

MIRA INFORM REPORT

Report No. :	527633
Report Date :	29.08.2018

IDENTIFICATION DETAILS

Name :	WANHUA CHEMICAL (HONGKONG) CO., LIMITED
Registered Office :	Room C, 19/F., Lockhart Centre, 301-307 Lockhart Road, Wanchai, Hong Kong.
Country :	Hong Kong
Date of Incorporation :	21.12.2005
Com. Reg. No.:	36312221
Legal Form :	Private limited liability
Line of Business :	The subject is engaged in the following business scope:- <ul style="list-style-type: none"> • Consultancy services; • Foreign trading; & • Introduction of foreign advanced technologies.
No. of Employees :	No employee in Hong Kong Note: It is to be noted that the company does not have its own operating office in Hong Kong. The company uses the address of its secretariat as its correspondence address only. Subject operates from some other country and does not have a base in Hong Kong. Such companies are registered in Hong Kong just to tax benefit purpose and due to the strict privacy laws prevailing in the country. In such cases, the companies are not required to have any employees in Hong Kong nor do have an office there.

RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	No operating office in Hong Kong
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Payment Behaviour :	Unknown
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

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.

Hong Kong's open economy left it exposed to the global economic slowdown that began in 2008. Although increasing integration with China through trade, tourism, and financial links aided a more rapid initial recovery than many observers anticipated, its continued reliance on foreign trade and investment leaves it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the site for Chinese 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; and RMB trade settlement is allowed. The territory far exceeded the RMB conversion quota set by Beijing for trade settlements in 2010 due to the growth of earnings from exports to the mainland. RMB deposits grew to roughly 9.4% of total system deposits in Hong Kong by the end of 2015. The government is pursuing efforts to introduce additional use of RMB in Hong Kong financial markets and is seeking to expand the RMB quota.

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 has surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. Mainland visitors to Hong Kong declined 3% in 2015 to approximately 45.7 million, reflecting an overall drop of 2.5% in total visitors to Hong Kong. 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 51% of the firms listed on the Hong Kong Stock Exchange and accounted for about 62.1% 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, 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, and will improve access to the mainland's service sector for Hong Kong-based companies.

Credit expansion and a tight housing supply have caused Hong Kong property prices to rise rapidly; consumer prices increased 2.6% in 2016, but slowed to 2.0% in 2017. Lower- and middle-income segments of the population are increasingly unable to afford adequate housing.

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 Mutual Recognition of Funds, and The Hong Kong Shanghai Gold Connect are all important steps towards opening up the Mainland's capital markets and has reinforced Hong Kong's leading role as China's offshore RMB market. Additional connect schemes from bonds to commodities and other investment products are also under exploration by Hong Kong authorities. In 2017, Chief Executive 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

WANHUA CHEMICAL (HONGKONG) CO., LIMITED

ADDRESS

Registered Office:-

c/o Joy Enterprise Secretary Services Ltd.
Room C, 19/F., Lockhart Centre, 301-307 Lockhart Road, Wanchai, Hong Kong.

Holding Company:-

Wanhua Chemical Group Co. Ltd.
No. 7, Xinfu South Road, Yantai City, Shandong Province, China.

Ultimate Holding Company:-

Wanhua Industrial Group Co. Ltd., China.

Wholly-owned Subsidiaries:

Wanhua Chemical US Holding Inc., US.
Wanhua Innovation & Technology LLC, US.

Sister/Associated Companies:-

Yantai Wanhua Group of Companies

BorsodChem Zrt, Hungary.
Wanhua Chemical (America) Co. Ltd., US.
Wanhua Chemical (Beijing) Co. Ltd., China.
Wanhua Chemical (Guangdong) Co. Ltd., China.
Wanhua Chemical (Japan) Co. Ltd., China.
Wanhua Chemical (Netherlands) B.V., Netherlands. [Dissolved]
Wanhua Chemical (Ningbo) Chlor-Alkali Co. Ltd., China.
Wanhua Chemical (Ningbo) Co. Ltd., China.
Wanhua Chemical (Ningbo) Rongwei Polyurethane Co. Ltd., China.
Wanhua Chemical (Singapore) Pte. Ltd., Singapore.
Wanhua Chemical (Yantai) Chlor-Alkali Thermal Power Co. Ltd., China.
Wanhua Chemical International Holding Co. Ltd., British Virgin Islands.
Wanhua International (India) Pvt. Ltd., India.
Wanhua Shipping (Singapore) Pte. Ltd., Singapore.

BUSINESS REGISTRATION NUMBER

36312221

COMPANY FILE NUMBER

1015126

DATE OF INCORPORATION

21st December, 2005.

