

MIRA INFORM REPORT

Report No. :	533697
Report Date :	12.10.2018

IDENTIFICATION DETAILS

Name :	ZHEJIANG UNIFULL INDUSTRIAL FIBER CO. LTD.
Registered Office :	Hefu Industrial Zone, Huzhou, Zhejiang Province 313017 PR
Country :	China
Financials (as on) :	30.06.2018 (Consolidated)
Date of Incorporation :	30.10.2003
Com. Reg. No.:	91330000755902563E
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope include manufacturing differentiated FDY polyester fiber and specialty industrial fabrics, polyester thread, ceiling film; selling terephthalic acid, ethylene glycol; technology development, technology consulting, technology services for energy technology.
No. of Employees :	3407

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 :

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

COMPANY NAME AND ADDRESS

COMPANY NAME Zhejiang Unifull Industrial Fiber Co., Ltd.
CURRENT ADDRESS/ Hefu Industrial Zone, Huzhou, Zhejiang Province 313017 PR
REGISTERED ADDRESS China
TEL. NO. 86 (0) 572-2833888/3961786
FAX NO. 86 (0) 572-2833555

EXECUTIVE SUMMARY

DATE OF REGISTRATION : OCTOBER 30, 2003
UNIFIED SOCIAL CREDIT CODE : 91330000755902563E
LEGAL FORM : SHARES LIMITED COMPANY
CHIEF EXECUTIVE : WENG ZHONGHUA (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 398,154,658
STAFF : 3,407
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : CNY 1,907,163,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)
EQUITIES : CNY 1,826,619,000 (CONSOLIDATED, AS OF JUN. 30, 2018)
WEBSITE : www.unifull.com
E-MAIL : info@unifull.com & lk_sale@unifull.com
PAYMENT : REGULAR
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : 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

General Reputation:-

Excellent

Good

Fairly Good

Average

Fair

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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: 91330000755902563E.

SC's Import and Export Enterprise Code: 3300755902563

SC's registered capital: CNY 398,154,658

SC's paid-in capital: CNY 398,154,658

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2011	Registered Capital	CNY 183,227,600	CNY 238,195,880
2016-1-6	Registered Capital	CNY 238,195,880	CNY 398,154,658
	Registration No./ Unified Social Credit Code	330500400005453	91330000755902563E
2016-10-26	Legal Representative	Mao Huixin	Weng Zhonghua

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

Name of Shareholder (s) (As of Jun. 30, 2018)	% of Shareholding
Huzhou Unifull Holdings Co., Ltd.	29.8
Hongkong Jiayuan Co., Limited	7.22
Weng Zhonghua	4.51
Li Yinyin	0.7
Other Shareholders	57.77

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager	Weng Zhonghua
Deputy General Manager	Gao Xianchao
	Lai Jianqing
	Meng Xianggong
	Yuan Ping
	Wang Feng

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RECENT DEVELOPMENT

SC is a listed company in Shenzhen Stock Exchange Market with the code of 002427.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
------	-------------------

(As of As of Jun. 30, 2018)

Huzhou Unifull Holdings Co., Ltd.	29.8
Hongkong Jiayuan Co., Limited	7.22
Weng Zhonghua	4.51
Li Yinyin	0.7
Other Shareholders	57.77

Huzhou Unifull Holdings Co., Ltd.

Unified Social Credit Code: 91330503670283628H
Legal Form: One-person Limited Liability Company
Chief Executive: Yang Fumao
Registered Capital: CNY 30,000,000

Hongkong Jiayuan Co., Limited

CR No.: 2214404
Company Type: Private Company Limited by Shares
Date of Incorporation: 23 March 2015
Active Status: Live

MANAGEMENT

Weng Zhonghua , Legal Representative, Chairman and General Manager

Gender: M
Nationality: China
Age: 41
Qualification: EMBA
Working experience (s):

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

Deputy General Manager

Gao Xianchao
Lai Jianqing
Meng Xianggong
Yuan Ping
Wang Feng

BUSINESS OPERATION

SC's registered business scope include manufacturing differentiated FDY polyester fiber and specialty industrial fabrics, polyester thread, ceiling film; selling terephthalic acid, ethylene glycol; technology development, technology consulting, technology services for energy technology.

SC is mainly engaged in manufacturing and selling differentiated FDY polyester fiber.

Brand: **UNIFULL 尤夫**

SC's products mainly include: industrial polyester yarn, dipped cord, dipped fabric, etc.

