

SHANDONG SHIDA SHENGHUA CHEMICAL GROUP CO., LTD. - 524493 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	524493
Report Date :	13.08.2018

IDENTIFICATION DETAILS

Name :	SHANDONG SHIDA SHENGHUA CHEMICAL GROUP CO., LTD.
Registered Office :	No.198 Tongxing Road, Kenli District, Dongying, Shandong Province 257000 PR
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	31.12.2002
Unified Social Credit Code :	91370000745694238L
Legal Form :	Shares Limited Company
Line of Business :	<ul style="list-style-type: none"> Manufacturing and selling of propylene epoxide, dichloro propane, propylene, liquefied petroleum gas, crude benzene, methyl tertiary butyl ether, dimethyl carbonate, diethyl carbonate, propylene carbonate, solvent oil, carbonic acid methyl ester, xylene, mixed benzene, heavy oil, mixed carbon five, fuel oil, crude propanol, liquid hydrocarbons, BTX aromatics, ethylene material and propylene glycol within the permitted scope (the valid term is subject to the license); research, production, development and technical services of petrochemical new technologies, new materials, new products (excluding those limited by the state). Subject is mainly engaged in manufacturing and selling of chemical products.
No. of Employees :	1,290

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

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Maximum Credit Limit :	USD 15,000,000
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. 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

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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 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

COMPANY NAME AND ADDRESS

COMPANY NAME Shandong Shida Shenghua Chemical Group Co., Ltd.
CURRENT ADDRESS No. 198 Tongxing Road, Kenli District, Dongying, Shandong Province
257000 PR China
TEL. NO. 86 (0) 546-2169417/8395375/2169028/18554629855
FAX NO. 86 (0) 546-8395016/2169181

*****Note: SC's current address should be the heading one, and the given address "No 565, Beicer Road, Dongying City, Shandong Province, China 257061" was the former one.**

EXECUTIVE SUMMARY

DATE OF REGISTRATION : DECEMBER 31, 2002
UNIFIED SOCIAL CREDIT CODE : 91370000745694238L
LEGAL FORM : SHARES LIMITED COMPANY
CHIEF EXECUTIVE : GUO TIANMING (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 202,680,000
STAFF : 1,290
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 2,737,672,000 (Consolidated, Jan. 1, 2018 to Jun. 30, 2018)
EQUITIES : CNY 1,671,219,000 (Consolidated, as of Jun. 30, 2018)
WEBSITE : www.sinodmc.com
E-MAIL : ceo@sinodmc.com & eric@sinodmc.com & victoria@sinodmc.com
PAYMENT : REGULAR
RECOMMENDED CREDIT LIMIT : UP TO USD 15,000,000
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: 91370000745694238L.

SC's Import and Export Enterprise Code: 3700745694238

SC's registered capital: CNY 202,680,000

SC's paid-in capital: CNY 202,680,000

Registration Change Record:-

Date	Change Contents	of	Before the change	After the change
2005-1-12	Legal Representative		Ye Zhigang	Du Shoukao
2005-6-30	Registered Capital		CNY 20,000,000	CNY 100,480,104
2009-6-1	Legal Representative		Du Shoukao	Guo Tianming
2009-10-23	Registered Name		Shandong Shenghua Chemical Co., Ltd.	Shandong Shida Shenghua Chemical Group Co., Ltd.
2010-3-16	Registered Capital		CNY 100,480,104	CNY 152,000,000
--	Registration No.		3700001807825	370000018078251
2015-7-23	Registered Capital		CNY 152,000,000	CNY 202,680,000
--	Registration No./ Unified Social Credit Code		370000018078251	91370000745694238L

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Qingdao Zhongshida Holdings Co., Ltd.	28.21
Shanghai Fuxing Purun Equity Investment Enterprise (Limited Partnership)	6.34
Shanghai Purun Equity Investment Enterprise (Limited Partnership)	3.97
National Social Security Fund Council	2.5
Zhang Yuan	0.69
Chen Jiachun	0.69
Liu Yan	0.65
Guo Tianming	0.58
Zhang Zhongxiang	0.52
Lin Suixian	0.51
Other Shareholders	55.34

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Guo Tianming
General Manager and Director	Yu Haiming
Deputy General Manager	Zheng Jun
	Lv Junqi
	Ding Weitao

RECENT DEVELOPMENT

SC achieved many honorary titles such as Shandong excellent enterprise of management innovation, Dongying advanced unit of safety in production, Dongying advanced enterprise of foreign trade work, Dongying top ten technological innovation enterprise, Dongying integrity enterprise, Dongying creditable enterprise, etc.

