

MIRA INFORM REPORT

Report No. :	541953
Report Date :	29.11.2018

IDENTIFICATION DETAILS

Name :	SHANGHAI DRAGON CORPORATION
Registered Office :	3-4/F, Building 10, No. 584 Zhizaoju Road, Huangpu District, Shanghai 200023 PR
Country :	China
Financials (as on) :	30.09.2018 [Consolidated]
Date of Incorporation :	18.11.1991
Unified Social Credit Code :	91310000132219346F
Legal Form :	Shares Limited Company
Line of Business :	Registered business scope includes manufacturing and selling textile; industrial investment in the field admitted by the state; assets operation and management; domestic trade and retailing (excluding special items); import and export of goods and technology, excluding items prohibited and limited by the State; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; counter trade & transit trade (with permit if needed); textile industrial & commercial technical advisory service; warehousing & transportation; logistic service; developing and operating real estate; leasing owner-occupied housing; property management; four technical service of computer and enterprise information system.
No. of Employees :	1,949

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+	Low Risk	Business dealings permissible with low risk of default

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Status :	Excellent
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 (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

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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. 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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MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

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	Shanghai Dragon Corporation
CURRENT ADDRESS/ REGISTERED ADDRESS	3-4/F, Building 10, No. 584 Zhizaoju Road, Huangpu District, Shanghai 200023 PR China
TEL. NO.	86 (0) 21-34061116
FAX NO.	86 (0) 21-54666630

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: NOVEMBER 18, 1991
UNIFIED SOCIAL CREDIT CODE	: 91310000132219346F
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: WANG WEIMIN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 424,861,597
STAFF	: 1,949
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE 2018)	: CNY 2,891,910,000 (CONSOLIDATED, JAN. 1, 2018 TO SEP. 30,
EQUITIES	: CNY 1,846,276,000 (CONSOLIDATED, AS OF SEP. 30, 2018)
WEBSITE	: www.shanghaidragon.com.cn
E-MAIL	: longtou@shanghaidragon.com.cn
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
OPERATIONAL TREND	: STEADY
GENERAL REPUTATION	: FAIRLY GOOD

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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 91310000132219346F.

SC's Import and Export Enterprise Code: 3100132219346

SC's registered capital: CNY 424,861,597

SC's paid-in capital: CNY 424,861,597

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
--	Registration No.	3100001000424	310000000007778
--	Registration No./ Unified Social Credit Code	310000000007778	91310000132219346F
2016-10-9	Legal Representative	Zhu Yong	Wang Weimin

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

Name of Shareholder (s) (As of Sep. 30, 2018)	% of Shareholding
Shanghai Textile (Group) Co., Ltd.	30.08
Wu Liqiong	1.22
Shanghai Hongye Hotel Management Co., Ltd.	0.64
Shanghai Nanshanghai Commercial Real Estate Co., Ltd.	0.51
Chen Lihua	0.35

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Qi Bin	0.3
Yu Ye	0.3
Huang Zonglu	0.27
Shanghai Bailian Group Co., Ltd.	0.26
Wu Pingao	0.24
Other Shareholders	65.83

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager	Wang Weimin
Deputy General Manager	Tan Ming
	Xue Jifeng
	Xu Bin

RECENT DEVELOPMENT

SC is a listed company in Shanghai Stock Exchange Market with the code of 600630.

SHAREHOLDER CHART & BACKGROUND

<i>Name (As of Sep. 30, 2018)</i>	<i>% of Shareholding</i>
Shanghai Textile (Group) Co., Ltd.	30.08
Wu Liqiong	1.22
Shanghai Hongye Hotel Management Co., Ltd.	0.64
Shanghai Nanshanghai Commercial Real Estate Co., Ltd.	0.51
Chen Lihua	0.35
Qi Bin	0.3
Yu Ye	0.3
Huang Zonglu	0.27
Shanghai Bailian Group Co., Ltd.	0.26
Wu Pingao	0.24

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Other Shareholders

65.83

Shanghai Textile (Group) Co., Ltd.

Date of Registration: December 17, 2001
Unified Social Credit Code: 9131000073454965X8
Legal Representative: Tong Jisheng
Registered Capital: CNY 14,132,345,600

Shanghai Nanshanghai Commercial Real Estate Co., Ltd.

Date of Registration: May 3, 1995
Unified Social Credit Code: 913101011324758769
Legal Representative: Zou Weiqin
Registered Capital: CNY 5,000,000

Shanghai Bailian Group Co., Ltd.

Date of Registration: June 2, 1994
Unified Social Credit Code: 9131000013220198XB
Legal Representative: Ye Yongming
Registered Capital: CNY 1,722,495,752

MANAGEMENT

Wang Weimin, Legal Representative, Chairman and General Manager

- Gender: M
- Age: 49
- Nationality: China
- Qualification: University
- Working experience (s):

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

Tan Ming, Deputy General Manager

- Gender: M
- Age: 47
- Nationality: China
- Qualification: University
- Working experience (s):

From 2012 to present, working in SC as deputy general manager

Xue Jifeng, Deputy General Manager

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-
- Gender: F
 - Age: 51
 - Nationality: China
 - Qualification: University
 - Working experience (s):

At present, working in SC as deputy general manager

Xu Bin, Deputy General Manager

-
- Gender: M
 - Age: 50
 - Nationality: China
 - Qualification: University
 - Working experience (s):

At present, working in SC as deputy general manager

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling textile; industrial investment in the field admitted by the state; assets operation and management; domestic trade and retailing (excluding special items); import and export of goods and technology, excluding items prohibited and limited by the State; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; counter trade & transit trade (with permit if needed); textile industrial & commercial technical advisory service; warehousing & transportation; logistic service; developing and operating real estate; leasing owner-occupied housing; property management; four technical service of computer and enterprise information system.

