

MIRA INFORM REPORT

Report No. :	542762
Report Date :	05.12.2018

IDENTIFICATION DETAILS

Name :	KGK DIAMONDS (HK) LIMITED
Registered Office :	18/F., Peninsula Square, 18 Sung On Street, Hunghom, Kowloon
Country :	Hong Kong
Date of Incorporation :	27.10.2000
Com. Reg. No.:	31329946
Legal Form :	Private Limited Company
Line of Business :	Manufacturer and Exporter of All Kinds of Diamonds.
No. of Employees :	30. (Including Associates in Hong Kong)

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 :	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.

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
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, 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.

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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

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COMPANY NAME & ADDRESS

KGK DIAMONDS (HK) LIMITED

ADDRESS: 18/F., Peninsula Square, 18 Sung On Street, Hunghom, Kowloon, Hong Kong.

PHONE: 852-2723 9828, 2733 0700, 2733 2222

FAX: 852-2739 7584, 2723 8055

E-MAIL: kgk.hk@kgkmail.com
kgkhk@kgkgroup.com
edhk@kgkgroup.com

MANAGEMENT

Managing Director: Mr. Sanjay Navrattan Kothari

SUMMARY

Incorporated on: 27th October, 2000.

Organization: Private Limited Company.

Issued Capital: HK\$156,000,000.00

Business Category: Diamond Trader.

Employees: 30. (Including Associates in Hong Kong)

Main Dealing Banker: The Royal Bank of Scotland N.V., Hong Kong Branch.

Banking Relation: Very Good.

NAME

KGK DIAMONDS (HK) LIMITED

ADDRESS

Registered Head Office:-

18/F., Peninsula Square, 18 Sung On Street, Hunghom, Kowloon, Hong Kong.

China Factory:-

KGK Jewellery Manufacturing Ltd.
Panyu, Guangdong Province, China.
[Tel: (86-20) 3480 6744, 3999 0700
Fax: (86-20) 3480 6749, 3480 6759
E-mail: jewchina@kgkgroup.com
entice@kgkmail.com]

Holding Company:-

United Pacific Excel Ltd., British Virgin Islands.

Associated Companies:-

KGK Group of Companies
Crystal Gems Piteiras Brasil Participacoes Ltda., Brazil.
DDK LLC, Russia.
Far East Gems Inc., Japan.
GR Precious Color Inc., USA.
JR Jewellery US LLC, USA.
K.G.K. Diamonds B.V.B.A., Belgium.
KGK Ausdiam Pty. Ltd., Australia.
KGK China Holdings (HK) Ltd., Hong Kong.
KGK Creation Guangzhou Ltd., China.
KGK Creations (India) Pvt. Ltd., India.
KGK Creations Pvt. Ltd., India.
KGK Creations USA Inc., USA.
KGK Diamond Israel Ltd., Israel.
KGK Diamonds & Jewellery DMCC, UAE.
KGK Diamonds (Far East) Inc., Japan.
KGK Diamonds (India) Pvt. Ltd., India.
KGK Diamonds (Shanghai) Ltd., China.
KGK Diamonds (SZ) Co. Ltd., China.
KGK Diamonds (Taiwan) Ltd., Taiwan.
KGK Diamonds Botswana Pty. Ltd., Botswana.
KGK Diamonds Co. Ltd., Thailand.
KGK Diamonds LLC, USA.
KGK Diamonds SA Pty. Ltd., South Africa.
KGK Entice (India) Pvt. Ltd., India.
KGK Entice Jewellery (Shenzhen) Ltd., China.
KGK Gems (Far East) Ltd., Hong Kong.
KGK Gems (HK) Ltd., Hong Kong.
KGK Gems (Shenzhen) Ltd., China.
KGK Gems Ltd., Thailand.
KGK Gems Private Ltd., India.

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KGK Infrastructure (India) Pvt. Ltd., India.
KGK International (Pty.) Ltd., South Africa.
KGK Investment USA (HK) Ltd., Hong Kong.
KGK Jewellery (China) Ltd., Hong Kong.
KGK Jewellery (Guangzhou) Ltd., China.
KGK Jewellery (HK) Ltd., Hong Kong.
KGK Jewellery Inc., Japan.
KGK Jewellery Inc., USA.
KGK Jewellery LLC, USA.
KGK Jewellery Manufacturing Ltd., Hong Kong.
KGK Jewelry Inc., China.
KGK Jewelry Manufacturing Ltd., Japan.
KGK Jewelry Pvt. Ltd., India.
KGK Jewels (Pty.) Ltd., South Africa.
KGK Jewels Online DMCC, U.A.E.
KGK Kristall Jewels LLC, Russia.
KGK Mining (HK) Ltd., Hong Kong.
KGK Precious (HK) Ltd., Hong Kong.
KGK Properties (HK) Ltd., Hong Kong.
KGK Properties (India) Pvt. Ltd., India.
KGK Real Estate (HK) Ltd., Hong Kong.
KGK Resources (HK) Ltd., Hong Kong.
KGK Retail Holdings (HK) Ltd., Hong Kong.
Kiro Creations Pvt. Ltd., India.
Kiros Jewels SL, Spain.
Martin Flyer Jewelry LLC, USA.
S. D. Diamond LLC, Russia.
Sparkle Gems Inc., USA.
Trinity Creations Co. Ltd., Thailand.
etc.

