

**Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuer Credit Rating with Stable Outlook to Emeishan Tianxiu Environment Group Co., Ltd.**

HONG KONG, 15 October 2025 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuer Credit Rating to Emeishan Tianxiu Environment Group Co., Ltd. (“ETEG” or “the company”). The Outlook is Stable.

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. This mainly considers the Emeishan government’s indirect fully ownership of ETEG, ETEG’s strategic position as an important local investment and development company responsible for project development and city operation in Emeishan City (“Emeishan”). The linkage between the local government and ETEG is strong, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the local government may face significant negative impact on its reputation and financing activities should ETEG encounter any operational or financial difficulties.

Emeishan is a county-level city with rich tourism resources located in the southwest of Sichuan Province and managed by Leshan City. In 2024, Emeishan’s GDP grew steadily by 6.3% to RMB42.0 billion, while its budgetary revenue increased by 3.7% to RMB2.4 billion.

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

**Key Rating Rationales**

**Government’s Ownership and Supervision:** The Emeishan State-owned Asset Supervision and Administration Bureau (“the Emeishan SASAB”) indirectly holds the full ownership of ETEG. The Emeishan government has strong control and supervision over the company through its shareholder, including management appointment, decision on its strategic development and investment plan and supervision of its major funding decisions. In addition, the Emeishan government has assessment mechanism over the company and it appoints auditors to supervise the operating performance and financial position on a periodic basis.

**Strategic Importance and Strategic Alignment:** ETEG is primarily responsible for project construction and city operation in Emeishan, with a strong regional advantage. The company mainly undertakes water supply and related project construction within the region. It also plans to expand its role in rural revitalization and industrial operations. ETEG plays an important role in promoting the economic and social development of the region. Its business operation and development have been aligned with the government’s development plans.

**Ongoing Government Support:** ETEG received ongoing operational and financial support from the Emeishan government and its shareholder. Emeishan Development (Holdings) Co., Ltd, the shareholder of ETEG, injected RMB45.1 million in capital, while the Emeishan government contributed RMB500.3 million in forest assets into ETEG to expand its asset size in 2024. ETEG also received total subsidies of RMB5.0 million from 2022 to 2024. Given that ETEG is the key entity for project development, water supply and rural revitalization in Emeishan, we believe ETEG is likely to receive timely government support.

**ETEG's Financial and Liquidity Position:** ETEG's total asset increased to RMB13.3 billion at end-2024 from RMB10.6 billion at end-2022 as it actively participated in Emeishan's project development. The company relied on both government support and borrowings to fund its asset expansion. Driven by a 22% jump in shareholders' equity due to the government's capital injections, which outpaced the 10% increase in total debt, ETEG's financial leverage, measured by debt-to-capitalization, decreased to 37.9% at end-2024 from 40.0% at end-2023.

ETEG's short-term debt servicing pressure is very high. At end-2024, the company held unrestricted cash of RMB105.7 million, compared to RMB2.1 billion in short-term debt. As of end-2024, the company had total bank facilities of RMB1.5 billion, of which RMB0.4 billion was unutilized. Nevertheless, ETEG maintains access to diverse funding sources, including bank loans, bond issuances, and other non-traditional channels to support ongoing operations. In addition, we expect the company to roll-over its short-term bank borrowings (end-2024: RMB0.9 billion) and receive timely government support if needed.

### **Rating Sensitivities**

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, 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.

### **Principal Methodology Applied**

*China Local Investment and Development Companies Criteria* (published on 31 July 2025)  
The methodology can be found at the website [www.lhratingsglobal.com](http://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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