

MIRA INFORM REPORT

Report No. :	523115
Report Date :	07.08.2018

IDENTIFICATION DETAILS

Name :	ITEMA (ASIA) LIMITED
Registered Office :	Room 808, 8/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon
Country :	Hong Kong
Date of Incorporation :	28.06.1994
Com. Reg. No.:	18344757
Legal Form :	Private Limited Company
Line of Business :	Importer and exporter of all kinds of textile machinery and equipment
No. of Employees :	7

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 :

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

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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

ITEMA (ASIA) LIMITED

ADDRESS: Room 808, 8/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

PHONE: 852-2317 1212, 2317 1420

FAX: 852-2317 1612

E-MAIL: info@itemaasia.com
eva@itemaasia.com

MANAGEMENT

Managing Director: Ms. Lee Wing Yan, Eva

SUMMARY

Incorporated on: 28th June, 1994.

Organization: Private Limited Company.

Issued Share Capital: HK\$10,000.00

Business Category: Importer and Exporter.

Annual Turnover: HK200~300 million.

Employees: 7.

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

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Room 808, 8/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

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Holding Company:-

ITEMA S.p.A., Italy.

Ultimate Holding Company:-

ITEMA Holding S.p.A., Italy.

Associated Companies:-

ITEMA Group of Companies

ITEMA (Shanghai) Textile Machinery Co. Ltd., China.

ITEMA (Switzerland) Ltd., Switzerland.

ITEMA America Inc., US.

ITEMA International B.V., the Netherlands.

ITEMA Middle East Dubai DMCC, United Arab Emirates.

ITEMA Spinning India Ltd., India.

ITEMA Weaving (India) Private Ltd., India.

ITEMA Weaving (Japan) Ltd., Japan.

ITEMA Weaving Machinery (China) Co. Ltd., China.

Lamiflex S.p.A., Italy.

Noecha S.r.l., Italy.

Shandong Istma Textile Machinery Co. Ltd., China.

BUSINESS REGISTRATION NUMBER

18344757

COMPANY FILE NUMBER

0483728

MANAGEMENT

Managing Director: Ms. Lee Wing Yan, Eva

ISSUED SHARE CAPITAL

HK\$10,000.00

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SHAREHOLDER

(As per registry dated 28-06-2018)

Name

ITEMA S.p.A.

Via Cav. Gianni Radici, 4 24020 Colzate (Bergamo), Italy.

No. of shares

10,000

=====

DIRECTORS

(As per registry dated 28-06-2018)

Name

(Nationality)

LEE Wing Yan

Address

1/F., 79 Sheung Keng Hau Village, Taiwai, Shatin,
New Territories, Hong Kong.

Giacomo SALA

c/o 2, Stock Hoschgasse 68, 8008 Zurich, Switzerland.

Danilo Enrico ARIZZI

Via M. Merisi 32/A, Albino (BG), Italy.

Forward Business Management
Ltd.

Room 15, 9/F., World-Wide Industrial Center,
43-47 Shan Mei Street, Fotan, Shatin, New Territories,
Hong Kong.

SECRETARY

(As per registry dated 28-06-2018)

Name

Forward Business Management
Ltd.

Address

Room 15, 9/F., World-Wide Industrial Center, 43-
47 Shan Mei Street, Fotan, Shatin,
New Territories, Hong Kong.

Co. No.

1894638

HISTORY

The subject was incorporated on 28th June, 1994 as a private limited liability company under the Hong Kong Companies Ordinance.

Originally the subject was registered under the name of Somet (Asia) Ltd., name changed to the present style on 29th January, 2001.

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

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OPERATIONS

Activities:	Importer and Exporter.
Lines:	All kinds of textile machinery and equipment.
Brand Names:	"Sultex", "Somef", and "Vamatex".
Employees:	7.
Commodities Imported:	Europe, China and other foreign advanced countries.
Markets:	China, Taiwan, other Asian countries, Europe, etc.
Annual Turnover:	HK200~300 million.
Terms/Sales:	L/C or as per contracted.
Terms/Buying:	As per contracted.

FINANCIAL INFORMATION

Issued Share Capital:	HK\$10,000.00
Mortgage or Charge:	(See attachment)
Profit or Loss:	Making a small profit every year.
Condition:	Business is normal.
Facilities:	Making active use of general banking facilities.
Payment:	Regular.
Commercial Morality:	Satisfactory.
Bankers:-	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong. Intesa Sanpaolo S.p.A., Hong Kong Branch. Standard Chartered Bank (Hong Kong) Ltd., Hong Kong.
Standing:	Very Good.

GENERAL

ITEMA (Asia) Limited is a wholly-owned subsidiary of ITEMA S.p.A. (formerly known as Promatech S.p.A.), an Italy-based firm which in turn is a subsidiary of ITEMA Holding S.p.A. [ITEMA]. ITEMA is also an Italy-based company. The subject is a member of the ITEMA Group and has got the ISO9001 certification.

In 2011, the Group's Promatech S.p.A. changed name to ITEMA S.p.A. which is currently the parent company of the subject.

