

Summary Highlights in November of Jingrui Holdings

Unaudited Operating data of November:

	Contracted sales (RMB100 million) (YoY Growth)	Contracted GFA Sold (sq.m)	ASP (RMB/sq.m)
November	8.06	44,700	18,031
January - November	259.65 (+18.0%)	1,374,925	18,885

Jingrui Property Management Wins the “2021 Shanghai Labor Day Awards”

Recently, the lists of winners of the “2021 Shanghai Labor Day Awards” and Pioneers of Shanghai Workers were officially released. Shanghai Jingrui Property Management Co., Ltd. won the “2021 Shanghai Labour Day Award” due to its strong service capabilities and excellent market reputation.



Jingrui Property Management has been adhering to the management concept of “focusing on ideal life” and taking the “promoter of ideal life in Chinese cities” as its development objective, building high-quality communities with quality consciousness to pursue continuous improvement of management services and practicing the concept of “cities built by the people and for the people”. Jingrui Property Management has kept making efforts in protection enhancement, improvement of people’s lives, urban management refinement, innovation of social governance, etc. to rejuvenate old communities, and established the management mode of “lead by the Party, multiple collaboration, self-governance of residents”, building up regional brand influence and raising the overall property management for more beautiful and harmonious communities and a new chapter of community governance.

Stock Information

Stock Code	1862.HK
Closing Price	HK\$2.01
52-week Price Range	HK\$1.92–2.70
Market Cap	HK\$3.093 billion
Issued Shares	1.539 billion
Date of Listing	31 October 2013

Source: HKEX as of 30 November 2021

Result Highlights

1H21

Revenue	RMB5.1 billion
Gross Profit	RMB1.227 billion
Net Profit	RMB366 million
Total Assets <i>(As of 30 June, 2021)</i>	RMB66.752 billion

1H21

Contracted Sales	RMB18.735 billion
Contracted ASP	RMB19,327/sq.m.

Contact Us

Jingrui Holdings
 Ms. Coco He, IR Manager
 Tel.: +852 2327 6858
 Email: hesiyang@jingruis.com

Wonderful Sky Financial Group
 Ms. Ellie Suen, PR Associate
 Tel: +852 3970 2255
 Email: jingruis@wsfg.hk

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Jingrui Capital Wins the "2021 Model in Commercial Asset Value Enhancement Award"

On 2 November, the "2021 Guandian Commercial Conference", organized by Guandian, was held grandly in Shanghai. This annual conference covered three major sections: stock operation, asset management, innovation and heritage. Representatives from commercial real estate development companies, operating companies, investment institutions, experts and scholars, and other related industries were invited to jointly reflect and look ahead, discussing how to open up a new commercial future through innovation and paradigm shift.

Facing the industry shocks in 2021, Jingrui Capital achieved good growth momentum through capital management optimization. According to the Jingrui Holdings' s 2021 interim results, in the first half of 2021, projects of Jingrui Capital realized a total rental income of RMB94.7 million and a time-point occupancy rate of apartment projects was 97.4%. Jingrui Capital won the **"2021 Model in Commercial Asset Value Enhancement Award"** due to its outstanding performance in the asset management sector.

As a time-honored real estate developer which has been deeply developed its business in the first and second-tier cities for years, Jingrui has chosen to involve in the urban renewal sector by conducting long term rental flats services, starting a new journey in the "stock market" on the basis of its original property development. As of 30 June 2021, Jingrui Real Estate had owned 13 flat projects in four major cities, namely Beijing, Shanghai, Suzhou and Hangzhou, with approximately RMB9.8 billion asset under management. The strategic layout of the long-term rental flats has enabled Jingrui to generate stable income in the super track of the property stocking era.



With a Strong Commitment to Long-termism, Jingrui Properties Wins the "Most Stable Company in China Real Estate of the Year"



On 16 November, the 2021 Times Forum of China Real Estate Estate, organised by Guangdong Times Media Group and hosted by The Time Weekly, Time Finance and Time Data, was held at The Ritz Carlton Hotel Guangzhou. The theme of the forum was "real estate, still full of imagination", which discussed the current opportunities in the real estate industry and explored ways for real estate enterprises to transform.

In order to promote the development and transformation of China's real estate companies, Guangdong Times Media Group released **China's Top 100 Real Estate Companies**, with an aim to showcase the development status of China's outstanding real estate companies with detailed data, scientific scores and excellent cases, to set a benchmark model for real estate companies and to offer advices for their scientific development.

