

2024 Issue 13 From April 8 to April 12

Chinese offshore bond new issuance increased; return on Chinese USD bond decreased

Headline: China's CPI in March rose 0.7% YoY; US CPI in March rose 3.5% YoY

On April 11, the National Bureau of Statistics released data showing that consumer prices in March fell month-on-month and rose 0.7% YoY. From a month-on-month perspective, CPI fell by 0.3%, and the decline narrowed by 0.2 percentage points from the previous month. On April 10, data released by the US Department of Labor showed that the US CPI rose by 3.5% YoY in March this year, an increase of 0.3 percentage points from February, exceeding market expectations.

Exchange Rate: RMB depreciated, USD index increased

This week, the RMB depreciated. As of April 12, the RMB/USD middle rate closed at 7.0967, increasing by 18bp from Last Friday. The USD index increased by 1.67% to 106.038 from Last Friday.

Interest Rate: Chinese Government Bond yields fell; US Treasury yields rose

This week, the China Government Bond yields fell. As US CPI data was higher than expected, the market expected the Fed will not consider cutting interest rates in the short term, US Treasury yields rose.

Chinese Offshore Bond Market

Primary Market: Chinese offshore bond new issuance increased

From April 8 to April 12, there were 20 new issues with total issued volume of USD 1.851 billion. Among them, Chengtuo companies are the largest issuer with a total issued amount of USD 1.092 billion.

Secondary Market: Return on Chinese USD bond decreased

As of April 12, the year-to-date return on the Chinese USD corporate bond index decreased by 12bp to 1.41% from last Friday, of which the return on investment-grade bonds decreasing by 13bp to 0.71%, the return on high-yield bonds decreasing by 7bp to 6.61%.

Rating Action: CCXAP assigns long-term credit ratings to 3 entities

CCXAP assigns long-term credit rating to 3 entities, Jinan Zhongcaijin Investment Group Co., Ltd., Changge Urban Construction Investment Co., Ltd. and Qixian State-owned Construction Investment Development Co., Ltd.



Analyst Contacts

Saul Zuo

852-2810 7142

saul_zuo@ccxap.com

Peter Chong

852-2810 7124

Peter_chong@ccxap.com

Other Contacts

Elle Hu

852-2810 7120

elle_hu@ccxap.com

Headline: China's CPI in March rose 0.7% YoY; US CPI in March rose 3.5% YoY

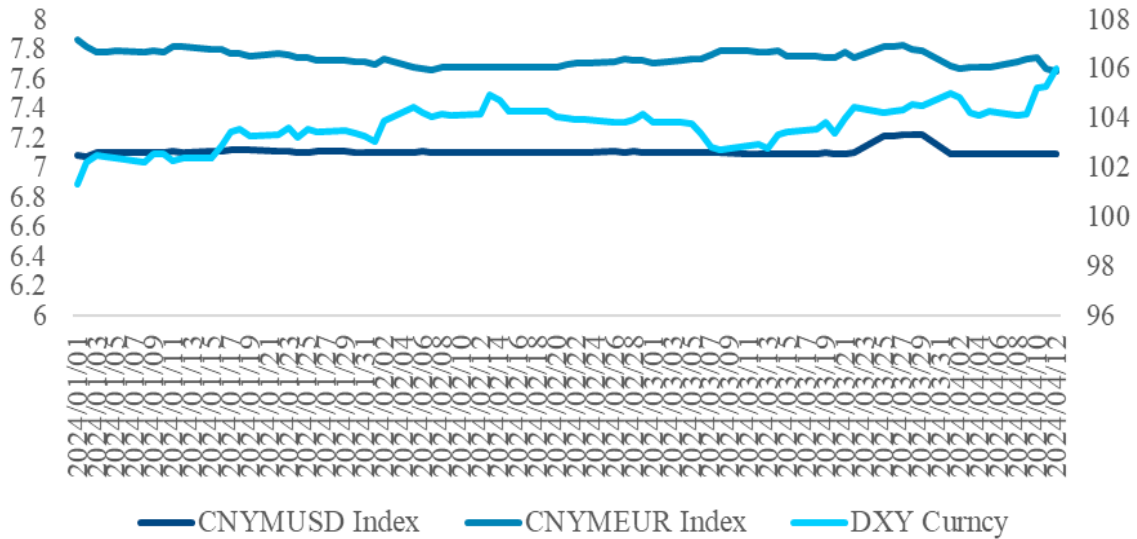
On April 11, the National Bureau of Statistics released data showing that consumer prices in March fell month-on-month (“MoM”) and rose 0.7% year-on-year (“YoY”). From a MoM perspective, CPI fell by 0.3%, and the decline narrowed by 0.2 percentage points from the previous month. Among them, food prices fell by 1.4%, a decrease of 0.6 percentage points narrower than last month, affecting the CPI to fall by about 0.27 percentage points. Non-food prices remained unchanged from a 0.2% decrease in the previous month. From a YoY perspective, CPI increased by 0.7%, a decrease of 0.3 percentage points from the previous month. Among them, food prices rose by 2.4%, a decrease of 0.2 percentage points from the previous month, affecting the CPI increase by about 0.43 percentage points. Non-food prices increased by 0.3%, a decrease of 0.3 percentage points from the previous month, affecting the CPI increase by about 0.23 percentage points. According to estimates, in the 0.7% YoY increase in CPI in March, the upward impact of price changes in the previous year was approximately 0.7 percentage points, the same as last month; the impact of new price increases was approximately 0, compared with 0.3 percentage points last month. The core CPI, which excludes food and energy prices, rose by 0.7% YoY, an increase of 0.1 percentage points from the previous month.

