

# China Credit Bond ETFs: Explosive Onshore Growth, Unresolved Barriers to Foreign Participation

April 1, 2026

## Key Points

- S&P Global (China) Ratings views China's onshore credit bond ETFs as having achieved leapfrog growth in 2025. By end-December 2025, total AUM exceeded RMB 600 billion, with a net annual inflow of approximately RMB 560 billion. Credit bond ETFs now represent nearly 75% of total bond ETFs, establishing them as an important fixed income allocation tool. Product composition is dominated by sci-tech innovation bond ETFs (58%) and benchmark market-making credit bond ETFs (21%). Underlying assets feature high credit quality (predominantly AAA), heavy concentration in central SOEs and LGFVs (98%), and tenor focus on 1–5 years (3-year and 5-year bonds account for roughly 70%).
- Foreign ETF exposure to Chinese credit bonds remains limited, constrained primarily by cross-border information asymmetry and divergent credit risk assessment frameworks. In sharp contrast to the buoyant onshore market, foreign-listed China credit bond ETFs remain scarce, with low overall allocation weights and a bias toward offshore instruments. A key constraint is that international rating coverage of onshore AAA credit bonds stands at below 20%, far lower than the 98% coverage for Chinese issuers in foreign ETF portfolios. Additionally, disclosure standards, language, and accounting differences tend to steer foreign investors toward H-share and red-chip issuers.
- Chinese credit bonds offer meaningful allocation potential for foreign ETFs, though critical barriers must be resolved. The market provides diversification benefits via low correlation with global bonds, potential dual returns from coupons and currency movements, and ongoing benefits from financial market opening. To transition from “investable” to “core overweight,” however, three key challenges need to be addressed: onshore/international rating divergence, cross-border information asymmetry, and liquidity constraints in selected credit bonds.

## ANALYSTS

Ling Deng  
Beijing  
Ling.deng@spgchinaratings.cn

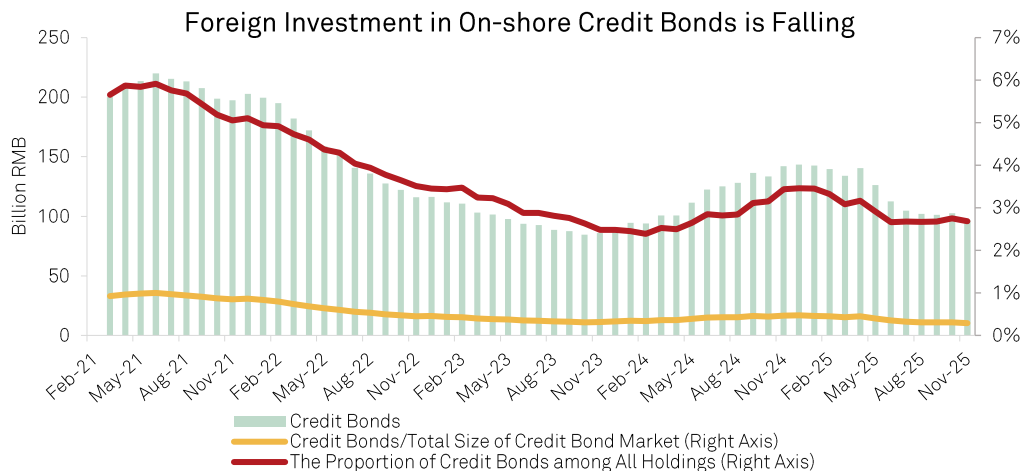
Lei Wang  
Beijing  
Lei.wang@spgchinaratings.cn

Yue Zheng  
Beijing  
Christine.zheng@spgchinaratings.cn

As of the end December 2025, the total AUM of China's onshore credit bond ETFs (referring to credit bond ETFs issued and listed on onshore exchanges in China, the same below) had exceeded RMB 600 billion, with a net increase of approximately RMB 560 billion throughout 2025, achieving explosive growth. In stark contrast to the high prosperity in the onshore market, there are very few ETFs issued by foreign institutions (referring to bond ETFs issued and listed on overseas exchanges, the same below) themed around Chinese credit bonds. Furthermore, the scale of Chinese credit bonds held by foreign institutions remains persistently low, with credit bonds consistently accounting for a small proportion of their overall China bond allocation. We believe that differences in rating systems, cross-border information asymmetry, and varying credit risk assessment frameworks lead foreign investors to maintain caution towards Chinese credit bonds. However, the

improvement of China's bond market and the continuous deepening of its opening provide further space for the development of credit bond ETFs and also offer new possibilities for foreign participation in China's credit bond market.

