

## MIRA INFORM REPORT

Report No. :	523071
Report Date :	03.08.2018

### IDENTIFICATION DETAILS

Name :	LILY GROUP CO., LTD.
Registered Office :	Nong Yi Chang Town, Linjiang Industrial Park, Xiaoshan District Hangzhou, Zhejiang Province 318228 Pr
Country :	China
Financials (as on) :	31.03.2018
Date of Incorporation :	11.08.1995
Unified Social Credit Code :	9133010025569303X1
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing and selling organic pigments and intermediates.
No. of Employees :	1,339

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	<b>A+</b>
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
China	A2	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

## CHINA - ECONOMIC OVERVIEW

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. China has implemented reforms in a gradualist fashion, resulting in efficiency gains that have contributed to a more than tenfold increase in GDP since 1978. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China continues to pursue an industrial policy, state support of key sectors, and a restrictive investment regime. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2016 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. China became the world's largest exporter in 2010, and the largest trading nation in 2013. Still, China's per capita income is below the world average.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi appreciated more than 20% against the US dollar, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing announced it would allow a resumption of gradual liberalization. From 2013 until early 2015, the renminbi (RMB) appreciated roughly 2% against the dollar, but the exchange rate fell 13% from mid-2015 until end-2016 amid strong capital outflows in part stemming from the August 2015 official devaluation; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi, after the currency was accepted as part of the IMF's special drawing rights basket. However, since late 2015 the Chinese Government has strengthened capital controls and oversight of overseas investments to better manage the exchange rate and maintain financial stability.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) managing its high corporate debt burden to maintain financial stability; (c) controlling off-balance sheet local government debt used to finance infrastructure stimulus; (d) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (e) dampening speculative investment in the real estate sector without sharply slowing the economy; (f) reducing industrial overcapacity; and (g) raising productivity growth rates through the more efficient allocation of capital and state-support for innovation. Economic development has progressed further in coastal provinces than in the interior, and by 2016 more than 169.3 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of China's population control policy known as the "one-child policy" - which was relaxed in 2016 to permit all families to have two children - is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and urbanization. The Chinese Government is seeking to add energy production capacity from sources other than coal and oil, focusing on natural gas, nuclear, and clean energy development. In 2016, China ratified the Paris Agreement, a multilateral agreement to combat climate change, and committed to peak its carbon dioxide emissions between 2025 and 2030.

The government's 13th Five-Year Plan, unveiled in March 2016, emphasizes the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. However, China has made more progress on subsidizing innovation than rebalancing the

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economy. Beijing has committed to giving the market a more decisive role in allocating resources, but the Chinese Government's policies continue to favor state-owned enterprises and emphasize stability. Chinese leaders in 2010 pledged to double China's GDP by 2020, and the 13th Five Year Plan includes annual economic growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time. The slight acceleration in economic growth in 2017—the first such uptick since 2010—gives Beijing more latitude to pursue its economic reforms, focusing on financial sector deleveraging and its Supply-Side Structural Reform agenda, first announced in late 2015.

Source : CIA

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## **COMPANY NAME & ADDRESS**

**COMPANY NAME** LILY GROUP CO., LTD.  
**CURRENT ADDRESS/ REGISTERED ADDRESS** NONG YI CHANG TOWN, LINJIANG INDUSTRIAL PARK,  
XIAOSHAN DISTRICT HANGZHOU, ZHEJIANG PROVINCE  
318228 PR CHINA  
**TEL. NO.** 86 (0) 571-82965887/82961666/82961680/82961687  
**FAX NO.** 86 (0) 571-82961000/82962000/82965000

