

MIRA INFORM REPORT

Report No. :	542341
Report Date :	01.12.2018

IDENTIFICATION DETAILS

Name :	JIANGSU HENGLI HYDRAULIC CO., LTD.
Registered Office :	No.99 Longqian Road, Wujin Hi-tech Industrial Zone, Changzhou, Jiangsu Province 213100 PR
Country :	China
Financials (as on) :	30.09.2018
Date of Incorporation :	02.06.2005
Unified Social Credit Code :	91320400773797680R
Legal Form :	Shares Limited Company
Line of Business :	Subject includes high-pressure cylinders, hydraulic parts, hydraulic systems, high-pressure piston pumps and motors, high-pressure hydraulic valves, precision castings research and development, production and related technical support services; manufacturing mechanical equipment, mechanical parts; selling its owned products; road freight transport service.
No. of Employees :	3,415

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Excellent
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.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
China	A1	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

COMPANY NAME AND ADDRESS

COMPANY NAME	Jiangsu Hengli Hydraulic CO., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 99 Longqian Road, Wujin Hi-tech Industrial Zone, Changzhou, Jiangsu Province 213100 PR China
TEL. NO.	86 (0) 519-81689878/81689860
FAX NO.	86 (0) 519-86159988/86153331

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JUNE 2, 2005
UNIFIED SOCIAL CREDIT CODE	: 91320400773797680R
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: WANG LIPING (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 882,000,000
STAFF	: 3,415
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 3,159,891,000 (Consolidated, Jan. 1, 2018 to Sep. 30, 2018)
EQUITIES	: CNY 4,462,544,000 (Consolidated, As of Sep. 30, 2018)
WEBSITE	: www.henglihydraulic.com
E-MAIL	: hlzqb@hengli.net
PAYMENT	: SLOW BUT CORRECT
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
OPERATIONAL TREND	: STEADY
GENERAL REPUTATION	: FAIRLY GOOD

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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 91320400773797680R.

SC's registered capital: CNY 882,000,000

SC's paid-in capital: CNY 882,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2018-7-3	Registered Capital	CNY 630,000,000	CNY 882,000,000
--	Registration No./ Unified Social Credit Code	320400400015411	91320400773797680R

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

Name of Shareholder (s) (As of Sep. 30, 2018)	% of Shareholding
Changzhou Hengyi Intelligent Equipment Co., Ltd.	37.96
Shennuo Technology (Hk) Co., Limited	18.75
Jiangsu Hengli Investment Co., Ltd.	14.03
Deutsche Bank Aktiengesellschaft	4.06
Other Shareholders	25.2

SC's Chief Executives:-

Position	Name
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Legal Representative and Chairman
General Manager
Deputy General Manager

Wang Liping
Qiu Yongning
Yao Zhiwei
Xu Jin
Zhao Xueyang
Wang Bin
Hu Guoxiang

RECENT DEVELOPMENT

SC is a listed company in Shanghai Stock Exchange Market with the code of 601100.

SHAREHOLDER CHART & BACKGROUND

Name (As of Sep. 30, 2018)	% of Shareholding
Changzhou Hengyi Intelligent Equipment Co., Ltd.	37.96
Shennuo Technology (HK) Co., Limited	18.75
Jiangsu Hengli Investment Co., Ltd.	14.03
Deutsche Bank Aktiengesellschaft	4.06
Other Shareholders	25.2

Changzhou Hengyi Intelligent Equipment Co., Ltd.

Date of Registration: May 15, 2008
Unified Social Credit Code: 91320412674626966J
Legal Representative: Qian Peixin
Registered Capital: CNY 75,000,000

Shennuo Technology (HK) Co., Limited

CR No.: 1365697
Company Type: Private Company Limited by Shares
Date of Incorporation: 24 August 2009
Active Status: Live

Jiangsu Hengli Investment Co., Ltd.

Date of Registration: June 9, 2010

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Unified Social Credit Code: 91320412557078390R
Legal Representative: Wang Liping
Registered Capital: CNY 19,684,400

MANAGEMENT

Wang Liping, Legal Representative and Chairman

- Gender: M
- Age: 52
- Nationality: China
- Qualification: University
- Working experience (s):

At present, working in SC as legal representative and chairman, also working in Jiangsu Hengli Investment Co., Ltd., Jiangsu Hengli Hydraulic Co., Ltd. and Shanghai Lixin Hydraulics Co., Ltd. as legal representative

Qiu Yongning, General Manager

- Gender: M
- Age: 48
- Nationality: China
- Qualification: MBA
- Working experience (s):

At present, working in SC as general manager

Deputy General Manager

Yao Zhiwei
Xu Jin
Zhao Xueyang
Wang Bin
Hu Guoxiang

BUSINESS OPERATION

SC's registered business scope includes high-pressure cylinders, hydraulic parts, hydraulic systems, high-pressure piston pumps and motors, high-pressure hydraulic valves, precision castings research and development, production and related technical support services; manufacturing mechanical equipment, mechanical parts; selling its owned products; road freight transport service.

