

MIRA INFORM REPORT

Report No. :	531252
Report Date :	26.09.2018

IDENTIFICATION DETAILS

Name :	CHANGZHOU TOP MILL CO., LTD.
Registered Office :	No. 3 Caihua Raod, Tianning District, Changzhou, Jiangsu Province 213004 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	15.01.1979
Com. Reg. No.:	91320400137164372X
Legal Form :	Chinese-Foreign Equity Joint Venture Enterprise
Line of Business :	Manufacturing and processing of woolen textiles, woolen yarn, wool top; manufacturing textiles, clothing, apparel; selling its owned products.
No. of Employees :	180

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: while quoting report number, name and date.

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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 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	Changzhou Top Mill Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 3 Caihua Raod, Tianning District, Changzhou, Jiangsu Province 213004 PR China
TEL. NO.	86 (0) 519-88819170
FAX NO.	86 (0) 519-88814755

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JANUARY 15, 1979
UNIFIED SOCIAL CREDIT CODE	: 91320400137164372X
LEGAL FORM	: CHINESE-FOREIGN EQUITY JOINT VENTURE ENTERPRISE
CHIEF EXECUTIVE	: ZHOU HUIZHONG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 6,250,000
STAFF	: 180
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 123,264,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 107,179,000 (AS OF DEC. 31, 2017)
WEBSITE	: N/A
E-MAIL	: N/A
PAYMENT	: REGULAR
MARKET CONDITION	: AVERAGE
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
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 a Chinese-foreign equity joint venture enterprise of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91320400137164372X.

SC's Import and Export Enterprise Code: 3200137164372

SC's registered capital: CNY 6,250,000

SC's paid-in capital: CNY 6,250,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2016-3-7	Registration No./Unified Social Credit Code	320400400021775	91320400137164372X

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

Name of Shareholder (s)	% of Shareholding
Mega Gain Asia Investment Limited (Hong Kong)	30
Zhou Huizhong	22.93
Zhu Yuxian	3.81
Bai Naixin	3.81
Jiang Gexin	3.81
Jin Zhiqing	3.81
Chen Yanfen	3.81

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Other Shareholders 28.02

SC's Chief Executives:-

Position	Name
Legal Representative, Chairman and General Manager Director	Zhou Huizhong Mu Jianguo Zeng Guowei Chen Wanyu Chen Jingxian Jin Zhiqing Chen Yanfen Bai Naixin Zhu Yuxian
Supervisor	Yang Xiaoling Shao Guoxiong

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Mega Gain Asia Investment Limited (Hong Kong)	30
Zhou Huizhong	22.93
Zhu Yuxian	3.81
Bai Naixin	3.81
Jiang Gexin	3.81
Jin Zhiqing	3.81
Chen Yanfen	3.81
Other Shareholders	28.02

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✚ Mega Gain Asia Investment Limited (Hong Kong)

CR No.: 1103245
Company Type: Private Company Limited by Shares
Date of Incorporation: 18 January 2007
Active Status: Live

MANAGEMENT

Zhou Huizhong, Legal Representative, Chairman and General Manager

-
- Gender: M
 - Nationality: China
 - Age: 67
 - ID# 32070619510623001X
 - Qualification: University
 - Working experience (s):

At present, working in SC as legal representative, chairman and general manager, also working in Changzhou Meiyuan Flax Textile Co., Ltd., Changzhou Huaji Wool Co., Ltd., Changzhou Huamao Woolen Fabric Co., Ltd. as legal representative

Director

Mu Jianguo
Zeng Guowei
Chen Wanyu
Chen Jingxian
Jin Zhiqing
Chen Yanfen
Bai Naixin
Zhu Yuxian

Supervisor

Yang Xiaoling
Shao Guoxiong

BUSINESS OPERATION

SC's registered business scope includes manufacturing and processing woolen textiles, woolen yarn, wool top; manufacturing textiles, clothing, apparel; selling its owned products.

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SC is mainly engaged in manufacturing and selling woolen textiles.

SC's products mainly include: woolen yarn, wool top.

SC sources its materials 100% from domestic market, mainly Jiangsu. SC sells 70% of its products in domestic market, and 30% to overseas market, mainly USA, Europe, Mid East, Southeast Asia, etc.

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

Major Customer

=====
Novalan, S.A. De C.V.

Staff & Office:

SC is known to have approx. 180 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 3 subsidiaries at present.

■ Changzhou Meiyuan Flax Textile Co., Ltd.

Date of Registration: March 1, 2004
Unified Social Credit Code: 91320400758475480K
Chief Executive : Zhou Huizhong
Registered Capital: USD 4,200,000

■ Changzhou Huaji Wool Co., Ltd.

Date of Registration: September 30, 2002
Unified Social Credit Code: 91320402741337356R
Chief Executive : Zhou Huizhong
Registered Capital: CNY 2,000,000

■ Changzhou Huamao Woolen Fabric Co., Ltd.

Date of Registration: January 29, 1992
Unified Social Credit Code: 91320400608119173U
Chief Executive : Zhou Huizhong
Registered Capital: USD 1,500,000

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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:

Industrial and Commercial Bank of China Changzhou Tianning Sub-branch
AC#: 1105020319001007911

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	23,030	17,489	19,168
Notes receivable	13,770	26,785	20,840
Accounts receivable	10,642	4,767	9,371
Advances to suppliers	790	0	250
Other receivable	5,630	7,366	5,347
Inventory	25,001	23,875	27,642
Non-current assets within one year	0	0	0
Other current assets	49	51	44
	-----	-----	-----
Current assets	78,912	80,333	82,662
Long-term investment	66,001	47,971	62,032
Fixed assets	9,565	6,287	5,243
Construction in progress	0	0	0
Intangible assets	8,172	7,946	7,720
Long-term prepaid expenses	42	676	438
Deferred income tax assets	0	0	0

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Other non-current assets	0	0	0
Total assets	162,692	143,213	158,095
Short-term loans	0	0	200
Notes payable	0	0	0
Accounts payable	44,420	40,512	39,258
Wages payable	0	0	0
Taxes payable	741	626	609
Advances from clients	2,976	0	647
Other payable	21,161	9,855	8,293
Other current liabilities	21	7	0
Current liabilities	69,319	51,000	49,007
Non-current liabilities	2,404	2,091	1,909
Total liabilities	71,723	53,091	50,916
Equities	90,969	90,122	107,179
Total liabilities & equities	162,692	143,213	158,095

Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	126,665	123,264
Cost of sales	119,893	113,250
Taxes and surcharges	246	1,242
Sales expense	631	639
Management expense	7,825	7,666
Finance expense	235	-18
Non-business income	300	103
Non-business expenditure	70	17
Profit before tax	4,088	13,125
Less: profit tax	1,022	1,714
Profits	3,066	11,411

Important Ratios

	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.14	1.58	1.69
*Quick ratio	0.78	1.11	1.12
*Liabilities to assets	0.44	0.37	0.32
*Net profit margin (%)	--	2.42	9.26
*Return on total assets (%)	--	2.14	7.22
*Inventory / Revenue x365	--	69 days	82 days
*Accounts receivable/ Revenue x365	--	14 days	28 days
*Revenue/Total assets	--	0.88	0.78

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.81
UK Pound	1	INR 95.50
Euro	1	INR 85.62
CNY	1	INR 10.57

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)