

MIRA INFORM REPORT

Report No. :	530463
Report Date :	17.09.2018

IDENTIFICATION DETAILS

Name :	HUBEI GUANGJI PHARMACEUTICAL CO., LTD.
Registered Office :	No. 1, Jiangdi Road, Wuxue City, Hubei Province 435400 PR
Country :	China
Financials (as on) :	31.03.2018
Date of Incorporation :	28.05.1993
Unified Social Credit Code :	91420000707016110B
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing active pharmaceutical ingredients, large volume injection, tablets, granules, ointments, gels, creams; manufacturing and selling food additives, feed additives, single feed; printing packaging and decorating printed matter; catering services; manufacturing and selling bottled pure water; import and export of commodities and technology (excluding items prohibited and limited by the county); manufacturing packing materials directly touched with drug; manufacturing and selling single feed, industrial salt.
No. of Employees :	1,311

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
Payment Behaviour :	Regular
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

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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. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2016 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.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi 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 allow a resumption of gradual liberalization. From 2013 until early 2015, the renminbi (RMB) appreciated roughly 2% against the dollar, but the exchange rate fell 13% from mid-2015 until end-2016 amid strong capital outflows in part stemming from the August 2015 official devaluation; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. 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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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	Hubei Guangji Pharmaceutical Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 1, Jiangdi Road, Wuxue City, Hubei Province 435400 PR China
OTHER ADDRESS/ GIVEN ADDRESS	Dajin Guangji Pharmaceutical Bio Industry Park, Wuxue City, Huanggang, Hebei Province 435400 PR China
TEL. NO.	86 (0) 713-6217349
FAX NO.	86 (0) 713-6212108

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: MAY 28, 1993
UNIFIED SOCIAL CREDIT CODE	: 91420000707016110B
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: AN JING (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 251,705,513
STAFF	: 1,311
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 244,847,000 (CONSOLIDATED, JAN. 1, 2018 TO MAR. 31, 2018)
EQUITIES	: CNY 852,173,000 (CONSOLIDATED, AS OF MAR. 31, 2018)
WEBSITE	: www.guangjipharm.com
E-MAIL	: info@guangjipharm.china.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY STABLE
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

General Reputation:-

Excellent

Good

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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 shares limited company of PRC with State Administration for Industry & Commerce (SAIC) under Unified Social Credit Code: 91420000707016110B.

SC's registered capital: CNY 251,705,513

SC's paid-in capital: CNY 251,705,513

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2006	Registered Capital	CNY 171,226,000	CNY 251,705,513
--	Registration No.	4200001000012	420000000022877
2015-2-5	Legal Representative	He Mi	Lin Zhidong
2015-9-23	Legal Representative	Lin Zhidong	Gong Daoyi
2017-9-20	Legal Representative	Gong Daoyi	An Jing
--	Registration No./ Unified Social Credit Code	420000000022877	91420000707016110B

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

Name of Shareholder (s) (As of March 31, 2018)	% of Shareholding
Hubei Yantze River Industrial Investment Group Co., Ltd.	16.57
Wuhan Credit Capital Operation Co., Ltd.	4.82
Shengji Equity Investment Fund (Shanghai) Co., Ltd.	2.98
Zhang Guoming	1.07
Yu Lizhen	0.88
Dunhe Asset Management Co., Ltd.-Dunhe Baguatiang Positive A Private Fund	0.86
Dunhe Asset Management Co., Ltd.-Dunhe Yunqi No. 2 Steady Growth Private Fund	0.76
Lin Sishan	0.68
Pan Hui	0.49
Chen Chao	0.42
Other Shareholders	70.47

SC's Chief Executives:-

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Yu Lizhen	0.88
Dunhe Asset Management Co., Ltd.-Dunhe Baguatan Positive A Private Fund	0.86
Dunhe Asset Management Co., Ltd.-Dunhe Yunqi No. 2 Steady Growth Private Fund	0.76
Lin Sishan	0.68
Pan Hui	0.49
Chen Chao	0.42
Other Shareholders	70.47

Hubei Yantze River Industrial Investment Group Co., Ltd.

Unified Social Credit Code: 91420000562732692H
Legal Representative: He Dachun
Registered Capital: CNY 3,250,500,000

Wuhan Credit Capital Operation Co., Ltd.

Unified Social Credit Code: 91420100MA4KMTK5X2
Legal Representative: Jiang Jie
Registered Capital: CNY 100,000,000

Shengji Equity Investment Fund (Shanghai) Co., Ltd.

Unified Social Credit Code: 91310000323185767W
Legal Representative: Xue Meng
Registered Capital: CNY 580,000,000

MANAGEMENT

An Jing, Legal Representative and Chairman

Gender: M
Age: 35
Qualification: Graduate Degree
Working experience (s):

At present, working in SC as legal representative and chairman

Yang Lin, General Manager and Director

Gender: M

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Age: 53
Qualification: Graduate Degree
Working experience (s):

At present, working in SC as general manager and director

Director

Liu Xiaoyong
Tong Weining
Hu Xiaofeng
Cao Liang
Yang Hanming
Guo Shaozhi

Supervisor

Wang Xukun
Lin Jiang
Jiang Tao

BUSINESS OPERATION

SC's registered business scope includes manufacturing active pharmaceutical ingredients, large volume injection, tablets, granules, ointments, gels, creams; manufacturing and selling food additives, feed additives, single feed; printing packaging and decorating printed matter; catering services; manufacturing and selling bottled pure water; import and export of commodities and technology (excluding items prohibited and limited by the county); manufacturing packing materials directly torched with drug; manufacturing and selling single feed, industrial salt.

