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EAGLE KINGDOM TECHNOLOGY CO., LTD.

Informe realizado a pedido de DIRECTV ARGENTINA SOCIEDAD ANONIMA

CHINA

July 2020

This information is confidential and for the exclusive use of the person requesting it. Its purpose is merely indicative in credit decisions. It does not imply value judgment or solvency of those informed. Its evaluation and the decisions that the client makes are outside Fidelitas.

Executive Summary

The analyzed company started activities in China in 2007, to offer solutions in the field of Set Top Boxes, Smart TVs, Modems and ODM designs for 3rd party innovators. The Partners are ALMAX HOLDINGS LIMITED (Hong Kong, 59.06%) and SHENZHEN KEYI INVESTMENT DEVELOPMENT CO., LTD. (China, 40.94%). It operates normally with the Banks, without registers of overdue debts or claims. No Compliance risks were identified. There is a commercial lawsuit against the analyzed (see detail, plaintiff Sichuan Friend Digital Tech.Co., Ltd.). The company sent partial information showing little collaboration and delays in the process. The accounting information received does not contain an Audit report, which means that we cannot affirm that it effectively corresponds to the company under review. Even so, the conclusions related to the patrimonial and economic-financial profile indicate a critical and risky profile: although by December 2018, the invoicing exhibited an interannual increase of 81% and registered a final surplus of 2.4 on sales, did not avoid a negative Net Worth for second consecutive year. This situation is reflected in its Solvency level whose indicator is -0.15 (-0.02 last year). In line with what was expressed, the financial indicators showed the same situation: Liquidity was 0.85, Working Capital was negative by US $ 3.2 million. 99.6% of the Total Liability is payable in the short term and is of a commercial nature, a situation that is reflected in the level of indebtedness, showing -6.71. In summary, although at present we have not identified serious commercial aspects, the overall picture of the company in 2018 was very weak due to its high indebtedness and its equity situation, so we recommend demanding updated and audited accounting information, while analyzing potential alternative suppliers. The analyzed company indicated during the analysis process that there is an open capital corporation that would be in a position to guarantee any obligation assumed by them, in favour of DirecTV. We recommend discussing this with them in detail in order to ensure any medium / long term joint investment or development.



Source: local credit bureau in China. “Medium Risk but deteriorating”

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Main data

CONSTITUTION / LEGAL STATUS / ADDRESSES / TELEPHONES

Business name	EAGLE KINGDOM TECHNOLOGY CO., LTD.
Company Registration Number	914403006658759606
Legal Form - Full Name	EAGLE KINGDOM TECHNOLOGY CO., LTD.
Fantasy name	EKT
Address	3F, BUILDING 3, LISHAN INDUSTRIAL ZONE, NO. 63, YUANSHAN ROAD, NANSHAN STREET, NANSHAN DISTRICT, SHENZHEN, GUANGDONG 518067
Country	CHINA
Province or State	GUANGDONG
phones	+86-0755-26898816
E-mail	richard.smith@ekt-digital.com
Contact person (s)	RICHARD SMITH
Primary Industry	R&D, SALE OF ELECTRONIC PRODUCTS
Date of Company Registration	19/10/2007
Net worth as of 2018	$ -5 802 309.-
Company Status	Active (Active)
Amount Employees	100 (Source Company).
Business Licence Expiry / Expiration Date	2027-10-19
Nominal Share Capital	1,176,500 US



HISTORICAL OVERVIEW / GENERAL

Since 2007, Eagle Kingdom Technologies LTD (EKT) has specialised in creating innovative, customer focused solutions in the field of Set Top Boxes, Smart TVs, Modems and ODM designs for 3rd party innovators. By combining Asian Know How and Western Management, EKT successfully blends DNA from both business practices exceeding customer expectation in design, technology, quality, communication and cost.

MISSION, VISION AND VALUES

No information was detected.

ADDITIONAL INFORMATION / INFORMATION OF INTEREST

EKT has development and customer service offices around the world.



BRANDS / PATENTS / LICENSES

The company did not share details of any proprietary information.

COMPANY ORGANIGRAM

The company did not share information.

CORPORATE STRUCTURE AND LINKS

Partners / Shareholders

Name and Surname / Company Name	Nationality	Tax ID	%
ALMAX HOLDINGS LIMITED	Hong Kong	N/I	59.06
SHENZHEN KEYI INVESTMENT DEVELOPMENT CO., LTD.	China	N/I	40.94

Source: Company

Links / Related Companies

N°	Business name	Nationality	Tax ID	Relationship Type
1	Hefei Yigou Yu Shuzi Technology Co., Ltd		N/I	?

