

MIRA INFORM REPORT

Report No. :	520362
Report Date :	18.07.2018

IDENTIFICATION DETAILS

Name :	JIANGSU HAIYANG CHEMICAL FIBRES CO., LTD.
Registered Office :	No. 28 Haiyang Road, Taizhou, Jiangsu Province 225300 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	05.11.1979
Unified Social Credit Code :	913212021418505860
Legal Form :	Limited Liabilities Company
Line of Business :	Manufacturing and selling organic chemical products, chemical fiber raw materials (Caprolactam slice, thread, and wire), nylon cord fabric, plastic product, warehousing service, management and commission of import and export of all kinds of goods and technology.
No. of Employees :	1,764

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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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

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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 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	Jiangsu Haiyang Chemical Fibres Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 28 Haiyang Road, Taizhou, Jiangsu Province 225300 PR China
TEL. NO.	86 (0) 523-86559771/86550500
FAX NO.	86 (0) 523-86558655

EXECUTIVE SUMMARY

Date of Registration	: november 5, 1979
UNIFIED SOCIAL CREDIT CODE	: 913212021418505860
LEGAL FORM	: Limited liabilities company
CHIEF EXECUTIVE	: LU XINCAI (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 90,000,000
staff	: 1,764
BUSINESS CATEGORY	: MANUFACTURING & TRADING
Revenue	: CNY 3,498,326,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 216,017,000 (AS OF DEC. 31, 2017)
WEBSITE	: www.pa6.com.cn
E-MAIL	: N/A
PAYMENT	: REGULAR
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: 913212021418505860.

SC's Import and Export Enterprise Code: 3200141850586

SC's registered capital: CNY 90,000,000

SC's paid-in capital: CNY 90,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
1982-04-07	Registered Capital	CNY 1,839,600	CNY 2,915,000
1988-01-21	Registered Capital	CNY 2,915,000	CNY 12,954,000
1988-05-03	Company Name	Taizhou Synthetic Fiber Factory	Taizhou Cord Fabrics Factory
1990-05-25	Legal Representative	Miao Hanzhong	Cai Yuanyi
	Registered Capital	CNY 12,954,000	CNY 14,738,000
1992-03-20	Registered Capital	CNY 14,738,000	CNY 27,171,698
1992-07-29	Legal Representative	Cai Yuanyi	Yang Jianhua
1993-05-27	Company Name	Taizhou Cord Fabrics Factory	Nanjing Chemical Industrial (Group) Corp. Taizhou Chemical Fiber Limited
1997-03-14	Company Name	Nanjing Chemical Industrial (Group) Corp. Taizhou Chemical Fiber Limited	Nanjing Chemical Industrial Group Taizhou Chemical Fiber Limited
1997-12-05	Legal Representative	Yang Jianhua	Shen Jiaguang
1999-03-29	Legal Representative	Shen Jiaguang	Lu Xincal
2006-07-20	Company Name	Nanjing Chemical Industrial Group Taizhou Chemical Fiber Limited	Jiangsu Haiyang Chemical Fiber Co., Ltd.
	Registered Capital	CNY 27,171,698	CNY 48,159,511

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2010-04-07	Shareholders (%) (% of Shareholding)	Lu Xincai 2.80% Shen Jianguang 2.80% Wang Sufeng 2.80% Xu Youlan 2.77% Zhang Keyin 2.80% Other Shareholders 86.03%	Lu Xincai 6.19% Shen Jianguang 4.96% Ji Shibiao 4.95% Zhang Zhigang 4.95% Chen Jianxin 4.94% Wang Sufeng 3.58% Xia Hua 2.12% Cui Shunying 2.12% Zhang Ruijuan 2.11% Huanghua 2.10% Kong Linggen 2.10% Zhu Huilin 2.08% Other 36 individuals 57.80%
--	Registered No.	3212022102924	321202000022589
2013	Shareholders (%) (% of Shareholding)	Lu Xincai 6.19% Shen Jianguang 4.96% Ji Shibiao 4.95% Zhang Zhigang 4.95% Chen Jianxin 4.94% Wang Sufeng 3.58% Xia Hua 2.12% Cui Shunying 2.12% Zhang Ruijuan 2.11% Huanghua 2.10% Kong Linggen 2.10%	Chen Jianxin 6.25% Cui Shunying 1.72% Geng Zhengxian 1.89% Huang Kaihua 1.70% Ji Zengming 5.69% Ji Shibiao 4.80% Kong Linggen 2.91% Liu Rongxi 3.38% Lu Xincai 7.15% Sha Guopei 1.67% Shen Jianguang 5.36%

