

## Lianhe Global's 2020 Business Review

2020 is the most challenging year for many fixed income market participants, including Lianhe Ratings Global Limited (“Lianhe Global” or “the Company”). However, with the support and encouragement of the international bond market participants, Lianhe Global was still able to thrive in the Chinese US dollar bond market. We would like to make use of this opportunity to thank all of you. We also hope to share with you our achievements this year.

In the past 3 years or so, Lianhe Global has grown significantly in the Chinese US bond market especially in the Real Estate and Local Government Financing Vehicles (“LGFVs”) sectors. In 2020, Lianhe Global rated USD 6.47 billion worth of bonds totaling 27 transactions. This is far ahead of the other Chinese offshore credit rating agencies in the cross-border bond market. During the same period, Lianhe Global's assigned and published global scale issuer credit ratings (all solicited) include not only corporates but also our first non-bank financial institution - Lionbridge Capital Co., Limited.

The rated bonds were issued by Golden Wheel, Yuzhou Group, Logan Group, Yango Group, Zhengzhou Urban Construction, Redsun Properties, LVGEM, Qingdao City Construction, Radiance Group, China Aoyuan, E-House, Fujian Yango, Zhongliang Holdings, Yincheng International, CIFI Holdings, and Jingrui Holdings. All the bond ratings assigned by Lianhe Global are solicited. These bond issuances were well-received by the market with the final total subscription amount far exceeding the total issuance amount.

As a homegrown international rating agency, Lianhe Global possesses unique local insight and understanding about the Chinese government framework and business environment in which Chinese issuers operate, enabling us to provide investors a different perspective from the big three U.S. rating agencies. Our international expertise and professionalism mirror the big three international rating agencies as about 70% of our current employees have previously worked for the international rating agencies in Asia for a substantial period of time.

In May 2020, Lianhe Global was named the “Best Chinese Offshore Ratings Agency” in FinanceAsia's China Awards. This is the second consecutive year that Lianhe Global received this honor. We were also named the Rating Agency of the Year – Global in China in February 2020 by The Asset in its “Triple A Rating Agency of the Year Awards 2019”. These awards demonstrate the recognition of the added value brought by Lianhe Global to the Chinese offshore bond markets arena. Our analytical excellence and investor outreach are highly valued by market participants in better understanding the credits of Chinese offshore bond issuers. In the “2019 Best Chinese USD Deals and Outstanding Institutions” online poll conducted by Wall Street Trader App /SereSbond in March 2020, we won two out of the three awards for the Chinese rating agencies, namely “Outstanding Chinese Agency for Chinese Companies' USD Bonds” and “Outstanding Chinese Rating Agency for Chinese Companies USD Bonds - Real Estate Sector”. The result of this voting symbolizes the recognition of Lianhe Global by Chinese USD bond market participants, and also gives us great

encouragement to continue serving Chinese dollar bond market participants with local China insight.

Lianhe Global has published non-rating commentaries in various industry sectors in order to share our views on relevant industry developments. We also regularly update our views on regulatory changes and critical credit events. In February 2020, we shared our opinions on China's economic structural adjustment in COVID-19 outbreak, and the credit polarization in the Chinese property industry is expected to exacerbate as a result of the outbreak. In March 2020, we published our report on the impact of COVID-19 on Chinese LGFV USD bond issuers. In July 2020, we published our mid-year review reports on Chinese property developers and Chinese LGFVs. In September 2020, we published our commentary on the 2020 interim results of our rated property developers. In December 2020, we released commentaries on the common credit attributes of investment-grade Chinese property developers and contracted sales figures are a better indicator than revenue when analyzing the credit of Chinese property developers. All our reports and commentaries are distributed to Chinese US dollar bond market participants including investors, bankers, issuers and financial media professionals.

Lianhe Global also regularly provides outreach to offshore bond investors through one-on-one meetings, round table discussions and conferences. In June 2020, we held an online 3C meeting on Chinese Real Estate sector in collaboration with Wind Information (Hong Kong) Co., Ltd. In the same month, we co-organised another online summit on the Chinese USD bond market with Duration Finance and Central Wealth Securities Investment Limited. There were over 500 market participants in these two online events. In November 2020, we co-organised an online forum with Wall Street APP focusing on the topic of China property US dollar bond market and invited five well-known guests to share their view and analysis on the opportunities and challenges of the China property sector from different perspectives of issuers, investment banks, investors and rating agencies. More than 340 different issuers, investors, bankers and other market participants joined the online forum. The high turnout rate in our events show that our analysis and opinions are highly valued by market participants.

In addition, Lianhe Global actively participates in third-party investor events every year as speakers or panelists. In October 2020, our CEO was invited by FinanceAsia to have a one-on-one Q&A session at the 2<sup>nd</sup> China Fixed Income Summit to share his opinions on raising ratings standard in China, and he also joined the Asia Credit Summit held by Bank of America Securities as a panelist to share his views on how to navigate in the US\$13tn China's onshore & offshore bond market. In December 2020, our Head of Corporate Ratings was invited to be a keynote speaker on the rating considerations of single B rated China property issuers at a conference organised by Dealing Matrix International and CRIC Securities.

Lianhe Global conducts an investor survey on the Chinese offshore bond market at the beginning of each year to understand investors' views. For this year, we covered 5 parts in our survey: General Questions, Views on Macroeconomy, Views on China's Onshore Bond Market, Views on the Kung Fu Bond Market, and the Investment Strategy in the Kung Fu Bond

Market. We collected the opinions and feedbacks from 32 one-on-one investor calls/meetings and published 2 summarized reports.

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Ai Renzhi, Director  
Stan Ho, Director

### **Lianhe Global Management Team**

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Joyce Chi, Managing Director, Business Development  
Alex Kung, Senior Director, Analytical  
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