Credit Opinion

10 September 2026

Ratings	
Category	Non-bank Financial Institution
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	BBB_g
Outlook	Stable

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Guangzhou Nanyue Fund Management Co., Ltd.

Surveillance credit rating report

CCXAP affirms Guangzhou Nanyue Fund Management Co., Ltd.'s long-term credit rating at BBB_g, with stable outlook.

Summary

The BBB_g long-term credit rating of Guangzhou Nanyue Fund Management Co., Ltd. ("GNFM" or the "Company") is underpinned by the Company's (1) strong market position in private equity fund management of Zengcheng District; (2) stable development momentum in financial service businesses, with manageable business risk; and (3) relatively good debt-servicing capability and low debt burden.

However, the rating is constrained by (1) the Company's small income scale, with relatively weak and volatile profitability; (2) large impact of policy changes on investment returns and payback period; and (3) moderate access to fundings.

The rating also reflects our expectation of high likelihood of support from the Zengcheng District Government, given GNFM's (1) major ownership by the Zengcheng District Government and minor ownership by the Guangzhou Municipal Government; (2) relatively high strategic importance in the regional economic development; and (3) solid supporting track record from the government including capital injections.

The stable outlook on GNFM's rating reflects our expectation that the willingness and ability of the local government to provide support is unlikely to change, and that the Company will sustain its solid market position and financial profile in the next 12 to 18 months.

Rating Drivers

- High likelihood of government support from the Zengcheng District Government when needed
- Strong market position in private equity fund management of Zengcheng District
- Stable development momentum in financial service businesses, with manageable business risk
- Relatively good debt-servicing capability and low debt burden
- Moderate access to fundings
- Small income scale, with relatively weak and volatile profitability
- Large impact of policy changes on investment returns and payback period

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government support increases such as greater strategic importance or more policy roles in Zengcheng District; and (2) the Company's standalone credit profile improves, such as improved profitability and asset quality, with stable asset growth and a long track record.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government support decreases such as significantly decreasing ownership from the Zengcheng District; or (2) the Company's standalone credit profile worsens, such as deteriorated capital adequacy, a sharp decrease in asset quality, or an unexpected decline in liquidity.

Key Indicators

	2023FY	2024FY	2025FY
Total Assets (RMB million)	1,047.2	1,135.5	1,128.1
Total Equity (RMB million)	879.0	892.1	899.7
Total Revenue (RMB million)	43.0	32.6	41.1
Net Profits (RMB million)	25.9	20.9	14.6
Return on Average Equity (%)	3.0	2.4	1.6
Debt/EBITDA (X)	1.8	4.2	2.9
FFO/Total Debt (%)	-7.2	-20.5	-6.0

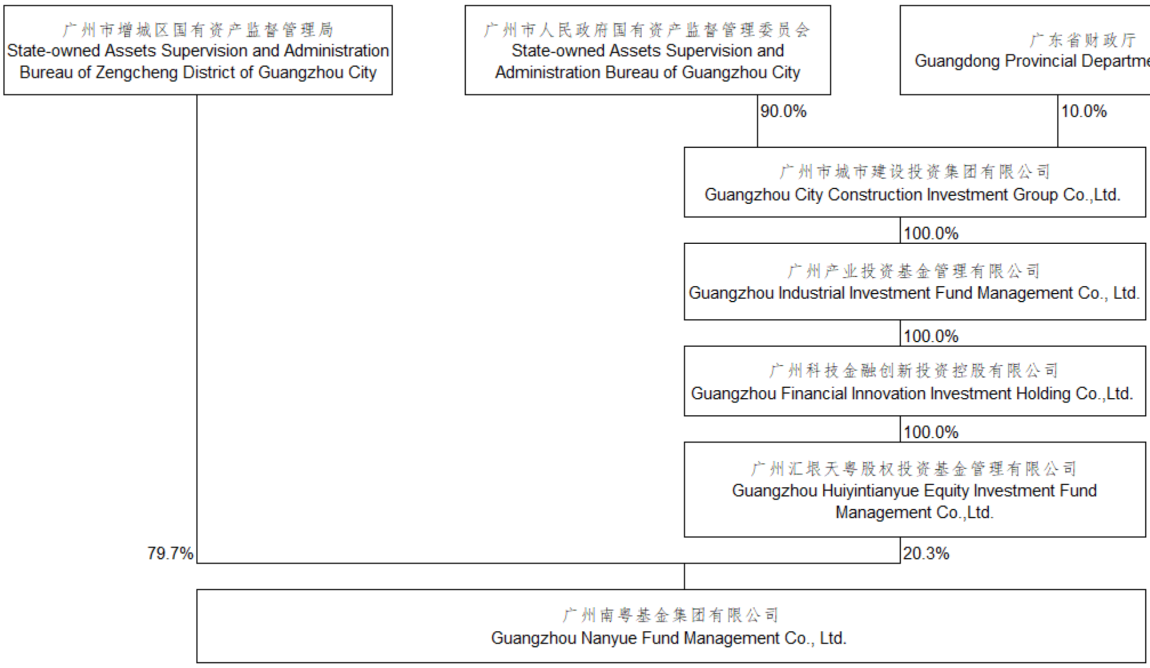
All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Founded in November 2014 with a registered capital of RMB640.1 million, GNFM is a state-owned innovative fund management platform jointly established by the Guangzhou Municipal Government and the Zengcheng District Government, with the aim of increasing the leverage effect of government funds, activating social capital investment, promoting industrial transformation, and promoting economic development. GNFM primarily engages in private equity and venture capital fund management, and gradually expands to other financial services such as non-performing assets management, financial guarantee, and investment consultation. As of 31 March 2026, the State-owned Assets Supervision and Administration Bureau of Zengcheng District of Guangzhou City directly held 79.7% of the Company's shares and was its ultimate controlling shareholder.

