

MIRA INFORM REPORT

Report No. :	534756
Report Date :	20.10.2018

IDENTIFICATION DETAILS

Name :	GENCHEM & GENPHARM (CHANGZHOU) CO., LTD.
Registered Office :	No. 658 Yulong North Road, Binjiang Economic Development Zone, Xinbei District, Changzhou, Jiangsu Province 213127 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	22.08.2006
Com. Reg. No.:	91320411779690358C
Legal Form :	Chinese-Foreign Equity Joint Venture Enterprise
Line of Business :	<ul style="list-style-type: none"> Subject includes R & D, technical consulting, transfer and service of pharmaceutical products; manufacturing pharmaceutical intermediates; wholesale of chemical raw materials and products. Subject is mainly engaged in manufacturing and selling pharmaceutical intermediates, pesticide intermediates. Products mainly include: Alkali Metal Alcoholate, Ortho Ester, Amino acid Protecting Reagent, Protected Amino Acid, Fluorophenol Custom
No. of Employees :	350

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
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Payment Behaviour :	Regular
Litigation :	Clear

NOTES:

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

COMPANY NAME Genchem & Genpharm (Changzhou) Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS No. 658 Yulong North Road, Binjiang Economic Development Zone, Xinbei District, Changzhou, Jiangsu Province 213127 PR China
TEL. NO. 86 (0) 519-85095778/85720002
FAX NO. 86 (0) 519-85720007

EXECUTIVE SUMMARY

DATE OF REGISTRATION : AUGUST 22, 2006
UNIFIED SOCIAL CREDIT CODE : 91320411779690358C
LEGAL FORM : CHINESE-FOREIGN EQUITY JOINT VENTURE ENTERPRISE
CHIEF EXECUTIVE : CHEN YANG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 100,000,000
STAFF : 350
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 251,128,000 (AS OF DEC. 31, 2017)
EQUITIES : CNY 215,192,000 (AS OF DEC. 31, 2017)
WEBSITE : www.genchem.cn
E-MAIL : marketing@genchem.cn
PAYMENT : REGULAR
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : 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 a Chinese-foreign equity joint venture enterprise of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91320411779690358C.

SC's registered capital: CNY 100,000,000

SC's paid-in capital: CNY 100,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
--	Company Name	Genchem (Changzhou) Co., Ltd.	Genchem Genpharm (Changzhou) Co., Ltd.
2016-6-28	Registered Capital	CNY 50,000,000	CNY 100,000,000
	Registration No./ Unified Social Credit Code	320400400019176	91320411779690358C

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

Name of Shareholder (s)	% of Shareholding
Genchem China Limited (Hong Kong)	77
Changzhou Hualong Chemicals Co., Ltd.	23

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Chen Yang

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Vice Chairman and General Manager
Vice Chairman
Director

Supervisor

Wang Yuqin
Yuan Rongfang
Liang Yushen
Yuan Yang
Jiang Guoyuan
Xia Yong

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Genchem China Limited (Hong Kong)	77
Changzhou Hualong Chemicals Co., Ltd.	23

Genchem China Limited (Hong Kong)

Date of Registration: July 25, 2003
Registration No.: 0854628
Legal Form: Private

Changzhou Hualong Chemicals Co., Ltd.

Date of Registration: January 11, 2000
Unified Social Credit Code: 913204122509421564
Chief Executive: Yuan Rongfang
Registered Capital: CNY 15,000,000

MANAGEMENT

Chen Yang, Legal Representative and Chairman

-
- Gender: M
 - Passport No.: 103291915
 - Qualification: University
 - Working experience (s):

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At present, working in SC as legal representative and chairman, also working in Genchem (Shanghai) Co., Ltd. as legal representative

Wang Yuqin, Vice Chairman and General Manager

- Gender: F
- Nationality: China
- Age: 48
- Qualification: University
- Working experience (s):

At present, working in SC as vice chairman and general manager

Yuan Rongfang, Vice Chairman

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

At present, working in SC as vice chairman

Director

Liang Yushen
Yuan Yang

Supervisor

Jiang Guoyuan
Xia Yong

BUSINESS OPERATION

SC's registered business scope includes R & D, technical consulting, transfer and service of pharmaceutical products; manufacturing pharmaceutical intermediates; wholesale of chemical raw materials and products.

