

## MIRA INFORM REPORT

<b>Report No. :</b>	524075
<b>Report Date :</b>	11.08.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	XINCHENG INTERNATIONAL (HONG KONG) CO., LIMITED
<b>Registered Office :</b>	Room 2104, 21/F., Austin Plaza, 83 Austin Road, Tsimshatsui, Kowloon
<b>Country :</b>	Hongkong
<b>Date of Incorporation :</b>	20.12.2013
<b>Com. Reg. No.:</b>	62524351
<b>Legal Form :</b>	Private Limited Company.
<b>Line of Business :</b>	Importer, exporter, wholesaler, machinery leasing of all kinds of machinery and equipment.
<b>No. of Employees :</b>	8 (Including associates)

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	No Complaints
<b>Litigation :</b>	Clear

#### NOTES:

Any query related to this report can be made on e-mail: [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**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***

### **XINCHENG INTERNATIONAL (HONG KONG) CO., LIMITED**

**ADDRESS:** Room 2104, 21/F., Austin Plaza, 83 Austin Road, Tsimshatsui, Kowloon, Hong Kong.  
**PHONE:** 852-2417 1739, 2866 6933  
**FAX:** 852-2866 6166  
**E-MAIL:** hkveda@netvigator.com

## ***MANAGEMENT***

Managing Director: Mr. Zeng Fei

## ***SUMMARY***

Incorporated on: 20th December, 2013.  
Organization: Private Limited Company.  
Issued Share Capital: US\$10,000,000.00  
Business Category: Importer, Exporter and Wholesaler.  
Group Operating Income: RMB5,728.5 million Yuan (Year ended 31-12-2017)  
Employees: 8. (Including associates)  
Main Dealing Banker: Bank of China (Hong Kong) Ltd., Hong Kong.  
Banking Relation: Satisfactory.

## ***ADDRESS***

### **Registered Head Office:-**

Room 2104, 21/F., Austin Plaza, 83 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

### **Holding Company:-**

Anhui Xincheng Investment Co. Ltd., China.

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**Ultimate Holding Company:-**

Keda Clean Energy Co. Ltd. [Formerly known as Keda Industrial Co. Ltd.]  
1 Huanzhen Xi Road, Guanglong Industrial Zone, Chencun, Shunde, Foshan, Guangdong, China.  
[Tel: 86-757-2383 2929, 2383 2922  
Fax: 86-757-2383 2690  
E-mail: ied@kedachina.com.cn]

**Associated Companies:-**

Anhui Xincheng Financial Leasing Co. Ltd., China.  
Brighstar Investment Ltd., Mauritius.  
Champ Will Development Ltd., Hong Kong. (Same address)  
Changsha Aerturbo Compressor Co. Ltd., China.  
Foshan Do Better Machinery Co. Ltd., China.  
Foshan Henglitai Machinery Co. Ltd., China.  
Foshan Keda Hydraulic Machinery Co. Ltd., China.  
Foshan Keda Steel Machine Works, China.  
Great Champ International Trading Ltd., Hong Kong. (Same address)  
Guangdong Teckwin Ceramic Digital Printing Co. Ltd., China.  
Guangdong Xincheng Financial Lease Co. Ltd., China.  
Henan KDNEU International Engineering Co. Ltd., China.  
Henan Neutl Metallurgical Science & Technology Co. Ltd., China.  
Jiangsu Kehang Environmental Protection Science & Technology Co. Ltd., China.  
Jiangyin Tianjiang Pharmaceutical Co. Ltd., China.  
Keda Clean Energy (Ma'anshan) Co. Ltd., China.  
Keda Holding (Mauritius) Ltd., Mauritius.  
Keda Industrial (India) Ltd., India.  
Keda Industrial (Ma'anshan) Ltd., China.  
Keda Stone Machinery Co. Ltd., China.  
Shenyang Keda Clean Energy Gas Co. Ltd., China.  
Shunde Keda Ceramics Machinery Co. Ltd., China.  
Twyford (Ghana) Ceramics Co. Ltd., Ghana.  
Wuhu Suremaker Machinery Co. Ltd., China.  
Zhangzhou Juming Graphite Co. Ltd., China.

***BUSINESS REGISTRATION NUMBER***

62524351

***COMPANY FILE NUMBER***

2015247

## **MANAGEMENT**

Managing Director: Mr. Zeng Fei

## **ISSUED SHARE CAPITAL**

US\$10,000,000.00

## **SHAREHOLDER**

(As per registry dated 20-12-2017)

<u>Name</u>	<u>No. of shares</u>
Anhui Xincheng Investment Co. Ltd. B408-409 Kecheung Centre, No. 399, Meishan Road, Maanshan Economic Technology Development Zone, Anhui Province, China	10,000,000 =====

## **DIRECTORS**

(As per registry dated 20-12-2017)

<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
ZENG Fei	Room 401, Block G, Junjinghaoting, Songyuan New City, Hecheng Road, Chencun Town, Shunde, Foshan, Guangdong, China.
LI Zhiqing	Room 1906, Block D, No. 66, Tongji West Road, Chan Cheng District, Foshan, Guangdong, China.
ZHONG Yingzhou	Room 2001, Block B, Golden Bay Garden, No. 193 Binjiang East Road, Guangzhou, Guangdong, China.