		Zhu Huilin 2.08%	Wang Sufeng 4.17%
		Other 36 individuals 57.80%	Other 34 individuals 53.31%
	Registered Capital	CNY 48,159,511	CNY 60,198,105
2014-06-26	Registered Capital	CNY 60,198,105	CNY 90,000,000
	Shareholders (%) (% of Shareholding)	Chen Jianxin 6.25%	Chen Jianxin 7.54%
		Cui Shunying 1.72%	Ji Zengming 5.80%
		Geng Zhengxian 1.89%	Ji Shibiao 5.46%
		Huang Kaihua 1.70%	Kong Linggen 3.15%
		Ji Zengming 5.69%	Liu Rongxi 2.78%
		Ji Shibiao 4.80%	Lu Xincai 9.09%
		Kong Linggen 2.91%	Shen Jianguang 6.92%
		Liu Rongxi 3.38%	Wang Sufeng 4.79%
		Lu Xincai 7.15%	Wang Jun 2.47%
		Sha Guopei 1.67%	Wang Lin 2.25%
		Shen Jianguang 5.36%	Other 36 individuals 49.75%
		Wang Sufeng 4.17%	
		Other 34 individuals 53.31%	
2016-4-22	Registration No./Unified Social Credit Code	32120200022589	913212021418505860

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

Name of Shareholder (s)	% of Shareholding
Chen Jianxin	7.54
Ji Zengming	5.80
Ji Shibiao	5.46
Kong Linggen	3.15
Liu Rongxi	2.78
Lu Xincai	9.09
Shen Jianguang	6.92
Wang Sufeng	4.79
Wang Jun	2.47

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Wang Lin	2.25
Other 36 individuals	49.75

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman, and General Manager	Lu Xincal
Director	Ji Shibiao
	Wang Sufeng
	Shen Jiaguang
	Chen Jianxin
	Geng Zhengxian
	Ji Zengming
Supervisor	Zhang Heping
	Miao Jinsong
	Zhu Huilin
	Jiang Baohua
	Zhou Jianxun

RECENT DEVELOPMENT

SC passed through ISO 9001 quality system certification and ISO14001 environment protection system certification. The company won the title of "Measurement and Guarantee Confirmation Enterprise", "Provincial Quality Honesty Enterprise", "Product Except from Inspection", "Jiangsu Water Saving Enterprise".

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Chen Jianxin	7.54
Ji Zengming	5.80
Ji Shibiao	5.46
Kong Linggen	3.15
Liu Rongxi	2.78
Lu Xincal	9.09
Shen Jiaguang	6.92
Wang Sufeng	4.79

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Wang Jun	2.47
Wang Lin	2.25
Other 36 individuals	49.75

MANAGEMENT

Lu Xincui, Legal Representative, Chairman and General Manager

Gender: M
Age: 66
ID# 320112520416161
Qualification: University
Working experience (s):

From 1999 to present, working in SC as legal representative, chairman and general manager
Also working in Jiangsu Haiyang Nylon New Material Co., Ltd. as legal representative

Director

Ji Shibiao
Wang Sufeng
Shen Jianguang
Chen Jianxin
Geng Zhengxian
Ji Zengming

Supervisor

Zhang Heping
Miao Jinsong
Zhu Huilin
Jiang Baohua
Zhou Jianxun

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling organic chemical products, chemical fiber raw materials (Caprolactam slice, thread, and wire), nylon cord fabric, plastic product, warehousing service, management and commission of import and export of all kinds of goods and technology.

SC is mainly engaged in manufacturing and selling chemical fiber materials and polyamide fabrics.

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Brand: Feichi

SC's products mainly include: nylon tire cord, nylon civilian-use slice, high-strength nylon fiber, etc.

SC sources its materials 90% from domestic market and 10% from the overseas market. SC sells 30% of its products to overseas market and 70% in domestic market.

