

MIRA INFORM REPORT

Report No. :	533333
Report Date :	11.10.2018

IDENTIFICATION DETAILS

Name :	CHEMETALS INTERNATIONAL LIMITED
Registered Office :	Unit A-C, 21/F., Golden Sun Centre, 59-67 Bonham Strand West
Country :	Hongkong
Date of Incorporation :	30.06.1989
Com. Reg. No.:	12878592
Legal Form :	Private Limited Company.
Line of Business :	Importer, exporter and wholesaler of all kinds of minor metals, ferro alloys, chemicals, non-ferrous metals and pharmaceuticals such as antimony, bismuth, cadmium, chromium (chrome), cobalt, magnesium, silicon, lead, zinc.
No. of Employees :	9

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 :	Regular
Litigation :	Clear

NOTES:

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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, 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

CHEMETALS INTERNATIONAL LIMITED

ADDRESS: Unit A-C, 21/F., Golden Sun Centre, 59-67 Bonham Strand West, Hong Kong.
PHONE: 852-2815 8111 (8 lines)
FAX: 852-2541 8919, 2544 4912
E-MAIL: chemetal@netvigator.com

MANAGEMENT

Managing Director: Mr. Wong Fun Tsang, Stephen

SUMMARY

Incorporated on: 30th June, 1989.
Organization: Private Limited Company.
Issued Share Capital: HK\$1,600,000.00
Business Category: Importer, Exporter and Wholesaler.
Annual Turnover: HK\$200~250 million.
Employees: 9.
Main Dealing Banker: Bank of China (Hong Kong) Ltd., Hong Kong.
Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Unit A-C, 21/F., Golden Sun Centre, 59-67 Bonham Strand West, Hong Kong.

China Representative Offices: Jishou, Shantou, Beijing.

Associated Company: Vancouver, Canada.

BUSINESS REGISTRATION NUMBER

12878592

COMPANY FILE NUMBER

0256462

MANAGEMENT

Managing Director: Mr. Wong Fun Tsang, Stephen

ISSUED SHARE CAPITAL

HK\$1,600,000.00

SHAREHOLDERS

(As per registry dated 30-06-2018)

Name	No. of shares
WONG Fun Tsang	660,000
Edward WONG	360,000
YANG Bing, Anna	580,000
Total:	<u>1,600,000</u>

DIRECTORS

(As per registry dated 30-06-2018)

Name (Nationality)	Address
Edward WONG	Flat B, 11/F., 8 Connaught Road West, Hong Kong.

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Name (Nationality)	Address
WONG Fun Tsang	10D, Fu Lai Yuen, Chi Fu Fa Yuen, Hong Kong.

SECRETARY

Edward WONG (As per registry dated 30-06-2018)

HISTORY

The subject was incorporated on 30th June, 1989 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: All kinds of minor metals, ferro alloys, chemicals, non-ferrous metals and pharmaceuticals such as antimony, bismuth, cadmium, chromium (chrome), cobalt, magnesium, silicon, lead, zinc.

Floor Space: 110 sq.m.

Employees: 9.

Commodities Imported:-
Ferro alloys – China.
Chemicals – China.
Non-ferrous metals – China.
“FLYING WHEEL” Zinc oxide – China.
“SOUTH CHINA” Paraffin wax – China.
“SOUTH BOAT” Gum rosin – China.
Furfurr, ferro-alloys (FE-SI/SI-MN/SIC/SI-CA), silicon metal, cobalt salts, barium salts, paracetamol, vitamins, arsenic metal/trioxide, electro-manganese metal/dioxide, zinc ingot/flanges – China.

Markets: Asian countries, Europe, North & South America, etc.

Annual Turnover: HK\$200~250 million.

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

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

MEMBERSHIP

The Minor Metals Trade Association, UK.

FINANCIAL INFORMATION

Issued Share Capital: HK\$1,600,000.00

Mortgage or Charge (since 2010): (See attachment)

Profit or Loss: Business is profitable.

Condition: Keeping in an active condition.

Facilities: Making active use of general banking facilities.

Payment: So far so good.

Commercial Morality: Good.

Bankers:-

Bank of China (Hong Kong) Ltd., Hong Kong.
Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
Wing Hang Bank Ltd., Hong Kong.
Shanghai Commercial Bank Ltd., Hong Kong.

Standing: Good.