SC is mainly engaged in manufacturing and selling active pharmaceutical ingredients, pharmaceutical preparation, and feed additive.

SC's products mainly include: Riboflavin (Kosher Certified), Riboflavin 5 Phosphate Sodium Kosher Certified, Chinese GMP Cert.), and Biotin, etc.

SC's Brand: "Kanjiang"

SC sources its materials 95% from domestic market, and 5% from overseas market. SC sells 45% of its products in domestic market, mainly Hubei province, and 55% to overseas market, mainly European and American countries.

The buying terms of SC include T/T, L/C and Credit of 30-60 days. The payment terms of SC include T/T, L/C and Credit of 30-60 days.

*Major Suppliers:

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Shandong Fukuan Biologic Engineering Co., Ltd.
Shandong Zhonggu Starch Sugar Co., Ltd.
Mengzhou Jinyumi Co., Ltd.

Major Customers

=====
Provimi B.V.Veerlaan
Charles Bowman
Kaesler Nutrition GmbH
Trouw Nutrition

Staff & Office:

SC is known to have approx. 1,311 staff at present.

SC rents an area as its operating office & factory of approx. 125,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have the following subsidiaries at present,

Hubei Guangji Pharmaceutical Jikang Medical Co., Ltd.

Wuxue Sanli Water Manufacturing Co., Ltd.

Guangji Pharmaceutical (Mengzhou) Co., Ltd.

Hubei Huisheng Pharmaceutical Co., Ltd.

Hubei Anhua Mansion 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 supplier 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

Industrial and Commercial Bank of China Wuxue Sub-branch

AC#: 1814077101000616109

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Mar. 31, 2018
Cash	140,834	129,874
Notes receivable	20,929	8,459
Accounts receivable	95,664	167,186
Advances to suppliers	8,192	19,224
Other receivable	36,869	39,647
Inventory	98,350	125,649
Prepaid expenses	0	0
Other current assets	19,671	22,646
	-----	-----
Current assets	420,509	512,685
Long-term investment	26,749	25,805
Fixed assets	898,999	876,960
Construction in progress	69,446	77,635
Engineering materials	896	827
Intangible assets	163,943	162,765
Long-term prepaid expenses	483	399
Deferred income tax assets	21,498	21,177
Other non-current assets	39,360	32,745
	-----	-----
Total assets	1,641,883	1,710,998
	=====	=====
Short-term loans	479,537	479,537
Notes payable	2,670	2,670
Accounts payable	115,879	88,395
Wages payable	13,846	12,873
Taxes payable	29,753	45,820
Interest payable	0	0
Dividends payable	3,249	3,249

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Advances from clients	20,927	17,129
Other payable	45,007	56,333
Accrued expenses	0	0
Other current liabilities	51,839	52,071
	-----	-----
Current liabilities	762,707	758,077
Non-current liabilities	113,940	100,748
	-----	-----
Total liabilities	876,647	858,825
Equities	765,236	852,173
	-----	-----
Total liabilities & equities	1,641,883	1,710,998
	=====	=====

Consolidated Income Statement

Unit: CNY'000

	As of Dec. 31, 2017	Jan. 1, 2018 to Mar. 31, 2018
Revenue	801,556	244,847
Cost of sales	393,615	75,315
Taxes and surcharges	18,583	6,094
Sales expense	27,426	5,579
Management expense	156,228	26,681
Finance expense	37,581	11,618
Asset impairment loss	36,279	2,832
Investment income	-1,211	-944
Profit before tax	121,556	116,092
Less: profit tax	15,501	29,155
Profits	106,055	86,937

Important Ratios

=====

	As of Dec. 31, 2017	As of Mar. 31, 2018
*Current ratio	0.55	0.68
*Quick ratio	0.42	0.51
*Liabilities to assets	0.53	0.50
*Net profit margin (%)	13.23	35.51
*Return on total assets (%)	6.46	5.08
*Inventory / Revenue x365/90	45 days	47 days
*Accounts receivable / Revenue x365/90	44 days	62 days
*Revenue / Total assets	0.49	0.14
*Cost of sales / Revenue	0.49	0.31

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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 goods sold is low, 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 average.
The accounts receivable of SC appears average.
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: FAIRLY GOOD

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

Overall financial condition of the SC: Fairly Stable.

CONCLUSIONS

SC is considered medium-sized in its line with fairly stable financial conditions. The fairly large amount of short-term loans could be a threat to SC's financial condition.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.81
UK Pound	1	INR 94.15
Euro	1	INR 83.97
CNY	1	INR 10.55

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	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)