

MIRA INFORM REPORT

Report No. :	538963
Report Date :	12.11.2018

IDENTIFICATION DETAILS

Name :	GUANGZHOU HAOZHI INDUSTRIAL CO., LTD.
Registered Office :	No. 6 Jiangdong Street, Xiangjiang Village, Yonghe Development Area, Guangzhou, Guangdong Province 511356
Country :	China
Financials (as on) :	30.09.2018
Date of Incorporation :	14.12.2006
Unified social credit code .:	91440101795545871B
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacture machine tool accessories, bearing, metal cutting machine, other metal processing machinery; general equipment repair; importing and exporting goods and technology; manufacturing special equipment for the electronics industry.
No. of Employees :	1,799

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

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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

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 Guangzhou Haozhi Industrial Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS No. 6 Jiangdong Street, Xiangjiang Village, Yonghe Development Area, Guangzhou, Guangdong Province 511356 PR China
TEL. NO. 86 (0) 20-62257588
FAX NO. 86 (0) 20-32226553

EXECUTIVE SUMMARY

DATE OF REGISTRATION : DECEMBER 14, 2006
UNIFIED SOCIAL CREDIT CODE : 91440101795545871B
LEGAL FORM : SHARES LIMITED COMPANY
CHIEF EXECUTIVE : TANG LIJUN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 253,519,670
STAFF : 1,799
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 319,886,000 (CONSOLIDATED, JAN. 1, 2018 TO SEP. 30, 2018)
EQUITIES : CNY 824,308,000 (CONSOLIDATED, AS OF SEP. 30, 2018)
WEBSITE : www.haozhihs.com
E-MAIL : zhongyuying@haozhihs.com
PAYMENT : REGULAR
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : FAIRLY GOOD
OPERATIONAL TREND : FAIRLY STEADY
GENERAL REPUTATION : FAIRLY GOOD

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

General Reputation:-

Excellent

Good

Fairly Good

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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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 91440101795545871B.

SC's Import and Export Enterprise Code: 4401795545871

SC's registered capital: CNY 253,519,670

SC's paid-in capital: CNY 253,519,670

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2016-5-4	Registered Capital	CNY 75,000,000	CNY 100,000,000
2016-12-1	Registered Capital	CNY 100,000,000	CNY 101,448,400
2017-6-13	Registered Capital	CNY 101,448,400	CNY 253,621,000
2018-5-22	Registered Capital	CNY 253,621,000	CNY 253,519,670

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

Name of Shareholder (s) (As of September 30, 2018)	% of Shareholding
Tang Xiuqing	36.43
Tang Lijun	10.71
Guangzhou Haojv Business Management Co., Ltd.	8.37
Wuxi Guolian Zhuocheng Venture Capital Co., Ltd.	3.64
Tang Xiusong	2.63
Luo Wenbin	1.31
Chen Jiaming	0.99
Feng Yuan	0.71
Huang Heng	0.62
Ren Guoqiang	0.4
Other Shareholders	34.19

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Tang Lijun

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General Manager
Deputy General Manager

Tang Xiuqing
Lei Qun
Xiao Yonglin
Ma Wei

RECENT DEVELOPMENT

SC is a listed company in Shenzhen Stock Exchange Market with the code of 300503.

SHAREHOLDER CHART & BACKGROUND

<i>Name (As of September 30, 2018)</i>	<i>% of Shareholding</i>
Tang Xiuqing	36.43
Tang Lijun	10.71
Guangzhou Haojv Business Management Co., Ltd.	8.37
Wuxi Guolian Zhuocheng Venture Capital Co., Ltd.	3.64
Tang Xiusong	2.63
Luo Wenbin	1.31
Chen Jiaming	0.99
Feng Yuan	0.71
Huang Heng	0.62
Ren Guoqiang	0.4
Other Shareholders	34.19

✚ Guangzhou Haojv Business Management Co., Ltd.

Date of Registration: 2011-2-22
Unified Social Credit Code: 91440116569760282H
Legal Representative: Tang Xiuqing
Registered Capital: CNY 5,735,000

✚ Wuxi Guolian Zhuocheng Venture Capital Co., Ltd.