ISSUED SHARE CAPITAL

HK\$63,750,000.00

SHAREHOLDER

(As per registry dated 21-12-2017)

<u>Name</u>	<u>No. of shares</u>
Wanhua Chemical Group Co. Ltd. No. 7, Xingfu South Road, Yantai City, Shandong Province, China.	63,750,000 =====

DIRECTORS

(As per registry dated 21-12-2017)

<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
LI Junyan	Szent Florian ter, 2 Kazincbarcika, H-3702, Hungary.
SHAO Jianming	Room 501, No. 3 Building, Huangshanhaoting, Xinqi Street, Beicang District, Ningbo City, Zhejiang Province, China.
WANG Liang	11111 Katy Fwy, Suite 910, Houston, TX 77079, U.S.
XING Huailei	No. 2, Xingfu (S) Road, Zhifu District, Yantai City, Shandong Province, China.
ZHANG Shoujun	No. 2, Xingfu (S) Road, Zhifu District, Yantai City, Shandong Province, China.

SECRETARY

(As per registry dated 21-12-2017)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Joy Enterprise Secretary Services Ltd.	Room C, 19/F., Lockhart Centre, 301-307 Lockhart Road, Wanchai, Hong Kong.	1336601

HISTORY

The subject was incorporated on 21st December, 2005 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Wanhua International (Hong Kong) Co. Ltd., name changed to the present style on 16th August, 2013.

The subject does not have its own operating office. Formerly, its registered address was located at "Room 1701 (024), 17/F., Henan Building, 90 Jaffe Road, Wanchai, Hong Kong" where was the operating address of Companies Registrations & Secretary Ltd. Its registered address moved to the present one in December 2012 where is the operating address of a secretarial firm "Joy Enterprise Secretary Service Ltd.". The subject changed its registered address as it has changed its commercial service provider.

The subject changed its directors in 2017.

The subject changed its ultimate holding company and its directors in 2016.

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

GENERAL

Wanhua Chemical (HongKong) Co., Limited is a wholly-owned subsidiary of Wanhua Chemical Group Co. Ltd. [Wanhua], a China-based firm.

The subject does not have its own operating office. Its registered office is in a commercial service firm located at Room C, 19/F., Lockhart Centre, 301-307 Lockhart Road, Wanchai, Hong Kong known as Joy Enterprise Secretary Services Ltd. [Joy] which is handling its correspondences and documents. Joy is also company secretary of the subject.

The subject has no employee in Hong Kong. Your given Hong Kong phone and fax number 852-2537 7886 and 852-2537 7780 respectively belong to Joy.

The ultimate holding company of the subject is Wanhua Industrial Group Co. Ltd., a China-based company. However, this company is 39.497% owned by Yantai City People's Government State-owned Assets Supervision Commission.

The subject has five directors while one is in Hungary, one in The United States and three in China.

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The subject has had a wholly-owned subsidiary known as Wanhua Chemical International Holding Co. Ltd. which is a BVI-registered company.

The subject is engaged in the following business scope:-

- Consultancy services;
- Foreign trading; &
- Introduction of foreign advanced technologies.

The subject is trading in Wanhua's products which includes the followings:

- Methylene Diphenyl Diisocyanate [MDI]
- Thermoplastic Polyurethane [TPU]

Wanhua was founded on 20th December, 1998 and is the first listed shareholding enterprise following reorganization in Shandong Province, China. The business licence number is 37000018020049. It was listed on Shanghai Stock Exchange in 2001. Its code No. is 600309.

Wanhua's business covers R&D, production and marketing of isocyanates, aromatic polyamines and thermal-plastic polyurethanes [TPUS]. Wanhua currently has two MDI plants with the total capacity of 800,000 tons/year while product quality and unit consumption have reached the world advanced level.

MDI is one of the key materials in the manufacturing of polyurethane. Polyurethane has both rubber and plastic features. As a result, it has good performances comparing to other synthetic materials, especially in thermal insulation, sound proof, abrasive resistance, oil resistance, elasticity and flexibility. Therefore it has also been widely used in chemical industry, light industry, textiles, construction, domestic appliance, building materials, transportation, vehicles, aviation, etc.

Now, Wanhua has set up associated companies in the United States, the Netherlands, and offices in India, the United Arab Emirates, Japan, etc.

The turnovers of Wanhua are listed below:

RMB15,942.1 million Yuan (Year ended 31-12-2012)
RMB20,238.0 million Yuan (Year ended 31-12-2013)
RMB22,088.4 million Yuan (Year ended 31-12-2014)
RMB19,492.4 million Yuan (Year ended 31-12-2015)
RMB30,099.9 million Yuan (Year ended 31-12-2016)
RMB20,932.2 million Yuan (9 months ended 30-09-2016)
RMB38,963.5 million Yuan (9 months ended 30-09-2017)

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.17
UK Pound	1	INR 90.33
Euro	1	INR 81.93
HKD	1	INR 8.98

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	SYL

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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)

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