

CHECKPOINT APPAREL LABELLING SOLUTIONS ASIA LIMITED - 539468 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	539468
Report Date :	14.11.2018

IDENTIFICATION DETAILS

Name :	CHECKPOINT APPAREL LABELLING SOLUTIONS ASIA LIMITED
Registered Office :	Block A, 4/F., Shatin Industrial Centre, 5-7 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories
Country :	Hong Kong
Date of Incorporation :	10.10.1980
Com. Reg. No.:	07132911
Legal Form :	Private Limited Company
Line of Business :	Importer, Exporter and Manufacturer of Barcode, Label, Prevention Label, and Prevention System.
No. of Employees :	15

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 :	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 (30.06.2018)	Current Rating (30.09.2018)
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, 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.

Mainland China 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



MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

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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 & ADDRESS

CHECKPOINT APPAREL LABELLING SOLUTIONS ASIA LIMITED

ADDRESS: Block A, 4/F., Shatin Industrial Centre, 5-7 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

PHONE: 852-2527 2327

FAX: 852-2527 8408

MANAGEMENT

Managing Director: Ms. Ren Xiaoling

SUMMARY

Incorporated on: 10th October, 1980.

Organization: Private Limited Company.

Issued Share Capital: HK\$694,089,554.00

Business Category: Importer, Exporter and Manufacturer.

Group Sales: CAD 4,755.7 million (year ended 31-12-2017)

Employees: 15.

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

Banking Relation: Satisfactory.

NAME

CHECKPOINT APPAREL LABELLING SOLUTIONS ASIA LIMITED

ADDRESS

Registered Head Office:-

Block A, 4/F., Shatin Industrial Centre, 5-7 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

Holding Company:-

Checkpoint Holland Holding B.V., Netherlands.

Intermediate Holding Company:-

Checkpoint Systems Inc., US.

Ultimate Holding Company:-

CCL Industries Inc., Canada.

Associated Companies:-

Actron UK Ltd., UK.

Adapt Identification (HK) Ltd., Hong Kong.

Adapt Identification India Private Ltd., India.

Adapt Identification LLC, US.

ADS (United Kingdom) Ltd., UK.

ADS Worldwide Ltd., UK.

Ashanko Ltd., Hong Kong. [Deregistration]

Brilliant Garment Accessories (Dongguan) Ltd., China.

Brilliant Label (Dongguan) Manufacturing Ltd., China.

Checkpoint (Jiangsu) Label Technology Co. Ltd., China.

Checkpoint Apparel Labeling B.V., Netherlands.

Checkpoint Apparel Labeling Solutions (Dongguan) Co. Ltd., China.

Checkpoint Apparel Labeling Solutions India Private Ltd., India.

Checkpoint Apparel Labeling Solutions Korea Inc., Korea.

Checkpoint Bangladesh Ltd., Bangladesh.

Checkpoint Caribbean Ltd., Cayman Islands.

Checkpoint Checknet Etiket Ltd. Sirketi, Turkey.

Checkpoint Checknet India Private Ltd., India.

Checkpoint Commercial (Shanghai) Co. Ltd., China.

Checkpoint de Mexico S.A. de C.V., Mexico.

Checkpoint do Brasil Ltda., Brazil.

Checkpoint Holland Treasury B.V., Netherlands.

Checkpoint International L.L.C., US.

Checkpoint Labelling Services Hong Kong Ltd., Hong Kong.

Checkpoint Ltd., New Zealand.

Checkpoint Manufacturing Japan Co. Ltd., Japan.

Checkpoint Portugal Sistemas Anti-Furto S.A., Portugal.

Checkpoint Solutions GmbH, Germany.

Checkpoint Systems (Aust.) Pty. Ltd., Australia.

Checkpoint Systems (CEE) Spolka z.o.o., Poland.

Checkpoint Systems (M) Sdn. Bhd., Malaysia.

Checkpoint Systems (UK) Ltd., UK.

Checkpoint Systems (ZJG) Co. Ltd., China.

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Checkpoint Systems AG, Switzerland.
Checkpoint Systems Bangladesh Ltd., Bangladesh.
Checkpoint Systems Benelux B.V., Netherlands.
Checkpoint Systems Canada ULC, Canada.
Checkpoint Systems Danmark A/S, Denmark.
Checkpoint Systems Espana S.L.U., Spain.
Checkpoint Systems Finland Oy, Finland.
Checkpoint Systems France S.A.S., France.
Checkpoint Systems FZE, UAE.
Checkpoint Systems GmbH, Germany.
Checkpoint Systems Holding GmbH, Germany.
Checkpoint Systems Holding Inc., US.
Checkpoint Systems India Private Ltd., India.
Checkpoint Systems International GmbH, Germany.
Checkpoint Systems Italia S.p.A., Italy.
Checkpoint Systems Japan Co. Ltd., Japan.
Checkpoint Systems Ltd., Hong Kong. [Formerly known as Asange Ltd.]
Checkpoint Systems S.A., Argentina.
Checkpoint Systems Sales (M) Sdn. Bhd., Malaysia.
Checkpoint Systems Software Development & Maintenance (Philippines) Inc., Philippines.
Checkpoint Systems Sverige AB, Sweden.
Checkpoint Systems Technology Singapore Pte. Ltd., Singapore.
Checkpoint Vietnam Co. Ltd., Vietnam.
CP International Systems C.V., Netherlands.
Cybsa Adapt SA de CV, El Salvador.
Evagard Ltd., UK.
J&F International USA Inc., US.
Meto Australia Pty. Ltd., Australia.
Meto UK Ltd., UK.
OAT Systems Inc., US.
OATSystems Software India Private Ltd., India.
Shanghai Asialco Electronics Co. Ltd., China.
Shore to Shore (Far East) Ltd., Hong Kong.
Shore to Shore Centromerica S.A., Guatemala.
Shore to Shore Lacar Ltda., Guatemala.
Sided Electronics (Shanghai) Co. Ltd., China.
W Print Europe Ltd., UK.
etc.

