

## MIRA INFORM REPORT

<b>Report No. :</b>	531808
<b>Report Date :</b>	28.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	SHANGHAI LIANLU INDUSTRIAL CO., LTD.
<b>Registered Office :</b>	Room 702, Building 46, No. 900 Haili Road, Shanyang Town, Jinshan District, Shanghai 201508 Pr
<b>Country :</b>	China
<b>Financials (as on) :</b>	30.06.2018
<b>Date of Incorporation :</b>	15.02.2011
<b>Unified Social Credit Code :</b>	91310000569582690D
<b>Legal Form :</b>	Shares Limited Company
<b>Line of Business :</b>	Technical services, technology development, and technical consulting in the fields of chemical, biological, and new materials technology; business consulting, warehousing services; household appliance repair service; selling chemical raw materials and products, medical equipment, mechanical and electrical equipment and accessories, instrumentation, environmental protection equipment; importing and exporting goods and technology.
<b>No. of Employees :</b>	59

### 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>	Good
<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 (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. 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

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**MIRA INFORM PRIVATE LIMITED**  
605, Palmspring, Near D'Mart, Link Road,  
Malad (West), Mumbai - 400 064. INDIA  
Tel : 91-22-40448000 (44 lines)  
Fax : 91-22-40448045 / 40448046  
E-mail : mira@mirainform.com  
info@mirainform.com  
Website : <http://www.mirainform.com>  
<http://www.miraglobalcheck.com>  
<http://www.miraglobalcollections.com>

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 AND ADDRESS**

COMPANY NAME	Shanghai Lianlu Industrial Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	Room 702, Building 46, No. 900 Haili Road, Shanyang Town, Jinshan District, Shanghai 201508 PR China
TEL. NO.	86 (0) 21-57935556
FAX NO.	86 (0) 21-57937068

## **EXECUTIVE SUMMARY**

Date of Registration	: february 15, 2011
unified social credit code	: 91310000569582690D
LEGAL FORM	: shares limited company
CHIEF EXECUTIVE	: pan bin (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 16,100,000
staff	: 59
BUSINESS CATEGORY	: MANUFACTURING AND TRADING
REVENUE	: CNY 29,972,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES	: CNY 33,719,000 (CONSOLIDATED, AS OF JUN. 30, 2018)
WEBSITE	: <a href="http://www.shllgf.com">www.shllgf.com</a>
E-MAIL	: <a href="mailto:lianluxs003@shllgf.com">lianluxs003@shllgf.com</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  
Ordinary  
Fair

General Reputation:-  
Excellent  
Good  
Fairly Good  
Average  
Fair

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Stagnant	Detrimental
Downward	Not known
Not known	Not yet be determined
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: 91310000569582690D.

SC's Import and Export Enterprise Code: 3100569582690

SC's registered capital: CNY 16,100,000

SC's paid-in capital: CNY 16,100,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2015-6-24	Registered Capital	CNY 10,600,000	CNY 12,264,700
2015-6-26	Registered Capital	CNY 12,264,700	CNY 13,147,200
2015-6-30	Registered Capital	CNY 13,147,200	CNY 15,214,200
2016-1-11	Legal Form	Limited Liabilities Company	Shares Limited Company
2016-11-25	Registered Capital	CNY 15,214,200	CNY 16,100,000

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Pan Chaoyang	62.73
Pan Bin	4.62
Wu Chenghua	4.21
Chen Wanjun	3.11
Jiang Weiqun	2.52
Other Shareholders	22.81

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Pan Bin
General Manager	Wu Chenghua
Deputy General Manager	Jiang Weiqun

## **RECENT DEVELOPMENT**

SC was listed on the new three board stock market, and the stock code is 838502.

