

MIRA INFORM REPORT

Report No. :	529525
Report Date :	14.09.2018

IDENTIFICATION DETAILS

Name :	TAIXING YANGZI PHARM CHEMICAL INDUSTRY CO., LTD.
Registered Office :	No. 16 Xingang Road, Taixing Economic Development Area, Jiangsu Province 225400 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	15.06.2001
Unified Social Credit Code :	91321283729014722X
Legal Form :	Chinese-Foreign Equity Joint Venture Enterprise
Line of Business :	Registered business scope includes Permission management project: manufacturing 4 - nitro-(benzene) phenol and 4-amino-(benzene) phenol. General operating items: technology R&D, supplying related technology service in 4 - nitro-(benzene) phenol and 4-amino-(benzene) phenol.
No. of Employees :	381

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

Status :	Good
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. 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

COMPANY NAME AND ADDRESS

COMPANY NAME	Taixing Yangzi Pharm Chemical Industry Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 16 Xingang Road, Taixing Economic Development Area, Jiangsu Province 225400 PR China
TEL. NO.	86 (0) 523-87679356/87673750
FAX NO.	86 (0) 523-87672150

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JUNE 15, 2001
UNIFIED SOCIAL CREDIT CODE	: 91321283729014722X
LEGAL FORM	: CHINESE-FOREIGN EQUITY JOINT VENTURE ENTERPRISE
CHIEF EXECUTIVE	: PIERRE RENE LOUIS LUZEAU (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: USD 365,000
STAFF	: 381
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 666,280,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 253,017,000 (AS OF DEC. 31, 2017)
WEBSITE	: www.yzyyhq.com
E-MAIL	: zzm@yzyyhq.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
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:-	General Reputation:-
Upward	Excellent
Steady	Good
Fairly Steady	Fairly Good
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 a Chinese-foreign equity joint venture enterprise of PRC with State Administration for Industry & Commerce (SAIC) under Unified Social Credit Code: 91321283729014722X.

SC's Import and Export Enterprise Code: 3200729014722

SC's registered capital: USD 365,000

SC's paid-in capital: USD 365,000 (CNY 3,027,844.92)

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
--	Registered No.	001157	321200400004458
2004-04-16	Registered Legal Form	Limited Liabilities Co.	Chinese-Foreign Equity Joint Venture Enterprise
	Registered Capital	CNY 3,030,000	USD 365,000
	Shareholder (s) (% of Shareholding)	Zhao Bingnan 8.75% Ren Wenzhong 11.88% Zhou Zhaoming 17.82% Chen Qilin 23.76% Other 33 Individuals 37.79%	Cheng HongYa (France) 26.58% Chen Qilin 23.75% Zhou Zhaoming 17.84% Ren Wenzhong 11.89% Other 5 Individuals 19.94%
2006-04-25	Legal Representative Shareholder (s) (% of Shareholding)	Chen Qilin Cheng HongYa (France) 26.58%	Zhou Zhaoming Xu Limin 3.29% Cheng HongYa (France)

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		Chen Qilin	26.58%
		23.75%	Zhou Zhaoming
		Zhou Zhaoming	55.59%
		17.84%	Ren Wenzhong
		Ren Wenzhong	11.89%
		11.89%	Wang Bo
		Other 5 Individuals 19.94%	2.65%
2006-4-30	Shareholder (s) (% of Shareholding)	Xu Limin	Cheng HongYa (France)
		3.29%	26.58%
		Cheng HongYa (France)	Ren Wenzhong
		26.58%	20.30%
		Zhou Zhaoming	Wang Bo
		55.59%	13.53%
		Ren Wenzhong	Xu Limin
		11.89%	10.55%
		Wang Bo	Zhou Zhaoming
		2.65%	29.04%
2013	Legal Representative Shareholder (s) (% of Shareholding)	Zhou Zhaoming	Pierre Rene Louis Luzeau
		Cheng HongYa (France)	Novacap Asia-Pacific Limited (Hong Kong) 51%
		26.58%	Ren Wenzhong
		Ren Wenzhong	6.2%
		20.30%	Wang Bo
		Wang Bo	4.13%
		13.53%	Hongkong Decheng Co., Limited
		Xu Limin	26.5753%
		10.55%	Xu Limin
		Zhou Zhaoming	3.2247%
		29.04%	Zhou Zhaoming
			8.87%
2015-11-18	Shareholder (s) (% of Shareholding)	Novacap Asia-Pacific Limited (Hong Kong) 51%	Novacap Asia-Pacific Limited (Hong Kong) 78%
		Ren Wenzhong6.2%	Ren Wenzhong
		Wang Bo	6%
		4.13%	Wang Bo
		Hongkong Decheng Co., Limited26.5753%	4%
		Xu Limin	Xu Limin
		3.2247%	3%
		Zhou Zhaoming	Zhou Zhaoming
		8.87%	9%
2015-12-28	Registration No./ Unified Social Credit Code	321200400004458	91321283729014722X
--	% of Shareholding	Novacap Asia-Pacific Limited (Hong Kong) 78%	Novacap Asia-Pacific Limited (Hong Kong)
		Ren Wenzhong	77.5753%

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6%	Zhou Zhaoming
Wang Bo	8.87%
4%	Ren Wenzhong
Xu Limin	6.20%
3%	Wang Bo
Zhou Zhaoming	4.13%
9%	Xu Limin
	3.2247%

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

Name of Shareholder (s)	% of Shareholding
Novacap Asia-Pacific Limited (Hong Kong)	77.5753
Zhou Zhaoming	8.87
Ren Wenzhong	6.20
Wang Bo	4.13
Xu Limin	3.2247