Exhibit 1. Shareholding chart as of 31 March 2026



Source: Company information, CCXAP research

Rating Considerations

Strong market position in private equity fund management of Zengcheng District

Due to policy support and transformation of saving opinions, the fund management industry experienced high-quality development over the past years. Guangdong Province has ranked first in economic development over the past 30 years, which provides an excellent operating environment for the fund management industry. As of 31 March 2026, Guangdong Province had 4,328 private equity fund managers registered with the Asset Management Association of China, with funds under management of 28,603 and assets under management (“AUM”) of RMB3.4 trillion. Serving as the capital city and economic hub of Guangdong Province, Guangzhou City has an advanced fund management industry and remains ranked among the top cities in terms of AUM in the province.

As the sole state-owned innovative fund management platform in Zengcheng District, Guangzhou City, GNFM has a strong market position and unique advantages in private equity fund management of the region. As of 31 December 2025, GNFM had accumulatively managed 15 funds as a general partner, of which 8 had already exited, and outstanding assets under management were RMB3.8 billion. The decline in management-fee income in 2024 and 2025 reflected funds entering the exit period and lower contracted fee rates on some mandates. Management fees are generally 0.5%–2% of fund size plus 20% of excess return, as agreed case by case. In recent years the Company has not independently established new funds and has participated mainly through affiliates, so new deployment has slowed. Fee income was also held down by existing fund agreements. Guangzhou New Display Technology Investment Partnership, with a total size of RMB6.0 billion, paid no management fees during 2023–2025, as no excess returns were generated and therefore none were due under the agreement.

GNFM's investment mainly focuses on the hi-tech sector, such as new energy, new materials, semiconductors (including new displays) and bio-pharmaceutical. The Company sticks to the concept of value investment and focuses on industry leaders with growth potential. Besides, GNFM also focuses on high-quality pre-IPO projects.

As of 31 December 2025, the Company had participated as a limited partner in 27 funds within the consolidation scope, with paid-in capital of RMB257.0 million. Those funds had 33 projects under investment, mainly at early-to-mid stages, covering new energy, integrated circuits and biomedicine.

The Company charges management fees of generally 0.5%–2% of fund size plus 20% of excess return. As of 31 December 2025, it had acted as general partner for 15 funds in the consolidation scope, of which 8 had already exited, and remaining assets under management were RMB3.8 billion. Management-fee income fell from RMB10.0 million in 2024 to RMB4.0 million in 2025, as funds entered the exit period and some agreements cut or waived the fee. As an important fund manager of Zengcheng District, GNFM has initiated the establishment of the Guangzhou East Centre Development Fund with six other enterprises, with a total fund scale of RMB20.0 billion. The fund cluster continues to be developed through various specialised sub-funds. On 9 February 2026, Nanyue Fund signed an agreement with Wanlian Tianze and Zengcheng Urban Investment Group to establish the Zengcheng "Hundred, Thousand, Ten-Thousand" High-Quality Development Fund, with a target size of RMB1.0 billion; the fund was described as an important component of the RMB20.0 billion Guangzhou East Centre Development Fund cluster. Given its strategic importance in local industrial and economic development, we expect the Company will maintain its solid market position in the foreseeable future.

Stable development momentum in financial service businesses, with manageable business risk

Apart from fund management business, GNFM also engages in non-performing asset management and guarantee businesses. Guarantee income increased in 2025, while non-performing asset disposal income was lower than in prior years. The Company has risk-control measures in place, and overall business risk remains manageable.

