

PBOC Encourages Chinese Issuers to Issue Offshore Bonds with a Chinese International Rating Agency

Recently, the Business Administration Department of the People's Bank of China ("PBOC") published "Action Plan for Promoting the High-quality Development of Beijing's Credit Information System" ("the Action Plan"), stated that "issuers are encouraged to choose two or more rating agencies for credit ratings, to achieve dual- or multi-rating in order to prevent information asymmetry. We encourage local government financing vehicles, financial institutions and corporate bond issuers to use the rating services of Chinese rating agencies when issuing offshore bonds. In the Chinese USD bond market, we encourage issuers to use at least one Chinese rating agency, in order to raise the influence of Chinese rating agencies in the international capital markets."

In this regard, Dr. Jenny Ai, the Vice Chairman of the Board of Lianhe Ratings Global Limited ("Lianhe Global"), said, "this action plan is a further response to the document 'Opinion in Promoting the High-quality Development of Social Credit Information System' ("the Opinion") published by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on March 29, 2022. The Opinion aims to cultivate Chinese credit rating agencies with international competitiveness. The Action Plan proposes some specific measures. Its announcement will be conducive to Chinese rating agencies in expanding ratings business overseas, accumulating international rating business experience, and building their competitiveness and reputation in the international markets. Compared with the three major international rating agencies, Chinese rating agencies have a deeper understanding of the domestic economic environment and political system, and the credit profiles of different industries and corporates. Also, they have a more accurate interpretation of the credit risks of different types of issuers in the Chinese market. Overseas expansion of Chinese rating agencies can help reveal the credit risks of Chinese corporates more accurately, and can provide more credit information to the market. Hence, foreign investors can better allocate their assets portfolio. It is also conducive to the safety and stability of the offshore debt financing channels for Chinese enterprises."

Lianhe Global has published 45 issuer ratings and 90 Chinese offshore USD bond ratings, covering a cumulative amount of over USD22.5 billion of Chinese offshore USD bonds. It accounts for more than 5% market share of the total rated Chinese offshore bond issuance, making it the largest Chinese international rating agency. Lianhe Global has been awarded "Best Chinese Offshore Ratings Agency" by FinanceAsia for four consecutive years, "Best Chinese Rating Agency for Chinese USD Bonds" by Wall Street Trader APP/SereS for three consecutive years, and "Rating Agency of the Year - Global" by the Asset in the Triple A Rating Agency of the Year Awards 2019's China Country Award. Lianhe Global has always been promoting the open, progressive and scientific professionalism, and is committed to serving Chinese corporates in developing their offshore financing channels, and providing professional, objective and insightful rating services to international investors. In a nutshell, it is the mission and responsibility of Lianhe Global to enhance the competitiveness of Chinese credit rating agencies in the international markets.

Note: This press release is an English translation. If there is any discrepancy between this and the Chinese press release, please refer to the Chinese press release published by Lianhe Global on 15 July, 2022. (中国央行鼓励中资发行人在境外融资时选聘一家中资国际评级机构)

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