

## MIRA INFORM REPORT

<b>Report No. :</b>	547297
<b>Report Date :</b>	29.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	ZHEJIANG TIANYU PHARMACEUTICAL CO., LTD.
<b>Registered Office :</b>	Jiangkou Development Zone, Huangyan, Taizhou, Zhejiang Province 318020 PR
<b>Country :</b>	China
<b>Financials (as on) :</b>	30.09.2018 [Consolidated]
<b>Date of Incorporation :</b>	14.02.2003
<b>Unified Social Credit Cod :</b>	91331000148144211K
<b>Legal Form :</b>	Shares Limited Company
<b>Line of Business :</b>	Registered business scope includes annual recovery: Ethyl acetate 631 tons, tetrahydrofuran 509 tons, cyclohexane + isopropanol 1135 tons, toluene N 5.3 tons, N- two methyl formamide (DMF) 7.3 tons, ethanol 17.6 tons, Acetonitrile 1.3 tons, Acetone 1.5 tons, Methanol 4.3 tons, and Dichloromethane 3.3 tons; manufacturing pharmaceutical products; manufacturing N, N-, 4, -2-, 4 methyl - 2- cyano group, candesartan main ring, biphenyl acetic acid, and candesartan; importing and exporting commodities and technology
<b>No. of Employees :</b>	2,663

### RATING & COMMENTS

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

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

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular

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<b>Litigation :</b>	Clear
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**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**

<b>Country Name</b>	<b>Previous Rating (30.06.2018)</b>	<b>Current Rating (30.09.2018)</b>
China	A1	A1

<b>Risk Category</b>	<b>ECGC Classification</b>
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. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2017 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.

In July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi (RMB) 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 resume a gradual appreciation. From 2013 until early 2015, the renminbi held steady against the dollar, but it depreciated 13% from mid-2015 until end-2016 amid strong capital outflows; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. 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

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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 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

## **COMPANY NAME AND ADDRESS**

<b>COMPANY NAME</b>	Zhejiang Tianyu Pharmaceutical Co., Ltd.
<b>CURRENT ADDRESS/ REGISTERED ADDRESS</b>	Jiangkou Development Zone, Huangyan, Taizhou, Zhejiang Province 318020 PR China
<b>TEL. NO.</b>	86 (0) 576-84177669/84168770/89189669
<b>FAX NO.</b>	86 (0) 576-84172669

## **EXECUTIVE SUMMARY**

DATE OF REGISTRATION : FEBRUARY 14, 2003

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UNIFIED SOCIAL CREDIT CODE	: 91331000148144211K
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: TU YONGJUN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 182,016,992
STAFF	: 2,663
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 1,003,655,000 (CONSOLIDATED, JAN. 1, 2018 TO SEP. 30, 2018)
EQUITIES	: CNY 1,355,788,000 (CONSOLIDATED, AS OF SEP. 30, 2018)
WEBSITE	: <a href="http://www.tianyupharma.com">www.tianyupharma.com</a>
E-MAIL	: <a href="mailto:tianyu@tianyupharma.com">tianyu@tianyupharma.com</a>
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY STABLE
OPERATIONAL TREND	: FAIRLY STEADY
GENERAL REPUTATION	: FAIRLY GOOD

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: 91331000148144211K.

SC's Import and Export Enterprise Code: 3300148144211

SC's registered capital: CNY 182,016,992

SC's paid-in capital: CNY 182,016,992

**Registration Change Record:-**

<b>Date</b>	<b>Change Contents</b>	<b>of Before the change</b>	<b>After the change</b>
2000-3-15	Legal Representative	Tu Shanzeng	Lin Jie
2001-6-29	Registered Capital	CNY 380,000	CNY 2,000,000
2003-1-20	Registered Capital	CNY 2,000,000	CNY 5,000,000
2003-2-14	Company Name	Zhejiang Huangyan Tianyu Chemical Factory	Zhejiang Tianyu Chemical Co., Ltd.
2005-5-13	Registered Capital	CNY 5,000,000	CNY 15,000,000
2005-7-21	Legal Representative	Lin Jie	Tu Yongjun
	Company Name	Zhejiang Tianyu Chemical Co., Ltd.	Zhejiang Tianyu Pharmaceutical Co., Ltd.
2007-8-6	Registration No.	3310032003078	331003000003258
2008-9-12	Registered Capital	CNY 15,000,000	CNY 25,000,000
2009-12-21	Registered Capital	CNY 25,000,000	CNY 50,000,000
2010-11-18	Registered Capital	CNY 50,000,000	CNY 67,880,000

