

## MIRA INFORM REPORT

<b>Report No. :</b>	530970
<b>Report Date :</b>	21.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	JIANGSU GUOTAI HUASHENG INDUSTRIAL CO., LTD.
<b>Registered Office :</b>	16-22/F Guotai New Century Square, No. 125 Middle Renmin Road, Zhangjiagang, Suzhou, Jiangsu Province 215600 PR
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.12.2016
<b>Date of Incorporation :</b>	03.01.1998
<b>Unified Social Credit Code :</b>	91320582142166284Y
<b>Legal Form :</b>	Limited Liabilities Company
<b>Line of Business :</b>	Subject registered business scope includes manufacturing textiles and garments; wholesale & retail, importing and exporting commodities and technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement, operating counter trade & transit trade; industrial investment, management and income.
<b>No. of Employees :</b>	1,107

### 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

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**NOTES :**

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

**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

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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 AND ADDRESS**

<b>COMPANY NAME</b>	Jiangsu Guotai Huasheng Industrial Co., Ltd.
<b>CURRENT ADDRESS/ REGISTERED ADDRESS</b>	16-22/F Guotai New Century Square, No. 125 Middle Renmin Road, Zhangjiagang, Suzhou, Jiangsu Province 215600 PR China
<b>TEL. NO.</b>	86 (0) 512-56375625/58687630/58913780
<b>FAX NO.</b>	86 (0) 512-58172289/58913787

## **EXECUTIVE SUMMARY**

DATE OF REGISTRATION	: JANUARY 3, 1998
UNIFIED SOCIAL CREDIT CODE	: 91320582142166284Y
LEGAL FORM	: LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE	: JIN ZHIJIANG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 198,000,000
STAFF	: 1,107
BUSINESS CATEGORY	: MANUFACTURING AND TRADING
REVENUE	: CNY 5,037,284,000 (AS OF DEC. 31, 2016)
EQUITIES	: CNY 609,365,000 (AS OF DEC. 31, 2016)
WEBSITE	: <a href="http://www.gths.cn">www.gths.cn</a>
E-MAIL	: <a href="mailto:luft@gths.cn">luft@gths.cn</a> & <a href="mailto:azaleado@gths.cn">azaleado@gths.cn</a>
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
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

General Reputation:-

Excellent

Good

Fairly Good

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Ordinary	Average
Fair	Fair
Stagnant	Detrimental
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: 91320582142166284Y.

SC's Import and Export Enterprise Code: 3200142166284

SC's registered capital: CNY 198,000,000

SC's paid-in capital: CNY 198,000,000

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

<b>Date</b>	<b>Change of Contents</b>	<b>Before the change</b>	<b>After the change</b>
--	Company Name	Jiangsu Guotai Huasheng Import & Export Co., Ltd.	Jiangsu Guotai Huasheng Industrial Co., Ltd.
2011	Registered Capital	CNY 36,800,000	CNY 100,000,000
2014-11-20	Registered Capital	CNY 100,000,000	CNY 118,000,000
2015-2-12	Registered Capital	CNY 118,000,000	CNY 128,000,000
2016-6-2	Legal Representative	Chang Renfeng	Jin Zhijiang
2017-6-23	Registered Capital	CNY 128,000,000	CNY 198,000,000

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

<b>Name of Shareholder (s)</b>	<b>% of Shareholding</b>
Jiangsu Guotai International Group Guomao Co., Ltd.	60
Zhangjiagang FTZ Shenghong Corporate Management Partnership (Partnership)	25.86
Zhangjiagang FTZ Shenghua Corporate Management Partnership (Limited Partnership)	12.5
Zhangjiagang FTZ Shengfeng Corporate Management Partnership (Limited Partnership)	1.64

**SC's Chief Executives:-**

<b>Position</b>	<b>Name</b>
Legal Representative and Chairman	Jin Zhijiang
General Manager	Zhu Ronghua
Director	Zhang Bin
	Tang Zhufa
	Zhu Ronghua
	Shao Xueyan
Supervisor	Gua Huafeng

## **RECENT DEVELOPMENT**

No recent development was found during our checks at present.

## **SHAREHOLDER CHART & BACKGROUND**

<b>Name</b>	<b>% of Shareholding</b>
Jiangsu Guotai International Group Guomao Co., Ltd.	60
Zhangjiagang FTZ Shenghong Corporate Management Partnership (Partnership)	25.86
Zhangjiagang FTZ Shenghua Corporate Management Partnership (Limited Partnership)	12.5
Zhangjiagang FTZ Shengfeng Corporate Management Partnership (Limited Partnership)	1.64

Jiangsu Guotai International Group Guomao Co., Ltd.

-----  
Date of Registration: May 7, 1998  
Unified Social Credit Code: 91320000703675629U  
Chief Executive: Zhang Ziyang  
Registered Capital: CNY 1,570,774,045

## **MANAGEMENT**

**Jin Zhijiang, Legal Representative and Chairman**

-----  
Gender: M  
Nationality: China  
Age: 42

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Qualification: University  
Working experience (s):

Before, worked in SC as general manager

At present, working in SC as legal representative and chairman, also working in Zhangjiagang Jinxing Garment Co., Ltd. as legal representative

**Zhu Ronghua, General Manager**  
-----

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

At present, working in SC as general manager

**Director**  
-----

Zhang Bin  
Tang Zhufa  
Zhu Ronghua  
Shao Xueyan

**Supervisor**  
-----

Gua Huafeng

## ***BUSINESS OPERATION***

SC's registered business scope includes manufacturing textiles and garments; wholesale & retail, importing and exporting commodities and technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement, operating counter trade & transit trade; industrial investment, management and income.