On April 10, data released by the US Department of Labor showed that the US Consumer Price Index (CPI) rose by 3.5% YoY in March this year, an increase of 0.3 percentage points from February, exceeding market expectations. Data show that the US CPI increased by 0.4% MoM in March this year, the same increase as in February. After excluding volatile food and energy prices, core CPI rose 0.4% MoM and 3.8% YoY, both of which were the same as in February. Specifically, energy prices rose 1.1% MoM in March after a sharp increase in February, with gasoline prices rising 1.7% MoM. Living costs, which account for about one-third of the CPI, rose 0.4% MoM, the same increase as in February. Food prices increased by 0.1% MoM. Analysts believe that the accelerated YoY growth of US CPI further indicates that the rebound in US inflation since the beginning of the year is not a temporary phenomenon, and that the Fed's progress in curbing inflation may be stalling. In order to curb inflation, the Federal Reserve is likely to maintain high interest rates for a longer period of time and delay plans to cut interest rates.

Exchange Rate: RMB depreciated, USD index increased

This week, the RMB depreciated. As of April 12, the RMB/USD middle rate closed at 7.0967, increasing by 18bp from Last Friday. The RMB/EUR middle rate closed at 7.6529, decreasing by 244bp. The USD index increased by 1.67% to 106.038 from Last Friday.

