

MIRA INFORM REPORT

Report No. :	533542
Report Date :	11.10.2018

IDENTIFICATION DETAILS

Name :	GEM STONE COMPANY
Registered Office :	Room 1102, 11/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon.
Country :	Hong Kong
Date of Incorporation :	25.04.1988
Com. Reg. No.:	11754484-000-04
Legal Form :	Partnership
Line of Business :	Importer and Exporter Emerald, ruby, sapphire, semi-precious stones, beads, diamonds, jewellery products
No. of Employees :	6

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, 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

GEM STONE COMPANY

ADDRESS: Room 1102, 11/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong.

PHONE: 852-2376 2154

FAX: 852-2376 2289

E-MAIL: pat@gemstonehk.com

MANAGEMENT:

Manager: Mr. Balkishan Agarwal

SUMMARY

Establishment: 25th April, 1988.

Organization: Partnership.

Capital: Not disclosed.

Business Category: Jewellery Trader.

Annual Turnover: HK\$150-200 million.

Employees: 6.

Main Dealing Banker: Hang Seng Bank Ltd., Hong Kong..

Banking Relation: Satisfactory.

ADDRESS

Head Office:-

Room 1102, 11/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong.

Mailing Address:

P.O. Box 90864, Tsimshatsui, Kowloon, Hong Kong.

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Associated Company:-
Gem Stone Company Workshop, Hong Kong. (Same address)
[Established on 18-05-2005 under BR No. 11754484-003-04
Business ceased on 22-03-2013]

BUSINESS REGISTRATION NUMBER

11754484-000-04

MANAGEMENT

Manager: Mr. Balkishan Agarwal

PARTNERS

Name: Mr. Balkishan AGARWAL
Residential Address: Flat B, 16/F., Windsor Mansion, 29-31 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

Name: Mr. Shakuntala Balkishan AGARWAL
Residential Address: Unit 128, 5/F., Block 5, Mandarin Court, 128 Argyle Street, Ho Man Tin, Kowloon, Hong Kong.

HISTORY

The subject was established on 25th April, 1988 as a sole proprietorship concern owned by Ravi Kant Agrawal under the Hong Kong Business Registration Regulations.

The changes of owners are listed in the following table:-

Name	Incoming Date	Outgoing Date
Ravi Kant Agrawal	25-04-1988	04-01-1993
Balkishan Agarwal	01-04-1991	---
Hari Kishan Agarwal	01-04-1991	31-03-2001
Kumar Goyal Krishan	14-02-1995	01-04-1997
Ashishkumar Satyanarayanan	05-09-2004	23-03-2013
Shakuntala Balkishan Agarwal	23-03-2013	---

At the very beginning, the subject was located at Flat A, 8/F., Ashley Mansion, 10-14 Ashley Road, Tsimshatsui, Kowloon, Hong Kong, moved to Flat B, 16/F., Windsor Mansion, 29-31 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong in November 1988; to Flat D, 3/F., Hang Kwong Mansion, 25-29 Hankow Road,

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Tsimshatsui, Kowloon, Hong Kong in December 1991; to Flat C, 12/F., Ashley Mansion, 10-14 Ashley Road, Tsimshatsui, Kowloon, Hong Kong in April 2000; and further moved to the present address in December 2003. Apart from these, neither material change nor amendment has been ever traced and noted.

OPERATIONS

Activities:	Importer and Exporter.
Lines:	Emerald, ruby, sapphire, semi-precious stones, beads, diamonds, jewellery products.
Employees:	6.
Commodities Imported:	India, Thailand, Europe, US, etc.
Markets:	Europe, China, Japan, South Korea, other Asian countries, US, etc.
Annual Turnover:	HK\$150-200 million.
Terms/Sales:	CAD, L/C, T/T, etc.
Terms/Buying:	L/C, T/T, D/P, etc.

FINANCIAL INFORMATION

Capital:	Not disclosed.
Profit or Loss:	Business is profitable.
Condition:	Keeping in an active manner.
Facilities:	Making use of general banking facilities.
Payment:	No Complaints.
Commercial Morality:	Satisfactory.
Banker:	Hang Seng Bank Ltd., Hong Kong.
Standing:	Good.

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GENERAL

Gem Stone Company is a partnership jointly owned by Mr. Balkishan Agarwal and Mr. Shakuntala Balkishan Agarwal. Both of the partners have been in Hong Kong for a very long time. Now, they are Hong Kong ID Card holders and have got the right to reside in Hong Kong permanently. The latter joined in the subject on 23rd March, 2013.

The subject deals in precious stones such as Emeralds, Rubies and Sapphires. It also deals in a variety of Semi-precious stones such as Blue Topaz, White Topaz, Amethyst, Citrine, etc. It has a large inventory in White Diamonds and Black Diamonds., etc.

By 1980 the subject had become one of the market leaders in the supply of Blue Topaz in Hong Kong, supplying all three shades of Sky, Swiss & London Topaz.

In May 2005, the subject set up a workshop known as Gem Stone Company Workshop which was also located at the subject's operating address. However, this company ceased business on 22nd March, 2013.

In 2008, the subject entered the diamond industry.

The subject's raw materials are chiefly imported from India, Thailand, Europe, the United States, etc. Finished products are marketed in Hong Kong, exported to Europe, China, Japan, South Korea, the other Asian countries, the United States, etc. Business is rather active. Annual sales turnover ranges from HK\$150 to 200 million. Making a profit every year.

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-G40.

It is going to take part in a Show in Beijing, China in November 2018.

The subject's business is chiefly handled by the two partners.

On the whole, as the history of the subject is over 30 years and five months in Hong Kong, consider it good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupee
US Dollar	1	INR74.13
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 :	KET

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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)