SC sources its materials 45% from domestic market, and 55% from overseas market, mainly Germany, Japan, Korea, and Taiwan. SC sells 75% of its products in domestic market, and 25% to overseas market, mainly Germany, Holland, U.S.A., Korea, Brazil, Columbia, and Taiwan.

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

Major Customers

Beaver Mfg. Co. Inc.
Dura Line Corporation
Texcope Sac
International Conveyors Limited

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Staff & Office:

SC is known to have approx. 3,407 staff at present.

SC owns an area as its operating office & factory of approx. 41,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to invest in the following companies:

Shanghai Youhang New Energy Technology Co., Ltd.

Shenzhen Unifull Holdings Co., Ltd.

Huzhou Nanxun Taihe Paper Co., Ltd.

Youfu Industrial Fiber Co., Ltd.

Jiangsu Zhihang New Energy Co., Ltd.

Huzhou Unifull Logistics Service Co., Ltd.

Zhejiang Unifull Hi-Tech Industry Co., Ltd.

Huzhou Unifull Logistics Service Co., Ltd.

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 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:

Industrial and Commercial Bank of China Huzhou Branch

AC#: 1205210019001107931

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	1,550,103	412,462
Trading financial assets	0	0
Accounts receivable	1,480,312	1,405,727
Notes receivable	303,274	379,644
Advances to suppliers	70,623	752,495
Interest receivable	253	1,105
Other receivable	459,470	784,220
Inventory	395,014	406,838
Non-current assets within one year	0	0
Other current assets	37,722	30,642
	-----	-----
Current assets	4,296,771	4,173,133
Long-term investment	110,082	108,312
Fixed assets	1,917,217	1,852,881
Construction in progress	240,170	367,860
Project materials	378	371
Fixed assets in liquidation	0	0
Intangible assets	283,436	281,087
Goodwill	820,586	820,842
Long-term deferred expense	2,262	1,923
Deferred income tax assets	24,215	26,677
Other non-current assets	182,442	121,487
	-----	-----
Total assets	7,877,559	7,754,573
	=====	=====
Short-term loans	2,348,380	2,279,968
Notes payable	766,849	615,999
Accounts payable	822,466	763,653
Payroll payable	30,753	22,737
Taxes payable	57,086	68,250
Interest payable	21,118	74,443
Advances from clients	85,758	100,186

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ZHEJIANG UNIFULL INDUSTRIAL FIBER CO. LTD. - 533697

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Other payable	338,676	421,142
Other current liabilities	197,430	272,526
	-----	-----
Current liabilities	4,668,516	4,618,904
Non-current liabilities	1,403,179	1,309,050
	-----	-----
Total liabilities	6,071,695	5,927,954
Equities	1,805,864	1,826,619
	-----	-----
Total liabilities & equities	7,877,559	7,754,573
	=====	=====

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31,	Jan. 1, 2018 to
	2017	Jun. 30, 2018
Revenue	5,111,627	1,907,163
Cost of sales	3,853,371	1,448,049
Business Taxes and Surcharges	35,055	14,781
Sales expense	112,011	68,047
Management expense	352,177	159,708
Finance expense	225,642	164,157
Asset impairment loss	47,619	6,468
Investment income	-1,756	-1,985
Non-operating income	12,461	4,589
Non-operating expense	794	442
Profit before tax	506,984	52,786
Less: profit tax	70,946	28,049
Profits	436,038	24,737

Important Ratios

	As of Dec. 31,	As of Jun. 30,
	2017	2018
*Current ratio	0.92	0.90
*Quick ratio	0.84	0.82
*Liabilities to assets	0.77	0.76
*Net profit margin (%)	8.53	1.30
*Return on total assets (%)	5.54	0.32
*Inventory / Revenue x365/180	29 days	39 days
*Accounts receivable / Revenue x365/180	106 days	133 days
*Revenue / Total assets	0.65	0.25
*Cost of sales / Revenue	0.75	0.76

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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 goods sold is average, comparing with its revenue.

LIQUIDITY: AVERAGE

The current ratio of SC is maintained in a fair level.
SC's quick ratio is maintained in a normal level.
The inventory of SC appears average.
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: FAIRLY GOOD

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

Overall financial condition of the SC: Stable.

CONCLUSIONS

SC is considered large-sized in its line with stable financial conditions. Taking into consideration of SC's general performance, reputation as well as market conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.39
UK Pound	1	INR 98.30
Euro	1	INR 85.90
CNY	1	INR 10.68

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	POJ

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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)