

MIRA INFORM REPORT

Report No. :	531304
Report Date :	26.09.2018

IDENTIFICATION DETAILS

Name :	SHANGHAI ELECTRIC GROUP CO., LTD.
Registered Office :	20F, No. 8 Xingyi Road, Shanghai
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	01.03.2004
Unified Social Credit Code :	91310000759565082B
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes power station transmission and distribution, mechatronics; designing, manufacturing and selling transportation and environmental protection equipment; providing related after-sale service; importing and exporting goods and technology power engineering project general contracting; technical service.
No. of Employees :	29,552

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++	Minimum Risk	Business dealings permissible with minimum risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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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. 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

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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	Shanghai Electric Group Co., Ltd.
CURRENT ADDRESS	17-18F, Block 1 Jiefang Building, No. 4855 Dushi Road, Shanghai 201199 PR China
REGISTERED ADDRESS	20F, No. 8 Xingyi Road, Shanghai
TEL. NO.	86 (0) 21-67686999/33261888
FAX NO.	86 (0) 21-54832025/54830447

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: MARCH 1, 2004
UNIFIED SOCIAL CREDIT CODE	: 91310000759565082B
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: ZHENG JIANHUA (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 14,725,174,944
STAFF	: 29,552
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 51,273,997,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES	: CNY 71,449,434,000 (CONSOLIDATED, AS OF JUN. 30, 2018)
WEBSITE	: www.shanghai-electric.com
E-MAIL	: service@shanghai-electric.com
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:-

General Reputation:-

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Upward	Excellent
Steady	Good
Fairly Steady	Fairly Good
Ordinary	Average
Fair	Fair
Stagnant	Detrimental
Downward	Not known
Not known	Not yet be determined
Not yet be determined	

LEGAL STATUS & HISTORY

SC was established as shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 91310000759565082B.

SC's Import and Export Enterprise Code: 3100759565082

SC's registered capital: CNY 14,725,174,944

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2014-6-4	Legal Representative	Xu Jianguo	Huang Dinan
2017-3-23	Registered Capital	CNY 12,823,626,660	CNY 13,431,156,430
2017-9-15	Legal Representative	Huang Dinan	Zheng Jianhua
2018-3-2	Registered Capital	CNY 13,431,156,430	CNY 14,725,174,944
--	Registration No./ Unified Social Credit Code	31000000086691	91310000759565082B

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Shanghai Electric (Group) Corp.	58.83
HKSCC NOMINEES LIMITED	20.15
China Securities Finance Corporation Limited	2.75
Shenneng (Group) Co., Ltd.	2.65
Industrial and Commercial Bank of China- CSI, Shanghai State- Owned Trading, Open Index, Securities Investment Fund	0.51
Central Huijin Asset Management Co., Ltd.	0.49
Shanghai Guosheng Group Investment Co., Ltd.	0.47
Shanghai Municipal Investment (Group) Corporation	0.28
Shanghai Chengding Xinyangzi Investment Partnership Enterprise (Limited Partnership)	0.19
Tongling Development Investment Group Co., Ltd.	0.19
Other Shareholders	13.49

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SC's Chief Executives:-

Position

Legal Representative, Chairman and General Manager
Deputy General Manager

Name

Zheng Jianhua
Lv Yachen
Dong Jianhua
Zhang Ke
Chen Ganjin
Gu Zhiqiang
Jin Xiaolong

RECENT DEVELOPMENT

SC is a listed company in Shanghai Stock Exchange Market with the code of 601727.

SHAREHOLDER CHART & BACKGROUND

Name (As of June 30, 2018)	% of Shareholding
Shanghai Electric (Group) Corp.	58.83
HKSCC NOMINEES LIMITED	20.15
China Securities Finance Corporation Limited	2.75
Shenneng (Group) Co., Ltd.	2.65
Industrial and Commercial Bank of China- CSI, Shanghai State-Owned Trading, Open Index, Securities Investment Fund	0.51
Central Huijin Asset Management Co., Ltd.	0.49
Shanghai Guosheng Group Investment Co., Ltd.	0.47
Shanghai Municipal Investment (Group) Corporation	0.28
Shanghai Chengding Xinyangzi Investment Partnership Enterprise (Limited Partnership)	0.19
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Shanghai Electric (Group) Corp.

Unified Social Credit Code: 913100001322128733
Date of Registration: January 14, 1985
Registered Capital: CNY 8,350,366,000
Legal Representative: Zheng Jianhua

HKSCC NOMINEES LIMITED

CR.: 0309729
Date of Registration: May 14, 1991
Legal Form: Private
Status: Live

MANAGEMENT

Zheng Jianhua, Legal Representative, Chairman and General Manager

Gender: M
Nationality: China
Age: 58
Qualification: University
Working experience (s):

At present, working in SC as legal representative, chairman and general manager
Also working in Shanghai Electric (Group) Corp. as legal representative

Deputy General Manager

Lv Yachen
Dong Jianhua
Zhang Ke
Chen Ganjin
Gu Zhiqiang
Jin Xiaolong

BUSINESS OPERATION

SC's registered business scope includes power station transmission and distribution, mechatronics; designing, manufacturing and selling transportation and environmental protection equipment; providing related after-sale service; importing and exporting goods and technology power engineering project general contracting; technical service.

