

MIRA INFORM REPORT

Report No. :	521836
Report Date :	30.07.2018

IDENTIFICATION DETAILS

Name :	SHIN KEE DRUG COMPANY LIMITED
Formerly Known As :	SHIN KEE & COMPANY
Registered Office :	Flat A & B, 1/F., Wah Kit Commercial Centre, 300-302 Des Voeux Road Central
Country :	Hong Kong
Date of Incorporation :	July 1949
Com. Reg. No.:	03225469
Legal Form :	Private Limited Company
Line of Business :	Importer and exporter; distributor and wholesaler of all kinds of pharmaceutical products, cosmetics, toiletries, perfumery, organic and inorganic chemicals
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 :	No Complaints
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

SHIN KEE DRUG COMPANY LIMITED

ADDRESS: Flat A & B, 1/F., Wah Kit Commercial Centre, 300-302 Des Voeux Road Central, Hong Kong.

PHONE: 2541 0613, 2541 0610

FAX: 2541 4699, 3010 0262

E-MAIL: shinkeehk@hknet.com.hk

MANAGEMENT

Managing Director: Mr. Koo Tung Wah, William

SUMMARY

Establishment: July 1949.

Incorporated on: 18th April, 1967.

Organization: Private Limited Company.

Issued Share Capital: HK\$1,000,000.00

Business Category: Pharmaceutical Merchant.

Annual Turnover: HK\$50~100 million.

Employees: 14.

Main Dealing Bankers: Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
Citibank N.A., Hong Kong Branch.

Banking Relation: Good.

ADDRESS

Registered Head Office:-

Flat A & B, 1/F., Wah Kit Commercial Centre, 300-302 Des Voeux Road Central, Hong Kong.

Mailing Address:-

G.P.O. Box 827, Hong Kong.

Associated Company:-

Shanghai Fraternity Association Hong Kong Ltd., Hong Kong.

BUSINESS REGISTRATION NUMBER

03225469

COMPANY FILE NUMBER

0014149

MANAGEMENT

Managing Director: Mr. Koo Tung Wah, William

ISSUED SHARE CAPITAL

HK\$1,000,000.00 (10,000 fully paid ordinary shares)

SHAREHOLDERS

(As per registry dated 18-04-2018)

<u>Name</u>	<u>No. of shares</u>
KOO Tung Wah, William	5,485
SAE YUNG Hansa	4,515
Total:	10,000 =====

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DIRECTORS

(As per registry dated 18-04-2018)

Name

(Nationality)

Address

KOO Sui Tin (British)	13/F., 16, Fontana Gardens, Ka Ning Path, Causeway Bay, Hong Kong.
BIN Kau Lee (British)	13/F., 16, Fontana Gardens, Ka Ning Path, Causeway Bay, Hong Kong.
KOO Tung Wah, William (British)	Flat 2, 19/F., Block C, Beverly Hill, 6 Broadway Road, Hong Kong.
SAE YUNG Hansa (Chinese)	Flat 2, 19/F., Block C, Beverly Hill, 6 Broadwood Road, Hong Kong.

SECRETARY

(As per registry dated 18-04-2018)

Name

(Nationality)

Address

Rosa LAU (British)	Flat C, 5/F., 554-560 Queen's Road West, Hong Kong.
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HISTORY

The subject was originally established in Hong Kong in July 1949 as a sole proprietorship firm owned by Mr. Koo Sui Tin under the name of Shin Kee & Company. Converted into a partnership concern when Mr. C. T. Bin was admitted into the subject in June 1962. Re-organized and incorporated on 18th April, 1967 as a private limited liability company bearing the name of Shin Kee Intertrade Co. Ltd. under the Hong Kong Companies Ordinance. The present name was adopted on 6th November, 1970.

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

OPERATIONS

Activities: Importer and Exporter; Distributor and Wholesaler.

Lines: All kinds of pharmaceutical products, cosmetics, toiletries, perfumery, organic and inorganic chemicals.

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Employees: 14.
Commodities Imported: Mainly imported from Germany, Italy, Japan and China.
Markets: Hong Kong and Southeast Asia.
Annual Turnover: HK\$50~100 million.
Terms/Sales: L/C and 30 days credit.
Terms/Buying: L/C, D/P and D/A 30 days.

MAIN JAPANESE SUPPLIERS

Iwaki & Co. Ltd., Japan.
Maruzen Chemicals Co. Ltd., Japan.
Tokyo Tanabe Co. Ltd., Japan.

FINANCIAL INFORMATION

Issued Share Capital: HK\$1,000,000.00 (10,000 fully paid ordinary shares)
Mortgage or Charge: (See attachment)
Profit or Loss: Making a small profit.
Condition: Business is active and good.
Facilities: Making active use of general banking facilities.
Payment: No complaints
Commercial Morality: Good.
Bankers:-
Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
Citibank N.A., Hong Kong Branch.
Bank of China (Hong Kong) Ltd., Hong Kong.
Banking:-
One source reports it maintains an active and well conducted current account on their books. Their import and export transaction are always settled in a confirming manner.

Another source informs the subject maintains an active and well conducted four to low five figure account with them. Their relationship has been satisfactory.

Standing: Good.

GENERAL

Shin Kee Drug Company Limited, previously known as Shin Kee & Company, was originally established in July 1949 as a sole proprietorship concern owned by Mr. Koo Sui Tin. Changed to a partnership jointly owned by Mr. C. T. Bin and Mr. Koo Sui Tin in June 1962. In April 1967, the subject was converted into a private limited company and registered under the name of Shin Kee Drug Co. Ltd. which is the present style.

