

## MIRA INFORM REPORT

|               |            |
|---------------|------------|
| Report No. :  | 543485     |
| Report Date : | 04.12.2018 |

### IDENTIFICATION DETAILS

|                         |   |
|-------------------------|---|
| Name :                  | BROTEX (VIETNAM) CO., LTD   |
| Registered Office :     | Lot 34-6, Road D11, Phuoc Dong IP, Phuoc Dong Commune, Go Dau District, Tay Ninh Province |
| Country :               | Vietnam   |
| Financials (as on) :    | 31.12.2017  |
| Date of Incorporation : | 18.12.2012  |
| Com. Reg. No.:          | 3901157636  |
| Legal Form :            | Limited Liability Company (FDI)   |
| Line of Business :      | The subject is specialized in manufacture (including dyeing) yarn and its by-products.    |
| No. of Employees :      | 6,600   |

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

|                        |          |
|------------------------|----------|
| <b>MIRA's Rating :</b> | <b>A</b> |
|------------------------|----------|

| 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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Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

| <b>Country Name</b> | <b>Previous Rating<br/>(30.06.2018)</b> | <b>Current Rating<br/>(30.09.2018)</b> |
|---------------------|---|--|
| Vietnam             | A2                                      | A2                                     |

| <b>Risk Category</b> | <b>ECGC Classification</b> |
|----------------------|----------------------------|
| Insignificant        | A1                         |
| Low Risk             | A2                         |
| Moderately Low Risk  | B1                         |
| Moderate Risk        | B2                         |
| Moderately High Risk | C1                         |
| High Risk            | C2                         |
| Very High Risk       | D                          |

### **VIETNAM - ECONOMIC OVERVIEW**

Vietnam is a densely populated developing country that has been transitioning since 1986 from the rigidities of a centrally planned, highly agrarian economy to a more industrial and market based economy, and it has raised incomes substantially. Vietnam exceeded its 2017 GDP growth target of 6.7% with growth of 6.8%, primarily due to unexpected increases in domestic demand, and strong manufacturing exports.

Vietnam has a young population, stable political system, commitment to sustainable growth, relatively low inflation, stable currency, strong FDI inflows, and strong manufacturing sector. In addition, the country is committed to continuing its global economic integration. Vietnam joined the WTO in January 2007 and concluded several free trade agreements in 2015-16, including the EU-Vietnam Free Trade Agreement (which the EU has not yet ratified), the Korean Free Trade Agreement, and the Eurasian Economic Union Free Trade Agreement. In 2017, Vietnam successfully chaired the Asia-Pacific Economic Cooperation (APEC) Conference with its key priorities including inclusive growth, innovation, strengthening small and medium enterprises, food security, and climate change. Seeking to diversify its opportunities, Vietnam also signed the Comprehensive and Progressive Agreement for the Transpacific Partnership in 2018 and continued to pursue the Regional Comprehensive Economic Partnership.

To continue its trajectory of strong economic growth, the government acknowledges the need to spark a 'second wave' of reforms, including reforming state-owned-enterprises, reducing red tape, increasing business sector transparency, reducing the level of non-performing loans in the banking sector, and increasing financial sector transparency. Vietnam's public debt to GDP ratio is nearing the government mandated ceiling of 65%.

In 2016, Vietnam cancelled its civilian nuclear energy development program, citing public concerns about safety and the high cost of the program; it faces growing pressure on energy infrastructure. Overall, the country's infrastructure fails to meet the needs of an expanding middle class. Vietnam has demonstrated a commitment to sustainable growth over the last several years, but despite the recent speed-up in economic growth the government remains cautious about the risk of external shocks.

Source : CIA

## **SUBJECT IDENTIFICATION & LEGAL FORM**

| <i>Current legal status</i>   |  |
|-------------------------------|--|
| English Name                  | BROTEX (VIETNAM) CO., LTD                      |
| Vietnamese Name               | CONG TY TNHH BROTEX (VIET NAM)                 |
| Short name                    | BROTEX (VIETNAM) CO., LTD                      |
| Type of Business              | Limited Liability Company (FDI)                |
| Year Established              | 2012   |
| Project Code                  | 9820217466                                     |
| Date Of Issuance              | 18 Dec 2012                                    |
| Place of Issuance             | Tay Ninh Industrial Zone Authority             |
| Business Registration No.     | 3901157636                                     |
| Date of Registration          | 18 Dec 2012                                    |
| Place of Registration         | Tay Ninh Department of Planning and Investment |
| Registered Investment Capital | USD 400,000,000                                |
| Charter capital               | USD 404,476,084                                |
| Investment Duration           | 46 years                                       |
| Listed Company                | No   |
| Tax code                      | 3901157636                                     |
| Total Employees               | 6,600  |
| Size                          | Large  |

