

MIRA INFORM REPORT

Report No. :	520891
Report Date :	19.07.2018

IDENTIFICATION DETAILS

Name :	ONESTEEL RECYCLING HONG KONG LIMITED
Registered Office :	Level 16, 28 Hennessy Road, Wanchai
Country :	Hongkong
Date of Incorporation :	13.06.2003
Com. Reg. No.:	33692228
Legal Form :	Private Limited Company
Line of Business :	Importer, Exporter and Wholesaler of all kinds of Metal Scraps.
No. of Employees :	14

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 :	Satisfactory
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 (31.12.2017)	Current Rating (01.04.2018)
Hongkong	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

HONGKONG - 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 exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase



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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

ONESTEEL RECYCLING HONG KONG LIMITED

ADDRESS: Level 16, 28 Hennessy Road, Wanchai, Hong Kong.
PHONE: 852-2517 0920
FAX: 852-2583 9659
E-MAIL: info@onesteelasia.com

MANAGEMENT

Managing Director: Mr. Sanjeev Gupta

SUMMARY

Incorporated on: 13th June, 2003.
Organization: Private Limited Company.
Issued Share Capital: HK\$100.00
Business Category: Importer, Exporter and Wholesaler.
Employees: 14.
Main Dealing Banker: Australia & New Zealand Banking Group Ltd., Hong Kong Branch.
Banking Relation: Good.

ADDRESS

Registered Head Office:-
Level 16, 28 Hennessy Road, Wanchai, Hong Kong.

Holding Company:-
OneSteel Recycling Pty Ltd., Australia.

Ultimate Holding Company:-

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GFG Alliance, United Kingdom.

Associated/Affiliated Companies:-

AltaSteel Ltd., Canada.
Arrium Finance Pty. Ltd., Australia.
Arrium Iron Ore Holdings Pty Ltd., Australia.
Arrium Mining Services Asia Ltd., Hong Kong.
Austube Mills Holdings Pty. Ltd., Australia.
[Formerly known as Australian Tube Mills Pty. Ltd.]
Austube Mills Pty. Ltd., Australia.
[Formerly known as OneSteel Australian Tube Mills Pty. Ltd.]
Central Iron Pty Ltd., Australia.
Commonwealth Steel Co. Pty. Ltd., Australia.
Coober Pedy Resources Pty Ltd., Australia.
Litesteel Technologies America LLC., US.
Litesteel Technologies Pty. Ltd., Australia.
Maple Leaf Metals (A Partnership), Canada.
Metpol Pty Ltd., Australia.
Moly-Cop Adesur S.A., Peru.
Moly-Cop Canada (A Partnership), Canada.
Moly-Cop Chile S.A., Chile.
Moly-Cop Mexico S.A. de C.V., Mexico.
Moly-Cop Steel Inc., Canada.
Moly-Cop USA LLC., US.
OneSteel Americas Holdings Pty. Ltd., Australia.
OneSteel Coil Coaters Pty. Ltd., Australia.
OneSteel Group (US Holdings) Inc., US.
OneSteel Manufacturing Pty. Ltd., Australia.
OneSteel MBS Pty. Ltd., Australia.
OneSteel NSW Pty. Ltd., Australia.
OneSteel Recycling Holdings Pty. Ltd., Australia.
OneSteel Recycling Inc., USA.
OneSteel Recycling Overseas Pty. Ltd., Australia.
OneSteel Recycling Pty. Ltd., Australia.
OneSteel Reinforcing Pty. Ltd., Australia.
Onesteel Stainless Australia Pty. Ltd., Australia.
[Formerly known as Fagersta Australia Pty. Ltd.]
Onesteel Stainless Pty. Ltd., Australia.
[Formerly known as Fagersta Steels Pty. Ltd.]
OneSteel Trading Pty. Ltd., Australia.
OneSteel US Investments 1 Pty. Ltd., Australia.
OneSteel US Investments 2 Pty. Ltd., Australia.
OneSteel US Investments, US.
OneSteel Wire Pty. Ltd., Australia.
P & T Tube Mills Pty. Ltd., Australia.
PT Commonwealth Steel Indonesia, Indonesia.
Southern Iron Pty. Ltd., Australia.
SSX Acquisitions Pty. Ltd., Australia.
SSX International Pty. Ltd., Australia.

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SSX Pty. Ltd., Australia.
SSX Services Pty. Ltd., Australia.
The Australian Steel Co. (Operations) Pty. Ltd., Australia.
Tubemakers of Australia Pty. Ltd., Australia.
Whyalla Ports Pty. Ltd., Australia.
XMS Holdings Pty. Ltd., Australia.
etc.

BUSINESS REGISTRATION NUMBER

33692228

COMPANY FILE NUMBER

0849675

MANAGEMENT

Managing Director: Mr. Sanjeev Gupta

ISSUED SHARE CAPITAL

HK\$100.00

SHAREHOLDER

(As per registry dated 13-06-2017)

Name	No. of shares
OneSteel Recycling Pty Ltd.	100
KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney, New South Wales, Australia.	===

DIRECTOR

(As per registry dated 31-08-2017)

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Name
(Nationality)
Sanjeev GUPTA

Address
Wyelands Est, Pwllmeyric, Chepstow, NP16 6LA, U.K.