SC is mainly engaged in manufacturing and selling hydraulic products.

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SC's products mainly include: hydraulic cylinders, valves, pumps, precision casting, pneumatic components, etc.

SC sources its materials 100% from domestic market. SC sells 50% of its products in domestic market, and 50% to the 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

Liugong Changzhou Machinery Co., Ltd.
Xuzhou Xugong Materials Supply Co., Ltd.
Liuzhou Liugong Excavator Co., Ltd.
Shandong Lingong Construction Machinery Co., Ltd.
Caterpillar Xuzhou Limited

Staff & Office:

SC is known to have approx. 3,415 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 the following subsidiaries at present:

Jiangsu Hengli Hydraulic Co., Ltd.
Shanghai Lixin Hydraulics Co., Ltd.
Jiangsu Hengli Hydraulic CO., Ltd. Changzhou Casting Branch

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 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.

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BANKING

Basic Bank:

Bank of China Changzhou Wujin Sub-branch
AC#: 536558220204

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Sep. 30, 2018
Cash	1,145,937	1,411,572
Accounts receivable	437,309	738,044
Notes receivable	553,071	637,586
Advances to suppliers	140,555	261,149
Dividends receivable	0	0
Other receivable	12,173	19,797
Inventory	820,841	1,001,743
Non-current assets within one year	0	0
Other current assets	184,655	162,580
	-----	-----
Current assets	3,294,541	4,232,471
Long-term investments	0	0
Real estate investment	0	0
Fixed assets	2,063,070	2,013,933
Construction in progress	67,496	251,073
Project materials	0	0
Fixed assets in liquidation	0	0
Intangible assets	271,918	283,927
Goodwill	47,269	47,269
Long-term deferred expense	10,643	14,582
Deferred income tax assets	14,603	15,532
Other non-current assets	386,551	128,153
	-----	-----
Total assets	6,156,091	6,986,940
	=====	=====
Short-term loans	914,782	827,440
Notes payable & Accounts payable	509,165	723,422
Payroll payable	109,899	121,959
Taxes payable	33,017	56,636
Advances from clients	96,666	125,716
Other payable	3,991	60,826
Other current liabilities	24,153	23,200

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Current liabilities	1,691,673	1,939,199
Non-current liabilities	591,260	585,197
Total liabilities	2,282,933	2,524,396
Equities	3,873,158	4,462,544
Total liabilities & equities	6,156,091	6,986,940

Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2017	From Jan. 1, 2018 to Sep. 30, 2018
Revenue	2,795,212	3,159,891
Cost of sales	1,877,957	2,026,352
Business Taxes and Surcharges	35,542	33,256
Sales expense	96,466	86,329
Management expense	287,145	132,670
Finance expense	84,627	-43,213
Asset impairment loss	37,964	12,999
Investment income	37,303	13,043
Non-operating income	8,147	29,614
Non-operating expense	187	432
Profit before tax	446,689	845,313
Less: profit tax	65,691	124,563
Profits	380,998	720,750

Important Ratios

	As of Dec. 31, 2017	As of Sep. 30, 2018
*Current ratio	1.95	2.18
*Quick ratio	1.46	1.67
*Liabilities to assets	0.37	0.36
*Net profit margin (%)	13.63	22.81
*Return on total assets (%)	6.19	10.32
*Inventory / Revenue x365/270	108 days	86 days
*Accounts receivable / Revenue x365/270	58 days	64 days
*Revenue / Total assets	0.45	0.45
*Cost of sales / Revenue	0.67	0.64

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

- The revenue of SC appears fairly good in its line.
- SC's net profit margin is fairly good.

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- SC's return on total assets is fairly good.
- SC's cost of goods sold is low, comparing with its revenue.

LIQUIDITY: AVERAGE

- The current ratio of SC is maintained in a fairly good level.
- SC's quick ratio is maintained in a fairly good level.
- The inventory of SC appears large.
- The accounts receivable of SC appears average.
- The short-term loans of SC appear fairly large.
- SC's revenue is in a fair level, comparing with the size of its total assets.

LEVERAGE: FAIRLY GOOD

- The debt ratio of SC is low.
- 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 69.66
UK Pound	1	INR 89.08
Euro	1	INR 79.36
CNY	1	INR 10.01

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)