## **EXECUTIVE SUMMARY**

**DATE OF REGISTRATION** : AUGUST 11, 1995  
**UNIFIED SOCIAL CREDIT CODE** : 9133010025569303X1  
**LEGAL FORM** : SHARES LIMITED COMPANY  
**CHIEF EXECUTIVE** : CHEN LIRONG (LEGAL REPRESENTATIVE)  
**REGISTERED CAPITAL** : CNY 225,000,000  
**STAFF** : 1,339  
**BUSINESS CATEGORY** : MANUFACTURING & TRADING  
**REVENUE** : CNY 386,509,000 (CONSOLIDATED, JAN. 1, 2018 TO MAR. 31, 2018)  
**EQUITIES** : CNY 1,443,505,000 (CONSOLIDATED, AS OF MAR. 31, 2018)  
**WEBSITE** : [WWW.LILYCHEM.COM](http://WWW.LILYCHEM.COM)  
**E-MAIL** : [SALES@LILYCHEM.COM](mailto:SALES@LILYCHEM.COM)  
**PAYMENT** : REGULAR  
**MARKET CONDITION** : COMPETITIVE  
**FINANCIAL CONDITION** : FAIRLY GOOD  
**OPERATIONAL TREND** : FAIRLY STEADY  
**GENERAL REPUTATION** : AVERAGE

### **Adopted abbreviations (as follows)**

SC - Subject Company (the company inquired by you)  
N/A – Not available  
CNY – China Yuan Ren Min Bi

## **OPERATIONAL TREND & GENERAL REPUTATION**

This section aims at indicating the relative positions of SC in respect of its operational trend & general reputation

**Operational Trend:-**  
Upward  
Steady  
Fairly Steady  
Ordinary  
Fair

**General Reputation:-**  
Excellent  
Good  
Fairly Good  
Average  
Fair

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Stagnant	Detrimental
Downward	Not known
Not known	Not yet be determined
Not yet be determined	

## **LEGAL STATUS & HISTORY**

SC was established as shares limited company of PRC with State Administration for Industry & Commerce (SAIC) under Unified Social Credit Code: 9133010025569303X1.

SC's registered capital: cny 225,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
1998-12-17	Registered Capital	CNY 6,680,000	CNY 11,800,000
2004-07-20	Registered Capital	CNY 11,800,000	CNY 58,000,000
2006-03-17	Company Name	Hangzhou Baihe Chemical Co., Ltd.	Zhejiang Baihe Chemical Holding Group Co., Ltd.
2010-02-09	Company Name	Zhejiang Baihe Chemical Holding Group Co., Ltd.	Lily Group Co., Ltd.
2011-8-26	Address	The First Section of Weikeng He Zhuang Town, Xiaoshan City, Hangzhou, Zhejiang Province	Nong Yi Chang Town, Linjiang Industrial Park, Xiaoshan District, Hangzhou, Zhejiang Province
2011-12-31	Registered Capital	CNY 58,000,000	CNY 60,761,905
2012-12-4	Legal Form	Limited Company	Shares Limited Company
	Company Chinese Name	百合花集团有限公司	百合花集团股份有限公司
2016-2-5	Registered Capital	CNY 60,761,905	CNY 180,000,000
	Registration No./ Unified Social Credit Code	330181000134028	9133010025569303X1
2017-3-13	Registered Capital	CNY 180,000,000	cny 225,000,000

Current Co search indicates SC's shareholders & chief executives are as follows:-

Name of Shareholder (s) (As of March 31, 2018)	% of Shareholding
Lily Holding Co., Ltd.	64.45
Shanghai Dao Fu Yuan Tong Venture Capital Enterprise (Limited Partnership)	3.03
Chen Lirong	2.85
Chen Pengfei	1.43

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Zhejiang Weike Venture Capital Co., Ltd.	1.2
Chen Weizhong	0.86
Shanghai Jishi Venture Capital Enterprise (Limited Partnership)	0.61
Wang Diming	0.57
Hang Keda	0.23
Lin Yuejie	0.22
Other Shareholders	24.55

**SC's Chief Executives:-**

<b>Position</b>	<b>Name</b>
Legal Representative, Chairman, General Manager and Director	Chen Lirong
Vice Chairman and Director	Chen Weizhong
Director	Wang Diming
	Wang Feng
	Chen Yannan
	Zhang Linglin

## **RECENT DEVELOPMENT**

SC is a listed company in Shanghai Stock Exchange Market with the code of 603823.

