

MIRA INFORM REPORT

Report No. :	521527
Report Date :	30.07.2018

IDENTIFICATION DETAILS

Name :	KGS SOURCING LIMITED
Registered Office :	20/F., Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon
Country :	Hong Kong
Date of Incorporation :	17.01.1997.
Com. Reg. No.:	21144788
Legal Form :	Private Limited Company
Line of Business :	Importer and exporter of garments, home furnishings, leisure and household goods.
No. of Employees :	32

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.

ECGC Country Risk Classification List

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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.

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

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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

KGS SOURCING LIMITED

ADDRESS: 20/F., Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

PHONE: 852-2316 2628, 2628 1898

FAX: 852-2396 8537, 2628 1803

E-MAIL: webmaster@redcats.com

MANAGEMENT:

Managing Director: Mr. Kwok Chi Kueng

SUMMARY

Incorporated on: 17th January, 1997.

Organization: Private Limited Company.

Issued Share Capital: HK\$10,000.00

Business Category: Garment and Household Accessory Trader.

Kering Group Revenue: €15,478 million (Year ended 31-12-2017)

Company Employees: 32.

Group Employees: 38,596. (Year ended 31-12-2017)

Main Dealing Banker: BNP Paribas, Hong Kong Branch.

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

20/F., Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

Asia Offices:-

Shanghai Office

9/F., Bank of China Tower, 200 Mid Yin Cheng Road, Pudong New Area, Shanghai, China 200120.

Tel: (86) 21 5037 2511

Fax: (86) 21 5037 2461, 5037 2462, 5037 2463

Qingdao Office

Room C-E, 16/F., Everbright International Financial Centre, 67 Hongkong West Road, Qingdao, China 266071.

Tel: (86) 532 389 0036 (6 lines)

Fax: (86) 532 389 0038

India Liaison Office

10/F., Tower B, DLF Cyber Greens, DLF City Phase III, Gurgaon-122 022, India.

Tel: (91) 124 2358936 / 37 / 38

Fax: (91) 124 2355758

Dhaka Liaison Office

#101 (2/F.), R.M. Centre, Gulshan Avenue, Dhaka 1212, Bangladesh.

Tel: (880) 2 881 4465, 881 7662, 988 6795

Fax: (880) 2 988 7931

Holding Company:-

Redcats S.A., France.

Ultimate Holding Company:-

Kering S.A., France.

Associated Companies:-

Redcats Group of Companies

KGS Sourcing (Shanghai) Ltd., China.

Redcats (Brands) Ltd., UK.

Redcats AS, Norway.

Redcats Asia Global Sourcing Services Ltd., Hong Kong.

Redcats Beteiligung GmbH, Austria.

Redcats Espana SAU, Spain.

Redcats Finance AB, Sweden.

Redcats Finance Ltd., UK.

Redcats India Private Ltd., India.

Redcats International Holding BV, Netherlands.

Redcats Italy S.r.l., Italy.

Redcats Management Consulting (Shanghai) Co. Ltd., China.

Redcats Nordic AB, Sweden.

Redcats S.A., France.

Redcats Suisse S.A., Switzerland.

Redcats Sverige AB, Sweden.

Redcats UK plc, UK.

Redcats USA Canada Holding Inc., Canada.

Redcats USA Drop Ship Inc., US.

Redcats USA Gift Cards, US.

Redcats USA Inc., US.

Redcats USA LLC., US.

Redcats USA LP., US.

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Redcats USA Management Services Lp., US.

Associated with:-
Kering Group of Companies.

BUSINESS REGISTRATION NUMBER

21144788

COMPANY FILE NUMBER

0591120

MANAGEMENT

Managing Director: Mr. Kwok Chi Kueng
Contact Person: Ms. Elisa Yim

ISSUED SHARE CAPITAL

HK\$10,000.00

SHAREHOLDER

(As per registry dated 17-01-2018)

<u>Name</u>	<u>No. of shares</u>
Redcats S.A. 110, Rue De Blanchemaille, 59100 Roubaix, France.	10,000 =====

DIRECTORS

(As per registry dated 17-01-2018)

<u>Name</u>	<u>Address</u>
(Nationality) KWOK Chi Kueng, Paul	Emperor Garden, Yung Chi, 7/F., Zhang Mu Tou, Dongguan, Guangdong, China.

