

MIRA INFORM REPORT

Report No. :	528039
Report Date :	05.09.2018

IDENTIFICATION DETAILS

Name :	HTI TOYS HK LIMITED
Registered Office :	26/F., Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon
Country :	Hong Kong
Date of Incorporation :	04.01.1994
Com. Reg. No.:	18104450
Legal Form :	Private Limited Company
Line of Business :	Manufacturer & Exporter; Designer of All kinds of toys, Christmas decorations, spring seasonal products, gifts, halloween items, stationery and garden furniture such as dolls & accessories, toy vehicles, outdoor and wheeled toys, water sports equipment, inflatable beach items, bicycle & tricycle, toys & games, educational toys, battery operated toys, baby toys, baby push chairs
No. of Employees :	40

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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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

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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, 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

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

HTI TOYS HK LIMITED

ADDRESS: 26/F., Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

PHONE: 852-2724 8183

FAX: 852-2724 8010

E-MAIL: info@htigroup.com.hk

MANAGEMENT:

Group Chairman: Mr. John Robert Hutt

SUMMARY

Incorporated on: 4th January, 1994.

Organization: Private Limited Company.

Issued Share Capital: HK\$20.00

Business Category: Toy Manufacturer & Trader.

Group Turnover: £15,435,000.00 (Year ended 31-03-2016)

Employees: 40. (As at 31-12-2017)

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

Banking Relation: Good.

ADDRESS:

Registered Hong Kong Office:-
26/F., Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

U.K. Head Office:-
Eastham House, Copse Road, Fleetwood, Lancashire FY7 7NY, U.K.
[Tel: 44 (0) 1253 778 888
Fax: 44 (0) 1253 878 711
E-mail: info@htigroup.co.uk]

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Germany Office:-

Spielwarenmesse Messezentrum Hall 12.2 Stand P-17 90471 Nürnberg, Germany. [Phone: 49 911 3749 026]

China Office:-

Units 1208-09, 12/F., ZhiXing International Commerce Building, Changping Road, Changping Town, Dongguan City, Guangdong Province, China.

Subsidiary:-

Halsall Worldwide Ltd., Hong Kong. (Dormant)

Parent Company:-

HTI Toys UK Ltd., U.K.

Intermediate Holding Company:-

David Halsall International Holdings Ltd., U.K.

Ultimate Holding Company:-

J.R. Hutt Holdings Ltd., U.K.

(Sole Shareholder: Mr. John Robert Hutt)

Affiliated Companies:-

- * Clifton Constructions (Blackpool) Ltd., U.K.
- * D Stansfield Ltd., U.K.
- * David Halsall Trustee Ltd., U.K.

Dhi Ebt Ltd., U.K.

Full Monty Pet Care Ltd., U.K.

HTI No.2 Trustee Ltd., U.K.

HTI Trustee Ltd., U.K.

Pagoda Furniture Ltd., U.K.

- * Time 4 Toys Ltd., U.K.

Whinfield Properties Ltd., U.K.

etc.

Note: * (Dormant)

BUSINESS REGISTRATION NUMBER

18104450

COMPANY FILE NUMBER

0459134

MANAGEMENT

Group Chairman: Mr. John Robert Hutt
Contact Person: Mr. Eric Poon

ISSUED SHARE CAPITAL

HK\$20.00 (2 fully paid ordinary shares)

SHAREHOLDER

(As per registry dated 04-01-2018)

Name	No. of shares
HTI Toys UK Ltd. Eastham House Copse Road, Fleetwood Lancashire, FY7 7NY, England.	2 =

DIRECTORS

(As per registry dated 04-01-2018)

Name	Address
(Nationality) Jonathan Michael STONELEY	39F, Tai Mong Tsai Village, DD256, Lot No. 682, Tai Mong Tsai Road, Sai Kung, New Territories, Hong Kong.
John Robert HUTT	8/F., Catalina Mansion, 98 MacDonnell Road, Mid-Level Central, Hong Kong.
LI Wai Shan	Room 1716, 17/F., Block H, Telford Garden, Kowloon Bay, Kowloon, Hong Kong.

