

MIRA INFORM REPORT

Report No. :	526679
Report Date :	29.08.2018

IDENTIFICATION DETAILS

Name :	ZHEJIANG TAITAN CO., LTD.
Registered Office :	No. 99, Taitan Road, Qixing Street, Xinchang County, Zhejiang Province, 312500 Pr
Country :	China
Financials (as on) :	31.12.2016
Date of Incorporation :	12.08.1998
Credibility Code :	91330000704207173A
Legal Form :	Shares limited co.
Line of Business :	Subject registered business scope includes import and export business; production and sales of textile machinery and accessories, machinery equipment and accessories, textile equipment, home appliances and accessories, capsules machinery, metal products, and consulting services
No. of Employees :	480 (Including Subsidiaries)

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 :	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

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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

ZHEJIANG TAITAN CO., LTD.

NO. 99, TAITAN ROAD, QIXING STREET, XINCHANG COUNTY,
ZHEJIANG PROVINCE, 312500 PR CHINA
TEL: 86 (0) 575-86288807/86288819 FAX: 86 (0) 575-86288819

EXECUTIVE SUMMARY

INCORPORATION DATE	: AUG. 12, 1998
CREDIBILITY CODE	: 91330000704207173A
REGISTERED LEGAL FORM	: SHARES LIMITED CO.
CHIEF EXECUTIVE	: MR. CHEN QIXIN (LEGAL REPRESENTATIVE)
STAFF STRENGTH	: 480 (INCLUDING SUBSIDIARIES)
REGISTERED CAPITAL	: CNY 162,000,000
BUSINESS LINE	: MANUFACTURING AND TRADING
TURNOVER	: CNY 670,428,000 (CONSOLIDATED, AS OF DEC. 31, 2017)
EQUITIES	: CNY 546,838,000 (CONSOLIDATED, AS OF DEC. 31, 2017)
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY STABLE
OPERATIONAL TREND	: STEADY
GENERAL REPUTATION	: AVERAGE

Adopted abbreviations:

ANS - amount not stated
NS - not stated SC - subject company (the company inquired by you)
NA - not available
CNY - China Yuan Ren Min Bi

HISTORY

SC was registered as a Shares limited co. at Zhejiang Provincial Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license) on Aug. 12, 1998.

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Company Status: Shares limited co.

This form of business in PR China is defined as a legal person. Its registered capital is divided into shares of equal par value and the co. raises capital by issuing share certificates by promotion or by public offer. Shareholders bear limited liability to the extent of shareholding, and the co. is liable for its debts only to the extent of its total assets. The co has independent property of legal person and enjoys property rights of legal person. The characteristics of the shares limited co. are as follows:

The establishment of the co. requires at least two promoters and no more than 200, half of whom shall be domiciled in China.. Natural person are allowed to serve as promoters.

The minimum registered capital of a co. is CNY 5M. while that of the co. with foreign investment is CNY 5M. The total capital of a co. which propose to apply for publicly listed must be no less than CNY 30M.

The board of directors must consist of five to nineteen directors.

If the co. raises capital by public offer, the promoters must not subscribe less than 35% of the total shares. the promoters' shares are restricted to transfer- within one year of the offer.

A state-owned enterprise that is restructured into a shares limited co. must comply with the conditions & requirements specified under the law & administrative rule.

SC's registered business scope includes import and export business; production and sales of textile machinery and accessories, machinery equipment and accessories, textile equipment, home appliances and accessories, capsules machinery, metal products, and consulting services.

SC is mainly engaged in manufacturing and selling textile machinery and accessories.

Mr. Chen Qixin is legal representative and chairman of SC at present.

SC is known to have approx. 480 (including subsidiaries) employees at present, including 94 administrative staff, 11 financial staff, 255 production staff, 24 sales staff, 4 purchase staff, 68 R&D technical staff and 24 support crew.

SC is currently operating at the above stated address, and this address houses its operating office and factory in the industrial zone of Xinchang County. The detailed information of the area is unspecified.

Note: SC's present address "No. 99, Taitan Road" was formerly named as "Nanyan Industry Zone"

WEB SITE

<http://www.chinataitan.com/> The website is under maintenance at present.

