

## MIRA INFORM REPORT

<b>Report No. :</b>	528669
<b>Report Date :</b>	06.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	ANHUI HUAMAO TEXTILE CO., LTD.
<b>Registered Office :</b>	No. 80 Textile South Road, Anqing, Anhui Province 246018 Pr
<b>Country :</b>	China
<b>Financials (as on) :</b>	30.06.2018
<b>Date of Incorporation :</b>	10.07.1998
<b>Unified Social Credit Code :</b>	91340800704937491X
<b>Legal Form :</b>	Shares Limited Company
<b>Line of Business :</b>	Subject registered business scope includes processing cotton, wool, linen, silk and rayon blended yarn and fabrics, knitwear, clothing; selling textile equipment and accessories, home textiles, investment management.
<b>No. of Employees :</b>	5,393

### RATING & COMMENTS

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

**MIRA's Rating :** **A+**

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

### NOTES :

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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. 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

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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

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## **COMPANY NAME & ADDRESS**

**COMPANY NAME** ANHUI HUAMAO TEXTILE CO., LTD.  
**CURRENT ADDRESS/** NO. 80 TEXTILE SOUTH ROAD, ANQING, ANHUI  
**REGISTERED ADDRESS** PROVINCE 246018 PR CHINA  
**TEL. NO.** 86 (0) 556-5919891  
**FAX NO.** 86 (0) 556-5919900

## **EXECUTIVE SUMMARY**

**DATE OF REGISTRATION** : JULY 10, 1998  
**UNIFIED SOCIAL CREDIT CODE** : 91340800704937491X  
**LEGAL FORM** : SHARES LIMITED COMPANY  
**CHIEF EXECUTIVE** : NI JUNLONG (LEGAL REPRESENTATIVE)  
**REGISTERED CAPITAL** : CNY 943,665,009  
**STAFF** : 5,393  
**BUSINESS CATEGORY** : MANUFACTURING & TRADING  
**REVENUE** : CNY 1,292,544,000 (CONSOLIDATED, JAN. 1, 2018 TO JUN. 30, 2018)  
**EQUITIES** : CNY 4,324,671,000 (CONSOLIDATED, AS OF JUN. 30, 2018)  
**WEBSITE** : [www.chinahuamao.net](http://www.chinahuamao.net)  
**E-MAIL** : [aqfz@mail.hf.ah.cn](mailto:aqfz@mail.hf.ah.cn)  
**PAYMENT** : REGULAR  
**MARKET CONDITION** : COMPETITIVE  
**FINANCIAL CONDITION** : FAIRLY STABLE  
**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

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: 91340800704937491X.

SC's Import and Export Enterprise Code: 3400704937491

SC's registered capital: CNY 943,665,009

SC's paid-in capital: CNY 943,665,009

### **Registration Change Record:-**

<b>Date</b>	<b>Change of Contents</b>	<b>of</b>	<b>Before the change</b>	<b>After the change</b>
--	Registration Unified Social Credit Code	No./	340000000025385	91340800704937491X
2016-4-15	Legal Representative		Zhan Lingzhi	Ni Junlong

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

<b>Name of Shareholder (s) (As of June 30, 2018)</b>	<b>% of Shareholding</b>
Anhui Huamao Group Co., Ltd.	46.4
Tianjin Teda Equity Investment Fund Management Co., Ltd.	1.73
Shenzhen Baopurongyi Asset Management Co., Ltd.- Baopurongyi 1# Private Equity Investment Fund	0.34
Lin Renping	0.34
Wuhan Xinde Real Estate Investment and Development Co., Ltd.	0.32
Wuhan Wuzhou Property Development Co., Ltd.	0.29
Li Junxun	0.28
Li Yujian	0.25
Wang Xiaohua	0.24
Xu Xiankang	0.24
Other Shareholders	49.57

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**SC's Chief Executives:-**

Position	Name
Legal Representative and Chairman	Ni Junlong
General Manager	Zuo Zhipeng
Deputy General Manager	Dai Huangqing
	Hu Mengchun
	Yang Shengming
	Xu Kaifeng

**RECENT DEVELOPMENT**

SC is a listed company in Shenzhen Stock Exchange Market with the code of 000850.