SC is mainly engaged in manufacturing and selling textiles and garments.

Brand: "Meijielun" and "Hawadi"

SC's products mainly include: textiles, garments, etc.

SC sources its materials 95% from domestic market, and 5% from overseas market. SC sells 30% of its products in domestic market, and 70% 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 Check, T/T, L/C and Credit of 30-60 days.

**\*Major Customers:**

=====  
Kmart Corporation  
G Iii Apparel Group Ltd.  
Sears, Roebuck & Company  
Ikeddi Imp. Llc  
Tiendas Peruanas SA

**Staff & Office:**

-----  
SC is known to have approx. 1,107 staff at present.

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

## ***RELATED COMPANY***

**SC is known to invest in the following companies:**

Zhangjiagang Jinxing Garment Co., Ltd.  
-----

Date of Registration: May 17, 2001  
Unified Social Credit Code: 913205827272598817  
Chief Executive: Jin Zhijiang  
Registered Capital: CNY 4,968,000

Zhangjiagang Guotai Huafeng Textiles Co., Ltd.  
-----

Date of Registration: June 6, 2003  
Unified Social Credit Code: 91320582750044934T  
Chief Executive: Zhang Huimin  
Registered Capital: CNY 5,280,000

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 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:**

Bank of China Zhangjiagang Branch

AC#: 553458195625

## **FINANCIALS**

### **Balance Sheet**

Unit: CNY'000

	<b>As of Dec. 31, 2013</b>	<b>As of Dec. 31, 2014</b>	<b>As of Dec. 31, 2015</b>
Cash	138,579	159,124	154,002
Notes receivable	900	12,521	1,106
Accounts receivable	69,086	222,166	316,804
Advances to suppliers	173,162	195,967	0
Other receivable	448	5,920	5,236
Inventory	71,501	114,156	306,039
Non-current assets within one year	0	0	0
Other current assets	53,900	81,715	-3
	-----	-----	-----
Current assets	507,576	791,569	783,184
Long-term investment	87,441	94,263	63,666
Fixed assets	183,451	179,594	168,595
Construction in progress	0	0	0
Intangible assets	0	0	0
Long-term prepaid expenses	0	4,734	5,767
Deferred income tax assets	0	0	0
Other non-current assets	0	701	3
	-----	-----	-----
Total assets	778,468	1,070,861	1,021,215
	=====	=====	=====
Short-term loans	102,152	127,866	250,000
Notes payable	2,000	33,586	25,604
Accounts payable	200,627	240,287	152,612
Wages payable	0	0	0
Taxes payable	-328	14,493	-784
Advances from clients	102,775	168,949	0
Other payable	31,700	44,147	131,363

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Other current liabilities	0	0	0
Current liabilities	438,926	629,328	558,795
Non-current liabilities	90,000	90,000	0
Total liabilities	528,926	719,328	558,795
Equities	249,542	351,533	462,420
Total liabilities & equities	778,468	1,070,861	1,021,215

**Income Statement**

Unit: CNY'000	<b>As of Dec. 31, 2013</b>	<b>As of Dec. 31, 2014</b>	<b>As of Dec. 31, 2015</b>
Revenue	4,501,471	4,752,556	5,319,898
Cost of sales	4,261,309	4,388,284	4,911,243
Sales expense	109,323	154,295	217,531
Management expense	42,428	48,082	61,575
Finance expense	27,487	37,738	1,430
Non-business income	5,083	10,344	12,407
Non-business expenditure	847	1,025	3,260
Profit before tax	80,464	158,137	139,679
Less: profit tax	15,806	35,714	36,024
Profits	64,658	122,423	103,655

**Financial Summary**

Unit: CNY'000	<b>As of Dec. 31, 2016</b>
Total assets	1,677,079
Total liabilities	1,067,714
Equities	609,365
Revenue	5,037,284
Profits	178,101

**Important Ratios**

	<b>As of Dec. 31, 2013</b>	<b>As of Dec. 31, 2014</b>	<b>As of Dec. 31, 2015</b>	<b>As of Dec. 31, 2016</b>
*Current ratio	1.16	1.26	1.40	--
*Quick ratio	0.99	1.08	0.85	--
*Liabilities to assets	0.72	0.67	0.55	0.64
*Net profit margin (%)	1.44	2.58	1.95	3.54
*Return on total assets (%)	8.31	11.43	10.15	10.62
*Inventory / Revenue x365	6 days	9 days	21 days	--
*Accounts receivable/ Revenue	6 days	18 days	22 days	--

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x365

*Revenue/Total assets	5.78	4.44	5.21	3.00
*Cost of sales / Revenue	0.95	0.92	0.92	--

## **FINANCIAL COMMENTS**

### **PROFITABILITY: FAIRLY GOOD**

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

### **LIQUIDITY: AVERAGE**

The current ratio of SC is maintained in a normal level.  
SC's quick ratio is maintained in a normal level.  
The inventory of SC is maintained in an average level.  
The accounts receivable of SC is maintained in an average level.  
The short-term loans of SC appear average.  
SC's revenue is in a fairly good 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 Good.**

## **CONCLUSIONS**

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

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.68
UK Pound	1	INR 95.59
Euro	1	INR 84.91
CNY	1	INR 10.54

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

**INFORMATION DETAILS**

Analysis Done by :	VIV
Report Prepared by :	TRU

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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)