Sources: External

Executive leadership

Name and Surname	Nationality	Tax ID	Position
RICHARD SMITH	British	Hong Kong R0505419(9)	Legal Representative

Source: Company

RICHARD SMITH



Legal Representative: Richard is known for his extensive knowledge and for bringing together EKT partners, customers and team members. With a passion for product innovation, manufacturing, business modeling, and finding the right people to join the EKT team, Richard lives the spirit of EKT believing that nothing is sacred in our business and that by challenging ourselves and to our customers with new concepts and ideas that we keep creating new opportunities for the entire industry. Richard works at the Hong Kong / Shenzhen office (when not on the road)

ASSETS

The company did not share information.

OFFICIAL PUBLICATIONS

No information detected.

OTHER PUBLICATIONS

EKT is making 4K the standard
Source: broadbandtvnews Date: SEPTEMBER 12, 2017

EKT is launching a complete range of 4K solutions. This IBC, EKT will also demonstrate Android solutions and a brand new 4K Operator TV.
Developed on the next generation UHD platform, EKT has ported its solidTV STB middleware delivering all its pre-integrated solution for IP, OTT as well as Hybrid STB needs. This means that from now on, any existing or new customer looking for a future ready product can opt for a 4K platform to ensure the longevity of their investments.
RICHARD SMITH, EKT'S CEO says "Our goal is always to deliver something better for our customers. We were tempted to launch a 4K range last year, but believed that both the chipsets and the market were not ready for it. Now we have the confidence we can deliver a future proof solution ensuring the best investment for our customers".
In addition to its Linux platform, EKT is also launching a range of Android operator STB solutions. Built with a 15000 DMIPS SoC, EKT delivers an Operator quality and featured Android STB.
Smith commented: "At EKT we say: We listen to and understand our customers better. We have had many discussions with our customers and partners on the virtues of Android. And with the latest developments like the operator tier certification program, we see that Android is showing its commitments to the operator market. Based on this EKT has created a comprehensive Android platform and offer our customers the best in Android IPTV/OTT and as well as Hybrid."
On the back of the launch of the Operator TV last year, EKT has now created an upgraded version of its ground breaking platform with a 4K / UHD Operator TV. Available in various sizes, this SmartTV is a perfect addition to the content delivery strategy of any operator wanting to differentiate themselves from the rest with a truly compelling customer offer.
"We say: EKT delivers better value to its customers. The consumers demand to have a 4K TV now and the technologies are available to deliver this to our customers in a cost-effective manner. We see it our job to help our customers combat the ongoing pressures in this market and the Operator TV is a great tool in the marketing mix to offer something new and compelling".

EKT launches operator smart TVs
Source: broadbandtvnews Date: SEPTEMBER 2, 2016

EKT (Eagle Kingdom Technologies), a company specialised in the design and manufacturing of set-top box solutions and DOCSIS modems is launching a range of smart TVs for operators "that will completely change the TV landscape."
"It has long been a wish of some operators to bring consumers their complete content offering on the big screen without the need of a separate set-top box," according to the company, "However, a standard retail smartTV, with its open platform, can make the TV set a direct competitor to the operator as it offers competing content. EKT has now developed, in cooperation with one of Europe's leading TV manufacturers, an operator version of the Smart TV, which combines the STB and the TV together. This unique combination allows an operator, at an affordable price point, to deliver an integrated TV experience to the consumer's home."
"By offering a TV instead of a set-top box, with all of today's and tomorrow's features, the operator now has the chance to have a true long term customer relationship. "Owning" the TV set and all of its features, channel list, applications and push advertising possibilities, in the customer's premises, provides a unique way to reduce churn and return the revenue control back to the operator," explained Richard Smith, CEO of EKT.
"With screens becoming a commodity, it is now the time to shake up the market and combine the Set Top Box technology with its controlled user experience with a quality TV set. EKT believes that nothing is sacred in our industry and by challenging our customers with new concepts and ideas we create new opportunities to let the consumer enjoy the best content at their leisure."
EKT will bring to market a variety of panel sizes with a range of silicon and middleware options, allowing for a broad consumer penetration.
The first range of operator TVs will be driven by EKT's proprietary solidTV HbbTV and HTML5 compliant middleware platform, supporting Operator specific UI and applications, with TR-069, DRM, DIAL, Multicast and Unicast support.
The second range of operator TVs will offer RDK 2.x support with multiple CAS and DRM options on the latest HEVC and UHD hardware.
The third range offers the latest HbbTV 2.0 middleware, supporting all UK, Australia and New Zealand catch up apps, dual multi-format tuners and selectable Freeview and Freesat support.
EKT will be demonstrating its range of SmartTV for Operator solutions at the IBC 2016 – Stand 5.B30