**SHAREHOLDER CHART & BACKGROUND**

Name	% of Shareholding
<b>(As of June 30, 2018)</b>	
-----	
Anhui Huamao Group Co., Ltd.	46.4
Tianjin Teda Equity Investment Fund Management Co., Ltd.	1.73
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**ANHUI HUAMAO TEXTILE CO., LTD. - 528669**

**PAGE NO. : 8**

Anhui Huamao Group Co., Ltd.  
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Date of Registration: December 7, 1999  
Unified Social Credit Code: 91340800151309822U  
Chief Executive: Ni Junlong  
Registered Capital: CNY 112,930,000

Address: No.80, South Fangzhi Road, Anqing City, Anhui, China  
Tel: 0556-5919891/5919892  
Fax: 0556-5919900  
E-mail: [aqfz@mail.hf.ah.cn](mailto:aqfz@mail.hf.ah.cn)

Tianjin Teda Equity Investment Fund Management Co., Ltd.  
-----

Date of Registration: April 5, 2002  
Unified Social Credit Code: 91120116735478662B  
Chief Executive: Sun Quan  
Registered Capital: CNY 200,000,000

Wuhan Wuzhou Property Development Co., Ltd.  
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Date of Registration: October 8, 1996  
Unified Social Credit Code: 91420102271800050X  
Legal Form: Limited Liabilities Company  
Chief Executive: He Zhu何铸  
Registered Capital: CNY 5,000,000

Wuhan Xinde Real Estate Investment and Development Co., Ltd.  
-----

Date of Registration: May 30, 2001  
Unified Social Credit Code: 91420117728267170Q  
Legal Form: Limited Liabilities Company  
Chief Executive: Tu Shuangbing  
Registered Capital: CNY 32,000,000

## **MANAGEMENT**

### **Ni Junlong, Legal Representative and Chairman**

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Gender: M  
Nationality: China  
Age: 53  
Qualification: EMBA  
Working experience (s):

At present, working in SC as legal representative and chairman

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**Zuo Zhipeng, General Manager**  
-----

Gender: M  
Nationality: China  
Age: 48  
Qualification: EMBA  
Working experience (s):

Before, worked in SC as deputy general manager  
At present, working in SC as general manager

**Deputy General Manager**  
-----

Dai Huangqing  
Hu Mengchun  
Yang Shengming  
Xu Kaifeng

## ***BUSINESS OPERATION***

SC's registered business scope includes processing cotton, wool, linen, silk and rayon blended yarn and fabrics, knitwear, clothing; selling textile equipment and accessories, home textiles, investment management.

SC is mainly engaged in manufacturing and selling pure yarn, blended yarn.

Brand: Cheng Feng, Yinbo, etc.

SC's products mainly include: cotton yarn and thread.

SC sources its materials 100% from domestic market. SC sells 75% of its products in domestic market, and 25% to overseas market.

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

**\*Major Customers:**  
=====

Anhui Huamao Import & Export Co., Ltd.  
COTONIFICIO-ALBINI  
Guangdong Esquel Textile Co., Ltd.  
CODEFINE  
Ningbo Youngor Sunrise Textile Dyeing & Finishing Co., Ltd.

**\*Major Suppliers:**  
=====

Anqing Fangrun Package Co., Ltd.

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NTS-Huamao Fashion Ltd.  
Anhui Huamao Import & Export Co., Ltd.

**Staff & Office:**  
-----

SC is known to have approx. 5,393 staff at present.

SC rents an area as its operating office & factory of approx. 432,792 sq. meters at the heading address.

## **RELATED COMPANY**

**SC is known to have the following subsidiaries at present,**

Anqing Zhenfeng Auction Co., Ltd.

Anhui Fenghua Textiles Co., Ltd.

Jiangsu Dafeng Huada Cotton Industry Co., Ltd.

Jiangsu Dafeng Huaxiang Cotton Industry Co., Ltd.

Anhui Huamao Istma Textiles Co., Ltd.

Anhui Huatai Textiles Co., Ltd.

Anhui Huamao Jingwei New Textiles Co., Ltd.

