

MIRA INFORM REPORT

Report No. :	533069
Report Date :	10.10.2018

IDENTIFICATION DETAILS

Name :	GRACE (HONG KONG) INTERNATIONAL TRADING LIMITED
Registered Office :	C/o Global-Fortune Irap Ltd. GCCD0494, Unit 212, 2/F, Mirror Tower, 61 Mody Road, Tsimshatsui East, Kowloon
Country :	Hong Kong
Date of Incorporation :	26.07.2012
Com. Reg. No.:	60145890
Legal Form :	Private limited liability company
Line of Business :	Not Available [We tried to confirm / obtain the detailed activity but the same is not available from any sources]
No. of Employees :	No employees in Hong Kong. NOTE: It is to be noted that the company does not have its own operating office in Hong Kong. The company uses the address of its secretariat as its correspondence address only. Subject operates from some other country and does not have a base in Hong Kong. Such companies are registered in Hong Kong just to tax benefit purpose and due to the strict privacy laws prevailing in the country. In such cases, the companies are not required to have any employees in Hong Kong nor do have an office there.

RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
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C	Medium High Risk	Business dealings permissible preferably on secured basis
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Status :	No operating office in Hong Kong
Payment Behaviour :	Unknown
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.

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

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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



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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

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COMPANY NAME AND ADDRESS

GRACE (HONG KONG) INTERNATIONAL TRADING LIMITED

Address: c/o Global-Fortune Irap Ltd.
GCCD0494, Unit 212, 2/F, Mirror Tower,
61 Mody Road, Tsimshatsui East,
Kowloon, Hong Kong.

(Formerly located at:

c/o Global-Fortune Irap Ltd. Room B, 14/F., Wah Hen Commercial Centre, 383 Hennessy Road, Wanchai, Hong Kong.)

ADDRESS:

Registered Head Office:-
c/o Global-Fortune Irap Ltd.
GCCD0494, Unit 212, 2/F, Mirror Tower, 61 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

Holding Company:-
Yibin Grace Group Co. Ltd., China.

Associated Companies:-
Chengdu Grace Fibre Co. Ltd., China.
Hmei Thread Co. Ltd. of Yibin Sichuan, China.
Yibin Changxin Industrial Co. Ltd., China.
Yibin Changyi Pulp Co. Ltd., China.
Yibin Grace Land Co. Ltd., China.
Yibin Hiest Fibre Ltd., China.
Yibin Jinxilai Liquor Co. Ltd., China.
Yibin Spark Fine Spinning Tech Co. Ltd., China.

BUSINESS REGISTRATION NUMBER

60145890

COMPANY FILE NUMBER

1778893

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DATE OF INCORPORATION

26th July, 2012.

ISSUED SHARE CAPITAL

HK\$1,000,000.00

SHAREHOLDER

(As per registry dated 26-07-2018)

<u>Name</u>	<u>No. of shares</u>
Yibin Grace Group Co. Ltd. Hangtian Road, Nan'an Economic & Technology Development Area, Yibin, China.	1,000,000 =====

DIRECTORS

(As per registry dated 26-07-2018)

<u>Name</u>	<u>Address</u>
DENG Ming	No. 11, Building 9, Xingfu Village, No. 13 Changjiang Avenue (West Section), Cuiping District, Yibin, Sichuan, China.
DENG Hua	No. 8, Unit 2, No. 43, Xianfu Street, Cuiping District, Yibin Sichuan, China.
DENG Chuandong	No. 9, Building 9, Xingfu Village, No. 13 Changjiang Avenue (West Section), Cuiping District, Yibin, Sichuan, China.
SONG Wei	No. 2, 3/F., Unit 5, Building 61, Longwan Village, No. 13 Changjiang Avenue (West Section), Cuiping District, Yibin, Sichuan, China.
LI Rongling	62-12, Liujia Street, Cuiping District, Yibin, Sichuan, China.

SECRETARY

(As per registry dated 26-07-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
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Global-Fortune Irap Ltd. Unit 212, 2/F, Mirror Tower, 61 Mody Road, 1169967
Tsimshatsui East, Kowloon, Hong Kong.

HISTORY

The company was incorporated on 26th July, 2012 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the subject's registered address was located at Room B, 14/F., Wah Hen Commercial Centre, 383 Hennessy Road, Wanchai, Hong Kong where was the old operating office of a commercial service provider known as Global-Fortune Irap Ltd. The secretarial company moved to the present address in August 2018, so did the subject.

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

GENERAL

Grace (Hong Kong) International Trading Limited was incorporated on 26th July, 2012 as a private limited liability company.

The subject does not have its own operating office. Its registered office is in a commercial service firm located at "GCCD0494, Unit 212, 2/F, Mirror Tower, 61 Mody Road, Tsimshatsui East, Kowloon, Hong Kong" known as "Global-Fortune Irap Ltd." [GFIL] which is handling its correspondences and documents. GFIL is also the corporate secretary of the subject. "GCCD0494" is the file number of the subject in GFIL.