Chart 1



Note: 1. Only data from the interbank bond market is included; 2. Credit bonds refer to bonds issued by corporates, excluding financial bonds, ABS, interbank certificates of deposit, Panda Bonds.

Source: iFinD

Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

## Part 1 Overview of Credit Bond ETFs: Attributes, Advantages, and Development Trends

### 1. Definition and Core Characteristics

Credit bond ETFs are exchange-traded funds that invest in credit bonds. Although regulators support active ETFs, as of now, all listed bond ETFs in China remain passive products. A passive credit bond ETF tracks a credit bond index, constructing a portfolio highly consistent with the risk-return characteristics of the underlying index through full replication or sampling strategies, thereby achieving investment in the overall credit bond market or specific segments. Its core advantages possess dual attributes: on one hand, it inherits the fixed income characteristics of credit bonds, providing stable coupon returns; on the other hand, it continues the ETF attributes of on-exchange circulation and flexible trading, catering to diverse investment needs.

### 2. Current Development Status of the Domestic Credit Bond ETF Market: Rapid Scale Expansion Driven by Policies

The explosive growth of onshore credit bond ETFs in 2025 was primarily driven by a combination of policy empowerment and market demand.

- **Policy Level:** In April 2024, the State Council issued the *Several Opinions on Strengthening Supervision, Preventing Risks and Promoting High-Quality Development of the Capital Market* (new "National Nine Articles"), which explicitly proposed to establish an approval fast track for exchange-traded funds (ETFs) to advance the development of index investing. The first batch of eight benchmark market-making credit bond ETFs was approved in late 2024.

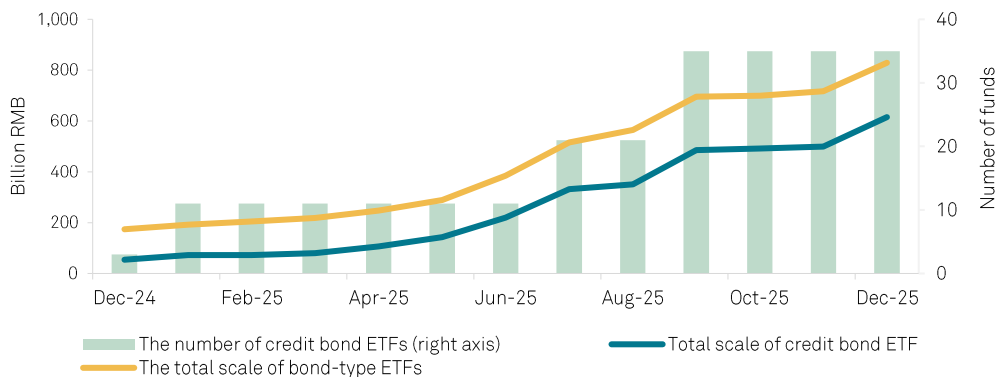
In January 2025, the China Securities Regulatory Commission (CSRC) issued *the Action Plan for Promoting the High-Quality Development of Index Investing in the Capital Market*, which clearly outlined goals to expand the bond ETF sector, promote the launch of benchmark market-making credit bond ETFs, and conduct research on including such products in the repo eligible collateral pool.

Against this backdrop, the eight benchmark market-making credit bond ETFs achieved rapid asset expansion upon their launch in early 2025. In March 2025, supportive policies

for technology innovation bond financing were implemented, driving an incremental scale of more than RMB 350 billion for sci-tech innovation bond ETFs. In May 2025, nine credit bond ETFs were included in the scope of eligible collateral for general pledged repo transactions, further enhancing their market liquidity and investment attractiveness.

