

**Lianhe Global downgrades Yuzhou Group Holdings Company Limited's global scale Long-term Issuer Credit Rating and Long-term Issuance Credit Rating from 'BB-' to 'B'; Remain on Rating Watch Negative**

HONG KONG, 6 January 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has downgraded the global scale Long-term Issuer Credit Rating of Yuzhou Group Holdings Company Limited (01628.HK) (“Yuzhou” or “the company”) from ‘BB-’ to ‘B’.

Lianhe Global has also downgraded the global scale Long-term Issuance Credit Rating of the senior unsecured USD notes issued by Yuzhou from ‘BB-’ to ‘B’. A full list of issuance ratings is included in this press release.

Lianhe Global continues to place the company’s issuer and issuance credit rating on Rating Watch Negative (RWN).

**Key Rating Rationales**

The Issuer Rating downgrade to ‘B’ reflects Yuzhou’s imminent refinancing risk on its USD senior notes due January 2022, and the increasing constraints on its liquidity. Yuzhou has c. USD589 million USD senior notes maturing in January 2022. We believe there is very high uncertainty on whether Yuzhou can successfully raise enough offshore funds to settle the said maturing notes.

The RWN reflects the increasing risk of Yuzhou not being able to repay or refinance its maturing USD senior notes in January 2022, or the implementation of any refinancing via distressed means, which could lead to further downgrade of the company’s ratings.

**Rating Sensitivities**

We would consider downgrading Yuzhou’s rating if it were not able to repay or refinance its USD senior notes due January 2022, or it were to implement any distressed means of refinancing, and/or its operating performance were to experience a material deterioration or liquidity position is worsened.

An upgrade is unlikely given the RWN on Yuzhou.

Any rating action on Yuzhou’s rating would result in a similar rating action on the USD notes.

**Full List of Issuance Ratings**

- USD500 million 8.625% senior unsecured notes due 2022 downgraded from 'BB-' to 'B'
- USD500 million 8.500% senior unsecured notes due 2023 downgraded from 'BB-' to 'B'
- USD200 million 9.950% senior unsecured notes due 2023 downgraded from 'BB-' to 'B'

- USD500 million 8.500% senior unsecured notes due 2024 downgraded from 'BB-' to 'B'
- USD500 million 8.375% senior unsecured notes due 2024 downgraded from 'BB-' to 'B'
- USD500 million 8.300% senior unsecured notes due 2025 downgraded from 'BB-' to 'B'
- USD645 million 7.375% senior unsecured notes due 2026 downgraded from 'BB-' to 'B'

## **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 Yuzhou'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](http://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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