

MIRA INFORM REPORT

Report No. :	516958
Report Date :	04.07.2018

IDENTIFICATION DETAILS

Name :	SAPPI PAPIER HOLDING GMBH
Registered Office :	C/o Sappi Trading Hong Kong Ltd. 28/F., One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon
Country :	Hong Kong
Date of Incorporation :	21.09.2001
Com. Reg. No.:	32091643
Legal Form :	Limited Company
Line of Business :	Paper and Pulp Trader of Wood pulp, paper and related products.
No. of Employees :	About 12,158 (Group Employees)

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 :	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

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.

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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

SAPPI PAPIER HOLDING GMBH

ADDRESS: c/o Sappi Trading Hong Kong Ltd. 28/F., One Pacific Centre, 414 Kwun Tong Road,
Kwun Tong, Kowloon, Hong Kong.

PHONE: 852-2219 1060, 2219 1061, 2877 4974, 2877 4969

FAX: 852-2877 4962, 2877 3523

E-MAIL: kirsten.kuo@sappi.com
trading@sappi.com

AUTHORIZED REPRESENTATIVE IN HONG KONG:

Name: Mr. Wayne Victor Rau

SUMMARY

Registered in Hong Kong on: 21st September, 2001.
Organization: Registered Non-Hong Kong Company.
Capital: Authorised: EUR 72,700.00
Issued & Paid Up: EUR 72,700.00
Business Category: Paper and Pulp Trader.
Group Turnover: US\$5,296 million (Year ended 30-09-2017)
Group Employees: About 12,158. (As at 30-09-2017)
Main Dealing Banker: Union Bank of Switzerland, Hong Kong Branch.
Banking Relation: Good.

SAPPI PAPIER HOLDING GMBH

ADDRESS:

Registered Office:-
Brucker Strasse 21, 8101, Gratkorn, Austria.

Hong Kong Principal Place of Business:-
c/o Sappi Trading Hong Kong Ltd.
28/F., One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

Intermediate Holding Company:-
Sappi Holding GmbH, Austria.

Ultimate Holding Company:-
Sappi Ltd., South Africa.

Sister/Associated Companies:-
Sappi Group of Companies
S.D. Warren Co., USA.
Sappi Alfeld GmbH, Germany.
Sappi Austria Produktions-GmbH & Co. KG, Austria.
Sappi Cloquet LLC, USA.
Sappi Ehingen GmbH, Germany.
Sappi Esus Beteiligungsverwaltungs GmbH, Austria.
Sappi Europe S.A., Belgium.
Sappi Fine Paper plc, South Africa.
Sappi Finland Oy, Finland.
Sappi International S.A., Belgium.
Sappi Lanaken NV, Belgium.
Sappi Lanaken Press Paper NV, Belgium.
Sappi Maastricht B.V., the Netherlands.
Sappi Management Services (Pty) Ltd., South Africa.
Sappi Nijmegen B.V., the Netherlands.
Sappi Papier Holding GmbH, Austria.
Sappi Property Co. Ltd., South Africa.
Sappi Schweiz AG, Switzerland.
Sappi Share Faciliation Co. (Pty) Ltd., South Africa.
Sappi Southern Africa (Pty) Ltd., South Africa.
Sappi Stockstadt GmbH, Germany.
Sappi Trading Hong Kong Ltd., Hong Kong.
[Formerly known as: Speciality Pulp Services Ltd.]
Sappi Trading Pulp AG, Switzerland.
Sappi UK Ltd., UK.
Umkomass Lignin (Pty) Ltd., South Africa.
Usutu Forest Products Co. Ltd., South Africa.
etc.

BUSINESS REGISTRATION NUMBER: 32091643

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COMPANY FILE NUMBER: F0011425
AUTHORISED REPRESENTATIVE IN HONG KONG: (As per registry dated 21-09-2017)
Name: Mr. Wayne Victor Rau
Address: Flat 3A, Bluewater, 25 Tai Tam Road, Hong Kong.

CAPITAL

Authorized Share Capital: EUR 72,700.00

Issued & Paid Up Capital: EUR 72,700.00

DIRECTORS

(As per registry dated 01-01-2018)

Name (Nationality)	Address
Mark Richard GARDNER	9 Cove Landing, Kittery, ME 03904, USA.
Berend John WIERSUM	Balistraat 99, 2585 Xr Den Haag, The Netherlands.
Jörg Harri PÄSSLER	5 Avenue General Morand, Maransart, 1380 Lasne, Belgium.
Bernhard Erich RIEGLER	Baumeistergasse 25/5, 1160 Vienna, Austria.
Bernd MAG. KOHLDORFER	Unterweissenbach 252, 8330 Feldbach, Austria.

HISTORY

The subject was incorporated in Austria as a limited company. It has established a principal place of business in Hong Kong and was registered on 21st September, 2001 as a Non-Hong Kong company under part XI of the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Sappi Papier Holding AG, name changed to the present style on 3rd September, 2003.

Formerly the registered address of the subject was located at '41/F., AIA Tower, 183 Electric Road, North Point, Hong Kong', moved to the present address in March 2014.

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

OPERATIONS

Activities: Paper and Pulp Trader.
Lines: Wood pulp, paper and related products.
Group Employees: About 12,158. (As at 30-09-2017)
Commodities Imported: Taiwan, Southeast Asia, North America, etc.
Markets: Europe, North America, etc.