Chart 2

**Credit Bond ETFs: Rapid Growth in Product Count and AUM Since 2025**



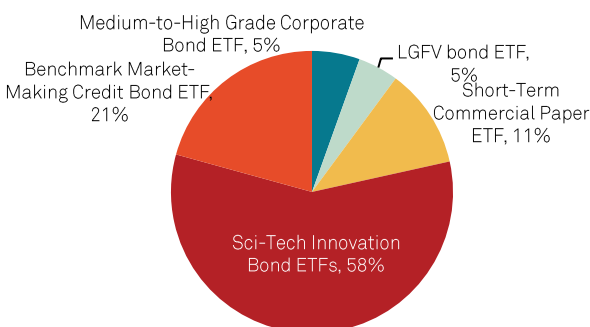
Source:iFinD  
 Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

- Market Level: Against a backdrop of range-bound interest rate levels and intensifying bond supply shocks, potential capital gains have narrowed significantly. With their low volatility, low costs and high trading efficiency, credit bond ETFs have become an important tool for fixed income investment strategies. They now account for nearly 75% of total bond ETF assets, and their weight in fixed income allocation is expected to rise further going forward.

Currently, the product structure of credit bond ETFs is centered around Sci-Tech Innovation Bond ETFs and Benchmark Market-Making Credit Bond ETFs: Benefiting from policy support and the expansion of issuers, sci-tech innovation bond ETFs have seen continuous enrichment in underlying assets. Benchmark market-making credit bond ETFs concentrate on high-quality, highly liquid benchmark bonds to improve trading and subscription-redemption efficiency. Segmented thematic products, including short-term commercial paper ETFs and LGFV bond ETFs, cater to diversified investor demands.

Chart 3

**Credit Bond ETF Composition (by Size)**



Note: Data as of December 31, 2025  
 Source:iFinD  
 Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

**3. Core Advantages of Credit Bond ETFs**

Compared to traditional bond funds, credit bond ETFs offer advantages such as T+0 trading, low fees, and high transparency, providing investors with a more flexible channel for credit bond

investment. Meanwhile, differences in trading mechanisms, fee structures, and investment approaches may influence investors' allocation choices.

**Passive Tracking:** Credit bond ETFs typically employ a passive indexing strategy, mainly tracking specific credit bond indices through sampling. This model also implies that portfolio performance is highly dependent on the underlying index construction logic and the quality of constituent securities. Net asset value (NAV) fluctuations reflect the index trend, with no scope for alpha generation via active management, but information transparency is higher.

**Diversification of Investment Targets:** The indices tracked by most credit bond ETFs cover dozens to hundreds of bonds, involving different issuers, industries, tenors, and credit ratings. This structure theoretically helps diversify the default risk of single entities and reduce portfolio volatility.

**Trading Mechanism Design:** Credit bond ETFs support real-time buying and selling on the secondary market and implement T+0 round-turn trading (bought on the same day can be sold on the same day), resulting in higher fund settlement efficiency.

**Fee Structure:** The total fee rate (management fee + custody fee) for credit bond ETFs is generally 0.2%, with no subscription or redemption fees. This offers a cost advantage compared to actively managed bond funds, especially in a low-interest-rate environment.

**New Public Fund Fee Rules Further Improve the Attractiveness of Credit Bond ETFs.** It is worth noting that on December 31, 2025, the CSRC officially issued the *Provisions on the Administration of Sales Expenses of Publicly Offered Securities Investment Funds*, which took effect on January 1, 2026. Under the new rules, redemption fees ranging from 0.5% to more than 1.5% are levied on over-the-counter bond funds held for less than six months, whereas credit bond ETFs are exempt from such requirements. Coupled with their inherent advantages of low costs, high liquidity, transparent portfolio holdings, and eligibility for pledged repo transactions, credit bond ETFs may become preferred alternatives for institutional investors such as bank wealth management products and insurance funds to manage costs, as well as to meet their liquidity management and tactical rebalancing needs.

Although domestic investors have rapidly embraced credit bond ETFs as efficient tools, the participation paths and considerations for cross-border investors are more complex.

## Part 2 Comparison of Onshore and Offshore Credit Bond ETFs: Constituent Characteristics and Foreign Allocation Differences

**I. Onshore Credit Bond ETFs:** 35 ETFs in existence, tracking 9 indices, covering around 2,065 underlying bonds involving 735 issuers. They are predominantly high-rated, led by central SOEs and LGFVs, with tenors focused in the 1–5 year bucket.

The underlying indices of onshore credit bond ETFs primarily focus on high-grade sci-tech innovation bond indices and benchmark market-making credit bond indices, including mainstream benchmarks such as the CSI/SSE/SZSE AAA Tech Innovation Corporate Bond Index and the SSE/SZSE Benchmark Market-Making Credit Bond Index. Meanwhile, certain products target niche segments by tracking specialized indices including the CSI Short-term Commercial Paper Index, SSE LGFV Bond Index, and CCDC Medium-to-High Grade Corporate Bond Spread Factor Index.