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2010-11-23	Registered Capital	CNY 67,880,000	CNY 81,290,000
2010-11-30	Registered Capital	CNY 81,290,000	CNY 86,480,000
2011-6-24	Legal Form	Limited Company	Liabilities Shares Limited Company
	Registered Capital	CNY 86,480,000	CNY 90,000,000
2015-10-21	Registration No./ Unified Social Credit Code	331003000003258	91331000148144211K
2017-11-1	Registered Capital	CNY 90,000,000	CNY 120,000,000
2018-7-31	Registered Capital	CNY 120,000,000	CNY 182,016,992

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

<b>Name of Shareholder (s) (As of September 30, 2018)</b>	<b>% of Shareholding</b>
Lin Jie	39.3
Tu Yongjun	14.09
Zhejiang Taizhou Shengting Investment Co., Ltd.	6.58
Tu Shanzeng	3.2
Wang Juqing	3.2
Shanghai Jinglin Venture Capital Center (Limited Partnership)	2.95
Ma Cheng	0.92
Cheng Rongde	0.72
Li Meijun	0.72
Zhang Yi	0.71
Fang Hongjun	0.71
Other Shareholders	26.9

**SC's Chief Executives:-**

<b>Position</b>	<b>Name</b>
Legal Representative, Chairman and General Manager	Tu Yongjun
Deputy General Manager	Cheng Rongde
	Fang Hongjun
	Li Meijun
	Zhang Yi
	Yang Xiaosong
	Zhu Guorong
	Li Gongyong
	Zhang Jialiu

**RECENT DEVELOPMENT**

SC is a listed company in Shenzhen Stock Exchange Market with the code of 300702.

**Honor**

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SC becomes one of "top-10 enterprises" of Huangyan region in 2009.  
In 2008, SC was approved as "example enterprise in Taizhou city for technical innovation".  
SC became a hi-tech enterprise of Zhejiang province in 2008  
SC was approved as "key hi-tech enterprise" of China torch program in 2007.  
In 2007, SC was approved as "good enterprise" for harmonious labor relationships.  
In 2006, SC has passed ISO9001, ISO14001, OHSASA18000 Certificates.



## **SHAREHOLDER CHART & BACKGROUND**

<i>Name</i> <b>(As of September 30, 2018)</b>	<i>% of Shareholding</i>
Lin Jie	39.3
Tu Yongjun	14.09
Zhejiang Taizhou Shengting Investment Co., Ltd.	6.58
Tu Shanzeng	3.2
Wang Juqing	3.2
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Zhejiang Taizhou Shengting Investment Co., Ltd.

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Unified Social Credit Code: 91331003564445400X

Legal Form: Limited Liabilities Company

Legal Representative: Lin Jie

Registered Capital: CNY 20,500,000

## **MANAGEMENT**

### **Tu Yongjun, Legal Representative, Chairman and General Manager**

- 
- Gender: M
  - Nationality: China
  - Age: 55
  - ID# 332603196302180017
  - Qualification: University
  - Working experience (s):

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

### **Deputy General Manager**

-----  
Cheng Rongde  
Fang Hongjun ID# 330106196210170030  
Li Meijun  
Zhang Yi  
Yang Xiaosong  
Zhu Guorong  
Li Gongyong  
Zhang Jialiu

## **BUSINESS OPERATION**

SC's registered business scope includes annual recovery: Ethyl acetate 631 tons, tetrahydrofuran 509 tons, cyclohexane + isopropanol 1135 tons, toluene N 5.3 tons, N- two methyl formamide (DMF) 7.3 tons, ethanol 17.6 tons, Acetonitrile 1.3 tons, Acetone 1.5 tons, Methanol 4.3 tons, and Dichloromethane 3.3 tons; manufacturing pharmaceutical products; manufacturing N, N-, 4, -2-, 4 methyl -2- cyano group, candesartan main ring, biphenyl acetic acid, and candesartan; importing and exporting commodities and technology.

SC is mainly engaged in manufacturing and selling pharmaceutical products and pharmaceutical intermediates.

SC's products mainly include:

- Candesartan Cilexetil

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- Valsartan
- Losartan Potassium
- Irbesartan
- Telmisartan
- Olmesartan Medoxomil
- Eprosartan Methanesulfonate
- Montelukast Sodium

Trademark:



SC sources its materials 100% from domestic market. SC sells 40% of its products in domestic market, and 60% to overseas market.

