

MIRA INFORM REPORT

Report No. :	545927
Report Date :	21.12.2018

IDENTIFICATION DETAILS

Name :	JIANGSU NIJAXIANG WORSTED TEXTILE CO., LTD.
Registered Office :	Nijiaxiang, Zhouzhuang Town, Jiangyin City, Jiangsu Province 214423 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	14.09.1999
Unified social credit code.:	913202817168326031
Legal Form :	Limited Liabilities Company
Line of Business :	Subject registered business scope includes manufacturing and processing worsted woolen, woolen cloth simulation, wool, wool textile, clothing, chemical fiber products, yarn, and thread; scouring, finishing of all kinds of fabrics; selling gold products, gold jewelry; importing and exporting commodities and technology.
No. of Employees :	920

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	No Complaints
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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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 Jiangsu Nijiaxiang Worsted Textile Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS Nijiaxiang, Zhouzhuang Town, Jiangyin City, Jiangsu Province 214423 PR China
TEL. NO. 86 (0) 510-86222412
FAX NO. 86 (0) 510-86221161

EXECUTIVE SUMMARY

DATE OF REGISTRATION : SEPTEMBER 14, 1999
UNIFIED SOCIAL CREDIT CODE : 913202817168326031
LEGAL FORM : LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE : NI CHENGLIANG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 200,000,000
STAFF : 920
BUSINESS CATEGORY : MANUFACTURING & PROCESSING & TRADING
REVENUE : CNY 1,276,125,000 (AS OF DEC. 31, 2017)
EQUITIES : CNY 291,201,000 (AS OF DEC. 31, 2017)
WEBSITE : www.hupaotex.com
E-MAIL : N/A
PAYMENT : NO COMPLAINTS
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : FAIRLY STABLE
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

Fair

Stagnant

General Reputation:-

Excellent

Good

Fairly Good

Average

Fair

Detrimental

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Downward	Not known
Not known	Not yet be determined
Not yet be determined	

LEGAL STATUS & HISTORY

SC was established as a limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 913202817168326031.

SC's Import and Export Enterprise Code: 3200716832603

SC's registered capital: CNY 200,000,000

SC's paid-in capital: CNY 100,000,000

Registration Change Record:

Date	Change Contents	of Before the change	After the change
2015-2-15	Legal Representative	Wu Yuezhong	Ni Chengliang
2016-7-26	Legal Representative	Ni Chengliang	Gu Shiqing
2017-8-1	Registered Capital	CNY 100,000,000	CNY 200,000,000
--	Registration No./ Unified Social Credit Code	320281000014649	913202817168326031
2017-12-21	Legal Representative	Gu Shiqing	Ni Chengliang

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

Name of Shareholder (s)	% of Shareholding
Jiangsu Nijiaxiang Group Co., Ltd.	80
Jiangyin Nijiaxiang Textile Co., Ltd.	20

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager Supervisor	Ni Chengliang Zhou Zhihua

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

<i>Name</i>	<i>% of Shareholding</i>
Jiangsu Nijiaxiang Group Co., Ltd.	80
Jiangyin Nijiaxiang Textile Co., Ltd.	20

Jiangsu Nijiaxiang Group Co., Ltd.

Unified Social Credit Code: 91320281142277056A
Date of Registration: January 23, 1987
Legal Form: Limited Liabilities Company
Registered Capital: CNY 250,800,000
Legal Representative: Ni Chengliang 倪成良
Web: www.nijiaxiang.com

Jiangyin Nijiaxiang Textile Co., Ltd.

Unified Social Credit Code: 913202817455668932
Date of Registration: January 15, 2003
Legal Form: Limited Liabilities Company
Registered Capital: CNY 100,000,000
Legal Representative: Zhu Minzhong

MANAGEMENT

Ni Chengliang, Legal Representative, Chairman and General Manager

- Gender: M
- Nationality: China
- Age: 45
- ID# 320219197311213511
- Qualification: University
- Working experience (s):

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

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Zhou Zhihua , Supervisor

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

At present, as supervisor of SC

BUSINESS OPERATION

SC's registered business scope includes manufacturing and processing worsted woolen, woolen cloth simulation, wool, wool textile, clothing, chemical fiber products, yarn, and thread; scouring, finishing of all kinds of fabrics; selling gold products, gold jewelry; importing and exporting commodities and technology.