A key common feature of mainstream credit bond ETF underlying indices is their stringent credit quality requirements. Issuers or bonds in the constituent universe are generally required to hold an onshore AAA credit rating, anchoring the portfolios to low-risk credit assets while aligning with the allocation profiles and liquidity needs of ETF products.

From the perspective of index construction requirements, credit bond indices impose relatively strict standards on the credit rating and size of constituent bonds. However, in recent years, there has been a gradual relaxation trend regarding size thresholds.

Taking the compilation methodologies of the Benchmark Market-Making Credit Bond Indices and Technology Innovation Corporate Bond Indices published by the Shanghai and Shenzhen Stock Exchanges and CSI Index as examples:

Regarding size requirements, current benchmark market-making index rules generally set the issuance size or outstanding size threshold for bonds at RMB 1 billion to over RMB 2 billion. For instance, the SZSE requires corporate bonds with an outstanding size of over RMB 1.5 billion, or Sci-Tech Innovation Bonds, Green Corporate Bonds, or Corporate Bonds issued by Private Enterprises with an outstanding size of over RMB 1 billion. The SSE requires an issuance size of over RMB 2 billion, or a designated issuance size of over RMB 1.5 billion for Sci-Tech Innovation Bonds, Green Corporate Bonds, or Corporate Bonds issued by Private Enterprises. These thresholds represent a relaxation from earlier, higher requirements.

Regarding credit ratings, although some Sci-Tech Innovation Bond indices may set tiered standards for issuer ratings based on index levels, to date, the vast majority of indices linked to credit bond ETFs issued in the market require the issuer rating or bond rating to be AAA. Only the SSE LGFV Bond Index relaxes the rating requirement to AA-AAA. Furthermore, in terms of tenor dimensions, most current credit bond index compilation methodologies do not set a uniform hard lower limit on the remaining maturity of bonds, granting a certain degree of flexibility to the index.

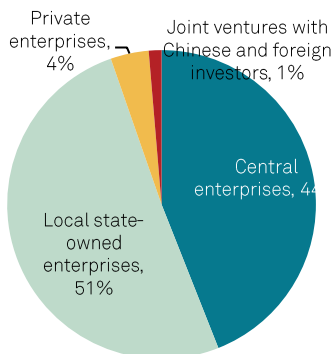
**While some credit bond indices include “investment grade” in their names, the classification criteria for investment-grade versus speculative-grade bonds in China’s bond market differ somewhat from international conventions (international rating of BBB-/Baa3 or higher).** On November 1, 2023, the National Financial Regulatory Administration issued the *Commercial Bank Capital Administration Rules* (Decree No. 4), which took effect on January 1, 2024. This marked the first regulatory-level definition of “investment-grade enterprises”, referring to enterprises that maintain adequate solvency even under adverse economic cycles and business conditions. In the market, “rated investment grade” is generally defined as an implied rating of AA or higher. (Under the CSI *Investment-Grade Corporate Credit Bond Index Series Methodology*, investment-grade corporate credit bonds are required to carry a credit rating of AA+ or higher, or a CSI implied rating of AA or higher). Indices such as the investment-grade corporate index and implied-rating investment-grade index have since been launched successively. We believe the divergence in investment-grade definitions between domestic and international markets reflects remaining differences between China’s onshore credit rating system and international rating frameworks.

**From the perspective of constituent characteristics, the underlying assets of domestic credit bond ETFs exhibit distinct features: high credit quality, dominance by central SOEs and LGFVs, and a high proportion of 1-5 year bonds.** This structure determines the low-risk background of the products while also granting them a certain degree of yield elasticity. We analyzed the 2,065 constituent bonds of credit bond ETFs currently on the market. Specifically, the issuers of constituent bonds are predominantly central SOEs and local SOEs, accounting for approximately 98% of the entities by count; credit quality is in the top tier of the market. Based on statistics from the top 5 bond holdings across all credit bond ETFs in the market, only one bond’s issuer has a rating of AA+, while the rest are AAA-rated, making high ratings nearly absolutely dominant.

