

GOLD HONG YE TRADING (HONG KONG) COMPANY LIMITED - 522791 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	522791
Report Date :	03.08.2018

IDENTIFICATION DETAILS

Name :	GOLD HONG YE TRADING (HONG KONG) COMPANY LIMITED
Registered Office :	Room 405B, 4/F., Empire Centre, 68 Mody Road, Tsimshatsui East, Kowloon
Country :	Hong Kong
Date of Incorporation :	21.06.2010
Com. Reg. No.:	52481270
Legal Form :	Private Limited Company
Line of Business :	Trader of all kinds of paper
No. of Employees :	16. (Including associates)

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	Regular
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

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Hong Kong	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

HONG KONG - 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, hydrocarbon 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.

The mainland 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



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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

GOLD HONG YE TRADING (HONG KONG) COMPANY LIMITED

ADDRESS: Room 405B, 4/F., Empire Centre, 68 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

PHONE: 852-2733 0488; 2733 0074

FAX: 852-2732 2202

E-MAIL: sales@goldeastpaper.com.hk
cs@goldeastpaper.com.hk

MANAGEMENT

Managing Director: Mr. Chu Wing Hong, Park

SUMMARY

Incorporated on: 21st June, 2010.

Organization: Private Limited Company.

Issued Share Capital: HK\$697,321,300.00

Business Category: Paper Trader.

Operating Revenues of Holding Company: RMB7.0 – 9.5 billion Yuan.

Employees: 16. (Including associates)

Main Dealing Banker: Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

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Room 405B, 4/F., Empire Centre, 68 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

Holding Company:-

Gold East Trading (Hong Kong) Co. Ltd., Hong Kong.

Ultimate Holding Company:-

Ever Dragon Investments Group Ltd., Hong Kong.

Related/Affiliated Companies:-

Sinar Mas Group of Companies

APP (Hong Kong) Ltd., Hong Kong.
APP China Group Ltd., Bermuda.
APP China Holding Ltd., Mauritius.
APP China Trading Ltd., Hong Kong.
APP International Trading (China) Ltd., British Virgin Islands.
APP Printing Pte. Ltd., Singapore.
Asia Paper (Shanghai) Co. Ltd., China.
Asia Pulp & Paper Co. (China) Pte. Ltd., Singapore.
Asia Pulp & Paper Co. Ltd., Indonesia.
China Union (Macao Commercial Offshore) Co. Ltd., Macau.
China Union International Trading Ltd., Hong Kong.
First Golden Pulp & Paper Ltd., British Virgin Islands.
Gold Daio (Suzhou Industrial Park) Hygiene Products Co. Ltd., China.
Gold East Paper (Jiangsu) Co. Ltd., China.
Gold Hai Paper Products (Kun Shan) Co. Ltd., China.
Gold Hongye Paper Group Co. Ltd., China.
Gold Huasheng Paper (Suzhou Industrial Park) Co. Ltd., China.
Gold Huasheng Trading (Hong Kong) Co. Ltd., Hong Kong.
Gold Shengpu Paper Products (Suzhou Industrial Park) Co. Ltd., China.
Golden Pulp & Paper Ltd., Cook Islands.
Guangxi Jingui Pulp & Paper Co. Ltd., China.
Hainan Jinhai Pulp & Paper Co. Ltd., China.
Hainan Jinhai Trading (Hong Kong) Co Ltd., Hong Kong.
Jin Feng Yuan Paper Industry (Shanghai) Co. Ltd., China.
Jinxin (Qingyuan) Paper Industry Pte. Ltd., China.
Jinyu (Qingyuan) Tissue Paper Co. Ltd., China.
Ningbo Asia Paper Converting Co. Ltd., China.
Ningbo Asia Paper Tube & Carton Box Co. Ltd., China.
Ningbo Asia Pulp & Paper Co. Ltd., China.
Ningbo Asia Unpolluted Paper Products Co. Ltd., China.
Ningbo Yajiang Trading (Hong Kong) Co Ltd., Hong Kong.
Ningbo Zhonghua (Hong Kong) Co Ltd., Hong Kong.
Ningbo Zhonghua Paper Co. Ltd., China.
P.T. Purinusa Ekapersada, Indonesia.
P.T. Smart Tbk., Indonesia.
P.T. Wirakarya Sakti, Indonesia.
Richwood Group Ltd., British Virgin Islands.
Sinar Mas Paper (China) Investment Co. Ltd., China.
Sinar Mas Paper (Shenzhen) Co. Ltd., China.

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Sinar Mas Pulp & Paper (India) Ltd., India.
Top Harvest Asia Ltd., Hong Kong.
Tricell (HK) Trading Ltd., Hong Kong.
Xinyang Golden Sun Woodwork Co. Ltd., China.
Yalong Paper Products (Kun Shan) Co. Ltd., China.
Zhenjiang Dadong Pulp & Paper Co. Ltd., China.

BUSINESS REGISTRATION NUMBER

52481270

COMPANY FILE NUMBER

1471236

MANAGEMENT

Managing Director: Mr. Chu Wing Hong, Park

ISSUED SHARE CAPITAL

HK\$697,321,300.00

SHAREHOLDERS

(As per registry dated 21-06-2018)

<u>Name</u>	<u>No. of shares</u>
Gold Hongye Paper Group Co. Ltd. No. 1, Jinsheng Road, Shengpu, Suzhou Industrial Park, Jiangsu 215126, China.	309,216,300
Gold East Trading (Hong Kong) Co. Ltd., Hong Kong.	388,105,000
Total:	697,321,300 =====

DIRECTORS

(As per registry dated 21-06-2018)

Name

(Nationality)

DI Jing Li

Address

31/F., Tower II, Shanghai Arch, No. 533 Loushuan Road,
Changning District, Shanghai, 200051, China.

