

MIRA INFORM REPORT

Report No. :	543766
Report Date :	06.12.2018

IDENTIFICATION DETAILS

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

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 :	No Complaints
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 (30.06.2018)	Current Rating (30.09.2018)
Hongkong	A1	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

HONGKONG - ECONOMIC OVERVIEW

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of reexports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, oil, and methyl alcohol. There are no quotas or dumping laws. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.

Excess liquidity, low interest rates and a tight housing supply have caused Hong Kong property prices to rise rapidly. The lower and middle-income segments of the population increasingly find housing unaffordable.

Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

Mainland China has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. After peaking in 2014, overall tourist arrivals dropped 2.5% in 2015 and 4.5% in 2016. The tourism sector rebounded in 2017, with visitor arrivals rising 3.2% to 58.47 million. Travelers from Mainland China totaled 44.45 million, accounting for 76% of the total.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the preferred business hub for renminbi (RMB) internationalization. Hong Kong residents are allowed to establish RMB-denominated savings accounts, RMB-denominated corporate and Chinese government bonds have been issued in Hong Kong, RMB trade settlement is allowed, and investment schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) Program was first launched in Hong Kong. Offshore RMB activities experienced a setback, however, after the People's Bank of China changed the way it set the central parity rate in August 2015. RMB deposits in Hong Kong fell from 1.0 trillion RMB at the end of 2014 to 559 billion RMB at the end of 2017, while RMB trade settlement handled by banks in Hong Kong also shrank from 6.8 trillion RMB in 2015 to 3.9 trillion RMB in 2017.

Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2015, mainland Chinese companies constituted about 50% of the firms listed on the Hong Kong Stock Exchange and accounted for about 66% of the exchange's market capitalization.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. In 2014, Hong Kong and China signed a new agreement on achieving basic liberalization of trade in services in Guangdong Province under the Closer Economic Partnership Agreement (CEPA), adopted in 2003 to forge closer ties between Hong

Kong and the mainland. The new measures, which took effect in March 2015, cover a negative list and a most-favored treatment provision. On the basis of the Guangdong Agreement, the Agreement on Trade in Services signed in November 2015 further enhanced liberalization, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland, reducing the restrictive measures in the negative list, and adding measures in the positive lists for cross-border services as well as cultural and telecommunications services. In June 2017, the Investment Agreement and the Agreement on Economic and Technical Cooperation (Ecotech Agreement) were signed under the framework of CEPA.

Hong Kong's economic integration with the mainland continues to be most evident in the banking and finance sector. Initiatives like the Hong Kong-Shanghai Stock Connect, the Hong Kong-Shenzhen Stock Connect the Mutual Recognition of Funds, and the Bond Connect scheme are all important steps towards opening up the Mainland's capital markets and have reinforced Hong Kong's role as China's leading offshore RMB market. Additional connect schemes such as ETF Connect (for exchange-traded fund products) are also under exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

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:	No Complaints.
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 70.52
UK Pound	1	INR 89.45
Euro	1	INR 79.84
HKD	1	INR 9.09

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)