

Rating Action: Moody's downgrades Yanlord's backed senior unsecured rating to Ba3

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Hong Kong, December 04, 2017 -- Moody's Investors Service has downgraded Yanlord Land (HK) Co., Limited's backed senior unsecured rating to Ba3 from Ba2. The rating outlook is stable.

The rating action concludes the rating review initiated on 27 October 2017 following Moody's publication of its updated cross-sector methodology "Notching Corporate Instrument Ratings Based on Differences in Security and Priority of Claim" on 26 October 2017.

RATINGS RATIONALE

The rating action reflects our view that Yanlord Land (HK)'s backed senior unsecured bond rating is lower than Yanlord Land Group Limited's (Ba2 stable) corporate family rating by one notch because of the risk of structural and legal subordination.

This subordination risk reflects the fact that the majority of claims of Yanlord Land Group Limited are at the operating subsidiaries, and have priority over claims at the holding company in a bankruptcy scenario. In addition, the holding company lacks significant mitigating factors for structural subordination. As a result, the expected recovery rate for claims at the holding company will be lower.

The principal methodology used in this rating was Homebuilding And Property Development Industry published in April 2015. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

Yanlord Land Group Limited is a major property developer in China. It operates in the large Chinese cities of Shanghai, Nanjing, Suzhou, Nantong, Shenzhen, Tianjin, Zhuhai, Chengdu, Tangshan, Zhongshan, Sanya and Wuhan. Yanlord Land Group Limited was listed on the Singapore Stock Exchange in 2006. Its land bank totaled 6.0 million square meters at the end of June 2017.

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The first name below is the lead rating analyst for this Credit Rating and the last name below is the person primarily responsible for approving this Credit Rating.

Kaven Tsang
VP - Senior Credit Officer
Corporate Finance Group
Moody's Investors Service Hong Kong Ltd.
24/F One Pacific Place
88 Queensway
Hong Kong
China (Hong Kong S.A.R.)
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Gary Lau
MD - Corporate Finance
Corporate Finance Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody's Investors Service Hong Kong Ltd.
24/F One Pacific Place
88 Queensway
Hong Kong
China (Hong Kong S.A.R.)
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077



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