

MIRA INFORM REPORT

Report No. :	521013
Report Date :	27.07.2018

IDENTIFICATION DETAILS

Name :	PROSPERITY TEXTILE (H.K.) LIMITED
Registered Office :	Flat E, G & H, 21/F., Superluck Industrial Centre, Phase 2, 57 Sha Tsui Road, Tsuen Wan, New Territories
Country :	Hongkong
Date of Incorporation :	21.04.2004
Com. Reg. No.:	34493190
Legal Form :	Private Limited Company
Line of Business :	Trader of fabric and garment including all kinds of denim products.
No. of Employees :	23

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 :	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)
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

PROSPERITY TEXTILE (H.K.) LIMITED

ADDRESS: Flat E, G & H, 21/F., Superluck Industrial Centre, Phase 2, 57 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

PHONE: 852-3188 0716

FAX: 852-2374 4858

E-MAIL: mail@prosperity-textile.com
stafford@ptextile.com.hk
vincent@prosperity-textile.com

MANAGEMENT

Managing Director: Ms. Wong On Kei, Angel

SUMMARY

Incorporated on: 21st April, 2004.

Organization: Private Limited Company.

Issued Share Capital: HK\$100.00

Business Category: Fabric and garment Trader.

Employees: 23.

Main Dealing Banker: DBS Bank (Hong Kong) Ltd., Hong Kong.

Banking Relation: Good.

ADDRESS

Registered Head Office:-

Flat E, G & H, 21/F., Superluck Industrial Centre, Phase 2, 57 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

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Holding Company:-

Shaoguan City Beijiang Textile Co. Ltd., China.

Associated Companies:-

Beijing Weaving Factory Co. Ltd., China.

Guangzhou Prosperity Textile Co. Ltd., China.

Prosperity Textile (USA) Inc., U.S.

Prosperity Textile Bangladesh, Bangladesh.

Shaoguan Shunchang Weaving Factory Co. Ltd., China.

BUSINESS REGISTRATION NUMBER

34493190

COMPANY FILE NUMBER

0896355

MANAGEMENT

Managing Director: Ms. Wong On Kei, Angel

ISSUED SHARE CAPITAL

HK\$100.00

SHAREHOLDER

(As per registry dated 21-04-2018)

<u>Name</u>	<u>Occupation</u>	<u>No. of shares</u>
Shaoguan City Beijiang Textile Co. Ltd. No. 3 Qujiang Economic Development Zone, Shaoguan, Guangdong, China.	Corporation	100 ===

DIRECTORS

(As per registry dated 21-04-2018)

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PROSPERITY TEXTILE (H.K.) LIMITED - 521013

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<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
WONG On Kei, Angel	Flat G & H, 21/F., Super luck Industrial Centre, Phase 2, 57 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.
GU Xiang	Room 1009, International Bank Centre, No. 191 Dong Feng Xi Road, Guangzhou, China.

SECRETARY

(As per registry dated 21-04-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
K.M.L. Consultants Ltd.	Room 1704, 17/F., Omega Plaza, 32 Dundas Street, Mongkok, Kowloon, Hong Kong.	0489836

HISTORY

The subject was incorporated on 21st April, 2004 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: Fabric and garment Trader.

Lines: All kinds of denim products.

Brand Names: Redenim, Silent Scream.

Employees: 23.

Commodities Imported: China, other Asian countries, etc.

Markets: Southeast Asia, Europe, North America, etc.

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

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

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FINANCIAL INFORMATION

Issued Share Capital:	HK\$100.00
Profit or Loss:	Making a small profit every year.
Condition:	Keeping in a satisfactory manner.
Facilities:	Making rather active use of general banking facilities.
Payment:	So far so good.
Commercial Morality:	Good.
Bankers:-	DBS Bank (Hong Kong) Ltd., Hong Kong. The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
Standing:	Normal.

GENERAL

Having issued 100 ordinary shares of HK\$1.00 each, Prosperity Textile (H.K.) Limited is a wholly-owned subsidiary of Shaoguan City Beijiang Textile Co. Ltd. [Beijiang] which is a China-based company.

The old shareholders of the subject were Mr. Gu Xiang, holding 55% interests; Ms. Wong On Kei, Angel, holding 45%.

The two old shareholders are also directors of the subject. The former is a China merchant and currently residing in Guangzhou, Guangdong Province, China. Wong On Kei, Angel is a Hong Kong businesswoman. She is also managing director of the subject.

