

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Science City (Guangzhou) Financial Leasing Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 16 April 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Science City (Guangzhou) Financial Leasing Co., Ltd. (“SCFL”; ‘BBB/Stable’).

SCFL intends to use the net proceeds from this offering for its finance leasing projects.

Key Rating Rationales

The Bonds are rated at the same level as SCFL’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of SCFL. The payment obligations of SCFL under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Rating reflects SCFL’s franchise in Guangdong’s leasing market, especially in Guangzhou’s Huangpu District (Guangzhou Development Zone) (“Huangpu District”) and Guangzhou Science City (“Science City”), sound business growth and strategy, sufficient capital adequacy and good access to funds, as well as the strong support received from Science City (Guangzhou) Investment Group Co., Ltd. (“SCI Group”), its major shareholder. The rating also considers its concentrated business profile and limited operating scale.

The Stable Outlook on SCFL’s rating reflects our expectation that SCFL will maintain its current market position in the Science City while the SCI Group will continue to ensure SCFL’s stable operation.

Rating Sensitivities

Any rating action on SCFL’s rating would result in a similar rating action on the Bonds.

We would consider downgrading SCFL’s rating if there is (1) significant deterioration in its capital adequacy, or (2) notable increase in impaired loans, or (3) weakened funding structure with notable duration mismatch and tightened liquidity, or (4) a significant reduction of SCI Group’s shareholding with weakened operational and financial support from SCI Group’s, or (5) significant deterioration in the access to the bank and/or capital market financings.

We would consider upgrading SCFL’s rating if it were to further improve its 1) franchise with bigger business scale and wider market coverage, 2) funding diversity, 3) capital buffer to support business growth and withstand economic downturn, and 4) strategic alliance with SCI Group with greater business and financial linkages.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, 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 SCFL's rating is Lianhe Global's Non-Bank Financial Institutions Criteria published on 21 November 2023 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.

Contact Information

Primary Analyst
Jack Li, CESGA
Analyst
(852) 3462 9585
jack.li@lhratingsglobal.com

Secondary Analyst
Roy Luo, FRM
Associate Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Committee Chairperson
Toni Ho, CFA, FRM
Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi, CESGA
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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