SC is a listed company in Shanghai Stock Exchange Market with the code of 603026.

SHAREHOLDER CHART & BACKGROUND

Name (As of June 30, 2018)	% of Shareholding
Qingdao Zhongshida Holdings Co., Ltd.	28.21
Shanghai Fuxing Purun Equity Investment Enterprise (Limited Partnership)	6.34
Shanghai Purun Equity Investment Enterprise (Limited Partnership)	3.97

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National Social Security Fund Council	2.5
Zhang Yuan	0.69
Chen Jiachun	0.69
Liu Yan	0.65
Guo Tianming	0.58
Zhang Zhongxiang	0.52
Lin Suixian	0.51
Other Shareholders	55.34

Qingdao Zhongshida Holdings Co., Ltd.

Date of Registration: January 18, 2006
Unified Social Credit Code: 91370200783715386B
Legal Representative: Cao Yingchang
Registered Capital: CNY 611,300,000

MANAGEMENT

Guo Tianming, Legal Representative and Chairman

- Gender: M
- Age: 54
- ID# 110108196408191875
- Qualification: University
- Working experience (s):

At present, working in SC as legal representative and chairman, also working in Shinghua Chemical Corporation, Dongying Shida Weibo Chemical Co., Ltd. and Qingdao Shida Shenghua Investment Co., Ltd. as legal representative

Yu Haiming, General Manager and Director

- Gender: M
- Age: 48
- Qualification: University
- Working experience (s):

At present, working in SC as general manager and director, also working in Qingdao Shida Chemical Co., Ltd. as legal representative

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Meng Fansong, Deputy General Manager

- Gender: M
- Age: 51
- Qualification: University
- Working experience (s):

At present, working in SC as deputy general manager

Zheng Jun, Deputy General Manager

- Gender: M
- Age: 45
- Qualification: University
- Working experience (s):

At present, working in SC as deputy general manager

Lv Junqi, Deputy General Manager

- Gender: M
- Age: 53
- Qualification: University
- Working experience (s):

At present, working in SC as deputy general manager

Ding Weitao, Deputy General Manager

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

At present, working in SC as deputy general manager

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling propylene epoxide, dichloro propane, propylene, liquefied petroleum gas, crude benzene, methyl tertiary butyl ether, dimethyl carbonate, diethyl carbonate, propylene carbonate, solvent oil, carbonic acid methyl ester, xylene, mixed benzene, heavy oil, mixed carbon five, fuel oil, crude propanol, liquid hydrocarbons, BTX aromatics, ethylene material and propylene glycol within the permitted scope (the valid term is subject to the license); research, production, development and technical services of petrochemical new technologies, new materials, new products (excluding those limited by the state) (if needed with permit).

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SC is mainly engaged in manufacturing and selling chemical products.

SC's products mainly include: Propylene oxide, Propylene dichloride, Solvent oil products, Liquefied gas, MTBE, Propylene, Dimethyl Carbonate, Diethyl carbonate, Ethyl methyl carbonate, Propylene Carbonate, Ethylene carbonate, Propylene glycol, etc.



SC sources its materials 100% from domestic market, mainly Shandong. SC sells 85% of its products in domestic market, and 15% to overseas market.

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

***Major Customers:**

=====

Shinghwa Chemical Corporation
Novasol S.A
Hangzhou Greenda Chemical Co., Ltd.
Jiujiang Tinci Materials Technology Ltd.
AkzoNobel Swire Paints (Guangzhou) Co., Ltd.

***Major Suppliers:**

=====

Shandong Xiantong Installation Co., Ltd. Dongying Branch
Shandong Haixu Construction Engineering Co., Ltd.
Doright Co., Ltd.
Zhejiang Petrochemical Valve Co., Ltd.

Staff & Office:

SC is known to have approx. 1,290 staff at present.

SC owns an area as its operating office & factory of approx. 330,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to invest in the following companies,

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■ Shinghwa Chemical Corporation

Date of Registration: December 3, 2008
Unified Social Credit Code: 91370500681741161G
Legal Representative: Jia Fenglei
Registered Capital: CNY 50,000,000

■ Dongying UPC Industry & Trade Co., Ltd.