Anhui Huamao Industry Investment Co., Ltd.

Anqing Yuanhong Mining Investment Co., Ltd.

Anhui Huamao Textiles (Qianshan) Co., Ltd.

Xinjiang Huamao Alaer Textiles Co., Ltd.

Anhui Huamao Weaving and Dyeing Co., Ltd.

Anqing Huawei Industrial Fabric Technology Co., Ltd.

Etc.

## **PAYMENT**

**Overall payment appraisal:**

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( ) 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 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:**

Industrial and Commercial Bank of China Anqing Longxiao Sub-branch

AC#: 1309005109022108891

## **FINANCIALS**

### **Consolidated Balance Sheet**

Unit: CNY'000	As of Dec. 31, 2017	As of Jun. 30, 2018
Cash	306,190	245,693
Accounts receivable	204,099	245,954
Notes receivable	70,082	104,941
Advances to suppliers	101,786	239,098
Interest receivable	0	0
Other receivable	22,093	29,727
Inventory	692,441	713,456
Non-current assets within one year	0	0
Other current assets	75,572	64,960
	-----	-----
Current assets	1,472,263	1,643,829
Trading financial assets	2,781,841	2,144,068
Long-term investments	1,088,750	1,085,842
Long-term receivable	0	0
Real estate investment	0	0
Fixed assets	1,829,435	2,044,188
Construction in progress	208,486	32,030
Project materials	0	0
Fixed assets in liquidation	0	0

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Intangible assets	456,565	442,521
Goodwill	276	276
Long-term deferred expense	0	0
Deferred income tax assets	11,146	12,710
Other non-current assets	23,221	22,926
	-----	-----
Total assets	7,871,983	7,428,390
	=====	=====
Short-term loans	1,220,478	1,623,417
Notes payable	5,000	57
Accounts payable	199,841	159,562
Payroll payable	15,149	6,591
Taxes payable	26,959	20,771
Interest payable	57,990	22,867
Advances from clients	25,317	27,131
Other payable	117,194	123,206
Other current liabilities	431,327	102,270
	-----	-----
Current liabilities	2,099,255	2,085,872
Non-current liabilities	1,104,380	1,017,847
	-----	-----
Total liabilities	3,203,635	3,103,719
Equities	4,668,348	4,324,671
	-----	-----
Total liabilities & equities	7,871,983	7,428,390
	=====	=====

**Consolidated Income Statement**

Unit: CNY'000	As of Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018
Revenue	2,342,871	1,292,544
Cost of sales	2,084,645	1,174,615
Business Taxes and Surcharges	20,581	9,583
Sales expense	62,680	38,556
Management expense	162,384	74,279
Finance expense	132,069	57,343
Asset impairment loss	58,743	11,644
Investment income	224,437	184,985
Non-operating income	1,147	484
Non-operating expense	1,784	296
Profit before tax	107,860	139,583
Less: profit tax	25,146	17,764
Profits	82,714	121,819

**Important Ratios**

=====	As of Dec. 31, 2017	As of Jun. 30, 2018
*Current ratio	0.70	0.79

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*Quick ratio	0.37	0.45
*Liabilities to assets	0.41	0.42
*Net profit margin (%)	3.53	9.42
*Return on total assets (%)	1.05	1.64
*Inventory / Revenue x365/180	108 days	100 days
*Accounts receivable / Revenue x365/180	32 days	35 days
*Revenue / Total assets	0.30	0.17
*Cost of sales / Revenue	0.89	0.91

## **FINANCIAL COMMENTS**

### **PROFITABILITY: FAIRLY GOOD**

The revenue of SC appears good in its line.  
SC's net profit margin is fairly good.  
SC's return on total assets is average.  
SC's cost of sales is fairly high, 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 fair level.  
The inventory of SC appears large.  
The accounts receivable of SC appears average.  
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: Fairly Stable.**

## **CONCLUSIONS**

SC is considered large-sized in its line with fairly 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 71.75
UK Pound	1	INR 92.22
Euro	1	INR 83.13
CNY	1	INR 10.53

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRA
<b>Report Prepared by :</b>	TPT

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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)