

Jinke Property Group Co., Ltd.

Surveillance Report

Lianhe Ratings Global Limited ("Lianhe Global") downgrades Jinke Property Group Co., Ltd.'s global scale Long-term Issuer Credit Rating and Issuance Credit Rating to 'CCC-' from 'B+'; Issuer Rating Outlook Negative

Summary

Issuer Rating	CCC-
Outlook	Negative
Location	China
Industry	Homebuilder and Real Estate
Date	24 June 2022

Operating Data:

Jinke Property Group Co., Ltd.	2020	2021
Revenue (RMB: in billion)	87.7	112.3
Contracted Sales (RMB: in billion)	223.2	184.0
Contracted Sales GFA (million square meters)	22.4	19.7
Land Bank GFA (million square meters)	71.1	65.9

GFA: Gross Floor Area
 Source: Jinke

Summary

The Issuer Rating downgrade reflects Jinke Property Group Co. Ltd.'s ("Jinke" or "the company") deteriorating liquidity buffer to manage its financial obligations in the near to medium 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 (including the RMB1 billion onshore bond matured on 20 June, 2022 which has been extended by 270 days as at the date of this report) from June to December 2022 at end-May 2022. So far, Jinke is still not able to demonstrate any concrete funding plan, while its contracted sales decreased significantly in the first five months of 2022 as compared with the same period in 2021. There were also no further updates regarding the discussion with Chongqing government on potential financial support such as equity investments. As such, the refinancing pressure and liquidity risk for Jinke have further heightened. With the volatility of the market and the trading performance of the Jinke's securities, which has dampened investor confidence, and the lack of any clarity on raising new fundings, the company has to rely primarily on its internal financial resources for repayments, which is further constrained by its deteriorating contracted sales performance.

The Negative Outlook on Jinke's rating reflects its deteriorating liquidity under the backdrop of its weakening contracted 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.

Company Profile

Jinke is a Chinese property developer that mainly focuses on mass residential property development and the company also diversifies its business to property management services in China. It has been listed on the Shenzhen Stock Exchange (000656.SZ) since 1996. Jinke span off its property management and service business, which was owned by its subsidiary Jinke Smart Services Group Co., Ltd. (9666.HK) in 2020.

Jinke is majority owned and controlled by Mr. Huang Hongyun, the current Chairman of Jinke, and his persons acting in concert directly and indirectly through Chongqing Jinke Investment Holding (Group) Co., Ltd. ("Jinke Holding").

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Applicable Criteria

Chinese Property Developer Rating
 Criteria (31 December 2021)

Exhibit 1: Jinke's Shareholding Structure as of 24 May 2022

Shareholder	Percentage
Mr. Huang Hongyun	10.98%
广东弘敏 ⁽¹⁾	9.80%
Jinke Holding (51% owned by Mr. Huang Hongyun)	6.26%
红星家具集团	0.09%
Others	72.87%
Total	100.0%

Source: Jinke

Note: (1) 广东弘敏 is a wholly-owned subsidiary of 红星家具集团.

Full List of Issuance Rating

A full list of affirmed issuance rating is included below. Any action on Jinke's rating would result in a similar rating action on its USD notes:

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

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