

MIRA INFORM REPORT

Report No. :	517459
Report Date :	28.06.2018

IDENTIFICATION DETAILS

Name :	FOSHAN NATIONSTAR OPTOELECTRONICS CO., LTD
Registered Office :	No. 18 South Huabao Road, Chancheng District, Foshan, Guangdong Province 528000 PR
Country :	China
Financials (as on) :	31.12.2017 [Consolidated]
Date of Incorporation :	31.08.1981
Unified Social Credit Code:	914406001935264036
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing and selling semiconductor photoelectric device, photoelectric display, LED display, traffic signal lamp, photoelectric semiconductor lighting lamps lighting, semiconductor integrated circuit, photoelectric module, electronic tuner, other electronic parts, components, and information technology equipment products; undertaking photoelectric display engineering, and lighting engineering; photoelectric engineering technology development, and consulting, service and item investment; importing and exporting raw materials & accessories, machinery, meters & instruments, components and related technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement.
No. of Employees :	5,059

RATING & COMMENTS

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

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
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Payment Behaviour :	Regular
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 (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 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

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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	Foshan Nationstar Optoelectronics Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 18 South Huabao Road, Chancheng District, Foshan, Guangdong Province 528000 PR China
TEL. NO.	86 (0) 757-82100231/82100271
FAX NO.	86 (0) 757-82100268

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: AUGUST 31, 1981
UNIFIED SOCIAL CREDIT CODE	: 914406001935264036
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: HE YONG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 475,751,669
STAFF	: 5,059
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 3,472,602,000 (CONSOLIDATED, AS OF DEC. 31, 2017)
EQUITIES	: CNY 3,172,685,000 (CONSOLIDATED, AS OF DEC. 31, 2017)
WEBSITE	: www.nationstar.com
E-MAIL	: stock@nationstar.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
OPERATIONAL TREND	: 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
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 shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 914406001935264036.

SC's Import and Export Enterprise Code: 4400193526403

SC's registered capital: CNY 475,751,669

SC's paid-in capital: CNY 475,751,669

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2012	Registered Capital	CNY 215,000,000	CNY 430,000,000
2014-12-18	Legal Representative	Wang Yaohao	He Yong
2015-9-2	Registered Capital	CNY 430,000,000	CNY 475,751,669

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

Name of Shareholder (s) (As of Dec. 31, 2017)	% of Shareholding
Foshan Xigema Venture Capital Co., Ltd.	12.9
Guangdong Guangsheng Asset Management Co., Ltd.	7.48
Cai Juyi	2.9
National Social Security Fund 118 Combination	2.61
Wang Yaohao	2.46
Other Shareholders	71.65

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SC's Chief Executives:-

Position

Legal Representative and Chairman
General Manager
Deputy General Manager

Name

He Yong
Wang Sen
Li Cheng
Liuai Canzi
Li Qiyang
Wang Haijun
Yan Chunhui
Song Daihui

RECENT DEVELOPMENT


SC was listed in Shenzhen Stock Exchange Market with the code of 002449.

SHAREHOLDER CHART & BACKGROUND

<i>Name</i>	<i>% of Shareholding</i>
(As of As of Dec. 31, 2017)	
Foshan Xigema Venture Capital Co., Ltd.	12.9
Guangdong Guangsheng Asset Management Co., Ltd.	7.48
Cai Juyi	2.9
National Social Security Fund 118 Combination	2.61
Wang Yaohao	2.46
Other Shareholders	71.65

 Foshan Xigema Venture Capital Co., Ltd.

Date of Registration: April 26, 2007
Unified Social Credit Code: 91440600661491804M
Chief Executive: He Yong
Registered Capital: CNY 50,000,000

 Guangdong Guangsheng Asset Management Co., Ltd.

Date of Registration: December 23, 1999

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Unified Social Credit Code: 91440000719283849E
Chief Executive: Xu Guang
Registered Capital: CNY 10,000,000,000

MANAGEMENT

He Yong , Legal Representative and Chairman

- Gender: M
- Nationality: China
- Age: 58
- Qualification: MBA
- Working experience (s):

At present, working in SC as legal representative and chairman

Wang Sen , General Manager

- Gender: M
- Nationality: China
- Age: 45
- Qualification: University
- Working experience (s):

At present, working in SC as general manager

Deputy General Manager

Li Cheng
Liuai Canzi
Li Qiying
Wang Haijun
Yan Chunhui
Song Daihui

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling semiconductor photoelectric device, photoelectric display, LED display, traffic signal lamp, photoelectric semiconductor lighting lamps lighting, semiconductor integrated circuit, photoelectric module, electronic tuner, other electronic parts, components, and information technology equipment products; undertaking photoelectric display engineering, and lighting engineering; photoelectric engineering technology development, and consulting, service and item investment; importing and exporting raw materials & accessories, machinery, meters & instruments, components and related

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technology; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement.

