

MIRA INFORM REPORT

Report No. :	530005
Report Date :	14.09.2018

IDENTIFICATION DETAILS

Name :	ANHUI JINHE INDUSTRIAL CO., LTD.
Registered Office :	No. 127 East Street, Laian County, Chuzhou, Anhui Province 239200 PR
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	25.12.2006
Com. Reg. No.:	91341100796433177T
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing and selling food additives, flavor and fragrance, organic classes of hazardous chemicals, liquid anhydrous ammonia, methanol for industrial use, industrial nitric acid, formaldehyde, concentrated sulfuric acid, sulfur dioxide and sulfur anhydride. Normal operating projects: manufacturing and selling melamine, pentaerythritol, sodium formate, urea and ammonium acid carbonate; import and export chemical raw materials (excluding the hazardous chemicals), mechanical equipment, components, raw materials and technology (excluding the goods forbidden by the government).
No. of Employees :	3,086

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 :	Excellent
Payment Behaviour :	Regular

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Litigation :	Clear
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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

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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	Anhui Jinhe Industrial Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 127 East Street, Lai'an County, Chuzhou, Anhui Province 239200 PR China
TEL. NO.	86 (0) 550-5612755
FAX NO.	86 (0) 550-5611232

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: DECEMBER 25, 2006
UNIFIED SOCIAL CREDIT CODE	: 91341100796433177T
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: YANG YINGCHUN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 564,236,186
STAFF	: 3,086
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 2,255,997,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES	: CNY 3,652,812,000 (CONSOLIDATED, AS OF JUN. 30, 2018)
WEBSITE	: www.lajingda.com
E-MAIL	: jinheshiye@jinheshiye.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
OPERATIONAL TREND	: FAIRLY 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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91341100796433177T.

SC's Import and Export Enterprise Code: 3400796433177

SC's registered capital: CNY 564,236,186

SC's paid-in capital: CNY 564,236,186

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2013	Registered Capital	CNY 213,600,000	CNY 277,680,000
2014-8-25	Registered Capital	CNY 277,680,000	CNY 284,160,000
2015-5-22	Registered Capital	CNY 284,160,000	CNY 568,320,000
2015-10-21	Registered Capital	CNY 568,320,000	CNY 568,254,000
2016-4-5	Registered Capital	CNY 568,254,000	CNY 565,498,386
2016-11-29	Registered Capital	CNY 565,498,386	CNY 564,320,186
2017-10-10	Registered Capital	CNY 564,320,186	CNY 564,236,186

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

Name of Shareholder (s) (As of July 16, 2018)	% of Shareholding
Anhui Jinrui Investment Group Co., Ltd.	44.25
Hong Kong Securities Clearing Company Limited	4.86
China Construction Bank-Hua'an Happy Life Mixed Securities Investment Fund	1.47
Other Shareholders	49.42

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Yang Yingchun
General Manager	Xia Jiabin
Deputy General Manager	Sun Caijun

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Tao Changwen
Li Enping
Wang Congchun
Li Junwei

RECENT DEVELOPMENT

SC is a listed company in Shenzhen Stock Exchange Market with the code of 002597.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
(As of July 16, 2018)	

Anhui Jinrui Investment Group Co., Ltd.	44.25
Hong Kong Securities Clearing Company Limited	4.86
China Construction Bank-Hua'an Happy Life Mixed Securities Investment Fund	1.47
Other Shareholders	49.42

Anhui Jinrui Investment Group Co., Ltd.

Date of Registration: September 14, 2001
Unified Social Credit Code: 91341122731664302K
Chief Executive: Yang Yingchun
Registered Capital: CNY 60,550,600

Hong Kong Securities Clearing Company Limited

CR No.: 0251622
Company Type: Private Company Limited by Shares
Date of Incorporation: 5 May 1989
Active Status: Live

MANAGEMENT

Yang Yingchun, Legal Representative and Chairman

Gender: M

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Age: 54
Qualification: University
Working experience (s):

From 2012 to present, working in SC as legal representative and chairman, also working in Anhui Jinrui Chemical Investment Co., Ltd. as legal representative and chairman

Xia Jiaxin, General Manager

Gender: M
Age: 49
Qualification: University
Working experience (s):

Before, worked in SC as deputy general manager
At present, working in SC as general manager

Deputy General Manager

Sun Caijun
Tao Changwen
Li Enping
Wang Congchun
Li Junwei

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling food additives, flavor and fragrance, organic classes of hazardous chemicals, liquid anhydrous ammonia, methanol for industrial use, industrial nitric acid, formaldehyde, concentrated sulfuric acid, sulfur dioxide and sulfur anhydride. Normal operating projects: manufacturing and selling melamine, pentaerythritol, sodium formate, urea and ammonium acid carbonate; import and export chemical raw materials (excluding the hazard chemicals), mechanical equipment, components, raw materials and technology (excluding the goods forbidden by the government).

