# **ANALYTICAL REPORT**

SUMMARY: -

**DATE: May 22, 2017**

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| --- | --- | --- | --- |
| |  |  | | --- | --- | | **REGISTERED NAME:** |  | | JPMF Guangdong Co., Ltd.  广东江粉磁材股份有限公司 |
|  |  |
| **SUMMARY: -** | Engaged in production and sales of magnetic materials components and their products, alloy powder products, micro-motor, machinery and equipment and parts. |
|  |  |
|  | Subject was incorporated on July 1, 1975. |
|  |  |
|  | Registered Capital is CNY 1,177,211,887 |
|  |  |
|  | The subject is not a member of a larger group operation. |
|  |  |
|  | Recent payment history shows no adverse payment history |
|  |  |
| **CURRENCY - approx exchange rate: -货币兑换率：** | **US$1 = CNY 6.8911 ; and A$1 = CNY 5.1366** |
|  |  |
| **DMS RISK RATING ASSESSMENT:** **DMS风险评级评估：** | ***B*** |
|  |  |
| **COMMENT:** **评论** | SC is considered large-sized in its line with stable financial condition. A credit line up to A$ 30,000,000 would appear to be within SC’s capacities. |
|  |  |
|  |  |
| **CREDIBILITY CODE:** | 91440700193957385W |
|  |  |
| **REGISTERED NAME:** | JPMF Guangdong Co., Ltd.  广东江粉磁材股份有限公司 |
|  |  |
| **OTHER KNOWN TRADING NAME(S):** | N/A |
|  |  |
| **REGISTERED ADDRESS:** | No. 8 Longwan Road, Jiangmen, Guangdong Province, 529000 PR China广东省江门市龙湾路8号 |
|  |  |
| **HEAD OFFICE ADDRESS:** | No. 8 Longwan Road, Jiangmen, Guangdong Province, 529000 PR China广东省江门市龙湾路8号 |
|  |  |
| **DATE OF INCORPORATION or ESTABLISHMENT OF BUSINESS:** | July 1, 1975 |
|  |  |
| **INVOLVED IN TYPE OF BUSINESS:** | Engaged in production and sales of magnetic materials components and their products, alloy powder products, micro-motor, machinery and equipment and parts. |
|  |  |
| **REGISTERED CAPITAL:** | CNY 1,177,211,887 |
|  |  |
| **TELEPHONE NUMBER:** | 86 (0) 750-3506077 / 3506078 |
|  |  |
| **FAX NUMBER:** | 86 (0) 750-3506111 |
|  |  |
| **WEB SITE:** | <http://www.jpmf.com.cn/> |
|  |  |
| **EMAIL:** | [jpmf@jpmf.com.cn](mailto:jpmf@jpmf.com.cn) |
|  |  |
| **CHANGE OF NAME:** | See the changes |
|  |  |
| **FINANCIAL YEAR END Date:** | 31st of December |
|  |  |
| **FINANCIALS:** | See below |
|  |  |
| **AUDITORS:** | Baker Tilly China Certified Public Accountant (Special General Partnership) (Yr 2016 annual reports) |
|  |  |
| **TYPE OF BUSINESS:** | Production and sales |
|  |  |
| **SALES:** | CNY 12,051,501,000 (Consolidated, As of Dec. 31, 2016) |
|  |  |
| **PAYMENTS:** | AVERAGE |
|  |  |
| **LEGAL ACTIONS / DEFAULTS:** | See below |
|  |  |
| **EMPLOYEES:** | 16,945 (including subsidiaries) |
|  |  |
| **BANK:** | N/A |

|  |  |
| --- | --- |
| **RELATED COMPANIES: -** |  |
| **DIRECT PARENT COMPANY:** | NIL |
|  |  |
| **ULTIMATE PARENT COMPANY:** | NIL 是否需要留段落输入框 |
|  |  |
| **SUBSIDIARIES:** | Guangdong Zhong An Holdings Co., Ltd. (literal translation) 广东中岸控股有限公司  Heshan High Magnetic Electronics Co., Ltd. (literal translation) 鹤山市高磁电子有限公司  JPMF Jiangyi Co., Ltd. 江门江益磁材有限公司  Shenzhen DJN Optronics Technology Co., Ltd.深圳市帝晶光电科技有限公司  Shenzhen Dongfang Liangcai Precision Technology Co., Ltd.深圳市东方亮彩精密技术有限公司  Etc. |
|  |  |
| **SISTER COMPANIES:** | Jiangmen Longyan Investment Management Co., Ltd. (in Chinese pinyin) 江门龙彦投资管理有限公司  Long Yuan Holdings Co., Ltd. (in Chinese pinyin) 龙元控股有限公司 |

