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

Hong Kong, 10 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Guangzhou Nanyue Fund Management Co., Ltd. ("GNFM" or the "Company") at BBB_g, with stable outlook.

The BBB_g long-term credit rating of GNFM 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 the Company's (1) 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.

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.

Rating Rationale

Credit Strengths

Strong market position in private equity fund management of Zengcheng District. 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. 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.

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.

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. We expect the Company's debt burden will increase over the next 12 to 18 months, given its issuance of onshore bonds.

Credit Challenges

Small income scale, with relatively 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.

Large impact of policy changes on investment returns and payback period. 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.

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%.

Rating Outlook

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.

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.

Rating Methodology

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

Regulatory Disclosures

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