

## **China Lianhe, Lianhe Global — Guotai Junan “China’s Local Government Financing Vehicle Industry Conference” Was Successfully Held**

HONG KONG, 13 December 2018 – China Lianhe Credit Rating Co., Ltd. (“China Lianhe”), Lianhe Ratings Global Limited (“Lianhe Global”) and Guotai Junan International Holdings Limited (Stock Code: 1788.HK) jointly held a sharing session on “How to Interpret China’s Local Government Financing Vehicle (“LGFV”) Industry” on 10 December 2018, in Hong Kong. At the conference, the presenters presented and discussed the key issues of the industry with bond investors and strengthened the interaction with them for their better understanding of Lianhe’s onshore and offshore LGFV rating approaches and LGFV credit profiles. The conference was attended by nearly 40 investors, and around 100 investors dialed in. An in-depth discussion on two major topics: “Local Government Financing Vehicles’ Credit Risk Outlook and Analysis Framework” and “Lianhe Global’s Local Government Financing Vehicle Rating Criteria and Case Study” was conducted during the conference.

Mr. Lei Qiang, the Head of Fixed Income, Currencies and Commodities of Guotai Junan Securities (Hong Kong) Limited, one of the leading investment banks in China’s LGFV bond market, started the introduction. Dr. Ai Renzhi, the Vice President of China Lianhe, introduced the size and in-depth experience of China Lianhe’s LGFV team, and pointed out that the purpose of this conference was to help investors keep abreast of the industry trend by sharing China Lianhe’s and Lianhe Global’s opinions on the key LGFV issues and market concerns.



Mr. Yang Shilong, the Vice General Manager of Department I of Industrial and Commercial Enterprises Rating of China Lianhe, presented on the following seven subjects: the definition and scope of LGFVs, current regulatory policies and industry trend, implicit government debt scale and pressure, transformation of LGFVs, major financing channels, industry outlook and main concerns and China Lianhe’s LGFV rating methodology. Mr. Yang’s presentation focused on recent regulatory policies, the size, structure, distribution and solutions of the implicit debt that investors are concerned about, and the possible developments of LGFVs’ transformation in the future, and commented on the credit profile of LGFV issuers. After that,

Ms. Joyce Huang, the Senior Director of Lianhe Global, elaborated on Lianhe Global's LGFV rating criteria and made a detailed comparison of LGFV rating approaches adopted by three major international rating agencies and Lianhe Global, and presented the case of Liangshan State-Owned Investment & Development Co., Ltd. to facilitate investors' understanding of Lianhe Global's LGFV rating criteria.



After the presentation, the investors exchanged their opinions on the presentation topics, relevant research methods and rating process, and raised some questions about the current business and financial issues of LGFV issuers and local governments' financial positions. The presenters expressed their views on these questions.

China Lianhe is one of the most professional and largest credit rating agencies in China. It adheres to the concept of "professionalism, responsibility, innovation and persistence" and is committed to providing investors with objective, fair and scientific credit rating results. Lianhe Global serves as a window and platform for the international development of China Lianhe and for fulfilling the financing service needs of international bond investors and Chinese enterprises for seeking offshore funding.

### **About Lianhe Global**

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

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