

MIRA INFORM REPORT

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|----------------------|------------|
| Report No. : | 540117 |
| Report Date : | 20.11.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|--|
| Name : | LINYI KUNHONG TOOLS CO.,LTD |
| Registered Office : | Jiuqu Town Hedong Dist. Linyi Shandong Province, Pr |
| Country : | China |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 18.03.1998 |
| Credibility Code : | 91371300X1374114XA |
| Legal Form : | Limited liabilities co. |
| Line of Business : | The subject's registered business scope includes processing and selling saw blade; selling hardware tool; importing and exporting goods and technologies (with permit if needed) |
| No. of Employees : | 145 |

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 |

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| | |
|---------------------|-------|
| 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) |
|---------------------|---|--|
| China | 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 |

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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. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2017 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.

In July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi (RMB) 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 resume a gradual appreciation. From 2013 until early 2015, the renminbi held steady against the dollar, but it depreciated 13% from mid-2015 until end-2016 amid strong capital outflows; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. 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 growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support

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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

COMPANY NAME AND ADDRESS

Company Name : LINYI KUNHONG TOOLS CO.,LTD
Address : WANGXIEFANG EAST PART OF RENMIN AVENUE LINYI SHANDONG
PROVINCE, PR CHINA
Telephone : 0086-539-8082658
Facsimile : 0086-539-8082668/8080686
Website : <http://www.cnkunhong.com/>
Email : sales@cnkunhong.com

Note: The was the former one.

REGISTRATION INFORMATION

Established Date : 1998-03-18
Credibility Code : 91371300X1374114XA
Legal Form : Limited liabilities co.
Registration Authority : Administration for Industry & Commerce (AIC) - Linyi
Status : Active

Registered Capital : CNY 11,000,000
Paid Up Capital : CNY 11,000,000
Turnover : CNY 92,600,000 (as of Dec. 31, 2017)
Equities : CNY 12,400,000 (as of Dec. 31, 2017)

Chief Executive : Shen Zibin
Business Line : Manufacturer
Manpower : 145

Tax Registration
Certificate No. : 91371300X1374114XA
Organization Code : X1374114-X

HS code : 3715961554
Import & Export code : 3700X1374114X

Financial Condition : Fairly Stable
Business Size : Medium Enterprise
Payment : No Complaints

Registered Address

jiuqu town hedong dist. linyi shandong PROVINCE, PR CHINA

Company Status: Limited liabilities co.

This form of business in PR China is defined as a legal person. No more than fifty shareholders contribute its registered capital jointly. Shareholders bear limited liability to the extent of shareholding, and the co. is liable for its debts only to extent of its total assets. The characteristics of this form of co. are as follows:

Upon the establishment of the co., an investment certificate is issued to the each of shareholders.

The board of directors is comprised of three to thirteen members.

The minimum registered capital for a co. is CNY 30,000.

Shareholders may take their capital contributions in cash or by means of tangible assets or intangible assets such as industrial property and non-patented technology.

Cash contributed by all shareholders must account for at least 30% of the registered capital.

Existing shareholders have pre-exemption right to purchase shares of the co. offered for sale by the other shareholders and to subscribe for the newly increased registered capital of the co.

Premise

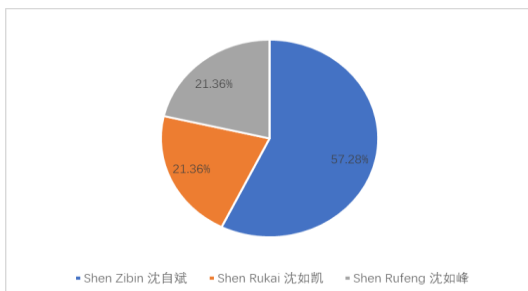
The subject operates from premises located at the heading address, and this address houses its operating office and factory in Linyi. Our checks reveal that the subject rents the total premise, but the square meters are unknown.

