

## MIRA INFORM REPORT

<b>Report No. :</b>	521541
<b>Report Date :</b>	23.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	GUANGDONG EDING INDUSTRIAL CO., LTD.
<b>Registered Office :</b>	Luonan Industry Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province 528061 PR
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	20.05.2005
<b>Unified Social Credit Code :</b>	91440604775068991C
<b>Legal Form :</b>	Limited liabilities company
<b>Line of Business :</b>	Subject is engaged in researching, developing, manufacturing and selling energy conservation and environmental protection equipment, automation technology and equipment; manufacturing and selling machinery equipment & parts and waterborne anti-fouling agent; processing building ceramics and nano coating of decoration materials; selling ceramic products and chemical materials; importing and exporting commodities.
<b>No. of Employees :</b>	243

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	Slow but Correct
<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

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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. 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 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	GUANGDONG EDING INDUSTRIAL CO., LTD.
CURRENT ADDRESS/ REGISTERED ADDRESS	Luonan Industry Zone, Nanzhuang Town, Chancheng District, Foshan, Guangdong Province 528061 PR China
TEL. NO.	86 (0) 757-82018013/82018018
FAX NO.	86 (0) 757-82018010

## **EXECUTIVE SUMMARY**

DATE OF REGISTRATION	: MAY 20, 2005
UNIFIED SOCIAL CREDIT CODE	: 91440604775068991C
LEGAL FORM	: LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE	: FENG JINGHAO (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 30,000,000
STAFF	: 243
BUSINESS CATEGORY	: R & D & MANUFACTURING & TRADING
REVENUE	: CNY 103,752,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 44,563,000 (AS OF DEC. 31, 2017)
WEBSITE	: <a href="http://www.edinggroup.com">www.edinggroup.com</a>
E-MAIL	: <a href="mailto:eding@edinggroup.com">eding@edinggroup.com</a> & <a href="mailto:eding168@126.com">eding168@126.com</a>
PAYMENT	: SLOW BUT CORRECT
MARKET CONDITION	: AVERAGE
FINANCIAL CONDITION	: FAIRLY STABLE
OPERATIONAL TREND	: FAIRLY STEADY
GENERAL REPUTATION	: AVERAGE

## **OPERATIONAL TREND & GENERAL REPUTATION**

This section aims at indicating the relative positions of SC in respect of its operational trend & general reputation

Operational Trend:-	General Reputation:-
Upward	Excellent
Steady	Good
Fairly Steady	Fairly Good
Ordinary	Average
Fair	Fair
Stagnant	Detrimental
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: 91440604775068991C.

SC's registered capital: cny 30,000,000

SC's paid-in capital: cny 30,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2014-01-22	Shareholder (s) (% of Shareholding)	Chen Xi 15% Cui Jianbo 10% Feng Jinghao 65% Guan Weihong 10%	Liao Weiping 2% Cui Jianbo 10% Guan Weihong 10% Chen Xi 15% Feng Jinghao 63%
2016-6-3	Registration No./ Unified Social Credit Code	440602000069310	91440604775068991C
--	Shareholder (s) (% of Shareholding)	Liao Weiping 2% Cui Jianbo 10% Guan Weihong 10% Chen Xi 15% Feng Jinghao 63%	Feng Jinghao 65% Chen Yifei 15% Guan Weihong 10% Cui Jianbo 10%

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

Name of Shareholder (s)	% of Shareholding
Feng Jinghao	65
Chen Yifei	15
Guan Weihong	10
Cui Jianbo	10

SC's Chief Executives:-

Position	Name
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Legal Representative, Chairman and General Manager  
Supervisor

Feng Jinghao  
Guan Weihong

## **RECENT DEVELOPMENT**

No recent development was found during our checks at present.

## **SHAREHOLDER CHART & BACKGROUND**

Name	% of Shareholding
Feng Jinghao	65
Chen Yifei	15
Guan Weihong	10
Cui Jianbo	10

## **MANAGEMENT**

Feng Jinghao, Legal Representative, Chairman and General Manager  
-----

Gender: M  
ID# 441424197308164819  
Age: 45  
Working experience (s):

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

Guan Weihong , Supervisor  
-----

Gender: M

## **BUSINESS OPERATION**

SC's registered business scope includes researching, developing, manufacturing and selling energy conservation and environmental protection equipment, automation technology and equipment; manufacturing and selling machinery equipment & parts and waterborne anti-fouling agent; processing building ceramics and nano coating

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of decoration materials; selling ceramic products and chemical materials; importing and exporting commodities. (excluding confined items)

SC is mainly engaged in researching, developing, manufacturing and selling energy conservation & environmental protection equipment.