SC is mainly engaged in manufacturing and selling comprehensive equipment.

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SC's products mainly include: thermal generator set, nuclear power unit, gas turbine, wind power equipment, power transmission and distribution equipment, environmental protection equipment, automation equipment, elevator, track traffic, and machine tool, etc.

SC sources its materials 100% from domestic market. SC sells 65% of its products in domestic market, and 35% to overseas market, mainly India, Iraq, Malasia, etc.

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

=====
Jsl Energy
Emco Energy Ltd.
Rosa Power Supply Co., Ltd.
Jsw Energy Limited

Staff & Office:

SC is known to have approx. 29,552 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,

Shanghai Electric Guoxuan New Energy Technology Co., Ltd.

NICE PV Research Inc.

Shanghai Electric SHMP Pulverizing & Special Equipment Co., Ltd.

Shanghai Electric Communication Technologies Co., Ltd.

Shanghai Electric Gas Turbine Co., Ltd.

Thales Saic Transportation System Co., Ltd.

Shanghai Electric Wind Power Equipment Co., Ltd.

Etc.

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:

Industrial and Commercial Bank of China Waitan Sub-branch

AC#: 1001262129040438091

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2016	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	44,916,075	37,224,092	34899300
Notes receivable	7,241,022	10,106,004	0
Accounts receivable	26,499,880	27,905,847	31,126,104
Advances to suppliers	8,639,305	9,551,236	13,694,798
Dividends receivable	61,042	79,660	0
Other receivable	1,783,201	1,324,798	1,179,554
Inventory	27,015,376	34,473,800	28,121,953
Deferred expenses	0	0	0
Other current assets	21,518,400	23,691,824	41,226,649
	-----	-----	-----
Current assets	137,674,301	144,357,261	150,248,358
Long-term investment	9,263,681	10,704,961	12,257,725
Fixed assets	13,901,240	13,912,776	13,374,583
Construction in progress	1,599,769	2,556,136	3,331,956
Intangible assets	5,680,337	7,117,247	6,964,021

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SHANGHAI ELECTRIC GROUP CO., LTD. - 531304

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Long-term prepaid expenses	160,530	247,151	221,621
Deferred income tax assets	3,050,997	3,982,674	4,457,380
Other non-current assets	15,270,135	16,467,553	16,417,649
	-----	-----	-----
Total assets	186,600,990	199,345,759	207,273,293
	=====	=====	=====
Short-term loans	2,228,316	2,553,508	8,845,661
Notes payable	6,335,179	7,144,728	0
Accounts payable	32,208,257	33,740,212	45,967,569
Wages payable	2,736,145	3,033,359	2,590,002
Taxes payable	2,491,994	2,029,572	1,570,638
Interest payable	168,088	176,394	0
Dividends payable	333,024	274,796	0
Advances from clients	44,159,918	44,100,234	333,417
Other payable	4,803,888	4,470,085	6,331,108
Other current liabilities	10,910,202	13,796,840	50,142,763
	-----	-----	-----
Current liabilities	106,375,011	111,319,728	115,781,158
Non-current liabilities	17,807,152	17,304,444	20,042,701
	-----	-----	-----
Total liabilities	124,182,163	128,624,172	135,823,859
Equities	62,418,827	70,721,587	71,449,434
	-----	-----	-----
Total liabilities & equities	186,600,990	199,345,759	207,273,293
	=====	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	88,507,384	79,543,794	51,273,997
Cost of sales	69,197,796	61,399,773	41,283,677
Taxes and surcharges	679,655	547,728	251,727
Sales expense	3,490,387	3,105,049	1,617,188
Management expense	8,778,886	9,293,363	2,934,310
Finance expense	308,538	510,134	383,172
Impairment losses on assets	2,375,791	2,893,107	604,949
Investment income	1,610,562	2,925,126	679,786
Non-business income	835,769	244,828	43,961
Non-business expenditure	29,950	95,561	23,158
Profit before tax	6,095,210	5,528,635	3,248,983
Less: profit tax	1,283,133	522,422	311,347
Profits	4,812,077	5,006,213	2,937,636

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Important Ratios

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	As of Dec. 31, 2016	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	1.29	1.30	1.30
*Quick ratio	1.04	0.99	1.05
*Liabilities to assets	0.67	0.65	0.66
*Net profit margin (%)	5.44	6.29	5.73
*Return on total assets (%)	2.58	2.51	1.42
*Inventory / Revenue x365/180	112 days	159 days	99 days
*Accounts receivable / Revenue x365/180	110 days	129 days	110 days
*Revenue / Total assets	0.47	0.40	0.25
*Cost of sales / Revenue	0.78	0.77	0.81

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

The revenue of SC appears fairly good in its line.
SC's net profit margin is fairly good.
SC's return on total assets is average.
SC's cost of sales is average, comparing with its revenue.

LIQUIDITY: AVERAGE

The current ratio of SC is maintained in a normal level.
SC's quick ratio is maintained in a fairly good level.
The inventory of SC appears large.
The accounts receivable of SC appears large.
The short-term loans of SC appear large.
SC's revenue is in a fair level, comparing with the size of its total assets.

LEVERAGE: FAIRLY GOOD

The debt ratio of SC is average.
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 72.81
UK Pound	1	INR 95.50
Euro	1	INR 85.62
CNY	1	INR 10.57

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)