

MIRA INFORM REPORT

Report No. :	540159
Report Date :	23.11.2018

IDENTIFICATION DETAILS

Name :	W. R. GRACE TRADING (HONG KONG) LIMITED
Registered Office :	Room 1001-3, 10/F., Capital Centre, 151 Gloucester Road, Wanchai,
Country :	Hong Kong
Date of Incorporation :	12.06.2015
Com. Reg. No.:	64881480
Legal Form :	Private Limited Company
Line of Business :	Importer, Exporter and Wholesaler of Specialty chemicals and specialty materials.
No. of Employees :	15

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 :	Good
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 (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.

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

W. R. GRACE TRADING (HONG KONG) LIMITED

ADDRESS: Room 1001-3, 10/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

PHONE: 852-2590 2828, 2590 2843

FAX: 852-2856 0703

MANAGEMENT:

Managing Director: Mr. German Huerta

SUMMARY

Incorporated on: 12th June, 2015.

Organization: Private Limited Company.

Issued Share Capital: HK\$83,108,203.00

Business Category: Importer, Exporter and Wholesaler.

Group Net Sales: US\$1,716.5 million (Year ended 31-12-2017)

Employees: 15.

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

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Room 1001-3, 10/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

Holding Company:-

W. R. Grace & Co. Conn., U.S.

Ultimate Holding Company:-

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W. R Grace & Co., U.S.

Associated/Affiliates Companies:-

Advanced Refining Technologies LLC, U.S.
Alltech Applied Science B.V., Netherlands.
Alltech Associates (Australia) Pty. Ltd., Australia.
Alltech Associates Applied Science Ltd., U.K.
Alltech Associates Inc., U.S.
Alltech France S.A.R.L., France.
Alltech Grom GmbH, Germany.
Alltech Italia S.R.L., Italy.
Amicon Ireland Ltd., Ireland.
Denac Nederland B.V., Netherlands.
Envases Industriales y Comerciales S.A., Cuba.
GEC Divestment Corporation Ltd., Canada.
Gloucester New Communities Company Inc., U.S.
Grace Catalysts & Materials S.L.U., Spain.
Grace Catalysts (Qingdao) Co. Ltd., China.
Grace Catalysts AB, Sweden.
Grace Catalysts LLC, Oman.
Grace Chemical Company of Cuba, U.S.
Grace CIS LLC, Russia.
Grace Collections Inc., U.S.
Grace Davison Chemicals India Pvt. Ltd., India.
Grace Energy Corporation, U.S.
Grace Ertekesito Kft., Hungary.
Grace Europe Holding GmbH, Germany.
Grace European Finance (Dublin) Ltd., Ireland.
Grace FCC Catalysts Middle East LLC, U.A.E.
Grace Germany GmbH, Germany.
Grace Global Operations Centre (Philippines) Inc., Philippines.
Grace GmbH, Germany.
Grace GP GmbH, Germany.
Grace Holdings S.A. de C.V., Mexico.
Grace Italy S.r.l., Italy.
Grace Luxembourg S.a.r.l., Luxembourg.
Grace Management GP GmbH, Germany.
Grace Management Services Inc., U.S.
Grace Netherlands B.V., Netherlands.
Grace PAR Corporation, U.S.
Grace Products (Singapore) Pte. Ltd., Singapore.
Grace Products South Africa (Pvt.) Ltd., South Africa.
Grace Refining Technologies Middle East Trading Ltd., Abu Dhabi.
Grace Silica GmbH, Germany.
Grace Technologies Inc., U.S.
Grace Trading (Shanghai) Co. Ltd., China.
Grace Turkey Kimyevi Madde Hizmetleri Anonim Sirket, Turkey
[Also known as Grace Turkey Chemicals Services Inc.]

Guanica-Caribe Land Development Corporation, U.S.
Kootenai Development Company, U.S.
Mertus 366.GmbH, Germany.
Papelera Camagueyana S.A., Cuba.
W. R. Grace Brasil Industria e Comercio de Produtos Quimicos Ltda., Brazil.
W. R. Grace Canada Corp., Canada.
W. R. Grace Capital Corporation, U.S.
W. R. Grace Finance (NRO) Ltd., Canada.
W. R. Grace Japan K.K., Japan.
W. R. Grace Korea Inc., Korea.
W. R. Grace Land Corporation, U.S.
W. R. Grace Specialty Chemicals (Malaysia) Sdn. Bhd., Malaysia.
W. R. Grace Trading (Thailand) Ltd., Thailand.

BUSINESS REGISTRATION NUMBER

64881480

COMPANY FILE NUMBER

2249808

MANAGEMENT

Managing Director: Mr. German Huerta

ISSUED SHARE CAPITAL

HK\$83,108,203.00

SHAREHOLDER

(As per registry dated 12-06-2018)

<u>Name</u>	<u>No. of shares</u>
W. R. Grace & Co. Conn. c/o Corporation Service Company 50 Weston Street, Hartford, CT 06120, U.S.A.	83,108,203 =====

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DIRECTORS

(As per registry dated 12-06-2018)

<u>Name</u> (Nationality)	<u>Address</u>
German HUERTA	709 S Decker Ave., Baltimore MD 21224, U.S.
Narayan RAM	F. No. 8, Mylapore House, No. 40, Dr. Ranga Road Mylapore, Chennai-600004, Tamil Nadu, India.

