

Lianhe Global downgrades Jinke Property Group Co., Ltd.’s global scale Long-term Issuer Credit Rating and Long-term Issuance Credit Rating to ‘CCC-’ from ‘B+’; Issuer Rating Outlook Negative; Removes Rating Watch Negative

HONG KONG, 2 June 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has downgraded the global scale Long-term Issuer Credit Rating of Jinke Property Group Co., Ltd. (000656.SZ) (“Jinke” or “the company”) to ‘CCC-’ from ‘B+’. The Outlook is Negative.

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

Lianhe Global has removed the Rating Watch Negative on the company’s issuer and issuance credit ratings.

Key Rating Rationales

The downgrade reflects Jinke’s deteriorating liquidity buffer to manage its financial obligations in the near term. The company extended its RMB1.25 billion onshore bonds due (puttable) on 28 May, 2022 by 12 months, and yet still has c. RMB5.5 billion of securities maturing or becoming puttable from June to December 2022. So far, Jinke is still not able to show sign of any concrete funding plan, while its contracted sales in the first five months of 2022 continued to show a significant decrease as compared with the same period in 2021. As such, the refinancing pressure and liquidity risk for Jinke have further heightened as the company has to rely primarily on its internal financial resources for repayments. Imminently, Jinke has another RMB1 billion of onshore bond maturing on 20 June, 2022.

The Negative Outlook on Jinke’s rating reflects its deteriorating liquidity on the backdrop of its weakening contract sales performance and the increased uncertainty on its ability to raise new fundings. We would consider revising the Rating Outlook to Stable when Jinke has demonstrated its capability to manage its maturing financial obligations in the near to medium term.

Rating Sensitivities

We would consider downgrading Jinke’s rating if (1) it were to fail to meet its near and medium term financial obligations when they become due, and/or (2) its operating performance were to deteriorate such that its contracted sales and/or revenue continue to experience a material decline or liquidity profile is worsened.

An upgrade is unlikely given the negative outlook on Jinke. However, if Jinke were able to demonstrate the ability to manage its financial obligations in the near to medium term, we may consider revising the outlook to stable.

Any rating action on Jinke's rating would result in a similar rating action on its USD notes.

Full List of Issuance Rating

- USD325 million 6.85% senior unsecured notes due 2024 downgraded to 'CCC-' from '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 Jinke'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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