

MIRA INFORM REPORT

Report No. :	546114
Report Date :	27.12.2018

IDENTIFICATION DETAILS

Name :	LEVACHEM CO., LIMITED
Registered Office :	C/o SBS Nominee Ltd. HZ2254, Unit (S) 2, LG1, Mirror Tower, 61 Mody Road, Tsimshatsui, Kowloon
Country :	Hong Kong
Date of Incorporation :	02.08.2002
Com. Reg. No.:	32858518
Legal Form :	Private Limited Liability Company
Line of Business :	Subject is trading in integrated fine chemicals.
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

Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

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Status :	No Operating Office in Hong Kong
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 (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

COMPANY NAME

LEVACHEM CO., LIMITED

ADDRESS

Registered Office:-

C/o SBS Nominee Ltd.

HZ2254, Unit (S) 2, LG1, Mirror Tower, 61 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

Associated Company:-

Nanjing Levachem Co. Ltd.

2112, Suning Universal Mansion, 188 Guangzhou Road, Nanjing City 210024, Jiangsu Province, China.

[Tel: 86-25-8324 7442~3, 8324 7445~7

Fax: 86-25-8324 7441

E-mail: sales@levachem.com]

BUSINESS REGISTRATION NUMBER

32858518

COMPANY FILE NUMBER

0808808

DATE OF INCORPORATION

2nd August, 2002.

ISSUED SHARE CAPITAL

HK\$10,000.00

SHAREHOLDERS

(As per registry dated 02-08-2018)

Name	No. of shares
LU Min Yan	2,500
CAI Jun	2,500
LUO Kai Yu	2,500
LIU Tong Qiu	2,500
Total:	10,000 =====

DIRECTORS

(As per registry dated 02-08-2018)

Name	Address
(Nationality) LU Min Yan	Room 2607, No. 2, Xiyi Xincun, Baixia, Nanjing, Jiangsu, China.
CAI Jun	Room 2204, No. 4, Beimenqiao Road, Xuanwu, Nanjing, Jiangsu, China.
LUO Kai Yu	Room 1506, Unit 3, No. 218, Hanzhong Road, Gulou, Nanjing, Jiangsu, China.
LIU Tong Qiu	Room 1406, Unit 3, No. 5, Guangzhou Road, Gulou, Nanjing, Jiangsu, China.

SECRETARY

(As per registry dated 02-08-2018)

Name	Address	Co. No.
SBS Nominee Ltd.	Unit 2, LG1, Mirror Tower, 61 Mody Road, Tsimshatsui, Kowloon, Hong Kong.	0809165

HISTORY

The subject was incorporated on 2nd August, 2002 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the subject's registered address was located at Room 1020-1021, 10/F., Ocean Centre, Harbour City, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong where is the operating address of a secretarial firm known as

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Hong Kong Secretarial Ltd. Its registered address moved to 'Room 1505B, 15/F., Fortress Tower, 250 King's Road, North Point, Hong Kong' in August 2010 as it had changed its secretarial firm.

The subject's registered address moved to the present address in July 2014 as it has further changed its secretarial firm since then.

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

GENERAL

Having issued 10,000 ordinary shares of HK\$1.00 each, Levachem Co., Limited is equally owned by four China merchants, namely, Mr. Lu Min-Yan, Mr. Cai Jun, Mr. Luo Kai-Yu and Mr. Liu Tong-Qiu. Being China ID Card holders, all the shareholders are also directors of the subject. Currently, they are residing in Nanjing City, Jiangsu Province, China.

The subject does not have its own operating office. Its registered office is in an accountant firm located at HZ2254, Unit (S) 2, LG1, Mirror Tower, 61 Mody Road, Tsimshatsui, Kowloon, Hong Kong known as SBS Nominee Ltd. [SBS] which is handling its correspondences and documents. SBS is also the company secretary of the subject. The subject's file number in SBS is HZ2254.

To our knowledge, the subject has had a main associated company Nanjing Levachem Co. Ltd. [Nanjing Levachem] which is in Nanjing City, Jiangsu Province, China.

The subject and Nanjing Levachem form the Levachem Group. The subject is trading in the products of the Group.

The Group is an international fine chemicals holding company and is one of China's leading providers of integrated fine chemicals.

At present, Levachem Group oversees two operating companies, the subject and Nanjing Levachem.

The subject chiefly is serving foreign customers. The main office of the subject is also in Nanjing City, Jiangsu Province, China.

Now, the Group has customers in about fifteen countries of the world.

Nanjing Levachem was established in 2001 in China. The Group has had four cooperating manufacturers that are engaged in producing fine chemicals, diversified pharmaceuticals, agrochemical ingredients and the other high technology products relating chemicals.

The Group has three major business sectors: Pharmaceuticals, Dyestuffs and Other Fine Chemicals.

According to the subject, it is trading in the following main products:-

API

Pharmaceutical intermediates

Dyestuff intermediates

Agro-intermediates

Most of the chemicals are marketed in China, exported to Europe, the Middle East, Africa, Oceania, the other Asian countries, North America, Central and South America, etc. About 90% of the products are exported to foreign countries. Currently, it is carrying over 135 type of chemical products.

The Group is offering customers with the following services:

Sourcing agent service

Custom manufacturing service

Supporting and Logistic service

The following firms are some of its main partners in China:-

Lixin Chemical Co. Ltd. — Produce Dyestuff Intermediates, such as Bromamine Acid, 1-amino Anthraquinone, etc.;

Tian Ma Fine Chemical Co. Ltd. — Produce Pharmaceutical Ingredients, such as N-octyl D-Glucmine, etc.;

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Xin Yuan Fine Chemical Co. Ltd. — Produce Dyestuff / Pigment / Agrochemical Intermediates and Special Chemicals, etc.; & Xing Nong Chemical Co. Ltd. — Produce Agrochemical and Intermediates, etc.

Nanjing Levachem is also operated and owned by the four shareholders of the subject. It has opened an account at The Hongkong & Shanghai Banking Corp. Ltd., Shanghai Branch, China.

The Contact Person of Nanjing Levachem Mr. Lu Min-Yan is one of the shareholders of the subject.

In Hong Kong, the subject has opened a bank account in The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong Headquarters which are located at No. 1 Queen's Road Central, Hong Kong.

The subject's business in Hong Kong is not active. History in Hong Kong is over sixteen years and four months.

On the whole, since the subject does not have its own operating office and has no employees in Hong Kong, consider it good for business engagements on L/C basis or in small credit amounts.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.99
UK Pound	1	INR 88.95
Euro	1	INR 79.82
HKD	1	INR 8.98

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)