### **Historical Identification & Legal form**

| List | Changed Items  | Date of changes |
|------|--|-----------------|
| 1    | Subject has got former Charter capital: USD 25,000,000<br>Changed to: USD 50,000,000 (2014)<br>Changed to: USD 100,000,000 (2015)<br>Changed to: USD 404,476,084   | 22 Aug 2018     |
| 2    | Subject has got former Registered Investment Capital: USD 98 million<br>Changed to: USD 150 million (2014)<br>Changed to: USD 300 million (2015)<br>Changed to: USD 350 million (25 Apr 2016)<br>Changed to: USD 400,000,000 | 2016            |
| 3    | Subject has got former Investment Certificate No: 452043000191<br>Changed to: Project Code: 9820217466   | 2016            |

## **ADDRESSES**

| Head Office    |  |
|----------------|--|
| Address        | Lot 34-6, Road D11, Phuoc Dong IP, Phuoc Dong Commune, Go Dau District, Tay Ninh Province, Vietnam |
| Telephone      | (84-276) 3530869/ 3530999/ 3535799/ 3899798  |
| Land-use Right | Leased   |

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## **DIRECTORS**

|                    |   |
|--------------------|---|
| 1. NAME            | Mr. HAN GONG JIN  |
| Position           | Chairman  |
| Date of Birth      | 25 Apr 1957   |
| ID Number/Passport | G37725819   |
| ID Issue Date      | 09 Sep 2009   |
| ID Issue Place     | Zhe-Jiang, China  |
| Permanent Address  | Room #303, No.2 of line 61 Guo-Yi Street, Hai-shu District, Ning-bo City, Zhe-Jiang Province, , China           |
| Current Residence  | Lot 34-6, Road D11, Phuoc Dong Industrial Park, Phuoc Dong Commune, Go Dau District, Tay Ninh Province, Vietnam |
| Nationality        | Chinese   |
| 2. NAME            | Mr. ZHANG KUI   |
| Position           | General Director  |
| Nationality        | Chinese   |

## **BUSINESS NATURE AND ACTIVITIES**

The subject is specialized in manufacture (including dyeing) yarn and its by-products.

## **TRADE REFERENCE AND IMPORT - EXPORT ACTIVITIES**

### IMPORT:

|        |       |
|--------|-------|
| Market | China |
|--------|-------|

### EXPORT:

|        |                           |
|--------|---------------------------|
| Market | China, Cambodia, Thailand |
|--------|---------------------------|

|       |      |
|-------|------|
| Ratio | 100% |
|-------|------|

## **BANKERS**

### 1. VIET NAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE TAY NINH BRANCH

|         |   |
|---------|---|
| Address | No. 247, 30/4 Street, Ward 1, Tay Ninh City, Tay Ninh Province, |
|---------|---|

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|           |                   |
|-----------|-------------------|
|           | Vietnam           |
| Telephone | (84-276) 3822 260 |
| Fax       | (84-276) 3822 126 |

**2. BANK OF CHINA - HOCHIMINH CITY BRANCH**

|           |  |
|-----------|--|
| Address   | 19 <sup>th</sup> , Sun Wah Tower, No. 115, Nguyen Hue Street, Ben Nghe Ward, 1 District, Ho Chi Minh City, Vietnam |
| Telephone | (84-28) 3821 9949  |
| Fax       | (84-28) 3821 9948  |

**SHAREHOLDERS**

|                       |  |
|-----------------------|--|
| NAME                  | BROS EASTERN CO.,LTD   |
| Business Registration | 330200400002485  |
| Address               | No. 1 Nan'er East Road, LuoTuo Town, ZhenHai, Ningbo, Zhejiang Province, China |
| Percentage            | 100%   |

**FINANCIAL DATA**

**BALANCE SHEET**

*Unit: One VND*

| Balance sheet date  | FYE 31 Dec 2017           | FYE 31 Dec 2016           | FYE 31 Dec 2015           |
|---------------------|---------------------------|---------------------------|---------------------------|
| <b>ASSETS</b>       |                           |                           |                           |
| Current Assets      | 6,842,087,478,763         | 5,132,748,225,122         | 4,455,951,827,303         |
| Inventories         | 3,830,877,138,292         | 2,298,274,626,674         | 3,652,847,867,289         |
| Long-Term Assets    | 7,522,904,796,573         | 6,622,055,901,612         | 6,212,903,115,457         |
| <b>TOTAL ASSETS</b> | <b>14,364,992,275,336</b> | <b>11,754,804,126,734</b> | <b>10,668,854,942,760</b> |

