

MIRA INFORM REPORT

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|---------------|------------|
| Report No. : | 528856 |
| Report Date : | 10.09.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | HONG KONG UNIVERSAL JEWELLERY LIMITED |
| Registered Office : | 4/F. - 5/F., Lyndhurst Building, 25-41 Lyndhurst Terrace, Central |
| Country : | Hong Kong |
| Date of Incorporation : | 13.10.1970 |
| Com. Reg. No.: | 03121285 |
| Legal Form : | Private Limited Company. |
| Line of Business : | Trader of All kinds of Diamond Jewellery, Precious Stone Sets. |
| No. of Employees : | 55 |

RATING & COMMENTS

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

| | |
|-----------------|---|
| MIRA's Rating : | A |
|-----------------|---|

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|---------------------|------------------|
| Status : | Good |
| Payment Behaviour : | Slow but Correct |
| 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.

ECGC Country Risk Classification List

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| 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

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COMPANY NAME AND ADDRESS

HONG KONG UNIVERSAL JEWELLERY LIMITED

ADDRESS: 4/F. - 5/F., Lyndhurst Building, 25-41 Lyndhurst Terrace, Central, Hong Kong.

PHONE: 852-2541 3004

FAX: 852-2541 5026

E-MAIL: hkujltd@hkuniversal.com

MANAGEMENT:

Managing Director: Mr. Tang Cheung Ming

SUMMARY

Incorporated on: 13th October, 1970.

Organization: Private Limited Company.

Issued Share Capital: HK\$6,000,000.00

Business Category: Diamond Jewellery Trader.

Employees: 55.

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

Banking Relation: Good.

ADDRESS

Registered Head Office:-
4/F. - 5/F., Lyndhurst Building, 25-41 Lyndhurst Terrace, Central, Hong Kong.

Associated Company:-
Diamond Ray Jewellery Ltd., Hong Kong.

BUSINESS REGISTRATION NUMBER

03121285

COMPANY FILE NUMBER

0021709

MANAGEMENT

Managing Director: Mr. Tang Cheung Ming
Contact Person: Mr. Kevin Lee

ISSUED SHARE CAPITAL

HK\$6,000,000.00 (60,000 fully paid ordinary shares)

SHAREHOLDERS

(As per registry dated 13-10-2017)

| <u>Name</u> | <u>No. of shares</u> |
|---|----------------------|
| LEUNG Kin Bong | 15,000 |
| Fu Hap Enterprises Ltd., Hong Kong. | 15,000 |
| Cheung Ming Co. Ltd., Hong Kong. | 15,000 |
| Super Score Investment Ltd., Hong Kong. | 15,000 |
| Total: | 60,000 ===== |

DIRECTORS

(As per registry dated 29-08-2018)

| <u>Name</u> | <u>Address</u> |
|------------------|--|
| TANG Cheung Ming | Flat C, 26/F., Block 22, Willow Mansion, Tai Koo Wan Road, Taikooshing, Hong Kong. |

| | |
|--|---|
| LEUNG Kin Bong | Flat B, 18/F., Tower 5, Residence Bel-Air, Phase I, 28 Bel-Air Avenue, Island South, Hong Kong. |
| WAN Chi Leung | Flat A, 26/F., Kenyon Court, 46-50A Bonham Road, Mid-levels, Hong Kong. |
| FU Sui | Flat C, 10/F., Wyndham Mansion, 32 Wyndham Street, Central, Hong Kong. |
| WAN Bing Kin [Alternate to WAN Chi Leung] | Flat A, 26/F., Kenyon Court, 46-50A Bonham Road, Mid-levels, Hong Kong. |
| FU Yuen Man, Sylvia [Alternate to FU Sui] | Flat C, 10/F., Wyndham Mansion, 32 Wyndham Street, Central, Hong Kong. |

SECRETARY

(As per registry dated 13-10-2017)

| <u>Name</u> | <u>Address</u> | <u>Co. No.</u> |
|--------------------------|--|----------------|
| Fansway Secretaries Ltd. | Room 1009-1012, 10/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong. | 0048960 |

HISTORY

The subject was incorporated on 13th October, 1970 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: | Diamond Jewellery Trader. |
| Lines: | All kinds of jewellery, precious stone sets, etc. |
| Brand Name: | Bijoux de La Vie. |
| Employees: | 55. |
| Commodities Imported: | India, other Asian countries, Europe, China, Japan, etc. |
| Markets: | Europe, Asian countries, Scandinavia, North America, etc. |
| Terms/Sales: | L/C or as per contracted. |

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

MEMBERSHIP

Hong Kong Jewelry Manufacturers' Association, Hong Kong.
The Hong Kong General Chamber of Commerce, Hong Kong.
[Membership No. HKH0169]
Hong Kong Jewellery & Jade Manufacturers Association, Hong Kong.
[Membership No. #121]

FINANCIAL INFORMATION

Issued Share Capital: HK\$6,000,000.00 (60,000 fully paid ordinary shares)

Indebtedness: HK\$80,720,000.00 (Total amount outstanding on all mortgages and charges as per last Annual Return dated 13-10-2017)

Mortgage or Charge (Since 2013): (See attachment)

Profit or Loss: Making a small profit every year.

