

"Double Cycling" Background Netac Financial Risk Analysis

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Abstract: 2020 is a serious situation, the epidemic is globally, and the export-oriented enterprises will be struggling. In response to the current grim domestic and international situation, General Secretary Xi Jinping at the fifteenth meeting of the Central Committee of the Reform Commission in the Central Committee: "Accelerating the formation of new development patches for domestic circulation as the main body, domestic international double cycle," is based on the strategic decision made by my country's development stage, environmental and conditions, is the overall systematic deep system. In this paper, the huge impact of "Double Cycling" on the external technology enterprises, selecting financial risk analysis on behalf of enterprises, Netac Technology Co., Ltd, provides reference for other enterprises.

1. Introduction

Export-oriented companies are based on the establishment of enterprises in China, but the foreign markets as the main sales venues, production and operations are international markets. The developments of such enterprises before the epidemic, because consumption habits and consumption need in line with foreign consumers, so the revenue growth is rapid. However, with the impact of the epidemic, the international market atrophy, the world economy is generally low, the growth is weak, and the export-oriented enterprises have gradually lost the international market, and the two cycle policies have been proposed, which gives the external-oriented enterprises challenge and impact.

There are many new unique perspectives in recent years. The launch of dual cycle policies has a great impact on the domestic market. The policy aims to play a large-scale advantage in the domestic market, drive domestic demand, and promote consumption upgrade [1]. In the face of this future mainstream form, export-oriented enterprises clearly need to stabilize the business of the international market, but also need to expand and innovate domestic markets, adhere to compliance and refined management, while retaining international customers, develop domestic new customers [2]. my country has been developing foreign cycles, whether funds, technology or product sales are more inclined to foreign markets, and is the "two-headed" world factory development situation [3]. According to the development experience of developed countries, we have found that the policy needs to focus on the differences between manufacturing and service [4].

2. Netac Technology Co., Ltd Financial status introduction

Netac Technology, full name, Shenzhen Netac Technology Co., Ltd., established in May 1999, is a development, production and sales of mobile storage and wireless data solution products. The company has strong research and development strength, has a number of patents and intellectual property, after several years It has formed three major pillar industries based on U disk. It is a provider of products and solutions in global flash drives and flash memory applications, headquartered in Shenzhen. The company was successfully listed in the A-share GEM in 2010, known as "China Mobile Storage First Share". As the technology continues to more and improved, the scale and scope of Netac technology is also constantly expanding. The company as of December 31, 2020, 71.41% of the main business income came from the international market, high proportion of international market income, more susceptible to exchange rate losses. Such a high proportion, in today's international and domestic

situations, it is undeniable that there is a huge advantage, but if incorrect adjustments and management will become a corporate disadvantage and hidden dangers.

3. Netac Technology Co., Ltd Financial Status

3.1 Financing status

According to the form of the form, the debt structure of the company's 2016-2020 can be seen that the company's long-term debt and short-term debt are extremely unbalanced, and the average proportion of liquidity liabilities is as high as 98.07%, which means that the company's short-term definition cannot be optimism. It has caused a very huge operational risk and funding pressure on the company, and the risk of disclosure of funds has also risen accordingly. In the table below, it can also be clearly seen that the total debt between five years is increased from 46.44 million in 2016 to 156 million yuan, and the average increase of nearly 30% per year, so rapid growth rate, and the main growth part is the flow assets, the company's funds the shortage problem is almost all resolved through short-term debts that have expired within a year. These liabilities are closely related to the business activities of the company, and the proportion of excessive proportion will increase the business credit risk of the company.