## **SECRETARY**

(As per registry dated 20-12-2017)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
H & R Block (HK) Ltd.	Room 504, 5/F., Tung Wai Commercial Building, 109-111 Gloucester Road, Causeway Bay, Hong Kong.	0113523

## ***HISTORY***

The subject was incorporated on 20th December, 2013 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Xincheng International Financial Leasing Co. Ltd., name changed to the present style on 27th October, 2015.

Apart from these, neither material change nor amendment has been ever traced and noted.

## ***OPERATIONS***

Activities: Importer, Exporter, Wholesaler, Machinery Leasing

Lines: All kinds of machinery and equipment.

Employees: 8. (Including associates)  
5,066. (Group as at 31-12-2017)

Commodities Imported: China, etc.

Markets: Asian countries, Europe, North America, etc.

Group Operating Income:-

RMB3,811.9 million Yuan (Year ended 31-12-2013)  
RMB4,465.9 million Yuan (Year ended 31-12-2014)  
RMB3,593.7 million Yuan (Year ended 31-12-2015)  
RMB4,380.5 million Yuan (Year ended 31-12-2016)  
RMB5,728.5 million Yuan (Year ended 31-12-2017)

Terms/Sales: L/C, T/T, or as per contract.

Terms/Buying: L/C, T/T, etc.

## ***FINANCIAL INFORMATION***

Issued Share Capital: US\$10,000,000.00

Group Profit Attributable to Shareholders:-

RMB370.2 million Yuan (Year ended 31-12-2013)  
RMB446.1 million Yuan (Year ended 31-12-2014)  
RMB541.3 million Yuan (Year ended 31-12-2015)  
RMB303.3 million Yuan (Year ended 31-12-2016)

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RMB478.9 million Yuan (Year ended 31-12-2017)

Profit or Loss:	Group business is profitable
Condition:	Keeping in a satisfactory manner.
Facilities:	Making rather active use of general banking facilities.
Payment:	Met trade commitments as required.
Commercial Morality:	Satisfactory.
Banker:	Bank of China (Hong Kong) Ltd., Hong Kong.
Standing:	Normal.

## ***GENERAL***

Having issued 10 million ordinary share of US\$1.00, Xincheng International (Hong Kong) Co., Limited is wholly-owned by Anhui Xincheng Investment Co. Ltd. which is a China-based company. Its ultimate holding company Keda Clean Energy Co. Ltd. [formerly known as Keda Industrial Co. Ltd.] [Keda] is a China-based and listed firm. All the directors of the subject are China merchants and residing in Foshan City, Guangdong Province, China.

The subject is one of the trading arms of Keda which is a machinery and equipment trader. It is also engaged in machinery and equipment leasing and financing enterprises in China to purchase machinery and equipment.

Keda is in Shunde District, Foshan City, Guangdong Province, China.

Keda is a listed firm in Shanghai bearing stock code 600499. It has had a main factory in Foshan City, Guangdong Province, China known as Foshan Keda Steel Machine Works which was set up in December 1982.

Keda is principally engaged in manufacturing and sale of machinery products. Its machinery products include ceramics machinery, energy resource machinery, stone processing machinery and building material processing machinery. The ceramics machinery products include cloth processing machine, turn over machine, desiccator, drying apparatus, furnace, buffing machine, edge grinding machine, testing equipment, stacking apparatus. It also manufactures clean coal gasification machinery and others. Keda's products are marketed in China and exported to overseas markets.

Keda has a number of subsidiaries/associates, primarily engaged in the provision of stone machinery, new energy machinery and construction ceramics machinery, machinery and equipment leasing, among others.

The subject is managed by Mr. Zhen Fei who is a China businessman.

Currently, Keda has had distributors or agents in the following countries: Taiwan, India, Vietnam, Thailand, Indonesia, Malaysia, North Korea, Iran, Turkey, Egypt, Russia, the United Arab Emirates, etc. The business of Keda is rather active and steady.

In FY 2017, the operating income of the Group is RMB5.7 billion Yuan (2016: RMB4.4 billion Yuan). Group profit attributable of shareholders amounted to RMB478.9 million Yuan (2016: RMB303.3 million Yuan).

For the year ended 31st December, 2017, Keda had 5,066 employees (2016: 4,593 employees).

The subject's history in Hong Kong is just over four years and eight months.

On the whole, supported by Keda, the subject is considered good for normal business engagements.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 79.00
HKD	1	INR 8.80

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	DIV
<b>Report Prepared by :</b>	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)