

MIRA INFORM REPORT

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|----------------------|------------|
| Report No. : | 484184 |
| Report Date : | 04.01.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|--|
| Name : | SICHUAN CHANGHONG NETWORK TECHNOLOGIES CO., LTD. |
| Registered Office : | Science and Technology Innovation Park, Mianyang, Sichuan Province |
| Country : | China |
| Date of Incorporation : | 20.05.2005 |
| Com. Reg. No.: | 915107007208935565 |
| Legal Form : | Limited Liabilities Company |
| Line of Business : | Manufacturing and selling audio and video broadcast equipment, digital TV set-top boxes, digital satellite television receivers, digital satellite ground receiving facilities, non-controlled communications equipment, network equipment and other systems and terminal product; developing, manufacturing and selling software products, application systems, digital electronic devices; system integration; importing and exporting goods and technology. |
| No. of Employees : | 817 |

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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 |

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 (30.06.2017) | Current Rating (30.09.2017) |
|--------------|---------------------------------|--------------------------------|
| China | A2 | A2 |

| 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 |

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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 allowed resumption of a gradual liberalization. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi (RMB) after the currency was accepted as part of the IMF's special drawing rights basket. After engaging in one-way, large-scale intervention to resist appreciation of the RMB for a decade, China's 2016 intervention in foreign exchange markets has sought to prevent a rapid RMB depreciation that would have negative consequences for the United States, China, and the global economy.

China's economic growth has slowed since 2011. The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) servicing its high corporate debt burdens to maintain financial stability; (c) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (d) dampening speculative investment in the real estate sector; (e) reducing industrial overcapacity; and (f) raising productivity growth rates through the more efficient allocation of capital. 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 only marginal progress toward these rebalancing goals. Under President Xi Jinping, Beijing has signaled its understanding that China's long-term economic health depends on giving the market a more decisive role in allocating resources, but has moved slowly on market-oriented reforms because of potential negative consequences for stability and short-term economic growth. He has also increased state-control over key sectors and Party control over state-owned enterprises. 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



MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

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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.

Source : CIA

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COMPANY NAME AND ADDRESS

COMPANY NAME Sichuan Changhong Network Technologies Co., Ltd.
CURRENT ADDRESS No. 35 East Mianxing Road, High-tech Park, Mianyang,
Sichuan Province 621000 PR China
REGISTERED ADDRESS Science and Technology Innovation Park, Mianyang, Sichuan
Province
TEL. NO. 86 (0) 816-2416105/2410490
FAX NO. 86 (0) 816-2417040

EXECUTIVE SUMMARY

DATE OF REGISTRATION : MAY 20, 2005
UNIFIED SOCIAL CREDIT CODE : 915107007208935565
LEGAL FORM : LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE : GUO DEXUAN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL : CNY 268,150,000
STAFF : 817
BUSINESS CATEGORY : MANUFACTURING & TRADING
REVENUE : N/A
EQUITIES : N/A
WEBSITE : www.changhong-network.com
E-MAIL : wigs.dvb@changhong.com
PAYMENT : SLOW BUT CORRECT
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : N/A
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

General Reputation:-
Excellent
Good
Fairly Good

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| | |
|-----------------------|-----------------------|
| Ordinary | Average |
| Fair | Fair |
| Stagnant | Detrimental |
| Downward | Not known |
| Not known | Not yet be determined |
| Not yet be determined | |

LEGAL STATUS & HISTORY

SC was established as a limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 915107007208935565.

SC's Import and Export Enterprise Code: 5100720893556

SC's registered capital: CNY 268,150,000

SC's paid-in capital: CNY 268,150,000

Registration Change Record:-

| Date | Change of Contents | Before the change | After the change |
|-------------|--|--------------------------|-------------------------|
| 2009-3-3 | Registered Capital | CNY 50,000,000 | CNY 159,075,000 |
| 2009-8-24 | Registered Capital | CNY 159,075,000 | CNY 268,150,000 |
| 2017-2-6 | Registration No./ Unified Social Credit Code | 510708000004206 | 915107007208935565 |

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

| Name of Shareholder (s) | % of Shareholding |
|---|--------------------------|
| Sichuan Changhong Electric Co., Ltd. | 96.2707 |
| Sichuan Changhong Innovation Investment Co., Ltd. | 3.7293 |

SC's Chief Executives:-

| Position | Name |
|-----------------------------------|-----------------|
| Legal Representative and Chairman | Guo Dexuan |
| General Manager | Li Cheng |
| Director | Ouyang Zhengkai |
| | Xu Ming |
| | Jia Huidong |
| Supervisor | Huang Hong |

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

| Name | % of Shareholding |
|--|-------------------|
| Sichuan Changhong Electric Co., Ltd | 96.2707 |
| Sichuan Changhong Innovation Investment Co., | 3.7293 |

✚ Sichuan Changhong Electric Co., Ltd.

Date of Registration: April 8, 1993
Unified Social Credit Code: 91510700205412308D
Chief Executive : Zhao Yong
Registered Capital: CNY 4,616,244,222

✚ Sichuan Changhong Innovation Investment Co., Ltd.

Date of Registration: November 8, 2006
Unified Social Credit Code: 915107007958015131
Chief Executive : Yang Jun
Registered Capital: CNY 100,000,000

MANAGEMENT

Guo Dexuan , Legal Representative and Chairman



- Gender: M
- Nationality: China
- Age: 55
- Qualification: University
- Working experience (s):

At present, working in SC as legal representative and chairman

Li Cheng , General Manager

- Gender: M

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- Nationality: China
- Qualification: University
- Working experience (s):

At present, working in SC as general manager

Director

Ouyang Zhengkai
Xu Ming
Jia Huidong

Supervisor

Huang Hong

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling audio and video broadcast equipment, digital TV set-top boxes, digital satellite television receivers, digital satellite ground receiving facilities, non-controlled communications equipment, network equipment and other systems and terminal product; developing, manufacturing and selling software products, application systems, digital electronic devices; system integration; importing and exporting goods and technology.

SC is mainly engaged in manufacturing and selling digital communication equipment.

SC's products mainly include: DVB-S(Satellite), DVB-C(Cable), DVB-T(Terrestrial), ISDB, DMB-TH set-top-box, applied system of the value service of digital TV, Broadband products including XDSL, GPON/EPON ONU, Modem etc.

SC sources its materials 100% from domestic market, mainly Sichuan. SC sells 65% of its products in domestic market, and 35% to overseas market.

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

=====

Star Srl

Staff & Office:

SC is known to have approx. 817 staff at present.

SC owns an area as its operating office and factory, but the detailed information is unknown.

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RELATED COMPANY

SC is known to have 5 subsidiaries at present.
Sichuan Zhuoer Detection Technology Co., Ltd.
Sichuan Changhong Xinhong Information Technology Co., Ltd
Beijing Xinhong Network Technology Co., Ltd.
Chengdu Changhong Network Technology Co., Ltd.
Sichuan Changhong Information Technology Co., Ltd.

PAYMENT

Overall payment appraisal:

Excellent Good 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.

BANKING

Basic Bank:

Industrial and Commercial Bank of China Mianyang Hi-tech Development Zone Sub-branch

AC#: 2308412609122151402

FINANCIALS

The financials of SC is not available in local SAIC, and SC also refused to release the details.

CONCLUSIONS

SC is considered medium-sized in its line with a development history of 13 years. Credit up to moderate amount may be considered.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 63.48 |
| UK Pound | 1 | INR 86.41 |
| Euro | 1 | INR 76.54 |
| CNY | 1 | INR 9.77 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | DIV |
| Report Prepared by : | KET |

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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)

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