SC is mainly engaged in manufacturing and selling textiles.

SC's products mainly include: knitting textile, home textile, apparel, etc.

SC sources its materials 80% from domestic market, and 20% from the overseas market. SC sells 50% of its products in domestic market, and 50% to the overseas market.

The buying terms of SC include Check, T/T, L/C and Credit of 30-60 days. The payment terms of SC include Check, T/T, L/C and Credit of 30-60 days.

Major Customers

Wal-Mart (China)Investment Co., Ltd
Concord Investment (China) Co., Ltd.
Ngs Supermarket Group Co., Ltd.
Metro Jinjiang Cash & Carry Co., Ltd.
Shanghai Rising Chem&Tech Co., Ltd

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Staff & Office:

SC is known to have approx. 1,949 staff at present.

SC owns an area as its operating office & factory of approx. 600,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have the following subsidiaries at present:

Shanghai Threegun (Group) Co., Ltd.
Shanghai Conch Apparel Co., Ltd.
Shanghai Chrysanthemum Textile Co., Ltd.
Shanghai Three Gun Industry Co., Ltd.
Shanghai Longtou Home Textile Co., Ltd.
Shanghai Three Gun Imp. & Exp. Co., Ltd.
Shanghai Three Gun Group Guangzhou Sale Co., Ltd.
Shanghai Three Gun Group Sichuan Sale Co., Ltd.
Shanghai Fenghuang Blanket Co., Ltd.
Shanghai Min'guang Import & Export Co., Ltd.
Shanghai Conch Import & Export Corp., 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 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 Shanghai Branch Hongqiao Development Zone Sub-branch

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AC#: 022427-05911103

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000	As of Dec. 31, 2017	As of Sep. 30, 2018
Cash	459,523	305,586
Accounts receivable	414,746	345,318
Notes receivable	8,356	3,950
Advances to suppliers	353,543	657,657
Dividends receivable	0	0
Other receivable	118,657	172,805
Inventory	923,968	1,256,221
Non-current assets within one year	0	0
Other current assets	9,538	23,365
	-----	-----
Current assets	2,288,331	2,764,902
Long-term investments	0	0
Real estate investment	28,701	27,307
Fixed assets	319,884	322,475
Construction in progress	12,424	52,231
Project materials	0	0
Fixed assets in liquidation	0	0
Intangible assets	35,641	35,057
Goodwill	0	0
Long-term deferred expense	28,285	27,862
Deferred income tax assets	237	237
Other non-current assets	6,635	5,422
	-----	-----
Total assets	2,720,138	3,235,493
	=====	=====
Short-term loans	276,933	578,798
Notes payable & Accounts payable	235,153	230,150
Payroll payable	12,519	137
Taxes payable	109,417	6,744
Advances from clients	157,135	456,753
Other payable	89,832	110,377
Other current liabilities	0	0
	-----	-----
Current liabilities	880,989	1,382,959
Non-current liabilities	7,161	6,258
	-----	-----
Total liabilities	888,150	1,389,217
Equities	1,831,988	1,846,276
	-----	-----

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Total liabilities & equities	2,720,138	3,235,493
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Sep. 30, 2018
Revenue	4,421,910	2,891,910
Cost of sales	3,317,674	2,126,139
Business Taxes and Surcharges	19,973	10,011
Sales expense	734,245	545,152
Management expense	243,473	155,283
Finance expense	10,280	18,586
Asset impairment loss	32,275	-1,607
Investment income	97,773	0
Non-operating income	8,624	9,436
Non-operating expense	3,201	1,374
Profit before tax	175,895	65,174
Less: profit tax	45,594	11,221
Profits	130,301	53,953

Important Ratios

	As of Dec. 31, 2017	As of Sep. 30, 2018
*Current ratio	2.60	2.00
*Quick ratio	1.55	1.09
*Liabilities to assets	0.33	0.43
*Net profit margin (%)	2.95	1.87
*Return on total assets (%)	4.79	1.67
*Inventory / Revenue x365/270	77 days	118 days
*Accounts receivable / Revenue x365/270	35 days	33 days
*Revenue / Total assets	1.63	0.89
*Cost of sales / Revenue	0.75	0.74

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 goods sold is average, comparing with its revenue.

LIQUIDITY: AVERAGE

- 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 large.

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- The accounts receivable of SC appears average.
- The short-term loans of SC appear average.
- SC's revenue is in an average level, comparing with the size of its total assets.

LEVERAGE: FAIRLY GOOD

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

Overall financial condition of the SC: Fairly Good.

CONCLUSIONS

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.67
UK Pound	1	INR 90.14
Euro	1	INR 79.88
CNY	1	INR 10.09

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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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)