

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuer Credit Rating with Stable Outlook to Tian Tu Capital Co., Ltd.

HONG KONG, 4 December 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuer Credit Rating to Tian Tu Capital Co., Ltd. (“Tiantu” or “the company”) (1973.HK). The Outlook is Stable.

The Issuer Credit Rating reflects Tiantu’s established investment strategy as a well-known private equity investment firm specializing in the consumer sector as well as moderate leverage and liquidity. At the same time, its rating is constrained by its and pressured investment performance amid the market downturn.

The Stable Outlook reflects our expectation that Tiantu will maintain prudent financial policy and disciplined approach to portfolio and risk management, while continuing to secure access to funding.

Key Rating Rationales

Well-known PE Firm Focusing on Consumer Sector: Tiantu is a professional private equity investment firm in China. The company is primarily engaged in equity investment across companies in the consumer sector, including consumer products, services and distributions. Tiantu invests both its own capital and external capital from institutional investors and high-net-worth individuals, through its managed funds and direct investments. By end-June 2025, Tiantu’s total assets under management amounted to RMB19.4 billion. The portfolio comprised 183 companies across China, including Xiaohongshu, Bama Tea (6980.HK), BeBeBus (6090.HK), Yoplait China and China Feihe (6186.HK).

Established Investment Strategy: Tiantu has developed extensive expertise in China’s consumer industries and established a professional investment team with deep knowledge. Its investment strategy targets technology-driven consumer companies that demonstrate strong growth potential in large markets. Tiantu aims to identify companies at pivotal inflection points, i.e. just ahead of their high-growth phase, to avoid prolonged holding periods or inflated valuations due to investing too early or too late. Post investment, Tiantu implements ongoing monitoring and review mechanisms to track company performance, identify emerging risks, and ensure alignment with the firm’s investment objectives and risk tolerance.

Moderate Asset Concentration: Tiantu’s investment portfolio comprised 183 companies across consumer products, services and distributions in China, indicating a certain degree of diversification. However, Tiantu’s investment valuation volatility could be high, considering the portfolio concentration primarily in China’s consumer sector. In addition, unlisted companies accounted for approximately most of the portfolio, which are subject to limited liquidity and inherent valuation uncertainty.

Moderate Leverage and Liquidity: Tiantu's own capital mainly comes from equity financing, retained earnings and debt financings, with a manageable leverage. Its LTV ratio (total debt to the value of investment portfolio, excluding limited partners' portion in the consolidated funds) stayed at a relatively low level between 13% and 18% in the past three years. Tiantu's liquidity is moderate. At the parent company level, Tiantu had cash of RMB454 million, compared to its short-term debt of RMB523 million as of end-June 2025.

Stable Funding: Tiantu has stable access to capital market. It achieved a public listing on the Hong Kong Stock Exchange in 2023, expanding its channels for equity financing. As of end-June 2025, the company had two outstanding bonds, both backed by guarantees from credit enhancement institutions. We believe Tiantu is able to refinance its existing bonds if necessary, considering its good repayment track record, strong relationships with credit enhancement institutions, favorable policies for Sci-Tech Innovation Bond issuance, and the prevailing low-interest rate environment in China.

Pressured Investment Performance: Tiantu's investment performance weakened in 2023, as China's consumer sector faced a downturn due to subdued consumer confidence. Valuations of both listed and unlisted companies came under pressure. In 2024, the company accelerated its divestment efforts, reducing its investments while recognizing significant investment losses amid persistent market pessimism. In 1H2025, Tiantu returned to profitability, recording a net profit of RMB76 million, driven by a recovery in the fair value of its investments amid the capital market rebound. On the other hand, Tiantu's fund management fee income was largely stable in the past three years, covering its financial costs and operating expenses.

Rating Sensitivities

We would consider downgrading Tiantu's rating if (1) its LTV ratio rises to consistently above 25%, or (2) its liquidity assets to short-term debt ratio decreases to consistently below 85%, or (3) its debt servicing capability and access to fundings significantly deteriorates.

We would consider upgrading Tiantu's rating if (1) its interest and expense coverage is consistently above 4.0x, and (2) its investment performance significantly improves, and (3) its sector diversification significantly increases.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Principal Methodology Applied

Investment Holdings and Conglomerates Rating Criteria (published on 30 November 2023)
The methodology can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party. None of the aforementioned entities nor its related parties participate in the rating process aside from providing information requested by Lianhe Global.

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