**LIABILITIES**

|   |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
| LIABILITIES                                 | 9,782,395,450,136         | 9,146,310,649,485         | 8,691,921,124,354         |
| OWNER'S EQUITY                              | 4,582,596,825,200         | 2,608,493,477,249         | 1,976,933,818,406         |
| <b>TOTAL LIABILITIES AND OWNER'S EQUITY</b> | <b>14,364,992,275,336</b> | <b>11,754,804,126,734</b> | <b>10,668,854,942,760</b> |

**PROFIT & LOSS STATEMENT**

| Description      | FYE 31 Dec 2017   | FYE 31 Dec 2016   | FYE 31 Dec 2015   |
|------------------|-------------------|-------------------|-------------------|
| Total Sale       | 6,976,653,794,760 | 6,015,390,386,916 | 4,138,401,134,548 |
| Net revenue      | 6,976,653,794,760 | 6,015,390,386,916 | 4,138,401,134,548 |
| Profit after tax | 846,968,347,951   | 631,559,658,843   | 94,556,680,506    |

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## **INDUSTRY DATA**

The subject is classified in: Manufacture of textiles (Division 13 of ISIC)

| Items  | Industry | Percentage | All Industries |
|--|----------|------------|----------------|
| 1. Annual average capital of enterprises (Bil VND)         | 276,393  | 1.06%      | 26,049,661     |
| 2. Value of fixed asset and long term investment (Bil VND) | 158,888  | 1.27%      | 12,551,024     |
| 3. Net turnover from business of enterprises (Bil VND)     | 253,692  | 1.45%      | 17,436,430     |
| 4. Profit before taxes of enterprises (Bil VND)            | 13,078   | 1.84%      | 711,975        |
| 5. Number of employees                                     | 278,577  | 1.99%      | 14,012,276     |
| 6. Number of acting enterprises by size of capital (Total) | 3,150    | 0.62%      | 505,059        |
| 6.1 Under 0.5 bil. VND                                     | 197      | 0.34%      | 57,181         |
| 6.2 From 0.5 to under 1 bil. VND                           | 242      | 0.45%      | 53,662         |
| 6.3 From 1 to under 5 bil. VND                             | 1,072    | 0.53%      | 204,024        |
| 6.4 From 5 to under 10 bil. VND                            | 421      | 0.60%      | 69,773         |

## **PAYMENT HISTORY & PERFORMANCE EXPERIENCES**

|                     |                  |
|---------------------|------------------|
| Trade Morality      | Normal           |
| Liquidity           | Low/Medium       |
| Payment status      | Slow but correct |
| Financial Situation | Above Average    |
| Development trend   | Positive         |
| Litigation data     | No Record        |
| Bankruptcy          | No Record        |
| Payment Methods     | TT, LC           |
| Sale Methods        | To contracts     |
| Public opinion      | Normal           |

## **SUMMARY**

BROTEX (VIETNAM) CO., LTD is invested by a Chinese company, BROS EASTERN CO.,LTD. It was established in 2012 and issued the project code No. 9820217466 by Tay Ninh Industrial Zone Authority. After a few adjustments, its charter capital is currently USD 404,476,084.

The subject specializes in manufacturing and trading yarn and its by-products. Its factory is located at Lot 34-6, Road D11, Phuoc Dong IP, Phuoc Dong Commune, Go Dau District, Tay Ninh Province, Vietnam. In May 2017, the subject started construction the second phase and planned to put into operation in early 2019. Presently, its products are exported China, Thailand and Cambodia.

Following the above financial data, the subject's business operation was positive. Both total sales and profit after tax had upward trend, achieved VND 6,977 billion and VND 847 billion respectively in 2017. Total assets grew up

annually. Noticeably, the owner's equity was strongly enhanced from VND 2,608 billion in 2016 to VND 4,583 billion in 2017. This helped the debt rates improve. The current liquidity ratio was 1.1 showing that the subject was considered as acceptable in meeting short-term obligations. In general, the subject is a large foreign project in Vietnam. Its operation is expected to be bright in the future. With supports from investor, the subject can meet all normal transactions.

