

MIRA INFORM REPORT

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|----------------------|------------|
| Report No. : | 522140 |
| Report Date : | 26.07.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|--|
| Name : | FAI PO GEM & JEWELLERY LIMITED |
| Registered Office : | Room 602-606, 6/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon |
| Country : | Hong Kong |
| Date of Incorporation : | 17.11.2009 |
| Com. Reg. No.: | 51435325 |
| Legal Form : | Private Limited Company |
| Line of Business : | The subject is a jewellery trader and manufacturer. It is specialized in 14K and 18K gold jewellery set with all kinds of colour gemstones and semi-precious stones, among which blue chalcedony is the most significant items. The other products include amethyst, citrine, tourmaline, peridot, blue topaz and rose quartz jewellery. |
| No. of Employees : | 32. (Including Associates in Hong Kong) |

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 :

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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 |

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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.

Hong Kong's open economy left it exposed to the global economic slowdown that began in 2008. Although increasing integration with China through trade, tourism, and financial links aided a more rapid initial recovery than many observers anticipated, its continued reliance on foreign trade and investment leaves it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the site for Chinese 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; and RMB trade settlement is allowed. The territory far exceeded the RMB conversion quota set by Beijing for trade settlements in 2010 due to the growth of earnings from exports to the mainland. RMB deposits grew to roughly 9.4% of total system deposits in Hong Kong by the end of 2015. The government is pursuing efforts to introduce additional use of RMB in Hong Kong financial markets and is seeking to expand the RMB quota.

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 has surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. Mainland visitors to Hong Kong declined 3% in 2015 to approximately 45.7 million, reflecting an overall drop of 2.5% in total visitors to Hong Kong. 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 51% of the firms listed on the Hong Kong Stock Exchange and accounted for about 62.1% 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, 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, and will improve access to the mainland's service sector for Hong Kong-based companies. Credit expansion and a tight housing supply have caused Hong Kong property prices to rise rapidly; consumer prices increased 2.6% in 2016, but slowed to 2.0% in 2017. Lower- and middle-income segments of the population are increasingly unable to afford adequate housing.

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 Mutual Recognition of Funds, and The Hong Kong Shanghai Gold Connect are all important steps towards opening up the Mainland's capital markets and has reinforced Hong Kong's leading role as China's offshore RMB market. Additional connect schemes from bonds to commodities and other investment products are also under exploration by Hong Kong authorities. In 2017, Chief Executive 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 & ADDRESS

FAI PO GEM & JEWELLERY LIMITED

ADDRESS: Room 602-606, 6/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hungghom, Kowloon, Hong Kong.

PHONE: 852-2774 1199, 2774 4811, 2774 4833

FAX: 852-2330 1553, 2330 1563

E-MAIL: fpg@hkstar.com
info@faipo.com

MANAGEMENT

Managing Director: Mr. Chan Wing Fai, Jacky

SUMMARY

Incorporated on: 17th November, 2009.

Organization: Private Limited Company.

Issued Share Capital: HK\$1.00

Business Category: Manufacturer, Importer, Exporter and Wholesaler.

Employees: 32. (Including Associates in Hong Kong)

Main Dealing Bank: China CITIC Bank International Ltd., Hong Kong.

Banking Relation: Good.

NAME

FAI PO GEM & JEWELLERY LIMITED

ADDRESS

Registered Head Office:-

Room 602-606, 6/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hungghom, Kowloon, Hong Kong.

China Factory:-

Lufeng Ronghui Gemstone & Jewelry Manufacturing Factory Co. Ltd. [or known as Lufeng Ronghui Gemstone Factory Co. Ltd.]

