

**Lianhe Global has assigned ‘AA-’ global scale Long-term Issuer Credit Ratings with Stable Outlook to China Great Wall Asset Management Co., Ltd.**

HONG KONG, 16 May 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘AA-’ global scale Long-term Issuer Credit Rating to China Great Wall Asset Management Co., Ltd. (“China Great Wall” or “the company”). The Outlook is Stable.

The Issuer Rating reflects a high possibility that China Great Wall would receive strong policy support if needed, in light of its strategic importance in maintaining economic and financial system stability in China as a national financial assets management company (“AMC”) and its state ownership. The state-owned shareholders have close management supervision over China Great Wall and could provide operational and financial support to China Great Wall if needed.

The Stable Outlook reflects our expectation that China Great Wall would maintain its strategic importance in preventing and resolving risks in Chinese financial system, while China Great Wall will maintain its stable operation with policy support.

**Key Rating Rationales**

***A Large National Distressed Assets Management Company:*** China Great Wall is one of five national AMCs that has the access to nationwide market in China. Its consolidated assets size of RMB554 billion accounted for around 10% total assets of all national and local AMCs in China by end-2023. The company primarily engages in acquisition and disposal of distressed assets, such as banks’ non-performing loans and corporates’ overdue debts or receivables, and participated in restructuring of distressed enterprises. In addition, it involves in banking, security, insurance, trust, leasing and fund sectors.

***High Importance in Social and Financial System Stability:*** China Great Wall has been playing significant strategic roles in resolving financial risks and maintaining financial system stability since its establishment. Its predecessor was set up in 1999 with the approval of the State Council to acquire and dispose non-performing loans from national banks. The company currently is actively participating in tackling an array of key issues such as resolving risks of small and medium-sized financial institutions, relieving troubled property developers and supporting state-owned enterprises (“SOEs”), following the policy’s call. In 2023, China Great Wall was recognized as one of twenty-five support institutions to revitalize stock assets and expand effective investment by National Development and Reform Commission.

***State Ownership and Supervision:*** China Great Wall is one of twenty-six central government-owned financial institutions. At end-March 2024, the Ministry of Finance (“MoF”) and National Council for Social Security Fund held approximately 73.53% and 18.97% equity

interest in China Great Wall, respectively; the remaining 7.50% shares were owned by China Property & Casualty Reinsurance Co., Ltd. and other SOEs. The company is under the supervision of the National Financial Regulatory Administration (“NFRA”), which also approves the company’s senior management appointments. In addition, China Great Wall needs to report its operational performance and financial position to the MoF and regulators, and is audited by the National Audit Office on a periodic basis.

**Government Support for Performing Strategic Roles:** We believe China Great Wall would receive strong policy support for performing its strategic roles in preventing and resolving risks, and sustaining the social and financial system stability. China Great Wall is conducting a reform, and we expect the company to receive substantial capital replenishment upon completion to enhance its ability and capacity for sustainable business operations. China Great Wall, as a national AMC, has enjoyed more favorable policies compared with local AMCs, including a nationwide market access license and the access to re-loans of the People’s Bank of China (“PBC”). In addition, the NFRA approved the company’s RMB60 billion bond issuance in March 2023.

**Capital Replenishment to Improve Financial Profile:** Owing to the economy and property market downturns, China Great Wall incurred large losses in 2022 as a result of unfavorable valuation changes and credit impairments in its assets. As significant provision was made, China Great Wall’s total equity was reduced to RMB19.4 billion at end-2023. We expect China Great Wall to raise new capital to improve its capital adequacy amid its reform, and this is essential for China Great Wall to continue to perform its strategic functions.

**Strong External Funding Accessibility to Support Liquidity:** China Great Wall has strong access to various funding channels, including PBC re-loans, banking facilities, interbank borrowings, bond issuances, and trust loans. It maintained unused banking facilities amounting to approximately RMB400 billion at end-2023 and sufficient bond issuance quota. China Great Wall has kept a good debt repayment record, and we believe its refinancing capacity would remain intact.

### **Rating Sensitivities**

We would consider downgrading China Great Wall’s rating if (1) there is perceived weakening in support from the Chinese government, particularly due to its reduced strategic importance, or the lack of sufficient resources to perform its strategic functions and/or to ensure its viability, or (2) there is a significant reduction of state ownership in the company, or (3) there is a downgrade in our internal credit assessment on the Chinese government.

We would consider upgrading China Great Wall’s rating if (1) there is strengthened support from the Chinese government, or (2) there is an upgrade in our internal credit assessment on the Chinese government.

## 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 methodologies used in this China Great Wall's rating are *Lianhe Global's Non-Bank Financial Institutions Rating Criteria* published on 21 November 2023, which can be found at the website [www.lhratingsglobal.com](http://www.lhratingsglobal.com).

**Note:** The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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