

Lianhe Global has assigned ‘A’ global scale Long-term Issuer Credit Rating with Stable Outlook to Zhongyuan Aviation Leasing Co., Ltd.

HONG KONG, 29 September 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A’ global scale Long-term Issuer Credit Rating to Zhongyuan Aviation Leasing Co., Ltd. (“ZYALC” or “the company”). The Outlook is Stable.

The Issuer Rating reflect ZYALC’s robust position in Henan Province’s financial leasing market, sound capital adequacy and asset quality, as well as ongoing operational and financial support from its controlling shareholder Zhongyuan Asset Management Co., Ltd. (“Zhongyuan AMC”, ‘A+’/Stable), a major local AMC in Henan Province playing an important role in resolving financial risks and maintaining the financial stability within the region.

The Stable Outlook reflects our expectation that ZYALC would maintain its leading position in the financial leasing business in Henan Province, while Zhongyuan AMC will continue to ensure ZYALC’s stable operation.

Key Rating Rationales

Robust Market Position in Henan Province: ZYALC has established a strong market position in Henan Province as the first comprehensive financial leasing company focusing on the development of aviation industry in Zhengzhou Airport Economy Zone (郑州航空港经济综合实验区), the first and only national pioneer zone of airport economy. With years of experience and its professional team specializing in aircraft leasing business, ZYALC has established its market competitiveness in both financial leasing and operating leasing businesses in Henan Province. Apart from aircraft leasing, the company has expanded its leasing services into new infrastructure, green energy, cultural tourism and other creative industries, to diversify its revenue sources and enlarge its business scale.

Strong Shareholder Support: ZYALC is an important subsidiary of Zhongyuan AMC, maintaining strong ties with the parent through management oversight and business collaboration, enabling the provision of comprehensive financial services. ZYALC has received continuous support from Zhongyuan AMC, mainly in the forms of capital injection, liquidity support, resource sharing, business synergies, etc. In 2023, ZYALC received a capital injection of RMB500 million from its shareholders, including a cash injection of RMB255 million from Zhongyuan AMC. Given its strategic importance in the development of local aviation industry, we expect ZYALC to receive timely support from its shareholders in the future.

Sound Capital Adequacy and Asset Quality: ZYALC enjoys a good capital adequacy supported by capital injections from its shareholders. Its total equity increased steadily to RMB2.7 billion at end-June 2025 from RMB1.9 billion at end-2021. The company’s capital

adequacy, as measured by common equity to total assets (tangible), increased to 36.4% from 25.2% over the same period. Its financial leverage, as measured by debt/ capitalization, reached 62.9% at end-June 2025, which was generally lower than that of most financial leasing companies in China. In addition, ZYALC had a good asset quality at end-June 2025.

High Business Concentration: ZYALC has demonstrated a high business concentration its financial leasing assets in both geographical and sector distributions. More than 95% of financial leasing assets are concentrated within Henan Province, while about 40% of financial leasing assets are related to government-enterprise cooperation sector. Nevertheless, ZYALC's established risk management system could mitigate the potential concern about business concentration. In addition, ZYALC has a relatively diversified client base, with the largest single client accounting for c. 7.3% of its financial leasing assets at end-2024.

Moderate Profitability and Liquidity: ZYALC's annualized return on average asset remained relatively stable at c. 2% from 2021 to the first six months of 2025, while its annualized return on average equity decreased from 8.7% to 5.5% over the same period, indicating a moderate profitability.

ZYALC's liquidity was also moderate. At end-June 2025, short-term debts contributed 30.4% of the company's total debts, and cash and other liquid assets covered 57.4% of its debts due within one year. Yet nearly half of its debts will mature in more than 3 years, which was in line with the long-term nature of aircraft leasing.

In addition, the company has access to multiple financing channels, mainly including bank borrowings and bond issuance, to support its business operations and debt repayment. By end-June 2025, the company had credit facilities totaling RMB8.8 billion, of which RMB4.6 billion was unused.

Rating Sensitivities

We would consider downgrading ZYALC's rating if (1) there is a significant reduction of Zhongyuan AMC's shareholding, or (2) operational and financial support from Zhongyuan AMC is expected to be weakened, or (3) it suffers a significant deterioration in operating performance in terms of profitability or asset quality, or (4) its liquidity is materially worsened.

We would consider upgrading ZYALC's rating if (1) there is a higher likelihood of support from Zhongyuan AMC with greater business and financial linkages, or (2) it were to notably improve its business diversification, or (3) it were to further improve its capital buffer to support business growth and withstand economic downturn.

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.

Principal Methodology Applied

Non-Bank Financial Institutions Criteria (published on 21 November 2023)

The methodology 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. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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