Figure 1: RMB exchange rate

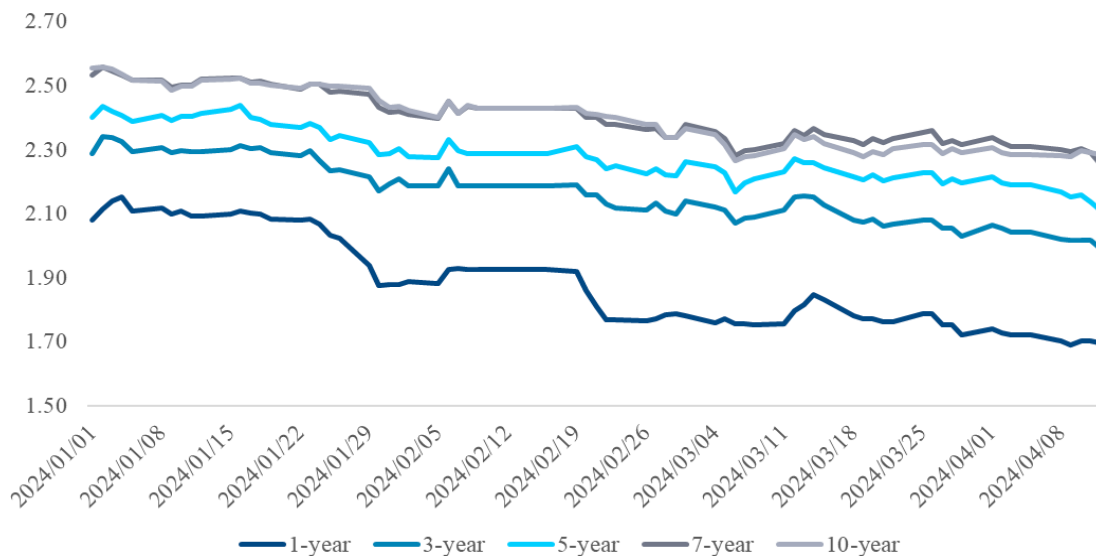


Sources: CCXAP research

Interest Rate: Chinese Government Bond yields fell; US Treasury yields rose

This week, the China Government Bond yields fall. As of April 12, the 1-year 3-year 5-year 7-year and 10-year China Government Bond yields were 1.6958%, 1.9925%, 2.1119%, 2.2583% and 2.2837%, decreasing by 2.67bp, 5.03bp, 7.78bp, 5.17bp and 0bp, respectively, from Last Friday.

Figure 2: China Government Bond yields

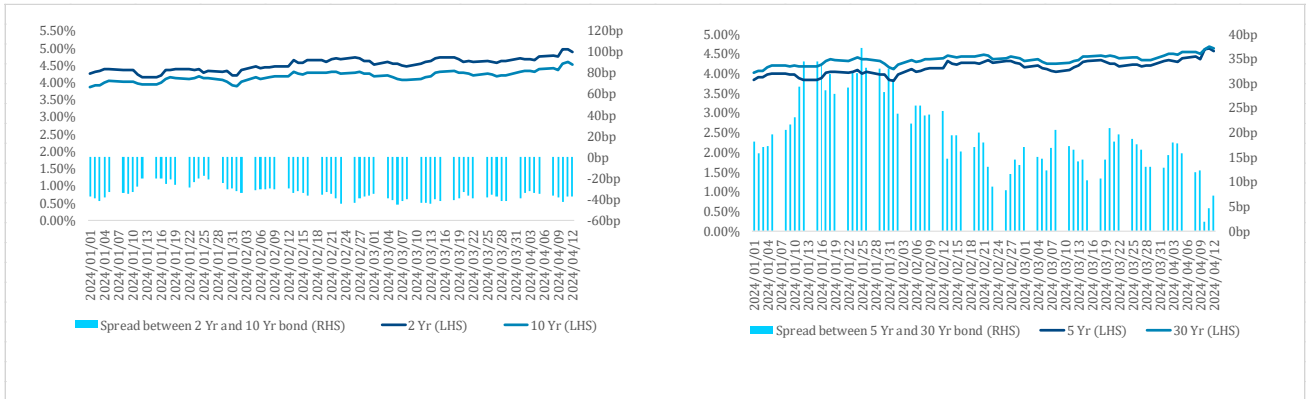


Sources: CCXAP research

As US CPI data was higher than expected, the market expected the Fed will not consider cutting interest rates in the short term, US Treasury yields rose. As of April 12, the 2-year 5-year 10-year

and 30-year Treasury yields were 4.8966%, 4.5584%, 4.5216% and 4.6294%, increasing by 14.61bp, 16.37bp, 12bp and 7.66bp respectively from Last Friday. In terms of US Treasury bond spreads, the spread between 2-year and 10-year Treasury bonds widened by 2.61bp to -37.5bp from Last Friday, and the spread between 5-year and 30-year Treasury bonds narrowed by 8.71bp to 7.1bp from Last Friday.

