

MIRA INFORM REPORT

Report No. :	521773
Report Date :	23.07.2018

IDENTIFICATION DETAILS

Name :	BROWN GEMS (HK) LIMITED
Registered Office :	Room 408, 4/F., Heng Ngai Jewelry Centre, 4 Hok Cheung Street (East), Hungghom, Kowloon
Country :	Hong Kong
Date of Incorporation :	02.05.2012
Com. Reg. No.:	59745291
Legal Form :	Private Limited Company.
Line of Business :	Trader of all kinds of diamonds, precious and semi-precious stones
No. of Employees :	3

RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
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)
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 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

BROWN GEMS (HK) LIMITED

ADDRESS: Room 408, 4/F., Heng Ngai Jewelry Centre, 4 Hok Cheung Street (East), Hunghom, Kowloon, Hong Kong.

PHONE: 852-3153 4264

FAX: 852-2126 7141

E-MAIL: browngemshk@gmail.com

MANAGEMENT

Managing Director: Mr. Harkishan Manjibhai Monpara

SUMMARY

Incorporated on: 2nd May, 2012.

Organization: Private Limited Company.

Issued Share Capital: HK\$7,700,000.00

Business Category: Gemstone Trader.

Employees: 3.

Main Dealing Banker: DBS Bank (Hong Kong) Ltd., Hong Kong.

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Room 408, 4/F., Heng Ngai Jewelry Centre, 4 Hok Cheung Street (East), Hunghom, Kowloon, Hong Kong.

BUSINESS REGISTRATION NUMBER

59745291

COMPANY FILE NUMBER

1738993

MANAGEMENT

Managing Director: Mr. Harkishan Manjibhai Monpara
Contact Person: Mr. Pravin Kakadia

ISSUED SHARE CAPITAL

HK\$7,700,000.00

SHAREHOLDER

(As per registry dated 02-05-2018)

<u>Name</u>	<u>No. of shares</u>
Harkishan Manjibhai MONPARA	7,700,000
	=====

DIRECTORS

(As per registry dated 02-05-2018)

<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
Pravin Gordhanbhai KAKADIA	Room 408, 4/F., Heng Ngai Jewelry Centre, 4 Hok Yuen Street (East), Hunghom, Kowloon, Hong Kong.
Dhavalkumar KAKADIA	Devjibhai Plot No. 4 to 6, D.M. Park Society, Nr. Dhanmora, Katargram Singapore Road, Surat 395004, Gujarat, India.
Harkishan Manjibhai MONPARA	Dev Daya Building, C-5, Flat No. 403, Sector 3, Shanti Nagar, Mira Road (East), Thane-401107, India.

SECRETARY

(As per registry dated 02-05-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Champion Corporate Ltd.	Unit 907, 9/F., Silvercord Tower 2, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.	0657221

HISTORY

The subject was incorporated on 2nd May, 2012 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the subject's registered address was located at Flat B, 7/F., Shing Hing Commercial Building, 21-27 Wing Kut Street, Central, Hong Kong where is the operating address of Pioneer Consultants Ltd. which is a commercial service provider, moved to Unit E2, 6/F., Summit Building, 30 Man Yue Street, Hunghom, Kowloon, Hong Kong with effect from 14th May, 2012, to Room 2, Unit 306, 3/F., Harbour Centre Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong in May 2013 and further moved to the present address in November 2014.

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

OPERATIONS

Activities: Gemstone Trader.

Lines: All kinds of diamonds, precious and semi-precious stones.

Employees: 3.

Commodities Imported: India, Sri-Lanka, other Asian countries, etc.

Markets: Hong Kong, China, other Asian countries, etc.

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

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

FINANCIAL INFORMATION

Issued Share Capital: HK\$7,700,000.00

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Profit or Loss: Made small profits in past four years.

Mortgage or Charge:-
Date: 30-04-2014
Description of Instrument: Mortgage
Mortgagee: DBS Bank (Hong Kong) Ltd., Hong Kong.

Condition: Business is normal.

Facilities: Adequate for current running.

Payment: Slow but correct.

Commercial Morality: Satisfactory.

Banker: DBS Bank (Hong Kong) Ltd., Hong Kong.

Standing: Small.

GENERAL

Formerly Brown Gems (HK) Limited had issued 100,000 ordinary shares of HK\$1.00 each which were wholly owned by Mr. Harkishan Manjibhai Monpara [H M Monpara] who was an India merchant. Now, its number of shares have been increased to 7.7 million of the same value each. All the newly issued ordinary shares were allotted to H M Monpara.

The directors of the subject are Mr. Harkishan Manjibhai Monpara, Mr. Pravin Gordhanbhai Kakadia and Mr. Dhavalkumar Devjibhai Kakadia, all are Hong Kong ID holders and have got the right to reside in Hong Kong. The subject moved to the present address in November 2014. The contact person of the subject is also H M Monpara.

The subject is a gemstone and loose, polished and cut diamond trader. Its significant products are Dark Brown Diamond, Brown Diamond, White Diamond, Round-Cut Brown Diamond, Light Brown I J K Colour Diamond, GIA, HRD, NGTC Diamonds, etc.

Its diamond manufacturing unit is located at Surat, Ahemdabad, India.
The subject are manufacturing a wide range of brown diamonds.

The followings are the specifications of its full cut brown diamonds:-

- COLOR: next to white, off white, LB, TTLB, TLB, special in dark brown (DB)
- CLARITY: VVS, VS, SI, I1, I2
- SIZES: +0000-2, STAR (+2-6.5), MELE (+6.5-11), & ELEVEN (+11-18) (0.9MM TO 0.3.6MM)

The subject now is still famous for its round-cut brown diamonds. Other significant products are Single Cut, Rose Cut, Tapper & Baggets. All its products bear the brand name *Brown*.

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The subject's products mostly are I J K colour, 0.10 pointers to 1 cts up all size and it has large quantities of TTLB and TTLB goods.

Most of the commodities are imported from India, Europe, etc. Prime markets are Hong Kong, China and the other Asian countries, Europe, the United States, etc.

According to the subject, the subject has had the following two main business partners:-

- Brown Diam Co. Ltd., Thailand.
- Khodal Gems, India.

The second company belongs to the Khodal Group.

In order to penetrate the international market further, the subject has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities. 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. Its booth No. was AWE 11-F36.

It will take part in the same Show in 2019.

The office of the subject ranges from 9:00 am to 9:00 pm.

The subject's business is chiefly handled by Monpara himself. The other main contact persons are the directors of the subject.

The history of the subject in Hong Kong is over six years and two months.

On the whole, consider the subject good for normal business engagements in moderate credit amounts.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.85
UK Pound	1	INR 89.67
Euro	1	INR 80.31
HKD	1	INR 8.75

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	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)