

## MIRA INFORM REPORT

<b>Report No. :</b>	541919
<b>Report Date :</b>	29.11.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	HUBEI ZHUXI HUMANWELL PHARMACEUTICAL CO., LTD.
<b>Registered Office :</b>	Industry Park, Zhuxi County, Shiyan City Hubei Province 442300 PR
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	26.10.2011
<b>Unified Social Credit Code :</b>	91420324582493115G
<b>Legal Form :</b>	One-Person Limited Liabilities Company
<b>Line of Business :</b>	Subject registered business scope includes manufacturing and selling active pharmaceutical ingredient, pharmaceutical intermediates and chemical products, plant extracts; research and development of pharmaceuticals; exporting its products and technology; importing materials, instrument, machinery and equipment, parts and technology needed for its production.
<b>No. of Employees :</b>	89

### 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	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	No Complaints
<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**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
China	A1	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. 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 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

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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>	Hubei Zhuxi Humanwell Pharmaceutical Co., Ltd.
<b>CURRENT ADDRESS/ REGISTERED ADDRESS</b>	Industry Park, Zhuxi County, Shiyan City Hubei Province 442300 PR China
<b>TEL. NO.</b>	86 (0) 719-2738828
<b>FAX NO.</b>	86 (0) 719-2738828

## **EXECUTIVE SUMMARY**

DATE OF REGISTRATION	: OCTOBER 26, 2011
UNIFIED SOCIAL CREDIT CODE	: 91420324582493115G
LEGAL FORM	: ONE-PERSON LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE	: ZHOU JIANGSHENG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 120,000,000
STAFF	: 89
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 133,488,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 78,489,000 (AS OF DEC. 31, 2017)
WEBSITE	: <a href="http://www.zxhumanwell.com">www.zxhumanwell.com</a>
E-MAIL	: <a href="mailto:market@renfu.com.cn">market@renfu.com.cn</a>
PAYMENT	: NO COMPLAINTS
MARKET CONDITION	: AVERAGE
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

General Reputation:-

Excellent

Good

Fairly Good

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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 one-person limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91420324582493115G.

SC's Import and Export Enterprise Code: 4200582493115

SC's registered capital: CNY 120,000,000

SC's paid-in capital: CNY 60,000,000

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

<b>Date</b>	<b>Change of Contents</b>	<b>Before the change</b>	<b>After the change</b>
2015-4-21	Registered Capital	CNY 10,000,000	CNY 60,000,000
2018-7-5	Registered Capital	CNY 60,000,000	CNY 120,000,000
--	Registration No./ Unified Social Credit Code	420324000006111	91420324582493115G

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

<b>Name of Shareholder (s)</b>	<b>% of Shareholding</b>
Hubei Renfu Huachi Pharmaceutical Chemicals Co., Ltd.	100

### **SC's Chief Executives:-**

<b>Position</b>	<b>Name</b>
Legal Representative and Chairman	Zhou Jiansheng

## **RECENT DEVELOPMENT**

No recent development was found during our checks at present.

## **SHAREHOLDER CHART & BACKGROUND**

Name	% of Shareholding
Hubei Renfu Huachi Pharmaceutical Chemicals Co., Ltd. ----- Date of Registration: April 15, 2011 Unified Social Credit Code: 91420100572027225E Chief Executive : Zhou Jiansheng Registered Capital: CNY 60,000,000	100

## **MANAGEMENT**

### **Zhou Jiansheng, Legal Representative and Chairman** -----

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

At present, working in SC as legal representative and chairman, also working in Hubei Renfu Huachi Pharmaceutical Chemicals Co., Ltd. as legal representative

## **BUSINESS OPERATION**

SC's registered business scope includes manufacturing and selling active pharmaceutical ingredient, pharmaceutical intermediates and chemical products, plant extracts; research and development of pharmaceuticals; exporting its products and technology; importing materials, instrument, machinery and equipment, parts and technology needed for its production.

SC is mainly engaged in manufacturing and selling API, pharmaceutical intermediates.