Httv partners with EKT on satellite set-tops
Source: digitaltveurope Date: 16th September 2013

Hybrid TV technology specialist httv has partnered with **EKT (Eagle Kingdom Technologies**) to deploy satellite TV set-top boxes equipped with advanced connected TV features, it announced at IBC.
The deal will see httv integrate its httvLink open-middleware solution into EKT DSR6201 PVR and DSD601 zapper DVB-S2 set top boxes.
httvLink is based on Linux and HTML5 and is it is fully compatible with the HbbTV Standard. The new httvLink-equipped EKT set-top boxes are aimed at emerging markets like Asia and South America and are designed to offer "a best-in class solution at affordable prices," said httv.

EKT and iP4 merge for winning STB
Source: advanced-television Date: May 7, 2013

China's **EKT (Eagle Kingdom Technologies)**, a supplier of advanced STB solutions and iP4 (iP4.tv GmbH), a developer of advanced STB middleware called solidTV, have joined forces in a merger that sees a seamless integration of the iP4.tv STB middleware and the Advanced Hardware solutions from EKT.

The merger allows EKT to offer cost effective solutions ranging from Zappers through to highly complex interactive models. All EKT Set Top Boxes are easily customisable and suitable for both the Operator and Retail Markets.

"EKT and iP4 have already been working closely together for the last 24 months and a merge was the logical next step to further integrate software and hardware for our customers," says Richard Smith, CEO of EKT. "We have always been about delivering innovative STB solutions and in line with today's trends of interactivity, Hybrid, OTT and IPTV we want to offer a complete package to our customers.

The combination will continue to operate under the EKT brand name and be headquartered in Shenzhen China. All solidTV developments will continue to be run from the current iP4 office in Furtwangen, Germany.

"Working with the team from EKT over the last years has proven to us that 1 + 1 is really 3 in our business," said Christof Winker, Managing director of iP4.tv. "iP4 has been on the forefront of SoC STB software and the solidTVT solution has been in development for over 10 years. Combining our IP and knowledge with the fast experience in hardware design, CAS integration and manufacturing of EKT makes our combination a valuable contender for any operator that is looking for a feature rich STB solution.

Smith continues, "Merging with iP4 allows us to deliver on our promise of Tier 1 STB solutions at market breaking price points. We combine the best of Asian engineering and manufacturing with Western high end software, sales/marketing support and management. The new and improved global EKT now make a serious partner for any operator looking for the latest in technology whilst keeping cost under control.

CERTIFICATIONS

No information was detected.

DETAIL OF CONTRACTED PERSONNEL

As reported by the company, it declares 100 employees, but they do not define their type of contract.

SUBCONTRACTED STAFF

No information was detected.

Commercial situation

PRODUCTS / SERVICES

Satellite / Terrestrial / Cable



IPTV/OTT:



- ✓ BT/Lora Bridge - EIB1001 Bluetooth Lora Bridge

SMART TV:



EVOLUTION OF SALES

2017	2018
U$D 21 936 000	U$D 39 742 000

Source: Company

AMOUNT OF SALES TO DIRECT TV

Does not declare

TRADEMARKS / PATENTS / LICENSES

No information detected.

SUPPLIERS

No information was found.

CUSTOMERS



Correspond to clients of all subsidiaries

RELATIONSHIPS



Correspond to clients of all subsidiaries.

PARTNERSHIPS



Correspond to partnerships of all subsidiaries

INSURANCE

The company did not share information.

Foreign trade

IMPORTS EXPORTS

No information detected.

Bank situation

BOUNCED CHECKS

No rejected checks detected.

BANK DEBTS WITH DELAY

No negative information was detected.

Judicial situation

TRIALS AS DEFENDANT / PLAINTIFF (*)

Announcement Date 2015-09-28T00:00:00Z
Case Status -
Plaintiff Eagle Kingdom Technology Co., Ltd.
Defendant Shenzhen Ferex Electrical Co., Ltd.
Instruments title The Civil Judgment of the Second Instance for Trading Contract Dispute between Eagle Kingdom Technology Co., Ltd. and Shenzhen Ferex Electrical Co., Ltd.