**OPERATIONS:**

**General:**

SC is currently operating at the above stated address, and this address houses its operating office and factory in Jiangmen. Detailed premise information is not available at present.

**BACKGROUND:**

The subject was incorporated on July 1, 1975, being a State-owned enterprise, and changed to be a Limited liabilities company in 1994, and has been under present legal form since 2008.

**Company Status: Shares limited co.**

This form of business in PR China is defined as a legal person. Its registered capital is divided into shares of equal par value and the co. raises capital by issuing share certificates by promotion or by public offer. Shareholders bear limited liability to the extent of shareholding, and the co. is liable for its debts only to the extent of its total assets. The co has independent property of legal person and enjoys property rights of legal person. The characteristics of the shares limited co. are as follows:

The establishment of the co. requires at least two promoters and no more than 200, half of whom shall be domiciled in China.. Natural person are allowed to serve as promoters.

The minimum registered capital of a co. is CNY 5M. while that of the co. with foreign investment is CNY 5M. The total capital of a co. which propose to apply for publicly listed must be no less than CNY 30M.

The board of directors must consist of five to nineteen directors.

If the co. raises capital by public offer, the promoters must not subscribe less than 35% of the total shares. the promoters’ shares are restricted to transfer- within one year of the offer.

A state-owned enterprise that is restructured into a shares limited co. must comply with the conditions & requirements specified under the law & administrative rule.

Changes of its registered information are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Date of change | Item | Before the change | After the change |
| 1994 | Company’s name | Jiangmen Powder Metallurgy Factory江门市粉末冶金厂 | Jiangmen Powder Metallurgy Factory Ltd. 江门市粉末冶金厂有限公司 |
| Registered Legal Form | State-owned enterprise | Limited liabilities company |
| 2008-9-4 | Company’s name | Jiangmen Powder Metallurgy Factory Ltd. 江门市粉末冶金厂有限公司 | Present one |
| Registered Legal Form | Limited liabilities company |
| 2015-07-23 | Registered capital | CNY 317,800,000 | CNY 635,600,000 |
| 2015-11-30 | Registered capital | CNY 635,600,000 | CNY 879,989,668 |
| 2016-08-22 | Registered capital | CNY 879,989,668 | Present amount |
| Unknown | Registration no. | 440700000011122 | (Credibility code)  91440700193957385W |

Import/ Export License Number: 4400193957385

HS Code: 4407960511

**Shares** are held as follows: (As of March 31, 2017)

Shareholders' Name % of Shares

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Wang Nandong

汪南东 18.46Cao Yun

曹云 9.71Chen Guoshi

陈国狮 4.18Ganzhou Kezhiwei Investment Co., Ltd. (in Chinese pinyin)

赣州市科智为投资有限公司 3.65Shenzhen Jumei Equity Investment Partnership (limited partnership) (in Chinese pinyin)

深圳市聚美股权投资合伙企业(有限合伙) 3.64Ganzhou Lianheng Weiye Investment and Development Co., Ltd. (in Chinese pinyin)

赣州市联恒伟业投资发展有限公司 2.43First Capital Securities- Guosen Securities- Gongying Dayan Quantitative Directed Issuance Collection Asset Management Plan (in Chinese pinyin)

第一创业证券－国信证券－共盈大岩量化定增集合资产管理计划 2.17Jiangmen Huahui Sifang Investment Partnership (limited partnership) (in Chinese pinyin)

江门市华辉四方投资合伙企业(有限合伙) 2.15

Wu Jie

吴捷 1.67Penghua Asset- Shanghai Pudong Development Bank - Ding Tai No. 3 Specific Asset Management Plan

鹏华资产－浦发银行－鼎泰3号专项资产管理计划 1.13Soochow Fund-Bank of Shanghai- Soochow Dingli 6017 Asset Management Plan

东吴基金－上海银行－东吴鼎利6017号资产管理计划 1.13

Other shareholders

其他股东 49.68

Company operations commenced in 1975, and is engaged in production and sales of magnetic materials components and their products, alloy powder products, micro-motor, machinery and equipment and parts.