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Pierre Rene Louis Luzeau
Vice Chairman	Zhou Zhaoming
General Manager and Director	Ren Wenzhong
Director	LAU Poh Eng
	Marc Alain Hubert Jean
	Marie De Roquefeuil
	Marie-Alex Estelle
	PREMIER
Supervisor	Vincent Milhau

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Novacap Asia-Pacific Limited (Hong Kong)	77.5753
Zhou Zhaoming	8.87
Ren Wenzhong	6.20

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Wang Bo 4.13
Xu Limin 3.2247

Novacap Asia-Pacific Limited (Hong Kong)

CR.: 1898702
Legal Form: Private
Status: Live

MANAGEMENT

Pierre Rene Louis Luzeau, Legal Representative and Chairman

-
- Gender: M
 - Passport No.: 08CF794397
 - Qualification: University
 - Working experience (s):

At present, working in SC as legal representative and chairman

Zhou Zhaoming, Vice Chairman

-
- Gender: M
 - Nationality: China
 - ID# 321025620307521
 - Qualification: University
 - Working experience (s):

At present, working in SC as vice chairman

Ren Wenzhong, General Manager and Director

-
- Gender: M
 - Nationality: China
 - ID# 321025196809110010
 - Age: 50
 - Qualification: University
 - Working experience (s):

At present, working in SC as general manager and director

Director

LAU Poh Eng
Marc Alain Hubert Jean Marie De Roquefeuil

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Marie-Alex Estelle Premier

Supervisor

Vincent Milhau

BUSINESS OPERATION

SC's registered business scope includes Permission management project: manufacturing 4 - nitro-(benzene) phenol and 4-amino-(benzene) phenol. General operating items: technology R&D, supplying related technology service in 4 - nitro-(benzene) phenol and 4-amino-(benzene) phenol.

SC is mainly engaged in manufacturing and selling chemical products.

Brand: SHENGNIAO

SC's products mainly include: para aminophenol, Para-Nitrophenol, etc.

SC sources its materials 60% from domestic market, and 40% from the overseas market. SC sells 70% of its products in domestic market, and 30% to the overseas market, mainly U.S.A., India, etc.

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, L/C and Credit of 30-60 days.

Major Customer

First Continental International
Valuetree India Pvt. Ltd.
Novacyl Inc.
Cosmo Chemicals Pvt Ltd.
Para Products Pltd

Staff & Office:

SC is known to have approx. 381 staff at present.

SC rents an area as its operating office & factory of approx. 21,333 sq. meters at the heading address.

RELATED COMPANY

SC is not known to have any subsidiary at present.

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:

Bank of China Taixing Sub-branch

AC#: 17765008092038

China Construction Bank Taixing Sub-branch

AC#: 32001766336050376451

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	146,167	110,489	133,191
Notes receivable	3,777	2,693	1,901
Interest receivable	161	185	77
Accounts receivable	80,878	105,657	139,463
Advances to suppliers	11,025	9,078	11,213
Other receivable	421	480	289
Inventory	13,647	18,510	25,483
Deferred expense	0	0	0
Non-current assets within one year	0	0	0

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Other current assets	0	0	0
	-----	-----	-----
Current assets	256,076	247,092	311,617
Fixed assets	109,501	112,661	132,730
Long term investment	0	0	0
Construction in progress	23,769	27,321	11,979
Intangible assets	8,074	7,880	10,531
Long-term prepaid expenses	720	605	15,625
Deferred income tax assets	0	0	0
Other non-current assets	0	0	0
	-----	-----	-----
Total assets	398,140	395,559	482,482
	=====	=====	=====
Short-term loans	50,000	20,000	60,000
Notes payable	33,000	47,500	72,000
Accounts payable	11,858	14,446	23,741
Wages payable	4,184	4,581	5,634
Welfares payable	0	0	0
Taxes payable	7,347	6,289	3,206
Advances from clients	128	4,320	62
Other payable	10	38	98
Accrued expense	0	0	0
Other current liabilities	12,468	71,723	53,480
	-----	-----	-----
Current liabilities	118,995	168,897	218,221
Non-current liabilities	13,197	12,056	11,244
	-----	-----	-----
Total liabilities	132,192	180,953	229,465
Equities	265,948	214,606	253,017
	-----	-----	-----
Total liabilities & equities	398,140	395,559	482,482
	=====	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,
	2015	2016	2017
Revenue	437,742	476,055	666,280
Cost of sales	342,722	392,014	558,076
Sales expense	10,863	14,104	15,686
Management expense	25,844	28,190	27,592
Finance expense	-6,635	-3,299	9,359
Profit before tax	61,865	43,408	52,419
Less: profit tax	15,644	10,629	14,008
Profits	46,221	32,779	38,411

Important Ratios

=====	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,
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	2015	2016	2017
*Current ratio	2.15	1.46	1.43
*Quick ratio	2.04	1.35	1.31
*Liabilities to assets	0.33	0.46	0.48
*Net profit margin (%)	10.56	6.89	5.76
*Return on total assets (%)	11.61	8.29	7.96
*Inventory / Revenue x365	12 days	15 days	14 days
*Accounts receivable / Revenue x365	68 days	82 days	77 days
*Revenue / Total assets	1.10	1.20	1.38
*Cost of sales / Revenue	0.78	0.82	0.84

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 normal level.
- SC's quick ratio is maintained in a fairly good level.
- The inventory of SC appears is maintained in an average level.
- The accounts receivable of SC is maintained in an average level.
- SC's short-term loans are in an average level.
- 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 medium-sized in its line with fairly good financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.32
UK Pound	1	INR 94.42
Euro	1	INR 84.08
CNY	1	INR 10.49

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)