

## MIRA INFORM REPORT

<b>Report No. :</b>	523100
<b>Report Date :</b>	04.08.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	XIAMEN KINGDOMWAY GROUP COMPANY
<b>Registered Office :</b>	No. 299 West Yangguang Road, Xinyang Industrial Area, Haicang, Xiamen, Fujian Province 361022 PR
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.03.2018
<b>Date of Incorporation :</b>	24.11.1997
<b>Com. Reg. No.:</b>	91350200612033399C
<b>Legal Form :</b>	Shares Limited Company
<b>Line of Business :</b>	<ul style="list-style-type: none"> <li>Manufacturing of nutritious food, health food, food additives, feed additives, other unlisted food; importing and exporting various kinds of commodities and technology, excluding the goods forbidden by the government.</li> <li>Manufacturing and selling vitamin additives, pharmaceutical raw materials and chemical products.</li> </ul>
<b>No. of Employees :</b>	1,836

**RATING & COMMENTS**

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

**MIRA's Rating :**

A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Excellent
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	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.

**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

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**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 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

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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 AND ADDRESS**

<b>COMPANY NAME</b>	Xiamen Kingdomway Group Company
<b>CURRENT ADDRESS/ REGISTERED ADDRESS</b>	No. 299 West Yangguang Road, Xinyang Industrial Area, Haicang, Xiamen, Fujian Province 361022 PR China
<b>TEL. NO.</b>	86 (0) 592-6511111
<b>FAX NO.</b>	86 (0) 592-6515151

## **EXECUTIVE SUMMARY**

DATE OF REGISTRATION	: NOVEMBER 24, 1997
UNIFIED SOCIAL CREDIT CODE	: 91350200612033399C
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: JIANG BIN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 616,481,927
STAFF	: 1,836
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 755,175,000 (FROM JAN. 1, 2018 TO MAR. 31, 2018)
EQUITIES	: CNY 2,794,784,000 (AS OF MAR. 31, 2018)
WEBSITE	: <a href="http://www.kingdomway.com">www.kingdomway.com</a>
E-MAIL	: <a href="mailto:info@kingdomway.com">info@kingdomway.com</a>
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

<b>Operational Trend:-</b>	<b>General Reputation:-</b>
Upward	Excellent
Steady	Good
Fairly Steady	Fairly Good
Ordinary	Average
Fair	Fair
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 of Industry & Commerce (SAIC) under unified social credit code: 91350200612033399C.

SC's Import and Export Enterprise Code: 3502612033399

SC's registered capital: CNY 616,481,927

SC's paid-in capital: CNY 616,481,927

### **Registration Change Record:-**

<b>Date</b>	<b>Change of Contents</b>	<b>Before the change</b>	<b>After the change</b>
2007-3-28	Registered Capital	CNY 60,814,000	CNY 67,000,000
2009-3-23	Company's name	Xiamen Kingdomway Vitamin Incorporation	Xiamen Kingdomway Group Company
--	Registration No.	3502002011573	350200200004396
2011-11-7	Registered Capital	CNY 67,000,000	CNY 90,000,000
--	Registered Capital	CNY 90,000,000	CNY 180,000,000
2014-7-8	Registered Capital	CNY 180,000,000	CNY 288,000,000
2015	Registered Capital	CNY 288,000,000	CNY 576,000,000
2016-11-2	Registered Capital	CNY 576,000,000	CNY 616,481,927
	Registration No./Unified Social Credit Code	350200200004396	91350200612033399C

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

<b>Name of Shareholder (s) (As of March 31, 2018)</b>	<b>% of Shareholding</b>
Xiamen Kingdomway Investment Limited	35.34
China Animal Husbandry Industry Co., Ltd.	21.54
Xiamen Tegong Development Co., Ltd.	5.83
102 Combinations Of The National Social Security Fund	3.93
Yu Meng	2.21
Other Shareholders	31.15

**SC's Chief Executives:-**

<b>Position</b>	<b>Name</b>
Legal Representative, Chairman and General Manager	Jiang Bin
Vice Chairman	Gao Wei
Deputy General Manager	Ma Guoqing
	Zhang Shuilu
	Zhan Guanghuang
	Hong Yan
	Hong Hang

## **RECENT DEVELOPMENT**

SC was listed in Shenzhen Stock Exchange Market with the code of 002626.