The predecessor or associate of the subject was established in 1995 with production base in Shaoguan, Guangdong Province, China. As a large denim manufacturer in the north of Guangdong Province, the subject produces mainly medium and premium denim, casual fabrics, with an annual production capacity of 80 million yards. Beijiang and the subject are located at the same address in China.

Beijing has been equipped with advanced production equipment, strict quality control system, robust product development capability. Its production lines were imported from Germany, Italy, Japan, the United States, etc. It has set up the following main mill, plant and workshops:

- Denim Mill
- Warping Workshop
- Dyeing Plant
- Rope Dyeing Workshop

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Beijing covers an area of about 300 acres.

In 2008, the subject officially launched its own brand *REDENIM*. The annual sales capacity of *REDENIM* fabric over 35 million yards.

According to the subject, its marketing head office is in Guangzhou, China while branch offices are in Shanghai, Zhengzhou of China, and the United States.

The subject's joint venture factories Shaoguan Shunchang Weaving Factory Co. Ltd. and Beijing Weaving Factory Co. Ltd. were put into operation in 1998.

The subject also sells its products online. Most of the online products are ladies' garments bearing the brand name *Silent Scream*. This brand name was developed in 2011.

In 2012, the subject has set up a one-stop service shop located at 82 Xingang West Road, Guangzhou, Guangdong, China. This shop is also a flagship store of the subject.

According to the subject, its customers are in over fifty countries of the world. The followings are some of the significant customers:-

Levis, Peep Jeans, Tough, Guess, Polo, Esprit, etc.

The brief information of Beijiang is as follow:

Name: Beijiang

Address: Area D3, Jujiang Economic Development Zone, Shaoguan City, Guangdong Province, China.

Date of Incorporation: 7th June, 2002.

Legal Status: Limited Liability Company

Registered Capital: RMB90 million Yuan

Duration: Unlimited

United Social Credit Code: 91440200739866435E

Registration No.: 440281000004059

Legal Representative: Mr. Gu Xiang

Beijiang has got the following awards:

1. Guangdong Province's Top 500 Manufacturing Enterprises
2. Innovative Pilot Enterprise of Internet and Industry Integration
3. Fabrics China Appraisal Partner Enterprise
4. The 23rd Fabrics China Appraisal Entry Enterprise

Besides, the subject has been awarded certifications from international authorities, like ISO 9001, Oeko-Tex® 100, Whitelist Qualification, etc.

The Group has about 1,200 employees in China. Annual sales turnover is significant.

As the history of the subject is over 14 years and three months in Hong Kong, on the whole, consider it good for normal business engagements.

MORTGAGE OR CHARGE

Date	Particulars	Amount
29-09-2008	<p><i>Instrument:</i> Security Over Deposits with the Bank Limited Company - Under Seal</p> <p><i>Property:</i> Initially HK\$1,000,000 or equivalent and all monies whether now or hereafter standing to the credit of the company's deposit with the Bank under deposit No. 178-486858 & whatever currency it may subsequently be denominated in, any renewal of such deposit & the interest thereon together with any further moneys in any deposit account with the Bank at any of its offices</p> <p><i>Mortgagee:</i> The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.</p>	To secure all monies in respect of banking facilities owing at any time plus interest and all expenses
15-07-2010	<p><i>Instrument:</i> Charge on Cash Deposit to secure Liabilities of the Depositor</p> <p><i>Property:</i></p> <p>1) By way of first fixed charge & agreement to charge: the Deposit & all right, title and interest of the company whatsoever, present & future, thereto and therein, together with any certificates of deposit or other instruments or securities evidencing title, or otherwise relating, thereto & any account to which the same is credited</p> <p>2) Any sum standing to the credit of any one or more of the company with the Bank whosoever situate</p> <p><i>Mortgagee:</i> DBS Bank (Hong Kong) Ltd., Hong Kong.</p>	All sums of money and liabilities whether actual or contingent
18-10-2011	<p><i>Instrument:</i> Assignment of Life Insurance</p> <p><i>Property:</i></p> <p>(1) All the Assignor's claims under the Insurance: Insurance Policy No: 28002616-50 Name of Insurance Co.: HSBC Life (International) Ltd. Name of the Insured: Gi Xiang Assignor / Policy Owner: Prosperity Textile (H.K.) Ltd.</p> <p>(2) All the Assignor's claims against the issuer of the Policy</p> <p><i>Mortgagee:</i> The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.</p>	Secured Monies

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 8.73

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

INFORMATION DETAILS

Analysis Done by :	PRA
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)