Having issued 10,000 ordinary shares of HK\$1.00 each, the subject formerly was owned by Mr. Koo Sui Tin, holding 10.00% interest; Ms. Bin Kau Lee, holding 10.00%; Mr. Koo Sui Kong, 25.15%, and Mr. William Koo Tung Wah, 54.85%. On 15th October, 1996, Mr. Koo Sui Tin, Ms. Bin Kau Lee and Mr. Koo Sui Kong transferred all their shares to Ms. Sae Yung Hansa. Since then, Ms. Sae Yung Hansa has been holding 45.15% stake while Koo Tung Wah, still holding 54.85%.

The subject is a pharmaceutical importer, wholesaler, exporter and distributor. It is trading in the following products:-

- Cosmetics, Toiletries, Perfumery
- Pharmaceutical Products
- Organic Chemicals
- Inorganic Chemicals
- Dyes, Pigments, Colouring Matter, Paints, Inks
- Fertilizer, Feed for Poultry and Livestock

Products are imported from Europe, India, China, etc. The subject also re-exports some of the pharmaceuticals to the other Asian countries and Europe.

The subject has registered with the Pharmaceutical Service Department of Health, the Government of the Hong Kong Special Administrative Region [HKSAR]. It was approved by the HKSAR Government to sell the following pharmaceuticals: S-Carboxymethyl-L-Cysteine (Ningbo Nat), Salbutamol Sulphate (FDC Ltd.), Salicylamide (Jiangsu Hongxing), etc.

In early 2010, the subject registered the following pharmaceuticals:-

<u>Product Name</u>	<u>Registered No.</u>	<u>Main Content</u>
Ibuprofen (Hubei Biocause Heilen Pharm)	HK46882	Ibuprofen
Ibuprofen (Shandong)	HK46615	Ibuprofen
Minoxidil (Zhen Yu)	HK47493	Minoxidil 144
Riboflavin Sodium Phosphate (Supriya)	HK47721	Vitamin B2
Rifampicin (Zhejiang Xinchang)	HK46158	Rifampicin

Having a history of about 69 years in Hong Kong, the subject's business has been good and active. Long term business ties have been developed with a number of foreign suppliers and local clients. Annual sales turnover ranges from HK\$50 to 100 million, however, its profit margins were usually low in past years.

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The managing personnel are experienced in the line of business. The subject is chiefly administered by Mr. William Koo Tung Wah.

On the whole, in view of the subject's history and background, consider it good for normal business engagements.

REMARKS

Property information of the company and director:-

1. Property Location: Flat A & B on 1/F., Wah Kit Commercial Centre,
302 Des Voeux Road Central, Hong Kong.

Owner: Shin Kee Drug Co. Ltd.

Date of Purchase: 16-09-1982

Purchased Price: HK\$3,600,000

Incumbrances: No mortgage record registered against the property.

2. Property Location: Flat C2 on 19/F. of Block C, Beverly Hill, 6 Broadwood Road, Hong Kong.

Owner: Shin Kee Drug Co. Ltd.

Date of Purchase: 20-01-1989

Purchased Price: HK\$2,719,680

Incumbrances:-

Date of Mortgage	Amount Consideration	Mortgagee	Nature
25-03-2009	-	Bank of China (Hong Kong) Ltd., Hong Kong.	Mortgage to secure general banking facilities

3. Property Location: Flat E on 11/F., Onda Court, La Costa, Phase VIII, Area 8A, Discovery Bay, Lantau Island, New Territories, Hong Kong.

Owner: Shin Kee Drug Co. Ltd.

Date of Purchase: n.a.

Purchased Price: n.a.

Incumbrances:-

Date of Mortgage	Amount Consideration	Mortgagee	Nature
05-05-1997	-	Belgian Bank, Hong Kong Branch. [Name changed to Fortis Bank Asia HK, and back to Belgian Bank, but the business was taken over by Industrial & Commercial Bank of China (Asia) Ltd.]	Mortgage to secure general banking facilities

4. Property Location: 13/F. and one Car Parking Space, 16 Fontana Gardens (Block C), Causeway Hill, Hong Kong.

Owner: Koo Sui Tin

Date of Purchase: 30-06-1969

Purchased Price: HK\$220,000

Incumbrances: No mortgage record registered against the property.

MORTGAGE OR CHARGE

Date	Particulars	Amount
05- 05- 1997	<i>Instrument:</i> Mortgage <i>Property:</i> 5/250,000th parts or shares of and in The Remaining Portion of Lot No. 385 in Demarcation District No. 352 and 5/5,080th parts or shares of and in the buildings and other structures and ancillary works now erected or hereafter to be erected or constructed on La Costa which forms part of Discovery Bay City (Flat E on 11/F. of Onda Court, La Costs, Phase VIII, Area 8A, Discovery Bay, Lantau Island, New Territories, Hong Kong.) <i>Mortgagee:</i> Belgian Bank, Hong Kong Branch. [Name changed to Fortis Bank Asia HK, and back to Belgian Bank, but the business was taken over by Industrial & Commercial Bank of China (Asia) Ltd.]	To secure general banking facilities
25- 03- 2009	<i>Instrument:</i> Mortgage <i>Property:</i> 169/120,000th parts or shares of and in The Remaining Portion of Inland Lot No. 1946 (Flat C2 on 19/F. of Block C of Beverly Hill, 6 Broadwood Road, Hong Kong.) <i>Mortgagee:</i> Bank of China (Hong Kong) Ltd., Hong Kong.	To secure all moneys in respect of general banking facilities

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.70
UK Pound	1	INR 89.99
Euro	1	INR 79.98
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 :	SYL

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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)