

Lianhe Global Has Become the Fourth-Largest International Rating Agency in Chinese Offshore USD Bond Market

Lianhe Ratings Global Limited (“Lianhe Global” or “the Company”) has rated 1.8 billion USD bonds since the company was granted a type 10 license, Providing Credit Rating Services by the Securities and Futures Commission in July 2018. This makes Lianhe Global the fourth-largest international credit rating agency in Chinese offshore USD bond market. Meanwhile, Lianhe Global has assigned and published global scale issuer credit ratings (all solicited) to four issuers, i.e. Liangshan State-Owned Investment & Development Co., Ltd., Yuzhou Properties Company Limited (“Yuzhou Properties”), CIFI Holdings (Group) Co. Ltd. and Logan Property Holdings Company Limited (“Logan Property”).

The rated bonds were issued by Yuzhou Properties and Logan Property. 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. 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 70% of our current employees used to work at the international rating agencies in Asia for a substantial period of time.

Lianhe Global has published several rating criteria and 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 recently we shared our opinion on Qinghai Provincial Investment Group which missed its interest payment on 22 February 2019. All our reports 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 200 investors. We held two conferences in December 2018 - “China’s Local Government Financing Vehicle Industry Conference” (jointly held with Guotai Junan International Holdings Limited) and “China’s Property Developer

Industry Conference”, and accompanied Vanguard to visit our parent group’s Beijing office in January 2019.

In addition, Lianhe Global actively participates in third-party investor events as speakers or panelists. We presented the development of Chinese offshore bond market in the conferences organised by our affiliated onshore rating agencies - Lianhe Ratings and United Ratings, in September 2018 and January 2019, respectively. We participated as one of the panelists on China onshore and offshore bond market comparison at Asia Treasury Leaders’ Forum in September 2018, and as one of the panelists on China onshore bond market at Nomura Asian High Yield Corporate Day 2018 in November 2018.

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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