

MIRA INFORM REPORT

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|---------------|------------|
| Report No. : | 520950 |
| Report Date : | 26.07.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | BASICLINE INTERNATIONAL LIMITED |
| Registered Office : | Room 1214-1218, 12/F., Peninsula Centre, 67 Mody Road, Tsimshatsui East, Kowloon |
| Country : | Hong Kong |
| Date of Incorporation : | 17.08.1990 |
| Com. Reg. No.: | 14008555 |
| Legal Form : | Private Limited Company |
| Line of Business : | Importer, Re-exporter and Wholesaler all kinds of garments, fabrics and other textiles. |
| No. of Employees : | 25. (Including associates) |

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.

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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.

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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

BASICLINE INTERNATIONAL LIMITED

ADDRESS : Room 1214-1218, 12/F., Peninsula Centre, 67 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

PHONE : 852-3552 5500, 2723 3156, 3552 5700

FAX : 852-3552 5501, 3552 5503

E-MAIL : basicline@basicline.com.hk
nanik@basicline.com.hk
rajesh@basicline.com.hk

MANAGEMENT

Managing Director: Mr. Prishotam Ramchand Mirpuri

SUMMARY

Incorporated on : 17th August, 1990.

Organization : Private Limited Company.

Issued Share Capital : HK\$5,000,000.00

Business Category : Importer, Re-exporter and Wholesaler.

Employees : 25. (Including associates)

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

Banking Relation : Satisfactory.

ADDRESS:

Registered Head Office:-
Room 1214-1218, 12/F., Peninsula Centre, 67 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

Associated Companies:-
Euroline Overseas Co. Ltd., British Virgin Islands.
PK Manufacturing Corporation, Philippines.

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Wing Fat Enterprises Ltd., Bangladesh.
Wing Fat Enterprises Ltd., China.
Wing Fat Enterprises Ltd., Hong Kong. (Same address)
Wing Fat Enterprises Ltd., India.

BUSINESS REGISTRATION NUMBER

14008555

COMPANY FILE NUMBER

0285216

MANAGEMENT

Managing Director: Mr. Prishotam Ramchand Mirpuri
Contact Person: Mr. Nanik Jhamtani

ISSUED SHARE CAPITAL

HK\$5,000,000.00

SHAREHOLDERS

(As per registry dated 17-08-2017)

| Name | Occupation | No. of shares |
|----------------------------|------------|---------------------------|
| Asha Prishotam MIRPURI | Merchant | 2,483,000 |
| Prishotam Ramchand MIRPURI | Merchant | 2,517,000 |
| | Total: | <u>5,000,000</u> ===== |

DIRECTORS

(As per registry dated 17-08-2017)

| Name | Address |
|---------------|---------|
| (Nationality) | |

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Asha Prishotam MIRPURI Room 1214-1218, 12/F., Peninsula Centre, 67 Mody Road,
Tsimshatsui East, Kowloon, Hong Kong.

Prishotam Ramchand MIRPURI Room 1214-1218, 12/F., Peninsula Centre, 67 Mody Road,
Tsimshatsui East, Kowloon, Hong Kong.

SECRETARY

(As per registry dated 17-08-2017)

Name

(Nationality)

Rajesh Prishotam MIRPURI

Address

Flat B, U23 Floor, Block 3, Garden Terrace, 8A Old
Peak Road, Hong Kong.

HISTORY

The subject was incorporated on 17th August, 1990 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the subject was located at 3/F., Hart House, 12-14 Hart Avenue, Tsimshatsui, Kowloon, Hong Kong, moved to the present address in September 2004.

The subject changed its company secretary on 17th August, 2017.

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

OPERATIONS

Activities : Importer, Re-exporter and Wholesaler.

Lines : All kinds of garments, fabrics and other textiles.

Employees : 25. (Including associates)

Commodities Imported : Imported from Europe, China, India, etc.

Markets : South Africa, Asian countries, etc.

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

Terms/Buying : As per contracted.

MEMBERSHIP : The Indian Chamber of Commerce Hong Kong, Hong Kong.

FINANCIAL INFORMATION

| | | |
|----------------------|---|--|
| Issued Share Capital | : | HK\$5,000,000.00 |
| Mortgage or Charge | : | (See attachment) |
| Profit or Loss | : | Business is profitable. |
| Condition | : | Keeping in a normal condition. |
| Facilities | : | Actively using general banking facilities. |
| Payment | : | Regular. |
| Commercial Morality | : | Satisfactory. |

BANKERS

The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.

