

MIRA INFORM REPORT

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|----------------------|------------|
| Report No. : | 534032 |
| Report Date : | 09.10.2018 |

IDENTIFICATION DETAILS

| | |
|------------------------------------|---|
| Name : | JIANGSU Yawei MACHINE TOOL CO., LTD. |
| Registered Office : | Xiancheng Industrial Park, Huanghai South Road, Jiangdu District, Yangzhou, Jiangsu Province 225200 |
| Country : | China |
| Financials (as on) : | 31.03.2018 |
| Date of Incorporation : | 12.02.2000 |
| Unified Social Credit Code: | 913210007241938999 |
| Legal Form : | Shares Limited Company |
| Line of Business : | Subject includes manufacturing, processing, and selling machine tools, machinery, and machine components; exporting its self-made products and technologies; importing raw materials, accessories, instruments & apparatus, machinery, components, and technologies needed by manufacture and scientific research; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; general freight; software research & development, technology services, software sales, technology permit, and physical lease. |
| No. of Employees : | 1,551 |

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 |

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| | |
|----------------------------|---------|
| Status : | Good |
| 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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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>

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 | Jiangsu Yawei Machine Tool Co., Ltd. |
| CURRENT ADDRESS/ REGISTERED ADDRESS | Xiancheng Industrial Park, Huanghai South Road, Jiangdu District, Yangzhou, Jiangsu Province 225200 PR China |
| TEL. NO. | 86 (0) 514-86880517/86880508 |
| FAX NO. | 86 (0) 514-86880521 |

EXECUTIVE SUMMARY

| | |
|----------------------------|---|
| DATE OF REGISTRATION | : FEBRUARY 12, 2000 |
| UNIFIED SOCIAL CREDIT CODE | : 913210007241938999 |
| LEGAL FORM | : SHARES LIMITED COMPANY |
| CHIEF EXECUTIVE | : LENG ZHIBIN (LEGAL REPRESENTATIVE) |
| REGISTERED CAPITAL | : CNY 373,003,481 |
| STAFF | : 1,551 |
| BUSINESS CATEGORY | : MANUFACTURING & TRADING |
| REVENUE | : CNY 269,524,000 (CONSOLIDATED, JAN. 1, 2018 TO MAR. 31, 2018) |
| EQUITIES | : CNY 1,658,049,000 (CONSOLIDATED, AS OF MAR. 31, 2018) |
| WEBSITE | : www.yawei.cc |
| E-MAIL | : ir@yawei.cc |
| PAYMENT | : REGULAR |
| MARKET CONDITION | : COMPETITIVE |
| FINANCIAL CONDITION | : FAIRLY STABLE |
| 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
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: 913210007241938999.

SC's registered capital: CNY 373,003,481

Registration Change Record:-

| Date | Change of Contents | Before the change | After the change |
|------------|--|-------------------|------------------------|
| -- | Registration No. | 3210882301195 | 321088000037129 |
| 2007-12-26 | Registered Capital | CNY 37,728,000 | CNY 46,423,000 |
| 2008-02-22 | Company Name | Chinese | |
| | Legal Form | Limited Company | Shares Limited Company |
| | Registered Capital | CNY 46,423,000 | CNY 66,000,000 |
| 2011-4 | Registered Capital | CNY 66,000,000 | CNY 88,000,000 |
| 2012 | Registered Capital | CNY 88,000,000 | CNY 176,000,000 |
| 2015-6-1 | Registered Capital | CNY 176,000,000 | CNY 352,000,000 |
| 2016-3-3 | Registered Capital | CNY 352,000,000 | CNY 366,138,696 |
| 2016-11-1 | Registered Capital | CNY 366,138,696 | CNY 372,603,696 |
| 2016-11-4 | Registered Capital | CNY 372,603,696 | CNY 371,473,481 |
| 2017-3-9 | Registered Capital | CNY 371,473,481 | CNY 372,883,481 |
| | Legal Representative | Ji Suqin | Leng Zhibin |
| 2017-7-24 | Registered Capital | CNY 372,883,481 | CNY 373,003,481 |
| -- | Registration No./ Unified Social Credit Code | 321088000037129 | 913210007241938999 |

