



CCXAP assigns first-time BB_g to Jinke Property Group Co., Ltd., with stable outlook

Hong Kong, 3 June 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BB_g to Jinke Property Group Co., Ltd. (“Jinke Property” or the “Company”). The rating outlook is stable.

Rating Rationale

The BB_g rating of Jinke Property reflects the Company’s (1) established history in Chongqing and fast-growing operating scale; (2) sufficient land bank; and (3) both internal and external liquidity sources from high cash collection rate and expedite onshore funding access.

However, the rating is also constrained by (1) uncertainties in property market recovery due to coronavirus disruptions; (2) the Company’s high debt leverage; and (3) rising exposure to lower-tier cities.

Rating Outlook

The stable outlook on Jinke Property’s rating reflects our expectation that the Company could maintain good sales execution ability, which help partially mitigate potential risks amid COVID-19 outbreak.

What could upgrade the rating?

The rating could be upgraded if the Company (1) demonstrates sustained growth in contracted sales through the economic cycles; (2) deleverages its net gearing ratio to 50% or below; and (3) achieves strong liquidity, such that its cash/short-term debt exceeds 2.0x.

What could downgrade the rating?

The rating could be downgraded if the Company (1) generates weak contracted sales; (2) becomes financially less prudent and its debt leverage measured by net gearing ratio deteriorates to 200% or above; or (3) records weaker credit metrics, such that its EBIT/Interest drops to 1.0x or below.

Rating Methodology

The methodology used in this rating is the Rating Methodology for Real Estate Development Industry (December 2019).

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