

MIRA INFORM REPORT

Report No. :	526790
Report Date :	28.08.2018

IDENTIFICATION DETAILS

Name :	NANTONG ACETIC ACID CHEMICAL CO., LTD.
Registered Office :	No. 968 Jiangshan Road, Nantong Economic & Technological Development Zone, Jiangsu Province 226009 PR
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	01.06.1959
Unified Social Credit Code :	913206001382935126
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing dangerous chemical and feed additive; manufacturing and selling basic organic chemical raw materials, pharmaceutical intermediates, dyes and dyes intermediates, and food additives; exporting its products and technology; acting to sell commodities; importing raw materials & accessories, meters & instruments, machinery, components, and technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; dispatching labors; and selling feed additives.
No. of Employees :	725

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

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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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<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

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	Nantong Acetic Acid Chemical Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 968 Jiangshan Road, Nantong Economic & Technological Development Zone, Jiangsu Province 226009 PR China
TEL. NO.	86 (0) 513-85559168/89195555
FAX NO.	86 (0) 513-85559208/89195521

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JUNE 1, 1959
UNIFIED SOCIAL CREDIT CODE	: 913206001382935126
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: QING JIU (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 204,480,000
STAFF	: 725
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 1,028,941,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES	: CNY 1,342,602,000 (CONSOLIDATED, AS OF JUN. 30, 2018)
WEBSITE	: www.ntacf.com
E-MAIL	: dcf@ntacf.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

General Reputation:-
Excellent

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Steady	Good
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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 913206001382935126.

SC's Import and Export Enterprise Code: 3200138293512

SC's registered capital: CNY 204,480,000

SC's paid-in capital: CNY 204,480,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2011-7-29	Registered Capital	CNY 66,680,000	CNY 76,680,000
--	Registration No.	3200001105145	320000000016099
2015-7-7	Registered Capital	CNY 76,680,000	CNY 102,240,000
2015-9-25	Registered Capital	CNY 102,240,000	CNY 204,480,000
2017-9-13	Legal Representative	Gu Qingquan	Qing Jiu

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Gu Qingquan	9.98
Nantong Xinyuan Investment & Management Co., Ltd.	8.69
Nantong Industries Holding Group Co., Ltd.	7.77
Ding Caifeng	6.7
Qing Jiu	6.7
Shuai Jianxin	3.46
Xue Jinquan	3.17
Qian Jin	3.17
Nantong Guotai Venture Capital Co., Ltd.	1.88
Other Shareholders	48.48

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SC's Chief Executives:-

Position

Legal Representative and Chairman
Vice Chairman and General Manager
Deputy General Manager

Name

Qing Jiu
Ding Caifeng
Yu Xinnan
Shuai Jianxin
Qian Jin
Xue Jinquan
Gu Yi

RECENT DEVELOPMENT

SC is a listed company in Shanghai Stock Exchange with the code of 603968.

SHAREHOLDER CHART & BACKGROUND

Name (As of June 30, 2018)	% of Shareholding
Gu Qingquan	9.98
Nantong Xinyuan Investment & Management Co., Ltd.	8.69
Nantong Industries Holding Group Co., Ltd.	7.77
Ding Caifeng	6.7
Qing Jiu	6.7
Shuai Jianxin	3.46
Xue Jinquan	3.17
Qian Jin	3.17
Nantong Guotai Venture Capital Co., Ltd.	1.88
Other Shareholders	48.48

Nantong Xinyuan Investment & Management Co., Ltd.

Unified Social Credit Code: 91320600608308660E

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Legal Form: One-person Limited Liabilities Company
Registered Capital: CNY 130,000,000
Legal Representative: Wang Lihong

Nantong Industries Holding Group Co., Ltd.

Unified Social Credit Code: 91320600771508291H
Legal Form: Sole State-owned Enterprise
Registered Capital: CNY 1,280,000,000
Legal Representative: Du Yongchao
Web: www.jsntih.cn

Nantong Guotai Venture Capital Co., Ltd.

Unified Social Credit Code: 91320600794561757Y
Legal Form: Limited Liabilities Company
Registered Capital: CNY 126,982,000
Legal Representative: Lu Qiangxin

MANAGEMENT

Qing Jiu, Legal Representative and Chairman

Gender: M
Nationality: China
Age: 49
ID# 320624196904076573
Qualification: MBA
Working experience (s):

At present, working in SC as legal representative and chairman, also working in Nantong Hongxin Chemicals Co., Ltd., Nantong Tianhong International Trade Co., Ltd. and Nantong Liyang Chemical Co., Ltd. as legal representative

Ding Caifeng, Vice Chairman and General Manager

Gender: M
Nationality: China
Age: 55
Qualification: MBA
Working experience (s):

At present, working in SC as vice chairman and general manager

Deputy General Manager

Yu Xinnan

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Shuai Jianxin
Qian Jin
Xue Jinquan
Gu Yi

BUSINESS OPERATION

SC's registered business scope includes manufacturing dangerous chemical and feed additive; manufacturing and selling basic organic chemical raw materials, pharmaceutical intermediates, dyes and dyes intermediates, and food additives; exporting its products and technology; acting to sell commodities; importing raw materials & accessories, meters & instruments, machinery, components, and technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; dispatching labors; and selling feed additives.