BUSINESS REGISTRATION NUMBER

31329946

COMPANY FILE NUMBER

0735843

MANAGEMENT

Managing Director: Mr. Sanjay Navrattan Kothari

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ISSUED CAPITAL

HK\$156,000,000.00

SHAREHOLDERS

(As per registry dated 27-10-2018)

Name	No. of shares
United Pacific Excel Ltd. Mandar House, 3/F., P.O. Box 2196, Johnson's Ghut, Tortola, British Virgin Islands	154,299,998
Sanjay Navrattan KOTHARI	1,700,001
Manju KOTHARI	1
Total:	156,000,000 =====

DIRECTOR

(As per registry dated 27-10-2018)

Name (Nationality)	Address
Sanjay Navrattan KOTHARI	House A, 8623 Tai Po Road, Shatin, New Territories, Hong Kong.

SECRETARY

(As per registry dated 27-10-2018)

Name	Address	Co. No.
Louis Lai & Luk Company Secretarial Services Ltd.	9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.	0686503

HISTORY

The subject was incorporated on 27th October, 2000 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the subject was located at 14/F., Chevalier House, 45-51 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, moved to the present address in March 2014.

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

OPERATIONS

Activities:	Manufacturer and Exporter.
Lines:	All kinds of diamonds.
Brand Name:	"Entice".
Employees:	30. (Including associates in Hong Kong)
Raw Materials:	Imported from India, other Asian countries, Europe, etc.
Markets:	Hong Kong, China, Japan, US, UAE, South Korea, Australia, Middle East, South Africa, etc.
Terms/Sales:	CAD, L/C, T/T or as per contracted.
Terms/Buying:	L/C, T/T, D/P, etc.

MEMBERSHIP

Diamond Federation of Hong Kong, China Ltd., Hong Kong.
The Indian Chamber of Commerce Hong Kong, Hong Kong.
Hong Kong Jewelry Manufacturers' Association, Hong Kong.
Hong Kong Gemstone Manufacturers' Association Ltd., Hong Kong.

FINANCIAL INFORMATION

Issued Capital:	HK\$156,000,000.00
Mortgage or Charge:-	
Date:	24-10-2016
Description of Instrument:	Debenture
Mortgagee:	Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
Profit or Loss:	Business is profitable.
Condition:	Keeping in an active manner.

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Facilities:	Making active use of general banking facilities.
Payment:	Slow but correct.
Commercial Morality:	Good.
Bankers:-	The Royal Bank of Scotland N.V., Hong Kong Branch. Standard Chartered Bank (Hong Kong) Ltd., Hong Kong. Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
Standing:	Very Good.

GENERAL

KGK Diamonds (HK) Limited is a subsidiary company of United Pacific Excel Ltd. which is a BVI-registered firm. This company is holding 98.9% stake of the subject.

The subject in fact is a member of the KGK Group which is trading in diamond and related products. It increased its issued share capital in March 2010 and increased in early 2014. Now, its registered capital is HK\$156 million. The director of the subject Sanjay Navrattan Kothari has been in Hong Kong for a very long time. He is a Hong Kong ID holder and has got the right to reside in Hong Kong. He is also the only director of the subject.

The subject is trading in the Group's products. It has got a main associated company located at its operating address known as KGK Jewellery (HK) Ltd., a Hong Kong-registered firm managed by the same personnel. The subject has set up retailing outlets in Hong Kong which are retailing the products of the KGK Group.

The KGK Group is a global corporation based in India with fully integrated operations in diamonds, coloured gemstones and jewellery.

KGK has set up marketing offices in all important cities in the world, and has set up manufacturing units in India, Thailand, China, South Africa and Russia. These factories have modern machines for diamond cutting and polishing operated by trained craftsmen. The stones are then assorted and graded into different lots as per their cut, colour, clarity and size. The Group sources its diamonds and colour stones from different parts of the world through its offices in Antwerp, London, Russia and South Africa. The Group opened its offices in the United Arab Emirates, Germany, Spain, London, etc.

Currently, the subject is manufacturing the following commodities and offering clients with the following services:-

Product	Remarks
Jewellery – Diamond	Include precious stones from India, Thailand, Belgium and Israel (Importer)
Gemstones and Jade	Precious stones (Manufacturer) Precious stones (Exporter)
Diamond	Precious stones from India and Thailand (Importer) From India, Thailand, Belgium and Israel (Importer)

The followings are some of the significant diamond jewellery products of the subject:-

Bracelets, diamond & pearl ornaments, diamond rings, silver diamond rings, etc.

The Group now has set up a factory in Panyu Guangdong Province, China employing about 300 persons. The factory is specialised in diamond jewellery manufacturing.

In 2004, the subject developed its own brand name "Entice" which is widely known in Hong Kong, the Middle East and Belgium.

The Group's gemstones such as emeralds, tanzanite, rubies and sapphires are manufactured by its factories in Jaipur, Thailand and Sri Lanka.

The Jaipur factory of the Group produces jewellery for KGK's own showroom and the domestic market.

The Group's products are exported to Japan, other Asian countries, the Middle East, North America and Western Europe. Overall business is active.

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

It has taken part in the following shows and exhibitions:-

JCK Las Vegas Show, United States.

Baselworld, Switzerland.

HK International Jewellery Show, Hong Kong.

HK Jewellery & Gem Fair, Hong Kong.

Shenzhen International Jewellery Fair, China.

Bangkok Gems & Jewelry Fair, Thailand.

India International Show, India.

International Jewellery Tokyo, Japan.

Jaipur Jewellery Show, India.

Dubai International Jewellery Show, the UAE.

For instance, 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 overall business of the subject in Hong Kong is active and good. It is fully supported by the KGK Group. It is sharing the same office with its associated companies KGK Jewellery Manufacturing Ltd. and KGK Jewellery (HK) Ltd., etc.

The consolidated turnover of the Group is very significant.

The history of the subject in Hong Kong is over eighteen years and a month.

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.35
UK Pound	1	INR 89.65
Euro	1	INR 80.07
HKD	1	INR 9.05

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TPT

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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)