

SICHUAN GOLDEN-ELEPHANT SINCERITY CHEMICAL CO., LTD. - 526147 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	526147
Report Date :	23.08.2018

IDENTIFICATION DETAILS

Name :	SICHUAN GOLDEN-ELEPHANT SINCERITY CHEMICAL CO., LTD.
Registered Office :	Golden Elephant Chemical Industrial Zone, Dongpo District, Meishan, Sichuan Province 620031 Pr
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	21.05.2003
Unified Social Credit Code :	91511400MA62J0G48T
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing and selling urea, compound fertilizer, modification of agricultural ammonium nitrate, ammonium nitrate, melamine, nitric acid, hydrogen peroxide, ammonia, formaldehyde, carbon dioxide, modified melamine, melamine special fiber, catalysts, chemical additives, etc.; installing and repairing chemical equipment; chemical engineering design, chemical new technology research & development, technology transfer, technology services, technology consultation, and technology training; dispatching labors for its invested companies.
No. of Employees :	2,628

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
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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. 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

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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

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COMPANY NAME & ADDRESS

COMPANY NAME SICHUAN GOLDEN-ELEPHANT SINCERITY CHEMICAL CO., LTD.
CURRENT ADDRESS/ REGISTERED ADDRESS GOLDEN ELEPHANT CHEMICAL INDUSTRIAL ZONE, DONGPO DISTRICT, MEISHAN, SICHUAN PROVINCE 620031 PR CHINA
TEL. NO. 86 (0) 28-38183555/38180340/38181199
FAX NO. 86 (0) 28-38181340

EXECUTIVE SUMMARY

DATE OF REGISTRATION : MAY 21, 2003
UNIFIED SOCIAL CREDIT CODE : 91511400MA62J0G48T
LEGAL FORM : SHARES LIMITED COMPANY
CHIEF EXECUTIVE : LEI LIN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 518,700,000
STAFF : 2,628
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 2,874,647,000 (CONSOLIDATED, AS OF DEC. 31, 2017)
EQUITIES : CNY 1,889,243,000 (CONSOLIDATED, AS OF DEC. 31, 2017)
WEBSITE : www.jxgf.com
E-MAIL : jxgf@jxgf.com
PAYMENT : REGULAR
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : FAIRLY STABLE
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

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 for Industry & Commerce (SAIC) under Unified Social Credit Code: 91511400MA62J0G48T.

SC's registered capital: CNY 518,700,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2011-12	Company Name	Sichuan Sincerity-Frank's Chemical Co., Ltd.	Sichuan Golden-Elephant Sincerity Chemical Co., Ltd.
	Legal Form	Chinese-Foreign Joint Venture Enterprise	Equity Shares Limited Company
2012-06-29	Registered Capital	CNY 360,000,000	CNY 410,000,000
--	Registered Capital	CNY 410,000,000	CNY 399,000,000
--	Registration No./ Unified Social Credit Code	511400400000077	91511400MA62J0G48T
2016-6-15	Registered Capital	CNY 399,000,000	CNY 518,700,000

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

Name of Shareholder (s) (As of December 31, 2017)	% of Shareholding
Sichuan Golden Elephant Chemical Industry Group Co., Ltd.	46.07
On Board Limited (B.V.I.)	17.16
Chengdu Guoheng Yihao Investment Partnership Enterprise (Limited Partnership)	10.50
Meishan Yinwu Yangyong Investment Center (Limited Partnership)	7.59
Suzhou Taize Jiuding Investment Center (Limited Partnership)	6.04
Suzhou Fenghao Huiling Investment Center (Limited Partnership)	4.63
Yi Jiang Lin	3.57
Jiuding Europa Limited	1.60
Other Shareholders	2.84

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SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager	Lei Lin
Vice Chairman	Frank Tsang

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name (As of December 31, 2017)	% of Shareholding
Sichuan Golden Elephant Chemical Industry Group Co., Ltd.	46.07
On Board Limited (B.V.I.)	17.16
Chengdu Guoheng Yihao Investment Partnership Enterprise (Limited Partnership)	10.50
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Suzhou Taize Jiuding Investment Center (Limited Partnership)	6.04
Suzhou Fenghao Huiling Investment Center (Limited Partnership)	4.63
Yi Jiang Lin	3.57
Jiuding Europa Limited	1.60
Other Shareholders	2.84

Sichuan Golden Elephant Chemical Industry Group Co., Ltd.

