

## MIRA INFORM REPORT

<b>Report No. :</b>	531867
<b>Report Date :</b>	03.10.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	YAMATO (HONG KONG) CO., LIMITED
<b>Registered Office :</b>	Unit 2817-2818, 28/F., Metroplaza Tower 1, 223 Hing Fong Road, Kwai Chung, New Territories
<b>Country :</b>	Hongkong
<b>Date of Incorporation :</b>	16.12.1988
<b>Com. Reg. No.:</b>	12525470
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	Importer and exporter of all kinds of industrial sewing machines and equipment.
<b>No. of Employees :</b>	7

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	<b>A+</b>
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES:

Any query related to this report can be made on e-mail: [infodept@mirainform.com](mailto: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, 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.

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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 & ADDRESS***

### **YAMATO (HONG KONG) CO., LIMITED**

ADDRESS: Unit 2817-2818, 28/F., Metroplaza Tower 1, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

PHONE: 852-2721 0251-4

FAX: 852-2723 0444

E-MAIL: [yamato@yamato-sewing.com.hk](mailto:yamato@yamato-sewing.com.hk)

## ***MANAGEMENT***

Managing Director: Mr. Lo Ka Fu

## ***SUMMARY***

Incorporated on: 16th December, 1988.

Organization: Private Limited Company.

Issued Share Capital: HK\$4,000,000.00

Business Category: Sewing Machine Trader.

Employees: 7.

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

Banking Relation: Good.

## ***ADDRESS***

### **Registered Head Office:-**

Unit 2817-2818, 28/F., Metroplaza Tower 1, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

### **Dongguan Office:-**

7/F., Zhonghui Building, Renmin Zhong Road, Humen Town, Dongguan City, Guangdong Province, China.  
[Tel: 86-769-8623 1363; Fax: 86-769-8623 1362]

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**Holding Company:-**

Yamato Sewing Machine Manufacturing Co. Ltd., Japan.

**Associated Companies:-**

Yamato Europe GmbH, Germany.

Yamato Mexico Office, Mexico.

Yamato Sewing Machine (Ningbo) Co. Ltd., China.

Yamato Sewing Machine Manufacturing Co. Ltd. Qingdao Office, China.

Yamato Sewing Machine Manufacturing Co. Ltd. Shanghai Office, China.

Yamato Singapore Pte. Ltd. Bangladesh Liaison Office, Bangladesh.

Yamato Singapore Pte. Ltd. India Liaison Office New Delhi Branch, India.

Yamato Singapore Pte. Ltd., Singapore.

Yamato U.S.A. Inc., US.

etc.

***BUSINESS REGISTRATION NUMBER***

12525470

***COMPANY FILE NUMBER***

0236086

***MANAGEMENT***

Managing Director: Mr. Lo Ka Fu

***ISSUED SHARE CAPITAL***

HK\$4,000,000.00 (4,000 fully paid ordinary shares)

***SHAREHOLDERS***

(As per registry dated 16-12-2017)

Name

Yamato Sewing Machine Manufacturing Co. Ltd.

4-12, Nishi, Tenma 4-chome, Kita-ku, Osaka 530, Japan.

No. of shares

3,998

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Shogo KONDO	2
Total:	<u>4,000</u> =====

## ***DIRECTORS***

(As per registry dated 11-09-2018)

Name (Nationality)	Address
LO Ka Fu	Room 2509, 25/F., Cheung Tai House, Chun Tai Court, Tsing Yi, New Territories, Hong Kong.
Akiyuki NAKAOKA	3-7-14, Kurotsu, Otsu-City, Shiga, Japan.
Shogo KONDO	16-43, Asahigaoka-Machi, Ashiya-City, Hyogo, Japan.
Kenji YAGAMI	501 Valley Run Drive, Waxhaw North Carolina, 28173-8548 U.S.A.

## ***SECRETARY***

(As per registry dated 17-01-2018)

Name	Address	Co. No.
Hojin SEC Ltd.	Room 301, 3/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.	0612527

## ***HISTORY***

The subject was incorporated on 16th December, 1988 as a private limited liability company under the Hong Kong Companies Ordinance.

The subject changed its company secretary in January 2018.

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

## ***OPERATIONS***

Activities:	Importer and Exporter.
Lines:	All kinds of industrial sewing machines and equipment.

