

# Credit Rating Report for China Great Wall Asset Management Co., Ltd. 2019-2 Financial Bond (Bond Connect)

## Ratings

Long-term credit rating of the issuer: AAA

Financial bond credit rating: AAA

Outlook: Stable

Date of rating: April 11, 2019

## Key data

Item	End of Sep. 2018	End of 2017	End of 2016	End of 2015
Total assets (CNY 100mn)	6389.82	6395.40	4869.13	3674.88
Total liabilities (CNY 100mn)	5723.45	5781.16	4362.96	3251.28
Owners' equity (CNY 100mn)	666.37	614.25	506.17	423.59
Debt-to-asset ratio (%)	89.57	90.40	89.60	88.47
EBITDA (CNY 100mn)	-	304.70	226.07	210.02
EBITDA-to-interest cover (x)	-	1.74	1.84	1.61
Total debt/EBITDA (x)	-	14.46	13.80	11.51
Capital adequacy ratio (%)	12.84	12.55	14.35	14.20
Item	Jan-Sep 2018	2017	2016	2015
Revenue (CNY 100mn)	277.03	385.42	292.99	307.62
Total profit (CNY 100mn)	52.81	126.88	98.80	77.91
Net profit (CNY 100mn)	42.91	104.99	89.13	73.67
Average rate of return on assets (%)	-	1.86	2.09	2.31
Average rate of return on net assets (%)	-	18.74	19.17	20.24

Source: China Great Wall Asset Management's audit reports, information compiled by Lianhe.

Note: 1. Capital adequacy ratios are calculated on a parent-company basis;  
2. Financial statements for January to September 2018 are unaudited.

## Analysts

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## Rationale

Founded in October 1999 and formerly known as China Great Wall Asset Management Corporation, China Great Wall Asset Management Co., Ltd. ("China Great Wall Asset" or the "Company") is a financial asset management company incorporated with the State Council's permission to help tackle the Asian financial crisis, defuse financial risks, and promote reforms and development of state-owned banks and enterprises. Since its establishment, the Company has acquired, managed and disposed of non-performing assets from financial and non-financial institutions worth over CNY 1 trillion, accumulated extensive experience on asset management and disposition while in the meantime, established a professional asset management and operation team. Since 2016, the Company has completed its joint-equity reform and brought in strategic investors, with optimized ownership structure and improved capital strength. With the Ministry of Finance being its controlling shareholder, the Company has the backing of the central government. In recent years, while expanding quickly in its core business, namely the disposition of non-performing assets, the Company has built a diversified business platform covering banking, securities, trust, leasing and insurance, maintaining decent profitability and sufficient capital. China Lianhe Credit Rating Co., Ltd. has affirmed China Great Wall Asset Management Co., Ltd.'s long-term credit rating at "AAA" and the credit rating of its 2019-2 financial bond of CNY 15 billion (bond connect) at "AAA". The Outlook is Stable. The rating affirmation reflects that the default risk of China Great Wall Asset's latest financial bond is

extremely low.

#### Strengths

- As one of China's big four state-owned financial asset management companies controlled by the Ministry of Finance, the Company has the backing of the central government. It has completed its joint-equity reform, with optimized ownership structure and improved corporate governance;
- It boasts expertise in non-performing asset management, has extensive business networks, and is a leading competitive player in the industry where it operates;
- Its principal business has grown rapidly, with expanding presence and decent profitability;
- It has continually improved its capital strength by carrying out joint-equity reform and bringing in strategic investors, maintaining sufficient capital;
- While promoting its commercial transformation, the Company has built a diversified business platform covering asset management, banking, securities, trust, leasing and insurance. With sophisticated and comprehensive business operations, the Company has laid a foundation for sustainable development.

#### Concerns

- Since rapid business development has

created a greater demand for capital, the Company has a large debt and a high leverage ratio;

- The substantial amount of investment assets leads to relevant risks which deserve attention;
- Since it has presence in several sub-sectors in the field of finance, the Company faces challenges in managing and controlling risks, given its diversified business operation.