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Date of Registration: 2009-12-23
Unified Social Credit Code: 91320211699319444E
Legal Representative: Gao Jianming
Registered Capital: CNY 50,000,000

MANAGEMENT

Tang Lijun , Legal Representative and Chairman

- Gender: F
- Nationality: China
- Age: 49
- Qualification: EMBA
- Working experience (s):

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

Tang Xiuqing, General Manager

- Gender: M
- Nationality: China
- Age: 45
- Qualification: EMBA
- Working experience (s):

At present, working in SC as general manager, also working in Guangzhou Haojv Business Management Co., Ltd. as legal representative

Deputy General Manager

Lei Qun
Xiao Yonglin
Ma Wei

BUSINESS OPERATION

SC's registered business scope includes manufacture machine tool accessories, bearing, metal cutting machine, other metal processing machinery; general equipment repair; importing and exporting goods and technology; manufacturing special equipment for the electronics industry.

SC is mainly engaged in manufacturing and selling machine tool accessories.

Brand: DK, DAKE

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SC's products mainly include: spindles, spindle repair, rotary table, collet and tool holders, reducer, etc.

SC sources its materials 100% from domestic market, mainly Guangdong. SC sells 90% of its products in domestic market, and 10% 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. 1,799 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 4 subsidiaries at present.

Guangdong Industrial Finance Holding Company

Dongguan Xianlong Motor Company Limited

Guangzhou Private Investment Co., Ltd.

Hunan Hydro-spindle Technology Co., Ltd.

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

China Construction Bank Guangzhou Yonghe Economic Zone Branch

AC#: 44050110307809011901

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Sep. 30, 2018
Cash	36,255	32,126
Notes receivable	177,349	95,584
Accounts receivable	267,396	275,651
Advances to suppliers	1,574	4,928
Interest receivable	0	0
Other receivable	4,240	11,150
Inventory	247,877	369,643
Other current assets	1,262	13,087
	-----	-----
Current assets	735,953	802,169
Financial assets available for sale	1,000	1,000
Long-term equity investment	0	0
Fixed assets	281,059	326,334
Construction in progress	11,180	85,476
Project materials	0	0
Intangible assets	60,809	58,656
Goodwill	28,260	28,260
Long-term prepaid expenses	4,432	3,891
Deferred income tax assets	16,134	18,724
Other non-current assets	30,255	52,186
	-----	-----
Total assets	1,169,082	1,376,696
	=====	=====
Short-term loans	40,000	103,298
Held for trading financial liabilities	0	0
Notes payable & Accounts payable	87,266	107,256
Advances from clients	2,014	2,896
Payroll payable	24,165	21,880
Tax payable	17,805	11,156
Interest payable	0	0
Other payable	58,961	65,588
Non-current liabilities due within	29,600	20,000

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one year		
Other current liabilities	2,338	3,548
	-----	-----
Current liabilities	262,149	335,622
Non-current liabilities	120,960	216,766
	-----	-----
Total liabilities	383,109	552,388
Equities	785,973	824,308
	-----	-----
Total liabilities & equities	1,169,082	1,376,696
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31,	Jan. 1, 2018 to
	2017	Sep. 30, 2018
Revenue	445,668	319,886
Cost of sales	219,764	156,909
Taxes and surcharges	5,995	2,457
Sales expense	49,237	30,649
Management expense	78,722	28,981
Finance expense	1,343	2,476
Investment income	0	0
Non-operating income	1,297	2,334
Non-operating expense	79	1,256
Profit before tax	84,719	57,525
Less: profit tax	9,284	8,249
Profits	75,435	49,276

Important Ratios

	As of Dec. 31,	As of Sep. 30,
	2017	2018
*Current ratio	2.81	2.39
*Quick ratio	1.86	1.29
*Liabilities to assets	0.33	0.40
*Net profit margin (%)	16.93	15.40
*Return on total assets (%)	6.45	3.58
*Inventory / Revenue x365/270	204 days	312 days
*Accounts receivable / Revenue x365/270	219 days	233 days
*Revenue / Total assets	0.38	0.23
*Cost of sales / Revenue	0.49	0.49

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

- The revenue of SC appears fairly good in its line.

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- SC's net profit margin is fairly good.
- SC's return on total assets is average.
- SC's cost of sales is low, comparing with its revenue.

LIQUIDITY: AVERAGE

- The current ratio of SC is maintained in a fairly good level.
- SC's quick ratio is maintained in a fairly good level.
- The inventory of SC appears large.
- The accounts receivable of SC appear large.
- The short-term loans of SC appear average.
- SC's revenue is in a fair level, comparing with the size of its total assets.

LEVERAGE: FAIRLY GOOD

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

Overall financial condition of the SC: Fairly Good.

CONCLUSIONS

SC is considered large-sized in its line with fairly good financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.73
UK Pound	1	INR 94.87
Euro	1	INR 82.52
CNY	1	INR 10.42

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)