Announcement Date 2015-07-13T00:00:00Z
Case Status -
Plaintiff Sichuan Friend Digital Tech.Co., Ltd.
Defendant Eagle Kingdom Technology Co., Ltd.
Instruments title The Civil Judgment for Trading Contract Dispute between Sichuan Friend Digital Tech.Co., Ltd. and Eagle

Enforcement Records

File Date 2015-11-16T00:00:00Z
Court Nanshan People's Court
File Number (2015) SNFZZ No. 05017
Judgement Againest Subject
Amount 239607
Amount type CNY

Compliance

COMPLIANCE ANALYSIS

SEARCH CRITERIA

Datos Consultados EAGLE KINGDOM TECHNOLOGY CO., LTD

Negative

Sources checked: List of worldwide politicians and government controlled entities (also known as PEPs, for politically exposed persons), Profiles of persons who hold political office, their immediate family members, close associates, and companies under their control; Crime - Global Enforcement List, Profiles of entities listed worldwide; Reputation - Global Foreign Officials List, SDN and Financial Intelligence Units, following the FATF (Financial Action Task Force) recommendations.

SEARCH CRITERIA

Datos Consultados RICHARD SMITH

Negative

Sources checked: List of worldwide politicians and government controlled entities (also known as PEPs, for politically exposed persons), Profiles of persons who hold political office, their immediate family members, close associates, and companies under their control; Crime - Global Enforcement List, Profiles of entities listed worldwide; Reputation - Global Foreign Officials List, SDN and Financial Intelligence Units, following the FATF (Financial Action Task Force) recommendations.

MEDIA SEARCH

No negative press information was detected.

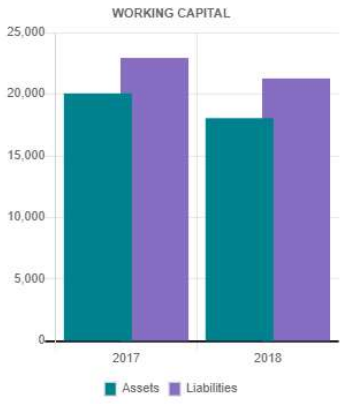
Financial Statements

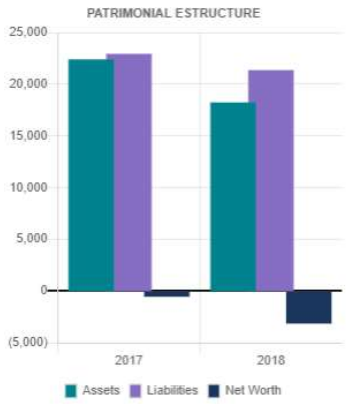
ACCOUNTING DATA

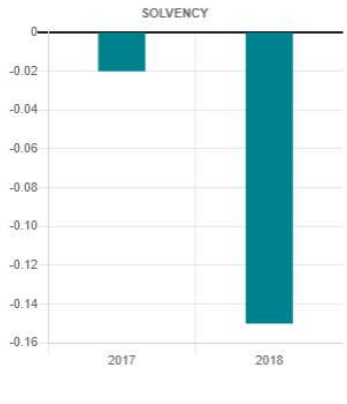
Assets

Date	31/12/2017	31/12/2018
Cash and Banks	1 717	703
Current Investments	0	0
Accounts Receivable (Long-Term Assets)	9 223	13 772
Other Credits	5 700	946
Inventories	2 939	2 512
Intangible Inventories	0	0
Other Current Assets	483	119
Total Current Assets	20 062	18 053
Accounts Receivable	133	95
Long-Term Credits	0	0
Long-Term Investments	1 232	7
Fixed Assets - Original Value	0	0
Accumulated Depreciation	0	0
Fixed Assets	0	0
Long-Term Intangible Assets	6	19
Other Long-Term Assets	967	61
Total Long-Term Assets	2 338	181
Total Assets	22 400	18 234

Values in thousands Dólares U.S.A.



