financials	--/BBB+/BBB+	-/-/-
2026/3/4	CNCB Hong Kong Investment Ltd	EUR	3	0	2026/6/10	97D	Financials	--/BBB+/BBB+	-/-/-
2026/3/4	GF Holdings Hong Kong Corp Ltd	USD	17	SOFR +37	2026/6/9	91D	Financials	-/BBB/BBB	-/-/-
2026/3/4	Guangzhou Industrial Investment Fund Management Co Ltd	CNY	1,733	2.8	2029/3/11	3	Financials	--/--/BBB+	-/-/-
2026/3/4	Guoxin Securities Co., Ltd.	CNY	14	0	2031/3/4	5	Financials	--/BBB/BBB+	-/-/-
2026/3/4	Guoxin Securities Co., Ltd.	CNY	4	0	2031/3/4	5	Financials	--/BBB/BBB+	-/-/-
2026/3/4	Guoxin Securities Co., Ltd.	CNY	4	0	2031/3/4	5	Financials	--/BBB/BBB+	-/-/-
2026/3/4	Guoxin Securities Co., Ltd.	CNY	14	0	2031/3/4	5	Financials	--/BBB/BBB+	-/-/-
2026/3/4	Yidu State-Owned Assets Investment Operation and Holding Group Co Ltd	CNY	532	5.4	2029/3/11	3	Cheng tou	-/-/-	-/-/-
2026/3/5	CITIC Securities International Co Ltd	USD	10	0	2027/3/11	364D	Financials	-/BBB+/-	-/-/-
2026/3/5	GF Holdings Hong Kong Corp Ltd	USD	5	SOFR +52	2027/3/10	357D	Financials	-/BBB/BBB	-/-/-
2026/3/5	Industrial Bank Co Ltd/Hong Kong	USD	800	SOFR +41	2029/3/12	3	Banks	Baa2/--/--	Baa2/--/--
2026/3/5	Jiangsu Fuxuan Industrial Co Ltd	USD	43	3.99	2029/3/12	3	Cheng tou	-/-/-	-/-/-
2026/3/6	CITIC Securities International Co Ltd	USD	5	0	2026/9/13	184D	Financials	-/BBB+/-	-/-/-
2026/3/6	Jiangsu Fuxuan Industrial Co Ltd	USD	20	4.8	2029/3/13	3	Cheng tou	-/-/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of March 6, the year-to-date return¹ of Chinese USD bonds decreased by 37.0bp to 0.86% compared to last Friday, among which the return rate of investment-grade bonds decreased by 41.0bp to 0.77%, while the return rate of high-yield bonds decreased by 10.0bp to 1.59%. By industry, the return rate of non-financial bonds was 0.70%, down 60.0bp from last Friday. The return rate of financial bonds was 0.73%, down 60.0bp. The return rate of real estate was -0.21%, down 46.0bp. The return rate of Chengtou was 1.04%, down 14.0bp.

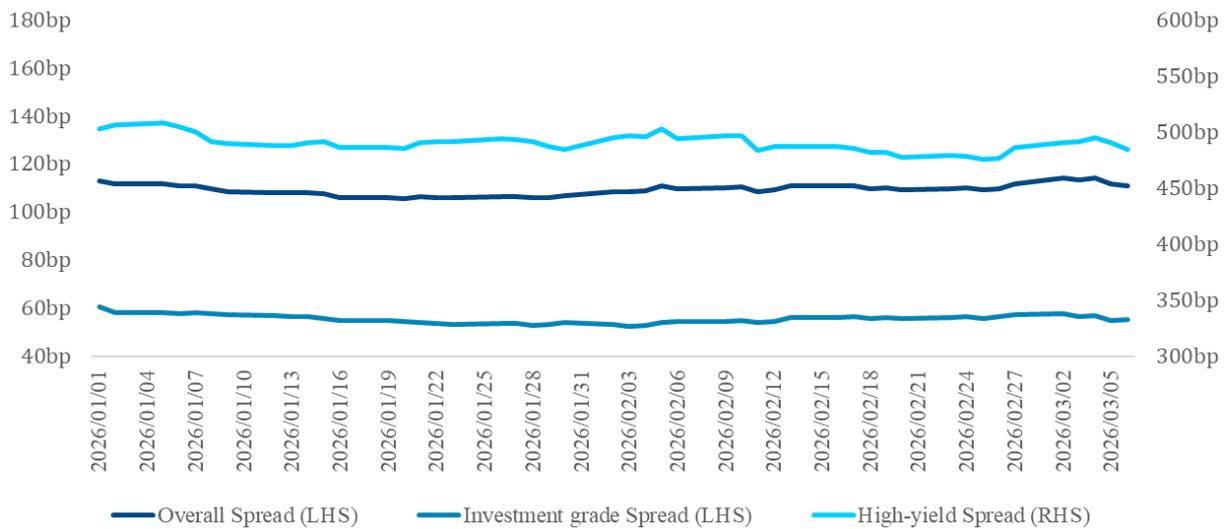
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of March 6, the spread of Chinese USD bonds narrowed by 0.7bp to 110.81bp from last Friday, among which the spread of investment-grade bonds narrowed by 2.1bp to 55.01bp, and the spread of high-yield bonds narrowed by 1.7bp to 484.42bp.

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



Sources: CCXAP research

¹ Year-to-date return measures the return since January 1, 2026

From March 2 to March 6, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Chongqing Xinshuangquan Urban Construction and Development Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260302-20260306)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CQXHUC 7 ½ 03/13/26	Chongqing Xinshuangquan Urban Construction and Development Co., Ltd.	100.085	0.010959	-22.251	5.1328M
EHICAR 7 09/21/26	eHi Car Rental Service Co., Ltd.	66.104	0.536986	106.334	731.4
FTLNHD 4 ½ 05/02/26	Xincheng Global Co., Ltd.	100.303	0.147945	2.343	589.5
SYSTIO 3.55 03/16/26	Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd.	100.17	0.019178	-8.528	447.6
ZHJSEA 1.98 03/17/26	Zhejiang Seaport Investment and Operation Group Co., Ltd.	99.973	0.021918	3.567	263.2
CWAHK 4.85 05/18/26	China Water Group Co., Ltd.	100.042	0.191781	4.553	229
CHJMAO 3.2 04/09/26	China Jinmao Holdings Group Co., Ltd.	99.876	0.084932	4.736	170.8
BJAFHO 1.9 03/23/26	Beijing Affordable Housing Center Co., Ltd.	99.867	0.038356	5.846	150.7
WESCHI 10 ½ 11/11/29	China Western Cement Co., Ltd.	99.659	3.679452	10.585	73.2
LNGFOR 3 % 04/13/27	Longfor Group Holdings Co., Ltd.	95.533	1.09589	7.726	71.5

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 March 2 to March 6, rating agencies took positive rating actions on 2 Chinese issuers and negative rating actions on 1 Chinese issuer.

Table 3: Rating actions of cross-border issuer (20260302-20260306)

	Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Taixing Runjia Holdings Co., Ltd.	Chengtu	BBB+	Stable	2026/03/05	BBB	Stable	2025/02/28	Lianhe	The company is receiving increased local support.
	Zhongyuan Agricultural Insurance Co., Ltd.	Financials	A	Stable	2026/03/05	A-	Pos	2025/03/21	Fitch	The company's capital level remains stable.
Downgrade	Meituan	Technologies	BBB+	Neg	2026/03/04	A-	Stable	2025/04/03	S&P	The company faces intense business competition and maintains a persistently high leverage ratio.

Source: CCXAP research

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