

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Emeishan Tianxiu Environment Group Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 18 March 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Emeishan Tianxiu Environment Group Co., Ltd. (“ETEG”; ‘BBB-/Stable’).

ETEG intends to use the net proceeds from this offering for project construction and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as ETEG’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of ETEG. The payment obligations of ETEG under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Emeishan, (“the Emeishan government”) would provide strong support to ETEG if needed, in light of its indirect full ownership of ETEG, ETEG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for project construction, water supply, and waste management in Emeishan City, Leshan City (“Emeishan”), and the linkage between the Emeishan government and ETEG, including appointment and supervision of the senior management, strategic alignment, major investment and financing plan decisions and ongoing operational and financial support. In addition, the Emeishan government may face significant negative impact on its reputation and financing activities if ETEG encounters any operational and financial difficulties.

The Stable Outlook on ETEG’s rating reflects our expectation that ETEG’s strategic importance would remain intact while the Emeishan government will continue to ensure ETEG’s stable operation.

Rating Sensitivities

Any rating action on ETEG’s rating would result in a similar rating action on the Bonds.

We would consider downgrading ETEG’s rating if (1) there is perceived weakening in support from the Emeishan government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Emeishan government’s ownership of ETEG, or (3) there is a downgrade in our internal credit assessment on the Emeishan government.

We would consider upgrading ETEG's rating if (1) there is strengthened support from the Emeishan government, or (2) there is an upgrade in our internal credit assessment on the Emeishan government.

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.

Rating Methodology

The principal methodology used in this ETEG's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which 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.

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