

## MIRA INFORM REPORT

<b>Report No. :</b>	522565
<b>Report Date :</b>	28.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	LUOYANG DEPING TECHNOLOGY CO.,LTD
<b>Registered Office :</b>	Sanyuan Industrial Park Heluo Road Hi-Tech Development Zone Luoyang Part Free Trade Zone Henan Province, Pr
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.12.2017 [Consolidated]
<b>Date of Incorporation :</b>	14.03.2005
<b>Credibility Code :</b>	914103007721764875
<b>Legal Form :</b>	Shares limited co
<b>Line of Business :</b>	The subject's registered business scope includes design R & D, production and sales of general equipment, industrial special equipment, mining equipment, pipeline construction equipment, pipeline emergency equipment; consulting services for mechanical processing, mechanical maintenance and industrial technology; equipment lease; importing and exporting the above goods (excluding confined items)
<b>No. of Employees :</b>	51

### RATING & COMMENTS

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

**MIRA's Rating :** A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	No Complaints
<b>Litigation :</b>	Clear

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**NOTES :**

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**

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 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

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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** : LUOYANG DEPING TECHNOLOGY CO.,LTD.  
**Address** : SANYUAN INDUSTRIAL PARK INTERSECTION OF HELUO  
ROAD AND SANYUAN ROAD HI-TECH DEVELOPMENT ZONE  
LUOYANG HENAN PROVINCE, PR CHINA  
**Telephone** : 0086-379-64609116  
**Facsimile** : 0086-379-64281526  
**Website** : <http://www.lydpjx.com>  
**Email** : [lydpjx@163.com](mailto:lydpjx@163.com)

## **REGISTRATION INFORMATION**

**Established Date** : 2005-03-14  
**Credibility Code** : 914103007721764875  
**Legal Form** : Shares limited co.  
**Registration Authority** : Administration for Industry & Commerce (AIC) – Luoyang  
**Status** : Active  
**Registered Capital** : RMB 20,000,000  
**Paid Up Capital** : RMB 20,000,000  
**Turnover** : RMB 21,627,000 (Consolidated as of Dec. 31, 2017)  
**Equities** : RMB 34,173,000 (Consolidated as of Dec. 31, 2017)  
**Chief Executive** : Wang Guanglin  
**Business Line** : Manufacturer  
**Manpower** : 51  
**Tax Registration**  
**Certificate No.** : 914103007721764875  
**Organization Code** : 77217648-7  
**HS code** : 4103960627  
**Import & Export code** : 4100772176487  
**Financial Condition** : Fairly good  
**Business Size** : Small Enterprise  
**Payment** : No complaints

### **Registered Address**

Sanyuan Industrial Park Heluo Road Hi-Tech Development Zone Luoyang Part Free Trade Zone Henan Province, Pr China

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

**Premise**

The subject operates from premises located at the heading address, and this address houses its operating office and factory in Luoyang. Our checks reveal that the subject rents the total premise, but the square meters are unknown.

***MANAGEMENT***

<b>Position</b>	<b>Name</b>	<b>Nationality</b>
Legal representative, General Manager Chairman	Wang Guanglin	Chinese
Directors	Li Tao	Chinese
	Wan Jun	
	Zhu Xiaoguang	
	Wang Ruifeng	
Supervisors	Wu Kaijun	Chinese
	Ru Yaning	
	Li Jianchun	

***MAJOR SHAREHOLDERS***

<b>Name (As of 2018-04-13)</b>	<b>% Shareholding</b>
Wang Guanglin	89.5
Wan Jun	4
Wang Ruifeng	3.5
Li Jianchun	1.5
Zhu Xiaoguang	1
Other Shareholders	0.5

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## **KEY EVENTS**

*Changes of its registered information are as follows:*

<b>Date of change</b>	<b>Item</b>	<b>Before the change</b>	<b>After the change</b>
2014-07-31	Registered capital	RMB 7,000,000	Present one
2014-09-30	Company name	Luoyang De Ping Machinery Equipment Co., Ltd.	Present one

## **BUSINESS OPERATIONS**

The subject's registered business scope includes design R & D, production and sales of general equipment, industrial special equipment, mining equipment, pipeline construction equipment, pipeline emergency equipment; consulting services for mechanical processing, mechanical maintenance and industrial technology; equipment lease; importing and exporting the above goods (excluding confined items)

The subject is mainly engaged in manufacturing and selling pipeline construction equipment.

Products:

Internal Pneumatic Pipe Line-Up Clamp  
Pipeline Roller Cradle  
Paywelder  
Pipe Facing Machine  
Internal Welding Machine  
Automatic Welding System  
Pipe Bending Mandrel  
External Pipe Line-Up Clamp  
Pipe Fired Ring Heater

The subject sources its materials 60% from domestic market, and 40% from overseas market. the subject sells 50% of its products in domestic market, and 50% to overseas market.

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

## **SUPPLIER & CUSTOMER**

\*Major Supplier:

CSIC No. 725 Institute  
Luoyang Zhuote Industrial & Trading Co., Ltd.