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

SC's products mainly include: Alkali Metal Alcoholate, Ortho Ester, Amino acid Protecting Reagent, Protected Amino Acid, Fluorophenol Custom, etc.

SC sources its materials 100% from domestic market. SC sells its products 95% in domestic market, and 5% to overseas market.

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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.

*Major Customers:

=====
Sicor De Mexico Sa De Cv
Chemo International
Rallis India Limited

Staff & Office:

SC is known to have approx. 350 staff at present.
SC owns an area as its operating office & factory of approx. 20,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have a subsidiary at present,

Genchem (Shanghai) Co., Ltd.

Date of Registration: December 11, 2012
Unified Social Credit Code: 913100000576477966
Chief Executive: Chen Yang
Registered Capital: CNY 5,000,000

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 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

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Basic Bank:

Bank of Communications Changzhou Branch
AC#: 324006010018170063625

FINANCIALS

Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	57,295	92,257	95,519
Notes receivable	2,579	5,764	14,717
Accounts receivable	43,043	41,565	56,405
Advances to suppliers	6,551	6,462	7,116
Other receivable	4,084	4,098	10,928
Inventory	29,601	34,389	43,463
Non-current assets within one year	0	0	0
Other current assets	366	3,282	96
	-----	-----	-----
Current assets	143,519	187,817	228,244
Long-term investment	1,782	2,676	1,462
Fixed assets	90,517	125,512	110,200
Construction in progress	17,530	5,962	1,034
Intangible assets	29,213	27,649	25,915
Long-term prepaid expenses	1,622	1,678	2,389
Deferred income tax assets	0	0	0
Other non-current assets	0	0	0
	-----	-----	-----
Total assets	284,183	351,294	369,244
	=====	=====	=====
Short-term loans	69,500	75,000	100,000
Notes payable	19,792	21,000	2,000
Accounts payable	31,455	40,544	14,828
Wages payable	1,725	2,207	0
Taxes payable	2,430	5,006	6,269
Advances from clients	1,467	322	594
Other payable	2,502	4,158	4,535
Other current liabilities	743	1,080	5,290
	-----	-----	-----
Current liabilities	129,614	149,317	133,516
Non-current liabilities	17,081	20,070	20,536
	-----	-----	-----
Total liabilities	146,695	169,387	154,052
Equities	137,488	181,907	215,192
	-----	-----	-----
Total liabilities & equities	284,183	351,294	369,244
	=====	=====	=====

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Income Statement

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	254,392	244,239	251,128
Cost of sales	163,961	143,412	153,006
Taxes and surcharges	2,143	2,231	3,263
Sales expense	4,456	4,747	5,663
Management expense	28,551	33,664	27,504
Finance expense	914	1,957	9,451
Non-business income	989	5,609	3,370
Non-business expenditure	25	969	502
Profit before tax	55,016	63,761	55,644
Less: profit tax	8,169	9,342	7,358
Profits	46,847	54,419	48,286

Important Ratios

=====	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.11	1.26	1.71
*Quick ratio	0.88	1.03	1.38
*Liabilities to assets	0.52	0.48	0.42
*Net profit margin (%)	18.42	22.28	19.23
*Return on total assets (%)	16.48	15.49	13.08
*Inventory / Revenue x365	43 days	52 days	64 days
*Accounts receivable/ Revenue x365	62 days	63 days	82 days
*Revenue/Total assets	0.90	0.70	0.68
*Cost of sales / Revenue	0.64	0.59	0.61

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 sales is average, comparing with its revenue.

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 is maintained in an average level.
- 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.

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LEVERAGE: AVERAGE

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

Overall financial condition of the SC: Stable.

CONCLUSIONS

SC is considered medium-sized in its line with 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 73.44
UK Pound	1	INR 95.65
Euro	1	INR 84.17
CNY	1	INR 10.59

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	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)