

LUEN FUNG HONG PLASTIC MATERIALS COMPANY LIMITED - 526872 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	526872
Report Date :	30.08.2018

IDENTIFICATION DETAILS

Name :	LUEN FUNG HONG PLASTIC MATERIALS COMPANY LIMITED
Registered Office :	Block A, 18/F., Wah Wing Industrial Building, 14-20 Wing Yip Street, Kwai Chung, New Territories
Country :	Hong Kong
Date of Incorporation :	23.01.1992
Com. Reg. No.:	16696570
Legal Form :	Private Limited Company.
Line of Business :	Importer, Exporter and Wholesaler of All Kinds of Plastic Raw Materials.
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 :	Satisfactory
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.

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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, 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

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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

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COMPANY NAME AND ADDRESS

LUEN FUNG HONG PLASTIC MATERIALS COMPANY LIMITED

ADDRESS: Block A, 18/F., Wah Wing Industrial Building, 14-20 Wing Yip Street, Kwai Chung, New Territories, Hong Kong.

PHONE: 852-2427 6241

FAX: 852-2420 2149

MANAGEMENT:

Managing Director: Mr. Cheng Hak Cheong

SUMMARY

Incorporated on: 23rd January, 1992.

Organization: Private Limited Company.

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

Business Category: Importer, Exporter and wholesaler.

Employees: 8.

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

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Block A, 18/F., Wah Wing Industrial Building, 14-20 Wing Yip Street, Kwai Chung, New Territories, Hong Kong.

Guangzhou Office:-

Unit 2210, R&F Profit Plaza, No.76 Huangpu Road West, Zhujiang New Town, Guangzhou, Guangdong Province, China.

Postal: 510623

[Tel: (20) 3810 3360; Fax: (20) 3810 3363]

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Shenzhen Office:-

Unit 2704, Excellence Times Square, 4068 Yi Tian Road, Fu Tian District, Shenzhen SEZ, China.
[Tel: (755) 8883 3066; Fax: (755) 2399 66253]

Associated Company:-

Luen Fung Hong Plastic Materials (China) Co. Ltd., Hong Kong.

BUSINESS REGISTRATION NUMBER

16696570

COMPANY FILE NUMBER

0341788

MANAGEMENT

Managing Director: Mr. Cheng Hak Cheong

ISSUED SHARE CAPITAL

HK\$2,000,000.00

SHAREHOLDERS

(As per registry dated 23-01-2018)

<u>Name</u>	<u>No. of shares</u>
CHENG Hak Cheong	1,332,000
TAM Sek Chung	668,000
Total:	<u>2,000,000</u> =====

DIRECTORS

(As per registry dated 23-01-2018)

Name

(Nationality)

CHENG Hak Cheong

Address

Flat D, 4/F., Block 43, Savanna Garden, Lot No. 4283, Tai Po Road, Tai Po, New Territories, Hong Kong.

TAM Sek Chung

4/F., Tai Yi Building, 135A Sai Yee Street, Kowloon, Hong Kong.

SECRETARY

(As per registry dated 23-01-2018)

Name

Panfair Services Ltd.

Address

10/F., Chun Wo Commercial Centre,
23-29 Wing Wo Street, Central, Hong Kong,

Co. No.

0070704

HISTORY

The subject was incorporated on 23rd January, 1992 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: All kinds of plastic raw materials, etc.

Employees: 8.

Commodities Imported: Taiwan, Europe, etc.

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

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

Terms/Buying: L/C, D/P, O/A, etc.

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MEMBERSHIP

Hong Kong Plastic Materials Suppliers Association, Hong Kong.

FINANCIAL INFORMATION

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

Mortgage or Charge: (See attachment)

Profit or Loss: Made small profits in past years.

Condition: Keeping in a satisfactory manner.

Facilities: Making rather active use of general banking facilities.

Payment: No Complaints.

Commercial Morality: Satisfactory.

Bankers:-

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

Nanyang Commercial Bank Ltd., Hong Kong.

Cathay Bank, Hong Kong Branch.

Standing: Normal.

GENERAL

Having issued 2 million ordinary shares of HK\$1.00 each, Luen Fung Hong Plastic Materials Company Limited is jointly owned by Mr. Cheng Hak Cheong, holding 66.6% interests, and Mr. Tam Sek Chung, holding 33.4%. Being Hong Kong merchants, the two shareholders are also Directors of the subject.

The subject is a plastic raw materials trader. It is trading in the following products:

PB-1, PA, PC, PETB, PBT, PET, PPS, PVC, ABS, ASA, EVA, GPPS, K(Q), LCP, PSU, EPP, TPE, TPR, TPE, TPEE, TPV, TPO, PP, CA, CAB, CAP, CN, PTFE, FEP, POM, HDPE, LDPE, LLDPE, PMP, PPO, HIPS, etc.

All these materials are widely used in manufacturing packing products, toys, household, electrical & electronic products, etc.

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Its products are imported from the following countries or areas:

- Plastic Materials (including Resins & Sheet) (From USA, Germany, Thailand, Taiwan & Korea)
- Plastic Resin (From USA, Western Europe, South East Asia & China)

Prime markets are China, South Korea, Taiwan, the other Asian countries, North America, Western Europe, etc. Now, the subject has set up office in Guangzhou, Guangdong Province and Shenzhen Special Economic Zone, China.

According to the subject, it has got the following main suppliers:

1. Taita Chemical Co. Ltd., Taiwan.
2. Chi Mei Corporation, Taiwan.
3. Lotte Chemical Titan Holding Bhd., Malaysia.
4. Lotte Chemical Corporation, South Korea.
5. Formosa Chemicals & Fibre Corporation, Taiwan.
6. En Chuan Chemical Industries Co. Ltd., Taiwan.
7. IPRC Public Co. Ltd., Thailand.
8. Grand Pacific Petrochemical Corporation, Taiwan.

The other suppliers of the subject are LCY, Lyondellbasell, etc.

The business of the subject is chiefly handled by Mr. Cheng Hak Cheong. History in Hong Kong is over 26 years and seven months.

On the whole, consider it good for normal credit requirements.

MORTGAGE OR CHARGE

Date	Description of Instrument	Mortgagee
13-11-2017	Deed of Indemnity, Charge Over Deposit and Set-Off	Nanyang Commercial Bank Ltd., Hong Kong.
30-04-2018	Deed of Indemnity, Charge Over Deposit and Set-Off	Nanyang Commercial Bank Ltd., Hong Kong.
02-05-2018	Charge Over Deposit to Secure Liabilities of the Depositor	Cathay Bank, Hong Kong Branch.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.50
UK Pound	1	INR 90.63
Euro	1	INR 82.34
HKD	1	INR 9.03

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TRU

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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)