GENERAL

Having issued 1.6 million ordinary shares of HK\$1.00 each, Chemicals International Limited is jointly owned by Mr. Wong Fun Tsang, holding 41.25% interests; Mr. Edward Wong, holding 22.50%; and Ms. Yang Bing, 36.25%. The former two are also directors of the subject.

The subject is a chemical and metal trader. It is chiefly trading in non-ferrous metal (arsenic and antimony metal and Ferro-alloys), metal flakes, scraps, organic and inorganic chemicals (including plastic materials), dyestuffs and pharmaceuticals. According to the subject, it exports the following products:

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- **Non-ferrous metals:**
Antimony ingot, antimony white powder, metal arsenic, antimony ingot, metal gallium, indium ingot, electrolytic manganese/tablet/block/powder, magnesium ingot, metallic silicon, ammonium paratungstate, yellow/blue tungsten oxide.
- **Ferroalloys:**
Ferrosilicon, ferromanganese (high carbon), silicomanganese (high/low phosphorus), ferrotitanium, ferromolybdenum, tungsten iron, ferrophosphorus, etc.
- **Chemical industry:**
Various inorganic salts, oils (Tung oil, turpentine, etc.)

It imports the following products:

- **Scrap metal:**
Aluminium (beverage cans, crucibles, tubes), scrap copper (bright copper, copper tubes/boards, trimmings), scrap brass, scrap wires (25-65% recycled copper), zinc slag, cadmium slag, lead sulphur Powder and various types of sulphide/yttrium oxide ore
- **Industrial waste:**
Waste transformer, waste motor, telephone floor, car cooler, body clamp, etc.
- **Waste lead:**
Waste battery panel, automobile waste battery, lead powder, crude lead bismuth, aluminium bismuth block (from waste battery),
- **Secondary metal:**
Selenium, tellurium, bismuth, antimony, cadmium, antimony powder, copper-nickel alloy.

Most of the commodities are sourced from China and India. Prime markets are Japan, South Korea, Taiwan, the other Asian countries, North America, Europe, etc. Business is rather active.

It was reported that the subject has set up representative offices in Jishou, Shantou and Beijing of China and a joint venture in Vancouver of Canada.

The subject has been exporting electrolytic manganese metal flakes to the United States via Yiantian Harbour in Shenzhen Special Economic Zone, China.

The history of the subject in Hong Kong is about twenty-nine years. Business is normal. Regular suppliers and overseas customers have been maintained.

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

REMARKS

Court case record:-

Action Date	Case No.	Plaintiff	Defendant	Cause	Amount
Apr. 1993	H2692	Ng Ying Man trading as Hui Ying Trading Co.	Chemetals International Ltd. and others	Injunction	Not stated

Property information of the company:-

1. Property Location: Unit E on 21/F., Golden Sun Centre, 59-67 Bonham Strand West, Hong Kong.

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Owner: Chemetals International Ltd.
Date of Purchase: n.a.
Purchased Price: n.a.
Incumbrances: No mortgage record registered against the property.

2. Property Location: Office 2 on 7/F., 43-47 Bonham Strand West, Hong Kong.
Owner: Chemetals International Ltd.
Date of Purchase: 29-03-2004
Purchased Price: HK\$688,000

Incumbrances:-

Date of Mortgage	Amount Consideration	Mortgagee	Nature
29-03-2004	-	Bank of China (Hong Kong) Ltd., Hong Kong.	Mortgage to secure general banking facilities

MORTGAGE OR CHARGE

(Since 2010)

Date	Description of Instrument	Mortgagee
31-03-2010	Deed of Charge Over Deposits	Wing Hang Bank Ltd., Hong Kong.
03-12-2010	Deed of Charge Over Deposits	Wing Hang Bank Ltd., Hong Kong.
18-04-2011	Security over Deposit in respect of Obligations of the Depositor	Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
04-07-2012	Security Deed	Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
04-05-2017	Deed of Indemnity, Charge Over Deposit and Set-Off	Bank of China (Hong Kong) Ltd., Hong Kong.
12-05-2017	Deed of Assignment of Insurance Policy	Bank of China (Hong Kong) Ltd., Hong Kong.
23-03-2018	Mortgage	Shanghai Commercial Bank Ltd., Hong Kong.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.13
UK Pound	1	INR 97.63
Euro	1	INR 85.26
HKD	1	INR 9.49

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)