BUSINESS REGISTRATION NUMBER

07132911

COMPANY FILE NUMBER

0087741

MANAGEMENT

Managing Director: Ms. Ren Xiaoling

ISSUED SHARE CAPITAL

HK\$694,089,554.00 (90,000,000 fully paid ordinary shares)

SHAREHOLDER

(As per registry dated 10-10-2017)

Name	No. of shares
Checkpoint Holland Holding B.V., Akkermansbeekweg 12, Terborg, Gelderland, 7061ZA, Netherlands.	90,000,000 =====

DIRECTORS

(As per registry dated 10-10-2017)

Name	Address
(Nationality) REN Xiaoling	Apartment 703, No. 24 Qing Feng Bei Street, Tianhe District, Guangzhou, China.
Scott Andrew MITCHELL- HARRIS	Orchand Cottage, Westholme, Pilton Shepton Mallet, Somerset BA4 4EW, U.K.

SECRETARY

(As per registry dated 10-10-2017)

Name	Address	Co. No.
FK & C Corporate Services Ltd.	Suite 3104-3106, 31/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.	0512176

HISTORY

The subject was incorporated on 10th October, 1980 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Manfit Trading Co. Ltd., name changed to Brilliant Prawn Chip Ltd. on 29th June, 1984, changed to Brilliant Label Manufacturing Ltd. on 1st August, 1986 and further to the present style on 7th November, 2012.

On 1st May, 2017, the subject was amalgamated with Brilliant Labels International Ltd. (CR No. 831582) and now the subject is the amalgamated company.

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

OPERATIONS

Activities: Importer, Exporter and Manufacturer.

Lines: Barcode, Label, Prevention Label, and Prevention System.

Employees: 15.

Commodities Imported: China, other Asian countries, etc.

Markets: Asian countries, Europe, North America, etc.

Group Sales: (Unit: CAD' million, year ended 31 December)
2013: 1,889.4
2014: 2,585.6
2015: 3,039.1
2016: 3,971.7
2017: 4,755.7

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

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

FINANCIAL INFORMATION

Issued Share Capital: HK\$694,089,554.00 (90,000,000 fully paid ordinary shares)

Profit or Loss: Group business is profitable.

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Group Net Earnings: (Unit: CAD' million, year ended 31 December)
2013: 103.6
2014: 216.6
2015: 295.1
2016: 346.3
2017: 474.1

Condition: Keeping in a normal manner.

Facilities: Making rather active use of general banking facilities.

Payment: No Complaints.

Commercial Morality: Satisfactory.

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

Standing: Normal.

GENERAL

Checkpoint Apparel Labelling Solutions Asia Limited is a wholly-owned subsidiary of Checkpoint Systems, Inc. [Checkpoint System] which is a US-based company. However, Checkpoint System was acquired by CCL Industries Inc. [CCL] which is a Canada-based company in mid-2016. Since then, CCL Industries Inc. has become the ultimate holding company of the subject. Besides, Checkpoint System was a listed company in the United States, after the acquisition, Checkpoint System has been privatized and its financial figures are no longer available.

Checkpoint Systems, a division of CCL Industries, is a global leader in merchandise availability solutions for the retail industry, encompassing loss prevention and merchandise visibility.

Checkpoint Systems is a leading global manufacturer and provider of technology-driven loss prevention, inventory management and labelling solutions to the retail and apparel industries. It manufactures and sells worldwide a variety of tickets, tags and labels for customers in the retail and apparel industry. Applications include variable data management and printing, with size, care, content, pricing information, and brand identification. In addition, it offers barcode printing and integrated EAS tags for loss prevention and integrated RFID tags for item tracking and inventory management.

Checkpoint Systems provides end-to-end solutions enabling retailers to achieve accurate real-time inventory, accelerate the replenishment cycle, prevent out-of-stocks and reduce theft, thus improving merchandise availability and the shopper's experience.

Checkpoint Systems' solutions are built upon 45 years of radio frequency technology expertise, innovative high-theft and loss-prevention solutions, market-leading RFID hardware, RFID software, and comprehensive labelling capabilities, to brand, secure and track merchandise from source to shelf.

Its customers benefit from increased sales and profits by implementing merchandise availability solutions, to ensure the right merchandise is available at the right place and time when consumers are ready to buy.

Now Checkpoint Systems is operating the following segments:

Apparel;

Department Stores;

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MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

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Discount & Warehouse;
Electronics;
Grocery;
Hardware & DIY;
Pharmacy; &
Specialty.

Checkpoint Systems operates in every major geographic market and employs 4,700 people worldwide.

CCL Industries Inc., a world leader in specialty label and packaging solutions for global corporations. For the year ended 2017, it had about 20,000 employees. It operates 87 production facilities in 25 countries on 5 continents with corporate offices in Toronto, Canada and Framingham, Massachusetts, the United States.

CCL is a public company listed on the Toronto Stock Exchange. In 2017, the sales of the Group was CAD 4,755.7 million (2016: CAD 3,974.7 million); net earnings for the year was CAD 474.1 million (2016: CAD 346.3 million).

The sales of Checkpoint Systems in 2017 was CAD 675 million.

The subject's business is fully supported by Checkpoint Systems and ultimately by CCL. History in Hong Kong is about 38 years.

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

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.59
UK Pound	1	INR 93.49
Euro	1	INR 81.61
HKD	1	INR 9.23

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	KET

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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)