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WEE Poh Gek, Glenda 106 Kampong Java Road, Singapore 228871.
Francoise Suzanne Marcelle DEVE 187 Av De Le Republique, 59110 La Madekeubem France.
Leung Chui Yiu, Cecilia 4/F., Cheung Li House, 151 Cha Kwo Ling Road, Kowloon,
Hong Kong.
Marjorie, Anne, Lea COULET Flat A, 42/F., Block 1, 80 Robinson Road, Hong Kong.

SECRETARY

(As per registry dated 17-01-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Tricor Secretaries Ltd.	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.	0014900

HISTORY

The subject was incorporated on 17th January, 1997 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Grand Gold Holdings Ltd., name changed to Redoute Asia Ltd. on 8th August, 1997, changed Redcats Asia Ltd. on 17th March, 2000 and further to the present style on 16th October, 2013.

Formerly the subject was located at 21/F., One Mong Kok Road Commercial Centre, 1 Mong Kok Road, Mongkok, Kowloon, Hong Kong, moved to '20/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong' in November 2000 and further to the present address in December, 2014.

New Directors were appointed in July 2015.

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

OPERATIONS

Activities: Importer and Exporter.

Lines: Garments, home furnishings, leisure and household goods.

Company Employees: 32.

Group Employees: 38,596. (Year ended 31-12-2017)

Commodities Imported: Imported from China and other Asian countries, and acquired in Hong Kong.

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Markets: France, other European countries, US, etc.

Kering Group Revenue: €12,385 million (Year ended 31-12-2016)
€15,478 million (Year ended 31-12-2017)

Terms/Sales: As per contracted.

Terms/Buying: Various terms.

FINANCIAL INFORMATION

Issued Share Capital: HK\$10,000.00

Kering Group Net Income Attributable to Owners:-
€ 824 million (Year ended 31-12-2016)
€1,786 million (Year ended 31-12-2017)

Profit or Loss: Operation is profitable.

Condition: Business is active.

Facilities: Making active use of general banking facilities.

Payment: No Complaints.

Commercial Morality: Satisfactory.

Banker: BNP Paribas, Hong Kong Branch.

Standing: Good.

GENERAL

Having issued 10,000 ordinary shares of HK\$1.00 each, KGS Sourcing Limited is a private limited company wholly-owned by Redcats S.A. [Redcats], a France-based firm. The ultimate holding company of the subject is PPR S.A. [PPR], also a France-incorporated company. Now, PPR S.A. has changed name to Kering S.A. [Kering/Kering Group].

The subject is a buying office. It has sourcing offices in South China, North China, Dhaka, Istanbul, Karachi and New Delhi. The offices are sourcing garments, furniture, toys, household products, home textiles, etc.

Redcats is a core member of the Redcats Group of which head office is in Paris, France. The Group is retailing fashions, home furnishings, accessories, leisure and household goods in Europe and the United States. The

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Redcats Group will be sold by Kering Group step by step in future. Now, Redcats USA's operations have been sold since February 2013.