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

| Name of Shareholder (s) (As of Mar. 31, 2018) | % of Shareholding |
|--|--------------------------|
| Jiangsu Yawei Technology Investment Co., Ltd. | 7.41 |
| Suzhou Fengying Yinyue Investment Center (Limited Partnership) | 6.4 |
| Ji Suqin | 3.88 |
| Leng Zhibin | 3.37 |
| Wen Qingyun | 2.38 |
| Shi Jinxia | 2.15 |
| Wang Hongxiang | 1.86 |
| Zhou Jiazhi | 1.82 |
| Pan Enhai | 1.36 |
| Zhe Pengcheng | 1.35 |
| Other Shareholders | 68.02 |

SC's Chief Executives:-

| Position | Name |
|--|---------------|
| Legal Representative, Chairman and General Manager | Leng Zhibin |
| Vice Chairman and Deputy General Manager | Shi Jinxia |
| Deputy General Manager | Pan Enhai |
| | Zhe Pengcheng |
| | Wang Jun |
| | Zhang Ling |

RECENT DEVELOPMENT

SC is a listed company in Shenzhen Stock Exchange Market with the code of 002559.

SHAREHOLDER CHART & BACKGROUND

| Name | % of Shareholding |
|--|--------------------------|
| (As of Mar. 31, 2018) | |
| Jiangsu Yawei Technology Investment Co., Ltd. | 7.41 |
| Suzhou Fengying Yinyue Investment Center (Limited Partnership) | 6.4 |

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| | |
|--------------------|-------|
| Ji Suqin | 3.88 |
| Leng Zhibin | 3.37 |
| Wen Qingyun | 2.38 |
| Shi Jinxia | 2.15 |
| Wang Hongxiang | 1.86 |
| Zhou Jiazhi | 1.82 |
| Pan Enhai | 1.36 |
| Zhe Pengcheng | 1.35 |
| Other Shareholders | 68.02 |

Jiangsu Yawei Technology Investment Co., Ltd.

Date of Registration: November 30, 2007
Unified Social Credit Code: 91321012669625715C
Legal Representative: Leng Zhibin
Registered Capital: CNY 373,003,481

MANAGEMENT

Leng Zhibin , Legal Representative, Chairman and General Manager

-
- Gender: M
 - Qualification: University
 - Working experience (s):

At present, working in SC as legal representative, chairman and general manager
Also working in Jiangsu Yawei Technology Investment Co., Ltd. as legal representative

Shi Jinxia , Vice Chairman and Deputy General Manager

-
- Gender: F
 - Qualification: University
 - Working experience (s):

At present, working in SC as vice chairman and deputy general manager

Deputy General Manager

Pan Enhai
Zhe Pengcheng

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Wang Jun
Zhang Ling

BUSINESS OPERATION

SC's registered business scope includes manufacturing, processing, and selling machine tools, machinery, and machine components; exporting its self-made products and technologies; importing raw materials, accessories, instruments & apparatus, machinery, components, and technologies needed by manufacture and scientific research; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; general freight; software research & development, technology services, software sales, technology permit, and physical lease.

SC is mainly engaged in manufacturing and selling machine tools and components.

Brand: Yawei

SC's products mainly include: numeric control metal sheet processing machine tools, including numeric control bending machines, numeric control rotary-turret stamping machines, numeric control plate shears and numeric control laser cutters.

SC sources its materials 80% from domestic market and 20% from overseas market; SC sells its products 60% in domestic market and 40% to 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

=====

Sharp Industries Ltd.

Mashimport LLC.

Tianjin Xinbaolong Elevator Group Co., Ltd.

Xuzhou Construction Machinery Group Imp. & Exp. Co., Ltd.

Staff & Office:

SC is known to have approx. 1,551 staff at present.

SC owns an area as its operating office & factory of approx. 200,000 sq. meters at the heading address.

RELATED COMPANY

SC is known to have the following subsidiaries at present,

Jiangsu Yawei Intelligent System Co., Ltd.

Yawei-Reis Robot Manufacturing (Jiangsu) Co., Ltd.

Suzhou Leiming Laser Technology Co., Ltd.

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Kunshan Aipaisi Software Technology Co., Ltd.
Jiangsu Yawei Chuangke Laser Equipment Co., Ltd.
Etc.