• Economic Indicators

|  | 2017  | 2016  | 2015  |
|--|-------|-------|-------|
| Population (Millions)                          | 93.70 | 92.70 | 91.70 |
| Gross Domestic Products (USD billions)         | 223   | 205.3 | 193   |
| GDP Per Capita (USD/person/year)               | 2,385 | 2,215 | 2,109 |
| GDP Growth (%)                                 | 6.81  | 6.21  | 6.68  |
| - Agriculture, Forestry and Fishing Growth (%) | 2.90  | 1.36  | 2.41  |
| - Industry and Construction Growth (%)         | 8.00  | 7.57  | 9.64  |
| - Trade and Services Growth (%)                | 7.44  | 6.98  | 6.33  |

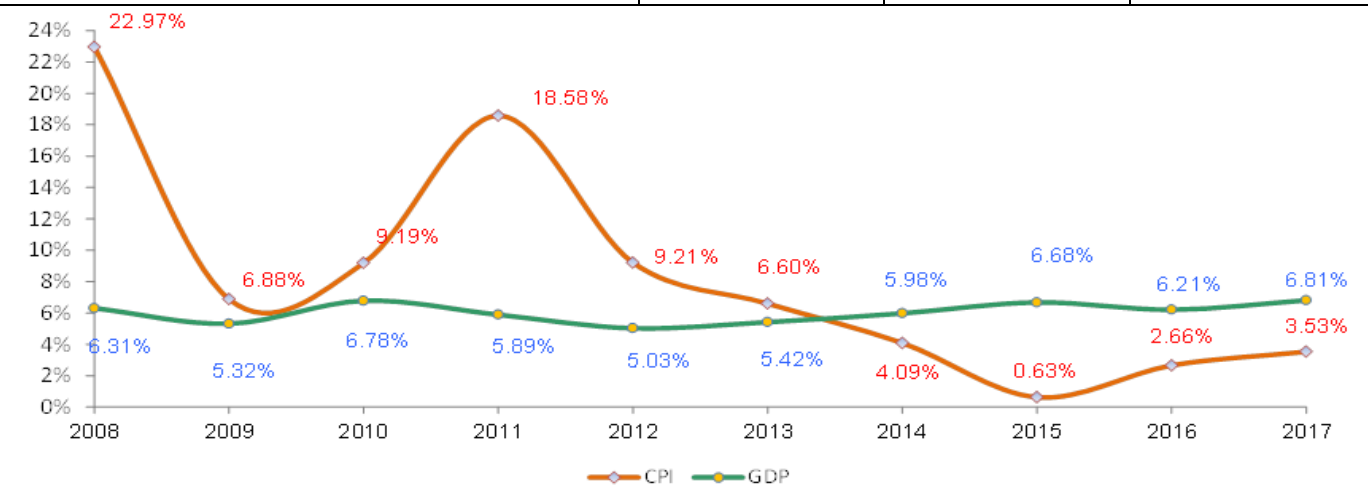


Figure 1: GDP vs. CPI trend in last ten years

• Trade Balance

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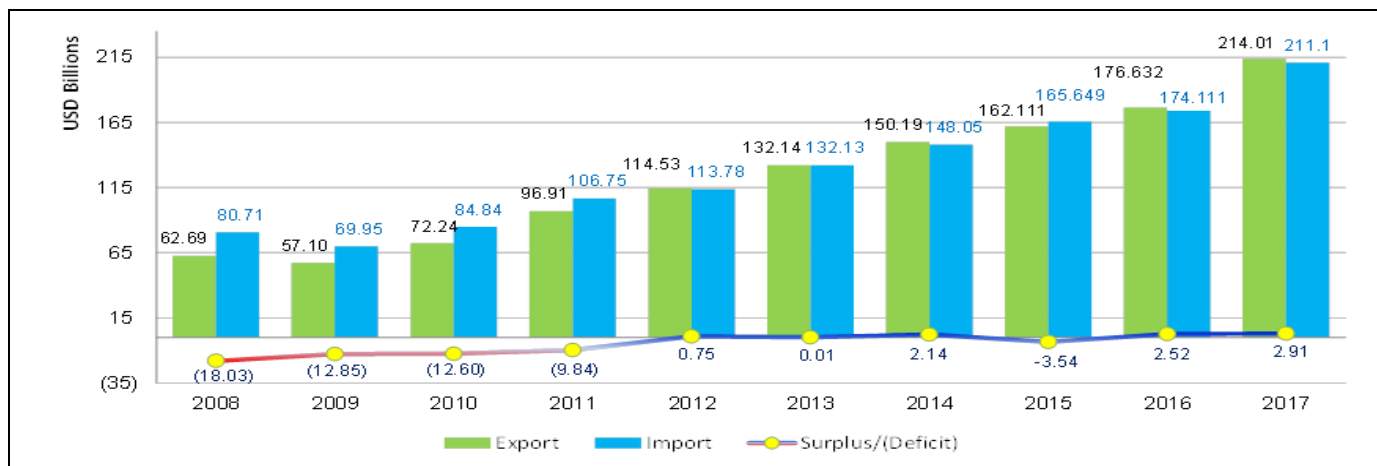