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

Major Customers

E L Wood Braiding Co Inc.
Ribbon Webbing Corp.
Kohinoor India Pvt Ltd.

Major Supplier

Nanjing Disiman Co., Ltd.

Staff & Office:

SC is known to have approx. 1,764 staff at present.

SC owns an area as its operating office & factory of approx. 130,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have 4 subsidiaries at present:

Shanghai Haoxin International Trade Co., Ltd.

Date of Registration: March 6, 2014
Registration No.: 310141000061657
Chief Executive: Chen Jianxin
Registered Capital: CNY 10,000,000

Jiangsu Haiyang Nylon New Material Co., Ltd.

Date of Registration: May 16, 2013
Registration No.: 321200000033538
Chief Executive: Lu Xincui
Registered Capital: CNY 60,000,000

Jiangsu Haohui Trading Co., Ltd.

Date of Registration: May 29, 2012

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Unified Social Credit Code: 91321200596939050U
Chief Executive: Zhang Heping
Registered Capital: CNY 10,000,000

Taizhou Haicheng Guarantee Co., Ltd.

Date of Registration: June 30, 2006
Unified Social Credit Code: 91321200789938396K
Chief Executive: Feng Shanjun
Registered Capital: CNY 261,000,000

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 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

Basic Bank:

Industrial and Commercial Bank of China Taizhou Branch

AC#: 1115020109000044242

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	127,170	175,452
Notes receivable	82,861	37,568
Accounts receivable	210,417	283,322
Advances to suppliers	34,089	51,814
Other receivable	216,993	53,280

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JIANGSU HAIYANG CHEMICAL FIBRES CO., LTD. - 520362

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Inventory	86,225	88,125
Prepaid expenses	0	0
Other current assets	0	0
	-----	-----
Current assets	757,755	689,561
Long-term investment	84,700	104,803
Fixed assets	283,259	280,048
Construction in progress	15,962	7,661
Intangible assets	28,817	28,056
Long-term prepaid expenses	0	0
Deferred income tax assets	0	0
Other non-current assets	0	0
	-----	-----
Total assets	1,170,493	1,110,129
	=====	=====
Short-term loans	304,006	210,000
Notes payable	76,307	39,559
Accounts payable	465,342	559,730
Wages payable	11,065	6,769
Taxes payable	10,394	-12,160
Advances from clients	18,959	28,536
Other payable	12,266	48,910
Accrued expenses	0	0
Other current liabilities	2,065	1,686
	-----	-----
Current liabilities	900,404	883,030
Non-current liabilities	51,218	11,082
	-----	-----
Total liabilities	951,622	894,112
Equities	218,871	216,017
	-----	-----
Total liabilities & equities	1,170,493	1,110,129
	=====	=====
Income Statement		
Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	2,463,724	3,498,326
Cost of sales	2,322,764	3,382,140
Taxes and surcharges	4,366	6,010
Sales expense	35,658	41,856
Management expense	49,857	45,224
Finance expense	41,155	21,824
Investment income	969	648
Non-operating income	3,737	3,314
Non-operating expense	519	1,521
Profit before tax	14,513	3,329
Less: profit tax	3,093	1,501
Profits	11,420	1,828

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Important Ratios

=====

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	0.84	0.78
*Quick ratio	0.75	0.68
*Liabilities to assets	0.81	0.81
*Net profit margin (%)	0.46	0.05
*Return on total assets (%)	0.98	0.16
*Inventory / Revenue x365	13 days	10 days
*Accounts receivable / Revenue x365	32 days	30 days
*Revenue / Total assets	2.10	3.15
*Cost of sales / Revenue	0.94	0.97

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

The revenue of SC appears fairly good in its line.
SC's net profit margin is average.
SC's return on total assets is average.
SC's cost of sales is fairly high, comparing with its revenue.

LIQUIDITY: FAIR

The current ratio of SC is maintained in a fair level.
SC's quick ratio is maintained in a fair 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 average.
SC's revenue is in an average level, comparing with the size of its total assets.

LEVERAGE: AVERAGE

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

Overall financial condition of the SC: Fairly Stable.

CONCLUSIONS

SC is considered an old-established business in large-size with fairly stable financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.30
UK Pound	1	INR 90.52
Euro	1	INR 80.10
CNY	1	INR 10.21

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	DNS

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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)