

China Great Wall AMC (International) Holdings Company Limited

Initial Issuer Report

Summary

Issuer Rating	AA-
Outlook	Stable
Location	China
Industry	Investment Holdings
Date	11 June 2024

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘AA-’ global scale Long-term Issuer Credit Rating to China Great Wall AMC (International) Holdings Company Limited (“Great Wall Intl”). The Outlook is Stable.

Summary

The Issuer Credit Rating reflects a high possibility that China Great Wall Asset Management Co., Ltd. (“China Great Wall”) would provide very strong support to Great Wall Intl if needed, in light of its full ownership of Great Wall Intl, Great Wall Intl’s strategic importance as the only overseas platform of China Great Wall, and their high integration and linkage.

The Stable Outlook reflects our expectation that Great Wall Intl’s strategic importance would remain intact while China Great Wall will continue to ensure Great Wall Intl’s stable operation.

Rating Rationale

China Great Wall’s Full Ownership and Supervision: China Great Wall holds the full ownership of Great Wall Intl, and has close supervision over the company. China Great Wall is one of five national AMCs and twenty-six central government-owned financial institutions. At end-March 2024, the Ministry of Finance (“MoF”) and National Council for Social Security Fund (“NCSSF”) 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. (“China Re P&C”) and other SOEs.

China Great Wall has the final decision-making authority on Great Wall Intl’s major investment and financing plans. China Great Wall has the voting right to appoint all the directors (including three non-executive directors) on the board and the senior management.

Only Overseas Platform with Strong Strategic Alignment: Great Wall Intl is the only overseas platform of the China Great Wall group, providing comprehensive financial services to client with a focus on distressed-asset management, investment banking, property investment and management businesses. Great Wall Intl serves as a link between China Great Wall’s onshore business and its offshore funding and investment operations, playing a key role in China Great Wall’s strategy of becoming an international outstanding financial service provider.

Under the return-to-core-business strategy arrangement of the group, Great Wall Intl has been expanding its distressed-asset management, and acquisition and reorganization related businesses, further enhancing its synergy with China Great Wall.

Ongoing Operational Support: In addition to strategic alignment, Great Wall Intl would receive very strong support from China Great Wall to ensure its stable operation, considering China Great Wall’s full ownership of Great Wall Intl and strong linkage. China Great Wall had provided keep-well deeds to Great Wall Intl’s bond issuances and assists the company in establishing relations with financial institutions such as banks for wide business cooperations and funding accessibility.

High Indebtedness Pressures Debt Servicing Capability and Liquidity: Great Wall Intl’s total debt to the asset value of the investment portfolio declined to 99.1% at end-2023 from 112.9% at end-2022. It was still high, but we expect the downward trend to continue. In the past two years, the company’s financing costs increased amid the interest rate hikes, putting certain pressure on

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Applicable Criteria

Investment Holdings and Conglomerates
Rating Criteria (30 November 2023)

the company's debt repayment and liquidity management. Yet the company had considerable cash on hand and maintained sufficient unused credit line. It also has access to various financing channels such as bond issuance to support its debt repayments and business operations. Moreover, Great Wall Intl could obtain financial support from China Great Wall if necessary.

Rating Sensitivities

We would consider downgrading Great Wall Intl's rating if (1) there is perceived weakening in support from China Great Wall, particularly due to its reduced strategic importance, or the lack of timely support to ensure its viability, or (2) there is a significant reduction of China Great Wall's ownership of Great Wall Intl, or (3) there is a rating downgrade on China Great Wall.

We would consider upgrading Great Wall Intl's rating if (1) there is a rating upgrade on China Great Wall.

Company Profile

Great Wall Intl is a direct wholly-owned subsidiary of China Great Wall. Great Wall Intl serves as the primary overseas platform of the China Great Wall group, focusing on distressed-asset management business, financial service and investment, and property investment.

China Great Wall was jointly established by MoF, NCSSF and China Life Insurance (Group) Company in December 2016, after the shareholding restructuring. Its predecessor, China Great Wall Corporation, was set up in 1999 with the approval of the State Council to acquire and dispose non-performing loans from national banks.

China Great Wall is one of twenty-six central government-owned financial institutions. At end-March 2024, MoF and NCSSF held approximately 73.53% and 18.97% equity interest in China Great Wall, respectively; the remaining 7.50% shares were owned by China Re P&C and other SOEs.

Appendix: Great Wall Intl's Rating Factors

Key Factors	Weight	Initial Rating
I. Investment Strategy and Risk Appetite	15.00%	bb
II. Governance and Management	25.0%	bbb
III. Portfolio Quality and Diversity	5.0%	bb
IV. Financial Structure and Flexibility	20.0%	bb-
Stand-Alone Creditworthiness	100.0%	bb
VI. External Support		Very Strong
Issuer Credit Rating		AA-

Source: Lianhe Global



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