Figure 2: Import – Export balance in last ten years

• Import – Export Value by Major Type of Products

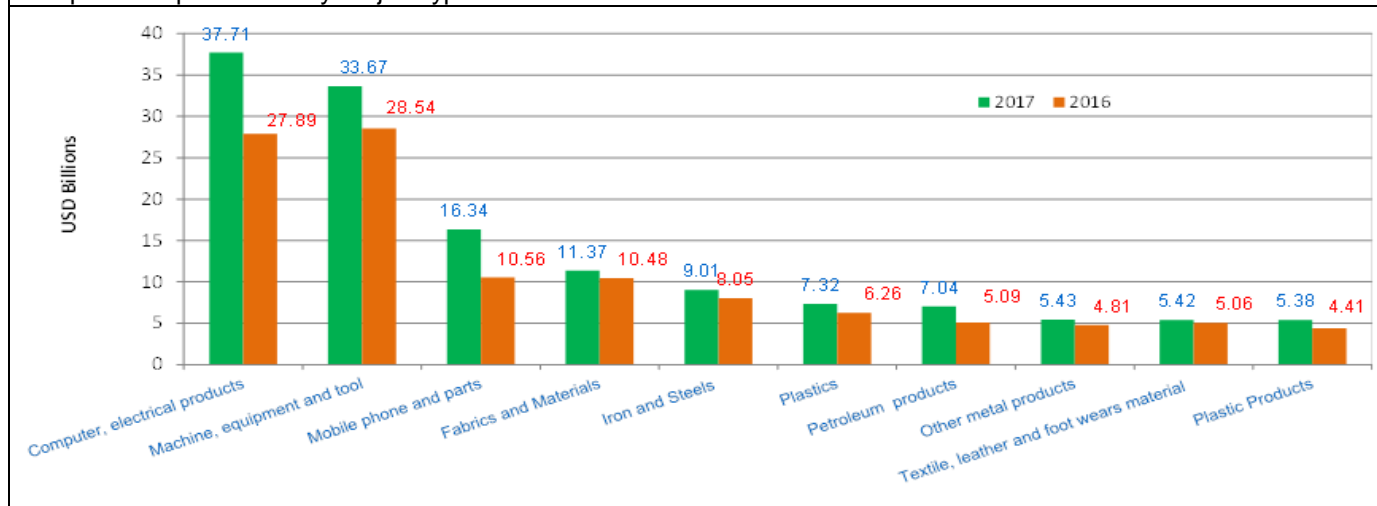


Figure 3: Top ten import products by value in 2016-2017

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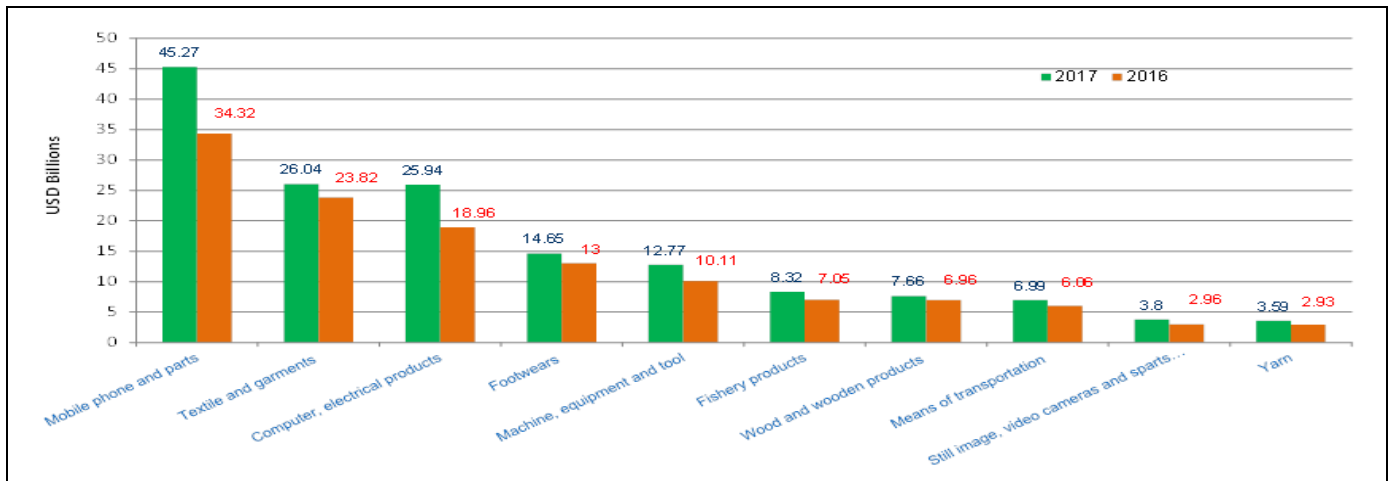


Figure 4: Top ten export products by value in 2016-2017

**NOTICE:**

- \* Registered Investment Capital: Amount of money, assets, value paper... registered with local authorized to execute investment project and appear in Investment Certificate.
- \* Charter capital: Amount of money, assets, value paper... contribution from shareholder(s) to form company and it appears in company charter, business registration certificate, and investment certificate.
- \* Legal capital: The legal capital is minimum requirement of local authorized for enterprise(s) that doing some special businesses.
- \* Paid-up capital: The amount of company's capital that has been paid by shareholder(s).
- \* Annual average capital of enterprises: The average amount of resource (liabilities) in a year and in the same industry of group companies.
- \* Financial Ratios Calculation:

|   |  |
|---|--|
| - | $Current\ liquidity\ ratio\ (Times) = \frac{Current\ Asset}{Current\ Liabilities}$   |
| - | $Quick\ Liquidity\ ratio\ (Times) = \frac{(Current\ Asset - Inventory)}{Current\ Liabilities}$   |
| - | $Inventory\ circle\ (Times) = \frac{Cost\ of\ Goods\ Sold}{Inventory}$   |
| - | $Average\ receivable\ period\ (Days) = \left\{ \frac{Account\ Receivable\ (Trade\ Only + Receivable\ from\ customers + Short-term\ advances\ to\ suppliers)}{Net\ revenue} \right\} * 365$ |
