

MIRA INFORM REPORT

Report No. :	483680
Report Date :	01.01.2018

IDENTIFICATION DETAILS

Name :	SHANDONG HUIHAI PHARMACEUTICAL & CHEMICAL CO., LTD.
Registered Office :	Hekou Economic & Technology Development Zone, Dongying, Shandong Province 257200 PR
Country :	China
Financials (as on) :	30.06.2017
Date of Incorporation :	17.10.2005
Unified Social Credit Code :	913705037807769920
Legal Form :	One-Person Limited Liabilities Company
Line of Business :	Registered business scope includes manufacturing acetonitrile (10,000 tons/per year), methanol sodium methanol solution (3,500 tons/per year), sodium hydrogen sulfide (1,500 tons/per year), diethyl oxalate (1,200 tons/per year), sodium sulfide (990 tons/per year), acetone (150 tons/per year), and sulfur (60 tons/per year); manufacturing chemical products and industrial salt
No. of Employees :	333

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RATING & COMMENTS

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

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No complaints
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 (30.06.2017)	Current Rating (30.09.2017)
China	A2	A2

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 allowed resumption of a gradual liberalization. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi (RMB) after the currency was accepted as part of the IMF's special drawing rights basket. After engaging in one-way, large-scale intervention to resist appreciation of the RMB for a decade, China's 2016 intervention in foreign exchange markets has sought to prevent a rapid RMB depreciation that would have negative consequences for the United States, China, and the global economy.

China's economic growth has slowed since 2011. The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) servicing its high corporate debt burdens to maintain financial stability; (c) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (d) dampening speculative investment in the real estate sector; (e) reducing industrial overcapacity; and (f) raising productivity growth rates through the more efficient allocation of capital. 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 only marginal progress toward these rebalancing goals. Under President Xi Jinping, Beijing has signaled its understanding that China's long-term economic health depends on giving the market a more decisive role in allocating resources, but has moved slowly on market-oriented reforms because of potential negative consequences for stability and short-term economic growth. He has also increased state-control over key sectors and Party control over state-owned enterprises. 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



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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.

Source : CIA

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COMPANY NAME AND ADDRESS

COMPANY NAME Shandong Huihai Pharmaceutical & Chemical Co., Ltd.
CURRENT ADDRESS/ Hekou Economic & Technology Development Zone,
REGISTERED ADDRESS Dongying, Shandong Province 257200 PR China
TEL. NO. 86 (0) 546-3636681/3636281/3636658
FAX NO. 86 (0) 546-3637869

EXECUTIVE SUMMARY

DATE OF REGISTRATION : OCTOBER 17, 2005
UNIFIED SOCIAL CREDIT CODE : 913705037807769920
LEGAL FORM : ONE-PERSON LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE : ZHANG ZHONGZHENG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 80,000,000
STAFF : 333
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 152,859,000 (FROM JAN. 1, 2017 TO JUN. 30, 2017)
EQUITIES : CNY 170,681,000 (AS OF JUN. 30, 2017)
WEBSITE : N/A
E-MAIL : N/A
PAYMENT : NO COMPLAINTS
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
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 a one-person limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 913705037807769920.

SC's registered capital: CNY 80,000,000

SC's paid-in capital: CNY 80,000,000

Registration Change Record:-

Date	Change Contents	of	Before the change	After the change
--	Legal Representative		Zhao Yeqing	Zhang Zhongzheng
--	Registered Capital		CNY 50,000,000	CNY 80,000,000
2017-5-26	Registration No./ Unified Social Credit Code		370503018053238	913705037807769920

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

Name of Shareholder (s)	% of Shareholding
Shandong Jincheng Pharmaceutical Group Co., Ltd.	100

SC's Chief Executives:-

Position	Name
Legal Representative, General Manager and Director	Zhang Zhongzheng
Chairman	Li Jiaquan
Director	Zhu Xiaogang

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Supervisor

Wang Leqiang
Pang Yuexing
Sun Li

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Shandong Jincheng Pharmaceutical Group Co., Ltd. ----- Unified Social Credit Code: 91370000164238285E Legal Form: Shares Limited Company Legal Representative: Zhao Yeqing Registered Capital: CNY 393,152,238 Website: www.jcpcol.com E-mail: jcpc@jinchengpharm.com	100

MANAGEMENT

Zhang Zhongzheng, Legal Representative, General Manager and Director

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

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

Li Jiaquan, Chairman

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

At present, working in SC as chairman

Director

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Zhu Xiaogang
Wang Leqiang
Pang Yuexing

Supervisor

Sun Li

BUSINESS OPERATION

SC's registered business scope includes manufacturing acetonitrile (10,000 tons/per year), methanol sodium methanol solution (3,500 tons/per year), sodium hydrogen sulfide (1,500 tons/per year), diethyl oxalate (1,200 tons/per year), sodium sulfide (990 tons/per year), acetone (150 tons/per year), and sulfur (60 tons/per year); manufacturing chemical products and industrial salt.

SC is mainly engaged in manufacturing and selling chemical products.

SC's products mainly include: acetonitrile, methanol sodium methanol solution, sodium hydrogen sulfide, diethyl oxalate, sodium sulfide, acetone, and sulfur

SC sources its materials 100% from domestic market, mainly Shandong. SC sells 60% of its products in domestic market, and 40% to overseas market, mainly U.S.A., Europe and Southeast Asia.

The buying terms of SC include 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

Sparchem
Bajaj Healthcare Ltd

Staff & Office:

SC is known to have approx. 333 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,

Dongying Beigang Environmental Protection Technology Co., Ltd.

Shandong Jincheng Graphene Technology 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 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:

Industrial and Commercial Bank of China Dongying Hekou Sub-branch

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AC#: 1615000109200078486

FINANCIALS

Financial Summary

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Jun. 30, 2017
Total assets	304,600	288,434	288,317
Total liabilities	185,942	145,432	117,636
Equities	118,658	143,002	170,681
	As of Dec. 31, 2015	As of Dec. 31, 2016	From Jan. 1, 2017 to Jun. 30, 2016
Revenue	253,860	288,731	152,859
Profits	19,806	40,568	26,956

Important Ratios

=====	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Jun. 30, 2017
*Liabilities to assets	0.61	0.50	0.41
*Net profit margin (%)	7.80	14.05	17.63
*Return on total assets (%)	6.50	14.06	9.35
*Revenue / Total assets	0.83	1.00	0.53

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

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

LIQUIDITY: FAIR

- SC's revenue is in a fair 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 stable.

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CONCLUSIONS

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

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 64.93
UK Pound	1	INR 86.06
Euro	1	INR 76.39
CNY	1	INR 9.79

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

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	KET

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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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