SC is mainly engaged in manufacturing, processing and selling worsted woolen, etc.

SC's products mainly include: worsted woolen, etc.

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

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

Major Customer

Bagir International Inc.

Staff & Office:

SC is known to have approx. 920 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 a subsidiary at present,

Jiangyin Hongta Woollen Textile Co., Ltd.

Unified Social Credit Code: 91320281250328244J

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Date of Registration: July 17, 2002
Legal Form: Limited Liabilities Company
Registered Capital: CNY 20,000,000
Legal Representative: Gu Shiqing

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 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:

Jiangyin Rural Commercial Bank Zhouzhuang Sub-branch

AC#: 302240201610110016718

******Note:** SC's management declined to release whether it has account in Shanghai Pudong Development Bank.

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	430,632	435,970
Notes receivable	27,208	287,971
Accounts receivable	63,184	97,270
Advances to suppliers	4,145	1,244
Other receivable	959,563	954,464

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JIANGSU NIJAXIANG WORSTED TEXTILE CO., LTD. - 545927

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Inventory	232,020	243,932
Non-current assets within one year	0	0
Other current assets	27	349,460
	-----	-----
Current assets	1,716,779	2,370,311
Long-term investment	20,000	20,000
Fixed assets	89,828	146,091
Construction in progress	0	3,789
Intangible assets	10,719	10,445
Long-term prepaid expenses	4,603	3,556
Deferred income tax assets	11,192	9,955
Other non-current assets	4,224	3,262
	-----	-----
Total assets	1,857,345	2,567,409
	=====	=====
Short-term loans	748,750	978,330
Notes payable	505,000	603,040
Accounts payable	278,444	272,005
Wages payable	33,499	34,415
Taxes payable	8,119	5,404
Advances from clients	8,138	10,438
Other payable	7,835	17,835
Other current liabilities	1,078	354,741
	-----	-----
Current liabilities	1,590,863	2,276,208
Non-current liabilities	0	0
	-----	-----
Total liabilities	1,590,863	2,276,208
Equities	266,482	291,201
	-----	-----
Total liabilities & equities	1,857,345	2,567,409
	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	1,179,003	1,276,125
Cost of sales	1,047,846	1,139,298
Sales expense	10,916	7,930
Management expense	45,856	58,941
Finance expense	40,964	38,036
Profit before tax	-28,238	29,587
Less: profit tax	-5,966	4,868
Profits	-22,272	24,719

Important Ratios

=====	As of Dec. 31, 2016	As of Dec. 31, 2017
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*Current ratio	1.08	1.04
*Quick ratio	0.93	0.93
*Liabilities to assets	0.86	0.89
*Net profit margin (%)	-1.89	1.94
*Return on total assets (%)	-1.20	0.96
*Inventory / Revenue x365	72 days	70 days
*Accounts receivable/ Revenue x365	20 days	28 days
*Revenue/Total assets	0.63	0.50
*Cost of sales / Revenue	0.89	0.89

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

- The revenue of SC appears fairly good in its line.
- SC's net profit margin is average in 2017.
- SC's return on total assets is average in 2017.
- 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 normal level.
- The inventory of SC is maintained in an average level.
- The accounts receivable of SC is maintained in an average level.
- 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: FAIR

- The debt ratio of SC is fairly high.
- The risk for SC to go bankrupt is average.

Overall financial condition of the SC: Fairly Stable.

CONCLUSIONS

SC is considered medium-sized in its line with fairly stable financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.28
UK Pound	1	INR 88.85
Euro	1	INR 80.05
CNY	1	INR 10.18

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	KET

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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)