

MIRA INFORM REPORT

Report No. :	532584
Report Date :	05.10.2018

IDENTIFICATION DETAILS

Name :	LABELON (FAR EAST) LIMITED
Registered Office :	Flat C & D, 9/F., City Industrial Complex, 116-122 Kwok Shui Road, Kwai Chung, New Territories
Country :	Hongkong
Date of Incorporation :	10.03.1989
Com. Reg. No.:	15217248
Legal Form :	Private Limited Company.
Line of Business :	Trader of all kinds of fabric label for garment industry.
No. of Employees :	30

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: 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, 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



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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

LABELON (FAR EAST) LIMITED

ADDRESS: Flat C & D, 9/F., City Industrial Complex, 116-122 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong.

(Formerly located at:

Flat C & D, 11/F., City Industrial Complex, 116-122 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong.)

PHONE: 852-2344 0556

FAX: 852-2344 0304

MANAGEMENT

Managing Director: Ms. Kong Shui Yau, Miranda

SUMMARY

Incorporated on: 10th March, 1989.

Organization: Private Limited Company.

Issued Share Capital: HK\$10,000.00

Business Category: Fabric Label Trader.

Group Revenue: £89.4 million (Year ended 31-12-2017)

Employees: 30.

Main Dealing Banker: CTBC Bank Co. Ltd., Hong Kong.

Banking Relation: Good.

ADDRESS

Registered Head Office:-

Flat C & D, 9/F., City Industrial Complex, 116-122 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong.

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(Formerly located at:

Flat C & D, 11/F., City Industrial Complex, 116-122 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong.)

Holding Company:-

Labelon Group Ltd., England.

Associated Companies:-

ApS AF 04.07.2012, Denmark.

A-TEX (India) Pvt. Ltd., India.

A-TEX A/S, Denmark.

A-TEX Asia Ltd., Hong Kong. (Same address)

A-TEX Germany GmbH, Germany.

A-TEX Holding A/S, Denmark.

A-TEX International Ltd., Bangladesh.

A-TEX International Trading (Dongguan) Co. Ltd., China.

A-TEX Netherlands B.V., Netherlands.

A-TEX Sweden AB, Sweden.

A-TEX Tekstil Ticaret Ltd. Sirketi, Turkey.

A-TEX US Inc., USA.

Clotex Labels (Hangzhou) Co. Ltd., China.

Clotex Labels (India) Pvt. Ltd., India.

Clotex Labels (M) Sdn. Bhd., Malaysia.

Clotex Labels (Singapore) Pte. Ltd., Singapore.

Clotex Labels (Thailand) Ltd., Thailand.

Clotex Labels Co. Ltd., Hong Kong.

Clotex Labels Vietnam Co. Ltd., Vietnam.

Clotex-Labelon (Bangladesh) Holdings Ltd., Bangladesh.

Clotex-Labelon (Bangladesh) Ltd., Bangladesh.

[Formerly known as Enam Labels Ltd.]

Labelon Etiket ve Aksesuar Sanayi ve Ticaret Limited Sirketi, Turkey.

Labelon Romania SRL, Romania.

Labelon UK Ltd., U.K.

Partners Group Holding AG, Switzerland.

P-AT2012 A/S, Denmark.

Trimco International Holdings Ltd., British Virgin Islands.

etc.

BUSINESS REGISTRATION NUMBER

15217248

COMPANY FILE NUMBER

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MANAGEMENT

Managing Director: Ms. Kong Shui Yau, Miranda

ISSUED SHARE CAPITAL

HK\$10,000.00

SHAREHOLDERS

(As per registry dated 10-03-2018)

Name	No. of shares
Labelon Group Ltd. Unit 10, Chilford Court, Rayne Road, Braintree, Essex, CM7 7QS, England.	10,000 =====

DIRECTORS

(As per registry dated 10-03-2018)

Name (Nationality)	Address
KONG Shui Yau, Miranda	House 10, King's Park Hill, 10 King's Park Hill Road, King's Park, Kowloon, Hong Kong.
WAN Chuk Kwan	Flat B, 26/F., T5, Manhattan Hill, 1 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong.
LAM Wai Yee	Flat D, 39/F., Tower 3, Rambler Crest, 1 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong.

SECRETARY

(As per registry dated 10-03-2018)

Name	Address	Co. No.
B. & McK. Nominees Ltd.	Room 1401, 14/F., Hutchison House, 10 Harcourt Road, Hong Kong.	0054552

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HISTORY

The subject was incorporated on 10th March, 1989 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Grandluxe Transportation Ltd., name changed to the present style on 30th January, 1992.