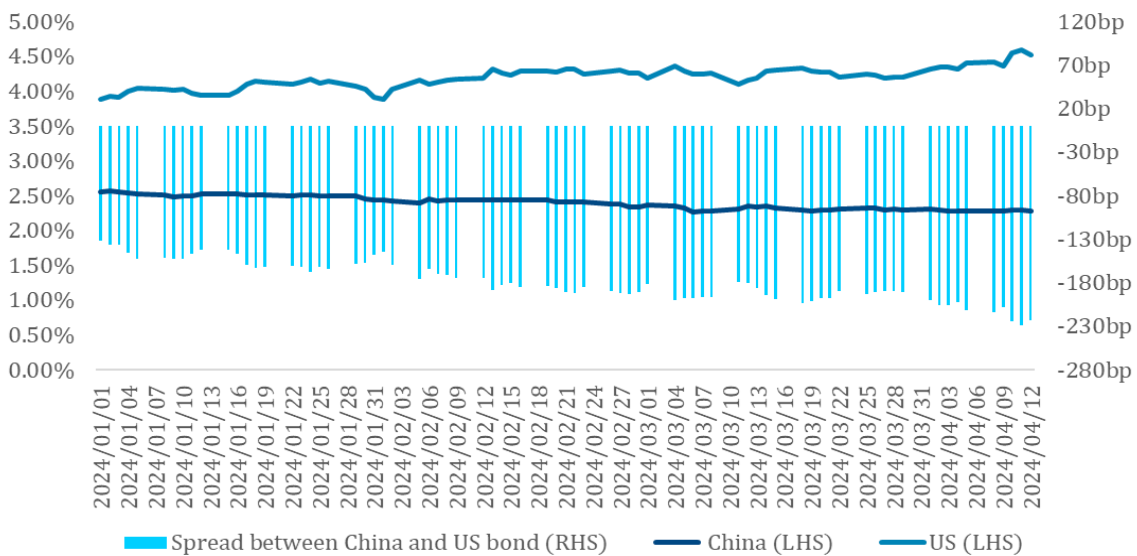
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of April 12, the yield spread between China and US 10-year note was -223.8bp, widening by 12.00bp from Last Friday and widening 91.41bp from the beginning of the year.

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



Sources: CCXAP research

Primary Market: Chinese offshore bond new issuance increased

From April 8 to April 12, there were 20 new issues with total issued volume of USD1.851 billion. Among them, Chengtuo companies are the largest issuer with a total issued amount of USD1.092 billion.

Table 1: New issuance of Chinese offshore bonds (20240408-20240412)

