

MIRA INFORM REPORT

Report No. :	530586
Report Date :	22.09.2018

IDENTIFICATION DETAILS

Name :	MODENA TECHNOLOGY (HONG KONG) LIMITED
Registered Office :	C/O Group Motion Secretarial & Consulting Ltd., Room C, 2/F., Wing Tat Commercial Building, 121-125 Wing Lok Street, Central
Country :	Hong Kong
Date of Incorporation :	17.06.2009
Com. Reg. No.:	50795239
Legal Form :	Private Limited Company
Line of Business :	Manufacturer and exporter of all kinds of ceramic machinery and equipment, ceramic tiles
No. of Employees :	1

RATING & COMMENTS

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

MIRA's Rating :

B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Small Company
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.

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

MODENA TECHNOLOGY (HONG KONG) LIMITED

ADDRESS: c/o Group Motion Secretarial & Consulting Ltd.
Room C, 2/F., Wing Tat Commercial Building, 121-125 Wing Lok Street, Central, Hong Kong.

PHONE: 852-2544 5465, 2496 0803

FAX: 852-2815 2528, 2818 2528

E-MAIL: info@modena.com.cn

MANAGEMENT

Managing Director: Mr. Chan Ki Wood, Benjamin

SUMMARY

Incorporated on: 17th June, 2009.

Organization: Private Limited Company.

Issued Share Capital: HK\$1.00

Business Category: Machinery Manufacturer and Trader.

Company Turnover: RMB259.8 million Yuan (Year ended 31-12-2017)

Employee: 1.

Main Dealing Banker: DBS Bank (Hong Kong) Ltd., Hong Kong.

Banking Relation: Normal.

ADDRESS

Registered Head Office:-
c/o Group Motion Secretarial & Consulting Ltd.

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Room C, 2/F., Wing Tat Commercial Building, 121-125 Wing Lok Street, Central, Hong Kong.

Overseas Representative Offices: Spain, India, Vietnam and Mexico.

Holding Company:-

Modena Technology Ltd.

Sanhuanxi Industrial District, Shishan Town, Foshan City, Guangdong Province, China.

[Tel: 86-757-8663 1888; Fax: 86-757-8663 1777]

Ultimate Holding Company:-

Modena Machinery (International) Ltd., Hong Kong. (Same address)

Associated Companies:-

Foshan City Nuova Tecno Machinery Co. Ltd., China.

Guangdong Modena Technology Ltd., China.

Modena Holdings Ltd., Hong Kong. (Dissolved)

Modena Impianti Ceramics S.r.l., Italy.

Nuova Tecno Machinery Ltd., Hong Kong.

P.T. Anugerah Alam Abadi, Indonesia.

Pooya Sanat Navid Yazd, Iran.

Xinxing County Modena Machinery Co. Ltd., China.

BUSINESS REGISTRATION NUMBER

50795239

COMPANY FILE NUMBER

1346126

MANAGEMENT

Managing Director: Mr. Chan Ki Wood, Benjamin

ISSUED SHARE CAPITAL

HK\$1.00

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SHAREHOLDER

(As per registry dated 17-06-2018)

<u>Name</u>	<u>No. of share</u>
Modena Technology Ltd. Sanhuanxi Industrial District, Shishan Town, Foshan City, Guangdong Province, China.	1 =

DIRECTOR

(As per registry dated 17-06-2018)

<u>Name</u>	<u>Address</u>
CHAN Ki Wood, Benjamin	Room C, 2/F., Wing Tat Commercial Building, 121-125 Wing Lok Street, Central, Hong Kong.

SECRETARY

(As per registry dated 17-06-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Group Motion Secretarial Services Ltd.	Room C, 2/F., Wing Tat Commercial Building, 121- 125 Wing Lok Street, Central, Hong Kong.	1684145

HISTORY

The subject was incorporated on 17th June, 2009 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: Manufacturer and Exporter.

Lines: All kinds of ceramic machinery and equipment, ceramic tiles.

Employee: 1.

Materials/Commodities: Imports raw materials from European countries, some Asian countries and finished products from China.

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Markets: China, other Asian countries, Italy, other European countries, etc.

Company Turnover: RMB259.5 million Yuan (Year ended 31-12-2014)
RMB299.7 million Yuan (Year ended 31-12-2015)
RMB306.4 million Yuan (Year ended 31-12-2016)
RMB259.8 million Yuan (Year ended 31-12-2017)

Group Operating Income:-

RMB583.8 million Yuan (Year ended 31-12-2014)
RMB623.3 million Yuan (Year ended 31-12-2015)
RMB596.6 million Yuan (Year ended 31-12-2016) [restated]
RMB497.9 million Yuan (Year ended 31-12-2017)

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

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

FINANCIAL INFORMATION

Issued Share Capital: HK\$1.00

Mortgage or Charge: (See attachment)

Group Net Profit

Attributable to Shareholders:

RMB13.6 million (Year ended 31-12-2014)
RMB33.5 million (Year ended 31-12-2015)
RMB55.2 million (Year ended 31-12-2016) [restated]
RMB12.2 million (Year ended 31-12-2017)

Profit or Loss: Group business is profitable.

Condition: Business is fairly active in Hong Kong.