**Directors’** information in detail is as follows:

* ***Legal representative, chairman and general manager:***

Mr. Wang Nandong (汪南东), born in 1953 with junior college education, he is currently responsible for the overall management of SC.

Working Experience(s):

At present Working in SC as legal representative, chairman and general manager.

Also working in Guangdong Zhong An Holdings Co., Ltd. (literal translation), Heshan High Magnetic Electronics Co., Ltd. (literal translation), JPMF Jiangyi Co., Ltd., etc. as legal representative, working in Shenzhen DJN Optronics Technology Co., Ltd., Shenzhen Dongfang Liangcai Precision Technology Co., Ltd., etc. as director, working in Jiangmen Jianghai District Foreign Economic Enterprise Corporation Limited, Jiangmen Jianghai District Foreign Processing & Assembling Service Limited Company and Jiangmen Zhong An Logistics Co., Ltd. (Literal translation), etc. as chairman.

* ***Vice chairman:***

Mr. Cao Yun (曹云), born in 1967 with university education, he is currently responsible for the daily management of SC.

Working Experience(s):

At present Working in SC as vice chairman.

Also working in Shenzhen Dongfang Liangcai Precision Technology Co., Ltd. as legal representative.

* ***Vice chairman:***

Mr. Chen Guoshi (陈国狮), born in 1978, he is currently responsible for the daily management of SC.

Working Experience(s):

At present Working in SC as vice chairman.

Also working in Shenzhen DJN Optronics Technology Co., Ltd., Ganzhou Kezhiwei Investment Co., Ltd. (in Chinese pinyin) and Ganzhou Lianheng Weiye Investment and Development Co., Ltd. as legal representative.

* ***Vice general managers:***

Zhou Zhanfeng周战峰Wang Yan汪彦Liu Gang刘刚

* ***Directors:***

Chen Guoshi陈国狮Zhou Zhanfeng周战峰Liu Gang刘刚Wen Yundong文云东

Etc.

* ***Supervisors:***

Zhao Yanmei赵艳媚Liu Jiwen刘吉文Chen Ying陈莹

**INVESTIGATION:**

According to SC’s public report, operational and trading details were confirmed as follows:

SC is engaged in production and sales of magnetic materials components and their products, alloy powder products, micro-motor, machinery and equipment and parts. (该公司目前实际主要从事制造、销售：磁性材料元件及其制品、合金粉末制品、微电机、机械设备和零部件。)

Main Products:

Display material and touch device

wet anisotropic ferrite magnets

dry anisotropic ferrite magnets

isotropic ferrite magnets

rubber ferrite magnets

bonded NdFeB magnets

sintered SmCo magnets

Ni-Zn ferrite cores

Mn-Zn ferrite cores

Inductors with ferrite cores

Etc.

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

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

Note: SC refused to release its main supplies and clients.

| **TRADEMARKS & PATENTS** |
| --- |

|  |  |  |  |
| --- | --- | --- | --- |
| Registration No. | 19321015 | 15442085 | 11818852 |
| Registration Date | 2017-04-21 | 2016-01-21 | 2014-05-14 |
| Trademark Design |  |  |  |

