

MIRA INFORM REPORT

Report No. :	520868
Report Date :	21.07.2018

IDENTIFICATION DETAILS

Name :	AMWAY (CHINA) CO., LTD.
Registered Office :	No. 1 Linjiang Road, Area 1, Beiwei Industrial Zone, Economic & Technological Development Zone, Guangzhou, Guangdong Province 510730 Pr
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	31.10.1992
Unified Social Credit Code :	914401016184194872
Legal Form :	Wholly Foreign-Owned Enterprise
Line of Business :	Subject registered business scope includes retail of small ornaments and gifts, toys, cleaning daily goods; manufacture of household kitchen appliances; retail of clothing, cosmetics and hygiene products; manufacture of cosmetics, oral hygiene products, other daily chemicals (excluding MCC and dangerous chemicals), clothing; nutrition and health consultation service, commodity information consultation service; manufacture of household beauty and health appliances, soap and synthetic detergent, health foods; direct selling; retail of prepackaged food; coffee shop service (limited to the branches); desserts making and selling (limited to the branches); snack service (limited to the branches).
No. of Employees :	1,538

RATING & COMMENTS

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

MIRA's Rating : **A+**

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

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Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

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

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 AMWAY (CHINA) CO., LTD.
CURRENT ADDRESS/ REGISTERED ADDRESS NO. 1 LINJIANG ROAD, AREA 1, BEIWEI INDUSTRIAL ZONE, ECONOMIC & TECHNOLOGICAL DEVELOPMENT ZONE, GUANGZHOU, GUANGDONG PROVINCE 510730 PR CHINA
TEL. NO. 86 (0) 20-85198198
FAX NO. N/A

EXECUTIVE SUMMARY

DATE OF REGISTRATION : OCTOBER 31, 1992
UNIFIED SOCIAL CREDIT CODE : 914401016184194872
LEGAL FORM : WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE : YU FANG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : USD 126,100,000
STAFF : 1,538
BUSINESS CATEGORY : MANUFACTURING & PROCESSING & TRADING
REVENUE : CNY 16,827,348,000 (AS OF DEC. 31, 2017)
EQUITIES : CNY 3,169,051,000 (AS OF DEC. 31, 2017)
WEBSITE : www.amway.com.cn
E-MAIL : legalinfo@amway.com
PAYMENT : REGULAR
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : FAIRLY GOOD
OPERATIONAL TREND : 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

General Reputation:-

Excellent

Good

Fairly Good

Average

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

LEGAL STATUS & HISTORY

SC was established as wholly foreign-owned enterprise of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 914401016184194872.

SC's registered capital: USD 126,100,000

SC's paid-in capital: USD 126,100,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
1994-10	Registered Capital	USD 11,800,000	USD 41,300,000
1995-2	Registered Capital	USD 41,300,000	USD 70,800,000
1995-10	Registered Capital	USD 70,800,000	USD 80,000,000
1998-5	Registered No.	01698	100068
2003-8	Registered Capital	USD 80,000,000	USD 120,100,000
2008-1	Legal form	Chinese-Foreign Contractual Joint Venture Enterprise	Wholly Foreign-Owned Enterprise
2009-11	Registered No.	100068	440101400020905
2010-6	Registered Capital	USD 120,100,000	USD 126,100,000
2011-1	Legal Representative	Li Jinfen	Audie Wong
2018-4-26	Legal Representative	Audie Wong	Yu Fang
--	Registration No./ Unified Social Credit Code	440101400020905	914401016184194872

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

Name of Shareholder (s)	% of Shareholding
Amway Asia Pacific Ltd. (U.S.A.)	100

SC's Chief Executives:-

Position	Name
-----------------	-------------

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Legal Representative and General Manager
Chairman
Director

Yu Fang
Gan Chee Eng
Michael A. Mohr
Scott R. Balfour
Steven Jing Cheng

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Amway Asia Pacific Ltd. (U.S.A.)	100

MANAGEMENT

Yu Fang, Legal Representative and General Manager

Gender: F
Qualification: University
Working experience (s):

At present, working in SC as legal representative and general manager, also working in Guangzhou Amway Amplus E-commerce Trading Co., Ltd. and Jietong (Xianning) Food Technology Co., Ltd. as legal representative

Gan Chee Eng, Chairman

Gender: M
Qualification: University
Working experience (s):