SC's products mainly include:

Progesterone  
Testosterone  
Diosgenin  
16-Dehydropregnenolone acetate (16-DPA)  
Pregnenolone  
Pregnenolone acetate  
Dehydroisoandrosterone 3-acetate  
Epiandrosterone  
3-Oxo-4-androsten-17 $\beta$ -carboxylic acid  
16,17 $\alpha$ -Epoxyprogesterone

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N-t-butyl-4-androsten-3-one- 17 $\beta$ -4-androsten-3  
Etc.

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

=====  
Productos Quimicos Naturales SA De Cv  
G C Chemie Pharmie Ltd.

**Staff & Office:**

-----  
SC is known to have approx. 89 staff at present.

SC rents an area as its operating office & factory of approx. 24,000 sq. meters at the heading address.

## ***RELATED COMPANY***

**SC is known to have a subsidiary at present,**

Hubei Zuoyi Medicine Industry and Trade Co., Ltd.  
-----

Date of Registration: July 6, 2018  
Unified Social Credit Code: 91420324MA494TPL4G  
Chief Executive : Zheng Jianxiong  
Registered Capital: CNY 10,000,000

## ***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***

### **Basic Bank:**

Zhuxi Rural Commercial Bank of Hubei Province

AC#: 82010000000612602

## ***FINANCIALS***

### **Balance Sheet**

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	3,785	2,881
Notes receivable	1,415	100
Accounts receivable	9,522	11,069
Advances to suppliers	133	823
Other receivable	1,946	1,446
Inventory	9,954	31,447
Non-current assets within one year	0	0
Other current assets	0	0
	-----	-----
Current assets	26,755	47,766
Fixed assets	80,832	76,809
Construction in progress	0	1,907
Intangible assets	21,787	21,115
Long-term prepaid expenses	0	0
Deferred income tax assets	0	0
Other non-current assets	10,281	10,295
	-----	-----
Total assets	139,655	157,892
	=====	=====
Short-term loans	45,000	43,000
Notes payable	0	2,101
Accounts payable	11,027	9,248
Wages payable	0	0
Taxes payable	-1,768	-4,862
Advances from clients	10	35
Other payable	61	75
Other current liabilities	0	0
	-----	-----
Current liabilities	54,330	49,597

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Non-current liabilities	24,418	29,806
	-----	-----
Total liabilities	78,748	79,403
Equities	60,907	78,489
	-----	-----
Total liabilities & equities	139,655	157,892
	=====	=====

**Income Statement**

Unit: CNY'000	<b>As of Dec. 31,</b>	<b>As of Dec. 31,</b>
	<b>2016</b>	<b>2017</b>
Revenue	90,799	133,488
Cost of sales	81,450	121,463
Sales expense	558	751
Management expense	5,928	6,026
Finance expense	2,189	3,458
Profit before tax	4,686	1,286
Less: profit tax	550	550
Profits	4,136	736

**Important Ratios**

	<b>As of Dec. 31,</b>	<b>As of Dec. 31,</b>
	<b>2016</b>	<b>2017</b>
*Current ratio	0.49	0.96
*Quick ratio	0.31	0.33
*Liabilities to assets	0.56	0.50
*Net profit margin (%)	4.56	0.55
*Return on total assets (%)	2.96	0.47
*Inventory / Revenue x365	41 days	86 days
*Accounts receivable/ Revenue x365	39 days	31 days
*Revenue/Total assets	0.65	0.85
*Cost of sales / Revenue	0.90	0.91

***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: FAIR**

The current ratio of SC is maintained in a fair level.  
SC's quick ratio is maintained in a fair level.  
The inventory of SC appears fairly large.

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The accounts receivable of SC is maintained in an average level.  
The short-term loans of SC appear large.  
SC's revenue is in a fair 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. The large amount of short-term loans may be a threat to SC's financial condition.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.69
UK Pound	1	INR 90.14
Euro	1	INR 79.88
CNY	1	INR 10.08

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	DIV
<b>Report Prepared by :</b>	TRU

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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)