

MIRA INFORM REPORT

Report No. :	524896
Report Date :	16.08.2018

IDENTIFICATION DETAILS

Name :	KINGENTA ECOLOGICAL ENGINEERING GROUP CO., LTD.
Registered Office :	No. 19 Xingda West Street, Linshu County, Shandong Province 276700 PR
Country :	China
Financials (as on) :	31.03.2018
Date of Incorporation :	26.08.1998
Unified Social Credit Code :	913713007060665387
Legal Form :	Shares Limited Company
Line of Business :	Registered business scope includes manufacturing and selling fertilizers, compound fertilizers, mixed fertilizers, slow-release fertilizers, controlled-release fertilizers, organic fertilizers, organic-inorganic compound fertilizers, water-soluble fertilizers, microbial fertilizers, silicon-calcium-potassium-magnesium fertilizers, potassium dihydrogen phosphate, liquid fertilizers, foliar fertilizers and other fertilizers, hydrochloric acid, sulfuric acid, nitric acid, gypsum and soil conditioner; selling agricultural fertilizer, raw materials, agricultural machinery, pesticides, bags packaging seeds; consulting services for related technologies, equipment and engineering projects.
No. of Employees :	8,519

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 :	Excellent
Payment Behaviour :	Regular

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Litigation :	Clear
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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	Kingenta Ecological Engineering Group Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 19 Xingda West Street, Linshu County, Shandong Province 276700 PR China
TEL. NO.	86 (0) 539-7198691
FAX NO.	86 (0) 539-6088691

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: AUGUST 26, 1998
UNIFIED SOCIAL CREDIT CODE	: 913713007060665387
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: WAN LIANBU (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 3,157,838,096
STAFF	: 8,519
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 6,873,888,000 (CONSOLIDATED, JAN. 1, 2018 TO MAR. 31, 2018)
EQUITIES	: CNY 12,668,423,000 (CONSOLIDATED, AS OF MAR. 31, 2018)
WEBSITE	: www.kingenta.com
E-MAIL	: jzd@kingenta.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY GOOD
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: 913713007060665387.

SC's Import and Export Enterprise Code: 3700706066538

SC's registered capital: CNY 3,157,838,096

SC's paid-in capital: CNY 3,157,838,096

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2014-12-23	Registered Capital	CNY 700,000,000	CNY 781,422,924
2015-8-26	Registered Capital	CNY 781,422,924	CNY 1,562,845,848
2016-5-27	Registered Capital	CNY 1,562,845,848	CNY 3,139,147,196
2018-1-8	Registered Capital	CNY 3,139,147,196	CNY 3,157,838,096

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

Name of Shareholder (s) (As of March 31, 2018)	% of Shareholding
Linyi Kingenta Investment Holdings Co., Ltd.	38.85
Wan Lianbu	18.15
Yage'er Investment Co., Ltd.	4.26
Other Shareholders	38.74

SC's Chief Executives:-

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Position

Legal Representative, Chairman and General Manager
Deputy General Manager

Name

Wan Lianbu
Gao Yiwu
Li Jiguo
Chen Hongkun
Yan Mingxiao
Zheng Shulin
Hu Zhaoping
Cui Bin
Zhai Jidong
Xu Hengjun

RECENT DEVELOPMENT

SC was listed in Shenzhen Stock Exchange Market with the code of 002470.

SHAREHOLDER CHART & BACKGROUND

<i>Name (As of March 31, 2018)</i>	<i>% of Shareholding</i>
Linyi Kingenta Investment Holdings Co., Ltd.	38.85
Wan Lianbu	18.15
Yage'er Investment Co., Ltd.	4.26
Other Shareholders	38.74

✚ Linyi Kingenta Investment Holdings Co., Ltd.

Unified Social Credit Code: 913713297986500954
Legal Representative: Wan Lianbu
Registered Capital: CNY 35,663,500

✚ Yage'er Investment Co., Ltd.

Unified Social Credit Code: 91310101660732389W
Legal Representative: Li Rucheng
Registered Capital: CNY 1,000,000,000

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MANAGEMENT

Wan Lianbu, Legal Representative, Chairman and General Manager

- Gender: M
- Nationality: China
- Age: 53
- Qualification: University
- Working experience (s):

At present, working in SC as legal representative, chairman and general manager
Also working in Linyi Kingenta Investment Holdings Co., Ltd. as legal representative

Deputy General Manager

Gao Yiwu
Li Jiguo
Chen Hongkun
Yan Mingxiao
Zheng Shulin
Hu Zhaoping
Cui Bin
Zhai Jidong
Xu Hengjun

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling fertilizers, compound fertilizers, mixed fertilizers, slow-release fertilizers, controlled-release fertilizers, organic fertilizers, organic-inorganic compound fertilizers, water-soluble fertilizers, microbial fertilizers, silicon-calcium-potassium-magnesium fertilizers, potassium dihydrogen phosphate, liquid fertilizers, foliar fertilizers and other fertilizers, hydrochloric acid, sulfuric acid, nitric acid, gypsum and soil conditioner; selling agricultural fertilizer, raw materials, agricultural machinery, pesticides, bags packaging seeds; consulting services for related technologies, equipment and engineering projects.

