

MIRA INFORM REPORT

Report No. :	519344
Report Date :	13.07.2018

IDENTIFICATION DETAILS

Name :	SOJITZ (SHANGHAI) CO. LTD.
Registered Office :	7th Floor, Tower 1, Kerry Enterprise Center, No. 128 West Tianmu Road, Jing'an District, Shanghai 200131 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	28.07.1993
Com. Reg. No.:	91310000607232502Q
Legal Form :	Wholly Foreign-Owned Enterprise
Line of Business :	Subject registered business scope includes international trade in Free Trade Zone, Trade between enterprise in Free Trade Zone, trade agent; storage and commercial simple processing in FTZ; trade information advisory service; wholesaling, importing and exporting mineral products, metal and metal products, precious metal and products, chemical products and raw materials, synthetic resin, rubber and products, wood and wood products, paper and raw materials, building materials, garments and daily necessities, textiles and textile materials, electrometrical equipment and hardware, household appliances, electronic communication equipment and spare parts, stationary and sports device, computer software and electronic products, native products, agricultural and animal products, food and beverage. (with permit if needed) .
No. of Employees :	117

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

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 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

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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	Sojitz (Shanghai) Co., Ltd.
CURRENT ADDRESS/	7th Floor, Tower 1, Kerry Enterprise Center, No. 128 West
REGISTERED ADDRESS	Tianmu Road, Jing'an District, Shanghai 200131 PR China
TEL. NO.	86 (0) 21-52034111*240
FAX NO.	86 (0) 21-52034172

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JULY 28, 1993
UNIFIED SOCIAL CREDIT CODE	: 91310000607232502Q
LEGAL FORM	: WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE	: NISHIMURA YASUSHI (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: USD 18,000,000
STAFF	: 117
BUSINESS CATEGORY	: TRADING
REVENUE	: CNY 3,925,154,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 197,699,000 (AS OF DEC. 31, 2017)
WEBSITE	: N/A
E-MAIL	: chen.qiong@sojitz.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: 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

General Reputation:-

Excellent

Good

Fairly Good

Average

Fair

Detrimental

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Downward Not known
Not known Not yet be determined
Not yet be determined

LEGAL STATUS & HISTORY

SC was established as wholly foreign-owned enterprise of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91310000607232502Q.

SC's Import and Export Enterprise Code: 3100607232502

SC's registered capital: USD 18,000,000

SC's paid-in capital: USD 18,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2004-1	Company Name Registered Capital	Nichimen Shanghai Ltd. USD 12,000,000	Sojitz (Shanghai) Co., Ltd. USD 17,000,000
2008-6-1	Legal Representative	Datian Yishi	Kawasaki Kazuhiko
2009	Registered Capital	USD 17,000,000	USD 18,000,000
--	Registered No.	367697	310115400012342
	Legal Representative	Kawasaki Kazuhiko	Ono Shigeru
2014-5-26	Legal Representative	Ono Shigeru	Goto Masao
2017-6-19	Legal Representative	Goto Masao	Tamurayoshihiro
2018-3-12	Shareholder (s) (% of Shareholding)	(Japan) Sojitz Corporation (Japan) Sojitz (China) Co., Ltd.	(Japan) Sojitz (China) Co., Ltd.
2018-5-8	Legal Representative	Tamurayoshihiro	Nishimura Yasushi

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

Name of Shareholder (s)	% of Shareholding
(Japan) Sojitz (China) Co., Ltd.	100

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Nishimura Yasushi
General Manager	Okamura Taro
Director	Murasaki Nobuo
Supervisor	Maesono Satoshi

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
(Japan) Sojitz (China) Co., Ltd.	100

Address: 19th Floor, Fortune Building, No. 5 Dong San Huan Bei Lu, Chaoyang District, Beijing
Tel: 86-10-5732-2500
Fax: 86-10-6590-9144

MANAGEMENT

Nishimura Yasushi , Legal Representative and Chairman

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

At present, working in SC as legal representative and chairman

Okamura Taro , General Manager

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

At present, working in SC as general manager

Director

Murasaki Nobuo

Supervisor

Maesono Satoshi

BUSINESS OPERATION

SC's registered business scope includes international trade in Free Trade Zone, Trade between enterprise in Free Trade Zone, trade agent; storage and commercial simple processing in FTZ; trade information advisory service; wholesaling, importing and exporting mineral products, metal and metal products, precious metal and products, chemical products and raw materials, synthetic resin, rubber and products, wood and wood products, paper and raw materials, building materials, garments and daily necessities, textiles and textile materials, electrometrical equipment and hardware, household appliances, electronic communication equipment and spare parts, stationary and sports device, computer software and electronic products, native products, agricultural and animal products, food and beverage. (with permit if needed) .

SC is mainly engaged in international trade.

SC's products mainly include: synthetic resin, chemical products, food, etc.

SC sources the products 70% from domestic market, and 30% from overseas market. 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.

***Major Customers:**

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Ichikoh Mitsuba Inc.

Comercializadora Internacional Abarcol S.A.

K&H Pacific Inc.

Staff & Office:

SC is known to have approx. 117 staff at present.

SC rents an area as its operating office, but the detailed information is unknown.

RELATED COMPANY

SC is known to have a branch and an office at present:

Sojitz (Shanghai) Co., Ltd. Jing'an Branch

Sojitz (Shanghai) Co., Ltd. Suzhou Office

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:

Agricultural Bank of China Shanghai Branch

AC#: 03399508015013084

FINANCIALS

Financial Summary

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Current assets	1,112,579	1,401,201
Long term investment	0	0
Fixed assets	338	416
Intangible assets	0	0
Other assets	4,862	8,258

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Total assets	1,117,779	1,409,875
Current liabilities	949,358	1,212,176
Long term liabilities	0	0
Total liabilities	949,358	1,212,176
Equities	168,421	197,699
Revenue	3,452,240	3,925,154
Cost of sales	3,245,570	3,677,756
Profit before tax	39,290	74,501
Less: profit tax	10,027	18,772
Profits	29,263	55,729

Important Ratios

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.17	1.16
*Liabilities to assets	0.85	0.86
*Net profit margin (%)	0.85	1.42
*Return on total assets (%)	2.62	3.95
*Revenue/Total assets	3.09	2.78
*Cost of sales / Revenue	0.94	0.94

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 fairly high, comparing with its revenue.

LIQUIDITY: AVERAGE

The current ratio of SC is maintained in a normal level.
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: Stable.

CONCLUSIONS

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.63
UK Pound	1	INR 90.67
Euro	1	INR 80.17
CNY	1	INR 10.26

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	POJ

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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)