SECRETARY

(As per registry dated 04-01-2018)

Name	Address	Co. No.
Dynamic Consultants Ltd.	Unit A & B, 12/F., Full Win Commercial Centre, 573 Nathan Road, Kowloon, Hong Kong.	0356130

HISTORY

The subject was incorporated on 4th January, 1994 as a private limited liability company under the Hong Kong Companies Ordinance.

It was originally registered under the name of Ranview Ltd., name changed to David Halsall (HK) Ltd. on 7th April, 1994; to Halsall Far East Ltd. on 7th March, 2007; to Halsall Toys Hong Kong Ltd. on 29th December, 2009 and further to the present style on 29th September, 2014.

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

OPERATIONS

Activities: Manufacturer & Exporter; Designer.

Lines: All kinds of toys, Christmas decorations, spring seasonal products, gifts, halloween items, stationery and garden furniture such as dolls & accessories, toy vehicles, outdoor and wheeled toys, water sports equipment, inflatable beach items, bicycle & tricycle, toys & games, educational toys, battery operated toys, baby toys, baby push chairs.

Trademarks: "Barbie", "Bow-tique", "Cosy Village", "Disney", "Disney Fairies", "Double Bubble", "EVO", "Fashion Angels", "HELLO KITTY", "Hot Wheels", "Jake", "JCB", "LEGO", "Mamas & Papas", "Massey Ferguson", "Mickey Mouse Clubhouse", "Monster High", "Monsters Univerity", "Peppa Pig", "Razzle Dazzle", "Silver Cross", "Smart", "SPIDER MAN", "Tatty Teddy", "Teamsterz", "Toy Story", "Winnie the Pooh", "ZANUSSI Toys", etc. brands.

Employees: 40. (As at 31-12-2017)

Commodities Imported: Mainly sourced from China factories.

Markets: U.K., Europe, Australia, New Zealand, Middle East, U.S., Canada, Southeast Asia, Africa, Korea, Japan, Taiwan, Middle East, China, Central & South America, etc.

Group Turnover: £17,336,000.00 (Year ended 31-03-2015)
£15,435,000.00 (Year ended 31-03-2016)
£ 9,157,000.00 (9 months ended 31-12-2016)

Terms/Sales: With or without L/C.

Terms/Buying: With or without L/C.

FINANCIAL INFORMATION

Issued Share Capital: HK\$20.00 (2 fully paid ordinary shares)

Indebtedness: £974,000.00 (Total amount outstanding on all mortgages and charges as per last Annual Return dated 04-01-2018)

Mortgage or Charge:-

Date of Fixed and Floating Charge: 24-08-2011

Amount: All moneys and liabilities

Property: By way of fixed charge and floating charge

Mortgagee: Barclays Bank PLC

1 Churchill Place, London E14 5HP, U.K.

Group Net (Loss)/Profit: £ 270,000.00 (Year ended 31-03-2015)
£1,487,000.00 (Year ended 31-03-2016)
£ 826,000.00 (9 months ended 31-12-2016)

Group Net Worth: £16,948,000.00 (Year ended 31-03-2015)
£15,945,000.00 (Year ended 31-03-2016)
£15,119,000.00 (9 months ended 31-12-2016)

Profit or Loss: Operation incurred loss in the FY2016.

Condition: Business remains normal.

Facilities: Making active use of general banking facilities.

Payment: No Complaints.

Commercial Morality: Good.

Bankers:-

Standard Chartered Bank (Hong Kong) Ltd., Hong Kong.

Barclays Bank Plc., U.K.

National Westminster Bank Plc., U.K.

Standing: Normal.

GENERAL

HTI Toys HK Limited [HTI HK] was incorporated in Hong Kong as a private limited liability company on 4th January, 1994. With an issued share capital of HK\$20.00, the company is a wholly-owned subsidiary of HTI Toys UK Ltd. [HTI], a UK-based company which was incorporated on 6th December, 1952 (under Company Number: 00514002).