Email: office@chinataitan.com
ttdm@chinataitan.com

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KEY EVENTS/RECENT DEVELOPMENT

Changes of its registered information are as follows:

Date of change	Item	Before the change	After the change
2008-09-25	Registration no.	3300001001717	330000000031278
2011-11-29	Registered capital	CNY 107,357,300	CNY 144,932,355
2011-12-26	Registered capital	CNY 144,932,355	Present amount
2016-01-13	Registration no.	330000000031278	(Credibility code) 91330000704207173A

SC was awarded "Zhejiang Provincial Civilized Unit", "Hi-Tech Enterprise", etc. and Taitan was awarded "Famous Brand".



Import/ Export License Number: 3300704207173
 HS Code: 3306957101

LITIGATION

For the past two years there is no record of litigation.

OWNERSHIP/MANAGEMENT

MAIN SHAREHOLDERS:

Name	Amount (CNY'0000)	% of Shareholding
Zhang Mingfa	35	0.22
Lv Huilian	65	0.40
Yu Ke	65	0.40
Liang Xingxian	173.5	1.07
Zhao Lue	223.5	1.38
Chen Qixun	693.834	4.28
Xinchang Rongtai Investment Co., Ltd.	800	4.94
Shaoxing Taitan Investment Co., Ltd.	14,144.166	87.31

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Shaoxing Taitan Investment Co., Ltd.
=====

Credibility code: 91330600582673538C

Legal representative: Chen Qixin

Incorporation date: 2011-08-29

MANAGEMENT

Legal representative, chairman:

Mr. Chen Qixin, born in 1949, he is currently responsible for the overall management of SC.

Working Experience(s):

At present Working in SC as legal representative and chairman.
Also working in Shaoxing Taitan Investment Co., Ltd., Xinchang Aidasi Dyeing and Finishing Machinery Co., Ltd., Xinchang Taitan Technology Co., Ltd., Taitan International Hotel Co., Ltd., etc. as legal representative.

General manager and director:

Mr. Chen Yourong, born in 1979 with master's degree, engineer, he is currently responsible for the daily management of SC.

Working Experience(s):

At present Working in SC as general manager and director.
Also working in Xinchang Rongtai Investment Co., Ltd. as executive director and in Xinchang Aidasi Dyeing and Finishing Machinery Co., Ltd. as supervisor.

Vice general managers:

Lv Huilian
Lv Zhixin
Zhang Guodong

Directors:

Lv Huilian
Liang Xingxian
Zhao Lue
Etc.

Supervisors:

Lu Guohong
Yu Ke

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Zhang Mingfa

BUSINESS OPERATIONS

SC is mainly engaged in manufacturing and selling textile machinery and accessories.

SC's products mainly include:

Spinning Machinery
Weaving Machinery
Twisting Machinery
Dyeing Machinery
Textile Equipment

SC sources its materials from domestic and overseas market. SC sells its products in domestic market, and to the overseas market, mainly India, Turkey, etc.

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

Major clients:

=====

Hubei Mingren Spinning and Weaving Science and Technology Limited Company
Foshan Nanhai District Xiqiao Fengpai Textile Co., Ltd. (in Chinese pinyin)
Dezhou Lantian Textile Co., Ltd.
Aksu Shengda Textile Co., Ltd. (in Chinese pinyin)
Foshan Nanhai District Qiaorong Textile Co., Ltd. (in Chinese pinyin)

Major suppliers:

=====

Zhejiang Kangli Automation Technology Co., Ltd.
Wenling Risheng Machinery Co., Ltd. (in Chinese pinyin)
Stäubli (Hangzhou) Mechatronic Co., Ltd.
Xiangyang Chenzhi Automation Technology Co., Ltd. (in Chinese pinyin)
Shengzhou Nankun Electric Appliance Co., Ltd.