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
AC#: 1108810309300001863

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

| | As of Dec. 31, 2017 | As of Mar. 31, 2018 |
|-------------------------------------|--------------------------------|----------------------------|
| Cash | 587,268 | 569,036 |
| Accounts receivable | 331,527 | 356,736 |
| Notes receivable | 103,913 | 115,386 |
| Advances to suppliers | 43,726 | 46,452 |
| Other receivable | 13,830 | 17,117 |
| Inventory | 410,033 | 506,888 |
| Non-current assets within one year | 0 | 0 |
| Other current assets | 5,237 | 8,845 |
| | ----- | ----- |
| Current assets | 1,495,534 | 1,620,460 |
| Financial assets available for sale | 131,684 | 131,684 |
| Long-term accounts receivable | 10,059 | 7,950 |

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| | | |
|------------------------------|-----------|-----------|
| Long-term investments | 1,206 | 1,153 |
| Real estate investment | 0 | 0 |
| Fixed assets | 423,897 | 416,361 |
| Construction in progress | 243 | 692 |
| Project materials | 0 | 0 |
| Intangible assets | 110,031 | 108,223 |
| Goodwill | 54,097 | 54,098 |
| Long-term deferred expense | 3,799 | 3,599 |
| Deferred income tax assets | 17,355 | 17,371 |
| Other non-current assets | 64,810 | 64,275 |
| | ----- | ----- |
| Total assets | 2,312,715 | 2,425,866 |
| | ===== | ===== |
| Short-term loans | 0 | 0 |
| Notes payable | 142,864 | 150,288 |
| Accounts payable | 218,980 | 281,572 |
| Payroll payable | 29,657 | 15,347 |
| Taxes payable | 17,253 | 11,394 |
| Advances from clients | 135,600 | 190,509 |
| Dividends payable | 4,180 | 4,181 |
| Other payable | 55,194 | 41,583 |
| Other current liabilities | 0 | 0 |
| | ----- | ----- |
| Current liabilities | 603,728 | 694,874 |
| Non-current liabilities | 72,641 | 72,943 |
| | ----- | ----- |
| Total liabilities | 676,369 | 767,817 |
| Equities | 1,636,346 | 1,658,049 |
| | ----- | ----- |
| Total liabilities & equities | 2,312,715 | 2,425,866 |
| | ===== | ===== |

Consolidated Income Statement

| Unit: CNY'000 | As of Dec. 31, 2017 | Jan. 1, 2018 to Mar. 31, 2018 |
|-----------------------|------------------------|----------------------------------|
| Revenue | 1,439,039 | 269,524 |
| Cost of sales | 1,056,901 | 198,746 |
| Taxes and surcharges | 11,015 | 1,858 |
| Sales expense | 101,084 | 20,347 |
| Management expense | 135,791 | 25,392 |
| Finance expense | -494 | 3,199 |
| Asset impairment loss | 40,131 | 978 |
| Investment income | 9,881 | -52 |
| Non-operating income | 65 | 0 |
| Non-operating expense | 543 | 3 |
| Profit before tax | 118,864 | 25,582 |
| Less: profit tax | 20,107 | 4,304 |
| Profits | 98,757 | 21,278 |

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Important Ratios

=====

| | As of Dec. 31, 2017 | As of Mar. 31, 2018 |
|---|------------------------|---------------------|
| *Current ratio | 2.48 | 2.33 |
| *Quick ratio | 1.80 | 1.60 |
| *Liabilities to assets | 0.29 | 0.32 |
| *Net profit margin (%) | 6.86 | 7.89 |
| *Return on total assets (%) | 4.27 | 0.88 |
| *Inventory / Revenue x365/90 | 105 days | 170 days |
| *Accounts receivable / Revenue x365/90 | 85 days | 120 days |
| *Revenue / Total assets | 0.62 | 0.11 |
| *Cost of sales / Revenue | 0.73 | 0.74 |

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

- The revenue of SC appears fair in its line.
- SC's net profit margin is fairly good.
- SC's return on total assets is average.
- SC's cost of sales is average, 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 average.
- The accounts receivable of SC appears average.
- SC has no short-term loans.
- 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 average.
- The risk for SC to go bankrupt is low.

Overall financial condition of the SC: Fairly Stable.

CONCLUSIONS

SC is considered large-sized in its line with fairly stable financial conditions.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 73.92 |
| UK Pound | 1 | INR 96.86 |
| Euro | 1 | INR 85.06 |
| CNY | 1 | INR 10.71 |

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

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | PRA |
| 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)