SECRETARY

(As per registry dated 12-06-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
B. & Mck. Nominees Ltd.	Room 1401, 14/F., Hutchison House, 10 Harcourt Road, Hong Kong.	0054552

HISTORY

The subject was incorporated on 12th June, 2015 as a private limited liability company under the Hong Kong Companies Ordinance.

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

OPERATIONS

Activities: Importer, Exporter and Wholesaler.

Lines: Specialty chemicals and specialty materials, etc.

Employees: 15.

Commodities Imported: Europe, other Asian countries, etc.

Markets: China, other Asian countries, Europe, North America, etc.

Group Net Sales: US\$1,609.5 million (Year ended 31-12-2013)
US\$1,757.3 million (Year ended 31-12-2014)
US\$1,628.2 million (Year ended 31-12-2015)
US\$1,598.6 million (Year ended 31-12-2016)
US\$1,716.5 million (Year ended 31-12-2017)

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US\$ 827.5 million (6 month ended 30-06-2017)
US\$ 917.2 million (6 month ended 30-06-2018)

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

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

FINANCIAL INFORMATION

Issued Share Capital: HK\$83,108,203.00

Group Income / (Loss):

US\$120.5 million (Year ended 31-12-2013)
US\$116.9 million (Year ended 31-12-2014)
US\$123.9 million (Year ended 31-12-2015)
US\$107.0 million (Year ended 31-12-2016)
US\$ 10.4 million (Year ended 31-12-2017)
US\$124.0 million (6 month ended 30-06-2017)
US\$131.8 million (6 month ended 30-06-2018)

Profit or Loss: Group business is profitable in past five years.

Condition: Keeping in an active condition.

Facilities: Making rather active use of general banking facilities.

Payment: No Complaints

Commercial Morality: Satisfactory.

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

Standing: Good.

GENERAL

W. R. Grace Trading (Hong Kong) Limited is a wholly-owned subsidiary of W. R. Grace & Co.-Conn. which is a US-based company. Its ultimate holding company W. R. Grace & Co. [Grace / Group] is also a US-based company. It was listed on New York Stock Exchange, Inc.

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Grace is engaged in the production and sale of specialty chemicals and specialty materials on a global basis through two reportable business segments: Grace Catalysts Technologies, which includes catalysts and related products and technologies used in refining, petrochemical and other chemical manufacturing applications; and Grace Materials Technologies, which includes specialty materials, including silica-based and silica-alumina-based materials, used in coatings, consumer, industrial, and pharmaceutical applications.

Grace is the successor to a company that began in 1854 and originally became a public company in 1953. W. R. Grace & Co. is a Delaware corporation.

On 30th June, 2016, Grace completed the acquisition of the assets of the BASF Polyolefin Catalysts business (the "polyolefin catalysts acquisition"), which included technologies, patents, trademarks, and production plants in Pasadena, Texas, and Tarragona, Spain, for a purchase price of US\$250.6 million.

Now the Group is operating the following two segments:

1. Grace Catalysts Technologies produces and sells catalysts and related products and technologies used in refining, petrochemical and other chemical manufacturing applications, as follows:
 - Fluid catalytic cracking catalysts
 - Hydroprocessing catalysts (HPC)
 - Polyolefin catalysts and catalyst supports
 - Gas-phase polypropylene process technology
2. Grace Materials Technologies produces and sells specialty materials, including silica-based and silica-alumina-based materials, used in coatings, consumer, industrial, and pharmaceutical applications, as follows:
 - Coatings - functional additives for wood and architectural coatings that provide surface effects and corrosion protection for metal substrates.
 - Consumer/Pharma - specialized materials used as additives and intermediates for pharmaceuticals, nutraceuticals, beer, toothpaste, food and cosmetic segments.
 - Chemical process - functional materials for use in plastics, rubber, tire, metal casting and adsorbent products for petrochemical and natural gas applications.

The Group operates its business on a global scale with approximately 75% of its 2017 sales outside the United States. It operates and/or sell to customers in over 60 countries and in 30 currencies. It manages its operating segments on a global basis, to serve global markets.

In 2017, the Net Sales of the Group amounted to US\$1,716.5 million (2016: US\$1,598.6 million), increased by 7.4% as compared with previous year; Group income was US\$10.4 million, decreased substantially as compared with US\$107.0 million in 2016.

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For the six months ended 30th June, 2018, the net sales of the Group amounted to US\$917.2 million (same period of 2017: US\$827.5 million).

As of December 31, 2017, the Group employed approximately 3,700 persons, of whom approximately 1,900 were employed in the United States and approximately 1,000 were employed in Germany. Of its total employees, approximately 2,200 were salaried and 1,500 were hourly.

The subject is fully supported by Grace. Its history in Hong Kong is over three years and five months.

On the whole, consider it good for normal credit requirements.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.90
UK Pound	1	INR 92.19
Euro	1	INR 81.94
HKD	1	INR 9.03

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	POJ

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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)