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Trade Mark: Yamato.  
Employees: 7.  
Commodities Imported: Japan, China, etc.  
Markets: China, Japan, other Asian countries, Europe, South America, etc.  
Terms/Sales: L/C or as per contracted.  
Terms/Buying: As per contracted.

## ***FINANCIAL INFORMATION***

Issued Share Capital: HK\$4,000,000.00 (4,000 fully paid ordinary shares)

Mortgage or Charge:-

Date of Debenture: 02-08-1994

Amount: All monies, obligations and liabilities

Property: A first floating charge over: (a) all sewing machines and related apparatus, equipment parts, and systems which are sold by Kanematsu and purchased by the Company from time to time, whether pursuant to Sale Documents or otherwise, and including without limitation those machines and systems; (b) all book debts and all other monetary debts and claims, in each case in any currency, both present and future, actual or contingent, including things in action which give rise or may give rise to a debt or debts due owing to the Company by each of the Distributors, and the benefit of all rights relating thereto including, without limitation, reservation of property rights, rights of tracing and unpaid vendors' liens and similar or associated rights.

Mortgagee: Kanematsu (Hong Kong) Ltd., Hong Kong.

Profit or Loss: Making a small profit every year.

Condition: Keeping in a satisfactory condition.

Facilities: Making rather active use of general banking facilities.

Payment: Regular.

Commercial Morality: Good.

Bankers:- The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.  
The Bank of Tokyo-Mitsubishi UFJ Ltd., Hong Kong Branch.

Standing: Very Good.

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## **GENERAL**

Having issued 4,000 ordinary shares of HK\$1,000.00 each, Yamato (Hong Kong) Co., Limited is almost wholly owned by Yamato Sewing Machine Manufacturing Co. Ltd. [Yamato] which is a Japan-based firm.

A Director of the subject Shogo Kondo is holding an insignificant amount of stake. Shogo Kondo is also the president and CEO of Yamato.

The subject is a sewing machine and equipment trader. All the products bear the brand name "Yamato".

In order to penetrate the Southern China market, the subject has set up a representative office in Dongguan City, Guangdong Province, China. The Dongguan Representative Office offers customers with after sales services.

The subject is trading in the same products as Yamato such as the following sewing machines and related products:-

- Knit Sewing Automation
- Serging Automation
- Button Sewing Automation
- Overlock & Safety stitch
- Interlock (Flatlock/Coverstitch)
- Flatseamer
- Double-chain stitch
- Blind stitch
- Zigzag
- Sewing Machine Devices
- Economy Type Machines
- Compression Apparel Logistics System
- China is one of the largest markets of Yamato's sewing machines.

Founded in May 1927, Yamato now has got the following production facilities:

- Toyonaka plant (Japan)
- Sasayama plant (Japan)
- Daikyo Kogyo (Japan)
- Yamato Seiki (Japan)
- Musashi Kogyo (Japan)
- Yamato Sewing Machine (Ningbo) Co., Ltd. (China)

The manufacturing plant of Yamato in China is Yamato Sewing Machine (Ningbo) Co. Ltd. [Yamato Ningbo]. This factory is in Ningbo City, Zhejiang Province, China. The products of this factory is marketed throughout China and exported to foreign countries such as India, Bangladesh, Mexico, Pakistan, etc. by the subject.

Founded in 2000, Yamato Ningbo has about 500 full-time employees and generates US\$45 to 50 million in annual revenue.

Besides Yamato Ningbo, Yamato has five more production facilities in Japan.

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Yamato's business in Central and Northern China is handled by Yamato Sewing Machine Manufacturing Co. Ltd. Shanghai Office and Yamato Sewing Machine Manufacturing Co. Ltd. Qingdao Office respectively.

One of the significant branch companies of Yamato in Asia is Yamato Singapore Pte. Ltd. [Singapore Yamato], a Singapore-based company.

In order to penetrate the India and Bangladesh markets further, Singapore Yamato has set up liaison offices in India and Bangladesh respectively.

The subject is also responsible for marketing Yamato's products in Asian countries apart from Southern China. Its business is profitable and active.

The business of the subject is chiefly handled by Mr. Lo Ka Fu who is a Hong Kong merchant.

On the whole, as the history of the subject is over 29 years and nine months in Hong Kong, consider it good for normal business engagements.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.80
UK Pound	1	INR 94.88
Euro	1	INR 84.38
HKD	1	INR 9.32

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	DIV
<b>Report Prepared by :</b>	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)