

MIRA INFORM REPORT

Report No. :	539366
Report Date :	15.11.2018

IDENTIFICATION DETAILS

Name :	GUANGDONG FUSHAN TECHNOLOGY CO., LTD.
Registered Office :	Anle Industrial Zone, Dongfeng Town, Zhongshan City, Guangdong Province
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	09.01.1997
Com. Reg. No.:	91442000707632458C
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes importing and exporting goods and technology; R & D, manufacturing, processing and selling intelligent equipment, automation equipment, intelligent automated production system, glass crafts, glass deep processing machinery, glass furniture, automotive rearview mirrors, diamond grinding wheels, hardware fittings, metal seals, plastic products, printing machinery, stone processing machinery.
No. of Employees :	119

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

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 SUMMARY

COMPANY NAME	Guangdong Fushan Technology Co., Ltd.
CURRENT ADDRESS	No. 8 Anle Road, Dongfeng Town, Zhongshan City, Guangdong Province 528425 PR China
REGISTERED ADDRESS	Anle Industrial Zone, Dongfeng Town, Zhongshan City, Guangdong Province
TEL. NO.	86 (0) 760-22610338
FAX NO.	86 (0) 760-22610328

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JANUARY 9, 1997
REGISTRATION NO.	: 91442000707632458C
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: LI LIKAI (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 30,000,000
STAFF	: 119
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 16,162,000 (FROM JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES	: CNY 26,579,000 (AS OF JUN. 30, 2018)
WEBSITE	: www.fushan.cn
E-MAIL	: sales@fushan.cn
PAYMENT	: SLOW BUT CORRECT
MARKET CONDITION	: AVERAGE
FINANCIAL CONDITION	: FAIR
OPERATIONAL TREND	: ORDINARY
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

General Reputation:-

Excellent

Good

Fairly Good

Average

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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: 91442000707632458C.

SC's Import and Export Enterprise Code: 4400707632458

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
2014-12-18	Registered Capital	CNY 15,000,000	CNY 76,933,875
2015-9-2	Registered Capital	CNY 76,933,875	CNY 30,000,000
2016-8-12	Legal Form Company Name	Limited Liabilities Company Guangdong Fushan Glass Machinery Co., Ltd.	Shares Limited Company Guangdong Fushan Technology Co., Ltd.

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

Name of Shareholder (s) (As of June 30, 2018)	% of Shareholding
Li Likai	78.2
Zhongshan Baiying Equity investment center (limited partnership)	8
Huang Xiu	5
Dai Yudong	3.8
Other Shareholders	5

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Li Likai
General Manager	Dai Yudong
Deputy General Manager	Lin Changqing Gao Yi

RECENT DEVELOPMENT

SC was listed on the new three board stock market, and the stock code is 870423.

SHAREHOLDER CHART & BACKGROUND

<i>Name (As of June 30, 2018)</i>	<i>% of Shareholding</i>
Li Likai	78.2
Zhongshan Baiying Equity investment center (limited partnership)	8
Huang Xiu	5
Dai Yudong	3.8
Other Shareholders	5

MANAGEMENT

Li Likai , Legal Representative and Chairman

- Gender: M
- Nationality: China
- Age: 55
- Qualification: University
- Working experience (s):

At present, working in SC as legal representative and chairman

Dai Yudong , General Manager

- Gender: M
- Nationality: China
- Age: 54
- Qualification: Master's degree
- Working experience (s):

At present, working in SC as general manager

Lin Changqing , Deputy General Manager

- Gender: M

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- Nationality: China
- Age: 36
- Qualification: University
- Working experience (s):

At present, working in SC as deputy general manager

Gao Yi , Deputy General Manager

-
- Gender: M
 - Nationality: China
 - Age: 51
 - Qualification: University
 - Working experience (s):

At present, working in SC as deputy general manager

BUSINESS OPERATION

SC's registered business scope includes importing and exporting goods and technology; R & D, manufacturing, processing and selling intelligent equipment, automation equipment, intelligent automated production system, glass crafts, glass deep processing machinery, glass furniture, automotive rearview mirrors, diamond grinding wheels, hardware fittings, metal seals, plastic products, printing machinery, stone processing machinery.

SC is mainly engaged in manufacturing and selling glass deep processing machinery, etc.

Brand: FUSHAN

SC's products mainly include:

Stone Machine
Environment Protection Machine
Intelligent Machine
Tempering Line
Edger Equipment
Cutting Machine
Washing Machine
Drilling Machine
Flat Laminating Line
Prismatic Mirror Production Line

SC sources its materials 100% from domestic market, mainly Guangdong. SC sells 60% of its products in domestic market, and 40% to overseas market.

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

Major Customers

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Sichuan Bazhong Huasheng Glass Co., Ltd.
Phu son corporation (Venezuela)
Shanghai Lierong Industrial and Trade Co., Ltd.
Jeenny Trading (Thailand)

Staff & Office:

SC is known to have approx. 119 staff at present.

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

RELATED COMPANY

SC is not known to have any subsidiary at present.

PAYMENT

Overall payment appraisal:

Excellent Good 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's supplier refused 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

The bank information of SC is not filed in SAIC.

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	1,536	3,717
Notes receivable & Accounts receivable	6,168	5,758

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Advances to suppliers	362	259
Other receivable	359	652
Inventory	28,701	26,285
Prepaid expenses	0	0
Other current assets	276	275
	-----	-----
Current assets	37,402	36,946
Fixed assets	19,205	18,519
Construction in progress	0	0
Intangible assets	41,104	40,482
Long-term prepaid expenses	0	0
Deferred income tax assets	2,709	2,735
Other non-current assets	0	0
	-----	-----
Total assets	100,420	98,682
	=====	=====
Short-term loans	48,450	53,110
Notes payable & Accounts payable	13,381	9,562
Wages payable	1,553	1,598
Taxes payable	592	23
Advances from clients	4,888	7,431
Other payable	515	379
Accrued expenses	0	0
Other current liabilities	0	0
	-----	-----
Current liabilities	69,379	72,103
Non-current liabilities	0	0
	-----	-----
Total liabilities	69,379	72,103
Equities	31,041	26,579
	-----	-----
Total liabilities & equities	100,420	98,682
	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31, 2017	From Jan. 1, 2018 to Jun. 30, 2018
Revenue	32,358	16,162
Cost of sales	24,538	13,576
Taxes and surcharges	966	144
Sales expense	3,954	2,337
Management expense	8,320	2,554
Finance expense	2,823	1,538
Non-operating income	73	597
Non-operating expense	95	112
Profit before tax	-5,162	-4,489
Less: profit tax	-894	-27
Profits	-4,268	-4,462

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Important Ratios

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	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	0.54	0.51
*Quick ratio	0.13	0.15
*Liabilities to assets	0.69	0.73
*Net profit margin (%)	-13.19	-27.61
*Return on total assets (%)	-4.25	-4.52
*Inventory / Revenue x365/180	324 days	293 days
*Revenue / Total assets	0.32	0.16
*Cost of sales / Revenue	0.76	0.84

FINANCIAL COMMENTS

PROFITABILITY: FAIR

- The revenue of SC appears average in its line.
- SC's net profit margin is poor.
- SC's return on total assets is fair.
- SC's cost of sales is average, 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 poor level.
- The inventory 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 average.

Overall financial condition of the SC: Fair.

CONCLUSIONS

SC is considered medium-sized in its line with fair financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.10
UK Pound	1	INR 93.70
Euro	1	INR 81.44
CNY	1	INR 10.37

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)