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Formerly known as Halsall Toys Europe Ltd., HTI is regarded as the largest independently owned designer and manufacturer of children's toys in the U.K. Its product portfolio includes some of the world's most renowned brands, from "Barbie" and "Peppa Pig" to "Hello Kitty", "JCB" and a string of Disney blockbusters including "Toy Story" and "Disney Fairies".

HTI also has an expanding portfolio of own label brands, such as its vehicle range "Teamsterz" and role-play ranges "Smart" and "Cosy Cottage", which takes its total number of product lines to more than 7,000. Currently, HTI has become a leading player in toy vehicles, outdoor and wheeled toys.

With offices and showrooms in the U.K., Hong Kong, Germany and China, HTI supplies to all levels of the U.K. toy industry, from major high street and grocery retailers, mail order and internet accounts to independents, value retailers and wholesalers. HTI also supplies customers in over 60 countries worldwide. HTI has established relationships with many major international customers and utilizes an extensive distributor and agent network to maximise global sales coverage across all major geographical territories. Orders can be fulfilled either from the warehouse in the U.K. or directly from Hong Kong.

Currently, HTI Group has extensive product portfolio includes Toys, Christmas Decorations, Spring Seasonal Products, Gifts, Halloween, Stationery and Garden Furniture. HTI HK was set up in Hong Kong having a large Hong-Kong based design team focus on continuous product development and innovation. Its service and products supply to all major national retailers and distributors in over 50 countries world-wide.

With over 25 years trading with Far Eastern suppliers, HTI HK has established unique relationships with the best factories and developed an unrivalled sourcing knowledge. Its Design Team provides an entire product development service from design conception through to final manufacture producing premium quality, design-led products at both entry level and premium pricing. With the ability to work on an exclusive basis, the customer is involved at every stage of the development and approval process to ensure accurate brief interpretation and brand style conformance.

HTI HK also manages strong range of high-profile, well established licensed brands such as "Barbie", "Superman 3", "Simpsons", "Superman", "Dora", "Fifi", "Scooby Doo", "JCB", "Bang On The Door", "Mamas & Papas", "Silver Cross" and many more, etc. HTI HK continues to represent an increasing share of the total Group sales.

Presently, the Hong Kong office is the base for the Group's dedicated and experienced product development and design teams with state-of-the-art design facilities as well as international sales, shipping and quality assurance functions.

For the year ended 31st March, 2016, HTI recorded a sales turnover of £15.43 million (FY2015: £17.33 million) and a net loss of £1.48 million (FY2015: a net profit of £270,000.00).

HTI's turnover for the 9 months ended 31st December, 2016 was £9.15 million and net loss was £826,000.00. During this period, HTI's new management team continued to make progress against its medium term strategic direction of the business and transitioning it to being a product orientated business, focused on providing a world-class customer experience. It is expected that the strategic transition remains on track and that this will result in revenue and profitability growth in the next and subsequent financial years.

At the year end the net assets of HTI HK were £4.76 million (31st December, 2016: £2.64 million) and profit after tax, before distributions for the year was £1.51 million (31st December, 2016: £52,000.00 loss).

HTI's sales turnover for the year of 2017 has not been disclosed. It was estimated that HTI's turnover was about £12 million. It still suffered from a loss in FY 2017.

Most of HTI's purchases are made in US Dollars and most sales are made in sterling. HTI is therefore exposed to movements in the USD/GBP exchange rates but this exposure is managed at a Group level where such exposure is materially reduced.

HTI has over 400 active customers, many of whom are provided with credit terms. Operationally, HTI is focused on managing debtor days and strictly monitoring credit limits to reduce its overall exposure to bad and doubtful debts. These actions, together with its credit insurance, mitigate its credit risk.

HTI has about 90 employees in total.

Business of HTI HK is maintained in a normal manner. No derogatory information about it has been found in our database.

The Contact Person of HTI HK is Mr. Eric Poon.

In view of the parentage of HTI HK, consider it good for normal business engagements in moderate credit amounts.

REMARKS:

Court case record:- Nil

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupee
US Dollar	1	INR 71.19
UK Pound	1	INR 92.46
Euro	1	INR 82.49
HKD	1	INR 9.15

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)