

MIRA INFORM REPORT

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|---------------|------------|
| Report No. : | 516744 |
| Report Date : | 29.06.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|--|
| Name : | HIP SHING DEVELOPMENT LIMITED |
| Registered Office : | Unit A, 16/F., Capital Trade Centre, 62 Tsun Yip Street, Kwun Tong, Kowloon |
| Country : | Hongkong |
| Date of Incorporation : | 04.03.2002 |
| Com. Reg. No.: | 33133624 |
| Legal Form : | Private Limited Company |
| Line of Business : | Importer, exporter and wholesaler of all kinds of webbing and tapes, draw cord, luggage. |
| No. of Employees : | 6 |

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

| | |
|-----------------|---|
| MIRA's Rating : | A |
|-----------------|---|

| 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) |
|--------------|---------------------------------|--------------------------------|
| Hongkong | 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 |

HONGKONG - 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



MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

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

HIP SHING DEVELOPMENT LIMITED

ADDRESS: Unit A, 16/F., Capital Trade Centre, 62 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong.

PHONE: 852-2388 1287

FAX: 852-2388 3411

E-MAIL: info@dghishing.com

MANAGEMENT

Managing Director: Mr. Luo Jian Ye

SUMMARY

Incorporated on: 4th March, 2002.

Organization: Private Limited Company.

Issued Share Capital: HK\$10,000.00

Business Category: Importer, Exporter and Wholesaler.

Employees: 6.

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

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Unit A, 16/F., Capital Trade Centre, 62 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong.

Associated Companies:-

Dongguan Hisheng Webbing Co. Ltd., China.
Hisheng Enterprise Ltd., China.

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PT. Hisheng Luggage Accessory, Indonesia.

BUSINESS REGISTRATION NUMBER

33133624

COMPANY FILE NUMBER

0787692

MANAGEMENT

Managing Director: Mr. Luo Jian Ye

ISSUED SHARE CAPITAL

HK\$10,000.00

SHAREHOLDERS

(As per registry dated 04-03-2018)

| <u>Name</u> | <u>No. of shares</u> |
|-------------|----------------------|
| HUO Hai Yun | 2,000 |
| LUO Jian Ye | 8,000 |
| Total: | 10,000 |
| | ===== |

DIRECTORS

(As per registry dated 04-03-2018)

| <u>Name</u> <u>(Nationality)</u> | <u>Address</u> |
|-------------------------------------|----------------|
|-------------------------------------|----------------|

| <u>Name</u> <u>(Nationality)</u> | <u>Address</u> |
|-------------------------------------|--|
| HUO Yifeng | Room 404, Block 3, District 1, Guan Dou Huayuan Cheng Zhong Tang Zhen, Dongguan City, Guangdong Province, China. |
| LUO Jian Ye | Dong Bo Cun, Zhong Tang Zhen, Dongguan City, Guangdong Province, China. |
| HUO Hai Yun | Dong Bo Cun, Zhong Tang Zhen, Dongguan City, Guangdong Province, China. |

SECRETARY

(As per registry dated 04-03-2018)

| <u>Name</u> | <u>Address</u> | <u>Co. No.</u> |
|--------------------------------------|--|----------------|
| Seekway Secretarial Services Ltd. | Unit B, 15/F., Wing On Cheong Building, 5 Wing Lok Street, Hong Kong. | 0650943 |

HISTORY

The subject was incorporated on 4th March, 2002 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 webbing and tapes, draw cord, luggage,

Employees: 6.

Commodities Imported: China, Indonesia, etc.

Markets: China, other Asian countries, etc.

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

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

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FINANCIAL INFORMATION

| | |
|-----------------------|---|
| Issued Share Capital: | HK\$10,000.00 |
| 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: | Met trade commitments as required. |
| Commercial Morality: | Satisfactory. |
| Banker: | The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong. |
| Standing: | Normal. |

GENERAL

Having issued 10,000 ordinary shares of HK\$1.00 each, Hip Shing Development Limited is jointly owned by Mr. Hou Hai Yun, holding 20% interests; and Mr. Luo Jian-Ye, holding 80%.

The two shareholders and Mr. Hou Yifeng are directors of the subject. The shareholders are also Hong Kong ID holders.

The subject has a main associated company known as Hisheng Enterprise Ltd. [Hisheng], a China-registered company in Dongguan City, Guangdong Province, China.

Besides, the subject is operating factories in China and Indonesia.

The subject and Hisheng are engaged in the same lines of business, more or less.

Over the years, Hisheng kept on introducing advanced equipment and technologies from abroad. At the moment, it has 303 Webbing Machine, 77 High Speed machine, 16 Jacquard Machine and 4 Crochet machine, with the monthly output of 30 million yards of webbing and tapes, 5.6 million yards of draw cord, 1.5 million yards of elastic webbing and 1 million yards of jacquard webbing. Hisheng mainly produces PP webbing/draw cord, polyester webbing/draw cord, PET webbing/draw cord, nylon webbing/draw cord, cotton webbing/draw cord, acrylic webbing/draw cord, sublimation webbing, jacquard webbing/draw cord, elastic webbing/draw cord, velcro tape, flat belt, cloth rope and other weaving products.

Besides the webbing, Hisheng also has a full set of R&D and production capability, including the design drawing, mould production, injection moulding and subsequent silk-screen, assembling and packaging, to develop and produce plastic and luggage accessories for golf bag, handbag, backpack and luggage.

Hisheng has an independent R&D team with more than 10 developers and develop more than 20 new products every season. At the same time, Hisheng can also develop new products according to customer's requirements.

The subject in Hong Kong is trading in all kinds of webbing and tapes. Business is steady. History in Hong Kong is over 16 years and three months.

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

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.94 |
| UK Pound | 1 | INR 90.21 |
| Euro | 1 | INR 79.64 |
| HKD | 1 | INR 8.74 |

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

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | DIV |
| Report Prepared by : | NIT |

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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)