

MIRA INFORM REPORT

Report No. :	537488
Report Date :	30.10.2018

IDENTIFICATION DETAILS

Name :	SHANDONG FUFENG FERMENTATION CO., LTD.
Registered Office :	West Section of Huaihai Road, Ju'Nan County, Linyi City, Shandong Province 276600 PR
Country :	China
Date of Incorporation :	09.06.1999
Unified Social Credit Code :	913713006140835251
Legal Form :	Wholly Foreign-Owned Enterprise
Line of Business :	Subject is mainly engaged in manufacturing, processing and selling of monosodium glutamate, essence of chicken, corn oil, xanthan gum and other condiment and food additives.
No. of Employees :	350

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES:

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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 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

COMPANY NAME	Shandong Fufeng Fermentation Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	West Section Of Huaihai Road, Ju'Nan County, Linyi City, Shandong Province 276600 PR China
TEL. NO.	86 (0) 539-7225754
FAX NO.	86 (0) 539-7221324

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JUNE 9, 1999
UNIFIED SOCIAL CREDIT CODE	: 913713006140835251
LEGAL FORM	: WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE	: LAI FENGTANG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 370,500,000
STAFF	: 350
BUSINESS CATEGORY	: MANUFACTURING
REVENUE	: N/A
EQUITIES	: N/A
WEBSITE	: N/A
E-MAIL	: N/A
PAYMENT	: SLOW BUT CORRECT
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: N/A
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

General Reputation:-

Excellent

Good

Fairly Good

Average

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Fair	Fair
Stagnant	Detrimental
Downward	Not known
Not known	Not yet be determined
Not yet be determined	

LEGAL STATUS & HISTORY

SC was established as a wholly foreign-owned enterprise of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 913713006140835251.

SC's Import and Export Enterprise Code: 3700614083525

SC's registered capital: CNY 370,500,000

SC's paid-in capital: CNY 370,500,000

Registration Change Record:-

Date	Change Contents	of Before the change	After the change
2014-11-26	Legal Representative	Yan Jiwen	Tang Yongqiang
2015-7-13	Legal Representative	Tang Yongqiang	Zhao Lankun
2017-2-21	Legal Representative	Zhao Lankun	Lai Fengtang
--	Registration Unified Social Credit Code No./	371300400003460	913713006140835251

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

Name of Shareholder (s)	% of Shareholding
(Hong Kong) Profit Champion International Ltd.	100

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager Director	Lai Fengtang Li Deheng Li Xuechun Pan Yuehong
Supervisor	Wang Zhongkai

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Liu Jianyang
Gao Shanbin

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
(Hong Kong) Profit Champion International Ltd. ----- CR No.: 1178870 Company Type: Private Company Limited by Shares Active Status: Live	100

MANAGEMENT

Lai Fengtang, Legal Representative, Chairman and General Manager

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

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

Director

Li Deheng
Li Xuechun
Pan Yuehong

Supervisor

Wang Zhongkai
Liu Jianyang
Gao Shanbin

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling monosodium glutamate [C₅H₈NO₄Na (99% monosodium glutamate), monosodium glutamate] (it is subject to the license), chicken essence [chicken essence seasoning] (it is subject to the license), edible vegetable oil (complete refining, limited to maize germ oil, it is subject to the license), food additive xanthan gum (it is subject to the license), seasoning (spareribs powder seasoning, seafood powder seasoning, beef powder seasoning, mushroom essence seasoning, chicken powder seasoning; it is subject to the license), organic-inorganic compound fertilizer, organic fertilizer, amino acid formula fertilizer, plastic package contain, carton (excluding words printing), amino acid products (limited to valine, isoleucine, arginine, threonine, proline, tryptophan, lysine, phenylalanine, sodium hyaluronate); building and operating hot & electricity power station (limited to own use); wholesale and retailing: pre-packaged food (limited to seasoning); selling: solid mix seasoning, compound seasoning (monosodium glutamate, salt and sugar) (limited to export, it is subject to the license) (with permit if needed, it is subject to the license).

SC is mainly engaged in manufacturing, processing and selling monosodium glutamate, essence of chicken, corn oil, xanthan gum and other condiment and food additives.

Brand: FUFENG

SC's products mainly include: monosodium glutamate, essence of chicken, glutamic acid, corn oil, xanthan gum, etc.

SC sources its materials 100% from domestic market. SC sells 40% of its products in domestic market, and 60% to overseas market.

The buying terms of SC include Check, T/T 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

=====
Possehl Mexico, S.A. De C.V.
Anshul Life Sciences

Staff & Office:

SC is known to have approx. 350 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 invest in the following companies and branches:

Fufeng Marketing Co., Ltd.
Shandong Fufeng Biotechnology Development Co., Ltd.
Hulunbeier Northeast Fufeng Biotechnologies Co., Ltd.

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Shandong Fufeng Fermentation Co., Ltd. Compound Fertilizer Branch

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:

Agricultural Bank of China Junan County Sub-branch
AC#: 881101040002941

FINANCIALS

The financials of SC is not available in local SAIC, and SC also refused to release the details.

CONCLUSIONS

SC is considered medium-sized in its line with a development history of 19 years.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.42
UK Pound	1	INR 94.26
Euro	1	INR 83.69
CNY	1	INR 10.58

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

INFORMATION DETAILS

Analysis Done by :	NIS
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)