Net Sales of Subject:
EUR 1,222.9 million (Year ended 30-09-2014)
EUR 1,285.1 million (Year ended 30-09-2015)
EUR 1,259.3 million (Year ended 30-09-2016)

Group Turnover: US\$5,925 million (Year ended 30-09-2013)
US\$6,061 million (Year ended 30-09-2014)
US\$5,390 million (Year ended 30-09-2015)
US\$5,141 million (Year ended 30-09-2016)
US\$5,296 million (Year ended 30-09-2017)

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

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

FINANCIAL INFORMATION

Authorized Share Capital: EUR 72,700.00

Issued & Paid Up Capital: EUR 72,700.00

Mortgage or Charge: (See attachment)

Profit / (Loss) of the subject:
EUR 24.2 million (Year ended 30-09-2014)
(EUR 136.1 million) (Year ended 30-09-2015)
EUR 65.7 million (Year ended 30-09-2016)

Group Net Profit/(Loss): (US\$182 million) (Year ended 30-09-2013)
US\$135 million (Year ended 30-09-2014)
US\$167 million (Year ended 30-09-2015)
US\$319 million (Year ended 30-09-2016)
US\$338 million (Year ended 30-09-2017)

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Profit or Loss:	Group made profits in past four years.
Condition:	Keeping in a normal manner.
Facilities:	Making active use of general banking facilities.
Payment:	Regular.
Commercial Morality:	Satisfactory.

BANKERS

Union Bank of Switzerland, Hong Kong Branch.
J.P. Morgan Europe Ltd., UK.
Standard Chartered Bank (Hong Kong) Ltd., Hong Kong.

Standing: Normal.

GENERAL

Sappi Papier Holding GmbH was registered in Hong Kong as a registered non-Hong Kong Company in September 2001. It was registered in Austria. Its ultimate holding company Sappi Ltd. [Sappi] is a South Africa-based firm. In fact, the subject is a member of the Sappi Group in the Asia Pacific region as well as in Europe.

The subject is engaged in the production and sale of coated fine paper and chemical cellulose in North America, Europe, and Africa. It also manufactures coated fine paper for use in magazines, catalogues, brochures, annual reports, and commercial printing applications; uncoated fine paper for use in bonds/writing; and offset printing and photocopy papers, writing tablets, and lightweight printing and thin papers. The subject also produces dissolving pulp, which is used in the manufacture of viscose textiles.

The subject formerly was known as Sappi Papier Holding AG. It is based in Gratkorn, Austria. It operates as a subsidiary of Sappi.

The subject has had an associated company Sappi Trading Hong Kong Ltd. [Sappi Trading] located at the same office.

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

Headquartered in Hong Kong, Sappi Trading manages a network of 11 sales offices and serves over 100 countries around the world. Sales and logistical operations are provided for most of the Group's pulp sales and a large proportion of the Group's fine paper and specialty paper sales in export markets. Sappi Trading also manages the Group's China joint venture's export sales.

Sappi is a global paper and pulp group. It is a leading producer of coated woodfree and coated mechanical paper widely used in books, brochures, magazines, catalogues and many other print applications. It believes it is also the world's largest producer of chemical cellulose, used primarily in the manufacture of viscose fibre, acetated tow, and consumer and pharmaceutical products.

In addition, it produces newsprint, uncoated graphic and business papers, premium quality packaging papers, a range of coated speciality papers and a range of paper grade pulp. Annually, Sappi produces:

5.4 million tons of paper

2.2 million tons of paper pulp and

1.4 million tons of dissolving wood pulp

Sappi is a public company incorporated in the Republic of South Africa. Its principal executive offices are located at 48 Ameshoff Street, Braamfontein, Johannesburg, 2001, Republic of South Africa, its telephone number is 27-11-407-8111. It currently has its primary listing on the JSE Ltd. [JSE], formerly the Johannesburg Stock Exchange, and has a secondary listing on the New York Stock Exchange.

Sappi was founded and incorporated in 1936 in South Africa and is a corporation organized under the Companies Act 61 of 1973 of the Republic of South Africa.

Sappi's trading network, Sappi Trading, coordinates the international marketing and distribution of its woodfree and mechanical paper products outside its core regions. Sappi Trading operates in Hong Kong (China) which is the subject, Sydney (Australia), Sao Paulo (Brazil), Shanghai (China), Konstanz (Germany), Nairobi (Kenya), Mexico City (Mexico), Singapore, Johannesburg and Durban (South Africa), Zurich (Switzerland), Taipei (Taiwan) and New York (United States). It manages a network of agents around the world, handling exports to over 70 countries. Sappi Trading also manages the export logistics of the southern African operations.

The sales of the Sappi Group for the year ended 30th September, 2017 amounted to US\$5.3 billion, increased by 3.9% as compared with US\$5.1 billion in FY 2016. In FY 2017, the Group made a profit of US\$338 million, increased by 6.0%, as compared with US\$319 million in FY 2016.

For the year ended 30th September, 2017 the Group had 12,158 employees.

For the year ended 30th September, 2016, the net sales of the subject amounted to EUR 1,259.3 million, decreased by 2.0% as compared with EUR1,285.1 million in previous year. It made a profit of EUR 65.6 million in FY 2016 as compared with a loss of EUR 136.1 million in FY 2015. The business of the subject was good FY 2016.

The subject is fully supported by the Sappi Group. History in Hong Kong is over 16 years and nine months. On the whole, in view of the background of the subject, consider it good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.69
UK Pound	1	INR 90.34
Euro	1	INR 80.02
HKD	1	INR 8.75

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	DNS

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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)