Block 5-6, Donghai Economic Development Area, Donghai Town, Lufeng City, Guangdong Province, China.
[Tel: (86-660) 823 6666; Fax: (86-660) 823 0948]

Holding Company:-

Fai Po Group Ltd., Hong Kong. (Same address)

Associated/Affiliated Companies:-

Fai Po Group of Companies
Amethyst Kingdom Co. Ltd., Hong Kong.
East Ocean Gems & Jewellery Co. Ltd., Hong Kong. [Dissolved]
Fai Po (Macao Commercial Offshore) Ltd., Macao.
Fai Po Diamond Ltd., Hong Kong.
Fai Po Gem (China) Ltd., Hong Kong.
Fai Po Gem (H.K.) Co. Ltd., Hong Kong.
Fai Po Gems Manufacturing Co. Ltd., Hong Kong.
Fai Po Jewellery (China) Ltd., Hong Kong.
Fai Po Jewellery (H.K) Co. Ltd., Hong Kong.
Fai Po Jewellery Inc., USA.
Fai Po Properties Ltd., Hong Kong.
Huahui Real Estate Development Co. Ltd., China.
Intini Co. Ltd., Hong Kong.
Jeffery Investment Ltd., Hong Kong.
Joyce Field International Ltd., British Virgin Islands.
Pearl Dynasty Ltd., British Virgin Islands.
Seng Fai Co. Ltd., Hong Kong.
Yi Danni Diamond Co. Ltd., China.
etc.

BUSINESS REGISTRATION NUMBER

51435325

COMPANY FILE NUMBER

1392284

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MANAGEMENT

Managing Director: Mr. Chan Wing Fai, Jacky
Contact Person: Ms. Chow So Shan, Susanna

ISSUED SHARE CAPITAL

HK\$1.00

SHAREHOLDER

(As per registry dated 17-11-2017)

| Name | No. of share |
|-------------------------------|--------------|
| Fai Po Group Ltd., Hong Kong. | 1 |
| | = |

DIRECTOR

(As per registry dated 17-11-2017)

| Name | Address |
|--------------------------------|--|
| (Nationality) CHAN Wing Fai | Flat B, 23/F., Tower 1, Harbourfront Landmark, Kowloon, Hong Kong. |

SECRETARY

(As per registry dated 17-11-2017)

| Name | Address | Co. No. |
|-----------------------------------|--|---------|
| Silver Swing (International) Ltd. | Room 807, 8/F., Opulent Building, 402-406 Hennessy Road, Hong Kong. | 0157939 |

HISTORY

The subject was incorporated on 17th November, 2009 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.

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OPERATIONS

| | |
|----------------------------------|---|
| Activities: | Manufacturer, Importer, Exporter and Wholesaler. |
| Lines: | Gemset Jewellery, Gold Jewellery. |
| Employees: | 32. (Including associates in Hong Kong) 2,000. (China) |
| Materials/Commodities Imported:- | Raw materials – Europe, India, Thailand, etc. Finished products – China. |
| Markets: | US, Japan, Taiwan, Singapore, South Korea, UK, Italy, etc. |
| Terms/Sales: | L/C or as per contracted. |
| Terms/Buying: | Various terms. |

MEMBERSHIP

- Hong Kong Gemstone Manufacturers' Association Ltd., Hong Kong.
- Hong Kong Jewelry Manufacturers' Association, Hong Kong.

FINANCIAL INFORMATION

| | |
|-----------------------|--|
| Issued Share Capital: | HK\$1.00 |
| Mortgage or Charge: | (See attachment) |
| Profit or Loss: | Business is profitable. |
| Condition: | Keeping in an active condition. |
| Facilities: | Making active use of general banking facilities. |
| Payment: | No Complaints. |
| Commercial Morality: | Good. |
| Bankers:- | China CITIC Bank International Ltd., Hong Kong. Hang Seng Bank Ltd., Hong Kong. Standard Chartered Bank (Hong Kong) Ltd., Hong Kong. |

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Citibank, N.A., Hong Kong.
Bank of China (Hong Kong) Ltd., Hong Kong.

Standing: Very good.

GENERAL

Having issued just one ordinary share of HK\$1.00, Fai Po Gem & Jewellery Limited is wholly owned by Fai Po Group Ltd. which is a Hong Kong-based company located at the same address.

The director of the subject Mr. Chan Wing Fai, Jacky is a Hong Kong merchant.

