



Emeishan Modern Agricultural Development Group Co., Ltd.

Surveillance Report

Summary

Issuer Rating	BBB-
Outlook	Stable
Location	China
Industry	Local Investment and Development Companies
Date	26 February 2026

Lianhe Ratings Global Limited (“Lianhe Global”) has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Emeishan Modern Agricultural Development Group Co., Ltd. (“EMADG”); Issuer Rating Outlook is Stable

Summary

The Issuer Credit Rating reflects a high possibility that the People’s Government of Emeishan City, Leshan City (“Emeishan government”) would provide strong support to EMADG if needed, in light of its full ownership of EMADG, and EMADG’s strategic importance as the key local investment and development company (“LIDC”) that is responsible for infrastructure construction, rural revitalization and affordable housing construction in Emeishan City, Leshan City (“Emeishan”). The linkage between the local government and EMADG is strong, including management supervision, strategic alignment and ongoing operational and financial support. In addition, we believe that the local government has a strong willingness to ensure EMADG’s business and financial viability to safeguard its reputation and local financing activities.

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 EMADG’s strategic importance would remain intact while the Emeishan government will continue to ensure EMADG’s stable operation.

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Applicable Criteria

China Local Investment and Development Companies Criteria (31 July 2025)

Rating Rationale

Government’s Ownership and Supervision: The Emeishan government holds the full ownership of EMADG through the State-owned Assets Supervision and Administration Commission of Emeishan City (“Emeishan SASAC”). The Emeishan government is the actual controller of the company. It has the final decision-making authority and supervises the company, 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 appoints auditors to supervise the operating performance and financial position on a periodic basis.

Strategic Importance and Strategic Alignment: EMADG remains the key LIDC in Emeishan that primarily responsible for the investment, development and operation of rural revitalization related infrastructure projects and affordable housing projects. Serving as the key entity in charge of infrastructure projects throughout the region, EMADG is mainly engaged in urbanization construction, sewage pipe and drainage system renovation, road and bridge construction, healthcare and education, Emeishan tourism projects and other infrastructure related projects with strong regional advantages. EMADG 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.



Strong Government Support: EMADG continued to receive support from the Emeishan government. Between 2022 and the first nine months of 2025, the Emeishan government has provided ongoing operational subsidies amounting to RMB444.9 million, primarily to support EMADG’s activities related to infrastructure construction in the area. Additionally, the Emeishan government continued to inject capital, project-related assets and other kinds of assets into EMADG to expand its asset size and diversify its business. We believe EMADG will receive prompt government support, given its significant role and functions in Emeishan.

EMADG’s Financial Matrix and Liquidity Position: EMADG’s asset size continued to grow, reaching RMB20.5 billion at end-September 2025, up from RMB16.0 billion at-end 2023. The company’s total debt surged to RMB6.7 billion at end-September 2025, raising its financial leverage, as indicated by the total debt/capitalization ratio, to 42.7%, up from 33.4% at end-2023.

EMADG’s asset liquidity remained weak. Inventories (primarily construction costs, land to be developed and merchandise inventory) and investment properties (primarily land use rights) accounted for approximately 41.8% of the company’s total assets at end-September 2025. These assets typically take a long time to monetize. EMADG’s short-term debt servicing pressure was moderately high. EMADG had a cash balance of RMB585.3 million at end-September 2025, compared to its debt due within one year of RMB1.9 billion. However, EMADG has access to various financing channels, including bank loans, bond issuances, and other non-traditional financing options, to support its debt repayments and business operations. The company had unused bank facilities totaling RMB5.0 billion at end-2024.

