

MIRA INFORM REPORT

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| Report No. : | 524897 |
| Report Date : | 14.08.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|---|
| Name : | CHANGSHU WAL SIN SPECIALTY STEEL CO. LTD |
| Registered Office : | No. 2, Haiyang Road, Haiyu Town Changshu Jiangsu Province, Pr |
| Country : | China |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 24.12.1997 |
| Credibility Code : | 91320000628223496N |
| Legal Form : | Wholly foreign-owned enterprise |
| Line of Business : | The subject's registered business scope includes development, design and production of special steel pipes, bars, wires, stainless steel wire ropes, nickel-based seamless steel pipes, titanium alloy seamless steel pipes, high-grade building hardware, plumbing equipment and related pipe parts, tool die. |
| No. of Employees : | 729 |

RATING & COMMENTS

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

MIRA's Rating : A

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|----------------------------|------------------|
| Status : | Satisfactory |
| Payment Behaviour : | Slow but Correct |
| 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 |

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. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2016 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.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi 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 allow a resumption of gradual liberalization. From 2013 until early 2015, the renminbi (RMB) appreciated roughly 2% against the dollar, but the exchange rate fell 13% from mid-2015 until end-2016 amid strong capital outflows in part stemming from the August 2015 official devaluation; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. 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

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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 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 : CHANGSHU WAL SIN SPECIALTY STEEL CO. LTD
Address : No. 2, HAIYANG ROAD, haiyu town CHANGSHU jiangsu PROVINCE, PR CHINA
Telephone : 0086 512 52560109 / 52102520
Facsimile : --
Website : --
Email : lijun_wu@walsin.com

Note: The staff confirmed Mr. Mickey Yan is working for the subject.

REGISTRATION INFORMATION

Established Date : 1997-12-24
Credibility Code : 91320000628223496N
Legal Form : Wholly foreign-owned enterprise
Registration Authority : Administration for Industry & Commerce (AIC) - Jiangsu
Status : Active

Registered Capital : USD 97,000,000
Paid Up Capital : USD 97,000,000
Turnover : RMB 642,847,000 (as of Dec. 31, 2017)
Equities : RMB 189,139,000 (as of Dec. 31, 2017)

Chief Executive : Chen Zhenqiang
Business Line : Manufacturer
Manpower : 729

Tax Registration
Certificate No. : 91320000628223496N
Organization Code : 62822349-6

HS code : 3214940089
Import & Export code : --

Financial Condition : Fair
Business Size : Medium Enterprise
Payment : Slow but Correct

Registered Address

No. 2, HAIYANG ROAD, haiyu town CHANGSHU jiangsu PROVINCE, PR CHINA

Company Status: Wholly foreign-owned enterprise

This form of business in PR China is defined as a legal person. It is a limited co. established within the territories of PR China with capital provided totally by the foreign investors. More than one foreign investor may jointly invest in a wholly foreign-owned enterprise. The investing party/parties solely exercise management, reap profit and bear risks and liabilities by themselves. This form of companies usually have a limited duration is extendible upon approval of Examination and Approval Authorities.

Premise

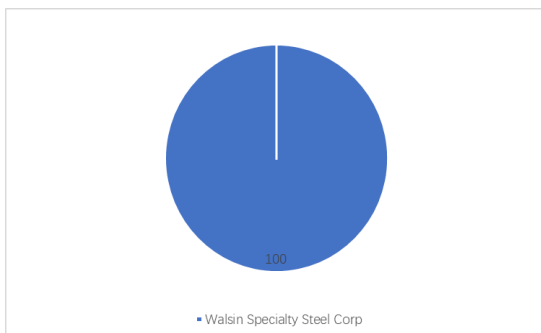
The subject operates from premises located at the heading address, and this address houses its operating office and factory in Changshu. Our checks reveal that the subject owns the total premise, but the square meters are unknown.

