

MIRA INFORM REPORT

Report No. :	530496
Report Date :	19.09.2018

IDENTIFICATION DETAILS

Name :	GUIZHOU CHANHEN CHEMICAL CORPORATION
Registered Office :	Longchang Town, Fuquan City, Fujian Province 550506 PR
Country :	China
Financials (as on) :	30.06.2018 [Consolidated]
Date of Incorporation :	25.11.2002
Unified Social Credit Code :	91522702741140019K
Legal Form :	Shares Limited Company
Line of Business :	Registered business scope includes not to engage in any items prohibited by laws, administrative regulation and State Council; able to engage in items that needs permit according to the regulation of the State Council, after obtaining the permit from relative authorities and the registration in the AIC; and select to deal with any items that do not need any permit; manufacturing and selling calcium dihydrogen phosphate, calcium hydrogen phosphate, potassium dihydrogen phosphate, sodium dihydrogen phosphate, monoammonium phosphate, ammonium polyphosphate, acid heavy superphosphate, urea phosphate, large amount of water-soluble fertilizer, blended fertilizer, compound fertilizer, Organic-inorganic compound fertilizer, fertilizer, sulfuric acid, phosphoric acid, soil conditioner, water quality conditioner, phosphogypsum and its products; provide agrochemical services; selling feed additives, fertilizer products, phosphate rock, calcium carbonate, sulfur, liquid ammonia, hydrochloric acid, coal, soda ash, yuan Ming powder, lime, hydrogen peroxide, nitric acid, sodium hydroxide, hardware, spare parts; exporting its products and technology; importing materials, instrument, machinery and equipment, parts and technology needed for its production, excluding the goods forbidden by the government.
No. of Employees :	1,096

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

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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

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. 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 Guizhou Chanheng Chemical Corporation
CURRENT ADDRESS/ REGISTERED ADDRESS Longchang Town, Fuquan City, Fujian Province 550506 PR China
TEL. NO. 86 (0) 854-2210228/2210028
FAX NO. 86 (0) 854-2210229

EXECUTIVE SUMMARY

DATE OF REGISTRATION : NOVEMBER 25, 2002
UNIFIED SOCIAL CREDIT CODE : 91522702741140019K
LEGAL FORM : SHARES LIMITED COMPANY
CHIEF EXECUTIVE : WU HAIBIN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 407,083,000
STAFF : 1,096
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 567,296,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES : CNY 1,871,498,000 (CONSOLIDATED, AS OF JUN. 30, 2018)
WEBSITE : www.chanphos.com
E-MAIL : gzch@chanhen.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:-

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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91522702741140019K.

SC's Import and Export Enterprise Code: 5200741140019

SC's registered capital: CNY 407,083,000

SC's paid-in capital: CNY 407,083,000

Registration Change Record:-

Date	Change Contents	of	Before the change	After the change
2014-4-14	Legal Representative		Li Zijun	Wu Haibin
2014-12-23	Registered Capital		CNY 300,000,000	CNY 338,554,440
2014-12-26	Registered Capital		CNY 338,554,440	CNY 347,316,813
2015-5-26	Registered Capital		CNY 347,316,813	CNY 360,000,000
	Legal Form		Limited Liabilities Company	Shares Limited Company
2017-10-27	Registered Capital		CNY 360,000,000	CNY 400,010,000
2018-3-23	Registered Capital		CNY 400,010,000	CNY 407,083,000

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Sichuan Chanheng Holding Group Co., Ltd.	76.39

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Suzhou Jiapeng Jiuding Investment Centre (Limited Partnership)	5.1
Nanjing Jiuding Qixia Investment Centre (Limited Partnership)	2.75
Jiaxing Jiaze Jiuding Investment Centre (Limited Partnership)	1.96
Suzhou Tianxiang Zhalu Jiuding Investment Centre (Limited Partnership)	1.67
Suzhou Jiaying Jiuding Investment Centre (Limited Partnership)	0.56
Li Zijun	0.42
Wang Jiakai	0.11
Wu Haibin	0.10
Zhang Haibo	0.09
Other Shareholders	10.85

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager	Wu Haibin
Deputy General Manager	Zhang Haibo
	Liu Sheng'an
	Yang Jin
	Mao Wei
	Li Jian

RECENT DEVELOPMENT

SC is a listed company in Shenzhen Stock Exchange Market with the code of 002895.

SHAREHOLDER CHART & BACKGROUND

<i>Name (As of June 30, 2018)</i>	<i>% of Shareholding</i>
Sichuan Chanheng Holding Group Co., Ltd.	76.39
Suzhou Jiapeng Jiuding Investment Centre (Limited Partnership)	5.1
Nanjing Jiuding Qixia Investment Centre (Limited Partnership)	2.75
Jiaxing Jiaze Jiuding Investment Centre (Limited Partnership)	1.96
Suzhou Tianxiang Zhalu Jiuding Investment Centre (Limited Partnership)	1.67
Suzhou Jiaying Jiuding Investment Centre (Limited Partnership)	0.56

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Li Zijun	0.42
Wang Jiakai	0.11
Wu Haibin	0.10
Zhang Haibo	0.09
Other Shareholders	10.85

✚ Sichuan Chanhen Holding Group Co., Ltd.

