聯合評級國際
Lianhe Ratings Global

Press Release
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Lianhe Global has assigned 'BB+' to China Aoyuan Group Ltd.'s proposed USD Notes

HONG KONG, 11 November 2020 – Lianhe Ratings Global Limited ("Lianhe Global"), an international credit rating company, has assigned 'BB+' global scale Long-term Issuance Credit Rating to the proposed senior unsecured USD notes ("the USD notes") to be issued by China Aoyuan Group Ltd. ("Aoyuan"; 'BB+/Stable).

Aoyuan intends to use the net proceeds from this offering for refinancing its existing indebtedness.

Key Rating Rationales

The USD notes are rated at the same level as Aoyuan's global scale Long-term Issuer Credit Rating of 'BB+' as they constitute Aoyuan's senior and unsecured obligations. Aoyuan's obligations for the USD notes shall at least rank pari passu with all its other present and future unsecured and unsubordinated obligations.

The Issuer Rating reflects the Guangzhou-based company's continuous improvement in market position and brand recognition in the Chinese property market. The rating also considers Aoyuan's adequate liquidity position and good access to market funding. However, its high financial leverage and average profitability constrain its rating.

Rating Sensitivities

Any rating action on Aoyuan's rating would result in a similar rating action on the USD notes.

We would consider downgrading Aoyuan's rating if it were to aggressively replenish its land bank which results in an increase of its financial leverage as measured by debt/capitalization to over 75% or a decrease in its EBITDA interest coverage to below 2.0x consistently, and/or its operating performance were to deteriorate such that its contracted sales and/or revenue experience a material decline or liquidity profile is worsened.

We would consider upgrading Aoyuan's rating if it were to lower its financial leverage as measured by a debt/capitalization ratio to below 50% and an EBITDA interest coverage ratio to above 5x consistently.

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.

Rating Methodology

The principal methodology used in this Aoyuan's rating is Lianhe Global's General Corporate Rating Criteria published on 16 July 2018 which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

Contact Information

Primary Analyst
Ben Yau
Director
(852) 3462 9586
ben.yau@lhratingsglobal.com

Secondary Analyst
Alex Kung
Senior Director
(852) 3462 9577
alex.kung@lhratingsglobal.com

Committee Chairperson
Stan Ho
Chief Executive Officer
(852) 3462 9568
stan.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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