## **SHAREHOLDER CHART & BACKGROUND**

<b>Name (As of March 31, 2018)</b>	<b>% of Shareholding</b>
Lily Holding Co., Ltd.	64.45
Shanghai Dao Fu Yuan Tong Venture Capital Enterprise (Limited Partnership)	3.03
Chen Lirong	2.85
Chen Pengfei	1.43
Zhejiang Weike Venture Capital Co., Ltd.	1.2
Chen Weizhong	0.86
Shanghai Jishi Venture Capital Enterprise (Limited Partnership)	0.61
Wang Diming	0.57

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Hang Keda	0.23
Lin Yuejie	0.22
Other Shareholders	24.55

Lily Holding Co., Ltd.

-----  
Unified Social Credit Code: 91330100577331242P  
Legal Form: Limited Liabilities Company  
Legal Representative: Chen Lirong  
Registered Capital: CNY 50,000,000

Shanghai Dao Fu Yuan Tong Venture Capital Enterprise (Limited Partnership)

-----  
Unified Social Credit Code: 91310000563103767F

Zhejiang Weike Venture Capital Co., Ltd.

-----  
Unified Social Credit Code: 913300006725536364  
Legal Representative: Su Weijun  
Registered Capital: CNY 50,000,000

Shanghai Jishi Venture Capital Enterprise (Limited Partnership)

-----  
Unified Social Credit Code: 91310110586843784L

## **MANAGEMENT**

Chen Lirong, Legal Representative, Chairman, General Manager and Director

-----  
Gender: M  
Qualification: Junior College  
Working experience (s):

At present, working in SC as legal representative, chairman, general manager and director  
Also working in Lily Holding Co., Ltd. as legal representative

Chen Weizhong, Vice Chairman and Director

-----  
Gender: M  
Qualification: Junior College  
Working experience (s):

At present, working in SC as vice chairman and director

Director

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-----  
Wang Diming  
Wang Feng  
Chen Yannan  
Zhang Linglin

## **BUSINESS OPERATION**

SC's registered business scope includes manufacturing and selling organic pigments and intermediates.

SC is mainly engaged in manufacturing and selling organic pigments and intermediates.

### **SC's products mainly include:**

Permanent Red G-87  
Toludine Scarlet Red BH-06  
Permanent Red 266  
Permanent Red G-68  
Toludine Dark Red BH-05  
3132 Scarlet Red  
Brilliant Fast Red 688  
Fast Scarlet 647  
Fast Scarlet GN  
Fast Scarlet WI  
Etc.

SC sources its materials 100% from domestic market, mainly Zhejiang. SC sells 60% of its products in domestic market, and 40% to overseas market, mainly U.S.A., Mid East, Southeast Asia, etc.

The buying terms of SC include Check, T/T and Credit of 30-60 days. The payment terms of SC include T/T, L/C and Credit of 30-60 days.

### **\*Major Customers:**

-----  
Clariant Corporation  
Skin Station Manhattan Inc.

### **Staff & Office:**

-----  
SC is known to have approx. 1,339 staff at present.

SC owns an area as its operating office and factory, but the detailed information is unknown.

## **RELATED COMPANY**

SC is known to have the following subsidiaries at present,

- Jiangxi Longyu New Materials Co., Ltd.
- Inner Mongolia Meilijian New Materials Co., Ltd.
- Hangzhou Baihe Environmental Technology Co., Ltd.
- Xuancheng Yingte Pigment Co., Ltd.
- Hangzhou Caili Chemical Co., Ltd.
- Hangzhou Baihe Import & Export Co., Ltd.
- Hangzhou Baihe Clariant Pigments Co., Ltd.
- Hangzhou Yingte Chemical Co., Ltd.
- Etc.

## **PAYMENT**

### **Overall payment appraisal:**

Excellent  Good  Average  Fair  Poor  Not yet be determined

The appraisal serves as a reference to reveal SC's payments habits and ability to pay. It is based on the 3 weighed factors: Trade payment experience (through current enquiry with SC's suppliers), our delinquent payment records and our debt collection record concerning SC.

Trade payment experience: SC did not provide any name of trade/service suppliers and we have no other sources to conduct the enquiry at present.

Delinquent payment record: None in our database.

Debt collection record: No overdue amount owed by SC was placed to us for collection within the last 6 years.

