

MIRA INFORM REPORT

Report No. :	517795
Report Date :	06.07.2018

IDENTIFICATION DETAILS

Name :	BLUE SKY TELECOMMUNICATION LIMITED
Registered Office :	Unit 1903, 19/F., Kodak House II, 321 Java Road, North Point
Country :	Hongkong
Date of Incorporation :	26.06.1998
Com. Reg. No.:	21815373
Legal Form :	Private Limited Company
Line of Business :	Importers, distributors, wholesalers and re-exporters of all kinds of mobile phones, mobile phones components & accessories.
No. of Employees :	8. (Hongkong)

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.

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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



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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

BLUE SKY TELECOMMUNICATION LIMITED

ADDRESS: Unit 1903, 19/F., Kodak House II, 321 Java Road, North Point, Hong Kong.
PHONE: 2627 0031, 2811 8727
FAX: 28118737, 2627 0032
E-MAIL: linda@blueskytelecom.com.hk

MANAGEMENT

Managing Director: Mr. Lin Man Hung, James

SUMMARY

Incorporated on: 26th June, 1998.
Organization: Private Limited Company.
Issued Share Capital: HK\$30,000,002.00
Business Category: Telecommunication Equipment Trader.
Group Revenue: RMB7,126.1 million Yuan (Year ended 31-12-2017)
Employees: 8. (Hong Kong)
Main Dealing Banker: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Unit 1903, 19/F., Kodak House II, 321 Java Road, North Point, Hong Kong.

Holding Company:-

Shenzhen Tinno Mobile Technology Corp.

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Flat A, 4/F., Block H-3, OCT Eastern, Industrial Park, 1 Xiangshandong Street, Nanshan District, 518053
Shenzhen, China.

[Tel: 755-8609 5560; Fax: 755-8609 5551]

Ultimate Holding Company:-

Powerise Information Technology Co. Ltd. [PIT], China.

Associated/Affiliated Companies:-

Powerise Group of Companies.

BUSINESS REGISTRATION NUMBER

21815373

COMPANY FILE NUMBER

0648436

MANAGEMENT

Managing Director: Mr. Lin Man Hung, James

ISSUED SHARE CAPITAL

HK\$30,000,002.00

SHAREHOLDER

(As per registry dated 26-06-2017)

Name

Shenzhen Tinno Mobile Technology Corp.
Flat A, 4/F., Block H-3, OCT Eastern, Industrial Park, 1
Xiangshandong Street, Nanshan District, 518053 Shenzhen, China.

No. of shares

30,000,002

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DIRECTORS

(As per registry dated 26-06-2017)

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<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
LIN Hom Siu	Flat C, 31/F., Tower 7, Bellagio, 33 Castle Peak Road, Sham Tseng, New Territories, Hong Kong.
LIN Man Hung	Flat C, 31/F., Tower 7, Bellagio, 33 Castle Peak Road, Sham Tseng, New Territories, Hong Kong.
LEUNG Ping Tung Dennis	Flat C, 31/F., Tower 7, Bellagio, 33 Castle Peak Road, Sham Tseng, New Territories, Hong Kong.

SECRETARY

(As per registry dated 26-06-2017)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
China Turbo Ltd.	9/F., York House, The Landmark, 15 Queen's Road Central, Hong Kong.	0672664

HISTORY

The subject was incorporated on 26th June, 1998 as a private limited liability company under the Hong Kong Companies Ordinance.

In 2003 the subject was located at Room 1103, 11/F., Winning Centre, 29 Tai Yau Street, San Po Kong, Kowloon, Hong Kong. It moved to Unit 407, 4/F., Kodak House II, 321 Java Road, North Point, Hong Kong in January 2009, and further moved to the present address in July 2014.

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

OPERATIONS

Activities:	Importers, Distributors, Wholesalers and Re-exporters.
Lines:	All kinds of mobile phones, mobile phones components & accessories.
Brand Names:	Nokia, Motorola, Ericsson, Siemens, Philips, Samsung, Sagem, Alcatel, Trium Mars, etc.
Employees:	8. (Hong Kong)
Commodities Imported:	Mainly imported from Europe, South Korea, China, etc.

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Markets: India, Russia, France, Pakistan, Thailand and South America, etc..

Group Revenue (Unit: RMB' million, year ended 31 December):

2015: 7,469.5

2016: 7,718.0

2017: 7,126.1

Terms/Sales: Various terms.

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

FINANCIAL INFORMATION

Issued Share Capital: HK\$30,000,002.00

Indebtedness: HK\$228,493,995.47 (Total amount outstanding on all mortgages and charges as per last Annual Return dated 26-06-2017)

Mortgage or Charge (since 2017): (See attachment)

Group Profit/(Loss) (Unit: RMB' million, year ended 31 December):

2015: 421.5

2016: 421.1

2017: 282.5

Profit or Loss: Making a small profit every year.