\*Major Customer:

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Offshore Oil Engineering Co.,Ltd.  
Daqing Qilfield Construction Group Co.,Ltd.

## ***RELATED COMPANIES***

### **Subsidiaries**

Luoyang De Ping Pipeline Construction Co., Ltd.

=====  
Credibility Code: 91410300MA3XD89885  
Legal representative: Wang Ruifeng  
Registered Capital: RMB 9,000,000  
Established Date: 2016-09-02

## ***NEGATIVE INFORMATION***

**Lawsuit Record:** No record.

**Trade payment experience:** None in our database.

**Delinquent payment record:** None in our database.

**Debt collection record:** No overdue amount owed by the subject was placed to us for collection within the last 6 years.

**Customs administrative penalty:** No record.

**Equity freeze information:** No record.

**Administrative Penalty:** No record.

## ***MORTGAGE***

There is no record of mortgage information at present.

## ***TRADEMARK***

<b>Registration No.</b>	<b>Registration Date</b>	<b>Trademark Design</b>
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11195245

2013-11-28



## **PATENT**

Patent name	Published Number	Application	Application number	Date of publication
Full position automatic external welding system for pipeline	CN107984473A		CN2017111673 06.6	2018-05-04
Construction sling for pipeline construction in long distance pipeline	CN207129833U		CN2017208728 04.X	2018-03-23

## **BANKING**

Bank of Communications Luoyang Jiudu Sub-Branch

Account No.: 413069200018000283209

## **ABBREVIATED FINANCIAL STATEMENT**

### **Consolidated Balance Sheet**

Unit: RMB'000

	as of Dec. 31, 2016	as of Dec. 31, 2017
Cash & bank	2,690	6,552
Inventory	11,480	5,674
Accounts receivable	3,066	7,448
Advances to suppliers	2,090	709
Other receivables	1,025	521
Other current assets	10,339	13,501
	-----	-----
Current assets	30,690	34,405
Fixed assets net value	1,482	7,244
Intangible assets	149	130
Long-term prepaid expenses	1,152	674
Deferred tax assets	177	237
Other assets	2	3
	-----	-----

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Total assets	33,652	42,693
	=====	=====
Short loans	0	4,000
Accounts payable	2,199	2,591
Advances from customers	482	133
Accrued payroll	478	643
Taxes payable	104	906
Interest payable	0	6
Other accounts payable	138	155
Other current liabilities	3	4
	-----	-----
Current liabilities	3,404	8,438
Non- current liabilities	0	82
	-----	-----
Total liabilities	3,404	8,520
Shareholders equities	30,248	34,173
	-----	-----
Total liabilities & equities	33,652	42,693
	=====	=====

**Consolidated Income Statement**

Unit: RMB'000

	as of Dec. 31, 2016	as of Dec. 31, 2017
Turnover	10,284	21,627
Cost of goods sold	4,926	10,318
Sales expense	1,771	1,291
Management expense	5,910	5,976
Finance expense	181	99
Impairment of assets	-167	314
Profit before tax	2,071	4,675
Less: profit tax	297	533
Net profit	1,774	4,142

**Important Ratios**

	as of Dec. 31, 2016	as of Dec. 31, 2017
*Current ratio	9.02	4.08
*Quick ratio	5.64	3.40
*Liabilities to assets	0.10	0.20
*Net profit margin (%)	17.25	19.15
*Return on total assets (%)	5.27	9.70
*Inventory /Turnover x365	408 days	96 days
*Accounts receivable/Turnover x365	109 days	126 days
*Turnover/Total assets	0.31	0.51
* Cost of goods sold/Turnover	0.48	0.48

**PROFITABILITY: FAIRLY GOOD**

The turnover of the subject is average.

The subject's net profit margin is fairly good.

The subject's return on total assets is fairly good.

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The subject's cost of goods sold is low, comparing with its turnover.

**LIQUIDITY: FAIRLY GOOD**

The current ratio of the subject is maintained in a fairly good level.  
The subject's quick ratio is maintained in a fairly good level.  
The inventory of the subject is fairly large.  
The accounts receivable of the subject is fairly large.  
The short-term loan of the subject is average in 2017.  
The subject's turnover is in a fair level, comparing with the size of its total assets.

**LEVERAGE: FAIRLY GOOD**

The debt ratio of the subject is low.  
The risk for the subject to go bankrupt is average.

**TREND ANALYSIS**

		2015	2016	2017
<b>Sales Trend</b>		--	--	↑
<b>Profit margin</b>		--	--	↑
<b>Debt to assets ratio</b>		--	--	↑
<b>Overall</b>	<b>Financial</b>	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fairly Good	<input type="checkbox"/> Stable
<b>Condition</b>		<input type="checkbox"/> Fairly Stable	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

**COMMENT**

The subject was registered as a Shares limited co. at local Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license).

The subject is considered small-sized in its line with fairly good financial conditions.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.70
UK Pound	1	INR 89.99
Euro	1	INR 79.98
CNY	1	INR 10.07

**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)

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