

MIRA INFORM REPORT

Report No. :	528824
Report Date :	07.09.2018

IDENTIFICATION DETAILS

Name :	COSCO (NANTONG) SHIPYARD CO. LTD.
Registered Office :	No. 1, Zhongyuan Road, Nantong City, Jiangsu Province 226006 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	06.03.1990
Com. Reg. No.:	913206006083052325
Legal Form :	Limited Liabilities Company
Line of Business :	Subject registered business scope includes building, selling and repairing various ship and ocean engineering equipment; building and selling port and lifting machinery; providing technology transfer, technology design, and consulting services for ship and ocean engineering equipment; manufacturing and selling metal structural parts and ship fittings; storage and related assorted services; undertaking offshore mechanical and electrical engineering and international bidding engineering; exporting its equipment and materials, and dispatching labors.
No. of Employees :	1227

RATING & COMMENTS

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

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

Status :	Good
Payment Behaviour :	Regular

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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 (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 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	Cosco (Nantong) Shipyard Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 1, Zhongyuan Road, Nantong City, Jiangsu Province 226006 PR China
TEL. NO.	86 (0) 513-81000878/85056200/85056285
FAX NO.	86 (0) 513-85056284

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: MARCH 6, 1990
UNIFIED SOCIAL CREDIT CODE	: 913206006083052325
LEGAL FORM	: LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE	: LIANG YANFENG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 869,269,778.36
STAFF	: 1,227
BUSINESS CATEGORY	: MANUFACTURING
REVENUE	: CNY 932,720,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 297,799,000 (AS OF DEC. 31, 2017)
WEBSITE	: www.shipoffshore.com.cn
E-MAIL	: ntzhaopin@cosco-shipyard.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY 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

Stagnant

General Reputation:-

Excellent

Good

Fairly Good

Average

Fair

Detrimental

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Downward	Not known
Not known	Not yet be determined
Not yet be determined	

LEGAL STATUS & HISTORY

SC was established as a limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 913206006083052325.

SC's registered capital: CNY 869,269,778.36

SC's paid-in capital: CNY 869,269,778.36

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2014-8-26	Legal Representative	Wang Yuhang	Liang Yanfeng
2017-11-30	Legal Form Registered Capital Shareholder (s)	Chinese Foreign Equity Joint Venture Enterprise CNY 123,230,000 COSCO Shipyards Group Co., Ltd. COSCO Corporation (Singapore) Limited	Limited Liabilities Company CNY 869,269,778.36 COSCO Shipyards Group Co., Ltd. COSCO Shipping Heavy Industry Co., Ltd.
--	Registration No./ Unified Social Credit Code	320600400000068	913206006083052325

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

Name of Shareholder (s)	% of Shareholding
COSCO Shipyards Group Co., Ltd.	50
COSCO Shipping Heavy Industry Co., Ltd.	50

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Liang Yanfeng
General Manager and Director	Li Rong
Director	Yu Jianzhong
	Qiu Shaohua
Supervisor	Lu Jianping

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RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
COSCO Shipyards Group Co., Ltd.	50
COSCO Shipping Heavy Industry Co., Ltd.	50

COSCO Shipyards Group Co., Ltd.

Unified Social Credit Code: 91210213138316323L
Date of Registration: May 14, 1988
Legal Form: One-person Limited Liabilities Company
Registered Capital: CNY 1,348,776,205
Legal Representative: Liang Yanfeng

COSCO Shipping Heavy Industry Co., Ltd.

Unified Social Credit Code: 91310109MA1G58LM60
Legal Form: One-person Limited Liabilities Company
Registered Capital: CNY 2,466,000,000
Legal Representative: Wang Yuhang

MANAGEMENT

Liang Yanfeng , Legal Representative and Chairman

Gender: M
Nationality: China
Age: 53
ID# 110108196504278938
Qualification: University
Working experience (s):

At present, working in SC as legal representative and chairman
Also working in COSCO Shipyards Group Co., Ltd. as legal representative

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Li Rong, General Manager and Director

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

At present, working in SC as general manager and director

Director

Yu Jianzhong
Qiu Shaohua (Also working in Nantong Cosco Clavon Anticorrosion Engineering Pte. Ltd. as legal representative)

Supervisor

Lu Jianping

BUSINESS OPERATION

SC's registered business scope includes building, selling and repairing various ship and ocean engineering equipment; building and selling port and lifting machinery; providing technology transfer, technology design, and consulting services for ship and ocean engineering equipment; manufacturing and selling metal structural parts and ship fittings; storage and related assorted services; undertaking offshore mechanical and electrical engineering and international bidding engineering; exporting its equipment and materials, and dispatching labors.