In terms of tenor distribution, the index targets tracked by domestic credit bond ETFs are mainly 1-5 year bonds, with 3-year and 5-year tenors accounting for approximately 70%. This duration setting makes credit bond ETFs more duration-sensitive to interest rate movements. During an upward cycle of declining bond market interest rates, they can enhance returns through capital gains. During a rising rate phase, they may face some price volatility pressure due to longer duration, but due to their high-rated nature, credit spread volatility tends to be muted.

Chart 4

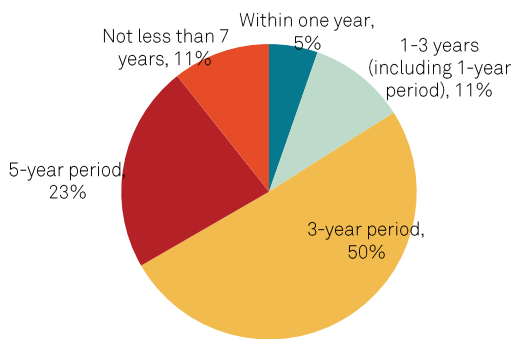
Corporate Nature of the Top Five Bond Issuers in Credit Bond ETFs



Note: According to the 2025 third-quarter report disclosed by funds. Source: iFinD Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

Chart 5

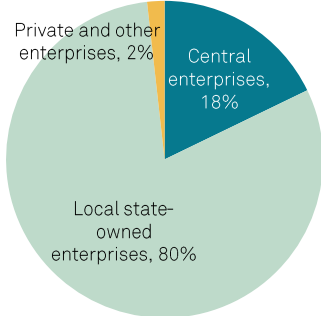
Maturity Profile of the Top Five Holdings in Credit Bond ETFs



Note: Based on the 2025 third-quarter report disclosed by funds, taking into account the exercise date Source: iFinD Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

Chart 6

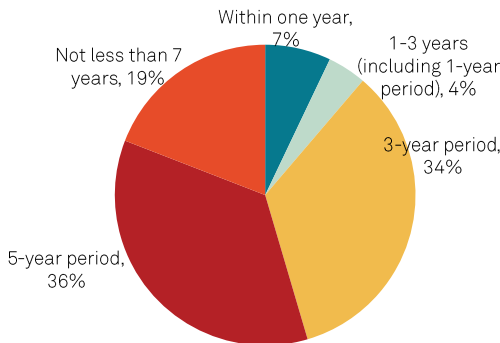
Corporate Nature Breakdown of All Constituent Issuers in Credit Bond ETFs



Note: Statistical analysis of the constituent bonds of all credit bond ETFs from January 6th to 7th, 2026 Source: iFinD Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

Chart 7

Maturity Profile of All Constituent Bonds in Credit Bond ETFs



Note: Statistically analyze the constituent bonds of all credit bond ETFs from January 6th to 7th, 2026, take into account the exercise date Source: iFinD Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

**II. Foreign ETF Investment in Chinese Credit Bonds: Focus on investment grade instruments, emphasis on information disclosure transparency, no significant preference regarding issuer type.**

ETFs serve as efficient conduits for international investors seeking exposure to China’s fixed-income market. However, dedicated offshore ETFs focusing on Chinese credit bonds remain scarce, with the majority of existing funds concentrating on sovereign debt or bundling Chinese bonds within broader Asia-Pacific or Emerging Market portfolios.

**1. Representative Foreign ETF Holdings Characteristics**

VanEck China Bond ETF (CBON), as an early foreign-issued ETF specifically focused on China’s onshore bond market and holding onshore credit bonds, its liquidation implies that major foreign investors no longer have dedicated ETF vehicles for significant onshore China credit bond exposure. CBON was the first ETF in the U.S. market focused solely on China’s onshore bond market, listed on NYSE Arca in 2014. However, due to persistently low fund asset size and sustained insufficient secondary market liquidity, VanEck terminated the product in October 2025, ceased trading and entered liquidation. CBON’s constituents comprised over 30% onshore credit bonds, with the remainder being government bonds and policy bank bonds. Unlike other existing

foreign China bond ETFs that generally focus on government bonds and policy bank financial bonds, or only include Chinese corporate bonds as components of Asia-Pacific/Emerging Market bond portfolios, CBON focused on China's onshore bond market, heavily holding high-grade credit bonds. Its issuers included central SOEs, local SOEs, and private enterprises, providing direct and concentrated exposure to the risk-return characteristics of China onshore credit bonds. Before liquidation, CBON's size was approximately USD 18.23 million. CBON's liquidation highlights that onshore market credit bond ETFs still face challenges regarding foreign investor base, liquidity construction, and product sustainability.