TRADEMARKS & PATENTS

Registration No. 6275439
Registration Date 2010-06-14
Trademark Design



6275552
2010-04-14



6275379
2010-07-14

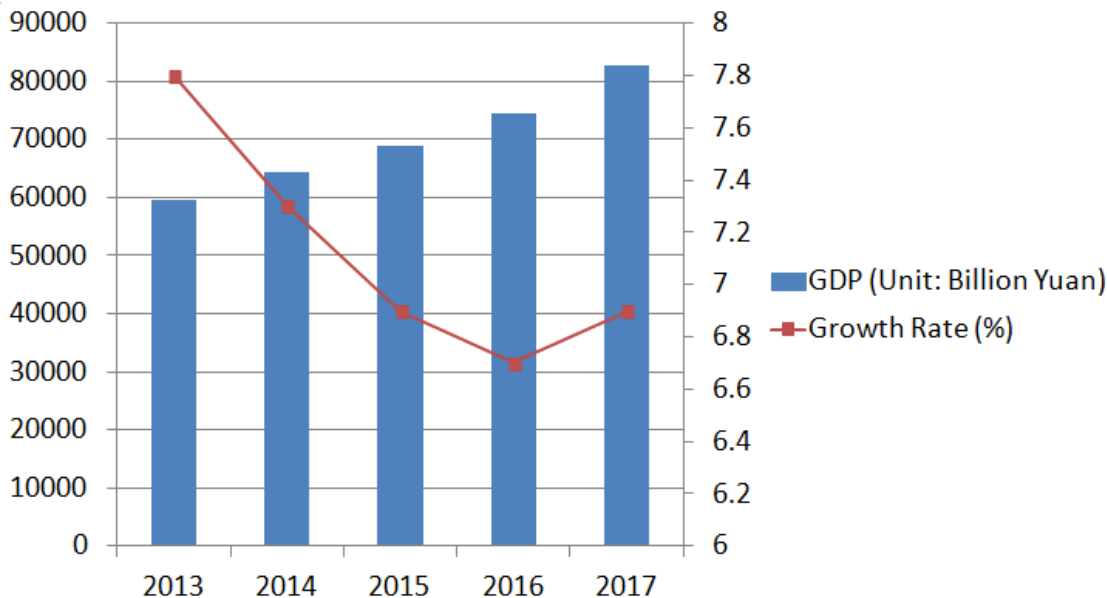


Industry code: 3551

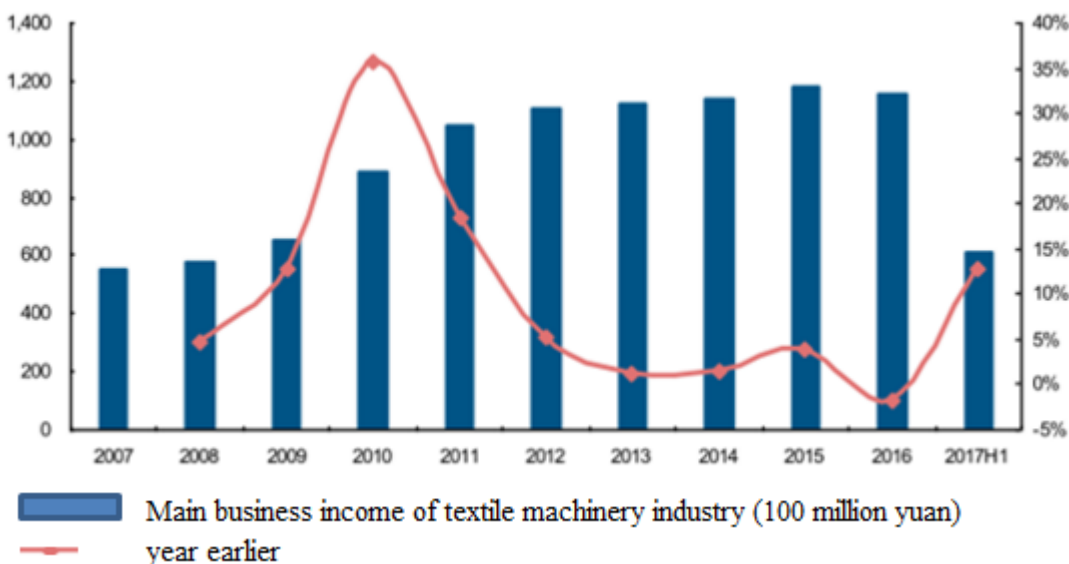
Industry name: Textile equipment manufacturing

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The gross domestic product of China in 2017 which is 82,712.17 billion that is increased 6.9% than previous year.



According to the statistics of the China Textile Machinery Industry Association, in the first half of 2017, the main business income of the textile machinery industry was 61.048 billion yuan, which was an increase of 12.74%, and the growth rate was 10.53 pct year-on-year, and the total profit was 4.289 billion yuan, which was an increase of 23.11%. The growth rate of the industry has apparently rebounded for the first time since the overall decline in the past five years.



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RELATED COMPANIES

Taitan International Hotel Co., Ltd.

=====
Credibility code: 91330624668323141P
Legal representative: Chen Qixin
Incorporation date: 2007-10-24
<http://www.taitanhotel.net>

Etc.

