

## MIRA INFORM REPORT

Report No. :	545723
Report Date :	21.12.2018

### IDENTIFICATION DETAILS

Name :	SHANXI HUACHANG CHEMICAL CO., LTD.
Registered Office :	No. 26 Jinsong North Road, Taiyuan City, Shanxi Province 030002 PR
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	28.03.2011
Unified Social Credit Code :	91140100571087525U
Legal Form :	Limited Liabilities Company
Line of Business :	<ul style="list-style-type: none"> <li>Subject includes selling chemical products, general mechanical equipment, electronic products, instrumentation, computers, electrical equipment, office equipment, hardware, steel, and building materials; international trade.</li> <li>Subject is mainly engaged in selling of chemicals.</li> </ul>
No. of Employees :	4

### RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Moderate
Payment Behaviour :	Slow
Litigation :	Clear

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**NOTES:**

Any query related to this report can be made on e-mail: while quoting report number, name and date.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
China	A1	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. 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**

<b>COMPANY NAME</b>	Shanxi Huachang Chemical Co., Ltd.
<b>CURRENT ADDRESS/ REGISTERED ADDRESS</b>	No. 26 Jinsong North Road, Taiyuan City, Shanxi Province 030002 PR China
<b>TEL. NO.</b>	86 (0) 351-2215586
<b>FAX NO.</b>	86 (0) 351-7679269

## **EXECUTIVE SUMMARY**

DATE OF REGISTRATION	: MARCH 28, 2011
UNIFIED SOCIAL CREDIT CODE	: 91140100571087525U
LEGAL FORM	: LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE	: CHEN DEHUA (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 1,010,000
STAFF	: 4
BUSINESS CATEGORY	: TRADING
REVENUE	: CNY 1,342,000 (FROM JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES	: CNY 965,000 (AS OF JUN. 30, 2018)
WEBSITE	: <a href="http://www.sxhcch.com">www.sxhcch.com</a>
E-MAIL	: <a href="mailto:emily@sxhcch.com">emily@sxhcch.com</a>
PAYMENT	: SLOW
MARKET CONDITION	: FAIR
FINANCIAL CONDITION	: FAIR
OPERATIONAL TREND	: FAIR
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 limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91140100571087525U.

SC's Import and Export Enterprise Code: 1400571087525

SC's registered capital: CNY 1,010,000

**Registration Change Record:**

Date	Change of Contents	of	Before the change	After the change
--	Registration Unified Credit Code	No./ Social	140100200468162	91140100571087525U

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

Name of Shareholder (s)	% of Shareholding
Chen Dehua	60.4
Han Fuming	39.6

**SC's Chief Executives:-**

Position	Name
Legal Representative, Chairman and General Manager	Chen Dehua
Supervisor	Han Fuming

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## **RECENT DEVELOPMENT**

No recent development was found during our checks at present.

## **SHAREHOLDER CHART & BACKGROUND**

Name	% of Shareholding
Chen Dehua	60.4
Han Fuming	39.6

## **MANAGEMENT**

### **Chen Dehua, Legal Representative, Chairman and General Manager**

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

At present, working in SC as legal representative, chairman and general manager

### **Han Fuming, Supervisor**

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

At present, as supervisor of SC

## **BUSINESS OPERATION**

SC's registered business scope includes selling chemical products, general mechanical equipment, electronic products, instrumentation, computers, electrical equipment, office equipment, hardware, steel, and building materials; international trade.

SC is mainly engaged in selling chemicals.

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SC's products mainly include:  
Carbon Black  
Master Batch  
Pigment Powder  
Etc.

SC sources the products 100% from domestic market, mainly Shanxi. SC sells 70% of its products in domestic market, and 30% to overseas market, mainly USA, Europe, 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.

**Staff & Office:**

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SC is known to have approx. 4 staff at present.  
SC rents an area as its operating office, but the detailed information is unknown.

## **RELATED COMPANY**

SC is not known to have any subsidiary at present.

## **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 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 Taiyuan Binzhou North Road Sub-branch  
AC#: 142961674851

## **FINANCIALS**

### **Financial Summary**

Unit: CNY'000	<b>As of Jun. 30, 2018</b>
Total assets	1,907
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Total liabilities	942
Equities	965
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Unit: CNY'000	<b>From Jan. 1, 2018 to Jun. 30, 2018</b>
Revenue	1,342
Profits	-48

### **Important Ratios**

=====	<b>As of Jun. 30, 2018</b>
*Liabilities to assets	0.49
*Net profit margin (%)	-3.58
*Return on total assets (%)	-2.52
*Revenue/Total assets	0.70

## **FINANCIAL COMMENTS**

### **PROFITABILITY: FAIR**

- The revenue of SC appears fair in its line.
- SC's net profit margin is fair.
- SC's return on total assets is fair.

### **LIQUIDITY: FAIR**

- SC's revenue is in a fair level, comparing with the size of its total assets.

### **LEVERAGE: FAIR**

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

**Overall financial condition of the SC: Fair.**

## **CONCLUSIONS**

SC is considered small-sized in its line with fair financial conditions.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.28
UK Pound	1	INR 88.85
Euro	1	INR 80.05
CNY	1	INR 10.18

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIV
<b>Report Prepared by :</b>	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)