Jingrui Properties won the **"Most Stable Company in China Real Estate of the Year"** due to its good business resilience, robust financial control and forward-looking strategic layout.

Gelonghui:

Jingrui Holdings (01862.HK) Proactively Manages Sales Pace to Balance Operations and Debt for Healthy Development

On 29 November, Gelonghui published an article which pointed out that Jingrui Holdings has always been a favored target for investors due to its high-quality land bank in first- and second-tier cities, solid sales growth and healthy debt position.

I. Proactive Management of Sales Pace Sales Pace to Balance Debt Pressure

The average growth rate of sales for the tier including Jingrui Holdings was 24.3% from January to October while the company's total contracted sales in the first 10 months were RMB 25.159 billion, up 33.26% YoY and better than the performance compared to the peers.

In terms of sales target completion rate, among the 51 real estate companies that have announced their sales targets, only 15 have completed more than 80% of their targets, with the average overall target completion rate of 78.36%. Jingrui completed nearly 90% of its annual sales target in the first 10 months, which was still better than the industry average. As for the questions about its sales slowdown, the market environment has changed significantly and it can no longer judge the performance merely based on YoY changes. Jingrui appropriately slows down its sales without cutting down prices to ensure project profits are conducive to controlling the pressure on operating costs, which is a wiser choice to assure healthy sales and sufficient capital in the current unstable market environment where the sales is expected to drop and holding cash prevails.

In addition, the company's debt management is proactive and robust, with no domestic and foreign rigid payment this year. In comparison, Jingrui has performed relatively well in an environment with sluggish industry sales and a number of real estate companies exposed to credit risk.

According to the Jingrui's interim financial performance, its Net debt-to-capital ratio was 74%; debt to asset ratio excluding pre-receivables was 67%; and cash to short-term debt ratio was 1.7x, successfully maintaining the green standard of "three red lines", and the company continued to optimize its debt structure to mitigate the default risk, which can also provide a foundation for obtaining subsequent financing.



(Source of H-shares Mainland housing sector trend : FUTU)

Gelonghui:

Jingrui Holdings (01862.HK) Proactively Manages Sales Pace to Balance Operations and Debt for Healthy Development (Cont')

II. 3rd Land Auction slightly recovery, selectable opportunities for M&A Projects

The second centralized land supply has been completed, with a significant drop in the enthusiasm for the land supply compared to the first centralized land supply and a significant increase in the abortive auction rate.

In terms of rule changes, the sales conditions and capital thresholds were relaxed to a certain extent based on the rules of the three land auctions that have been released so far, which showed that cities have been actively optimizing their rules to avoid a continued downturn in the land market. After the chaos in the third quarter, there are numbers of high-quality projects for sale in the market. In the context that the land auction market became a hot potato, the second-hand property market is expected to be relatively attractive.

As the housing-related financing environment was improved, a majority of real estate companies may take this opportunity to increase their efforts in land acquisition for a longer lifeline. However, it should be noted that this will also increase the company's debt. If the company fails to have proper land development and sales returns, it will face the default risk. Therefore, real estate companies need to pay attention to the subsequent efforts in land acquisition.

As for Jingrui Holdings, the company has focused on the first- and second-tier cities, including the Yangtze River Delta region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, the Chengdu-Chongqing region and the city groups along the middle of the Yangtze River, which are high-quality land reserves. Jingrui only added four land parcels and property projects in Shanghai, Ningbo, Jinhua and Wuhan in the first half of the year, indicating that the company has not developed aggressively but acquired land prudently to consolidate its regional with caution. Therefore, the company has not spent too much money on land acquisition and has less debts.

III. Advantages of Asset-light Operation Model Stands out to Fuel Future Results

Today, real estate companies have opened up development paths such as diversification and asset-light operation. The strengths of asset-light operation are less impact from the succession of booms and busts of real estate cycle than the asset-heavy mode. The asset-light operation also has relatively lower debts and default risks as it does not acquire as much lands as the asset-heavy mode.