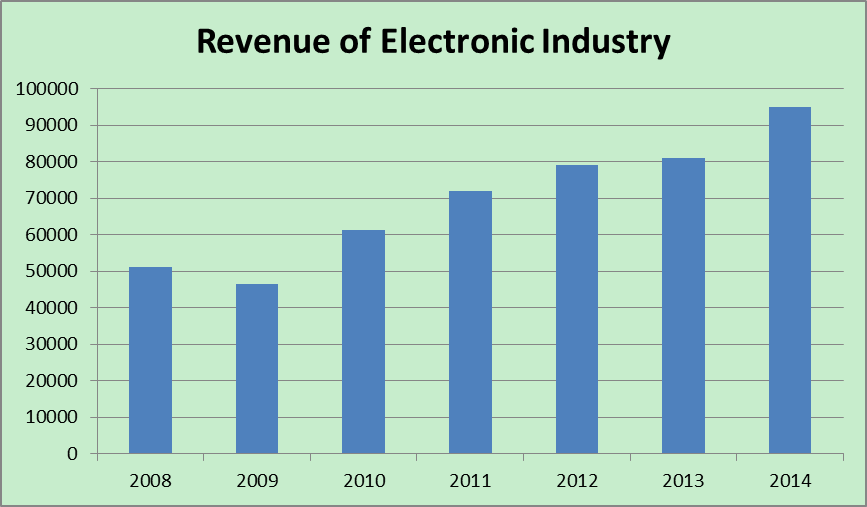
**Industry code: 3970**

**Industry name: Electronic components manufacturing**

The gross domestic product of China in 2015 which is 676,708 billion that is increased 6.9% than previous year.



The revenue of electronic products was grown rapidly in domestic market which caused by State policy that expanding domestic demand. Total output value of electronic products was 6,169.5 billion Yuan in 2015 which was increased 17.3% than previous year and 17.4 percentage higher than export delivery value. Total export-import volume was 1,308.8 billion U.S. dollar which was decreased 1.1% than previous year and 5.9 percentages higher than growth rate of export and import. Among import volume 781.1 billion U.S. dollar which is 34.3% of total import value of China that decrease 1.1% than previous year. Export volume of this industry is 527.7 billion U.S. dollar which is 31.4% of total export value of China that was decreased 1.2% than previous year.



**Financials/Key Financial data –**

**Financials for the period 2015 and 2016** are provided.

***Consolidated Balance Sheet***

Unit: CNY’000

|  |  |  |
| --- | --- | --- |
|  | **As of Dec. 31, 2016** | **As of Dec. 31, 2015** |
| Cash & bank | 1,681,726 | 1,102,436 |
| Inventory | 1,551,892 | 694,900 |
| Accounts receivable | 2,670,218 | 1,123,384 |
| Advances to suppliers | 850,415 | 392,227 |
| Notes receivable | 516,954 | 290,921 |
| Interest receivable | 13,852 | 1,129 |
| Dividend receivable | 3,750 | 0 |
| Other accounts receivable | 100,186 | 83,062 |
| Non-current assets due within one year | 2,565 | 0 |
| Other current assets | 514,400 | 40,923 |
|  | ------------------ | ------------------ |
| Current assets | 7,905,958 | 3,728,982 |
| Long-term investment | 149,855 | 141,428 |
| Investment real estate | 24,581 | 17,206 |
| Fixed assets | 1,773,019 | 988,227 |
| Project under construction | 230,949 | 94,674 |
| Intangible assets | 150,439 | 99,360 |
| Goodwill | 2,242,312 | 987,171 |
| Long-term deferred expense | 67,705 | 49,065 |
| Deferred tax assets | 20,825 | 14,739 |
| Other assets | 183,159 | 15,742 |
|  | ------------------ | ------------------ |
| Total assets | 12,748,802 | 6,136,594 |
|  | ============= | ============= |
| Short loans | 1,858,429 | 1,088,413 |
| Notes payable | 1,461,862 | 723,464 |
| Accounts payable | 2,706,536 | 1,238,109 |
| Advances from clients | 70,932 | 49,115 |
| Employee pay payable | 190,811 | 75,874 |
| Taxes payable | 50,564 | 28,653 |
| Interest payable | 6,156 | 2,113 |
| Dividend payable | 3,438 | 718 |
| Other accounts payable | 147,452 | 38,667 |
| Non-current liabilities due within one year | 24,811 | 0 |
| Other current liabilities | 0 | 0 |
|  | ------------------ | ------------------ |
| Current liabilities | 6,520,991 | 3,245,126 |
| Long-term loans | 469,957 | 0 |
| Long-term accounts payable | 343,562 | 682 |
| Specified payables | 0 | 940 |
| Deferred income | 18,895 | 10,267 |
| Deferred tax liabilities | 12,274 | 8,250 |
|  | ------------------ | ------------------ |
| Total liabilities | 7,365,679 | 3,265,265 |
| Equity | 5,383,123 | 2,871,329 |
|  | ------------------ | ------------------ |
| Total liabilities & equities | 12,748,802 | 6,136,594 |
|  | ============= | ============= |

