

## MIRA INFORM REPORT

Report No. :	517762
Report Date :	29.06.2018

### IDENTIFICATION DETAILS

Name :	KOTHARI TRADING (HK) LIMITED
Registered Office :	7/F., Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong.
Country :	Hong Kong
Date of Incorporation :	16.12.2002
Com. Reg. No.:	33218272
Legal Form :	Private Limited Company
Line of Business :	Importer, Exporter and Wholesaler of Diamonds, Precious and Semi-Precious Stones
No. of Employees :	7

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> 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 :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto: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

## **NOTE**

(Formerly located at:  
6/F., Hang Shun Building,  
10-12 Wyndham Street, Central, Hong Kong.)

## **COMPANY NAME AND ADDRESS**

### **KOTHARI TRADING (HK) LIMITED**

**ADDRESS:** 7/F., Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong.

**PHONE:** 852-2525 5003

**FAX:** 852-2525 5013

**E-MAIL:** kothari@biznetvigator.com  
info@kothari.hk

### **MANAGEMENT:**

Managing Director: Mr. Manak Chand Rajendra Kumar Kothari

## **SUMMARY**

Incorporated on: 16th December, 2002.

Organization: Private Limited Company.

Issued Share Capital: HK\$3,000,000.00

Business Category: Diamond Trader.

Employees: 7.

Main Dealing Banker: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Banking Relation: Satisfactory.

## **ADDRESS**

Registered Head Office:-  
7/F., Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong.

Postal Address:-  
G.P.O. Box 469, Central, Hong Kong.

Associated Company:-  
Kothari Trading Co. Ltd.  
5-16-8 Ueno Taito-Ku, Sunrise Building, 3B, Tokyo, Japan.  
[Tel: 81-3-3837 3847; Fax: 81-3-3837 3848]

## **BUSINESS REGISTRATION NUMBER**

33218272

## **COMPANY FILE NUMBER**

0825973

## **MANAGEMENT**

Managing Director: Mr. Manak Chand Rajendra Kumar Kothari  
Contact Person: Mr. Raju Kothari

## **ISSUED SHARE CAPITAL**

HK\$3,000,000.00

## **SHAREHOLDERS**

(As per registry dated 16-12-2017)

Name

Manak Chand Rajendra Kumar KOTHARI  
Manak Chand Surendar Kumar KOTHARI

No. of shares

2,000,001  
999,999

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Total: 3,000,000  
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## **DIRECTORS**

(As per registry dated 16-12-2017)

Name

(Nationality)

Manak Chand Rajendra Kumar  
KOTHARI

Address

Flat D, 10/F., Medallion Heights, 45 Conduit Road, Mid-  
Levels, Hong Kong.

Manak Chand Surendar Kumar  
KOTHARI

Flat B, 19/F., Tower 8, Marinella, 9 Welfare Road,  
Aberdeen, Hong Kong.

## **SECRETARY**

(As per registry dated 16-12-2017)

Name

Newone Consultants  
Ltd.

Address

2/F., Hong Kong Trade Centre, 161-167 Des Voeux Road  
Central, Hong Kong.

Co. No.

1883112

## **HISTORY**

The subject was incorporated on 16th December, 2002 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the subject was located at '6/F., Hang Shun Building,

10-12 Wyndham Street, Central, Hong Kong', moved to the present address in November 2015.

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

## **OPERATIONS**

Activities: Importer, Exporter and Wholesaler.

Lines: Diamonds, precious and semi-precious stones.

Employees: 7.

Commodities

Imported: India, Belgium, other European countries, Asian countries, etc.

Markets: Hong Kong, China, Japan, Southeast Asia, Europe, Middle East, etc.

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Terms/Sales: CAD, L/C, T/T, etc.

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

## **MEMBERSHIP**

Hong Kong Jewelry Manufacturers' Association, Hong Kong.

## **FINANCIAL INFORMATION**

Issued Share Capital: HK\$3,000,000.00

Mortgage or Charge:-

Date of Legal Charge/Mortgage: 21-01-2011

Amount: To secure the due & punctual payment of the Secured Indebtedness

Property: All those 3,828/142,919th parts or shares of and in Section A, B; C; D; G; J of Inland Lot No. 80, Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong. All that office & ancillary areas on the Seventh Floor.

Mortgagee: Standard Chartered Bank (Hong Kong) Ltd., Hong Kong.

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: Satisfactory.

Bankers:-

The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Standard Chartered Bank (Hong Kong) Ltd., Hong Kong.

Standing: Very Good.

## **GENERAL**

Having issued 3 million ordinary shares of HK\$1.00 each, Kothari Trading (HK) Limited formerly was a subsidiary company of Kothari Trading Co. Ltd. [KTCL]. KTCL, a Japan-based firm, had held one third of the stakes of the

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subject. The balance two thirds were held by Mr. Manak Chand Rajendra Kumar Kothari. On 18th December, 2008, KTCL transferred all its shares to Mr. Manak Chand Surendar Kumar Kothari. Now the subject is wholly-owned by the Kothari family. However, the subject remains to be a business partner of KTCL.

The directors of the subject are also shareholders of the subject. Both are Hong Kong ID holders and have got the right to reside in Hong Kong.

KTCL is located in Tokyo, Japan while its director is Mr. Suren Kothari.

The subject is dealing in fine coloured diamonds, pearls, rare gemstones, etc. Products include natural fancy coloured diamonds, unusual rose cut and briolette cut diamonds, unheated sapphire, Paraiba stones, 14.75-Carat emerald, etc.

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

- Diamonds (including loose or polished, fancy or natural coloured diamonds);
- Emerald;
- Jewellery, jewellery sets;
- Natural pearls;
- Paraiba Stones;
- Rubies;
- Sapphires (including unheated); &
- Other fine coloured precious stones.

Its jewellery products include crystal bracelets, diamond earrings, diamonte & pearl ornaments, 925 silver diamond rings, emerald rings, pink sapphire rings, etc.

Many of the subject's products such as fancy diamonds, cut and polished diamonds are imported from India, other Asian countries, Belgium and other European countries, etc. Finished products and polished diamonds are marketed in Hong Kong, China and exported to Japan, Taiwan, India, South Korea, other Asian countries, Australia, the Middle East, North America, Europe, Africa, Central & South America, etc. However, Japan is its main market. Business is active. KTCL is responsible for marketing the subject's products in Japan.

According to the subject it has got offices in Japan and Bangkok of Thailand.

The Kothari family has had affiliated factories engaged in diamond trading and manufacturing in India.

In order to penetrate the international market further, the subject and KTCL have taken part in fairs and exhibitions held in Hong Kong and other foreign large cities. For instance, it is going to take part in "HKTDCC Hong Kong International Diamond, Gem & Pearl Show 2018" which will be held in Hong Kong AsiaWorld-Expo, Lantau, Hong Kong during the period of 27th February to 3rd March, 2018.

The history of the subject in Hong Kong is over 15 years and a month. Regular suppliers and foreign customers have been maintained. Business is active.

The subject operates from its own office in Hong Kong.

On the whole, consider it good for normal business engagements.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.94
UK Pound	1	INR 90.21
Euro	1	INR 79.64
HKD	1	INR 8.72

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIS
<b>Report Prepared by :</b>	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)