

CCXAP downgrades Jinke Property Group Co., Ltd.'s ratings to BB_{g-}; places on watch negative

Hong Kong, 19 May 2022 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has downgraded the long-term credit rating and senior unsecured debt rating of Jinke Property Group Co., Ltd. (“Jinke Property” or the “Company”) to BB_{g-} from BB_{g+}. At the same time, CCXAP has placed the ratings on watch negative.

Corporate Profile

Founded in 1998, Jinke Property was listed on Shenzhen Stock Exchange (Stock Code: 000656.SZ) in 2011. The Company is one of the leading property developers in Chongqing with national market coverage. As of the end-2021, the Company's landbank area was 65.9 million sqm, covering 122 cities in China. As at 31 March 2022, Mr. Huang Hongyun and persons acting in concert had the ultimate control of the Company, owning 18.23% of the Company's stakes.

Rating Rationale

The rating downgrade reflects Jinke Property's weakened operating performance and reduced liquidity buffer, during the current challenging market conditions and limited financing environment.

Jinke Property's contracted sales performance is under high pressure from the recent soft demand in China's property market and the resurgence of COVID-19. In 2021, the Company's contracted sales decreased by 17.6% YoY to RMB184.0 billion. For the first quarter of 2022, its contracted sales further decreased by 57% YoY to RMB21.1 billion. This would largely reduce the Company's cash proceeds from sales and pressure its liquidity, given the large amount of outstanding debts. Jinke Property's cash on hand was unable to cover its short-term debt as of 31 March 2022.

As of 30 April 2022, Jinke Property had around RMB7.5 billion of onshore bonds maturing or puttable in 2022. The Company managed to refinance its onshore bonds by issuing corporate bonds of RMB1.5 billion in February 2022. However, the recent material price drop in its onshore bonds reflects the weaker investor confidence on Jinke Property, which will adversely affect the Company's fund-raising ability and repayment capability.

Rating Outlook

The rating watch negative reflects the heightened refinancing risk of Jinke Property on its maturing debts, which could lead to further downgrade to its ratings.

What could upgrade the rating?

Rating upgrade is less likely given the rating watch negative. However, positive rating action could be taken if the Company improves its liquidity buffer while demonstrating a better sales performance.



What could downgrade the rating?

The rating could be downgraded if the Company's liquidity and access to funding further deteriorate.

Regulatory Methodology

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

Regulatory Disclosures

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