**Existing foreign ETF allocation to Chinese corporate bonds exhibits a clear offshore orientation, primarily focusing on Chinese USD bonds, with less direct participation in the onshore interbank market.** Among them, the iShares USD Asia Investment Grade Corporate Bond UCITS ETF invests in USD-denominated investment-grade corporate bonds issued in Asia (excluding Japan). Chinese corporate bonds account for approximately 31%, corresponding to a market value of about USD 78 million, including 53 Chinese issuers (calculated based on the underlying credit entity after look-through, the same below). The iShares J.P. Morgan Emerging Markets Corporate Bond ETF's investment constituents include some Chinese corporate bonds (approx. 6.5%), with a market value of about USD 25 million, including 43 Chinese issuers, but these are also primarily investment-grade USD bonds.

Although the overseas market saw sporadic issuance of China-focused credit bond ETFs during 2014-2015 and 2018-2021, activity in this segment has largely stagnated in recent years. Key details regarding select foreign ETFs with exposure to Chinese bonds are outlined below:

Table 1

ETF Name	Issuer	Investment Target	Fund Launch	Fund Size (USD)	Benchmark Index
VanEck China Bond ETF (Closed)	VanEck	The weights of government bonds, policy financial bonds and credit bonds in the onshore market of China are approximately 25%, 38% and 35% respectively.	11/10/2014	-	FTSE Chinese Broad Bond 0-10 Years Diversified Select Index
iShares China CNY Bond UCITS ETF ( CNYB )	iShares	Invest in investment-grade bonds denominated in RMB issued by the Ministry of Finance of China and policy banks	7/24/2019	1,953,799,291	Bloomberg China Treasury + Policy Bank Index
iShares China CNY Govt Bond UCITS ETF	iShares	Mainly Chinese government bonds	4/26/2021	15,022,058	FTSE Chinese Government Bond Index (USD)
iShares \$ Asia Investment Grade Corp Bond UCITS ETF	iShares	Investment-grade corporate bonds denominated in US dollars issued in the Asian region (excluding Japan), screened according to ESG standards. Among them, the proportion of domestic credit bonds in China was 31.38%, mainly offshore bonds.	11/8/2021	247,592,659	Markit iBoxx USD Asia ex-Japan Corporates Investment Grade ESG SC Index (USD) Markit iBoxx
iShares J.P. Morgan EM Corporate Bond ETF	iShares	Mainly invests in dollar-denominated emerging market corporate bonds (investment grade, high-yield grade), covering bonds issued by companies and quasi-sovereign issuers in emerging market countries/regions. Includes some Chinese corporate bonds (approximately 6.5%, mainly offshore dollar bonds)	4/17/2012	390,587,137	J.P. Morgan CEMBI Broad Diversified Core Index

Note: Only a portion of the overseas ETFs investing in Chinese bonds are listed.

Source: Public information (data as of December 18th - 20th, 2025), compiled by S&P Global (China) Ratings.

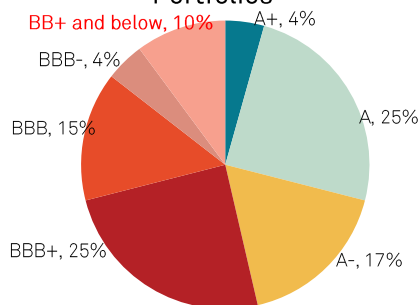
## 2. Core Differences in Onshore vs. Offshore ETF Holdings: AUM, Issuer Coverage, Credit Ratings, Enterprise Nature, and Disclosure

By sorting through holdings data, we find differences between onshore and foreign ETFs in their allocation to Chinese credit bonds:

- Existing foreign ETFs mainly allocate to offshore Chinese credit bonds, with limited overall scale. Their investment in Chinese USD bonds is generally only in the tens of millions of USD, far smaller than the average single ETF scale of over RMB 10 billion for onshore credit bond ETFs. Furthermore, most foreign investment-grade corporate bond ETFs do not include Chinese bonds or only allocate a small proportion. We believe the reasons lie in rating differences and liquidity issues. Meanwhile, according to our statistics, mainstream foreign ETFs cover approximately 70 Chinese bond-issuing entities, whereas the 35 onshore credit bond ETFs collectively cover 735 issuers. The former is less than one-tenth of the latter, showing limited breadth of coverage.
- International Investment Grade Rating: The vast majority of Chinese companies held in foreign ETF portfolios have ratings from at least one international rating agency. Over 90% have international investment-grade ratings (BBB-/Baa3 or higher) from S&P, Moody's, Fitch, etc., far higher than the international rating coverage of onshore credit bond issuers; most onshore ETFs require an onshore rating of AAA.
- Higher Information Disclosure Standards: Among companies held in foreign ETFs, the proportion of listed companies reaches 64%, mainly A-share or H-share listed companies, with H-share listed companies accounting for over 40%. We attribute this to their adoption of International Financial Reporting Standards (IFRS), English-language disclosure of announcements, and information disclosure practices (in terms of level, content, and language) that are better aligned with the needs of foreign institutional investors—thereby reducing cross-border information asymmetry costs.
- No Clear Ownership Preference: The proportion of private enterprises among companies held in foreign ETFs reaches 26%, significantly higher than in onshore ETFs. This difference stems from two aspects: foreign investors have no significant preference for SOEs/private enterprises—international investors focus more on individual corporate credit fundamentals rather than ownership attributes; under a market-oriented pricing mechanism, high-quality private enterprise bonds may offer more attractive spreads, aligning with foreign investors' careful consideration of the match between return and risk.

Chart 8

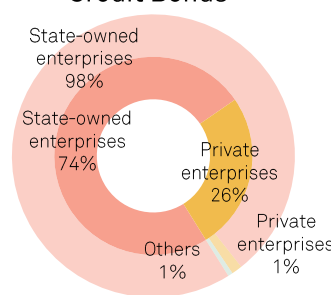
**Credit Rating Distribution of Chinese Issuers in Overseas ETF Portfolios**



Note: Take the lowest of the issuer's ratings from S&P Ratings, Moody's and Fitch.  
 Source: Public information, compiled by S&P Global (China) Ratings.  
 Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

Chart9

**Corporate Entity Profile: Chinese vs. Foreign-Issued ETFs' Holdings of Chinese Credit Bonds**



Note: The outer circle represents domestic credit bond ETF-held issuers, and the inner circle represents those targeted by foreign ETFs.  
 Source: iFinD, compiled by S&P Global (China) Ratings.  
 Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

## Part 3 Drivers and Obstacles for Foreign Investors Increasing Allocation to Chinese Credit Bonds

We believe the Chinese credit bond market exerts multifaceted impacts on foreign investor participation, spanning asset diversification, return characteristics, and the institutional environment. These impacts are specifically reflected in the following aspects:

First, diversification benefits from low correlation. Owing to the relative independence of China's economic cycle and monetary policy, both onshore and offshore Chinese investment-grade credit bonds exhibit low correlation with global aggregate bond indices, serving as an effective source of risk diversification for global portfolios.

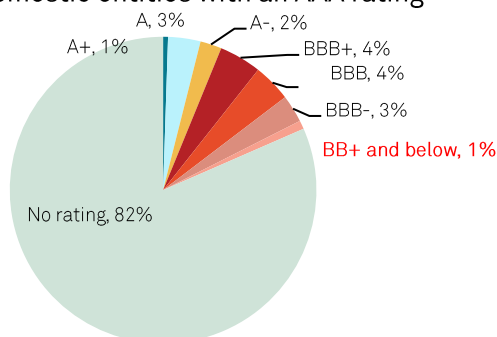
Second, dual returns from coupon and exchange rate. Currently, yields on China's high-grade credit bonds still maintain a comparative advantage amid the global low-yield environment. For foreign investors, however, total returns also depend on exchange rate fluctuations and hedging costs. Additionally, while the number of Chinese enterprises with international ratings remains limited, China boasts a large pool of potential investment-grade issuers—including numerous high-quality central SOEs, local SOEs, and leading private enterprises across various industries—whose credit bonds still offer substantial potential for yield discovery.

Third, continuous market opening. In December 2025, the Shanghai Stock Exchange, Shenzhen Stock Exchange, and China Central Depository & Clearing Co., Ltd. (ChinaClear) explicitly supported foreign institutions' participation in bond repo transactions, enhancing their liquidity management capabilities. Combined with measures such as the expansion of Bond Connect, optimization of the Swap Connect operating mechanism, and further facilitation of the Qualified Foreign Investor (QFI) scheme, the ease of foreign participation continues to improve.

