

## **Lianhe Global Is the Largest China Offshore Credit Rating Agency in Chinese Offshore Bond Market in the First Half of 2019**

Lianhe Ratings Global Limited (“Lianhe Global” or “the Company”) rated 3.15 billion USD bonds in the first half of 2019, making Lianhe Global the largest China offshore credit rating agency in Chinese offshore bond market. Meanwhile, Lianhe Global has assigned and published global scale issuer credit ratings (all solicited) to nine issuers, i.e. Liangshan Development (Holdings) Group Co., Ltd. (“Liangshan”), Yuzhou Properties Company Limited (“Yuzhou Properties”), CIFI Holdings (Group) Co. Ltd., Logan Property Holdings Company Limited (“Logan Property”), Jingrui Holdings Limited (“Jingrui”), Redsun Properties Group Limited. (“Redsun”), Yango Group Company Limited (“Yango”), Qingdao City Construction Investment (Group) Limited, and Fujian Yango Group Co., Ltd.

The rated bonds were issued by Yuzhou Properties, Logan Property, Jingrui, Redsun, Yango and Liangshan. Yuzhou Properties issued 3-year USD500 million bonds with a coupon rate of 8.625% and 4-year USD500 million bonds with a coupon rate of 8.5% in January 2019. Yuzhou Properties further issued 5-year USD500 million bonds with a coupon rate of 8.5% in February 2019. Logan Property issued 3.5-year USD300 million bonds with a coupon rate of 7.5% in February 2019. Jingrui issued 2-year USD200 million bonds with a coupon rate of 10.875% in April 2019. Redsun issued 3-year USD300 million bonds with a coupon rate of 9.95% in April 2019. Yango issued 3-year USD300 million bonds with a coupon rate of 10.25% in June 2019. Liangshan issued 3-year USD300 million bonds with a coupon rate of 7% in June 2019. Redsun issued 3-year USD250 million bonds with a coupon rate of 10.5% in June 2019. 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 angle from the big three U.S. rating agencies. Our international expertise and professionalism are in line with big three international rating agencies as about 72% of our current employees used to work at the international rating agencies in Asia for a substantial period of time.

Lianhe Global has published non-rating commentaries in various industry sectors, including Chinese property developers, Chinese local government financing vehicles (“LGFVs”), banks and non-bank financial institutions to timely provide our views on the relevant industry developments, regulatory changes and critical credit events. We published outlook reports on Chinese property developers, LGFVs and financial leasing companies in January 2019 and we shared our opinion on Qinghai Provincial Investment Group which missed its interest payment on 22 February 2019. We published translated summaries of China Lianhe’s reports including China onshore bond market 2018 default study and 2019 outlook, asset-backed

securities market in China and China green bonds in March 2019, and 1Q2019 Chinese offshore USD bonds and recovery research of 2018 onshore RMB bond defaults in May 2019. We published commentaries on China ensuring a suitable monetary and financial environment to support the economic growth, Chinese property market mid-year review, and factors to consider when analyzing Chinese property developers in June 2019. 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 outreaches to offshore bond investors through one-on-one meetings and conferences and has met more than 180 investors. In the first half of 2019, we held two conferences in March 2019 - "China's Local Government Financing Vehicle Industry Conference" with a top U.S. investment bank and "China's Local Government Financing Vehicle Industry & Property Developer Industry Conference" with a leading private bank in Hong Kong. Furthermore, we held one conference in June 2019 - "How to Interpret China's Local Government Financing Vehicle Industry" with Guotai Junan International Holdings Limited. About 230 guests attended these three events. Our CEO also accompanied Vanguard to visit our parent group's Beijing office in January 2019 in order to share onshore and offshore bond market intelligence.

In addition, Lianhe Global actively participates in third-party investor events as speakers or guests. In 1H2019, we presented the development of Chinese offshore bond market in the conference organized by our affiliated onshore rating agencies in January 2019. Our CEO shared his views on the onshore and offshore rating during The China Debt Capital Markets Summit 2019 in Beijing organised by Euromoney/Global Capital in March 2019. Our senior analytical team was invited as one of the speakers in a USD dollar Bond Market Summit held by Haitong International Securities Company Limited in Chengdu along with our investor coverage team in April 2019. Our Business Development team also attended a few industry events including RMB FIC Pan-Asian Conference hosted by Hong Kong Stock Exchange, and Chinese Offshore USD Bond Summit hosted by Wall Street APP to share our unique perspective with the other market participants.

Lianhe Global summarised the most commonly asked questions by investors and our feedback in the report "Offshore Investors' Top 10 Questions about the Credit Profiles of Chinese Bond Issuers" published in January 2019. Another report "2019 Chinese Offshore USD Bond Investor Survey Report" was published in February 2019 after we conducted a survey and collected the feedback from 24 one-on-one meetings with Chinese offshore USD bond investors in Hong Kong.

Lianhe Global is a wholly-owned subsidiary of Lianhe Credit Information Service Co., Ltd. ("Lianhe Group"). Lianhe Group has about 20 years of operating history in China, and is the second largest credit rating agency onshore. Lianhe Group, through Lianhe Ratings and United Ratings, has rated more than 30% of the issuers in the interbank market and the exchange market in China and trillion yuans of onshore bonds.

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