Condition: Business is rather steady.

Facilities: Making active use of general banking facilities.

Payment: Met trade commitments as required.

Commercial Morality: Satisfactory.

Bankers:-

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

Citibank N.A., Hong Kong Branch.

Hang Seng Bank Ltd., Hong Kong.

Shanghai Commercial Bank Ltd., Hong Kong.

Bank of China (Hong Kong) Ltd., Hong Kong.

Standing: Normal.

GENERAL

Blue Sky Telecommunication Limited was incorporated in Hong Kong in June 1998. Formerly it was equally owned by Mr. Hung Lin Cham and Mr. Hsu Hoi Shan. It had just issued 2 ordinary shares of HK\$1.00 each while each of the shareholders held one share.

On 3rd March, 2001, Hung and Hsu transferred their shares to Mr. Lin Man Hung and Ms. Lin Hom Siu respectively. Since then, Mr. Lin Man Hung and Ms. Lin Hom Siu had become the shareholders and directors of the subject. Now, the subject is a wholly-owned subsidiary of Shenzhen Tinno Mobile Technology Corp. [Tinno] which is a China-based firm. Tinno is 96.6235% held by Powerise Information Technology Co. Ltd. [PIT] which is a China-listed company.

Mr. Lin Man Hung, Mr. Leung Ping Tung and Ms. Lin Hom Siu are the directors of the subject.

Tinno has about 200 employees. It is developing its own branded mobile phone. Its products have been exported to India, Russia, France, Pakistan, Thailand and South America, etc.

The subject is a telecommunication equipment trader. It is trading in all kinds of mobile phones.

The subject has registered with the Office of the Communications Authority (OFCA), The Government of Hong Kong SAR, the People's Republic of China. The subject bears the licence No. of RU00066375-RU.

Now the subject has set up an office in Fujian, China. The Fujian office, started business in 1995, is engaged in the distribution of mobile phones. Today, the subject has become one of the rather significant companies engaged in marketing, developing and manufacturing of mobile phone related products, including GSM/PCS mobile phones, and mobile phone components, mobile phone accessories.

The subject also carries those mobile phones bear well-known brand names such as Nokia, Motorola, Ericsson, Siemens, Philips, Samsung, Sagem, Alcatel, etc.

The subject is importing mobile phones and accessories from Europe and re-exporting to foreign markets. China is the prime markets while the other auxiliary markets are the Middle East, South East Asia, Africa, Europe and South America.

The subject has developed business ties with some mobile phone manufacturers in order to become their official distributor or ODM buyer.

Currently the subject has set up a joint-venture factory in Fujian, China which is producing chargers and batteries for the China mobile phone market. The brand name of the products are *Tinno*. The subject is the brand owner of *Tinno*.

Besides, the subject also distributes mobile phone accessories. It is distributing about 450 different items of mobile phones components, including housings, covers, antennas, LCDs, keypads, inner ICs, etc. Most of the buyers are mobile phone manufacturers in China, especially in Fujian Province, China.

For the year ended 31st December, 2017, the revenues of PIT amounted to RMB7.1 billion Yuan (2016: RMB7.7 billion Yuan); profit attributable to shareholders was RMB282.5 million Yuan (2016: RMB421.1 million Yuan).

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The following table shows the financial highlights of the subject:

Unit: RMB' million, year ended 31 December

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue	7,375.0	8,126.6	7,310.3
Operating Profit	236.9	39.2	29.4
Net Profit (Loss)	214.6	(19.3)	48.5
Net Assets	359.7	163.1	171.8
Total Assets	4,958.1	3,425.0	2,190.0

In 2017, the revenue of the subject was RMB7.4 billion Yuan and its net profit was RMB214.6 million Yuan. Its net profit grew substantially in FY 2017.

For the year ended 31st December, 2017, PIT Group had 4,128 employees.

The subject is fully supported by Tinno and ultimately by PIT. Its business is mainly handled by the directors of the subject. History in Hong Kong is about 20 years.

On the whole, the subject is considered good for normal business engagements.

MORTGAGE OR CHARGE

(Since 2017)

Date	Description of Instrument	Mortgagee
24-02-2017	Deed of Assignment of Insurance Policy	Bank of China (Hong Kong) Ltd., Hong Kong.
25-10-2017	Charge Over Securities and Deposits with the Bank (Limited Company) (Unlimited Amount)	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.75
UK Pound	1	INR 91.07
Euro	1	INR 80.48
HKD	1	INR 8.78

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)