

SHANGHAI ETERNA MACHINERY (H.K.) COMPANY LIMITED - 535855 PAGE NO. : 1

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 535855 |
| Report Date : | 25.10.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|--|
| Name : | SHANGHAI ETERNA MACHINERY (H.K.) COMPANY LIMITED |
| Registered Office : | Room 616, 6/F., Corporation Square, 8 Lam Lok Street, Kowloon Bay, Kowloon |
| Country : | Hongkong |
| Date of Incorporation : | 21.01.2000 |
| Com. Reg. No.: | 30785167 |
| Legal Form : | Private Limited Company |
| Line of Business : | Trader of all kinds of Packaging Equipment. |
| No. of Employees : | 5 |

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: while quoting report number, name and date.

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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



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>

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government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

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COMPANY NAME AND ADDRESS

SHANGHAI ETERNA MACHINERY (H.K.) COMPANY LIMITED

ADDRESS: Room 616, 6/F., Corporation Square, 8 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong.

PHONE: 852-2959 1163

FAX: 852-2743 8433

MANAGEMENT

Managing Director: Mr. Xie Qiang

SUMMARY

Incorporated on: 21st January, 2000.

Organization: Private Limited Company.

Issued Share Capital: HK\$10,000.00

Business Category: Machinery Trader.

Employees: 5.

Main Dealing Banker: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Room 616, 6/F., Corporation Square, 8 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong.

Shanghai Factory:-

Shanghai Eternal Machinery Co. Ltd.

No. 1125, Taishun Road, Anting Town, Jiading District, Shanghai, 201814 China.

[Domestic Sales: 86 21 59502461

International Sales: 86 21 64262538

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Fax: 86 21 59502477]

Holding Company:-

Gordon Ltd., Hong Kong. (Same address)

Ultimate Holding Company:-

Bobst Group S.A., Switzerland.

BUSINESS REGISTRATION NUMBER

30785167

COMPANY FILE NUMBER

0702021

MANAGEMENT

Managing Director: Mr. XIE Qiang

ISSUED SHARE CAPITAL

HK\$10,000.00

SHAREHOLDER

(As per registry dated 21-01-2018)

| Name | No. of shares |
|-------------------------|-----------------|
| Gordon Ltd., Hong Kong. | 10,000 ===== |

DIRECTOR

(As per registry dated 21-01-2018)

| Name (Nationality) | Address |
|-----------------------|---------|
|-----------------------|---------|

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| | |
|------------------------------------|--|
| Name (Nationality) XIE Qiang | Address Room 502, No. 38, 211 Lane, Cangxuan Road, Yongfeng Subdistrict, Songjiang District, Shanghai 201600, China. |
|------------------------------------|--|

SECRETARY

(As per registry dated 18-07-2018)

| | |
|---------------------------|--|
| Name TSENG Tchen Loong | Address Room 616, 6/F., Corporation Square, 8 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong. |
|---------------------------|--|

HISTORY

The subject was incorporated on 21st January, 2000 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Good Extend (HK) Ltd., name changed to the present style on 15th March, 2000.

The subject changed its company secretary in July 2018.

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

OPERATIONS

| | |
|-----------------------|--|
| Activities: | Machinery Trader. |
| Lines: | All kinds of Packaging Equipment. |
| Employees: | 5. |
| Commodities Imported: | China, other Asian countries, etc. |
| Markets: | Asia, Europe, North America, Middle East, etc. |
| Terms/Sales: | As per contracted. |
| Terms/Buying: | Various terms. |

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FINANCIAL INFORMATION

Issued Share Capital: HK\$10,000.00

Mortgage or Charge:-

Date: 28-11-2003

Description of Instrument: Security Over Deposits With The Bank (Limited Company- Under Seal)

Mortgagee: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Profit or Loss: Made small profits in past years.

Condition: Keeping in a normal manner.

Facilities: Making rather active use of general banking facilities.

Payment: Met trade commitments as required.

Commercial Morality: Satisfactory.

Banker: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Standing: Satisfactory.

GENERAL

Shanghai Eterna Machinery (H.K.) Company Limited is a wholly-owned subsidiary of Gordon Ltd., a Hong Kong-registered company located at the same address.

The ultimate holding company is Bobst Group S.A. which is a Switzerland-based company.

The director of the subject is Mr. Xie Qiang who was appointed in July, 2017. He is a China passport holder and does not have the right to reside in Hong Kong. He is also the only director of the subject. His registered address is in Songjiang District, Shanghai, China.

The head office of the subject is in Shanghai, China known as Shanghai Eternal Machinery Co. Ltd. [SEM]. It is also a factory. It is a member of the Bobst Group.

SEM was established in 1995 in Shanghai. It has been the pioneer of manufacturing large size flat-bed corrugated converting equipment in China.

SEM is a world renowned leader in the packaging equipment industry. It is experienced in designing and manufacturing. It has formed complete lines of flatbed die-cutting machines, foil stamping machines as well as folder gluing machines in all sizes.

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SEM has been serving more than 50 countries and regions. Presently the company has 45,000 square meters of modern manufacturing space, 448 employees and of these 67 are Research and Development staff, or 15% of the total employees.

In January 2011, the world-renowned leader in the packaging equipment industry, Bobst Group, S.A. in Switzerland acquired a majority share of SEM, and it has become a member of Bobst family since then.

In 2015, SEM, BHS and Dinglong, the top three companies in packaging equipment industry, formed Integration Systems together, meaning share the whole factory production data together and form a more economic and modern factory.

The followings are the main products of SEM:-

- Fully automated corrugated die-cutter: Eterna PE1620-Action/Extra/Elite & PE2100S
- Semi-automated die-cutter with stripping: SA1620S and SA2100S
- Hand-fed die-cutter: ML2000/ML1600/ML1300/ML1120/ML930/ML680
- Fully automated folding carton die-cutter and foil stamper: 1050/1450
- Fully automated folding gluing equipment: TA/TB series

SEM has set up the following three centres:

- Spare Parts Processing Centre
- Manufacturing Centre
- R&D Design Centre

The annual production capacity of SEM is more than 350 units of which 40% of them are exported to international market.

Machines are marketed in China, exported to Japan, the other Asian countries, Europe, North America, South America, etc.

Its main sales European agents are in Spain, Portugal, Turkey, and the United Kingdom.

Overall business of SEM is satisfactory. The subject is trading in the same machines as SEM.

As the history of the subject is over 18 years and nine months in Hong Kong, on the whole, consider it good for normal credit requirements.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 73.26 |
| UK Pound | 1 | INR 95.05 |
| Euro | 1 | INR 83.99 |
| HKD | 1 | INR 9.36 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | DIV |
| Report Prepared by : | NIT |

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)