We believe that while the Chinese credit bond market holds significant allocation potential, transitioning from "investable" to "core overweight" hinges on further breakthroughs in key areas, including enhanced rating transparency and improved product liquidity. On one hand, discrepancies exist between onshore and international rating systems and analytical methodologies. The issuer base of Chinese credit bonds is predominantly concentrated in three rating categories—AAA, AA+, and AA—making direct comparison with the rating frameworks familiar to international investors challenging. This mismatch sometimes results in apparent inconsistencies: for instance, a foreign-issued high-yield corporate bond-themed ETF may hold Chinese entities with onshore AAA ratings. According to our statistics, over 80% of onshore AAA-rated entities do not have international ratings, and fewer than 20% have obtained international investment-grade ratings.

Chart 10

The distribution of international ratings for domestic entities with an AAA rating



Note: 1. Select the entities that have received an internal rating of AAA since December 2024. 2. The international ratings obtained by these entities since 2023 have been statistically analyzed. The international rating is taken as the lower one.

Source: Public information, compiled by S&P Global (China) Ratings.  
Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved.

Furthermore, regarding corporate credit quality analysis methods, onshore credit bond issuers are predominantly SOEs, and their credit quality is significantly influenced by local governments, especially for LGFVs. This aspect could be a major obstacle for foreign investors' understanding. Meanwhile, cross-border differences in information disclosure further increase the cost of risk identification: except for H-share listed or red-chip companies, most onshore bond issuers do not disclose English-language annual reports. The level of information disclosure for non-listed companies is relatively lower, and they generally adopt Chinese Accounting Standards, which differ from IFRS or US GAAP.

On the other hand, although credit bond ETFs enhance trading convenience, the liquidity of their underlying assets is polarized. According to our statistics, the market liquidity of onshore credit bond ETF constituents is highly concentrated in short-term, AAA-rated bonds issued by central SOEs and LGFVs. Approximately half of the bonds are not actively traded (average daily trading volume below RMB 50 million in 2025), which to some extent constrains the function of ETFs as highly liquid allocation tools.

This report does not constitute a rating action.

Please follow our WeChat Official Account to explore more:



Copyright © 2026 by S&P Ratings (China) Co., Ltd. All rights reserved. S&P Ratings (China) Co., Ltd. ("S&P Ratings") owns the copyright and/or other related intellectual property rights of the abovementioned content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content). No Content may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Ratings. Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel. The Content shall not be used for any unlawful or unauthorized purposes. S&P Ratings and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively "S&P Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P Ratings' opinions, analyses, forecasts and rating acknowledgment decisions (described below) are not and should not be viewed as recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Ratings assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and / or clients when making investment and other business decisions. S&P Ratings does not act as a fiduciary or an investment advisor except where registered as such. While S&P Ratings has obtained information from sources it believes to be reliable, S&P Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses. S&P RATINGS IS NOT PART OF THE NRSRO. A RATING ISSUED BY S&P RATINGS IS ASSIGNED ON A RATING SCALE SPECIFICALLY FOR USE IN CHINA, AND IS S&P RATINGS' OPINION OF AN OBLIGOR'S OVERALL CREDITWORTHINESS OR CAPACITY TO MEET SPECIFIC FINANCIAL OBLIGATIONS, RELATIVE TO THAT OF OTHER ISSUERS AND ISSUES WITHIN CHINA ONLY AND PROVIDES A RANK ORDERING OF CREDIT RISK WITHIN CHINA. AN S&P RATINGS' RATING IS NOT A GLOBAL SCALE RATING, AND IS NOT AND SHOULD NOT BE VIEWED, RELIED UPON, OR REPRESENTED AS SUCH. S&P PARTIES ARE NOT RESPONSIBLE FOR ANY LOSSES CAUSED BY USES OF S&P RATINGS' RATINGS IN MANNERS CONTRARY TO THIS PARAGRAPH. To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P Ratings reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. S&P Ratings disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof. S&P Ratings keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P Ratings may have information that is not available to other S&P Ratings business units. S&P Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. S&P Ratings may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Ratings reserves the right to disseminate its opinions and analyses. S&P Ratings' public ratings and analyses are made available on its Web site [www.spgchinaratings.cn](http://www.spgchinaratings.cn), and may be distributed through other means, including via S&P Ratings' publications and third-party redistributors.