ITEMA Group was created by Radici Group in 2001.

ITEMA Group is an international textile machinery and equipment provider. Its predecessor and history have more than 150 years in Europe. It is a leading global textile machinery group that was established in December 2001 following the merger of some important firms working in the various sectors on this market.

The subject is trading in the Group's products. The Group is significant for its Air-Jet, Projectile and Rapier weaving machines.

ITEMA Group is providing the following textile machinery and equipment in 4 different business areas:-

- ITEMA Weaving — Fabric forming solutions including weaving machines, weaving accessories, spare parts and services. Leading brands carried are "Sulzer Textil", "Somet", "Vamatex" and "Fimtextile";
- ITEMA Spinning — Thread forming solutions including spinning, winding and twisting machines, accessories, spare parts and services. Leading brand carried is "Savio";
- ITEMA Electronics — Electronic technology solutions including joint development and manufacturing of components. Leading brands carried are "Eutron", "Loepfe", "BMS Vision" and "Sedo"; &
- ITEMA Knitting — Fabric forming solutions including knitting machines, accessories, spare parts and services. Leading brand carried is "Steiger".

The subject is trading in the following main products and brand names:-

<u>Brand Name</u>	<u>Brand Product/Service</u>	<u>Brand Remarks</u>
Somet (Brand Owner)	Machine – Weaving	Rapier and air jet
Vamatex (Brand Owner)	Machine – Weaving	Rapier and air jet

The subject's products are marketed in China, exported to Japan, Taiwan, India, Southeast Asia, other Asian countries, etc. It belongs to the division of "ITEMA Weaving".

The subject has had a wholly-owned subsidiary in China known as ITEMA Weaving Machinery (China) Co. Ltd. [ITEMA Shanghai] which is in Shanghai. This firm is engaged in manufacturing rapier weaving machines. Currently, it has about 100 employees.

The Group set up ITEMA India Ltd. on 24th September, 2005 in Coimbatore, India. ITEMA India, which is located in a 1,600-sq.m. building, provides sales and marketing functions including a showroom, after-sales and spare-parts service and an electronic circuit board repair centre and training centre for end-user technicians for the Somet, and Vamatex companies.

ITEMA India employs a total of about 90 people, about 65 of whom are dedicated to customer service.

One of the directors of the subject Mr. Danilo Enrico Arizzi is an Italian. The CEO of the ITEMA Group Mr. Carlo Rogora was appointed in 2011. Both are members of the Board of Directors of the Group.

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Another director of the subject Giacomo SALA is also Managing Director of the Group.

In March 2018, ITEMA, assisted by its financial advisor Pirola Corporate Finance S.p.A., filed with Borsa Italiana S.p.A. a request for eligibility to list on the Mercato Telematico Azionario [MTA] according to the rules of the Markets organized and managed by Borsa Italiana S.p.A.

From 2017 the Group has started a development plan and production diversification to be carried out by means of a strategy of targeted assembling of highly qualified businesses operating in the production of spare parts, applications and sub-assemblies within the production chain of the textile machinery as well as in other industrial sectors (Industrial operating sector).

ITEMA is currently held by the family successor of Gianni Radici for 60% of the share capital and for the remaining 40% by the Arizzi and Torri families.

In 2017 its registered consolidated revenues amounting to approximately EUR 300 million with approximately 900 employees on a global scale.

The annual sales turnover of the subject ranges from HK\$200 to 300 million. Business is rather active. Making a small profit every year.

The history of the subject in Hong Kong is over twenty-four years and a month. Business is chiefly handled by Ms. Eva Lee who is a Hong Kong businesswoman. She is also Managing Director of the subject.

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

MORTGAGE OR CHARGE

Date	Particulars	Amount
28-08-2002	<i>Instrument:</i> Trade Finance Security Deed <i>Property:</i> By the Deed, all the Company's right, title, interest and benefit to and in all and any moneys now or at any time due or owing to the Company <i>Mortgagee:</i> IntesaBci S.p.A., Hong Kong Branch. [Renamed to Banca Intesa S.p.A. and further to Intesa Sanpaolo S.p.A.]	All the Company's obligations and liabilities
21-04-2010	<i>Instrument:</i> Security Over Deposits <i>Property:</i> A deposit with chargee in the amount of HK\$500,000.00 or its equivalent in other foreign currencies under Deposit A/C No. 508-188885, whatever currency it may subsequently be denominated in, any renewal of such deposit and the interest thereon together with any further monies in any deposit account with the chargee at any of its offices <i>Mortgagee:</i> The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.	Amount secured – (i) all monies in any currency owing by the Company to the chargee at any time, actually or contingently, in any capacity, alone or jointly with any other person; (ii) interest on such monies, to the date on which the chargee receives payment, at the rates payable by the Company or which would have been payable but for any circumstance which restricts payment and (iii) all expenses of the chargee in perfecting or enforcing the charge

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.68
UK Pound	1	INR 89.26
Euro	1	INR 79.38
HKD	1	INR 8.77

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

INFORMATION DETAILS

Analysis Done by :	NIS
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)