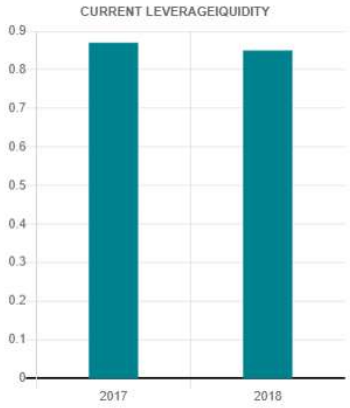


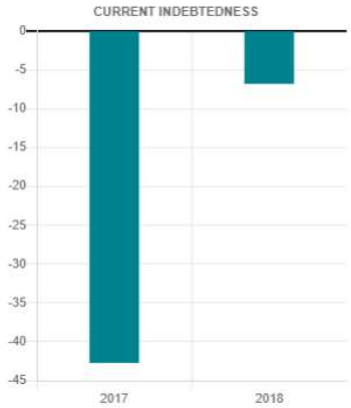


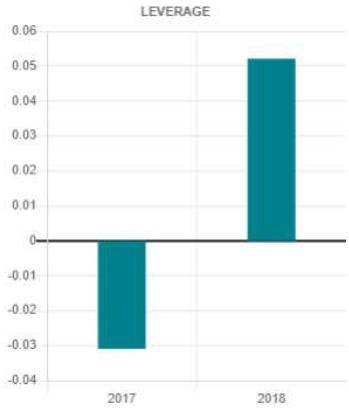
Liabilities/Net Worth

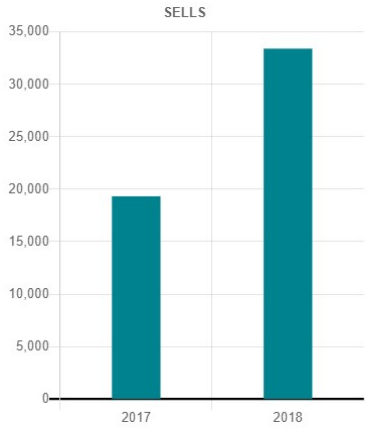
Date	31/12/2017	31/12/2018
Accounts Payable	19 049	18 248
Bank Debts (Bank)	467	322
Corporate Debts	0	0
Taxes Payable	-27	-5
Clients' Prepayments	0	0
Other Liabilities	3 447	2 708
Total Current Liabilities	22 937	21 273
Accounts Payable	0	92
Bank Debts	0	0
Taxes Payable	0	0
Other Liabilities	0	0
Pensions	0	0
Total Long-Term Liabilities	0	92
Total Liabilities	22 937	21 365
Share Capital	1 177	1 177
Unassigned Profits	-1 713	-4 307
Net Worth	-537	-3 131

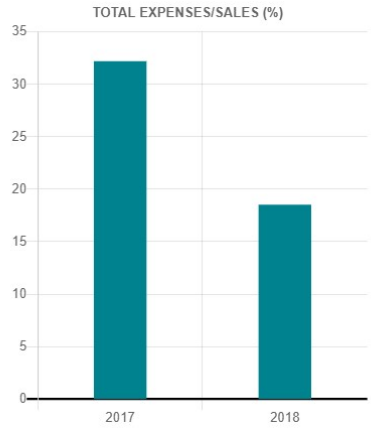
Values in thousands Dólares U.S.A.