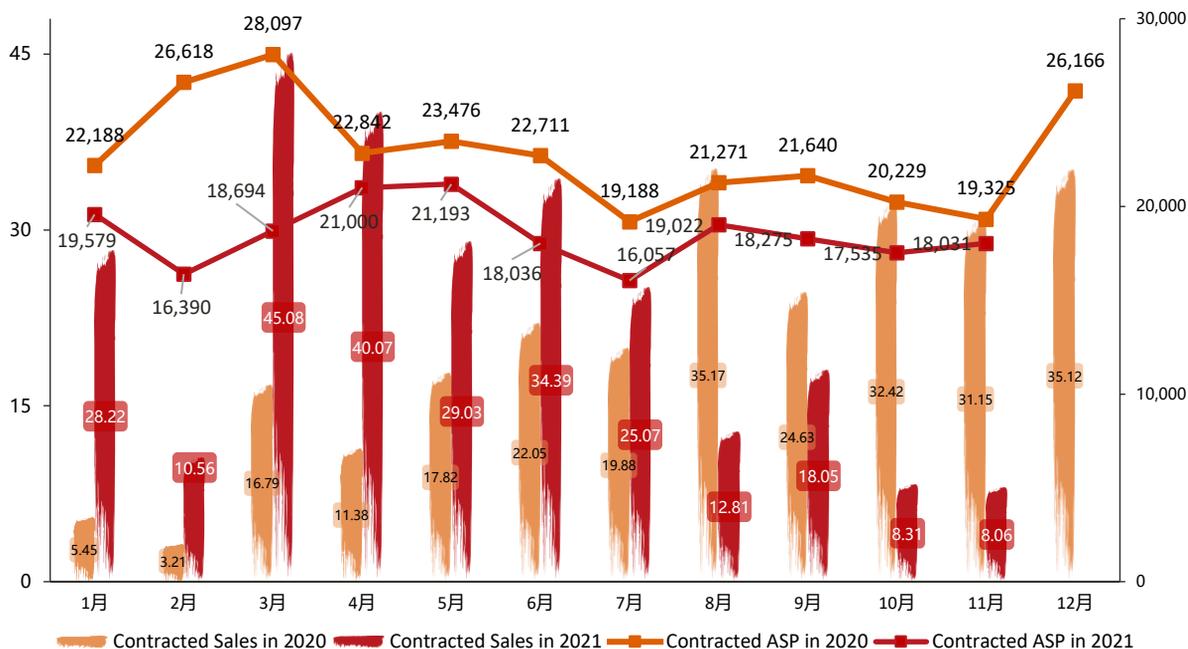
Jingrui Holdings has been deploying its diversified development and asset-light transformation for a long time, and has launched five business platforms, namely, Yan Capital Management, Jingrui Properties, Jingrui Capital, Jingrui Service and Co-Fortune Capital, and involved in real estate development, property management and industrial chain investment and other businesses including rental apartments, office buildings, etc.

The credit default of real estate companies has been more severe since the third quarter, for which the three credit rating agencies have put a number of real estate companies on their watch lists and mostly lowered their credit ratings and outlooks, intensifying the pessimistic sentiment in the market. In spite of being dragged by the overall market, Jingrui maintained its issuer rating and only its outlook was lowered. It is believed that its robust and prudent style is the cornerstone of market recognition and it will obtain the opportunity for a rebound when the market environment recovers.

From the perspective of industry valuation, the real estate sector remains undervalued at present. The P/E ratio of H-shares Mainland real estate sector is 4.12x while the company's P/E ratio (TTM) is only 2.65x, which is undervalued. Recently, Investors' confidence has rebounded a little with the support of favorable policies. The sector can expect valuation correction and the company can expect higher valuation depending on the above-mentioned strengths.

Monthly Contracted Sales (January 2020 - November 2021)

 Contracted sales
 (RMB100 million)

 Contracted ASP
 (RMB/sq.m.)

About Jingrui

Founded in Shanghai in 1993, Jingrui Holdings Limited is one of the leading regional residential property developers in the Yangtze River Delta region of China. As at June 30, 2021, Jingrui has established a presence in four municipalities directly under the central government and 23 cities. With winning market opportunities through reform and innovation as its central task, Jingrui continuously optimizes its development concept and adjusts its strategic blueprint in due time, and has initially completed its strategic transition and upgrade based on the dual-driver model of "customer insights" and "asset-light operation" in 2016. This model facilitates the Company's scale growth by highlighting the value design capability with "customer insights" as the core and the asset-light operation mode of fund operation. In 2021, Jingrui Holdings ranked 51th among the Top 100 Real Estate Enterprises in China, among the Top 10 in "Financing Capacity" and Top 10 in "Operational Efficiency". At present, Jingrui Holdings has formed a comprehensive platform covering five businesses: Yan Capital Management, Jingrui Properties, Jingrui Capital, Jingrui Service and Co-Fortune Capital. By focusing on the asset-light, refined and operation-oriented strategy, Jingrui can cover the upstream and downstream industrial chain of real estate and push itself to transform from a conventional developer into an asset management service provider. For more details, please visit <http://www.jingruis.com>.

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