MANAGEMENT

| Position | Name | Nationality |
|---|------------|-------------|
| Legal representative, Executive Director | Shen Zibin | Chinese |

MAJOR SHAREHOLDERS

| Name | % Shareholding |
|-------------|----------------|
| Shen Zibin | 57.28% |
| Shen Rukai | 21.36% |
| Shen Rufeng | 21.36% |



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KEY EVENTS

No Significant Changes.

BUSINESS OPERATIONS

The subject's registered business scope includes processing and selling saw blade; selling hardware tool; importing and exporting goods and technologies (with permit if needed)

The subject is mainly engaged in manufacturing and selling hardware tools.

Products:

Laser Welding Saw Blade Matrix
Hard Alloy Saw Blade Matrix
Combined Saw Blade Matrix
Emptied Saw Blade Matrix
Sandwich Composite Silent Saw Blade Matrix
General Saw Blade Matrix (Keyhole)

Etc.

The subject sources its materials 70% from domestic market, and 30% from overseas market. the subject sells 30% of its products in domestic market, and 70% to overseas market, mainly South Korea, Russia, Southeast Asia.

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

SUPPLIER & CUSTOMER

No record.

RELATED COMPANIES

No Subsidiary

NEGATIVE INFORMATION

Lawsuit Record: No record.

Trade payment experience: The subject 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 the subject was placed to us for collection within the last 6 years.

Customs administrative penalty: No record.

Equity freeze information: No record.

Administrative Penalty: No record.

MORTGAGE

There is no record of mortgage information at present.

TRADEMARK

| Registration No. | Registration Date | Trademark Design |
|-------------------------|--------------------------|--|
| 1976312 | 2001-10-09 |  |
| 1565936 | 2000-01-31 |  |

Etc.

PATENT

No record.

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BANKING

Shandong Linyi Linshang Bank Yihe Sub Branch

Account No.: 800001906003000180769

ABBREVIATED FINANCIAL STATEMENT

Financial Summary

=====

Unit: CNY'000

| | As of Dec. 31, 2016 | As of Dec. 31, 2017 |
|------------------------------|---------------------|---------------------|
| Total assets | 26,350 | 56,810 |
| | ===== | ===== |
| Total liabilities | 14,000 | 44,410 |
| Equities | 12,350 | 12,400 |
| | ----- | ----- |
| Total liabilities & equities | 26,350 | 56,810 |
| | ===== | ===== |
| Turnover | 68,379 | 92,600 |
| Profits before tax | 837 | 590 |
| Less: tax | 226 | 180 |
| Profits | 611 | 410 |

Important Ratios

=====

| | As of Dec. 31, 2016 | As of Dec. 31, 2017 |
|-----------------------------|---------------------|---------------------|
| *Liabilities to assets | 0.53 | 0.78 |
| *Net profit margin (%) | 0.89 | 0.44 |
| *Return on total assets (%) | 2.32 | 0.72 |
| *Turnover/Total assets | 2.60 | 1.63 |

PROFITABILITY: AVERAGE

The turnover of the subject appears average in its line.

the subject's net profit margin is average.

the subject's return on total assets is average.

the subject's turnover is average, comparing with the size of its total assets.

LEVERAGE: FAIR

The debt ratio of the subject is average in 2016 but high in 2017.

The risk for the subject to go bankrupt is average.

TREND ANALYSIS

=====

| | 2015 | 2016 | 2017 |
|-----------------------------|--|---|--|
| Sales Trend | -- | -- | ↑ |
| Profit margin | -- | -- | ↓ |
| Debt to assets ratio | -- | -- | ↑ |
| Overall Financial Condition | <input type="checkbox"/> Good <input checked="" type="checkbox"/> Fairly Stable | <input type="checkbox"/> Fairly Good <input type="checkbox"/> Fair | <input type="checkbox"/> Stable <input type="checkbox"/> Poor |

COMMENT

The subject was registered as a Limited liabilities co. at local Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license).

The subject is considered medium-sized in its line with fairly stable financial conditions.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.90 |
| UK Pound | 1 | INR 92.20 |
| Euro | 1 | INR 81.94 |
| CNY | 1 | INR 10.30 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | VIV |
| Report Prepared by : | TRU |

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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)