SC is mainly engaged in manufacturing and selling semiconductor photoelectric device, photoelectric display, etc.

SC's products mainly include:

LED Flood Light
LED Ceiling light
LED Plant Lighting
LED Strip Light
LED Panel Light
LED Tunnel Light
LED Table Lamp
LED Spot Light
LED High Bay Lamp
LED Street Light
LED Down Light
LED Bulb
LED Tube
LED Module



SC sources its materials 70% from domestic market, and 30% from the overseas market. SC sells 40% of its products in domestic market, and 60% to the overseas market, mainly U.S.A., Pakistan and India.

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

*Major Customers:

=====
Qbd Cooling Systems Inc.
Jesco Lighting Inc.
New Advantage Corporation

Staff & Office:

SC is known to have approx. 5,059 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 the following subsidiaries:

Wuxi Guoxing Photoelectricity Science & Technology Co., Ltd.

Foshan NationStar Electronics Manufacturing Co., Ltd.

Foshan NationStar Semiconductor Technology Ltd.

Nanyang Baoli Vanadium Industry Co., Ltd.

Xinye NationStar Semiconductor Lighting Co., Ltd.

Foshan NationStar General Lighting Co., Ltd.

Xurui Photoelectricity 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:

China Construction Bank Foshan Chengxi Sub-branch

AC#: 44001668640053002650

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	907,879	820,635
Accounts receivable	608,776	608,242
Notes receivable	791,835	1,181,917
Advances to suppliers	71,206	37,222
Interest receivable	1,045	1,066
Other receivable	69,124	4,825
Inventory	678,327	866,020
Non-current assets within one year	0	0
Other current assets	312,321	253,021
	-----	-----
Current assets	3,440,513	3,772,948
Long-term investments	4,805	0
Real estate investment	0	0
Fixed assets	1,795,497	2,105,005
Construction in progress	228,310	182,766
Project materials	0	0
Fixed assets in liquidation	0	0
Intangible assets	140,679	125,698
Goodwill	13,866	10,492
Long-term deferred expense	9,774	9,039
Deferred income tax assets	8,588	13,022
Other non-current assets	33,995	51,198
	-----	-----
Total assets	5,676,027	6,270,168
	=====	=====
Short-term loans	37,088	424,640
Notes payable	1,094,888	1,459,568
Accounts payable	687,418	864,346
Payroll payable	40,123	58,895
Taxes payable	20,539	32,493
Interest payable	0	311
Advances from clients	21,969	38,159
Other payable	17,995	26,267
Other current liabilities	622,215	0
	-----	-----
Current liabilities	2,542,235	2,904,679
Non-current liabilities	212,671	192,804
	-----	-----
Total liabilities	2,754,906	3,097,483
Equities	2,921,121	3,172,685
	-----	-----
Total liabilities & equities	5,676,027	6,270,168
	=====	=====

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Consolidated Income Statement

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	2,418,424	3,472,602
Cost of sales	1,897,102	2,650,579
Business Taxes and Surcharges	11,141	18,291
Sales expense	59,523	86,330
Management expense	210,531	267,919
Finance expense	30,368	33,948
Asset impairment loss	32,778	60,168
Investment income	7,065	11,280
Non-operating income	33,685	4,130
Non-operating expense	3,134	5,491
Profit before tax	214,595	407,620
Less: profit tax	39,095	60,975
Profits	175,500	346,645

Important Ratios

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.35	1.30
*Quick ratio	1.09	1.00
*Liabilities to assets	0.49	0.49
*Net profit margin (%)	7.26	9.98
*Return on total assets (%)	3.09	5.53
*Inventory / Revenue x365	103 days	92 days
*Accounts receivable/ Revenue x365	92 days	64 days
* Revenue/Total assets	0.43	0.55
* Cost of sales / Revenue	0.78	0.76

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

- The revenue of SC appears fairly good in its line.
- SC's net profit margin is fairly good.
- SC's return on total assets is fairly good.
- SC's cost of goods sold is average, comparing with its revenue.

LIQUIDITY: AVERAGE

- The current ratio of SC is maintained in a normal 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.
- SC's short-term loans are in an average level.
- SC's revenue is in a fair level, comparing with the size of its total assets.

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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. Taking into consideration of SC's general performance, reputation as well as market conditions

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.52
UK Pound	1	INR 90.60
Euro	1	INR 79.87
CNY	1	INR 10.39

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	SYL

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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)