**Qualifications:**

SC has got ISO 9001, ISO 14001, HACCP, FAMI-QS, KOSHER and HALAL, Financial Credit AAA Grade, High-tech enterprises, High-tech enterprise of National Torch and other certificates.

## **SHAREHOLDER CHART & BACKGROUND**

<b>Name (As of As of March 31, 2018)</b>	<b>% of Shareholding</b>
Xiamen Kingdomway Investment Limited	35.34
China Animal Husbandry Industry Co., Ltd.	21.54
Xiamen Tegong Development Co., Ltd.	5.83
102 Combinations Of The National Social Security Fund	3.93
Yu Meng	2.21

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Other Shareholders 31.15

✚ Xiamen Kingdomway Investment Limited

-----  
Date of Registration: March 25, 1997  
Unified Social Credit Code: 91350200612284884B  
Chief Executive: Chen Liqing  
Registered Capital: CNY 20,000,000

✚ China Animal Husbandry Industry Co., Ltd.

-----  
Date of Registration: December 25, 1998  
Unified Social Credit Code: 9111000071092358XT  
Chief Executive: Wang Jiancheng  
Registered Capital: CNY 429,800,000

✚ Xiamen Tegong Development Co., Ltd.

-----  
Date of Registration: July 19, 1989  
Unified Social Credit Code: 91350200154984129T  
Chief Executive: Zhu Weihao  
Registered Capital: CNY 600,000,000

## **MANAGEMENT**

### **Jiang Bin, Legal Representative, Chairman and General Manager**

- 
- Gender: M
  - Nationality: China
  - ID# 350204670505303
  - Age: 51
  - Qualification: MBA
  - Working experience (s):

At present, working in SC as legal representative, chairman and general manager

### **Gao Wei, Vice Chairman**

- 
- Gender: M
  - Nationality: China
  - Age: 46
  - Qualification: University
  - Working experience (s):

From 2014 to present, working in SC as vice chairman

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**Ma Guoqing, Deputy General Manager**

- Gender: M
- Nationality: China
- Age: 54
- Qualification: University
- Working experience (s):

From 2010 to present, working in SC as deputy general manager

**Zhang Shuilu, Deputy General Manager**

- Gender: M
- Nationality: China
- Age: 53
- Qualification: University
- Working experience (s):

From 2010 to present, working in SC as deputy general manager

**Zhan Guanghuang, Deputy General Manager**

- Gender: M
- Nationality: China
- Age: 53
- Qualification: University
- Working experience (s):

From 2010 to present, working in SC as deputy general manager

**Hong Yan, Deputy General Manager**

- Gender: F
- Nationality: China
- Age: 53
- Qualification: University
- Working experience (s):

From 2011 to present, working in SC as deputy general manager

**Hong Hang, Deputy General Manager**

- Gender: M
- Nationality: China
- Age: 36
- Qualification: University
- Working experience (s):

From 2011 to present, working in SC as deputy general manager

## ***BUSINESS OPERATION***

SC's registered business scope includes manufacturing nutritious food, health food, food additives, feed additives, other unlisted food; importing and exporting various kinds of commodities and technology, excluding the goods forbidden by the government.

SC is mainly engaged in manufacturing and selling vitamin additives, pharmaceutical raw materials and chemical products.

SC's products mainly include: Coenzyme Q10, DHA, Arachidonic Acid (ARA), Vitamin A, Vitamin D3,  $\beta$  - Carotene, cholesterol products, etc.

SC sources its materials 95% from domestic market, and 5% from overseas market. SC sells 30% of its products in domestic market, and 70% to the overseas market.

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

\*Major Customers:

=====

Central De Productos Quimicos SA De  
Quimica Alkano SA De Cv  
Provimi North America, Inc.