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

**Staff & Office:**

-----  
SC is known to have approx. 2,663 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:**

Linhai Tianyu Pharmaceutical Co., Ltd.

Zhejiang Haobo Chemical Co., Ltd.

Changyi Tianyu Pharmaceutical Co., Ltd.

Shanghai Xinbu Pharmaceutical Technology Co., Ltd.

Shanghai Xingqi Chemical Co., Ltd.

Taizhou Shijia Pharmaceutical Chemical Co., Ltd.

## **PAYMENT**

**Overall payment appraisal:**

Excellent    Good    Average    Fair    Poor    Not yet be determined

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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 Taizhou Branch Huangyan Sub-branch

AC#: 1207031119045125308

## ***FINANCIALS***

### **Consolidated Balance Sheet**

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017	As of Sep. 30, 2018
Cash	179,956	220,027	303,732
Notes receivable	18,656	23,332	41,505
Accounts receivable	206,645	208,400	267,952
Advances to suppliers	10,457	14,706	29,007
Other receivable	2,591	1,422	523
Inventory	358,914	461,067	550,206
Prepaid expenses	0	0	0
Other current assets	11,325	328,446	196,781
	-----	-----	-----
Current assets	788,544	1,257,400	1,389,706
Fixed assets	564,595	606,183	619,368
Construction in progress	29,071	65,571	135,655
Engineering materials	4,314	5,438	0
Intangible assets	113,037	153,242	150,941
Long-term prepaid expenses	1,333	2,262	5,487
Deferred income tax assets	2,738	4,658	8,697
Other non-current assets	11,396	11,898	11,898
	-----	-----	-----
Total assets	1,515,028	2,106,652	2,321,752
	=====	=====	=====

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**ZHEJIANG TIANYU PHARMACEUTICAL CO., LTD. - 547297**

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Short-term loans	486,521	337,901	382,000
Notes payable & Accounts payable	337,065	375,494	395,588
Wages payable	35,313	39,620	38,013
Taxes payable	1,890	4,620	17,631
Interest payable	558	401	0
Advances from clients	26,599	1,357	24,467
Other payable	8,439	36,130	50,998
Accrued expenses	0	0	0
Other current liabilities	0	0	26,253
	-----	-----	-----
Current liabilities	896,385	795,523	934,950
Non-current liabilities	11,334	23,469	31,014
	-----	-----	-----
Total liabilities	907,719	818,992	965,964
Equities	607,309	1,287,660	1,355,788
	-----	-----	-----
Total liabilities & equities	1,515,028	2,106,652	2,321,752
	=====	=====	=====

**Consolidated Income Statement**

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017	Jan. 1, 2018 to Sep. 30, 2018
Revenue	1,082,339	1,188,283	1,003,655
Cost of sales	676,998	739,070	642,029
Taxes and surcharges	13,229	13,259	8,862
Sales expense	25,534	27,047	19,077
Management expense	215,209	244,904	163,688
Finance expense	12,166	33,294	1,583
Investment income	-639	2,556	12,638
Non-operating income	7,351	1,450	131
Non-operating expense	1,817	2,642	3,312
Profit before tax	143,321	118,696	94,024
Less: profit tax	20,983	18,514	15,162
Profits	122,338	100,182	78,862

**Important Ratios**

	As of Dec. 31, 2016	As of Dec. 31, 2017	As of Sep. 30, 2018
*Current ratio	0.88	1.58	1.49
*Quick ratio	0.48	1.00	0.90
*Liabilities to assets	0.60	0.39	0.42
*Net profit margin (%)	11.30	8.43	7.86
*Return on total assets (%)	8.07	4.76	3.40
*Inventory / Revenue x365/270	122 days	142 days	149 days
*Accounts receivable / Revenue x365/270	70 days	65 days	73 days
*Revenue / Total assets	0.71	0.56	0.43

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\*Cost of sales / Revenue 0.63 0.62 0.64

## **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 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 fairly large.
- The accounts receivable of SC is maintained in an average level.
- SC's short-term loans appear average.
- 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 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 69.98
UK Pound	1	INR 88.66
Euro	1	INR 80.18
CNY	1	INR 10.17

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

**INFORMATION DETAILS**

Analysis Done by :	VIV
Report Prepared by :	SYL

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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)