## **SHAREHOLDER CHART & BACKGROUND**

Name (As of June 30, 2018)	% of Shareholding
Pan Chaoyang	62.73
Pan Bin	4.62
Wu Chenghua	4.21
Chen Wanjun	3.11
Jiang Weiqun	2.52
Other Shareholders	22.81

## **MANAGEMENT**

Pan Bin, Legal Representative and Chairman  
-----

Gender: M  
Nationality: China  
Age: 46  
Qualification: University  
Working experience (s):

At present, working in SC as legal representative and chairman

Wu Chenghua, General Manager  
-----

Gender: F  
Nationality: China  
Age: 53  
Qualification: University  
Working experience (s):

At present, working in SC as general manager

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Jiang Weiqun, Deputy General Manager  
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Gender: M  
Nationality: China  
Qualification: University  
Working experience (s):

At present, working in SC as deputy general manager, also working in Shanghai Niusangnuo Chemicals Co., Ltd. as legal representative

## ***BUSINESS OPERATION***

SC's registered business scope includes technical services, technology development, and technical consulting in the fields of chemical, biological, and new materials technology; business consulting, warehousing services; household appliance repair service; selling chemical raw materials and products, medical equipment, mechanical and electrical equipment and accessories, instrumentation, environmental protection equipment; importing and exporting goods and technology.

SC is mainly engaged in manufacturing and selling chemical raw materials, pharmaceutical intermediates.

SC's products mainly include:

Potassium Pyruvate  
Estriol  
Estradiol  
Estrone  
Altrenogest  
Pyruvic Acid  
Sodium Pyruvate  
Etc.

SC sources its materials 100% from domestic market. SC sells 75% of its products in domestic market, and 25% to overseas market, mainly Taiwan, Hong Kong, India, U.S.A., 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\*

-----  
Eca Healthcare Inc.  
Zhejiang Xianju Pharmaceutical Co., Ltd.  
Huahai Pharmaceutical Co., Ltd.  
Virun, Inc.

Staff & Office:  
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SC is known to have approx. 59 staff at present.

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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 branch at present,

Jiangxi Lianlu Bio-Technology Co., Ltd.

Shanghai Niusangnuo Chemicals Co., Ltd.

## **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 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:

SPD Bank Jinshan Sub-branch

AC#: 98350154740002100

## **FINANCIALS**

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	1,594	4,565
Notes receivable & Accounts receivable	6,847	10,212

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**SHANGHAI LIANLU INDUSTRIAL CO., LTD. - 531808**

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Advances to suppliers	630	1,264
Other receivable	115	413
Inventory	24,143	33,386
Prepaid expenses	0	0
Other current assets	585	1,067
	-----	-----
Current assets	33,914	50,907
Fixed assets	4,081	4,749
Construction in progress	134	1,320
Intangible assets	5,888	5,825
Goodwill	220	220
Long-term prepaid expenses	0	0
Deferred income tax assets	51	139
Other non-current assets	1,154	1,616
	-----	-----
Total assets	45,442	64,776
	=====	=====
Short-term loans	10,800	16,910
Notes payable & Accounts payable	2,948	8,577
Wages payable	401	526
Taxes payable	894	1,542
Advances from clients	0	0
Other payable	2,738	1,838
Accrued expenses	0	0
Other current liabilities	0	622
	-----	-----
Current liabilities	17,781	30,015
Non-current liabilities	0	1,042
	-----	-----
Total liabilities	17,781	31,057
Equities	27,661	33,719
	-----	-----
Total liabilities & equities	45,442	64,776
	=====	=====

**Consolidated Income Statement**

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	35,200	29,972
Cost of sales	21,583	17,429
Taxes and surcharges	85	157
Sales expense	1,549	570
Management expense	4,561	2,888
Finance expense	591	629
Investment income	0	0
Non-operating income	1,690	113
Non-operating expense	0	0
Profit before tax	8,379	7,242
Less: profit tax	1,483	1,184

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Profits	6,896	6,058
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**Important Ratios**

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	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	1.91	1.70
*Quick ratio	0.55	0.58
*Liabilities to assets	0.39	0.48
*Net profit margin (%)	19.59	20.21
*Return on total assets (%)	15.18	9.35
*Inventory / Revenue x365/180	251 days	201 days
*Revenue / Total assets	0.77	0.46
*Cost of sales / Revenue	0.61	0.58

## **FINANCIAL COMMENTS**

### PROFITABILITY: AVERAGE

The revenue of SC appears average 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 fair level.  
The inventory of SC appears large.  
SC's short-term loans appear average.  
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.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.65
UK Pound	1	INR 95.43
Euro	1	INR 85.04
CNY	1	INR 10.54

**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>	DNS

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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)