

MIRA INFORM REPORT

Report No. :	534100
Report Date :	13.10.2018

IDENTIFICATION DETAILS

Name :	GAP (SHANGHAI) COMMERCIAL CO., LTD.
Registered Office :	1st Floor, Building 6, No. 800 Changde Road, Jing'An District, Shanghai 200041 PR
Country :	China
Financials (as on) :	30.06.2018
Date of Incorporation :	10.06.2010
Com. Reg. No.:	9131000055597727XA
Legal Form :	Wholly Foreign-Owned Enterprise
Line of Business :	Subject includes clothing, apparel, footwear, perfume, cosmetics, hosiery, luggage, home decor, jewelry, toys, children's supplies, baby stroller, daily necessities, stationery, tableware, household cleaning supplies, furniture, pet products retail, wholesale, commission agency (excluding auction), import, export and ancillary services; the above commodity-related consulting, product design, maintenance service, business management consulting, investment consulting.
No. of Employees :	1,400 (Including Branches)

RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Moderate
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Payment Behaviour :	Slow
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: 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	GAP (Shanghai) Commercial Co., Ltd.
CURRENT ADDRESS	4th Floor, Building 6, No. 800 Changde Road, Jing'An District, Shanghai 200041 PR China
REGISTERED ADDRESS	1st Floor, Building 6, No. 800 Changde Road, Jing'An District, Shanghai 200041 PR China
TEL. NO.	86 (0) 21-60934300/22199666
FAX NO.	86 (0) 21-60934311

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JUNE 10, 2010
UNIFIED SOCIAL CREDIT CODE	: 9131000055597727XA
LEGAL FORM	: WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE	: YANG DEMING (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: USD 102,000,000
STAFF	: 1,400 (INCLUDING BRANCHES)
BUSINESS CATEGORY	: TRADING
REVENUE	: CNY 843,210,000 (From Jan. 1, 2018 to Jun. 30, 2018)
EQUITIES	: CNY -697,410,000 (As of Jun. 30, 2018)
WEBSITE	: N/A
E-MAIL	: N/A
PAYMENT	: SLOW
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIR
OPERATIONAL TREND	: FAIR
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
Downward
Not known
Not yet be determined

General Reputation:-

Excellent
Good
Fairly Good
Average
Fair
Detrimental
Not known
Not yet be determined

LEGAL STATUS & HISTORY

SC was established as wholly foreign-owned enterprise company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 9131000055597727XA.

SC's Import and Export Enterprise Code: 310055597727X

SC's registered capital: USD 102,000,000

SC's paid-in capital: USD 102,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2011-3	Registered Capital	USD 12,000,000	USD 19,000,000
--	Registered Capital	USD 19,000,000	USD 90,000,000
2015-6-3	Registered Capital	USD 90,000,000	USD 102,000,000

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

Name of Shareholder (s)	% of Shareholding
The Gap, Inc. (U.S.A.)	100

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Yang Demin
General Manager	Yu Bingxiang
Director	Christopher William Mohler

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Supervisor

Thomas Joseph Lima
Julie Grollmus Gruber

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
The Gap, Inc. (U.S.A.)	100

Website: <http://www.gapinc.com>
Add.: 2 Folsom St. San Francisco, CA 94105
Tel.: 650-952-4400

MANAGEMENT

Yang Deming, Legal Representative and Chairman

- Gender: M
- Qualification: University
- Working experience (s):

From 2010 to present, working in SC as legal representative and chairman
Also working in Gap (Beijing) Commercial Co., Ltd. as legal representative

Yu Bingxiang, General Manager

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

At present, working in SC as general manager

Director

Christopher William Mohler
Thomas Joseph Lima

Supervisor

Julie Grollmus Gruber

BUSINESS OPERATION

SC's registered business scope includes clothing, apparel, footwear, perfume, cosmetics, hosiery, luggage, home decor, jewelry, toys, children's supplies, baby stroller, daily necessities, stationery, tableware, household cleaning supplies, furniture, pet products retail, wholesale, commission agency (excluding auction), import, export and ancillary services; the above commodity-related consulting, product design, maintenance service, business management consulting, investment consulting. (with permit if needed)

SC is mainly engaged in selling clothing, apparel and so on.

SC's products mainly include: clothing, apparel, footwear, etc.

SC sources the products 20% from domestic market, and 80% from overseas market. SC sells 95% of its products in domestic market, and 5% 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 T/T, L/C and Credit of 30-60 days.

***Major Customers:**

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C Site Texpia, S.A.
CSA Guatemala S.A.

Staff & Office:

SC is known to have approx. 1,400 staff including the ones in branches at present..

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

RELATED COMPANY

SC is known to have following subsidiaries and branches at present,

Gap (Beijing) Commercial Co., Ltd.

Date of Registration: June 18, 2010
Legal Form: Wholly Foreign-Owned Enterprise
Chief Executive: Yang Deming
Registered Capital: USD 18,000,000

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Gap (Shanghai) Commercial Co., Ltd. Hongkou Branch
Gap (Shanghai) Commercial Co., Ltd. Hongyi International Plaza Branch
Gap (Shanghai) Commercial Co., Ltd. Huashan Road Branch
Gap (Shanghai) Commercial Co., Ltd. Jing'an Branch
Gap (Shanghai) Commercial Co., Ltd. Luwan Branch
Etc.

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:

Hong Kong and Shanghai Bank Shanghai Branch
AC#: 088356639011

FINANCIALS

Financial Summary

Unit: CNY'000	As of Jun. 30, 2018
Total assets	1,965,450

Total liabilities	2,662,860
Equities	-697,410

Unit: CNY'000	From Jan. 1, 2018 to Jun. 30, 2018
Revenue	843,210
Profits	-74,680

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Important Ratios

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As of Jun. 30, 2018

*Liabilities to assets	1.35
*Net profit margin (%)	-8.86
*Return on total assets (%)	-3.80
*Revenue/Total assets	0.43

FINANCIAL COMMENTS

PROFITABILITY: FAIR

- The revenue of SC appears fairly good in its line.
- SC's net profit margin is poor.
- SC's return on total assets is fair.

LIQUIDITY: FAIR

- SC's revenue is in a fair level, comparing with the size of its total assets.

LEVERAGE: POOR

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

Overall financial condition of the SC: Fair.

CONCLUSIONS

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.80
UK Pound	1	INR 97.65
Euro	1	INR 85.55
CNY	1	INR 10.64

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

INFORMATION DETAILS

Analysis Done by :	VIVR
Report Prepared by :	NIT

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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)