

## MIRA INFORM REPORT

<b>Report No. :</b>	519097
<b>Report Date :</b>	11.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	DALIAN FARIC GARMENT ENTERPRISES CORP LTD
<b>Registered Office :</b>	1-2/F No. 6-1 Fuquan East 2 <sup>nd</sup> Road Dalian Economic Technological Development Zone Dalian Liaoning Province, Pr
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	21.03.2005
<b>Com. Reg. No.:</b>	91210213759939531X
<b>Legal Form :</b>	Chinese-foreign equity joint venture enterprise
<b>Line of Business :</b>	The subject's registered business scope includes processing suit, fashion and all kinds of clothes (with permit if needed)
<b>No. of Employees :</b>	380

**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

**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

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## **COMPANY NAME AND ADDRESS**

**Company Name** : Dalian Faric Garment Enterprises Corp Ltd  
**Address** : 1-2/F NO. 6-1 FUQUAN EAST 2ND ROAD DALIAN  
ECONOMIC TECHNOLOGICAL DEVELOPMENT ZONE DALIAN  
LIAONING PROVINCE, PR CHINA  
**Telephone** : 0086- 411-87342112  
**Facsimile** : --  
**Website** : --  
**Email** : [faric9@china-faric.com](mailto:faric9@china-faric.com)

Note: The given address was the former one.

## **REGISTRATION INFORMATION**

**Established Date** : 2005-03-21  
**Credibility Code** : 91210213759939531X  
**Legal Form** : Chinese-foreign equity joint venture enterprise  
**Registration Authority** : Market Supervision Bureau – Jinpu New Dist. Dalian  
**Status** : Active  
  
**Registered Capital** : RMB 20,000,000  
**Paid Up Capital** : RMB 20,000,000  
**Turnover** : RMB 108,303,000 (as of Dec. 31, 2017)  
**Equities** : RMB 25,516,000 (as of Dec. 31, 2017)  
  
**Chief Executive** : Chu Mingli  
**Business Line** : Manufacturer  
**Manpower** : 380  
  
**Tax Registration**  
**Certificate No.** : 91210213759939531X  
**Organization Code** : 75993953-1  
  
**HS code** : 2102932737/ 2102231284  
**Import & Export code** : --  
  
**Financial Condition** : Stable  
**Business Size** : Medium Enterprise  
**Payment** : No complaints

### **Registered Address**

1-2/F No. 6-1 Fuquan East 2<sup>nd</sup> Road Dalian Economic Technological Development Zone Dalian Liaoning Province, Pr China

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**Company Status: Chinese-foreign equity joint venture enterprise**

This form of business in PR China is defined as a legal person. It is a limited co. jointly invested by one or more foreign companies and one or more PR China controlled companies within the territories of PR China according to a certain proportion of capital investment. The investing parties exercise business management, share profits and bear all risks and liabilities of the co. together. The equity joint venture law requires that foreign party contribute not less than 25% of the registered capital, with no maximum. The investing parties are free to agree on method of profit distribution and liabilities bearing according to the proportion of capital investment. Each investing parties contributes funds, tangible assets, technology & etc. The board of directors excises the high authority. The joint venture usually has a limited duration of 10 to 50 years. Enterprise with large investment, long construction periods, low investment returns, introducing of advanced technology & advanced technology products that have good competition position in international market may extend beyond the 50 years limit.

**Premise**

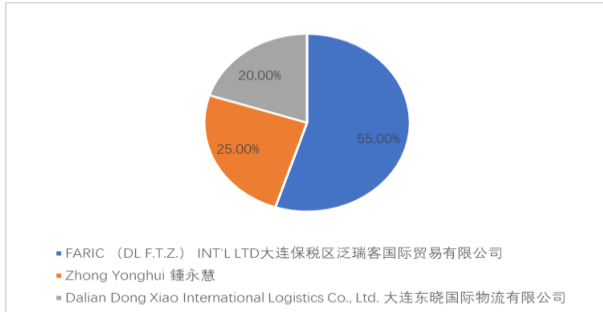
The subject operates from premises located at the heading address, and this address houses its operating office and factory in Dalian. Our checks reveal that the subject rents the total premise, but the square meters are unknown.

## ***MANAGEMENT***

<b>Position</b>	<b>Name</b>	<b>Nationality</b>
Legal representative, Chairman	Chu Mingli	Chinese
Directors	Zhong Yonghui	--
	Liu Jianfen	Chinese
	Wang Yulan	
	Chu Xuemei	

## ***MAJOR SHAREHOLDERS***

<b>Name</b>	<b>% Shareholding</b>
Faric (DI F.T.Z.) Int'L Ltd	55.00%
Zhong Yonghui	25.00%
Dalian Dong Xiao International Logistics Co., Ltd.	20.00%



Faric (DI F.T.Z.) Int'L Ltd

Credibility Code: 91210242732762334U

Legal representative: Liu Jianfen

Registered Capital: RMB 2,000,000

Established Date: 2001-12-12

## **KEY EVENTS**

No Significant Changes.

## **BUSINESS OPERATIONS**

The subject's registered business scope includes processing suit, fashion and all kinds of clothes (with permit if needed)

The subject is mainly engaged in manufacturing and selling garments.

Products:

Men's Suits

Men's Woven Jackets

Other garments

The subject sources its materials 80% from domestic market, and 20% from overseas market. the subject sells 50% of its products in domestic market, and 50% to overseas market, mainly U.S.A. and Ecuador, Russia, etc.

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 customer:

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Kenvin Inc. (United States)

## ***RELATED COMPANIES***

No Subsidiary

## ***NEGATIVE INFORMATION***

**Lawsuit Record:** No record.

**Trade payment experience:** The subject 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 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***

No record.

## ***PATENT***

No record.

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## **BANKING**

The subject declined to release its banking details.

## **ABBREVIATED FINANCIAL STATEMENT**

### **Financial Summary**

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Unit: RMB'000

	As of Dec. 31, 2016	As of Dec. 31, 2017
Total assets	41,310	43,287
	=====	=====
Total liabilities	16,320	17,771
Equities	24,990	25,516
	-----	-----
Total liabilities & equities	41,310	43,287
	=====	=====
Turnover	133,990	108,303
Profits before tax	1,160	735
Less: tax	300	190
Profits	860	545

### **Important Ratios**

=====

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Liabilities to assets	0.40	0.41
*Net profit margin (%)	0.64	0.50
*Return on total assets (%)	2.08	1.26
*Turnover/Total assets	3.24	2.50

### **PROFITABILITY: AVERAGE**

The turnover of the subject appears fairly good in its line.

the subject's net profit margin is average.

the subject's return on total assets is average.

the subject's turnover is average, comparing with the size of its total assets.

### **LEVERAGE: AVERAGE**

The debt ratio of the subject is average.

The risk for the subject to go bankrupt is average.

### **TREND ANALYSIS**

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2015	2016	2017
------	------	------

Sales Trend	--	--	↓	
Profit margin	--	--	↓	
Debt to assets ratio	--	--	↑	
Overall	Financial	<input type="checkbox"/> Good	<input type="checkbox"/> Fairly Good	■ Stable
Condition		<input type="checkbox"/> Fairly Stable	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor

## COMMENT

The subject was registered as a Chinese-foreign equity joint venture enterprise at local Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license).

The subject is considered medium-sized in its line with stable financial conditions.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 91.11
Euro	1	INR 80.78
CNY	1	INR 10.32

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	DIV
<b>Report Prepared by :</b>	SYL

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**RATING EXPLANATIONS**

<b>Credit Rating</b>	<b>Explanation</b>	<b>Rating Comments</b>
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)