The subject has got an associated company Fai Po Jewellery (HK) Co. Ltd. [Fai Po HK] located at the same address.

The subject is a jewellery trader and manufacturer. It is specialised in 14K and 18K gold jewellery set with all kinds of colour gemstones and semi-precious stones, among which blue chalcedony is the most significant items. The other products include amethyst, citrine, tourmaline, peridot, blue topaz and rose quartz jewellery. The subject is trading in the following commodities:-

Finished Jewellery
Diamond Jewellery
White Diamond Jewellery
Coloured Diamond Jewellery
Gem Set Jewellery
Emerald Jewellery
Ruby Jewellery
Sapphire Jewellery
Semi-Precious Gemstone Jewellery
Others
Gold Jewellery
14-Karat Gold Jewellery
18-Karat Gold Jewellery
Pearl Jewellery
Tahitian Pearl Jewellery
Materials
Polished Semi precious Gemstone
Crystal

The subject is also specialized in all kind of semi-precious stones set, gold jewellery, etc.

Raw materials and diamonds are imported from India, Europe, Thailand, etc.

The subject has had an affiliated factory in China with a total monthly production capacity of over a hundred thousand units of jewellery. The factory is located in Donghai Economic Development Area, Donghai Town, Lufeng City, Guangdong Province, China. The factory is known as Lufeng Ronghui Gemstone & Jewelry Manufacturing Factory Co. Ltd. (or known as Lufeng Ronghui Gemstone Factory Co. Ltd.) which was set up in 1986.

The factory covers an area of 310,000 square meters and is regarded as one of the largest jewellery OEM & ODM units in Asia. Currently the factory is employing about 1,700 workers.

Another two factories are in Panyu and Gaoming of Guangdong Province, China.

These factories are manufacturing the Group's product under the brand name '*Intini*'. This brand is rather popular in the United States and the Middle East.

The subject also has had associated companies in Panyu of Guangzhou, Kunming of Yunnan Province, New York of the United States, etc.

At present, 85% of the subject's products are exported to overseas markets such as the United States, Japan, Taiwan, Singapore, Malaysia, South Korea, the United Kingdom, Italy, the Middle East, etc. The remaining 15% is for domestic sales. Business is active.

The subject has got several more associated companies located at its operating office. Besides, it has got an associated company Fai Po Jewellery Inc. in the United States. This firm in New York is engaged in the distribution of the subject's products in the United States.

In order to penetrate the international market further, Fai Po HK has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities. For instance, it took part in "HKTDC Hong Kong International Diamond, Gem & Pearl Show 2018" which had been held in Hong Kong AsiaWorld-Expo, Lantau, Hong Kong during the period of 27th February to 3rd March, 2018.

The subject's business, which is rather active, is chiefly handled by Ms. Susanna Chow who is an employee of the subject.

The subject is fully supported by the Group.

As the history of the subject is over eight years and five months in Hong Kong, on the whole, consider it good for normal business engagements.

MORTGAGE OR CHARGE

| Date | Description of Instrument | Mortgagee |
|-------------|--|--|
| 31-12-2015 | Assignment of Insurance Policy (2-Party) | Hang Seng Bank Ltd., Hong Kong. |
| 13-10-2016 | Security Agreement Over Bank Account (All moneys) (Own Obligations) (With Fixed and Floating Charge) | Standard Chartered Bank (Hong Kong) Ltd., Hong Kong. |
| 03-01-2017 | Deed of Charge Over Trade Receivables | Hang Seng Bank Ltd., Hong Kong. |
| 31-07-2017 | Deposit Deed | Citibank N.A., Hong Kong Branch. |
| 10-10-2017 | Deed of Indemnity, Charge Over Deposit and Set-Off | Bank of China (Hong Kong) Ltd., Hong Kong. |

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.80 |
| UK Pound | 1 | INR 90.58 |
| Euro | 1 | INR 80.45 |
| HKD | 1 | INR 8.37 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | NIS |
| Report Prepared by : | TPT |

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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)