Formerly the subject was located at 'Flat C & D, 11/F., City Industrial Complex, 116-122 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong', moved to the present address in April 2018.

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

OPERATIONS

Activities: Fabric Label Trader.

Lines: All kinds of fabric label for garment industry.

Employees: 30.

Commodities Imported: China, other Asian countries, etc.

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

Group Revenue: £85.8 million (Year ended 31-12-2016)
£89.4 million (Year ended 31-12-2017)

Terms/Sales: As per contracted.

Terms/Buying: Various terms.

FINANCIAL INFORMATION

Issued Share Capital: HK\$10,000.00

Mortgage or Charge: (See attachment)

Profit or Loss: Group business is profitable in 2017.

Group Profit / (Loss): (£ 6.2 million) (Year ended 31-12-2016)

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£10.6 million (Year ended 31-12-2017)

Condition:	Keeping in a satisfactory condition.
Facilities:	Making rather active use of general banking facilities.
Payment:	Met trade commitments as contracted.
Commercial Morality:	Satisfactory.
Bankers:-	CTBC Bank Co. Ltd., Hong Kong. Cathay United Bank Co. Ltd., Hong Kong Branch.
Standing:	Good.

GENERAL

Labelon (Far East) Limited is a wholly-owned subsidiary of Labelon Group Ltd. which is a UK-based company. The subject is engaged in manufacturing, importing and exporting of fabric labels for worldwide garment industry. It has had a main associated company Clotex Labels Co. Ltd. in Hong Kong.

The directors of the subject are Ms. Kong Shui Yau, Miranda, Ms. Wan Chuk Kwan and Ms. Lam Wai Yee. All of them are Hong Kong businesswomen.

In May 2015, Partners Group acquired Trimco International Holdings Ltd. and in August 2015, the Group acquired A-Tex Group via Trimco.

It should be noted that Ms. Mrianda Kong set up Clotex Labels Co. Ltd. [Clotex], a Hong Kong-company, in 1978. The subject and Clotex are engaged in the same lines of business, more or less.

Clotex is supplying customers with all kinds of labels for the fast growing garment industry. At the very beginning, Mrianda Kong started with just one printed label machine and an office set up in her home in Hong Kong.

Now, Clotex has grown steadily amongst the fashion brands as well as the garment factories. Clotex now offers a full range of label and packaging solutions from woven labels, to technical care labels, heat transfers, packaging boxes and a wide range of trimmings. It supplies global sports and fashion brands with its full line of label solutions. Clotex has had a number of associated factories in China.

The main function of the subject is to service the UK High Street retailers and grew as production expanded round the world. Clotex and the subject joined forces in 2012 to combine their expertise to focus on offering the best possible label solution to their customers worldwide.

Labelon Group Ltd. has developed business ties with a number of regular customers in the United Kingdom and the other European countries.

For the year ended 31st December, 2017, the revenue of the Group amounted to £89.4 million, grew by 4.2% as compared with £85.8 million in 2016; profit for the year was £10.6 million, grew substantially as compared with a loss of £6.2 million in 2016.

Miranda Kong remains the CEO of Clotex and the subject.

The business of the subject active. Business is chiefly handled by Ms. Mrianda Kong herself. History in Hong Kong is about 29 years and six months.

The subject is fully supported by Labelon Group Ltd.

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

MORTGAGE OR CHARGE

Date	Description of Instrument	Mortgagee
19-06-2012	Charge Over Accounts	Chinatrust Commercial Bank Ltd., Hong Kong Branch. [Now known as CTBC Bank Co. Ltd.]
19-06-2012	Share Mortgage	Chinatrust Commercial Bank Ltd., Hong Kong Branch. [Now known as CTBC Bank Co. Ltd.]
19-06-2012	Security Deed	Chinatrust Commercial Bank Ltd., Hong Kong Branch. [Now known as CTBC Bank Co. Ltd.]
25-09-2014	Deed of Confirmation	CTBC Bank Co. Ltd., Hong Kong.
21-08-2015	Deed of Confirmation	CTBC Bank Co. Ltd., Hong Kong.
30-05-2018	Debenture	Cathay United Bank Co. Ltd., Hong Kong Branch.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.75
UK Pound	1	INR 95.39
Euro	1	INR 84.63
HKD	1	INR 9.39

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)