SC is mainly engaged in manufacturing and selling food additives, flavor and fragrance.

Brand: Jingda

SC's products mainly include: Maltol, Ethyl Maltol, Natural Maltol, Acesulfame-k.

SC sources its materials 90% from domestic market, and 10% from overseas market. SC sells 70% of its products in domestic market, and 30% to overseas 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, L/C and Credit of 30-60 days.

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***Major Customers:**

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Quala S.A.
Mane Mexico Sa De Cv
R.P.Industries
Us Niutang Chemical Inc.
Phoenix Aromas & Ess. Oils Llc

***Major Supplier:**

=====

Wuxi Huaguang Boiler Co., Ltd.

Staff & Office:

SC is known to have approx. 3,086 staff at present.

SC owns an area as its operating office & factory of approx. 500,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have the following subsidiaries at present:

Chuzhou Jinfeng Chemical Co., Ltd.

Wandong Jinli Chemical Co., Ltd.

Chuzhou Jinyuan Chemical Co., Ltd.

Laian Lixin Port Management Logistics Co., Ltd.

Anhui Huaertai Chemical Industry Co., Ltd.

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's suppliers declined to make any comments.

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 Chuzhou Branch

AC#: 178211911642

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	1,403,717	1,453,200
Accounts receivable	152,001	252,036
Notes receivable	745,588	811,871
Advances to suppliers	91,131	113,069
Interest receivable	1,954	10,665
Other receivable	2,201	4,230
Inventory	312,128	344,150
Non-current assets within one year	0	0
Other current assets	1,282,570	910,650
	-----	-----
Current assets	3,991,290	3,899,871
Long-term investments	2,495	2,629
Real estate investment	0	0
Fixed assets	1,333,080	1,298,359
Construction in progress	42,523	79,206
Project materials	0	0
Fixed assets in liquidation	0	0
Intangible assets	59,317	90,551
Goodwill	0	0
Long-term deferred expense	34,737	33,008
Deferred income tax assets	9,751	8,548
Other non-current assets	200,256	178,017
	-----	-----
Total assets	5,673,449	5,590,189
	=====	=====
Short-term loans	388,194	240,000
Notes payable	560,567	637,558

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Accounts payable	409,173	310,618
Payroll payable	99,220	66,661
Taxes payable	162,636	116,880
Interest payable	1,025	1,481
Advances from clients	29,919	37,355
Other payable	46,878	6,216
Other current liabilities	66,249	45,723
	-----	-----
Current liabilities	1,763,861	1,462,492
Non-current liabilities	460,883	474,885
	-----	-----
Total liabilities	2,224,744	1,937,377
Equities	3,448,705	3,652,812
	-----	-----
Total liabilities & equities	5,673,449	5,590,189
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	4,479,876	2,255,997
Cost of sales	2,965,921	1,476,587
Business Taxes and Surcharges	32,422	18,154
Sales expense	174,533	60,611
Management expense	149,247	81,684
Finance expense	55,128	11,790
Asset impairment loss	4,569	5,421
Investment income	106,980	27,918
Non-operating income	5,220	667
Non-operating expense	4,253	2,628
Profit before tax	1,208,091	635,987
Less: profit tax	163,870	93,124
Profits	1,044,221	542,863

Important Ratios

	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	2.26	2.67
*Quick ratio	2.09	2.43
*Liabilities to assets	0.39	0.35
*Net profit margin (%)	23.31	24.06
*Return on total assets (%)	18.41	9.71
*Inventory / Revenue x365/180	26 days	28 days
*Accounts receivable/ Revenue x365/180	13 days	21 days
*Revenue/Total assets	0.79	0.40

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*Cost of sales / Revenue 0.66 0.65

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 appears average.
The accounts receivable of SC appears average.
The short-term loans of SC appear average.
SC's revenue is in a fair level, comparing with the size of its total assets.

LEVERAGE: FAIRLY GOOD

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

Overall financial condition of the SC: Fairly Good.

CONCLUSIONS

SC is considered large-sized in its line with fairly good financial conditions. Taking into consideration of SC's general performance, reputation as well as market 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 :	KET

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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)