

MIRA INFORM REPORT

Report No. :	523364
Report Date :	08.08.2018

IDENTIFICATION DETAILS

Name :	KYOWA INDUSTRIAL COMPANY LIMITED
Registered Office :	87-89 Fuk Hi Street, Yuen Long Industrial Estate, Yuen Long, New Territories
Country :	Hong Kong
Date of Incorporation :	01.11.1985
Com. Reg. No.:	09976876
Legal Form :	Private Limited Company
Line of Business :	Manufacturers and Exporters of all kinds of plastic covers and plastic parts for photocopiers, radio cassette recorders, fax machineries, printers.
No. of Employees :	40. (Hong Kong) 500. (PRC)

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.

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ECGC Country Risk Classification List

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,

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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 & ADDRESS

KYOWA INDUSTRIAL COMPANY LIMITED

ADDRESS: 87-89 Fuk Hi Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong.

PHONE: 852-2475 0392

FAX: 852-2479 2370, 2473 0021

MANAGEMENT

Managing Director: Rajan Sharma

SUMMARY

Incorporated on: 1st November, 1985.

Organization: Private Limited Company.

Issued Share Capital: HK\$12,000,000.00

Business Category: Manufacturers and Exporters.

Annual Turnover: US\$150 - 250 million.

Employees: 40. (Hong Kong)

Main Dealing Bankers: Mizuho Corporate Bank Ltd., Hong Kong Branch.
Sumitomo Mitsui Banking Corporation, Hong Kong Branch.

Banking Relation: Good.

NAME

KYOWA INDUSTRIAL COMPANY LIMITED

ADDRESS

Registered Head Office & Factory:-

87-89 Fuk Hi Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong.

Holding Company:-

Kyowa Co. Ltd., Japan.

China Factory: Bantian, Shenzhen, China.

Associated Companies:-

Dalian Daisyo Kyowa Plamold Co. Ltd., China.

Higashi Hyponica Hanbai K.K., Japan.

Izumi K.K., Japan.

Kyosei Industrial Co. Ltd., Hong Kong.

Kyowa Design & Technology (India) Pvt. Ltd., India.

Kyowa Plastics Industrial (Dongguan) Co. Ltd., China.

Kyowa Plastics Industrial (Vietnam) Co. Ltd., Vietnam.

Kyowa Silverstar Plastics (Shenzhen) Co. Ltd., China.

Nachur Hyponica K.K., Japan.

Nissei & Kyowa Tooling Co. Ltd., China.

Shanghai Shengze Agriculture Development Co. Ltd., China.

Unisaeful Co. Ltd., Korea.

BUSINESS REGISTRATION NUMBER

09976876

COMPANY FILE NUMBER

0161048

MANAGEMENT

President: Mr. Shigeharu Nozawa

Managing Director: Rajan Sharma

ISSUED SHARE CAPITAL

HK\$12,000,000.00

SHAREHOLDERS

(As per registry dated 01-11-2017)

Name	No. of shares
Kyowa Co. Ltd. 1-1-5, Shimotanabe-Cho, Takatsuki-City, Osaka, Japan. Shigeharu NOZAWA	11,999,999 1
Total:	<u>12,000,000</u> =====

DIRECTORS

(As per registry dated 01-11-2017)

Name	Address
(Nationality) Rajan SHARMA	Flat D, 9/F., Block 9, Woodland Crest, 33 Ting Ping Road, Sheung Shui, New Territories, Hong Kong.
Shigeharu NOZAWA	15-14, 1-Chome, Tenjin Machi, Takatsuki City, Osaka, Japan.

SECRETARY

(As per registry dated 01-11-2017)

Name	Address	Co. No.
Hojin SEC Ltd.	Room 301, 3/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.	0612527

HISTORY

The subject was incorporated on 1st November, 1985 as a private limited liability company under the Hong Kong Companies Ordinance.

It was formerly registered under the name of Brigden Enterprises Ltd., name changed to the present style on 18th March, 1986.

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

OPERATIONS

Activities:	Manufacturers and Exporters.
Lines:	All kinds of plastic covers and plastic parts for photocopiers, radio cassette recorders, fax machineries, printers.
Employees:	40. (Hong Kong) 500. (PRC)
Raw Materials:	Importing plastic materials from Europe, etc.
Markets:	Hong Kong (main), Japan, other Asian countries, etc.
Terms/Sales:	CAD, L/C, T/T or 30 days credit.
Terms/Buying:	T/T, L/C, etc.

MAIN JAPANESE SUPPLIER

Mitsui & Co. (Hong Kong) Ltd., Hong Kong.

FINANCIAL INFORMATION

Issued Share Capital:	HK\$12,000,000.00
Profit or Loss:	Making a small profit every year.
Condition:	Business remains active.
Facilities:	Making active use of general banking facilities.
Payment:	Regular.
Commercial Morality:	Good.
Bankers:-	Mizuho Corporate Bank Ltd., Hong Kong Branch. Sumitomo Mitsui Banking Corporation, Hong Kong Branch. UFJ Bank Ltd., Hong Kong Branch.

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The Bank of Kyoto Ltd., Hong Kong.
DBS Kwong On Bank Ltd., Hong Kong.
The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Standing: Good.

GENERAL

Kyowa Industrial Company Limited [KICL] is a wholly-owned subsidiary of Kyowa Co. Ltd. [Kyowa], one of the multi-industry companies in Japan.

The managing director of the subject Mr. Rajan Sharma is a Japanese who is holding a Hong Kong ID. He is responsible for the business of the subject, and the production in China.

The parent company was established in 1949 as a sole proprietorship concern and incorporated on 22nd July, 1953 with an issued share capital of ¥48 million. Now, its headquarters are in Osaka, Japan.

The products of Kyowa has been awarded "Good Quality Mark" by Japanese Government.

KICL, the second overseas branch of Kyowa, acts as the headquarters of the Southeast Asia region. KICL has leased a site (located at Yuen Long Town Lot No. 313, Sec. 1, Ss. 1) in Yuen Long Industrial Estate from Hong Kong Industrial Estate Corp. The building was completed in late 1986 and costed HK\$10 million.

Business started in the middle of November 1986, KICL is engaged in manufacturing plastic covers, plastic parts and housing for photocopiers, radio cassette recorders, fax machineries, printers, etc. Its major customers include Mita Industrial Co. Ltd., etc.

Most of its products are sold to Hong Kong, China and exported to Japan. In view of the high production cost in Hong Kong, KICL has moved its production line to Bantian, Shenzhen, China where it has a workforce of 500. An associated factory was set up in Dongguan City, Guangdong Province, China, in the following years.

Rajan Sharma is administering the business of the subject and the businesses in China (Dongguan and Shenzhen). Besides, he also oversees the businesses in Vietnam and India. The India company was set up in December 2016.

The current president of Kyowa is Mr. Shigeharu Nozawa.

As at end of 2017, Kyowa Group had 1,650 employees. The total capital of the Group was ¥3,330 million.

For over 50 years, Kyowa has contributed to industry by combining the skill of plastic moulding with other related areas.

It has developed a new technology for farming called "HYPONICA" that has attracted attention from all over Japan and from abroad.

In March 2011, Kyowa set up Shanghai Shengze Agriculture Development Co. Ltd. in China which is engaged in the farming technology improving.

The main functions of KICL are raw materials sourcing, products packaging and shipping, new products marketing, and payments settling for its associated factories in China. History in Hong Kong is over 32 years and nine months.

On the whole, consider KICL good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.80
UK Pound	1	INR 89.14
Euro	1	INR 79.55
HKD	1	INR 8.75

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	TPT

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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)