In Hong Kong, the subject is sourcing and marketing the following commodities:-

<u>Product/Service</u>	<u>Product/Service Remarks</u>
Suits and Jackets – Men's	From China, Japan, South East Asia and other Asian countries
Jacket – Men (Excluding Ski-Jacket)	From Hong Kong and China
Suits and Jackets – Women's	From China, Japan, South East Asia and other Asian countries
Jacket – Ladies (Excluding Ski-Jacket)	From Hong Kong and China
Suit – Ladies	From Hong Kong and China
Children's Wear	From China, Japan, South East Asia and other Asian countries
Anoraks, Parkas and Car coats	From Hong Kong and China
Blouses, Coats, Jeans	From China, Japan, South East Asia and other Asian countries
Down Filled Jackets and Coats	From China, Japan, South East Asia and other Asian countries
Dresses and Skirts	From China, Japan, South East Asia and other Asian countries
Raincoats	From Hong Kong and China
Shirts, Trousers, Slacks	From China, Japan, South East Asia and other Asian countries
Cardigan, Sweater and Pullover	From China, Japan, South East Asia and other Asian countries
Knitted Garments	From China, Japan, South East Asia and other Asian countries
Tee and Sweat Shirts	From China, Japan, South East Asia and other Asian countries
Underwear – Men's, Women's, Silk	From China, Japan, South East Asia and other Asian countries
Underwear – Children's	From China, Japan, South East Asia and other Asian countries
Nightwear and Pyjamas, Sport Suits	From China, Japan, South East Asia and other Asian countries
Winter Sports Apparel	From China, Japan, South East Asia and other Asian countries
Belts	From China, Japan, South East Asia and other Asian countries
Hosiery	From China, Japan, South East Asia and other Asian countries
Footwear – Leather	From China, Japan, South East Asia and other Asian countries
Sport Shoes	From China, Japan, South East Asia and other Asian countries
Handbags	From China, Japan, South East Asia and other Asian countries
Games and Toys – Electronic	From Hong Kong and China
Games and Toys – Non-Electronic	From Hong Kong and China
Battery Operated Toys, Soft Toys	From Hong Kong and China
Toys, Others	From Hong Kong and China
Furniture – Western Style	From Hong Kong and China
Babies' Wear	From China, Japan, South East Asia and other Asian countries
Floor Covering	From Hong Kong and China

The subject is responsible for exporting commodities to Western Europe, Scandinavia and North America. In total more than 120 countries of the world are selling the products of Kering Group.

The subject is the sourcing office of Home Shopping Division of Kering Group.

Kering, through its subsidiaries, is engaged in the design, manufacture, and distribution of apparel and accessories worldwide. The company's Luxury segment designs, manufactures, and distributes luxury products, which primarily include handbags, small leather goods, luggage, shoes, men and women's ready-to-wear, silks, watches, fine jewellery, eyewear, lingerie, fragrances and cosmetics, furniture, kids wear, and other accessories under the brand names of Gucci, Bottega Veneta, Yves Saint Laurent, Alexander McQueen, Balenciaga, Brioni,

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Christopher Kane, Qeelin, Stella McCartney, Sergio Rossi, Boucheron, Girard-Perregaux, and JeanRichard through a network of directly-operated stores, franchisees, department stores, multi-brand boutiques, and e-commerce sites.

Its Sport and Lifestyle segment designs and produces various sport and lifestyle products, such as T-shirts, track jackets, bags, boardshorts, polo shirts, denim, swim, outerwear, and sandals; footwear; sunglasses, snow goggles, backpacks, luggage, and accessories under the Puma, Volcom, Cobra, Electric, and Tretorn brand names. This segment also produces and sells music and films.

The company was formerly known as PPR SA and changed its name to Kering SA in June 2013. Kering SA was founded in 1963 and is headquartered in Paris, France.

The Redcats Group was originally founded by Mr. Joseph Pollet in Roubaix, France, in 1873. Now, it is part of the Kering.

For the year ended 31st December, 2017, the revenue of the Group amounted to €15,478 million (2016: €12,385 million); net income attributable to owners amounted to € 1,786 million (2016: €814 million).

For the year ended 31st December, 2017, Kering Group had 38,596 employees in total while about 60% are women (2016: 35,877), grew by 7.6% as compared with previous year.

Having a history of over 21 years and six months in Hong Kong and fully backed up by its parent, the subject's business is rather active and lucrative.

The Contact Person of the subject is Ms. Elisa Yim.

On the whole, in view of the subject's background, parentage and lines of business, consider it good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.70
UK Pound	1	INR 89.99
Euro	1	INR 79.98
HKD	1	INR 8.76

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	TRU

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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)