Unified Social Credit Code: 915114002073105599
Date of Registration: June 30, 1994
Registered Capital: CNY 37,429,999
Legal Representative: Lei Lin

Chengdu Guoheng Yihao Investment Partnership Enterprise (Limited Partnership)

Unified Social Credit Code: 91510100594666319R

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Meishan Yinwu Yangyong Investment Center (Limited Partnership)

Unified Social Credit Code: 91511400MA62J17L2W

Suzhou Taize Jiuding Investment Center (Limited Partnership)

Unified Social Credit Code: 9132059458663849XP

Suzhou Fenghao Huiling Investment Center (Limited Partnership)

Unified Social Credit Code: 91320594091504510Y

MANAGEMENT

Lei Lin, Legal Representative, Chairman and General Manager

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

At present, working in SC as legal representative, chairman and general manager
Also working in Sichuan Golden Elephant Chemical Industry Group Co., Ltd. and Hebei Jiheng Sairui Chemical Co., Ltd. as legal representative

Frank Tsang, Vice Chairman

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

At present, working in SC as vice chairman

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling urea, compound fertilizer, modification of agricultural ammonium nitrate, ammonium nitrate, melamine, nitric acid, hydrogen peroxide, ammonia, formaldehyde, carbon dioxide, modified melamine, melamine special fiber, catalysts, chemical additives, etc.; installing and repairing chemical equipment; chemical engineering design, chemical new technology research & development, technology transfer, technology services, technology consultation, and technology training; dispatching labors for its invested companies.

SC is mainly engaged in manufacturing and selling chemical products.

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Brand: "Elephant".

SC's products mainly include:

Urea (exempte from national inspection Shichuan name brand)

Ammonium nitrate zinc

Ammonium nitrate calcium

"Elephant" compound fertilizer

Ammonium nitrate (Sichuan name brand biggest output in China western)



SC sources its materials 100% from domestic market. SC sells its products 60% in domestic market, and 40% to overseas market, mainly Southeast Asia, etc.

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.

Staff & Office:

SC is known to have approx. 2,628 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,

Xinjiang Jinsheng Huyang Chemical Co., Ltd.

Xinjiang Yuxiang Huyang Chemical Co., Ltd.

Hongze Yinzhu Chemical Technology Co., Ltd.

Hebei Jiheng Sairui Chemical Co., Ltd.

Beijing Edgein Technology Co., Ltd.

Etc.

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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 Meishan Sub-branch

AC#: 44691668091014

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	98,923	123,323
Notes receivable	66,373	124,088
Accounts receivable	299,048	197,652
Advances to suppliers	235,063	300,576
Other receivable	66,634	169,033
Inventory	270,066	406,581
Deferred expenses	0	0
Other current assets	48,604	48,607
	-----	-----
Current assets	1,084,711	1,369,860
Long-term investment	1,149	30,321
Fixed assets	2,153,077	2,458,418
Construction in progress	793,780	412,448
Engineering materials	100,022	31,170
Fixed assets in liquidation	0	0

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Intangible assets	168,204	144,573
Long-term prepaid expenses	224	176
Deferred income tax assets	53,895	40,148
Other non-current assets	12,166	5,802
	-----	-----
Total assets	4,367,228	4,492,916
	=====	=====
Short-term loans	831,905	956,700
Notes payable	48,314	120,149
Accounts payable	459,027	425,268
Wages payable	22,635	17,756
Taxes payable	23,048	34,121
Dividends payable	5,238	3,078
Advances from clients	149,259	281,166
Other payable	115,549	188,939
Other current liabilities	434,149	282,984
	-----	-----
Current liabilities	2,089,124	2,310,161
Non-current liabilities	454,686	293,512
	-----	-----
Total liabilities	2,543,810	2,603,673
Equities	1,823,418	1,889,243
	-----	-----
Total liabilities & equities	4,367,228	4,492,916
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	2,165,268	2,874,647
Cost of sales	1,791,229	2,308,762
Taxes and surcharges	26,025	35,150
Sales expense	82,231	114,204
Management expense	124,678	148,904
Finance expense	124,006	116,819
Investment income	-295	-308
Non-operating income	22,273	3,545
Non-operating expense	2,562	2,290
Profit before tax	20,757	106,677
Less: profit tax	13,726	39,134
Profits	7,031	67,543

Important Ratios

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	0.52	0.59
*Quick ratio	0.39	0.42
*Liabilities to assets	0.58	0.58

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*Net profit margin (%)	0.32	2.35
*Return on total assets (%)	0.16	1.50
*Inventory / Revenue x365	46 days	52 days
*Accounts receivable / Revenue x365	51 days	26 days
*Revenue / Total assets	0.50	0.64
*Cost of sales / Revenue	0.83	0.80

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

The revenue of SC appears fairly good in its line.
SC's net profit margin is average.
SC's return on total assets is average.
SC's cost of sales is average, 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 is maintained in an average level.
SC's short-term loans 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 large-sized in its line with fairly stable financial conditions. The large amount of short-term loans may be a threat to SC's financial condition.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.66
UK Pound	1	INR 89.40
Euro	1	INR 80.25
CNY	1	INR 10.21

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

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	TPT

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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)

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