SC is mainly engaged in manufacturing and selling fertilizers, compound fertilizers.

Brand: Kingenta

SC's products mainly include:
Controlled Release Fertilizer
Water Soluble Fertilizer
Efficiency Enhancers
Biostimulants

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SC sources its materials 100% from domestic market. SC sells 60% of its products in domestic market, and 40% to overseas market, mainly Mexico, India, USA, Ecuador, etc.

The buying terms of SC include Check, T/T 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:

=====

Centro Agroindustrial Sa De Cv
Diamond R Fertilizer
Neptune Horticulture
Bioderpac S.A. De C.V.
Naturtrading Cia Ltda
Smartchem Technologies Ltd.
Fertis India Private Limited

Staff & Office:

SC is known to have approx. 8,519 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,

Jinfeng Agricultural Services Co., Ltd.
Ningbo Meishan Free Trade Zone Kingenta Investment Co., Ltd.
Kingenta Agricultural Investment Co., Ltd.
Nobel Feng (China) Agriculture Co., Ltd.
Deutz-Fahr Machinery 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 records 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.

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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:

Agricultural Bank of China Linshu County Sub-branch
AC#: 898101040003882

FINANCIALS

Consolidated Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2017	As of Mar. 31, 2018
Cash	4,205,040	4,134,086
Accounts receivable	262,673	1,191,033
Notes receivable	7,980	39,467
Advances to suppliers	2,888,188	2,792,072
Interest receivable	8,168	9,074
Dividend receivable	0	0
Other receivable	195,908	245,297
Inventory	2,771,354	3,382,632
Non-current assets within one year	0	0
Other current assets	1,300,291	1,213,760
	-----	-----
Current assets	11,639,602	13,007,421
Long-term investments	516,471	545,440
Fixed assets	4,691,007	4,568,041
Construction in progress	560,489	697,340
Project materials	8,276	15,421
Intangible assets	944,696	913,971
Goodwill	679,004	673,392
Long-term deferred expense	20,004	19,738
Deferred income tax assets	97,380	98,325
Other non-current assets	514,115	547,696
	-----	-----
Total assets	19,671,044	21,086,785
	=====	=====
Short-term loans	1,134,938	1,182,864
Notes payable	2,634,758	2,833,903
Accounts payable	870,726	473,837
Payroll payable	255,475	234,718

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Taxes payable	45,760	81,931
Interest payable	2,403	4,168
Dividend payable	0	0
Advances from clients	1,000,397	1,022,030
Other payable	359,358	387,015
Non-current liabilities within one year	0	0
Other current liabilities	171,109	241,583
	-----	-----
Current liabilities	6,474,924	6,462,049
Non-current liabilities	1,447,532	1,956,313
	-----	-----
Total liabilities	7,922,456	8,418,362
Equities	11,748,588	12,668,423
	-----	-----
Total liabilities & equities	19,671,044	21,086,785
	=====	=====

Consolidated Income Statement

Unit: CNY'000

	As of Dec. 31, 2017	Jan. 1, 2018 to Mar. 31, 2018
Revenue	19,833,540	6,873,888
Cost of sales	16,631,208	5,649,877
Business Taxes and Surcharges	76,426	16,643
Sales expense	1,456,046	372,940
Management expense	816,765	163,154
Finance expense	-8,289	-11,174
Asset impairment loss	-5,982	4,724
Investment income	9,146	31,051
Non-operating income	25,714	910
Non-operating expense	7,460	209
Profit before tax	932,150	710,963
Less: profit tax	148,841	96,934
Profits	783,309	614,029

Important Ratios

=====

	As of Dec. 31, 2017	As of Mar. 31, 2018
*Current ratio	1.80	2.01
*Quick ratio	1.37	1.49
*Liabilities to assets	0.40	0.40
*Net profit margin (%)	3.95	8.93
*Return on total assets (%)	3.98	2.91
*Inventory / Revenue x365/90	52 days	45 days
*Accounts receivable / Revenue x365/90	5 days	16 days
*Revenue / Total assets	1.01	0.33
*Cost of sales / Revenue	0.84	0.82

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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 average.
- SC's cost of sales is average, comparing with its revenue.

LIQUIDITY: FAIRLY GOOD

- 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's short-term loans appear average.
- SC's revenue is in an average 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 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 69.47
UK Pound	1	INR 88.63
Euro	1	INR 79.19
CNY	1	INR 10.18

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)