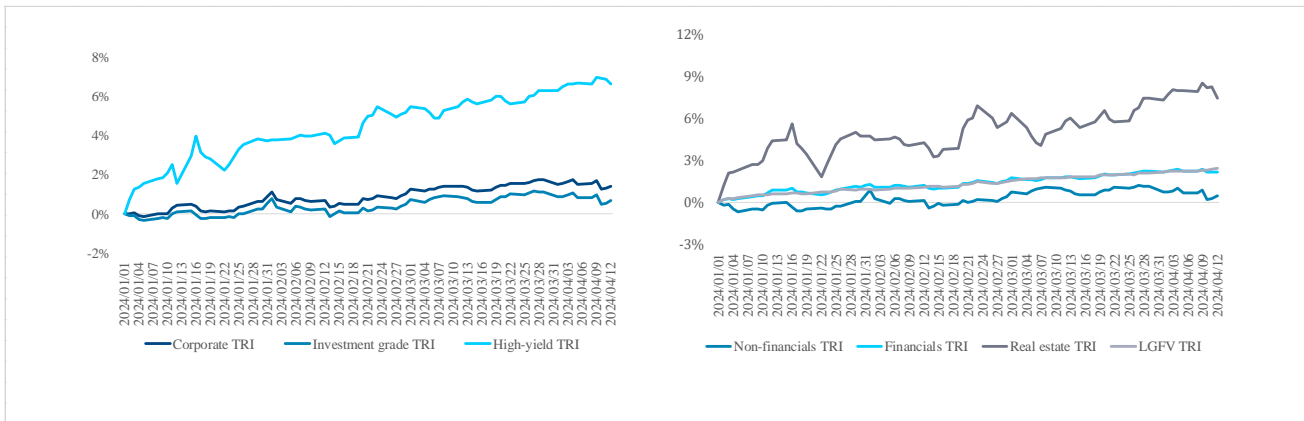
Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2024/4/8	Changde Economic Construction Investment Group Co., Ltd.	EUR	54.6	5.6	2025/4/11	364D	Chengtou	Ba2/-/-	-/-/-
2024/4/8	China Securities International Finance Holding Co Ltd	CNY	71.4	0	2027/4/19	3	Financials	-/-/-	-/-/-
2024/4/8	CITIC Securities International Co Ltd	USD	1	0	2026/4/13	2	Financials	-/BBB+/-	-/-/-
2024/4/8	ICBCIL Finance Co Ltd	USD	100	5.2	2027/4/23	3	Financials	A1/-/-	-/-/-
2024/4/8	Putian State-owned Assets Investment Co Ltd	USD	265	7.4	2027/4/15	3	Chengtou	-/-/BB+	-/-/-
2024/4/9	China International Capital Corp International Ltd	USD	5	5.3	2024/5/10	28D	Financials	Baa1/BBB+ /BBB+	-/-/BBB+
2024/4/9	CMB International Leasing Management Ltd	USD	20	SOFR+64	2025/4/15	364D	Financials	-/BBB+/-	-/-/-
2024/4/9	Far East Horizon Ltd	USD	500	6.625	2027/4/16	3	Financials	-/BBB/-	-/-/-
2024/4/9	Jinan Hi-tech Holding Group Co Ltd	USD	180	6.1	2027/4/15	3	Chengtou	-/-/BBB	-/-/BBB
2024/4/9	Ningguo Ningyang Holding Group Co Ltd	CNY	686.7	6.75	2027/4/16	3	Chengtou	-/-/-	-/-/-
2024/4/9	Weihai City Investment Group Co Ltd	CNY	696.5	5.2	2027/4/16	3	Chengtou	-/-/-	-/-/-
2024/4/9	Zibo High-tech State-owned Capital Investment Co Ltd	CNY	830.9	6.9	2027/4/16	3	Chengtou	-/-/-	-/-/-
2024/4/9	Zoucheng Limin Construction Development Co Ltd	CNY	263	7.5	2026/4/12	2	Chengtou	-/-/-	-/-/-
2024/4/10	GF Holdings Hong Kong Corp Ltd	USD	10	6	2024/10/9	181D	Financials	-/-/-	-/-/-
2024/4/10	ICBCIL Finance Co Ltd	USD	100	5.2	2027/4/23	3	Financials	A1/-/-	-/-/-
2024/4/11	China Securities International Finance Holding Co Ltd	USD	2.5	5.25	2024/7/17	91D	Chengtou	-/-/-	-/-/-
2024/4/11	Mogan Mountain of Huzhou State Owned Capital Holding Group Co Ltd	USD	210	5.48	2027/4/16	3	Chengtou	-/-/-	-/-/-
2024/4/12	GF Holdings Hong Kong Corp Ltd	USD	5.0	6	2024/10/16	183D	Financials	-/-/-	-/-/-
2024/4/12	GF Holdings Hong Kong Corp Ltd	HKD	39.9	5.03	2024/10/16	183D	Financials	-/-/-	-/-/-
2024/4/12	Linyi Eastern City Construction Investment Group Co Ltd	CNY	196.2	7.9	2026/10/16	2	Chengtou	-/-/-	-/-/-

Sources: CCXAP research

Secondary Market: Return on Chinese USD bond decreased

As of April 12, the YTD return¹ on the Chinese USD corporate bond index decreased by 12bp to 1.41% from last Friday, of which the return on investment-grade bonds decreasing by 13bp to 0.71%, the return on high-yield bonds decreasing by 7bp to 6.61%. In terms of sector indices, the return on financial, real estate and Chengtou bonds was 2.25%, 7.95% and 2.24%, respectively, increasing by 2bp, 51bp and 12bp from last Friday. The return on non-financial bonds was 0.66%, decreasing by 49bp from last Friday.

