Tian Tu Capital Co., Ltd.

Summary	
Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Investment Holdings
Date	4 December 2025

Analysts

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Applicable Criteria
Investment Holdings and Conglomerates Rating Criteria (30 November 2023)

Lianhe Ratings Global Limited ("Lianhe Global") has assigned 'BBB-' global scale Long-term Issuer Credit Rating to Tian Tu Capital Co., Ltd. ("Tiantu" or "the company"); The Outlook is Stable.

Summary

The Issuer Credit Rating reflects Tiantu's (1973.HK) 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 Diversification: 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. In addition, the company had financial assets (current, net of financial liabilities) of RMB187 million, primarily consisting of listed equity investments which are freely tradable.

Stable Funding: Tiantu has stable access to capital market. It achieved a public listing on the Hong Kong Stock Exchange ("HKEX") in 2023, expanding its channels for equity financing. As of end-June 2025, the company had two corporate bonds maturing in 2025 and 2027, respectively, 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.

Company Profile

Tiantu is a professional private equity investment firm in China, focusing on the consumer sector. Originally established in 2010 under the name Tian Tu Capital Limited, the company was reorganized as a joint stock limited liability company in 2015, and the same year it was listed on National Equities Exchange and Quotations ("NEEQ", stock code: 833979). Tiantu further achieved a public listing on the HKEX in 2023. As of end-June 2025, Mr. Wang Yonghua, Tiantu's founder, controlling shareholder, and chairman, held a 30.27% equity interest in the company. Mr. Wang is recognized as one of China's prominent investors, boasting 30 years of investment experience.

Tiantu's Shareholding Structure at end-2024

Shareholders	Shareholdings (%)
Mr. Wang	30.27
Shenzhen Paladin No.9 Capital Management Partnership (Limited Partnership)	11.29
Shenzhen Futian Guiding Fund Investment Co., Ltd.	5.38
Other NEEQ shareholders	33.44
Other HKEX shareholders	19.62

Source: Tiantu and Lianhe Global's calculations

The company has developed extensive expertise in these 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.

As a dual-listed company, Tiantu has established an adequate governance structure comprising the Shareholders' Meeting, Board of Directors, Board of Supervisors, and Senior Management. The Board holds ultimate responsibility for the company's overall risk management, supported by a well-defined organizational hierarchy and comprehensive operational guidelines. A Risk Control Committee is responsible for identifying, monitoring, preventing, and mitigating risks, as well as making key risk management decisions.

Tiantu has developed a well-structured and disciplined investment process. Each prospective project typically undergoes three formal stages of internal review — project initiation, preliminary review, and final investment decision. Comprehensive due diligence is conducted by the deal team on all target companies, while a senior investment professional could be designated to provide independent risk assessments and examine underlying assumptions. 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.

Investment Profile

Tiantu invests both its own capital and external capital from institutional investors and high-net-worth individuals, through its managed funds and direct investments. Tiantu's institutional investors include listed companies, government-guiding funds and well-known financial institutions. The company receives fund management fees, typically 2% of committed capital, plus 20% carried interest on realized excess returns from its managed funds. Additionally, Tiantu recognizes investment gains from its own investments.

By end-June 2025, Tiantu's total assets under management amounted to RMB19.4 billion. The portfolio comprised 183 companies across consumer products, services and distributions in China, indicating a certain degree of diversification. However, its investment valuation volatility could be high, considering the portfolio concentration primarily in China's consumer sector. In addition, unlisted companies accounted for most of the portfolio, which are subject to limited liquidity and inherent valuation uncertainty.

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.

Tiantu's Investment Performance

RMB million	2022	2023	2024	2025.6
Investment gains (losses)	**193**	**(90)**	**(736)**	**(287)**
- Interest and dividends	106	32	29	14
-Realized gains (losses)	116	(140)	(606)	(345)
-Gains (losses) from long-term equity investment	(29)	19	(159)	44
Fair value changes	155	(705)	(128)	384

Source: Tiantu and Lianhe Global's calculations

Tiantu's exit strategies include IPOs, M&A transactions, share repurchases, and equity dispositions. We expect the buoyant IPO market in Hong Kong to offer good exit opportunities over the next 12 to 24 months. As investor sentiment improved amid the stock market rebound, the company's fundraising increased strongly to RMB486 million in 1H2025, compared to RMB43 million in 1H2024.

Tiantu plans to increase its investments in food and beverage, beauty and wellness, biotechnology, and the emerging low-altitude economy in the coming years. To diversify its exit channels and reduce its dependence on traditional IPOs, the company has also launched a SPAC vehicle on Micro Connect (Macao) Financial Assets Exchange which could generate recurring cash stream through a revenue-sharing mechanism.

Financial Structure and Flexibility

Tiantu's proprietary investments, including financial assets (net of financial liabilities) and Long-term equity investments amounted to RMB5.7 billion at end-June 2025. These investments have achieved significant unrealized gains, as its iconic projects such as Xiaohongshu have shown strong investment performance. Its own capital mainly comes from equity financing, retained earnings and debt financings, with a manageable leverage. As of end-June 2025, the company had total debt of RMB837 million, consisting primarily of two bonds maturing in 2025 and 2027, respectively, both backed by guarantees from credit enhancement institutions.

Tiantu's LTV ratio stayed at a relatively low level between 13% and 18% in the past three years, compared with China equity investment firms' average of c. 30% in 2024. Its fund management fee income was largely stable in the past three years, covering its financial costs and operating expenses. However, its investment income (excluding unrealized gains and losses) was weak in 2023 and 2024. 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.

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, mainly bond payables, as of end-June 2025. In addition, the company had financial assets (current, net of financial liabilities) of RMB187 million, primarily consisting of listed equity investments which are freely tradable. In October 2025, the company repaid the bonds due 2025 in full and issued new three-year Sci-Tech Innovation Bonds totaling RMB200 million.

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. As a listed company on the HKEX, Tiantu also has access to equity financing.

Tiantu's Key Financial Metrics

RMB million	2022	2023	2024	2025.6
Total Assets	17,553	16,724	14,193	13,545
Total Debt	1,107	1,096	1,024	837
- Short-term Debt	112	298	1,017	526
Value of the investment portfolio [(1)]	8,021	7,152	5,957	5,732
Operating and investment incomes [(2)]	247	(12)	(675)	(263)
Net Profit	52	(876)	(893)	76
LTV Ratio (%)	13.8	15.3	17.2	14.6

Debt coverage (x)	4.5	-	-	-
Liquid assets to short-term debt (x)	6.5	4.04	0.5	1.2
Interest and Expense Coverage (x)	0.7	-	-	-
ROE (%)	-	(12.0)	(13.0)	2.4(3)

Source: Tiantu and Lianhe Global's calculations
Notes: (1) Excluding limited partners' portion in the consolidated funds
(2) Excluding unrealized gains and losses
(3) Annualized

Appendix: Tiantu's Rating Factors

Rating Factors	Weight	Initial Rating
I. Investment Strategy and Risk Appetite	15.0%	bb+
II. Governance and Management	5.0%	bbb
III. Portfolio Quality and Diversity[1]	40.0%	bb+
IV. Financial Structure and Flexibility[2]	40.0%	bbb-
Stand-Alone Creditworthiness		bbb-
External Support		n.a
Issuer Credit Rating		**BBB-**

Source: Lianhe Global

Notes:
1. Contains sub-factors of Asset Concentration, Geographic Diversity, Business Diversity, Asset Quality and Valuation
2. Contains sub-factors of Financial Policy, Debt Servicing Capability, Liquidity and Funding

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