SC's products mainly include:

Full Dry Squaring & Chamfering Machine

Wet Squaring Production Line

Nano Coating & Antifouling Production Line (Aluminum Gearbox Type)

Nano Coating & Antifouling Production Line (Motor Type)

Automatic Ceramic Floor Tile Packaging Production Line

Etc.



SC sources its materials 80% from domestic market and 20% from overseas market. SC sells 40% of its products in domestic market and 60% to overseas 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.

Staff & Office:

-----  
SC is known to have approx. 243 staff at present.

SC rents an area as its operating office and factory, but the detailed information is unknown.

## **RELATED COMPANY**

SC is known to have the following subsidiaries at present,

Shandong Dinghuineng Technology Co., Ltd.

Guangdong Dinghuineng Technology Co., Ltd.

Guangzhou Yikeluo Software Technology Co., Ltd.

Foshan Dingshun Technology Co., Ltd.

## **PAYMENT**

Overall payment appraisal:

Excellent    Good    Average    Fair    Poor    Not yet be determined

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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 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:

China Construction Bank Foshan Nanzhuang Sub-branch

AC#: 44001667247053001378

## ***FINANCIALS***

### **Balance Sheet**

Unit: CNY'000

As of Dec. 31, 2015

Cash	3,420
Notes receivable	0
Accounts receivable	23,530
Advances to suppliers	0
Other receivable	4,480
Inventory	23,610
Non-current assets within one year	0
Other current assets	14,500
	-----
Current assets	69,540
Fixed assets	2,560
Construction in progress	0
Intangible assets	0
Long-term investment	0
Deferred income tax assets	0
Other non-current assets	34,630
	-----
Total assets	106,730
	=====
Short-term loans	36,500
Notes payable	0

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Accounts payable	8,150
Welfares payable	0
Taxes payable	0
Advances from clients	0
Other payable	7,430
Other current liabilities	13,590
	-----
Current liabilities	65,670
Non-current liabilities	1,000
	-----
Total liabilities	66,670
Equities	40,060
	-----
Total liabilities & equities	106,730
	=====

**Income Statement**

Unit: CNY'000

As of Dec. 31, 2015

Revenue	64,040
Cost of sales	49,290
Sales expense	2,320
Management expense	7,950
Finance expense	1,980
Profit before tax	700
Less: profit tax	110
Profits	590

**Financial Summary**

Unit: CNY'000

As of Dec. 31,  
2016

As of Dec. 31,  
2017

Total assets	108,810	130,739
	-----	-----
Total liabilities	67,810	86,176
Equities	41,000	44,563
	-----	-----
Revenue	73,120	103,752
Profits	1,100	2,631

**Important Ratios**

=====

	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.06	--	--
*Quick ratio	0.70	--	--
*Liabilities to assets	0.62	0.62	0.66
*Net profit margin (%)	0.92	1.50	2.54
*Return on total assets (%)	0.55	1.01	2.01
*Inventory / Revenue x365	135 days	--	--
*Accounts receivable / Revenue	135 days	--	--

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x365			
*Revenue / Total assets	0.60	--	--
*Cost of sales / Revenue	0.77	0.67	0.79

## **FINANCIAL COMMENTS**

### **PROFITABILITY: AVERAGE**

The revenue of SC appears average in its line.  
SC's net profit margin is average.  
SC's return on total assets is average.  
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 fair level.  
The inventory of SC appears large.  
The accounts receivable of SC appears large.  
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: AVERAGE**

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

Overall financial condition of the SC: Fairly Stable.

## **CONCLUSIONS**

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

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.85
UK Pound	1	INR 89.67
Euro	1	INR 80.31
CNY	1	INR 10.23

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

**INFORMATION DETAILS**

Analysis Done by :	DIV
Report Prepared by :	TRU

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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)