

MIRA INFORM REPORT

Report No. :	527931
Report Date :	05.09.2018

IDENTIFICATION DETAILS

Name :	LUK'S BUTTON INDUSTRIAL LIMITED
Registered Office :	3/F., Wing Ming Industrial Centre, 15 Cheung Yue Street, Cheung Sha Wan, Kowloon
Country :	Hong Kong
Date of Incorporation :	17.06.2010
Com. Reg. No.:	52472362
Legal Form :	Private Limited Company
Line of Business :	Importer, Exporter and Wholesaler of All Kinds of Buttons
No. of Employees :	25

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 :	Regular
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.

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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, 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

LUK'S BUTTON INDUSTRIAL LIMITED

ADDRESS: 3/F., Wing Ming Industrial Centre, 15 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

PHONE: 852-2171 1000

FAX: 852-2171 1088

E-MAIL: info@luksbn.com.hk

MANAGEMENT:

Managing Director: Mr. Luk Siu Kai

SUMMARY

Incorporated on: 17th June, 2010.

Organization: Private Limited Company.

Issued Share Capital: HK\$10,000,000.00

Business Category: Importer, Exporter and Wholesaler.

Employees: 25.

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

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

3/F., Wing Ming Industrial Centre, 15 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

Holding Company:-

Luxury Holdings Ltd., British Virgin Islands.

Associated Companies:-

Luks Brothers Metal Button Factory & Co. Ltd., Hong Kong.
Luks Button (China) Co. Ltd., Hong Kong. [Dissolved]
Shenzhen Tianpin Industries Ltd., China.

BUSINESS REGISTRATION NUMBER

52472362

COMPANY FILE NUMBER

1469403

MANAGEMENT

Managing Director: Mr. Luk Siu Kai
Contact Person: Mr. Chan Chun Kuen

ISSUED SHARE CAPITAL

HK\$10,000,000.00

SHAREHOLDER

(As per registry dated 17-06-2018)

Name

Luxury Holdings Ltd.

Vistra Corporate Services Center, Wickham Cay II, Road Town, Tortola,
VG1110, British Virgin Islands.

No. of shares

10,000,000

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DIRECTORS

(As per registry dated 17-06-2018)

Name

(Nationality)

LUK Siu Kai

Address

Flat B, 15/F., Sky Garden, 223 Prince Edward Road West,

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Kowloon Tong, Kowloon, Hong Kong.

LUK Siu Ming

Flat C, 9/F., Tower 5, One Beacon Hill, 1 Beacon Hill Road,
Kowloon Tong, Kowloon, Hong Kong.

SECRETARY

(As per registry dated 17-06-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Alphalink Corporate Secretarial Services Ltd.	Units 1603-1604, 16/F., Causeway Bay Plaza 1, 489 Hennessy Road, Causeway Bay, Hong Kong.	1433906

HISTORY

The subject was incorporated on 17th June, 2010 as a private limited liability company under the Hong Kong Companies Ordinance.

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

OPERATIONS

Activities: Importer, Exporter and Wholesaler.

Lines: All kinds of buttons, etc.

Employees: 25.

Commodities Imported: China, other Asian countries, etc.

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

Terms/Sales: L/C, T/T, O/A, etc.

Terms/Buying: As per contracted.

MEMBERSHIP

The Chinese Manufacturers' Association of Hong Kong, Hong Kong.
[Membership No. 011178]

The Hong Kong Metals Manufacturers Association Ltd., Hong Kong.
[Membership No. 251]

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Hong Kong Electro-Plating Merchants Association, Hong Kong.

FINANCIAL INFORMATION

Issued Share Capital:	HK\$10,000,000.00
Profit or Loss:	Made small profits in past years.
Condition:	Keeping in a satisfactory manner.
Facilities:	Making rather active use of general banking facilities.
Payment:	Regular
Commercial Morality:	Satisfactory.
Banker:	DBS Bank (Hong Kong) Ltd., Hong Kong.
Standing:	Good.

GENERAL

Having issued 10 million ordinary shares of HK\$1.00 each, Luk's Button Industrial Limited is wholly owned by Luxury Holdings Ltd. which is a BVI-registered company.

The directors of the subject are Mr. Luk Siu Kai and Mr. Luk Siu Ming. Being Hong Kong merchants, they are full brothers and directors of the subject.

According to the subject, its predecessor or associated company was set up in 1968.

The subject is a button trader and manufacturer. It is manufacturing the following products:-

Jeans Button & Rivet;

Snap Button, Fashion Button;

Eyelet;

Fashion Buckle;

Zipper pullers;

Plate, cord lock, ornaments, badge, suspender clip;

Accessories for handbags and shoes.

Its products are marketed in Hong Kong, China and exported to Japan, Taiwan, South Korea, other Asian countries, Australia, Europe, North America, the Middle East, Africa, etc.

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The subject's products are not only for the market segments of jeans and garments, but also in other related apparel horizons like handbags, shoes and various accessories.

The subject's 100% self-owned integrated production plant, which is in Shenzhen Special Economic Zone, China, occupies a total area of 23,000 square metres.

Formally known as Shenzhen Tianpin Industries Ltd. [Tianpin], this factory has about 700 workers.

The brief information of Tianpin is as follow:

Name: Tianpin

Address: 19 Si Fang Street, Pingdi, Longgang District, Shenzhen, China.

Tel: (86)755-8407 7808

Fax: (86)755-8407 6676

Tianpin has been equipped with in-house electro-plating department with various automatic plating lines.

Tianpin also has its own PDD (Product Development Department) which has conducted extensive research on collecting empirical functionality data of different types of snaps.

Besides, the China factory has got ISO 9001:2000 and Oeko-Tex Standard 100 certifications.

Now, the subject has set up a branch company in Shanghai, China in order to penetrate the China market further.

The business of the subject is chiefly handled by the Luk brothers. History in Hong Kong is over eight years and two months.

On the whole, consider it good for normal credit requirements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.19
UK Pound	1	INR 91.46
Euro	1	INR 82.49
HKD	1	INR 9.10

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)