***Consolidated Income Statement***

Unit: CNY’000

|  |  |  |
| --- | --- | --- |
|  | **As of Dec. 31, 2016** | **As of Dec. 31, 2015** |
| Turnover | 12,051,501 | 4,869,278 |
| Cost of goods sold | 10,874,682 | 4,450,218 |
| Taxes and additional of main operation | 39,129 | 14,291 |
| Sales expense | 106,225 | 74,019 |
| Management expense | 627,405 | 211,753 |
| Finance expense | 47,744 | 18,723 |
| Assets impairment loss | 56,456 | 32,758 |
| Investment income | 12,471 | 13,425 |
| Non-operational income | 37,263 | 9,826 |
| Non-operational expense | 18,737 | 9,451 |
| Profit before tax | 330,857 | 81,316 |
| Less: profit tax | 79,289 | 21,355 |
| Profits | 251,568 | 59,961 |

***Important Ratios***

***=============***

|  |  |  |
| --- | --- | --- |
|  | **As of Dec. 31, 2016** | **As of Dec. 31, 2015** |
| \*Current ratio | 1.21 | 1.15 |
| \*Quick ratio | 0.97 | 0.93 |
| \*Liabilities to assets | 0.58 | 0.53 |
| \*Net profit margin (%) | 2.09 | 1.23 |
| \*Return on total assets (%) | 1.97 | 0.98 |
| \*Inventory /Turnover ×365 | 47 days | 52 days |
| \*Accounts receivable/Turnover ×365 | 81 days | 84 days |
| \*Turnover/Total assets | 0.95 | 0.79 |
| \* Cost of goods sold/Turnover | 0.90 | 0.91 |

**PROFITABILITY: AVERAGE**

* The turnover of SC appears good in its line, and it increased greatly in 2016.
* SC’s net profit margin is average.
* SC’s return on total assets is average.
* SC’s cost of goods sold is average, comparing with its turnover.

**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 appears average.
* The accounts receivable of SC appears average.
* The short-term loan of SC appears average in both years.
* SC’s turnover is in a fair level in 2015 and average in 2016, comparing with the size of its total assets.

**LEVERAGE: AVERAGE**

* The debt ratio of SC is average.
* The risk for SC to go bankrupt is average.

**Overall financial condition of the SC: Stable.**

**SHARE PRICE:**

Our investigations suggest a connection with the following related Public Company, listed on the Shenzhen Stock Exchange on July 15, 2011 with stock code of 002600. The company's stock is currently suspended, against a year Hi/Lo of CNY 13.78 and CNY 9.08.

**LEGAL ACTIONS / DEFAULTS:**

See below records for SC as executive party (defendant).

|  |  |
| --- | --- |
| **Executed Party** | SC |
| **Court** | Jiangmen Pengjiang District People's Court |
| **Date of Case** | 2013-03-22 |
| **Case Number** | (2013) 00961 |
| **Claim Amount** | RMB 5,722 |

|  |  |
| --- | --- |
| **Executed Party** | SC |
| **Court** | Jiangmen Pengjiang District People's Court |
| **Date of Case** | 2009-04-16 |
| **Case Number** | (2009) 00078 |
| **Claim Amount** | RMB 1,511.76 |