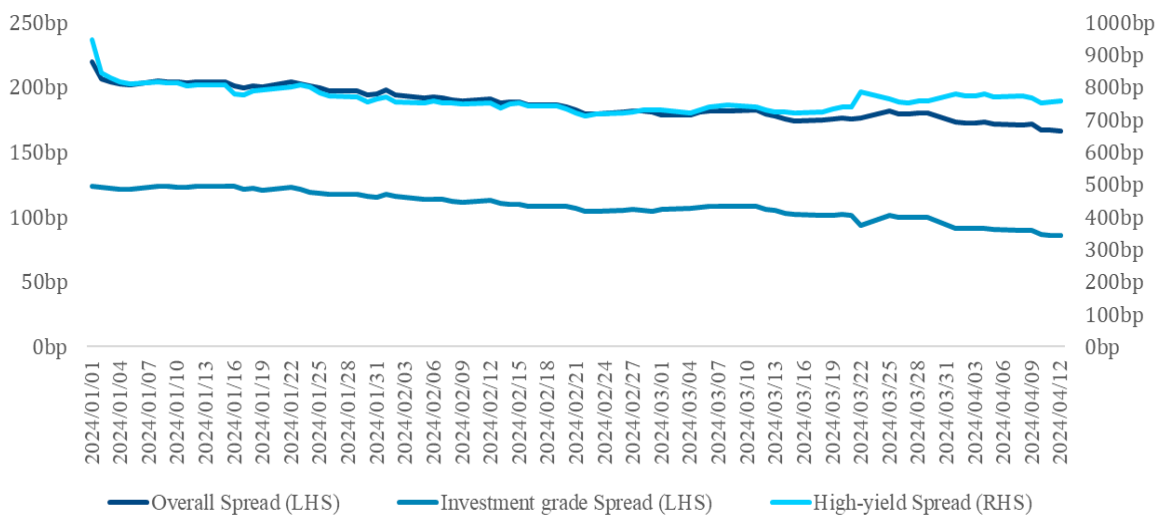
Figure 5: YTD return on Markit IBoxx Chinese USD bond index



Sources: CCXAP research

As of April 12, the yield spread of Chinese dollar bonds narrowed by 5.1bp to 166.45bp from last Friday. The yield spread of investment-grade bonds narrowed by 5.2bp to 85.55bp, while the spread of high-yield bonds narrowed by 10.9bp to 757.70bp.

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



¹ Year-to-date return measures the return since January 1, 2024

Sources: CCXAP research

The 10 bonds with the largest yield increase from April 8 to April 12 are shown in the table below. Among them, Agile Group Holdings Ltd changed the most.

Table 2: Chinese offshore bonds with largest yield increases (20240408-20240412)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
AGILE 7 7/8 PERP	Agile Group Holdings Ltd	5.735	PREP	4576.852	52.5123M
VNKRLE 3.45 05/25/24	China Vanke Co.,Ltd.	95.729	0.10	50.15	4.5369M
ROADKG 7 3/4 PERP	Road King Infrastructure Limited	15.041	PREP	831.525	4.4528M
AGILE 7 3/4 PERP	Agile Group Holdings Ltd	5.63	PREP	588.288	3.0808M
VNKRLE 4.2 06/07/24	China Vanke Co.,Ltd.	93.346	0.14	55.955	2.7653M
QHINVG 7 7/8 03/22/21	Qinghai Investment Group Co., Ltd.	3.85	0.93	204.545	2.68M
VNKRLE 3.15 05/12/25	China Vanke Co.,Ltd.	63.296	1.07	52.22	1.591M
AGILE 5 3/4 01/02/25	Agile Group Holdings Ltd	17.096	0.71	513.789	1.2284M
VNKRLE 3.975 11/09/27	China Vanke Co.,Ltd.	40.262	3.56	34.274	689.2
AGILE 5 1/2 04/21/25	Agile Group Holdings Ltd	15.168	1.01	334.461	688

Sources: CCXAP research

Rating Action: CCXAP assigns long-term credit ratings to 3 entities

On April 8, CCXAP assigns first time long-term credit rating of BBB_g⁺ to Jinan Shizhong Finance Investment Group Co., Ltd. (“SZFI”), with stable outlook.

On April 10, CCXAP assigns first time long-term credit rating of BBB_g to Changge Urban Construction Investment Co., Ltd. (“CUCI”), with stable outlook.

On April 10, CCXAP assigns first time long-term credit rating of BBB_g⁻ to Qixian State-owned Construction Investment Development Co., Ltd. (“QXSI”), with stable outlook.

