

Credit Opinion

25 September 2025

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 of 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) good debt-servicing capability.

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) weakened liquidity profile.

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
- Good debt-servicing capability, but with an increasing debt burden
- Weakened liquidity profile
- 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

	2022FY	2023FY	2024FY
Total Assets (RMB million)	1,038.9	1,047.2	1,135.5
Total Equity (RMB million)	873.6	879.0	892.1
Total Revenue (RMB million)	47.5	43.0	21.8
Net Profits (RMB million)	18.9	25.9	20.9
Return on Average Equity (%)	2.8	2.7	2.2
Debt/EBITDA (X)	0.5	1.8	4.2
FFO/Total Debt (%)	-74.7	-7.2	-20.5

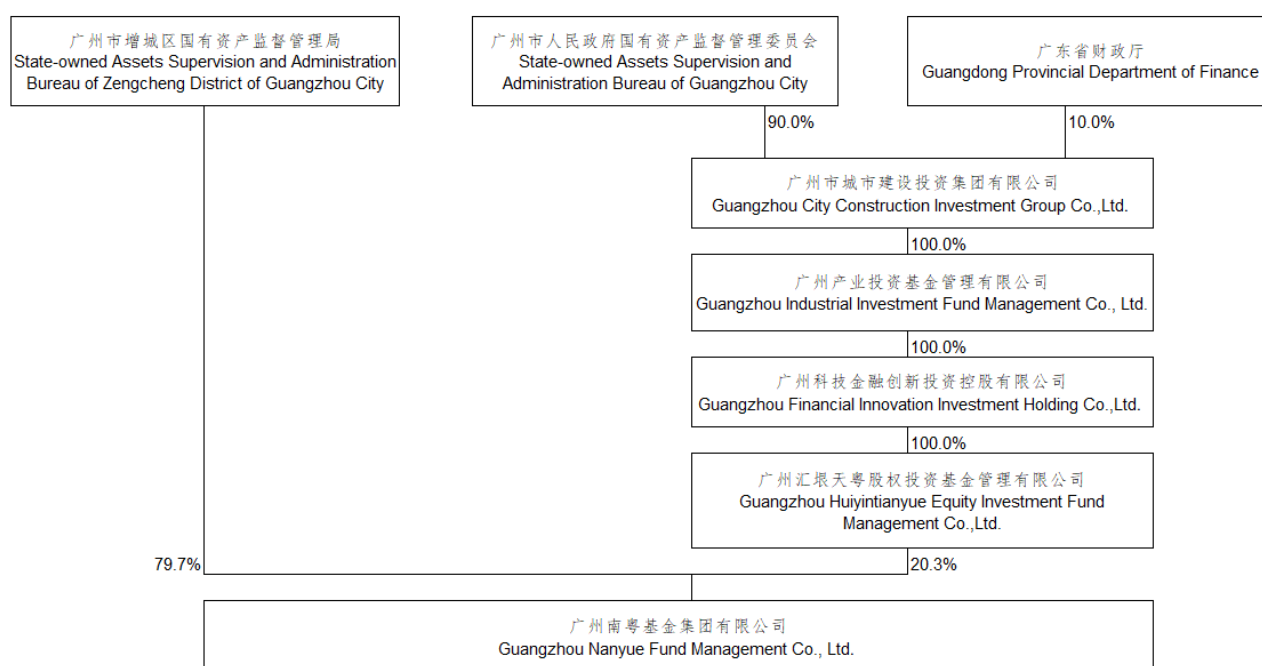
All ratios and figures are calculated using CCXAP's adjustments.

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 30 June 2025, 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 30 June 2025



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 July 2025, Guangdong Province had 4,545 private equity fund managers registered with the Asset Management Association of China, with funds under management of more than 33,000 and assets under management ("AUM") of over RMB3.3 trillion. Serving as the capital city and economic hub of Guangdong Province, Guangzhou City has an advanced fund management industry and is ranked second 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. The Company has successively established and managed 88 funds, including emerging industry funds, equity investment funds, urban development funds, and government guidance funds, with a cumulative paid-in capital of RMB26.0 billion. From 2024H1 to 2025H1, the Company exited 4 funds with a total amount of RMB1.3 billion and established a new fund with a total committed capital and paid-in capital of RMB100.0 million, focusing on the quantum dot technology industry. As of 30 June 2025, GNFM had 67 funds under management, with AUM decreasing from RMB8.7 billion as of 30 June 2024 to RMB7.5 billion due to the recent exits.

