

【For Immediate Release】



Lianhe Global assigns “BB” global scale Long-term Issuer Credit Rating to Yuzhou Properties (01628.HK) for first time and considers its outlook stable

(November 21, 2018, Hong Kong) Chinese Real Estate Industry Top 40 Company **Yuzhou Properties Company Limited** (“Yuzhou Properties” or the “Company”, together with its subsidiaries, the “Group”; stock code: **01628.HK**) is pleased to announce that Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, assigned “BB” global scale Long-term Issuer Credit Rating to the Company for the first time and considered its outlook stable. The Issuer Rating reflects Yuzhou’s established leading market position in the Chinese property market, which is also evident from its strong contracted sales growth, a higher-than-peers gross margin, and high-quality land bank primarily located in first- and second-tier cities.

Expanding Scale and Diversified Land Bank

Yuzhou Properties recorded year-on-year contracted sales growth of 65.5% and 73.7% for two years running since 2016. Contracted sales reached RMB40 billion by the end of 2017. Yuzhou Properties further expanded its operational scale and achieved nationwide development through enlarging its regional coverage from the West Strait Economic Zone and the Yangze River Delta Region to the coastal satellite cities and the provincial capital cities of Central China Region. As of June 30, 2018, the land bank of Yuzhou Properties was diversified with 118 projects in 25 cities across 6 metropolitan areas.

Above Industry Average Gross Margin

Yuzhou Properties maintained a higher-than-peers gross margin at around 35%-36% in 2015-2017 as a result of its effective land cost control. The conservative and prudent land acquisition strategy, together with the cost advantage established by strong M&A capability, are the secret to maintaining a high gross profit margin.

Quality Land Bank

Yuzhou Properties had a total land bank of 17.25 million square meters as at June 30, 2018,

of which over 80% were located in first- and second-tier cities including Shanghai, Beijing, Tianjin, Nanjing, Xiamen, Hangzhou, Suzhou, Hefei, and Wuhan. Yuzhou Properties increased its land replenishment pace in the first half year of 2018 and acquired 16 pieces of land covering a total area of 2.23 million square meters. The sizeable land bank is able to sustain the development plan of Yuzhou Properties for the next 4-6 years.

Synergies Created by Strategic Shareholders

In August 2018, Yuzhou Properties entered into a strategic agreement with Overseas Chinese Town (Asia) Holding Limited (“OCT Asia”), which becomes the strategic investor to Yuzhou Properties. Lianhe Global believes that OCT Asia as the second-largest shareholder of the Company will create synergies to Yuzhou Properties and enable the Company to acquire land resources at lower costs while opening more financing channels and reducing financing costs.

Lianhe Global expected that Yuzhou Properties would continuously maintain the gross margin at 30% or above and expand its operating scale through active land acquisition to sustain its contracted sales growth. The institution believed that Yuzhou Properties could reasonably manage its debt growth while seeking larger-scale operation.

Mr. Lam Lung On, J.P., deputy to NPC, and Chairman of Yuzhou Properties, said, “Lianhe Global assigned ‘BB’ global scale Long-term Issuer Credit Rating to us mainly because we can maintain robust contracted sales growth while delivering a high-than-peers gross margin and solid financial performance. This truly reflects market’s confidence and recognition of us. We will continue to uphold the philosophy of “Building home with integrity” and leverage on our brand advantage to capture market opportunities, prudently seek for premium land parcels, and continuously improve our products quality and services, so as to achieve sustainable quality growth for the Group and maximize values for property owners and our shareholders.”

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About Yuzhou Properties Company Limited (01628.HK)

Established in 1994, Yuzhou Properties is a national property developer which headquartered in Shanghai. Adhering to its strategy of Cultivating in Regions Leading the Market, Yuzhou Properties strives to develop residential and commercial properties which focus on in-depth development in first-and second-tier cities. As at 30 June 2018, the Company had over 118 projects under various stages of development in Shanghai, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Huizhou, Hong Kong and so on. The total construction area under construction and held for future development is 17.25 million sq.m. in aggregate GFA, accounting for about 41.8%, 24.1%, 21.6%, 5.8%, 4.0% and 2.7%, respectively in the Yangtze River Delta Region, Bohai Rim Region, West Strait Economic Zone, Central China Region, southwest Region, the Bay Area. Renowned for its distinguished product quality, diversified product portfolio, strong brand awareness and seasoned management team, Yuzhou Properties has been named "Top 100 China Real Estate Enterprises" for eleven years in a row; and Top 50 China Real Estate Enterprises from 2011 to 2017. In 2018, Yuzhou Properties was selected as the Hang Seng Composite LargeCap & MidCap Index Constituent Stocks, Shanghai-Hong Kong Stock Connect, and becomes constituent of MSCI China Index.

About Lianhe Ratings Global (Lianhe Global)

Lianhe Global is an international credit rating company that provides independent and objective credit ratings to corporations, banks, non-bank financial institutions, local government financing platforms and other asset classes around the globe. The rating are divided into AAA,AA,A,BBB,BB,B,CCC,CC and C grades in terms of debt repayment ability, ability to cope with economic environment impact and default risk. Lianhe Global also provides credit risk research and other services related to credit ratings. With its parent company's status as one of the largest professional credit information service providers in mainland China and its solid and comprehensive experience in mainland China, Lianhe Global can provide international investors with more unique and in-depth analysis of China's credit situation.

For more information about Yuzhou Properties, please visit the Company's website:

<http://www.yuzhou-group.com>.

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