

# General Corporate Criteria: Addendum

## Rating Criteria

### Purpose

Lianhe Ratings Global Limited's ("Lianhe Global") current general corporate criteria were published on 31 December 2021. This addendum primarily elaborates on factors we consider in relation to financial forecasts when assigning ratings to general corporates in the "Financial Analysis" section under the current general corporate criteria. Specifically, under certain circumstances, the performance of financial projections may not be relevant or meaningful from an analytical standpoint.

No changes to our existing ratings are expected as a result of the publication of this addendum, as it primarily relates to further elaboration of the current criteria published on 31 December 2021.

### Scope of the Criteria

Lianhe Global applies the general corporate criteria to corporate entities that are not in the industry of banking, non-bank finance, regulated monopolies (i.e., utilities), not-for-profit, providing public and government services.

The general corporate criteria do not represent a comprehensive coverage but only address key rating factors to form our credit opinions and will be reviewed periodically.

### Overview

While the Financial Analysis section is the quantitative part of the analysis to gauge primarily the future financial metrics of a corporate entity, Lianhe Global allows marginal adjustments to account for forward-looking nature of forecasts, as well as the expected quality of the balance sheet of a corporate entity.

However, there may be circumstances where the performance of financial projections is not relevant or meaningful, primarily because of factors such as availability of granular level of financials (especially on an operational level), reformational events such as evolving roles or functions or business nature of a corporate entity, or a business nature with notable reliance on policy directions or governmental guidance.

In these cases, we believe realistic and reasonably predictable assumptions may not be available. As such, financial forecasts may not provide a realistic view of the credit outlook of the issuers, in our view, and we do not apply financial forecasts to these corporate entities in our financial analysis.

If no financial forecasts are considered, we analyze the quantitative part of the financial analysis over a period of 3 fiscal years, and we put more emphasis on the current (latest) fiscal year and the two preceding fiscal years. We weigh 70% for the current (latest) fiscal year and 30% in total for the two preceding fiscal years. If quarterly or semi-annual financials are available post the end of the latest fiscal year, we will also take the trends into considerations when performing our analysis.

The table below illustrates the weight distribution of the financial metrics over a period of 3 fiscal years:

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Fiscal Year	Current (Latest) Fiscal Year minus 2	Current (Latest) Fiscal Year minus 1	Current (Latest) Fiscal Year	Total
Weight	10.0%	20.0%	70.0%	100.0%

In addition, regarding the liquidity assessment under Qualifiers, we make reference to historical financials if no financial projections have been performed.

Other parameters such as Static Quantitative Factors and respective ratios score distribution under the current general corporate criteria will remain the same even when no financial projections are being performed.

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