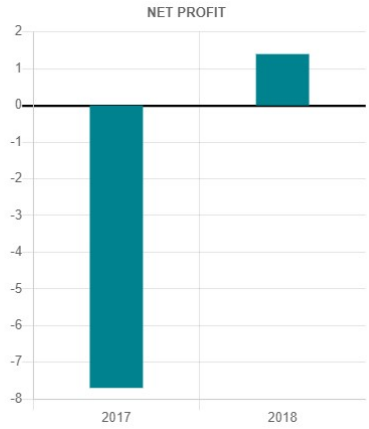








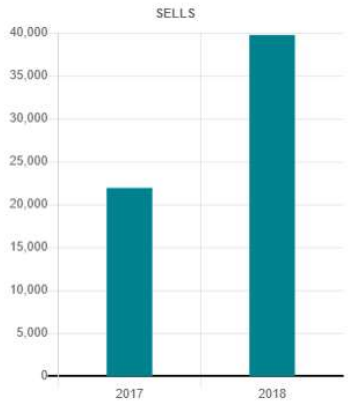


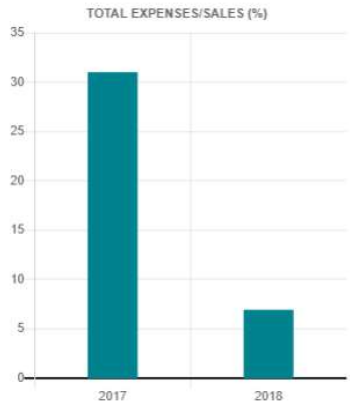


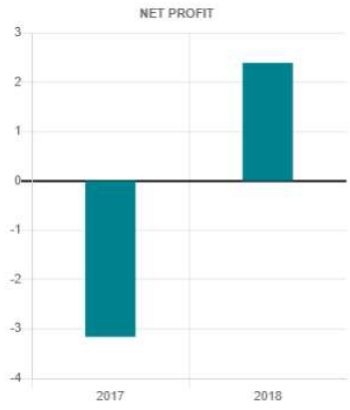
Profit & Loss Statement

Date	31/12/2017	31/12/2018
Sales	21 936	39 742
Purchases	0	0
Cost of Sales	15 842	36 281
Gross Margin	6 093	3 461
Amortization	0	0
Business Expenses	1 751	2 275
Administrative Expenses	4 911	86
Financial Expenses	140	401
Other Incomes	21	252
Other Expenses	2	1
Financial & Holding Results	0	0
Income Tax	3	0
Return on Sales	-693	950

Values in thousands Dólares U.S.A.







KPIs

Date	31/12/2017	31/12/2018
Current Liquidity Current Assets / Current Liabilities	0,87	0,85
Acid Liquidity (Current Assets - Inventories) / Current Liabilities	0,75	0,73
Indebtedness Total Liabilities / Net Worth	-42,73	-6,79
Indebtedness Fixed Assets Long-Term Liabilities / Fixed Assets	0,00	0,00
Solvency Equity / Liabilities	-0,02	-0,15
Working Capital Current Assets - Current Liabilities	-2 875,01	-3 219,30
Fixed Assets Investments Net Worth / Fixed Assets	0,00	0,00
Gross Profit (Gross Profit / Sells) * 100	27,78	8,71
Net Profit (Net Profit / Sells) * 100	-3,16	2,39
Return on equity Net Profit / Net Worth	1,29	-0,30
Total Assets Turnover Sells / Total Assets	0,98	2,18
Fixed Assets Turnover Sells / Fixed Assets	0,00	0,00
Return on Assets (Net Profit / Total Assets) * 100	-3,09	5,21
EBITDA/Liabilities (Result of Exercise + Amortization + Financial Expenses + Income Tax) / Total Liabilities	-0,02	0,06
Credit Turnover Sells / Accounts Receivable	2,38	2,89
Inventory Turnover Cost of Sales / Inventories	5,39	14,44
Bank Debts / Net Worth Bank Debts / Net Worth	-0,87	-0,10
Bank Debts / (Sells/12) Bank Debts / (Sells / 12)	0,02	0,01

Values in thousands Dólares U.S.A.

BALANCE SHEET ANALYSIS

The following conclusions are based on accounting information that has no formal Audit certificate or signature.

By December 2018, the turnover was U $ D39 Million, exhibiting an interannual increase of 81%, (U $ D21 Million in 12/2017). While the direct cost went from 72% to 91%, increasing its incidence on sales, while on the other hand, structural expenses decreased from 30% to 6%, its participation being the most significant expenditure the Commercial Expenses.

The operating result obtained a profit of US $ 1 million versus a loss of US $ D568 thousand in the previous year. The aforementioned operating result allowed to cover the financial expenses for the year. In this exercise, the company did not obtain a charge for Income Tax, lastly, a final surplus of U $ D950 thousand is reflected, a balance equivalent to 2.4% s / sales. The company exhibited acceptable economic management as some balances recovered, reasonable indicators were also recorded at the operating and final levels.

Financial indicators exhibited unacceptable values. The liquidity was 0.85, the amount of the working capital amounted in negative balance to U $ D3.2 Million. For its part, the Ebitda showed a value of US $ 1.3 million with this result did not allow to cover the obligations payable in the short term (US $ 21 million). The company presented an inadequate financial situation in terms of liquidity, fund generation and the negative increase in working capital.

After absorbing the loss for the year, the net equity reflected a negative value of U $ D3.1 Million. Unallocated results U $ D4.3 Million in negative balance absorb all the capital stock (U $ D1.1 Million).

The total liabilities reached U $ D21 Millions, 99.6% of which is due in the short term. 88% of it is commercial in nature. As a result of the aforementioned, the level of indebtedness exhibited a negative value of 6.71 and solvency was also negative 0.15.

In summary, the equity table for 2018 is considered very deficient, due to debt and solvency level. Finally, the PN is in deterioration, which exposes the situation at the bankruptcy level.