GNFM's investment mainly focuses on the hi-tech sector, such as new energy, new materials, semiconductors (including new displays) and bio-pharmaceutical. Besides, GNFM also focuses on high-quality pre-IPO projects. The Company sticks to the concept of value investment and focuses on industry leaders with growth potential. Among all the invested companies, 8 enterprises have been listed and 2 enterprises plan to be listed. However,

the management income fluctuates with the AUM scale and investment performance. In 2024, the revenue from fund management amounted to RMB10.0 million, as compared with RMB15.3 million in 2023.

As an important fund manager of Zengcheng District, GNFM has initiated the establishment of Guangzhou East Center Development Investment Fund with six other enterprises, with a total fund scale of RMB20.0 billion. The fund will invest in key industrial projects and the related infrastructure construction projects within Guangzhou East Center. 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 assets management and guarantee businesses. These businesses show stable development momentum, with increasing operating income. In addition, the Company has established risk control measures to minimize the business risks.

The non-performing assets management covers asset acquisition and asset disposal. The Company has resolved non-performing debt of RMB3.0 billion for the local government and state-owned enterprises, and has activated idle land assets with an area of about 230,000 square meters. From 2024H1 to 2025H1, the Company newly acquired 5 debt and asset packages, with a total amount of RMB43.6 million. As of 30 June 2025, the Company had acquired 18 debt and asset packages, with a total amount of RMB6.0 billion, and the Company had exited 5 packages, recovered principal of RMB137.5 million and achieved investment profit of RMB205.5 million in total, providing supplemental profit to the Company.

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 30 June 2025, the Company's total financing guaranteed amount was RMB234.7 million, with guarantee compensation of RMB14.3 million and a guarantee compensation rate of 1.7%, and the total non-financing guaranteed amount was RMB3.4 billion without compensation. The guarantee income remains relatively stable. The revenue from guarantee business slightly decreased from RMB10.9 million in 2023 to RMB10.8 million in 2024. As the guarantee period for financing guarantees usually does not exceed 3 years and the amount of a single guarantee does not exceed RMB28.0 million, we expect the contingent liabilities risk to be manageable.

Small income scale, with weak and volatile profitability

GNFM's fund management business had geographic concentration mainly in Zengcheng District and Guangzhou City. The Company's operating size and income scale are relatively small, with revenue amounting to RMB32.6 million and investment income reaching RMB51.4 million in 2024. 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. Affected by decreasing AUM in 2024, its return on average equity remained relatively weak at 2.2%, as compared with 2.7% in 2023.

Good debt-servicing capability, but with an increasing debt burden

Due to the continuous expansion of the Company's business, GNFM's debt burden was increasing, with its total debt increasing from RMB54.2 million at end-2023 to RMB99.9 million at the end of 2025H1, and its debt-servicing capability remained good despite debt/EBITDA ratio increasing from 1.8x in 2023 to 4.2x in 2024, driven by heightened borrowing and reduced earnings. As the Company plans to tap into the onshore bond market, we believe that its debt burden will continue to increase for the next 12 to 18 months.

Weakened liquidity profile

The Company's liquidity profile has weakened due to heightened borrowing and reduced earnings. From 2023 to 2024, the FFO-to-debt ratio declined from -7.2% to -20.5%, indicating insufficient operational funds to service debt, placing the Company at elevated risk of liquidity constraints. The cash to short-term debt ratio also decreased from 20.2x at the end of 2023 to 1.1x at mid-2025, while still sufficient to cover short-term obligations. As of 30 June 2025, the Company had available credit facilities of RMB29.2 million, indicating limited liquidity buffers.

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, GRP of Zengcheng District increased by 1.1% YoY to RMB141.2 billion in 2024. 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. In 2023, the Zengcheng District Government injected capital of RMB180.1 million into the Company. 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 \(April 2019\)](#).

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