Table.1. Netac Technology Co., Ltd 2016 - 2020 Debt Table

	2016-12-31	2017-12-31	2018-12-31	2019-12-31	2020-12-31
Current liabilities	45,410,000	41,750,000	42,170,000	80,680,000	115,400,000
proportion	97.78%	96.80%	96.32%	99.62%	99.82%
Non-current liabilities	1,030,000	1,380,000	1,610,000	306,100	204,500
proportion	2.20%	3.20%	3.68%	0.37%	0.18%
Total debt	46,440,000	43,130,000	43,780,000	80,990,000	115,600,000

3.2 Investment status

The cash inflow generated by Natic Technology Co.; Ltd. is up to 1936 million yuan. In 2017, the cash flow of investment activities has risen by 4066.04% in 2016, Mainly because in 2017, it has purchased a total of 88.71 million yuan in the purchase of bank wealth management products. From the whole, the company has been actively investing in five years. According to the annual report provided by the company, we found that the company's management tends to hold money funds held by our company, mainly stored in State-owned Holdings Banks and other large and medium-sized business. Bank and other financial institutions, they believe that these commercial banks have high reputation and asset conditions, there is no major credit risk, which will not produce any significant losses caused by the default of the other party. But due to a single investment method, and the degree of disgusting of risk is too high, the funds of the company have not fully utilized.

3.3 Status of operation

Natec Technology Company 2019-2020 inventory turnover, it was obviously 1-2 times higher than the first three years, and the number of inventories was also significantly decreased, and the operation capacity of enterprises has declined. According to the annual report data analysis of the company, the company has added more goods purchases over the previous year, pays more labor cash. In 2020, from the outbreak of the "New Crown" epidemic, it also produced a huge impact on the development of the company. The bad debt preparations for the company, and the inventory depreciation preparation increased over the same period of the previous year, which also led to a reduction in net profit. But the proposal of the "double cycle" policy has indicated a new road to the operation of the company. In response to the financial risks and problems of the current development stage, turn the market in China, perhaps is the best solution.

4. Financial risk prevention and optimization measures

4.1 Plan a reasonable financing scale, optimize enterprise capital structure

Enterprises should set up special sectors to organize and capture market information and changes in national policies, and make adjustments to their own financing programs. Continuously improve the company's business structure and governance decision-making mechanism, for projects that have been implemented, to provide reasonable arrangements and planning, to estimate and judgment hidden enterprise risks, strictly follow the relevant regulations to affect the company's fundraising activities Matters, make cautious processing, reduce costs. Pay close attention to shares and pledge, seek diverse financing channels, prevent risks, and reduce dependence on equity pledge financing.

4.2 Improve fund utilization, innovation business model

Since the current competition of similar companies, the international situation is not conducive to corporate development, coupled with the continued impact of the epidemic, the best choice is to transfers, the best choice is to ensure the quality and stability of the original product. At the same time, explore the transformation of the market and consumer habits, for the collection of information, develop new products to the mouth, upgrade the original products, increase its added value. The best investment method is "Don't put the egg in a basket", and use funds to purchase financial products to conduct financial management. It can increase certain benefits, but the nature of Kobodyn companies should be to increase research and development, compliance with social needs. Operating the creation of wealth.

4.3 Strengthen inventory management and control operation costs

On the basis of doing the original customer management, expand new customers, strengthen communication and contact with customers, and persuade customers to digest inventory products through appropriate marketing strategies in the case of meeting the delivery conditions. Statistics are well affected by the epidemic, actively carry out online transactions, expand domestic markets and overseas e-commerce, and increase the proportion of such customers. Actively gather forward receivables and reduce bad debts loss. Increase the optimization and management of supply chains, preventing the deficiencies of the supply chain from the latency and sales restrictions, reducing unnecessary business losses.

5. Conclusions

Although the export-oriented enterprises in Netac Technology, the current domestic and international markets are not optimistic, but the "double cycle" policy proposes, providing inspiration to the development of the enterprise, enterprises to identify their own financial risks, propose corresponding response measures Reduce business costs, explore the way to suit its own development, gradually develop domestic customers, and still overcome the limitations of export-oriented enterprises. Enterprise managers should pay attention to the importance of financial risks, improve decision-making management mechanisms, always maintain high vigilance, and meet national policy-oriented, in order to make companies development more stable and long-term.

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