SC is mainly engaged in manufacturing and selling chemical products.

Brand: TIANZHU

SC's products mainly include:

Sorbic Acid
Naphthol As-G
Ethyl Acetoacetate
Potassium Sorbate
Acetoacetanilide
Methyl-Acetoacetate
Acetoacet-P-Toluidide
A-Acetyl-γ-Butyrolactone
Diacetoacetyl-P-Phenylene Diamine
1-Phenyl-3-Methyl-5-Pyrazolone
Diketene
Dehydroacetic Acid
Acetoacet-O-Toluidide
Acetoacetyl Methylamine
Acetaldehyde
Sodium Dehydroacetate
Acetoacet-P-Anisideide
Acetic Anhydride
Olaquindocis
Hydroxy Pyrimidine

SC sources its materials 100% from domestic market, mainly Jiangsu. SC sells 70% of its products in domestic market, and 30% to overseas market, mainly Southeast Asian market.

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.

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***Major Customers:**

=====

Mitsubishi International Food Ingredients, Inc.
H & A (Canada) Industrial Inc.
Flint Group Pigments
Harris & Ford Llc

***Major Supplier:**

=====

Sinopec Yangzi Petrochemical Company Ltd.

Staff & Office:

SC is known to have approx. 725 staff at present.

SC owns an area as its operating office & factory of approx. 100,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have the following subsidiaries at present,

Nantong Hongxin Chemicals Co., Ltd.

Nantong Liyang Chemical Co., Ltd.

Nantong Guoxin Investment Guarantee Co., Ltd.

Nantong Tianhong International Trade Co., Ltd.

PAYMENT

Overall payment appraisal:

Excellent Good 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 Nantong Branch Tangzha Sub-branch

AC#: 1111823109000000178

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	361,477	481,198
Notes receivable	102,716	116,748
Accounts receivable	174,126	234,939
Advances to suppliers	19,519	21,864
Other receivable	1,083	1,509
Inventory	120,080	149,760
Prepaid expenses	0	0
Other current assets	239,784	221,196
	-----	-----
Current assets	1,018,785	1,227,214
Fixed assets	593,295	576,692
Construction in progress	11,617	6,908
Intangible assets	100,786	99,591
Long-term prepaid expenses	0	0
Deferred income tax assets	12,902	15,330
Other non-current assets	72,805	62,088
	-----	-----
Total assets	1,810,190	1,987,823
	=====	=====
Short-term loans	141,603	264,933
Notes payable	0	50,000
Accounts payable	165,902	175,800
Wages payable	16,753	2,260
Taxes payable	10,558	10,931
Advances from clients	12,451	16,181
Other payable	5,257	5,166
Accrued expenses	0	0
Other current liabilities	14,943	18,855
	-----	-----
Current liabilities	367,467	544,126
Non-current liabilities	109,846	101,095
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NANTONG ACETIC ACID CHEMICAL CO., LTD. - 526790

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Total liabilities	477,313	645,221
Equities	1,332,877	1,342,602
	-----	-----
Total liabilities & equities	1,810,190	1,987,823
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	1,661,000	1,028,941
Cost of sales	1,337,586	831,991
Taxes and surcharges	12,690	8,193
Sales expense	40,119	27,368
Management expense	89,273	51,527
Finance expense	17,919	2,131
Income from investment	5,815	1,384
Non-operating income	873	41
Non-operating expense	830	54
Profit before tax	186,723	109,689
Less: profit tax	25,932	15,145
Profits	160,791	94,544

Important Ratios

=====	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	2.77	2.26
*Quick ratio	2.45	1.98
*Liabilities to assets	0.26	0.32
*Net profit margin (%)	9.68	9.19
*Return on total assets (%)	8.88	4.76
*Inventory / Revenue x365/180	27 days	27 days
*Accounts receivable / Revenue x365/180	39 days	42 days
*Revenue / Total assets	0.92	0.52
*Cost of sales / Revenue	0.81	0.81

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: FAIRLY GOOD

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 fairly high.
SC's revenue is in an average level, comparing with the size of its total assets.

LEVERAGE: AVERAGE

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

Overall financial condition of the SC: Fairly Good.

CONCLUSIONS

SC is considered medium-sized in its line with fairly good financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.04
UK Pound	1	INR 89.95
Euro	1	INR 81.30
CNY	1	INR 10.32

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TRU

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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)