Condition: Keeping in an active manner.

Facilities: Making active use of general banking facilities.

Payment: Slow but Correct.

Commercial Morality: Good.

Bankers:-
DBS Bank (Hong Kong) Ltd., Hong Kong.
Credit Agricole Corporate & Investment Bank, Hong Kong.
Hang Seng Bank Ltd., Hong Kong.

Standing: Very Good.

GENERAL

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Having issued 60,000 ordinary shares of HK\$100.00 each, Hong Kong Universal Jewellery Limited is equally owned by Mr. Leung Kin Bong, Fu Hap Enterprises Ltd., Cheung Ming Co. Ltd. and Super Score Investment Ltd., the last three are Hong Kong-registered firms.

Because of the old age of the directors, two new directors were appointed in August 2018.

The subject is trading in the following products:-

- Diamond Jewellery Sets
- Gem Set Jewellery
- Semi-Precious Gemstone Jewellery
- Gold Jewellery, 18K White Gold Diamond Products
- 18K White Gold Brooches
- Multi-Colour Semi-Precious Stone Products
- Rubylite Drops Sets
- Vintage Car Jewellery
- Pearl and Diamond Jewellery
- Platinum Jewellery &
- Pearl Jewellery, etc.

Most of its products bear the brand name of *Bijoux de La Vie*. According to the subject, most of its products are completely handmade and none of its individual pieces are completely identical.

With over 60 years of experience in jewellery production, the subject and its associates are the leading jewellery manufacturers in Hong Kong.

Principal products are 18K gold and platinum jewellery set with quality diamonds, semi-precious stones and gemstones. Their styles are widely accepted by overseas buyers.

Its products have been exported to Japan, the other Asian countries, Europe, the United States, the Middle East, etc. Many of the customers have been regular buyers for generations.

In order to penetrate the international market further, the subject has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities. It has taken part in the following fairs and exhibitions:

USA

- JCK Las Vegas Show
- JA New York Summer Show
- JA Special Delivery New York

Europe

- Vicenzaoro Winter, Italy

- Inhorgenta Munich, Germany
- Istanbul Jewelry Show, Turkey
- Baselworld, Switzerland
- Vicenzaoro Spring, Italy
- Vicenzaoro Fall, Italy

Hong Kong

- HK Int'l Jewellery Show
- HK Jewellery & Gem Fair
- HK Jewellery & Gem Fair
- HK Int'l Jewelry Manufacturers' Show

Mainland China

- Jewelry Shanghai

Asia (other than HK & China)

- Int'l Jewellery Fair Tokyo, Japan
- Jewelry Fair Korea
- Singapore Int'l Jewellery Show
- Bangkok Gems & Jewelry Fair, Thailand

Middle East

- Dubai Int'l Jewellery Week

It took part in "HKTDC Hong Kong International Diamond, Gem & Pearl Show 2018" which had been held in Hong Kong AsiaWorld-Expo, Lantau, Hong Kong during the period of 27th February to 3rd March, 2018.

The subject has had an associated company Diamond Ray Jewellery Ltd. [Diamond Ray] located at the same address.

Diamond Ray was established in 1991. Its factory is in Panyu, Guangdong Province, China, which is employing more than 400 skilled craftsmen. Diamond Ray is specialized in offering the market with 18K gold and platinum fine jewellery from simple to elegant design at competitive prices.

The Panyu factory also provides the subject with all kinds of jewellery products.

The annual sales turnover of the subject is very significant. Business is active and profitable. History in Hong Kong is about 48 years.

The subject's total amount outstanding registered with the Companies Registry as at mid-October 2017 amounted to HK\$80.7 million.

In view of the history of the subject, on the whole, consider it good for normal business engagements.

MORTGAGE OR CHARGE

(Since 2013)

| Date | Description of Instrument | Mortgagee |
|------------|---|--|
| 24-05-2013 | Charge On Cash Deposit and Structured Investment Deposit to Secure Liabilities of the Depositor | DBS Bank (Hong Kong) Ltd., Hong Kong. |
| 10-09-2015 | Charge Over Deposits/Securities (2-Parties) | Hang Seng Bank Ltd., Hong Kong. |
| 02-11-2016 | Charge Over Deposits/Securities (2-Parties) | Hang Seng Bank Ltd., Hong Kong. |

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.90 |
| UK Pound | 1 | INR 93.04 |
| Euro | 1 | INR 83.67 |
| HKD | 1 | INR 9.22 |

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

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | NIS |
| 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)