| - | $Utilizing\ Asset\ Performance\ (Times) = \frac{Net\ Sale}{Total\ Assets}$   |
| - | $Inventory/ Monthly\ Sale\ (\%) = \left\{ \frac{Inventory}{(Total\ Sales / 12)} \right\} * 100$  |
| - | $Shareholder\ Equity\ Ratio\ (\%) = \frac{Owner's\ Equity}{Total\ Assets} * 100$   |
| - | $Total\ Loan/ Total\ Assets\ (\%) = \left\{ \frac{(Short-term\ loans\ and\ financial\ leases + Long-term\ loans\ and\ financial\ leases)}{Totals\ Assets} \right\} * 100$                  |
| - | $Liability/ Total\ Asset\ (\%) = \frac{Liabilities}{Total\ Assets} * 100$  |
| - | $Liability/ Owner's\ equity\ (\%) = \frac{Liabilities}{Owner's\ Equity} * 100$   |
| - | $Ebit / Total\ asset\ (\%) ROA = \frac{Ebit}{Total\ asset} * 100$  |
| - | $Ebit / Owner's\ equity\ (\%) ROE = \frac{Ebit}{Owner's\ equity} * 100$  |
| - | $Ebit / Total\ revenue\ (\%) NPM = \frac{Ebit}{Total\ revenue} * 100$  |
| - | $Gross\ Profit / Total\ revenue\ (\%) GPM = \frac{Gross\ Profit}{Total\ revenue} * 100$  |

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**FOREIGN EXCHANGE RATES**

| Currency  | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1    | INR 70.03     |
| UK Pound  | 1    | INR 89.50     |
| Euro      | 1    | INR 79.59     |
| VND       | 1    | INR 0.0030    |

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

**INFORMATION DETAILS**

|                             |     |
|-----------------------------|-----|
| <b>Analysis Done by :</b>   | NIS |
| <b>Report Prepared by :</b> | 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)