**Remark:** Due to the lack of information, we are unable to provide the cause of action, judgment or other information.

**CONCLUDING COMMENTS: - B**

#### THIS INFORMATION IS PROVIDED CONFIDENTIALLY

IN RESPECT OF A COMMERCIAL CREDIT ENQUIRY

**CREDIT RISK ASSESSMENT** - **FINANCIAL DATA INCLUDED**

|  |  |  |
| --- | --- | --- |
| **CREDIT FACTORS** | **POSSIBLE SCORE** | **SCORE** |
| **HISTORY** **-** Age of company, start up, acquired other business, etc | **1 to 12** | **12** |
| **PAID/REGISTERED CAPITAL** - Reasonable capital commitment for business of this size, small committed capital, Unit Trust, Sole Trader or Partnership, etc, | **1 to 12** | **10** |
| **SCALE/SCOPE OF OPERATIONS**  - Number of employees, interstate/other branches, subsidiary companies etc | **1 to 12** | **11** |
| **DIRECTORS/PARTNERS BACKGROUND** - Date of appointment, industry specialisation, Tertiary/professional competence, complimentary Board skills etc | **1 to 12** | **8** |
| **FINANCE** **-** (Un)encumbered, self-funded, financed by Bank or Finance companies, etc | **1 to 12** | **8** |
| **PROFITABILITY** | **0 to 10** | **7** |
| **APPARENT LIQUIDITY**  - 1:1 is the minimum, scored = 3 | **0 to 10** | **2** |
| **NET WORTH/EQUITY** **- adjusting 'Goodwill', Asset Revaluation Reserves, etc** | **0 to 20** | **16** |
| **OTHER FACTORS** - additional issues specific to the subject which in the Analyst’s view enhance suitability for unsecured credit | **0 to 6** | **0** |
| **TRADE REFEREES** – not available in many African, Middle Eastern, Latin American countries – if available, then **(MERIT SCORE APPLIES)** - number/size of credit references, time taken, history, referees' general comments, etc | **1 to 6** | **0** |
| **AFFILIATION (MERIT SCORE APPLIES)** - likely support from sister or parent company, or other group company association | **1 to 6** | **4** |
| **CREDIT INSURANCE if Subject insures their Trade Debts (MERIT SCORE APPLIES)** - more for Whole of Turnover Insurance, intermediate for 'Top 10 or 20 accounts', less for Specific account cover | **1 to 6** | **0** |
| SELF–ENCUMBERED (NEGATIVE SCORE APPLIES - score ‘0’ if not applying) - mortgage in favour of Director, Shareholder wife/mother, related company, vendor or Supplier - very important | **-3 to -10** | **0** |
| **LITIGATION (NEGATIVE SCORE APPLIES - score ‘0’ if not applying)**  - Collection, legal action or other adverse info - assessed frequency, amount, how recent & whether disputed | **-1 to -10** | **-2** |
| **FACTORING DEBTS (NEGATIVE SCORE APPLIES - score ‘0’ if not applying)**  - Debtors partially/totally funded, resource used, etc | **-3 to -6** | **0** |
| **TOTAL SCORE:** | **100** | **76** |
| **RATING: B - GOOD** | | |

**A (86-100) EXCELLENT** Appears to have a sound financial base with a strong

capability to meet trading commitments; liquidity looks healthy

**B (66-85) GOOD** Appears to have adequate resources and working capital

to meet normal commitments

**C (51-65) AVERAGE** Appears to have average ability to meet trading commitments

**D (36-50) LIMITED** Appears to have limited ability to meet commitments and

caution needs to be exercised

**E (Below 35) POOR** Extreme caution needs to be exercised when dealing with this company

**NR Not Rated** Not rated due to lack of information

- see 'RATING & Comment' above

This report is made available to the enquirer on the absolute understanding the information contained herein will be used solely for the purpose of granting commercial credit and will not under any circumstances be communicated to anyone outside the enquirer’s employ. In accepting a report, the enquirer agrees DMS Group Pty. Ltd. and its suppliers (including those who provide third party information included in this report) will not be responsible for any loss or damage of any description howsoever arising. The enquirer also accepts unreservedly that data provided is obtained from 3rd parties, may not all be totally current, may be flawed or incomplete, and that it is not possible to independently verify the veracity of all such data, especially any Financial data. Without restricting the generality of the foregoing the information given is obtained from sourcesbelieved to be reliable. © DMS Group 2014