Standing: Good.

GENERAL

Basicline International Limited is a private limited company joint owned by Mr. Prishotam Ramchand Mirpuri and Mr. Asha Prishotam Mirpuri, both of whom are the members of an Indian family. The former is holding 50.34% interests while the latter, holding 49.66%. The two Mirpuris are also directors of the subject and have got the right to reside in Hong Kong permanently as they are Hong Kong ID Card holders.

The subject is a garment, fabric and other textile product importer and re-exporter. The subject and its associates are trading in the following products:-

Suits & Jackets - Men's;
Suits & Jackets - Women's;
Children's Wear;
Anoraks;
Parkas & Car coats;
Blouses;
Coats;
Denim Garments;
Dresses & Skirts;
Shirts;
Trousers & Slacks;
Knitted Garments;

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Crocheted & Hand-Knitted Garments;
Tee & Sweat Shirts,
Toys, Baby Products
Gifts and Crafts, etc.

Commodities are mainly imported from India, the Philippines and China while its re-exported markets are Asian countries and South Africa. Business has been steady.

The subject has had an associated company known as Wing Fat Enterprises Ltd. [Wing Fat] located at the same operating address. Having issued 2 million ordinary shares of HK\$1.00 each, Wing Fat is a wholly owned subsidiary of Euroline Overseas Co. Ltd. which is a BVI-registered firm. Wing Fat is chiefly controlled by Mr. Seema Rajesh Mirpuri who is an Indian. The subject and Wing Fat are engaged in the same lines of business.

Currently Wing Fat has had associated companies in Mumbai of India, Dhaka of Bangladesh and Guangzhou of China.

The subject has had associated company PK Manufacturing Corporation [PKMC] which is in the Philippines. Located at Pasay City, Manila, the Philippines, PKMC is a garment manufacturer which is also operated by the Mirpuri family.

Having a history of more than twenty-two years and ten months, the subject has developed long term business ties with a number of firms in India and buyers in South Africa. Business is active.

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, the subject took part in the fair held in Las Vegas, the United States in February, 2010.

The subject is a member of The Indian Chamber of Commerce Hong Kong, Hong Kong. History in Hong Kong is about 28 years.

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

REMARKS

Property information of the company:-

Property Location: 3/F., Hart House, 12 & 14 Hart Avenue, Kowloon, Hong Kong.

Owner: Basicline International Ltd.

Date of Purchase: n.a.

Purchased Price: n.a.

Incumbrances:-

| Date of Mortgage | Amount Consideration | Mortgagee | Nature |
|------------------|----------------------|--|--|
| 30-11-1993 | - | The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong. | Mortgage to secure general banking facilities jointly with Rajesh Prishotam Mirpuri and Asha Prishotam Mirpuri |

MORTGAGE OR CHARGE

| Date | Particulars | Amount |
|------|-------------|--------|
|------|-------------|--------|

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| | | |
|------------|---|--|
| 30-11-1993 | <p><i>Instrument:</i> Mortgage (Jointly with Rajesh Prishotam Mirpuri and Asha Prishotam Mirpuri) <i>Property:</i> 10/170th parts or shares of and in Kowloon Inland Lot No. 10349 (3/F. of Hart House, 12-14 Hart Avenue, Kowloon, Hong Kong.) <i>Mortgagee:</i> The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.</p> | To secure general banking facilities |
| 23-01-2008 | <p><i>Instrument:</i> Assignment of DC Proceeds re export bills restricted to other banks for negotiation/payment <i>Property:</i> By way of assignment or agreement to assign in each case as beneficial owner. All monies in any currency representing proceeds payable or to be paid to the Customer under the Documentary Credits, all the Customer's right, title and interest in the said Documentary Credits and the benefit of all powers and remedies for enforcing the Documentary Credits <i>Mortgagee:</i> The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.</p> | All loans or other advances made or to be made by the Bank to the Customer against documents submitted under a Documentary Credit, all monies and liabilities in any currency owing by the Customer to the Bank at any time, whether separately or jointly, actually or contingently, present or future, interest on all loans and advances and such monies and all expenses of the Bank in perfecting or enforcing the Assignment |

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.80 |
| UK Pound | 1 | INR 90.58 |
| Euro | 1 | INR 80.44 |
| 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)