MANAGEMENT

| Position | Name | Nationality |
|-----------------------------------|----------------|-------------|
| Legal representative, Chairman | Chen Zhenqiang | Chinese |
| General Manager | Wu Chongzhi | Chinese |
| Directors | He Xinyi | Chinese |
| | Wang Zhida | |
| Supervisors | Wu Qinsheng | Chinese |

MAJOR SHAREHOLDERS

| Name | % Shareholding |
|-----------------------------------|----------------|
| Walsin Specialty Steel Corp (BVI) | 100 |



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KEY EVENTS

Changes of its registered information are as follows:

| Date of change | Item | Before the change | After the change |
|-----------------------|----------------------|--------------------------|-------------------------|
| 2017-01-02 | Legal representative | Chen Tianrong | Present one |
| 2016-05-26 | Legal representative | Zhang Wenchun | Chen Tianrong |

BUSINESS OPERATIONS

The subject's registered business scope includes development, design and production of special steel pipes, bars, wires, stainless steel wire ropes, nickel-based seamless steel pipes, titanium alloy seamless steel pipes, high-grade building hardware, plumbing equipment and related pipe parts, tool die. (with permit if needed)

The subject is mainly engaged in manufacturing and selling stainless steel seamless pipe.

Products:

Stainless steel wire rope
Nickel based seamless steel tube
Titanium alloy seamless steel tube

Etc.

The subject sources its materials 70% from domestic market, and 30% from overseas market. the subject sells 30% of its products in domestic market, and 70% to overseas market, mainly U.S.A. and Venezuela, India, etc.

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

SUPPLIER & CUSTOMER

No record.

RELATED COMPANIES

No Subsidiary

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NEGATIVE INFORMATION

Lawsuit Record: No record.

Trade payment experience: The subject 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 the subject was placed to us for collection within the last 6 years.

Customs administrative penalty: No record.

Equity freeze information: No record.

Administrative Penalty: No record.

MORTGAGE

There is no record of mortgage information at present.

TRADEMARK

No record.

PATENT

No record.

BANKING

Citibank (China) Co., Ltd. Shanghai Branch

Account No.: 1730763219

ABBREVIATED FINANCIAL STATEMENT

Financial Summary

=====

Unit: RMB'000

| | As of Dec. 31, 2016 | As of Dec. 31, 2017 |
|------------------------------|----------------------------|----------------------------|
| Total assets | 770,583 | 741,665 |
| | ===== | ===== |
| Total liabilities | 546,431 | 552,526 |
| Equities | 224,152 | 189,139 |
| | ----- | ----- |
| Total liabilities & equities | 770,583 | 741,665 |
| | ===== | ===== |
| Turnover | 555,026 | 642,847 |
| Profits before tax | -177,856 | -35,013 |
| Less: tax | 0 | 0 |
| Profits | -177,856 | -35,013 |

Important Ratios

=====

| | As of Dec. 31, 2016 | As of Dec. 31, 2017 |
|-----------------------------|----------------------------|----------------------------|
| *Liabilities to assets | 0.71 | 0.74 |
| *Net profit margin (%) | -32.04 | -5.45 |
| *Return on total assets (%) | -23.08 | -4.72 |
| *Turnover/Total assets | 0.72 | 0.87 |

PROFITABILITY: FAIR

The turnover of the subject appears fairly good in its line.
the subject's net profit margin is fair.
the subject's return on total assets is fair.

the subject's turnover is in a fair level, comparing with the size of its total assets.

LEVERAGE: FAIR

The debt ratio of the subject is fairly high.
The risk for the subject to go bankrupt is average.

TREND ANALYSIS

=====

| | 2015 | 2016 | 2017 |
|-----------------------------|---|--|--|
| Sales Trend | -- | -- | ↑ |
| Profit margin | -- | -- | ↑ |
| Debt to assets ratio | -- | -- | ↑ |
| Overall Financial Condition | <input type="checkbox"/> Good <input type="checkbox"/> Fairly Stable | <input type="checkbox"/> Fairly Good <input checked="" type="checkbox"/> Fair | <input type="checkbox"/> Stable <input type="checkbox"/> Poor |

COMMENT

The subject was registered as a Wholly foreign-owned enterprise at local Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license).

The subject is considered medium-sized in its line with fair financial conditions.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 69.47 |
| UK Pound | 1 | INR 88.63 |
| Euro | 1 | INR 79.19 |
| CNY | 1 | INR 10.16 |

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

INFORMATION DETAILS

| | |
|----------------------|------|
| Analysis Done by : | VIVR |
| 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)