Date of Registration: April 28, 1999
Unified Social Credit Code: 91510600711814297K
Chief Executive : Li Jin
Registered Capital: CNY 120,000,000

MANAGEMENT

Wu Haibin, Legal Representative, Chairman and General Manager

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

At present, working in SC as legal representative, chairman and general manager, also working in Chaneco Co., Ltd. and Guizhou Chanfert Enterprise Co., Ltd. as legal representative

Deputy General Manager

Zhang Haibo
Liu Sheng'an
Yang Jin
Mao Wei
Li Jian

BUSINESS OPERATION

SC's registered business scope includes not to engage in any items prohibited by laws, administrative regulation and State Council; able to engage in items that needs permit according to the regulation of the State Council, after obtaining the permit from relative authorities and the registration in the AIC; and select to deal with any items

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that do not need any permit; manufacturing and selling calcium dihydrogen phosphate, calcium hydrogen phosphate, potassium dihydrogen phosphate, sodium dihydrogen phosphate, monoammonium phosphate, ammonium polyphosphate, acid heavy superphosphate, urea phosphate, large amount of water-soluble fertilizer, blended fertilizer, compound fertilizer, Organic-inorganic compound fertilizer, fertilizer, sulfuric acid, phosphoric acid, soil conditioner, water quality conditioner, phosphogypsum and its products; provide agrochemical services; selling feed additives, fertilizer products, phosphate rock, calcium carbonate, sulfur, liquid ammonia, hydrochloric acid, coal, soda ash, yuan Ming powder, lime, hydrogen peroxide, nitric acid, sodium hydroxide, hardware, spare parts; exporting its products and technology; importing materials, instrument, machinery and equipment, parts and technology needed for its production, excluding the goods forbidden by the government.

SC is mainly engaged in manufacturing and selling chemical products.

Brand: XIAOTAIZI

SC's products mainly include: mineral feed, urea phosphate, monoammonium phosphate, diammonium phosphate and other phosphate products, water-soluble fertilizer, phosphate fertilizer, compound fertilizer, etc.

SC sources its materials 100% from domestic market, mainly Guizhou. SC sells 65% of its products in domestic market, and 35% to overseas market, mainly Mid East, Southeast Asia, 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

=====
Aditivos Y Alimentos S.A.
Vimala Feeds Pvt Ltd.

Staff & Office:

SC is known to have approx. 1,096 staff at present.

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 at present,

Chaneco Co., Ltd.

Xinjiang Boshuosi Ecological Technology Co., Ltd.

Chanhen Ecological Technology Co., Ltd.

Guizhou Chanfert Enterprise Co., Ltd.

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:

China Construction Bank Fuquan Sub-branch

AC#: 52001656036052500212

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	222,520	210,274
Accounts receivable	36,915	85,068
Notes receivable	12,656	33,407
Advances to suppliers	27,086	21,257
Interest receivable	0	0
Other receivable	2,210	2,997
Inventory	325,532	316,841
Non-current assets within one year	0	0
Other current assets	218,341	227,470
	-----	-----
Current assets	845,260	897,314
Long-term investments	1,069,872	1,072,340
Real estate investment	0	0
Fixed assets	311,772	362,384
Construction in progress	48,999	44,033

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Project materials	1,982	2,118
Fixed assets in liquidation	0	0
Intangible assets	95,586	115,544
Goodwill	0	0
Long-term deferred expense	0	385
Deferred income tax assets	3,722	3,883
Other non-current assets	35,879	40,388
	-----	-----
Total assets	2,413,072	2,538,389
	=====	=====
Short-term loans	221,000	300,000
Notes payable	9,000	9,000
Accounts payable	104,548	89,045
Payroll payable	23,460	9,932
Taxes payable	2,399	4,015
Interest payable	0	0
Advances from clients	13,982	10,659
Other payable	11,390	105,488
Other current liabilities	3,573	2,038
	-----	-----
Current liabilities	389,352	530,177
Non-current liabilities	136,214	136,714
	-----	-----
Total liabilities	525,566	666,891
Equities	1,887,506	1,871,498
	-----	-----
Total liabilities & equities	2,413,072	2,538,389
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	1,183,780	567,296
Cost of sales	880,338	453,714
Business Taxes and Surcharges	6,031	3,428
Sales expense	84,315	40,107
Management expense	66,751	43,121
Finance expense	5,659	-1,338
Asset impairment loss	-539	2,358
Investment income	10,404	4,144
Non-operating income	462	4,901
Non-operating expense	1,604	2,074
Profit before tax	157,595	35,695
Less: profit tax	24,181	6,052
Profits	133,414	29,643

Important Ratios

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As of Dec. 31, As of Jun. 30,

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	2017	2018
*Current ratio	2.17	1.69
*Quick ratio	1.33	1.09
*Liabilities to assets	0.22	0.26
*Net profit margin (%)	11.27	5.23
*Return on total assets (%)	5.53	1.17
*Inventory / Revenue x365/180	101 days	101 days
*Accounts receivable/ Revenue x365/180	12 days	27 days
*Revenue/Total assets	0.49	0.22
*Cost of sales / Revenue	0.74	0.80

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 large.
- 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 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.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.38
UK Pound	1	INR 95.29
Euro	1	INR 84.77
CNY	1	INR 10.55

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

INFORMATION DETAILS

Analysis Done by :	PRA
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)