

MIRA INFORM REPORT

Report No. :	527098
Report Date :	29.08.2018

IDENTIFICATION DETAILS

Name :	PHENIX OPTICAL CO., LTD.
Registered Office :	No. 197 West Phenix Road, Shangyao, Jiangxi Province 334000 PR China
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	23.05.1997
Unified Social Credit Code.:	91361100705740527M
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing, wholesaling and retailing optical lenses, photographic equipment, telescopes, steel shutters, crystal jewelry, electronic products and communications equipment, optical raw materials, and instrument accessories; optical processing and machinery processing; exporting its products and related technology; importing raw materials & accessories, machinery, meters & instruments, components, and related technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement
No. of Employees :	2,709

RATING & COMMENTS

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

MIRA's Rating :	A+
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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

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Litigation :	Clear
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NOTES :

Any query related to this report can be made on e-mail : 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

COMPANY NAME Phenix Optical Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS No. 197 West Phenix Road, Shangyao, Jiangxi Province
334000 PR China
TEL. NO. 86 (0) 793-8893993
FAX NO. 86 (0) 793-8260488

***Note: SC's correct name should be the heading one, instead of the given name-**PHENIX OPTICS CO. LTD.**

SC's address should be the heading one, and SC's Hangzhou Branch locates in the given address "18 Floor, 459 Qianmo Road, Hangzhou Zhejiang", and the given telephone number "86-571-85009981" also belongs to it.

EXECUTIVE SUMMARY

DATE OF REGISTRATION : MAY 23, 1997
UNIFIED SOCIAL CREDIT CODE : 91361100705740527M
LEGAL FORM : SHARES LIMITED COMPANY
CHIEF EXECUTIVE : LIU XIANG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 237,472,456
STAFF : 2,709
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 363,052,000 (CONSOLIDATED, JAN. 1, 2018
TO JUN. 30, 2018)
EQUITIES : CNY 480,205,000 (CONSOLIDATED, AS OF
JUN. 30, 2018)
WEBSITE : www.phenixoptics.com.cn
E-MAIL : N/A
PAYMENT : REGULAR
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : FAIRLY STABLE
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
Stagnant
Downward
Not known
Not yet be determined

General Reputation:-

Excellent
Good
Fairly Good
Average
Fair
Detrimental
Not known
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: 91361100705740527M.

SC's Import and Export Enterprise Code: 3600705740527

SC's registered capital: CNY 237,472,456

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2015-9-24	Legal Representative	Luo Xiaoyong	Liu Xiang
2017-1-13	Registration No./ Unified Social Credit Code	360000110005628	91361100705740527M

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Phenix Optical Holding Stock Co., Ltd.	39.46
China Merchants Securities International Company Limited-Customer Asset	4.39
China Foreign Economy And Trade Trust Co., Ltd.- Foreign Trade Trust-Xuyang No. 1 Single Asset Trust	1.59
Yang Yi	1.23
Shen Ning	1.18
Beijing Dinghui Technology Co., Ltd.	1.16

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Qiu Ailing	0.97
Shanghai Dadonghai Building Engineering Co., Ltd.	0.82
Wang Bei	0.73
Shaanxi International Trust Co., Ltd.-Shaan Guotou. Huqin No. 65 Securities Investment Aggregate Fund Trust Plan	0.67
Other Shareholders	47.8

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and Director	Liu Xiang
General Manager and Director	Liu Rui

RECENT DEVELOPMENT

SC is a listed company in Shanghai Stock Exchange with the code of 600071.

SHAREHOLDER CHART & BACKGROUND

<i>Name</i> (As of June 30, 2018)	<i>% of Shareholding</i>
Phenix Optical Holding Stock Co., Ltd.	39.46
China Merchants Securities International Company Limited-Customer Asset	4.39
China Foreign Economy And Trade Trust Co., Ltd.- Foreign Trade Trust-Xuyang No. 1 Single Asset Trust	1.59
Yang Yi	1.23
Shen Ning	1.18
Beijing Dinghui Technology Co., Ltd.	1.16
Qiu Ailing	0.97
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Wang Bei	0.73
Shaanxi International Trust Co., Ltd.-Shaan Guotou. Huqin No. 65	

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Securities Investment Aggregate Fund Trust Plan 0.67

Other Shareholders 47.8

Phenix Optical Holding Stock Co., Ltd.

Unified Social Credit Code: 9136110071658390X6
Registered Capital: CNY 863,757,736.67
Legal Representative: Xiao Feng

Beijing Dinghui Technology Co., Ltd.