YU Yang

No. 1, Jinsheng Road, Shenpu, Suzhou Industrial Park,
Jiangsu, China.

CHU Wing Hong, Park

Room 3814, 38/F., Un Shing House, Un Chau Estate, Kowloon,
Hong Kong.

SECRETARY

CHU Wing Hong, Park (As per registry dated 21-06-2018)

HISTORY

The subject was incorporated on 21st June, 2010 as a private limited liability company under the Hong Kong Companies Ordinance.

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

OPERATIONS

Activities: Paper Trader.

Lines: All kinds of paper.

Employees: 16. (Including associates)

Commodities Imported: Southeast Asia, China, etc.

Markets: Hong Kong, China, other Asian countries, etc.

Operating Revenues of
Holding Company: RMB7.0 – 9.5 billion Yuan.

Terms/Sales: L/C or as per contracted.

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Terms/Buying: L/C, T/T, D/P, etc.

FINANCIAL INFORMATION

Issued Share Capital: HK\$697,321,300.00

Mortgage or Charge: (See attachment)

Lines: All kinds of paper.

Profit or Loss: Making small profits in the past years.

Net Profits of Holding Company: RMB100 – 200 million.

Condition: Business is active.

Facilities: Making active use of general banking facilities.

Payment: Regular

Commercial Morality: Good.

Bankers:-
Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
Cathay United Bank Co. Ltd., Hong Kong Branch.

Standing: Very Good.

GENERAL

Gold Hong Ye Trading (Hong Kong) Company Limited is a jointly owned by Gold East Trading (Hong Kong) Co. Ltd., a Hong Kong-registered company holding 55.7%, and Gold Hongye Paper Group Co. Ltd. [GHPG], a China-based company holding 44.3%.

GHPG is a listed company in China. The subject and its holding companies are paper traders. GHPG is a member of the Sinar Mas Group of Companies. Formerly, the subject was wholly-owned by GHPG which is a paper trader.

The subject is trading in GHPG's products and is responsible for sourcing raw materials for it. The subject offers a wide range of paper and board for printing and writing, packaging board, photocopy paper and consumer tissue, which are suitable for high speed and duplex printing; annual report, catalogue and periodical; paper shopping bag, greeting card and playing card; and packaging and gift box, etc.

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The subject is the sole agent of Asia Pulp and Paper in Hong Kong and Southern China. It offers a wide range of art paper, art board, woodfree, brief card, ivory board, playing card board, carbonless paper, thermal paper, and photocopy paper. The subject provides various types of PEFC-CoC certified paper, recycled paper, coated and uncoated digital paper.

GHPG was established on 18th May, 1997 as a joint venture between Asia Pulp & Paper Co. Ltd. [APP], an Indonesia-based firm holding 80% interests, and the Zhenjiang Bureau of Light Industry, holding 20%.

GHPG began operation in August 1998. It occupies an area of 1.14 square kilometers and has more than 13,000 employees throughout China. Its total investment amounts to US\$1.7 billion and the annual production capacity is about 800,000 tons of base paper and processes 500,000 tons of finished products annually.

GHPG has started-up two paper machines manufactured by Voith Sulzer Paper Technology in Germany. The paper machines are PM1 and PM2 of which are identical machines, each with a capacity of 450 000 tonnes per year [tpy] of uncoated freesheet. The mill also has an estimated capacity to convert 100 000 tpy of uncoated freesheet into cut-sized photocopier paper and an off-machine coater [OMC] which will have a capacity to convert uncoated freesheet into 600 000 tpy of coated freesheet.

The main brand names of GHPG are the following:

- *Virjoy*
- *Breeze*
- *Zhen-Zhen*

GHPG adopts advanced technology and the biggest paper machines and coater in the world. Wood-free paper line and coating base paper line are imported completely from Voith-Sulzer/Germany. Its OMC was ordered from Valmet/Finland. The whole process is a state of the art leading control system, including but not limit to DCS and QCS.

GHPG is able to offer a series of eco-friendly products with recycled content and have got "PEFC-COC" certification. It also has got the certifications of ISO9001 Quality Management System, ISO9002 Quality Management System, ISO14001 Environment Management System and OHSAS18001 Occupation Health and Safety Management System and PEFC-CoC certification.

GHPG possess a power station, a Ground Calcium Carbonate Plant, and a Precipitated Calcium Carbonate Plant in addition to a pier.

Since its incorporation, GHPG has established 60 branches and liaison offices all over the world. GHPG's major products include C2S Art Paper, C1S Art Paper, Art Paper/Matt, HSWO Gloss Art Paper, Digital Paper, and Handbag and packaging paper.

The operating revenues of GHPG range from RMB7.0 to 9.5 billion Yuan, net profit ranges from RMB100 to 200 million. Overall business is good.

The subject is fully supported by GHPG. History in Hong Kong is over eight years. On the whole, in view of the parentage and background of the subject, consider it good for normal business engagements.

MORTGAGE OR CHARGE

Date	Description of Instrument	Mortgagee
31-03-2011	Pledge Agreement	Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
06-04-2011	Pledge Agreement	Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
26-09-2011	Charge Over Bank Accounts	Cathay United Bank Co. Ltd., Hong Kong Branch.
26-09-2011	General Assignment	Cathay United Bank Co. Ltd., Hong Kong Branch.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.36
UK Pound	1	INR 89.52
Euro	1	INR 79.57
HKD	1	INR 8.73

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	SYL

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)