

Lianhe Global Participated in “HKIFA Panel for the Media - China Bond Market” Press Briefing held by HKIFA

HONG KONG, 13 May 2024 - Lianhe Ratings Global Limited (“Lianhe Global”) participated in the “HKIFA Panel for the Media - China Bond Market” face-to-face press briefing organized by the Hong Kong Investment Funds Association (“HKIFA”) on 9 May 2024. Mr. Terry Gao, the Chief Executive Officer of Lianhe Global, participated in a panel discussion and Q&A session about the China bond market and the development of the Chinese credit rating industry. Dr. Jenny Ai, the Vice Chairman of the Board at Lianhe Global, Ms. Joyce Chi, Managing Director and Head of the Business Development Department at Lianhe Global, Ms. Ada Dai, the Chief Executive Officer at Lianhe Green Development Co., Ltd. and other Lianhe Global colleagues also attended the event. The session attracted about 40 financial media journalists.



Mr. Gao firstly shared his views on the “5 Measures on Capital Market to Work with Hong Kong” announced by the China Securities Regulatory Commission. Incorporating REITs into the Stock Connect can further enrich the product types under the Stock Connect. He believed that the major difference between China and Hong Kong REITs was the underlying assets. Hong Kong REITs focuses on retail, hotel, and office assets, while China REITs have a high entry barrier. They mainly include relatively high-quality assets such as industrial parks and sewage treatment. This will bring more investment choices to investors, and as more investors

join in, it is expected to improve the liquidity of REITs in both markets. China has a huge amount of infrastructure assets in stock, such as toll roads, industrial parks, and sewage treatment plants, and a large part of which are held by local governments or state-owned enterprises. Given the policy of resolving local government debts, a more active REITs market with wider investor base is conducive to revitalizing the existing assets and reducing debt burdens.

After that, Mr. Gao highlighted the rapid growth of the Chinese international rating agencies. He used the new issuer rating number and existing issuer rating coverage growth number to illustrate the gaining importance of Chinese international credit rating agencies in the Chinese offshore bond market. He additionally mentioned about the consultation paper “About Supporting High-Quality Enterprises to Borrow Medium and Long-Term Foreign Debt to Promote High-Quality Development of the Real Economy” announced by the National Development and Reform Commission of China (“NDRC”) in March 2024. The paper specifies more detailed and clearer requirements on international ratings for Chinese issuers when issuing foreign debts. He expected that more and more SOEs and financial institutions to use Chinese international rating agencies.

During the Q&A session, when Mr. Gao was asked about the competitive edges of Chinese international rating agencies over the Big 3, he emphasized the inside-out insights offered by Chinese rating agencies. Lianhe Global has extensive experience in China credits, and has a deep understanding of the characteristics of China’s economy, providing an insider perspective and use international ratings language to convey issuers’ credit risks. Moreover, each senior management in Lianhe Global on average has an over 10 years of work experience in the Big 3 rating agencies across various sectors and products. Hence, he believed that Lianhe Global can deliver down-to-earth rating results and opinions that align with international standards.

Dr. Jenny Ai was also interviewed by reporters and was asked about her views on the internationalization of Chinese rating agencies. Dr. Ai replied that the internationalization of Chinese rating agencies requires the agencies themselves to establish rating standards which are globally applicable and align with the international standards. They have to expand their operating geographical locations, and gradually test and improve their rating scales and methodologies, in order to meet the needs of global investors on credit risks management.

About Lianhe Global

Lianhe Global was founded in 2017 in Hong Kong and is a wholly-owned subsidiary of China Lianhe Credit Rating Co., Ltd. (“Lianhe Ratings”). As the international credit rating arm of the Lianhe company group, Lianhe Global is a Type 10 license holder approved by the Hong Kong Securities and Futures Commission to provide credit rating services. We are the first and only Chinese international rating agency to publish over 100 ratings for both issuers and issuances. Lianhe Global has been named the “Best Chinese Offshore Ratings Agency” for years by many financial media including Euromoney Group, FinanceAsia, CorporateTreasurer, DMI, Wall Street Trader APP/SereS and the Assets. Lianhe Global has been adhering to the motto of open-mindedness, diligence, and professionalism, and is committed to serving the capital market needs of debt issuers, and providing professional, objective, and valuable credit insights for international investors. Improving the competitiveness of indigenous Chinese rating agencies above and beyond China in the international capital market is our mission and ambition.

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