Unified Social Credit Code: 9111030230675661X3
Registered Capital: CNY 5,000,000
Legal Representative: Dong Mozheng

Shanghai Dadonghai Building Engineering Co., Ltd.

Unified Social Credit Code: 91310115133941496W
Registered Capital: CNY 5,550,000
Legal Representative: Zhao Caibiao

MANAGEMENT

Liu Xiang , Legal Representative, Chairman and Director -----

- Gender: M
- Nationality: China
- Working experience (s):

At present, working in SC as legal representative, chairman and director

Liu Rui , General Manager and Director -----

- Gender: M
- Nationality: China
- Working experience (s):

At present, working in SC as general manager and director

BUSINESS OPERATION

SC's registered business scope includes manufacturing, wholesaling and retailing optical lenses, photographic equipment, telescopes, steel shutters, crystal jewelry, electronic products and communications equipment, optical raw materials, and instrument accessories; optical processing and machinery processing; exporting its products and related technology; importing raw materials & accessories, machinery, meters & instruments, components, and related technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement.

SC is mainly engaged in manufacturing and selling optical lenses, photographic equipment, etc.

SC's products mainly include:

Optical lens
Microscope
Optoelectronic module

Trademark:



SC sources its materials 100% from domestic market. SC sells 70% of its products in domestic market, and 30% to overseas market.

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.

Staff & Office:

SC is known to have approx. 2,709 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 at present,

Phenix New Energy (Huizhou) Co., Ltd.
Jiangxi Phenix Optical Technology Co., Ltd.
Shanghai Phenix Photoelectricity Co., Ltd.
Phenix Optical (Guangdong) Co., Ltd.

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Phenix Optical Co., Ltd. Hangzhou Branch
Phenix Optical Co., Ltd. Shanghai Branch
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's supplier declined to make any comments.

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:

Bank of China Shangyao Phenix Sub-branch

AC#: 203704547284

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	175,393	158,982
Notes receivable	10,928	2,106
Accounts receivable	246,183	214,939
Advances to suppliers	13,004	26,226
Interest receivable	0	180
Other receivable	4,147	3,775
Inventory	113,453	159,846
Prepaid expenses	0	0
Other current assets	2,237	3,078
	-----	-----
Current assets	565,345	569,132

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Long-term investment	10,237	10,129
Investment real estate	6,568	6,432
Fixed assets	307,219	307,551
Construction in progress	1,818	0
Intangible assets	16,350	15,775
Long-term prepaid expenses	1,016	3,705
Deferred income tax assets	3,621	3,621
Other non-current assets	19,574	18,564
	-----	-----
Total assets	931,748	934,909
	=====	=====
Short-term loans	70,000	90,000
Notes payable	76,366	80,120
Accounts payable	224,950	226,565
Wages payable	46,047	33,663
Taxes payable	8,103	4,654
Interest payable	92	90
Advances from clients	5,064	1,989
Other payable	9,349	8,945
Accrued expenses	0	0
Other current liabilities	0	0
	-----	-----
Current liabilities	439,971	446,026
Non-current liabilities	7,762	8,678
	-----	-----
Total liabilities	447,733	454,704
Equities	484,015	480,205
	-----	-----
Total liabilities & equities	931,748	934,909
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	794,493	363,052
Cost of sales	688,628	312,339
Taxes and surcharges	5,839	1,820
Sales expense	17,293	7,964
Management expense	109,734	40,801
Finance expense	6,000	565
Income from investment	77,072	-109
Non-operating income	2,726	712
Non-operating expense	2,323	416
Profit before tax	36,566	2,435
Less: profit tax	3,299	2,251
Profits	33,267	184

Important Ratios

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	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	1.28	1.28
*Quick ratio	1.03	0.92
*Liabilities to assets	0.48	0.49
*Net profit margin (%)	4.19	0.05
*Return on total assets (%)	3.57	0.02
*Inventory / Revenue x365/180	53 days	80 days
*Accounts receivable / Revenue x365/180	114 days	107 days
*Revenue / Total assets	0.85	0.39
*Cost of sales / Revenue	0.87	0.86

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

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

LIQUIDITY: AVERAGE

- The current ratio of SC is maintained in a normal level.
- SC's quick ratio is maintained in a normal 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: AVERAGE

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

Overall financial condition of the SC: Fairly Stable.

CONCLUSIONS

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.17
UK Pound	1	INR 90.33
Euro	1	INR 81.93
CNY	1	INR 10.33

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	KET

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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)