The subject has no employees in Hong Kong.

According to the Companies Registry of Hong Kong, the subject has issued 1 million ordinary shares of HK\$1.00 each of which are wholly-owned by Yibin Grace Group Co. Ltd. (宜賓絲麗雅集團有限公司) [Group], a China-based company.

The subject has 5 directors. All of them are China ID holders and do not have the right to reside in Hong Kong permanently. Their registered addresses are in China.

The Vice President of the Group is Mr. Deng Chuandong. He is also a director of the subject.

The brief information of the Group is as follow:

Name: Yibin Grace Group Co. Ltd.

Address: Aerospace Road, Nan'an Economic and Technological Development Zone, Yibin City, Sichuan Province, China.

Unified Social Credit Code: 9151150020885104X8

Organization Code: 20885104X

Registration Number: 5115000000068

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Business Status: Survival (in camp, opening, on-the-go)

Company Type: Limited Liability Company (state-owned)

Date of Establishment: 1st July, 1987.

Legal Representative: Mr. Deng Chuandong

Registered Capital: RMB341.0478 million Yuan

Registration Authority: Yibin City Administration for Industry and Commerce

Located in Yibin, the Group has established Yan Ping Ba Textile Industrial Park and Chang Xin Pioneer Park.

The Group is engaged in manufacturing viscose fibre, embroidery thread, cotton pulp, etc. It is also engaged in real estate, paper-making, energy, chemicals, alcohols and liquor trading and investments. However, the Group is significant for its viscose filament.

Most of the Group's textile products bear the brand name of *Grace*.

Now, Grace Group has become one of the worldwide largest suppliers of viscose filament yarn. It is also one of the "top 500 competitive enterprises in China" and one of the "Sichuan rapidly cultivated developing Companies".

The main products of the Group are as follow:

- Viscose Rayon Filament Yarn
- Viscose Embroidery Thread
- Viscose Staple Fibre
- Ring Spun Yarn
- Vortex Yarn
- Open End Yarn

The Group has created a national post-doctoral science and research centre, a national-appointed enterprise technology development and test centre.

The Group has claimed it has registered more than 100 international-level technologies, over 200 national-level technologies, and over 100 intellectual property rights.

Its products are exported to over 40 countries and regions such as North America, East Europe, South Korea, Japan, etc. According to the Group, the domestic market share has occupied to more than 35%, and more than 25% abroad. The export volume accounts for about 50% of its total sales.

The Group has won such honours as National Export Name Brand, National Labour Award, National Scientific Textile Enterprise Award, National Torch-Plan Project, China Qualified Real Estate, National Advanced Company-Affair Opening Unit, National Sci-Tech Textile Company, and so on.

The Group has got the following certifications: ISO9001: 2000 Standard Quality System, ISO14001:2004 Environment Management System and Swiss Oeko-Tex Standard, and 100 Environment Textile Standard Certification.

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Apart from textile yarn, the Group has diversified its business into the following sectors:

1. Packing Materials
2. Liquor Trading
3. Real Estate
4. All kinds of commodities trading, etc.

The subject has been banking with the following banks in Hong Kong:-

1. The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
2. Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
3. DBS Bank (Hong Kong) Ltd., Hong Kong.
4. Overseas-Chinese Banking Corporation Ltd., Hong Kong.

The subject's business in Hong Kong is not active. History in Hong Kong is over six years and two months.

Since the subject does not have its own operating office and has no employees in Hong Kong, consider it good for business engagements on L/C basis or in small credit amounts.

MORTGAGE OR CHARGE

Date	Description of Instrument	Mortgagee
18-07-2013	Trade Finance Security Assignment	Industrial & Commercial Bank of China Ltd.
19-08-2013	Charge on Cash Deposit(s) to secure Liabilities of the Depositor (s) (Charge)	DBS Bank Ltd., Hong Kong Branch.
15-09-2015	Trade Finance Security Agreement	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
08-12-2015	Assignment of Hedging Contracts	Oversea-Chinese Banking Corporation Ltd., Hong Kong Branch.
08-12-2015	Charge on Cash Deposit(s)	Oversea-Chinese Banking Corporation Ltd., Hong Kong Branch.
08-12-2015	Trade Finance Security Assignment	Oversea-Chinese Banking Corporation Ltd., Hong Kong Branch.
01-09-2016	Assignment of Contracts	Oversea-Chinese Banking Corporation Ltd., Hong Kong Branch.
10-05-2018	Charge Over Securities and Deposits with the Bank (Limited Company) (Unlimited Amount)	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.10
UK Pound	1	INR 96.99
Euro	1	INR 85.11
HKD	1	INR 9.47

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)