

MIRA INFORM REPORT

Report No. :	523894
Report Date :	13.08.2018

IDENTIFICATION DETAILS

Name :	GREAT EASTERN TEXTILES LIMITED
Registered Office :	Flat B,21/F, Capital Trade Center, No 62,Tsun Yip Street Kwun Tong Kowloon
Country :	Hong Kong
Date of Incorporation :	24.05.1994
Com. Reg. No.:	18147727
Legal Form :	Private Limited Company.
Line of Business :	Importer, Exporter and Wholesaler of Silk Yarn, other Textile Products, Lamps, Lighting Products.
No. of Employees :	8

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 :	No Complaints
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

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 AND ADDRESS

Report on: **GREAT EASTERN TEXTILES LIMITED**

Address: Flat B, 21/F., Capital Trade Centre,
62 Tsun Yip Street,
Kwun Tong, Kowloon,
Hong Kong.

ADDRESS: Flat B, 21/F., Capital Trade Centre, 62 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong.

PHONE: 852-2756 1383

FAX: 852-2763 4935

MANAGEMENT:

Managing Director: Mr. CHENG Chun Yeuk

COMPANY SUMMARY

Incorporated on: 24th May, 1994.
Organization: Private Limited Company.
Issued Share Capital: HK\$2,000,000.00
Business Category: Importer, Exporter and Wholesaler.
Employees: 8.
Main Dealing Banker: Hang Seng Bank Ltd., Hong Kong.
Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-
Flat B, 21/F., Capital Trade Centre, 62 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong.

Associated Companies:-
Ningbo Win Way Co. Ltd., China.

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Great Eastern Textile (Tongling) Co. Ltd., China.

BUSINESS REGISTRATION NUMBER

18147727

COMPANY FILE NUMBER

0479551

MANAGEMENT

Managing Director: Mr. CHENG Chun Yeuk
Contact Person: Mr. John Fu

ISSUED SHARE CAPITAL

HK\$2,000,000.00

SHAREHOLDERS

(As per registry dated 24-05-2018)

<u>Name</u>	<u>No. of shares</u>
CHENG Chun Yeuk	10,000
LAM Sui Fan	1,990,000
Total:	2,000,000

DIRECTORS

(As per registry dated 24-05-2018)

<u>Name</u>	<u>Address</u>
(Nationality) CHENG Chun Yeuk	Room E, 6/F., Mascot Mansion, 1 Tin Heung Street, Kowloon, Hong Kong.

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LAM Sui Fan

Flat B, 24/F., Block 11, Braemar Hill Mansions, 35 Braemar Hill Road,
North Point, Hong Kong.

SECRETARY

(As per registry dated 24-05-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Standard Authorised Associates	Room 2502, 25/F., 148 Electric Road, North Point, Hong Kong.	-

HISTORY

The subject was incorporated on 24th May, 1994 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: Importer, Exporter and Wholesaler.

Lines: Silk yarn, other textile products, Lamps, lighting products, etc.

Employees: 8.

Commodities Imported: China, other Asian countries, etc.

Markets: Other Asian countries, Europe, North America, Australia, etc.

Terms/Sales: L/C, T/T, etc.

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

FINANCIAL INFORMATION

Issued Share Capital: HK\$2,000,000.00

Mortgage or Charge: (See attachment)

Profit or Loss: Made small profits in past years.

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Condition: Keeping in a satisfactory manner.

Facilities: Making rather active use of general banking facilities.

Payment: No Complaints.

Commercial Morality: Satisfactory.

Banker: Hang Seng Bank Ltd., Hong Kong.

Standing: Normal.

GENERAL

Having issued 2 million ordinary shares of HK\$1.00 each, Great Eastern Textiles Limited. is jointly owned by Mr. CHENG Chun Yeuk, holding 0.5% interests; and Ms. LAM Sui Fan, holding 99.5%. They are also directors of the subject.

The subject has had the following two associated companies:-

Ningbo Win Way Co. Ltd., China [Win Way]

Great Eastern Textile (Tongling) Co. Ltd., China [GET Tongling]

Established in 1999, Win Way has committed to providing consumers with environmentally friendly textiles, which were made from pure natural fibres.

Since the inception of Win Way, it is mainly engaged in the production and sales of silk yarn. After years of hard work, it has become the designated supplier of many well-known garment brands of Europe, America and China. Its customers include ZEGNA, DKNY, ANN TAYLOR, EXPRESS, NEXT, ERDOS, etc.

In 2003, Win Way entered into the linen yarn business. It made investments in GET Tongling which has an annual production capacity of linen yarn about 2000 tons. About 70% of the products are exported to Europe and the other Asian countries.

In 2011, Win Way created the brand "Famille de Lin" by using 100% French dew retting linen to product high end home textiles.

Besides, Win Way is operating a lighting factory. The factory is especially designing and manufacturing decorative lamps. The materials used includes metal, glass, wood, fabric, etc. It is still developing more different ranges of decorative lighting lamps, etc.

In order to penetrate the international market further, the subject has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities. For instance, it is going to take part in "HKTDC International Lighting Fair (Autumn Edition) 2018" which will be held in Hong Kong Convention and Exhibition Centre, Wanchai, Hong Kong, during the period of 27th to 30th October, 2018.

The business of the subject is chiefly handled by the two directors. History in Hong Kong is over 24 years.

On the whole, in view of the background of the subject, consider it good for normal credit requirements.

MORTGAGE OR CHARGE

(Since 2010)

Date	Description of Instrument	Mortgagee
30-12-2010	Charge over Deposits/Securities (2-Parties)	Hang Seng Bank Ltd., Hong Kong.
02-02-2011	Assignment of Insurance Policy (The Assignment)	Hang Seng Bank Ltd., Hong Kong.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 78.99
HKD	1	INR 8.90

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	PRN

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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)

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