Table 3: Credit rating from CCXAP (20240408-20240412)

Rating Date	Obligor	Entity Rating	Debt Rating	Rating Rational
2024/4/8	SZFI	BBB _g ⁺	-	The credit rating is underpinned by the Company’s (1) dominant position as the largest local infrastructure investment and financing companies (“LIIFC”) in Shizhong District; and (2) good track record of receiving government supports. However, the rating is constrained by its (1) medium exposure to commercial activities, with a certain portion in property development; (2) increasing debt burden and moderate asset liquidity; and (3) relatively high exposure to no-standard financing.
2024/4/10	CUCI	BBB _g	BBB _g	The credit rating is underpinned by the Company’s (1) important role in urban construction of Changge City; and (2) track record of receiving government support. However, the rating is constrained by the Company’s (1) increasing debt burden and moderate asset liquidity; (2) limited financing channels and standby liquidity; and (3) medium exposure to contingent liability risk.
2024/4/10	QXSI	BBB _g ⁻	BBB _g ⁻	The credit rating is underpinned by the Company’s (1) important role in infrastructure construction and state-owned asset operation in Qi County; and (2) track record of receiving government support. However, the rating is constrained by the Company’s (1) increasing exposure to commercial activities with relatively large investment need in the future; (2) increasing debt level with relatively large short-term debt pressure; and (3) limited and concentrated financing channels.

Sources: CCXAP research

From April 8 to April 12, rating agencies took positive rating actions to 4 Chinese issuers, took negative rating actions to 8 Chinese issuers.

Table 4: Credit rating changes of cross-border bond market (20240408-20240412)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade:	Ji'an Urban Investment Holding Group Co., Ltd.	Chengtou	BBB	STABLE	2024/04/08	BBB-	STABLE	2022/03/10	CSPI	The government is more willing to support
	Huzhou Moganshan High-tech Group Co., Ltd.	Chengtou	BBB+	STABLE	2024/04/10	BBB	STABLE	2023/04/11	Lianhe	The company's strategic importance in the region increases
	Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd.	Chengtou	Ag-	STABLE	2024/04/11	BBB _g +	STABLE	2023/04/04	CCXAP	Increased government support
	Ningbo Yincheng Group Co., Ltd.	Chengtou	Baa3	STABLE	2024/04/11	Baa3	NEG	2023/12/06	Moody's	Company strengthened by local support
	Suncity Development Holdings Limited	Real Estate	Caa1	STABLE	2024/04/09	B2	NEG	2023/12/01	Moody's	The company's leverage ratio will increase in the future, and the pressure on mature debt will increase.
Downgrade:	Vanke Enterprise Co., Ltd.	Real Estate	BB+	NEG	2024/04/10	BBB+	NEG under review	2024/03/15	S&P	The company's profits are weakening and debt maturities are under great pressure
	Greenland Hong Kong Holdings Limited	Real Estate	Ca	STABLE	2024/04/11	Caa2	NEG	2023/07/28	Moody's	The company's liquidity is weak and some loans are overdue.
	Hilong Holdings Limited	Energy	Caa2	NEG	2024/04/12	Caa1	None	2023/11/29	Moody's	The company's liquidity is weak and there are more debts due in the future.
	Dongfeng Motor Group Co., Ltd.	Consumer Discretionary	A3	NEG	2024/04/12	A2	NEG	2024/02/01	Moody's	The company's senior executives have recently experienced negative publicity and compliance risks

Greentown China Holdings Limited	Real Estate	B1	NEG	2024/04/12	Ba3	NEG	2023/09/21	Moody's	Support provided by CCCC weakens
Longfor Group Holdings Co., Ltd.	Real Estate	BB+	NEG	2024/04/12	BBB-	NEG	2023/02/09	S&P	Longfor Group's leverage will continue to rise over the next 12-24 months
Yuexiu Real Estate Investment Trust	Real Estate	BBB-	NEG	2024/04/12	BBB-	STABLE	2023/07/26	Fitch	The company's leverage ratio is high

Sources: CCXAP research

Copyright © 2024 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 28200 7111

Fax: +852 28208 020520