SC is known to invest in the following companies:

Xinchang Aidasi Dyeing and Finishing Machinery Co., Ltd.

=====
Credibility code: 91330624583552367N
Legal representative: Chen Qixin
Incorporation date: 2011-09-22

Xinchang Taitan Technology Co., Ltd.

=====
Credibility code: 91330624684501622P
Legal representative: Chen Qixin
Incorporation date: 2008-12-30

Etc.

PAYMENT

Overall payment appraisal:

() Excellent () Good (X) Average () Fair () Poor () Not yet 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's suppliers declined to make any comments.

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

Industrial & Commercial Bank of China Xinchang Sub-branch

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AC#: 1211028209045047820

Relationship: Normal.

FINANCIAL HIGHLIGHTS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Dec. 31, 2016
Cash & bank	241,450	163,026
Notes receivable	195,679	143,752
Inventory	99,665	86,485
Accounts receivable	302,334	234,229
Advances to supplies	6,596	4,239
Other Accounts receivable	1,656	2,293
Non-current assets due within one year	3,531	4,585
Other current assets	0	846
	-----	-----
Current assets	850,911	639,455
Financial assets available for sale	2,000	2,000
Long-term accounts receivable	22,233	41,578
Long term investment	2,607	0
Investment real estate	23,169	41,109
Fixed assets	100,127	107,875
Projects under construction	1,541	641
Intangible assets	44,645	45,828
Long-term deferred expense	246	340
Deferred tax assets	18,541	20,183
Other assets	3,192	1,766
	-----	-----
Total assets	1,069,212	900,775
	=====	=====
Short loans	0	90,000
Notes payable	259,119	106,565
Accounts payable	137,208	143,107
Advances from customers	55,557	36,515
Accrued Payroll	9,089	7,873
Taxes payable	23,919	10,046
Interest payable	0	117
Other Accounts payable	6,077	4,437
Other current liabilities	0	0
	-----	-----
Current liabilities	490,969	398,660
Estimated liabilities	1,178	208
Deferred income	30,227	31,203
Other liabilities	0	0

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Total liabilities	522,374	430,071
Equities	546,838	470,704
Total liabilities & equities	1,069,212	900,775

Consolidated Income Statement

Unit: CNY'000

	As of Dec. 31, 2017	As of Dec. 31, 2016
Turnover	670,428	434,582
Cost of goods sold	504,727	315,687
Taxes and additional of main operation	7,574	6,097
Sales expense	25,661	16,488
Management expense	53,702	43,181
Finance expense	-1,363	2,179
Assets impairment loss	1,741	14,486
Investment income	1,318	1,213
Assets disposal income	6,559	0
Other income	1,310	0
Non-operating income	471	8,538
Non-operating expense	2,882	1,112
Profit before tax	85,162	45,103
Less: profit tax	13,264	8,206
Profits	71,898	36,897

Important Ratios

	As of Dec. 31, 2017	As of Dec. 31, 2016
*Current ratio	1.73	1.60
*Quick ratio	1.53	1.39
*Liabilities to assets	0.49	0.48
*Net profit margin (%)	10.72	8.49
*Return on total assets (%)	6.72	4.10
*Inventory /Turnover x365	55 days	73 days
*Accounts receivable/Turnover x365	165 days	197 days
*Turnover/Total assets	0.63	0.48
* Cost of goods sold/Turnover	0.75	0.73

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

The turnover of SC appears fairly good in its line, and it increased in 2017.

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SC's net profit margin is fairly good.
SC's return on total assets is average in 2016 and fairly good in 2017.
SC's cost of goods sold is average, comparing with its turnover.

LIQUIDITY: AVERAGE

The current ratio of SC is maintained in a normal level.
SC's quick ratio is maintained in a normal level.
The inventory of SC appears average.
The accounts receivable of SC is fairly large.
SC's short-term loan appears average in 2016, and SC has no short-term loan in 2017.
SC's turnover is in a fair level, comparing with the size of its total assets.

LEVERAGE: FAIRLY GOOD

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

Overall financial condition of the SC: Fairly stable.

REMARKS

SC is considered medium-sized in its line with fairly stable financial conditions. The large amount of accounts receivable could be a threat to SC's financial condition.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.17
UK Pound	1	INR 90.33
Euro	1	INR 81.93
CNY	1	INR 10.33

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)