Rating Sensitivities

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

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

Full List of Issuance Ratings

- USD66.7 million, 7.0% guaranteed bonds due 2028 ('A-')

Operating Environment

Economic Condition of Emeishan

Emeishan’s Economy Condition			
(RMB billion)	2022	2023	2024
GDP	37.4	40.3	42.0
-Primary industry (%)	9.4	9.0	7.4
-Secondary industry (%)	29.7	26.6	31.5
-Tertiary industry (%)	60.9	64.3	61.0
GDP growth rate (%)	-3.9	6.9	6.3
Fixed asset investment growth rate (%)	11.6	9.8	3.3
Population (million)	0.4	0.4	0.4

Source: Public information and Lianhe Global’s calculations

Emeishan is a county-level city of Leshan City, Sichuan Province. It recorded GDP of RMB42.0 billion in 2024 with a high contribution from tertiary industries, thanks to its abundant tourism resources. Emeishan's GDP growth rebounded to 6.9% in 2023 from -3.9% in 2022 after Covid then moderated to 6.3% in 2024.

Fiscal Condition of Emeishan

Emeishan's Fiscal Condition (RMB billion)	2022	2023	2024
Budgetary revenue	2.2	2.3	2.4
Budgetary revenue growth rate (%)	5.1	5.0	3.7
Tax revenue	1.0	1.2	1.1
Tax revenue (% of budgetary revenue)	43.4	52.6	44.3
Government fund income	3.6	2.3	2.5
Transfer payment	1.4	1.7	1.3
Aggregate revenue	7.3	6.5	6.7
Budgetary expenditure	3.2	4.0	3.3
Budget balance ¹ (%)	-45.9	-71.2	-37.8
Government debt ratio (%)	111.4	125.7	143.1

¹ Budget balance = (1-budgetary expenditure / budgetary revenue) * 100%

Source: Public information and Lianhe Global's calculations

The Emeishan government's budgetary revenue rose to RMB2.4 billion in 2024 from RMB2.3 billion in 2023. Its fiscal balance was improved, with the budget deficit narrowing from 71.2% to 37.8%. Over the same period, the Emeishan government's government-fund income expanded to RMB2.5 billion from RMB2.3 billion. However, transfer payments declined from RMB1.7 billion to RMB1.3 billion.

The outstanding debt of the Emeishan government kept growing in past few years. At end-2024, the Emeishan government's outstanding debt increased to RMB9.6 billion from RMB8.2 billion at end-2023, mainly due to the issuance of special debts to support local public projects. Its government debt ratio, as measured by the total government debt/aggregate revenue, was up to 143.1% at end-2024 from 125.7% at end-2023.

Company Profile

EMADG was established in March 2007 with an initial registered capital of RMB300 million, funded by Emeishan SASAC. After a series of capital and equity injections, at end-September 2025, EMADG had a shareholding structure in which the Emeishan SASAC, as the solo shareholders and actual controller, held 100% of the company's equity, with the paid-in capital recording at RMB402.3 million.

EMADG is mainly responsible for infrastructure construction and affordable housing construction within the region. Its primary revenue streams emanate from infrastructure and affordable housing construction, complemented by additional ventures such as merchandise sales, rentals, and property management.

EMADG's total revenue has been on an upward trend since 2023, primarily driven by its expansion into the commodities trading sector. However, the gross profit margin has declined to 0.7% in 2023 and 1.2% in 2024, down from approximately 13% in both 2021 and 2022. This reduction in gross profit margin is mainly attributable to the growing share of commodities trading within its core revenue, a segment characterized by lower profit margins.



Key Financial Data

(RMB million)	2022	2023	2024	2025.9
Total Assets	11,694	16,010	20,492	20,492
Equity	7,475	7,677	7,808	8,951
Debt	2,736	3,851	5,358	6,667
Debt / (Debt + Equity) (%)	26.8	33.4	40.7	42.7
Unrestricted cash/ST Debts (x)	0.1	0.2	2.5	2.5
Debt/EBITDA (x)	13.8	20.8	7.0	-
Revenue	406	718	832	845
Operation Profit	130	154	167	86
Gross Margin (%)	13.4	0.7	1.2	1.3
Cash from sales or services/ Revenue (%)	133.8	74.9	98.8	101.2

Source: EMADG and Lianhe Global's calculations

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