At present, working in SC as chairman

Director

Michael A. Mohr
Scott R. Balfour
Steven Jing Cheng

BUSINESS OPERATION

SC's registered business scope includes retail of small ornaments and gifts, toys, cleaning daily goods; manufacture of household kitchen appliances; retail of clothing, cosmetics and hygiene products; manufacture of cosmetics, oral hygiene products, other daily chemicals (excluding MCC and dangerous chemicals), clothing; nutrition and health consultation service, commodity information consultation service; manufacture of household beauty and health appliances, soap and synthetic detergent, health foods; direct selling; retail of prepackaged food; coffee shop service (limited to the branches); desserts making and selling (limited to the branches); snack service (limited to the branches).

SC is mainly engaged in developing, manufacturing, processing and selling various kinds of home cleaning stuff, cosmetics, health food, etc.

SC's products mainly include: home cleaning stuff, health foods, cosmetics and special nutrition foods, etc.

SC sources its materials 99% from domestic market and 1% from overseas market, mainly from America. SC sells 100% of its products in domestic market.

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

Major Customer

=====

Access Business Group LLC

Staff & Office:

SC is known to have approx. 1,538 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 invest in the following companies and branches:

Guangzhou Amway Amplus E-commerce Trading Co., Ltd.

Guangzhou Jietong Daily Chemical Manufacturing Co., Ltd.

Jietong (Xianning) Food Technology Co., Ltd.

Amway (China) Co., Ltd. Chongqing Branch

Amway (China) Co., Ltd. Ningbo Branch

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Amway (China) Co., Ltd. Nantong Branch
Amway (China) Co., Ltd. Changzhou Branch
Amway (China) Co., Ltd. Wenzhou Branch
Etc.

PAYMENT

Overall payment appraisal:

() Excellent () Good (X) 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

The bank information of SC is not filed in SAIC.

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	2,868,361	3,438,778
Accounts receivable	82,774	361,806
Advances to suppliers	14,553	40,027
Interest receivable	7,559	8,562
Other receivable	16,023	11,195
Inventory	816,444	843,756
Non-current assets within one year	17,465	8,107
Other current assets	64,377	60,568
	-----	-----
Current assets	3,887,556	4,772,799

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Long term investment	8,165	105,050
Fixed assets	1,293,588	1,167,193
Construction in progress	195,683	95,761
Intangible assets	39,035	37,553
Long-term prepaid expenses	116,058	112,124
Deferred income tax assets	79,126	106,133
Other non-current assets	38,721	41,002
	-----	-----
Total assets	5,657,932	6,437,615
	=====	=====
Short-term loans	0	0
Accounts payable	1,429,031	1,319,451
Wages payable	187,863	300,733
Taxes payable	501,047	543,657
Advances from clients	134,212	101,972
Other payable	596,288	1,002,751
Other current liabilities	0	0
	-----	-----
Current liabilities	2,848,441	3,268,564
Non-current liabilities	0	0
	-----	-----
Total liabilities	2,848,441	3,268,564
Equities	2,809,491	3,169,051
	-----	-----
Total liabilities & equities	5,657,932	6,437,615
	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	17,524,393	16,827,348
Cost of sales	3,861,618	4,076,710
Taxes and surcharges	329,959	361,952
Sales expense	9,725,392	8,889,787
Management expense	864,083	901,657
Finance expense	36,920	31,118
Asset impairment loss	-19,973	4,413
Investment income	0	32,405
Non-operating income	72,414	105,218
Non-operating expense	18,515	98,655
Profit before tax	2,780,293	2,600,679
Less: profit tax	725,205	660,611
Profits	2,055,088	1,940,068

Important Ratios

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.36	1.46

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*Quick ratio	1.08	1.20
*Liabilities to assets	0.50	0.51
*Net profit margin (%)	11.73	11.53
*Return on total assets (%)	36.32	30.14
*Inventory / Revenue x365	18 days	19 days
*Accounts receivable/ Revenue x365	2 days	8 days
*Revenue/Total assets	3.10	2.61
*Cost of sales / Revenue	0.22	0.24

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

The revenue of SC appears 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 sales is low, 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 fairly good level.
The inventory of SC is maintained in an average level.
The accounts receivable of SC is maintained in an average level.
SC has no short-term loans.
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 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 68.85
UK Pound	1	INR 89.67
Euro	1	INR 80.31
CNY	1	INR 10.15

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	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)