The non-performing asset business covers acquisition and disposal of debt and asset packages gained from financial institutions and private debtors. As of 31 December 2025, the Company had accumulatively acquired 11 non-performing debt and asset packages, with a total original value of RMB1.72 billion and a total acquisition cost of RMB80.0 million. The discount rate was 4.6%. Cumulative cash recovered as principal amounted to RMB35.0 million, and cumulative investment profit amounted to RMB130.0 million, for an investment return of 368.8%. In 2025, the Company acquired one new package, with an original value of RMB147.0 million and an acquisition cost of RMB20.0 million, and recorded investment profit of about RMB5.0 million.

The Company engaged in guarantee business in 2020, providing financing guarantees to small and medium enterprises in Zengcheng District to solve their financing issues. This business can be divided into financing guarantees and non-financing guarantees. Non-financing guarantee business mainly involves providing a letter of guarantee to engineering construction companies and supply chain companies. As of 31 December 2025, the Company's total financing guaranteed amount was RMB452.0 million, with a guarantee compensation rate of 2.3%, and the total non-financing guaranteed amount was RMB4.6 billion with nil compensation. The guarantee income remains relatively stable. The revenue from guarantee business increased from RMB10.8 million in 2024 to RMB25.4 million in 2025. As the guarantee period for financing guarantees usually does not exceed 3 years and the amount of a single guarantee is limited, we expect the contingent liabilities risk to be manageable.

Small income scale, with weak and volatile profitability

GNFM's fund management business is geographically concentrated in Zengcheng District and Guangzhou City. The Company's operating size and income scale are relatively small, with revenue amounting to RMB41.1 million and investment income reaching RMB9.2 million in 2025. Due to the government support policy and strong market position, we believe GNFM's business scale will grow gradually in the next few years.

In addition, the Company's profitability is volatile as both equity investment and financial service businesses are vulnerable to macro-economic situations and local industrial development. Policy changes may affect the capital markets in China, and hence also have a large impact on the Company's investment returns and payback period. The Company's return on average equity declined from 2.4% in 2024 to 1.6% in 2025. The weakening mainly reflected lower fund-management fees as funds entered the exit period and a sharp drop in investment income in 2025.

Relatively good debt-servicing capability and low debt burden

GNFM's debt burden has been low, with its total debt decreasing from RMB113.0 million at end-2024 to RMB84.6 million at end-2025. The Company's debt-servicing capability remained relatively good, with the total debt/EBITDA ratio decreasing from 4.2x in 2024 to 2.9x in 2025, and cash to short-term debt ratio of 5.0x, indicating sufficient monetary funds to cover short-term obligations. However, the Company has insufficient funds from operations ("FFO") to services its debt, with negative FFO-to-debt ratio of -6.0x in 2025, albeit improving from that of -20.5x in 2024. We expect the Company's debt burden will increase over the next 12 to 18 months, given its issuance of onshore bonds.

Moderate access to fundings

The Company mainly relies on bank loans for fundings, which include liquidity loans and foreign debt borrowings. As of 31 December 2025, the Company had available undrawn bank facilities of RMB26.0 million, indicating limited liquidity buffers. In May 2026, the Company broadened its funding channel into bond market and issued the first sci-tech innovation bond in Zengcheng District, with issued amount of RMB200.0 million and coupon rate of 2.05%.

External Support

High likelihood of government support from the Zengcheng District Government when needed

We expect GNFM to have a high likelihood of receiving support from the Zengcheng District Government in times of need. This expectation incorporates our considerations of the Company's (1) major ownership by the Zengcheng District Government and minor ownership by the Guangzhou Municipal Government; (2) relatively high strategic importance in the regional economic development; and (3) solid supporting track record from the government including capital injections.

Serving as the capital of Guangdong Province, Guangzhou City has a very strong capacity to support local companies. As a developing area of Guangzhou City, the gross regional products of Zengcheng District increased by 3.6% year-on-year to RMB142.3 billion in 2025. GNFM has a very important position among local SOEs in the Zengcheng District, behind city construction and industrial investment SOEs. As the first established fund management company in the region, GNFM has both importance in promoting industrial transformation and boosting social capital investment in order to accelerate the regional economic development.

The Company has a close relationship with the local government and has a solid track record of receiving support from the local government. As the major shareholder of GNFM, the Zengcheng District Government appointed most of the board members, with strong supervision on the Company's material decisions. The State-owned Assets Supervision and Administration Bureau of Zengcheng District and Huiyin Tianyue made several rounds of capital injections into the Company, with cumulative capital injections of RMB540.0 million as of 31 December 2025. We expect the local government's willingness to support the Company to be high, which is unlikely to change in the near to medium term.

Rating Methodology

The methodology used in this rating is the Rating Methodology for Finance Companies (April 2019).

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

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