## **BANKING**

Basic Bank

Industrial and Commercial Bank of China Hangzhou Jiangdong Sub-branch  
AC#: 1202090409004712925

## **FINANCIALS**

### **Consolidated Balance Sheet**

Unit: CNY'000

As of Dec. 31, 2017      As of Mar. 31, 2018

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Cash	263,639	309,280
Notes receivable	10,191	21,827
Accounts receivable	328,819	332,160
Interest receivable	5,649	0
Advances to suppliers	24,152	26,274
Other receivable	1,519	961
Inventory	395,102	417,520
Prepaid expenses	0	0
Other current assets	221,413	197,845
	-----	-----
Current assets	1,250,484	1,305,867
Long-term investment	9,991	19,972
Investment real estate	0	0
Fixed assets	605,244	681,678
Construction in progress	95,820	40,842
Engineering materials	0	0
Liquidation of fixed assets	0	0
Intangible assets	57,249	56,662
Long-term prepaid expenses	7,908	6,638
Deferred income tax assets	6,358	6,588
Other non-current assets	15,750	15,750
	-----	-----
Total assets	2,048,804	2,133,997
	=====	=====
Short-term loans	57,000	92,500
Notes payable	168,426	191,280
Accounts payable	277,659	279,673
Wages payable	31,281	19,908
Taxes payable	9,218	9,439
Interest payable	63	116
Dividends payable	0	0
Advances from clients	2,977	1,954
Other payable	8,940	7,722
Accrued expenses	0	0
Other current liabilities	12,764	9,583
	-----	-----
Current liabilities	568,328	612,175
Non-current liabilities	78,317	78,317
	-----	-----
Total liabilities	646,645	690,492
Equities	1,402,159	1,443,505
	-----	-----
Total liabilities & equities	2,048,804	2,133,997
	=====	=====

**Consolidated Income Statement**

Unit: CNY'000

As of Dec. 31, 2017, Jan. 1, 2018 to Mar. 31, 2018

Revenue 1,510,888 386,509

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Cost of sales	1,205,631	300,532
Taxes and surcharges	10,993	3,046
Sales expense	24,334	6,744
Management expense	119,333	28,402
Finance expense	8,328	5,151
Asset impairment loss	2,002	-225
Investment income	7,177	1,827
Non-operating income	27,070	3,601
Non-operating expense	1,586	22
Profit before tax	173,533	48,402
Less: profit tax	20,391	7,056
Profits	153,142	41,346

**Important Ratios**

=====

	<b>As of Dec. 31, 2017</b>	<b>As of Mar. 31, 2018</b>
*Current ratio	2.20	2.13
*Quick ratio	1.51	1.45
*Liabilities to assets	0.32	0.32
*Net profit margin (%)	10.14	10.70
*Return on total assets (%)	7.47	1.94
*Inventory / Revenue x365/90	96 days	98 days
*Accounts receivable / Revenue x365/90	80 days	78 days
*Revenue / Total assets	0.74	0.18
*Cost of sales / Revenue	0.80	0.78

**FINANCIAL COMMENTS**

**PROFITABILITY: AVERAGE**

The revenue of SC appears fairly good in its line.  
SC's net profit margin is fairly good.  
SC's return on total assets is average.  
SC's cost of sales is average, comparing with its revenue.

**LIQUIDITY: FAIRLY GOOD**

The current ratio of SC is maintained in a fairly good level.  
SC's quick ratio is maintained in a fairly good level.  
The inventory of SC appears average.  
The accounts receivable of SC appears average.  
The short-term loans of SC appear average.  
SC's revenue is in an average level, comparing with the size of its total assets.

**LEVERAGE: FAIRLY GOOD**

The debt ratio of SC is low.  
The risk for SC to go bankrupt is low.

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Overall financial condition of the SC: Fairly Good.

## ***CONCLUSIONS***

SC is considered medium-sized in its line with fairly good financial conditions.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.35
UK Pound	1	INR 89.52
Euro	1	INR 79.56
CNY	1	INR 10.01

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRA
<b>Report Prepared by :</b>	TPT

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)