

Zhongyuan Aviation Leasing Co., Ltd.

Summary

Issuer Rating	A
Outlook	Stable
Location	China
Industry	NBFI
Date	29 September 2026

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘A’ global scale Long-term Issuer Credit Rating of Zhongyuan Aviation Leasing Co., Ltd. (“ZYALC”); Issuer Rating Outlook is Stable

Summary

The Issuer Rating reflects 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 playing an important role in resolving financial risks and maintaining the financial stability within the region.

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

Rating Rationale

Robust Market Position in Henan Province: ZYALC has maintained a strong market position in Henan Province as the first comprehensive financial leasing company focusing on the development of the aviation industry in Zhengzhou Airport Economy Zone, 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. As of end-June 2026, the company owned 10 aircraft (9 under operating lease and 1 under direct lease), mainly leased to major state-owned airlines in China under medium- to long-term leases, which generate stable rental income. Apart from aircraft leasing, the company has expanded its leasing services into government-enterprise cooperation, 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’s capital adequacy, as measured by common equity to total assets (tangible), remained relatively stable at 36.1% at end-June 2026. Its financial leverage, as measured by debt/ capitalization, was elevated slightly to 62.2% at end-June 2026, but it was still lower than that of most financial leasing companies in China. In addition, ZYALC maintained a good asset quality at end-June 2026.

High Business Concentration: ZYALC’s finance leasing assets demonstrate high geographical and sector concentration, with more than 95% concentrated within Henan Province and more than 50% related to the government-enterprise cooperation sector. The concentrated business model may expose the company to heightened risks during market downturns; nevertheless, the

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Applicable Criteria

*Non-Bank Financial Institutions
Criteria (21 November 2023)*

company's prudent underwriting standards and comprehensive risk management system mitigate the potential concern. In addition, ZYALC has a relatively diversified client base, with the largest single client accounting for c. 7.7% of its financial leasing assets at end-June 2026.

Moderate Profitability and Liquidity: ZYALC's return on average assets stayed largely stable at around 2% over the past few years (2.3% in 2025), while its return on average equity trended down to 5.8% in 2025 from 7.5% in 2023, indicating a moderate profitability.

ZYALC's liquidity was also moderate. At end-June 2026, short-term debts accounted for 35.1% of the company's total debt, and cash and other liquid assets covered 46.6% of its debts due within one year. In addition, the company has access to multiple financing channels, including bank borrowings and bond issuance, to support its business operations and debt repayment. At end-June 2026, the company had credit facilities totaling RMB9.6 billion, of which RMB5.5 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, or (5) there is significant deterioration in its access to bank and/or capital market financings.

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.

Company Profile

Founded in May 2016, ZYALC is a financial leasing company located in Henan Province and is mainly engaged in finance leasing, operating leasing (mainly aircraft leasing) and commercial factoring, with a policy mission to support the development of aviation industry in Henan Province. The registered capital of the company reached RMB2.0 billion at end-2025.

Zhongyuan AMC is the controlling shareholder of ZYALC, holding 51.0% equity of the company; the remaining 49% shares are mainly held by other state-owned enterprises in Henan. The Department of Finance of Henan Province is the ultimate controller of the company.

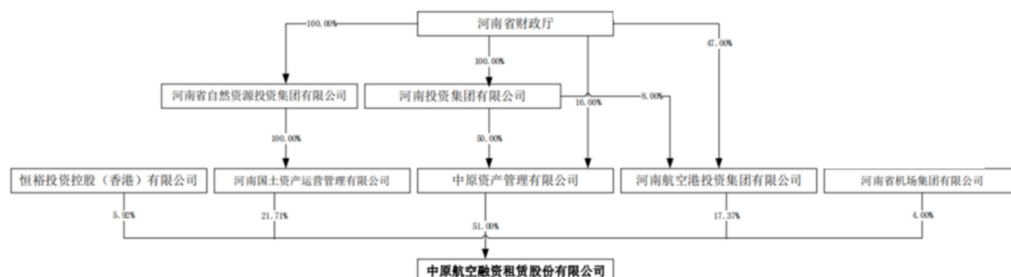
ZYALC's Summary Financials and Key Ratios

(RMB million)	2023	2024	2025	2026.6
Total Assets	7,112.2	6,516.9	6,829.1	7,450.2
Total Equity	2,507.7	2,588.8	2,641.1	2,698.2
Total Debt	3,804.3	3,855.3	4,058.8	4,447.8
Total Revenue	533.6	478.4	462.6	272.5
Net Profit	164.7	151.2	151.1	79.4
Return on Average Assets (% , annualized)	2.4	2.3	2.3	2.2
Return on Average Equity (% , annualized)	7.5	6.2	5.8	6.0
Impaired Loans to Gross Leasing (%)	0.0	0.0	0.0	0.0
Common Equity to Total Assets (tangible, %)	35.1	39.6	38.6	36.1
Debt to Capitalization (%)	60.3	59.8	60.6	62.2

Short-term Debt to Total Debt (%)	60.0	28.3	28.8	35.1
Liquid Assets to Short-term Debt (%)	42.1	66.3	26.1	46.6

Source: ZYALC and Lianhe's calculations

Appendix I: ZYALC's Shareholding Structure



Appendix II: ZYALC's Rating Factors

Rating Factors	Weight	Initial Rating
I. Operating Environment	15.00%	a-
II. Business Profile	25.0%	bbb-
III. Governance and Management	5.0%	bbb+
IV. Risk Management and Exposures	20.0%	bbb
V. Financial Profile	35.0%	bbb+
Stand-Alone Creditworthiness	100%	bbb
VI. External Support		Strong
Issuer Credit Rating		A

Source: Lianhe Global

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