**Staff & Office:**

-----

SC is known to have approx. 1,836 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 and branches,**

Inner Mongolia Kingdomway Pharmaceutical Co., Ltd.  
Xiamen Xindawei International Trade Co., Ltd.  
Xiamen Kingdomway Bio-technology Co., Ltd.  
Xiamen Kingdomway Food Safety Inspection Technology Co., Ltd.  
Xiamen Kingdomway Health Products Co., Ltd.  
Xiamen Kingdomway Group Company Dongfu Branch  
Xiamen Kingdomway Group Company Yangguang Branch  
Xiamen Kingdomway Group Company Xinyang Branch  
Etc.

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## **PAYMENT**

### **Overall payment appraisal:**

( ) Excellent ( ) Good (X) Average ( ) Fair ( ) Poor ( ) Not yet 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 Bank Branch Office  
AC#: 9680130400045133

Bank of Communications Haicang Sub-branch  
AC#: 352000680012015003107

## **FINANCIALS**

### **Consolidated Balance Sheet**

Unit: CNY'000	As of Dec. 31, 2017	As of Mar. 31, 2018
Cash	437,325	600,407
Notes receivable	23,273	11,714
Accounts receivable	409,828	473,126
Interest receivable	5,853	6,324
Advances to suppliers	22,849	20,223
Other receivable	11,043	11,608
Inventory	342,406	415,938
Other current assets	436,546	371,125
	-----	-----
Current assets	1,689,123	1,910,465
Long term equity investment	64,091	63,461
Fixed assets	496,742	481,720
Construction in progress	52,842	90,647

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**XIAMEN KINGDOMWAY GROUP COMPANY - 523100**

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Intangible assets	219,914	209,561
Long-term prepaid expenses	14,641	13,666
Deferred income tax assets	47,395	38,991
Other non-current assets	739,747	712,080
	-----	-----
Total assets	3,324,495	3,520,591
	=====	=====
Short-term loans	126,612	49,623
Notes payable	0	0
Accounts payable	86,516	122,559
Advances from clients	34,982	15,989
Payroll payable	52,528	19,159
Taxes payable	88,393	86,958
Dividends payable	0	0
Other payable	30,936	33,502
Other current liabilities	13,022	12,276
	-----	-----
Current liabilities	432,989	340,066
Non-current liabilities	400,585	385,741
	-----	-----
Total liabilities	833,574	725,807
Equities	2,490,921	2,794,784
	-----	-----
Total liabilities & equities	3,324,495	3,520,591
	=====	=====

**Consolidated Income Statement**

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Mar. 31, 2018
Revenue	2,084,624	755,175
Cost of sales	1,088,311	249,646
Business Taxes and Surcharges	19,792	8,777
Sales expense	121,968	32,216
Management expense	247,868	54,984
Finance expense	28,145	22,156
Assets Devaluation	28,796	4,217
Investment income	5,888	2,845
Non-operating income	9,924	15,020
Non-operating expense	4,983	600
Profit before tax	564,528	401,656
Less: profit tax	99,496	64,004
Profits	465,032	337,652

**Important Ratios**

=====	As of Dec. 31, 2017	As of Mar. 31, 2018
*Current ratio	3.90	5.62
*Quick ratio	3.11	3.59

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*Liabilities to assets	0.25	0.21
*Net profit margin (%)	22.31	44.71
*Return on total assets (%)	13.99	9.59
*Inventory / Revenue x365/90	60 days	50 days
*Accounts receivable / Revenue x365/90	72 days	57 days
*Revenue / Total assets	0.63	0.21
*Cost of sales / Revenue	0.52	0.33

## **FINANCIAL COMMENTS**

### **PROFITABILITY: FAIRLY GOOD**

- 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 fairly good.
- SC's cost of goods sold is low, comparing with its revenue in both years.

### **LIQUIDITY: AVERAGE**

- 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.
- SC's short-term loans are in an average level.
- SC's revenue is in a fair 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.

**Overall financial condition of the SC: Fairly Good.**

## **CONCLUSIONS**

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

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 89.52
Euro	1	INR 79.67
CNY	1	INR 10.03

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIVR
<b>Report Prepared by :</b>	NIT

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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)