

Lianhe Global affirms and withdraws LVGEM (China) Real Estate Investment Company Limited's Rating

HONG KONG, 20 March 2024– Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘B’ global scale Long-term Issuer Credit Rating of LVGEM (China) Real Estate Investment Company Limited (95.HK) (“LVGEM” or “the company”). The Outlook remains Negative.

The rating has been withdrawn for commercial reasons.

Key Rating Rationales

The Issuer Rating reflects LVGEM's established track record of above-average profit margin and its focus on the Greater Bay Area (GBA), including the Baishizhou project which so far marks the record-large redevelopment project in Shenzhen. Besides, the company's contracted sales and cash flow position is likely to improve following the commencement of presale of Phase 1 of the Baishizhou project. However, LVGEM's rating is constrained by its weak liquidity profile, modest business franchise in terms of contracted sales scale and significant concentration risks given its land bank locations and revenue drivers relying on the limited number of projects under development.

The Negative Outlook on LVGEM's rating reflects its narrowed refinancing channels given the weak recovery of the China property sector.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, 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 LVGEM's rating is Lianhe Global's Chinese Property Developer Rating Criteria published on 31 December 2021 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.

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