SECRETARY

(As per registry dated 13-06-2017)

Name
B. & McK. Nominees Ltd.

Address
Unit 1401, 14/F., Hutchison House,
10 Harcourt Road, Hong Kong.

Co. No.
0054552

HISTORY

The subject was incorporated on 13th June, 2003 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Smorgon Hartwell Recycling (HK) Ltd., name changed to the present style on 9th May, 2008.

Formerly the subject was located at Room 2003 & 2005, 20/F., Yat Chau International Plaza, 118 Connaught Road West, Sai Ying Pun, Hong Kong, moved to the present address in January 2014.
The subject changed hands in June 2017.

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

OPERATIONS

Activities: Importer, Exporter and Wholesaler.

Lines: All kinds of metal scraps.

Employees: 14.

Commodities Imported: India, other Asian countries, etc.

Markets: China, Japan, other Asian countries, Middle East, North America, Western Europe, etc.

Terms/Sales: L/C or as per contracted.

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

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FINANCIAL INFORMATION

Issued Share Capital:	HK\$100.00
Profit or Loss:	Group's business is profitable.
Condition:	Business is normal.
Facilities:	Adequate for current running.
Payment:	Slow but Correct
Commercial Morality:	Satisfactory.
Bankers:-	Australia & New Zealand Banking Group Ltd., Hong Kong Branch. The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
Standing:	Small.

GENERAL

Formerly OneSteel Recycling Hong Kong Limited was a wholly-owned subsidiary of OneSteel Recycling Asia Ltd., a Hong Kong-registered firm located at the operating address of the subject. On 28th June, 2017 the old holding company transferred all its shares to OneSteel Recycling Pty Ltd. which is an Australia-based company. The ultimate holding company of the subject is GFG Alliance which is controlled by Sanjeev Gupta who is an India merchant residing in the United Kingdom. Sanjeev Gupta is a UK-passport holder. Appointed on 31st August, 2017, he is also the only director of the subject.

The subject formerly belonged to the Recycling Segment of the Arrium Group. Since the Group has been suffering from losses, it sold the business of the subject to GFG Alliance which is in the United Kingdom.

After the acquisition, the name of 'Arrium Mining' was changed to SIMEC Mining and 'OneSteel' will be changed to 'Liberty OneSteel' step by step. 'Liberty OneSteel' belongs to the Liberty House Group which is under GFG Alliance.

On 4th July, 2017, Sanjeev Gupta's GFG Alliance, the international industrial, energy, natural resources and financial services group, acquired Arrium.

The acquisition is able to secure the jobs of over 5,500 Australian workers, and includes the following OneSteel steel and steel-related businesses.

OneSteel Scrap Recycling – A steel scrap and recycling business with a national network of collection and processing facilities handling around 2 million tonnes per annum of ferrous scrap and around 250,000 tonnes per annum of non-ferrous scrap for export and internal supply.

OneSteel Secondary Steelworks – 4 million tonnes per annum from two electric arc furnaces with three bar and rod rolling mills (Sydney, Melbourne, and Newcastle). The business is Australia's only producer of rod, bar and wire products.

The subject is responsible for the recycling of scrap metals, zinc, aluminium, ferrous and non-ferrous metals, etc. Commodities are provided to the subject's affiliated mills in Australia and the other countries of the world for

processing. The subject has set up several scrap metal collecting centres in Hong Kong. In Fanling, New Territories, the subject has had a recycling centre which is operated by HP Metal Recycling (HK) Ltd., a Hong Kong-based firm.

To our knowledge, Sanjeev Gupta is also Executive Chairman of Liberty House Group [Liberty/LHG].

The Group's portfolio is very large and has its roots in hard commodities (mainly ferrous and non-ferrous metals, but also coal and others) which are then being transported to an extensive global network to many downstream customers as well as Liberty owned businesses. Some of Liberty's products (i.e. steel) are further processed in its plants turning it into hot rolled steel coil, steel tube, long steel products, and others. Further downstream, these are then converted to other engineered products such as tubular solutions for the automotive sector, braking applications for motorsport, precision steel strip blades for numerous uses, etc. The company also has a steel distribution arm which delivers steel tube and other steel based products to customers in the UK.

Sanjeev Gupta is an international businessman and entrepreneur, heading a global enterprise with activities spanning steel and aluminium production, engineering, power generation, banking, and commodities trading.

As Executive Chairman of LHG, he leads a fast-growing US\$6.7 billion global industrial group, headquartered in London, with additional global hubs in Dubai, Singapore and Hong Kong, and further bases in over 30 countries

The subject is fully supported by GFG Alliance. History in Hong Kong is over 15 years.

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.57
UK Pound	1	INR 89.73
Euro	1	INR 79.74
HKD	1	INR 8.77

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	NIT

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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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