

## **Lianhe Global “China’s Credit Bond Market Update: A Ratings Agency Perspective” Conference Call Was Successfully Held**

On 15 March 2022, Lianhe Ratings Global Limited (“Lianhe Global”) was invited to deliver a presentation in the “China’s Credit Bond Market Update: A Ratings Agency Perspective” conference call organized by a famous U.S. international investment bank. In this 75-minute call, Lianhe Global representatives shared the credit rating development of the Chinese onshore bond market, the credit outlook of the Chinese property, local government financing vehicles (“LGFVs”) and other major sectors, and the market development of panda bonds.

As the Chief Executive Officer of the largest Chinese offshore credit rating agency, Dr. Stan Ho firstly provided an introduction of Lianhe Global and explained the rating mapping of the onshore and offshore ratings to the audience.

Regarding the rating development of the Chinese onshore bond market, Ben Yau, the Director of Lianhe Global, explained that the rating scale ranging from AA to AAA is not differentiating enough to be useful for the market participants. He believed that the regulator is expecting to see more differentiation among different credit profiles in order to internationalize the market. Regarding the industry outlook, for the property sector, he stated that the general direction of the strict policies by the government would remain unchanged but relaxation on individual province/city policies would be possible. For the LGFV sector, he shared that the repayment pressure of LGFVs’ onshore bonds in 2022 would remain. Under the long-term initiative to curb implicit debt, credit polarization in the sector would intensify. When it comes to panda bonds, Ben witnessed a record high issuance of panda bonds in 2021, due to the increasing participation of super sovereign institutions and sovereign government issuers such as the Asian Development Bank and the Hungarian government, etc.

### **About Lianhe Global**

Lianhe Global is a Type 10 license holder approved by the Hong Kong Securities and Futures Commission to provide credit rating services. Lianhe Global has assigned international issuer ratings (all solicited) to over 30 corporate and LGFV issuers and has rated 87 deals worth USD 21 billion of Chinese offshore bonds, making it the largest Chinese offshore credit rating agency.

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institutions such as multilateral institutions, sovereigns, local governments, financial institutions and corporates, and the issuance ratings of the fixed income securities, structured finance products and asset-backed securities issued by the aforementioned issuers.

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