Date of Registration: April 18, 2006
Unified Social Credit Code: 913705217884565988
Legal Representative: Jia Fenglei
Registered Capital: CNY 50,000,000

■ Dongying Shida Hongyi Chemical Co., Ltd.

Date of Registration: June 5, 2009
Unified Social Credit Code: 91370521689499090J
Legal Representative: Yu Jingdong
Registered Capital: CNY 22,000,000

■ Dongying Shida Weibo Chemical Co., Ltd.

Date of Registration: May 10, 2012
Unified Social Credit Code: 91370500596552278C
Legal Representative: Ding Weitao
Registered Capital: CNY 150,000,000

■ Qingdao Shida Shenghua Investment Co., Ltd.

Date of Registration: September 15, 2015
Unified Social Credit Code: 91370220350350414W
Legal Representative: Lv Junqi
Registered Capital: CNY 300,000,000

■ Qingdao Shida Chemical Co., Ltd.

Date of Registration: March 18, 2010
Unified Social Credit Code: 91370220550833103H
Legal Representative: Xu Donggang
Registered Capital: CNY 20,000,000

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 refused 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:

Dongying Bank
AC#: 4003300001956

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	84,458	132,916	227,480
Accounts receivable	147,902	276,225	250,777
Notes receivable	117,725	213,589	221,538
Advances to suppliers	20,809	56,453	58,627
Interest receivable	0	1,390	4,357
Other receivable	28,544	17,443	17,315
Inventory	317,761	345,772	398,582
Non-current assets within one year	0	0	0
Other current assets	10,290	213,488	390,291
	-----	-----	-----
Current assets	727,489	1,257,276	1,568,967
Long-term investments	0	0	0
Real estate investment	18,539	10,690	10,346
Fixed assets	1,280,031	1,185,768	1,121,666
Construction in progress	44,519	52,460	50,576
Project materials	2,420	0	0
Intangible assets	79,239	78,230	77,223
Long-term deferred expense	0	9,547	8,022

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Deferred income tax assets	2,630	3,947	4,446
Other non-current assets	46,144	41,709	40,370
	-----	-----	-----
Total assets	2,201,011	2,639,627	2,881,616
	=====	=====	=====
Short-term loans	224,940	554,054	661,796
Notes payable	1,237	300	40,107
Accounts payable	245,061	266,240	273,308
Payroll payable	43,483	44,801	32,882
Taxes payable	20,821	20,551	31,432
Interest payable	0	1,823	2,300
Advances from clients	37,879	38,736	58,125
Other payable	25,734	27,060	23,248
Other current liabilities	0	0	0
	-----	-----	-----
Current liabilities	599,155	953,565	1,123,198
Non-current liabilities	6,529	17,742	87,199
	-----	-----	-----
Total liabilities	605,684	971,307	1,210,397
Equities	1,595,327	1,668,320	1,671,219
	-----	-----	-----
Total liabilities & equities	2,201,011	2,639,627	2,881,616
	=====	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	3,790,924	4,771,306	2,737,672
Cost of sales	3,361,691	4,277,736	2,413,490
Business Taxes and Surcharges	18,041	21,728	10,806
Sales expense	71,804	83,103	41,239
Management expense	75,250	106,412	63,040
Finance expense	8,815	26,827	18,620
Asset impairment loss	23,055	13,578	7,250
Investment income	0	4,774	10,331
Non-operating income	2,346	2,433	1,715
Non-operating expense	1,462	1,004	5,456
Profit before tax	233,152	248,248	163,162
Less: profit tax	45,466	42,686	30,639
Profits	187,686	205,562	132,523

Important Ratios

	As of Dec. 31, 2016	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	1.21	1.32	1.40
*Quick ratio	0.68	0.96	1.04
*Liabilities to assets	0.28	0.37	0.42

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*Net profit margin (%)	4.95	4.31	4.84
*Return on total assets (%)	8.53	7.79	4.60
*Inventory / Revenue x365/180	31 days	27 days	27 days
*Accounts receivable / Revenue x365/180	15 days	22 days	17 days
*Revenue / Total assets	1.72	1.81	0.95
*Cost of sales / Revenue	0.89	0.90	0.88

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 fairly high, 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 normal 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 an average 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. A credit line up to USD 15,000,000 would appear to be within SC's capacities.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 79.00
CNY	1	INR 10.08

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	NIT

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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)