SC is mainly engaged in manufacturing marine engineering equipment and ship-repairing conversion business.

SC's products mainly include: maritime works module, other vessel component, etc.

Trademark:

ORDIC

SC sources its material 100% from domestic market. SC sells 60% of its products in domestic market, and 40% to overseas market, mainly U.S.A., etc.

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:

=====
Helix Energy Solutions Group
Letourneau Technologies Drilling

Staff & Office:

SC is known to have approx. 1,227 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 a subsidiary at present,

Nantong Cosco Clavon Anticorrosion Engineering Pte.Ltd.

Unified Social Credit Code: 913206001383038212

Date of Registration: July 6, 1991

Legal Form: One-person Limited Liabilities Company

Registered Capital: CNY 15,725,730

Legal Representative: Qiu Shaohua

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 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

The bank information of SC is not filed in local SAIC.

FINANCIALS

Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	93,659	142,758
Notes receivable	800	7,544
Accounts receivable	3,762,576	1,641,638
Advances to suppliers	74,332	106,608
Other receivable	1,096,134	524,534
Inventory	990,849	1,000,449
Prepaid expenses	0	0
Other current assets	48,714	506,517
	-----	-----
Current assets	6,067,064	3,930,048
Investment real estate	323	290
Fixed assets	461,426	425,315
Construction in progress	0	1,157
Intangible assets	30,042	29,765
Long-term prepaid expenses	9,836	9,596
Deferred income tax assets	81,878	81,879
Other non-current assets	0	0
	-----	-----
Total assets	6,650,569	4,478,050
	=====	=====
Short-term loans	221,984	32,442
Notes payable	8,664	7,915
Accounts payable	1,520,825	982,526
Wages payable	51,806	61,584
Taxes payable	357	211
Interest payable	8,424	8,776
Dividends payable	64,697	0
Advances from clients	47,199	47,345
Other payable	114,324	135,855
Accrued expenses	0	0
Other current liabilities	2,278,592	10,168
	-----	-----
Current liabilities	4,316,872	1,286,822
Non-current liabilities	2,086,677	2,893,429
	-----	-----
Total liabilities	6,403,549	4,180,251
Equities	247,020	297,799
	-----	-----
Total liabilities & equities	6,650,569	4,478,050
	=====	=====

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Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	931,976	932,720
Cost of sales	1,051,401	733,440
Taxes and surcharges	2,999	4,391
Sales expense	252,800	38,175
Management expense	163,078	97,019
Finance expense	146,742	65,857
Income from investment	3,095	123
Non-operating income	47,076	26,426
Non-operating expense	106,305	2,484
Profit before tax	-1,362,366	50,779
Less: profit tax	260,566	0
Profits	-1,622,932	50,779

Important Ratios

=====	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.41	3.05
*Quick ratio	1.18	2.28
*Liabilities to assets	0.96	0.93
*Net profit margin (%)	-174.14	5.44
*Return on total assets (%)	-24.40	1.13
*Inventory / Revenue x365	389 days	392 days
*Accounts receivable / Revenue x365	1,474 days	643 days
*Revenue / Total assets	0.14	0.21
*Cost of sales / Revenue	1.13	0.79

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

The revenue of SC appears fairly good in its line.
SC's net profit margin is average in 2017.
SC's return on total assets is average in 2017.
SC's cost of sales is average, 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 appears 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: AVERAGE

The debt ratio of SC is high.
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.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.92
UK Pound	1	INR 92.80
Euro	1	INR 83.60
CNY	1	INR 10.49

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

INFORMATION DETAILS

Analysis Done by :	NIY
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)