Facilities: Adequate for current running.

Payment: No complaints

Commercial Morality: Satisfactory.

Bankers:-

DBS Bank (Hong Kong) Ltd., Hong Kong.
Bank of India, Hong Kong Branch.

Standing: Small.

GENERAL

Formerly Modena Technology (Hong Kong) Limited was wholly-owned by Foshan City Modena Machinery Co. Ltd. [Foshan Modena] which was a China-based firm. Now Foshan Modena has changed name to Guangdong Modena Technology Co. Ltd. [Modena Technology].

The subject has just issued one ordinary share of HK\$1.00 which is owned by Modena Technology. Mr. Benjamin Chan Ki Wood is the only director of the subject. He is a Hong Kong merchant and a Hong Kong ID holder.

The subject does not have its own operating office. Its registered office is in a commercial service firm located at Room C, 2/F., Wing Tat Commercial Building, 121-125 Wing Lok Street, Central, Hong Kong known as Group Motion Secretarial & Consulting Ltd. [Group Motion] which is handling its correspondences and documents. Group Motion is also the corporate secretary of the subject. The phone and fax number of Group Motion is 852-2496 0803 and 852-2815 2528 respectively.

The subject has one employee in Hong Kong who is stationing at the residence of the director. Modena Technology is a subsidiary company of Modena Machinery (International) Ltd. [Modena] which is a Sino-Italian joint venture. The phone and fax number of Modena are 86-757-8663 1888 and 86-757-8663 1777 respectively.

With a registered capital of US\$1.08 million, Foshan Modena is Modena's R&D and manufacturing centre which is based in Foshan City, Guangdong Province, China. Modena has supplied various kinds of machinery and equipment as well as complete plants to over 200 customers all over the world.

Modena's R&D and manufacturing centre occupy an area of 40,000 sq.m., in which the workshops cover more than 30,000 sq.m. Currently, Foshan Modena has about 300 employees, 80% of which have more than 10 years' experience in famous ceramic machinery companies both in China and abroad.

Modena is trading in the following machinery & equipment for ceramic products:-

- Raw Material Processing Equipment;
- Pressing Equipment;
- Drying Equipment;
- Glazing Lines;
- Firing Equipment, etc.

Modena Technology has supplied machinery and solutions to the ceramic factories, covering the products of tile, tableware and sanitary ware, in 24 countries including China, the United States, India, Vietnam, Thailand, Egypt, Malaysia, Pakistan, Angola, Argentina, Columbia, Mexico, etc.

Main products of Modena Technology are ceramic production equipment; furnace product line; glass production equipment; tableware production equipment, etc. Products include belt conveyor, vibrating sieve, spray dryer, etc. It also trades in ceramic products.

The factory has been equipped with the latest European technology.

Over the past years, Modena Technology has got the following awards or honours:-

- Top 10 Creative Brand Enterprise (awarded by Ceramics China in Year 2005)

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- Most Influential Energy-Efficient Kiln Enterprise (awarded by Ceramics China in Year 2009)
- Credit Honour Enterprise (awarded by Foshan City Bank Association in Year 2006)
- OHSMS:18001

Mr. Benjamin Chan Ki Wood, is also the legal representative of Modena Technology.

A new production base of Modena Technology was built in Xincheng Industrial Zone, Xinxing County, Guangdong Province, China. Formally known as Xinxing Modena Machinery Co. Ltd. [Xinxing Modena], this firm covers an area of about 140 acres. With a total investment of about RMB118 million Yuan, The first phase of Xinxing Modena was completed in late 2013 while its second phase was completed in early 2015.

For the year ended 31st December, 2017, the Operating Income of Modena amounted to RMB497.9 million Yuan (2016: RMB596.6 million Yuan), net profit attributable to shareholders of Modena amounted to RMB12.2 million Yuan (2016: RMB55.2 million Yuan).

For the full year of 2017, Modena made a loss.
Modena has got ISO9001:2008 and ISO 14001 certification.

The main customers of Modena are in Jiangxi, Fujian, Hebei, Shenyang, Guangxi and Guangdong of China. Its foreign customers are in India, Vietnam, Nigeria, etc.

The following table shows the financial highlights of the subject:

Unit: RMB' million Yuan (year ended 31 December)

<u>Items</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Assets	127.6	155.2	156.3	209.3
Net Assets	34.7	30.2	34.7	11.7
Operating Revenue	259.5	299.7	306.4	259.8
Net Profit	17.8	7.9	2.5	27.6

The subject's net profits in 2017 grew substantially. Its History in Hong Kong is over nine years and three months.

On the whole, consider it good for business engagements in moderate credit amounts.

REMARKS

It is worthwhile to note the following information:

1. In the first half year of 2017, Modena made a loss of RMB7.1 million Yuan.
2. The shareholders of Modena are Mr. Chan Ki Wood, Benjamin, Mr. Li Zhanhua and Mr. Guan Huojin. However, there were disputes between the three. In September 2017, Mr. Guan Huojin accused the other two shareholders for breaching agreements and contracts. This case is still under hearing.
3. Modena is making application to delist its shares from trading in NEEQ [The National Equities Exchange And Quotations Co., Ltd. (NEEQ) is a Chinese over-the-counter system for trading shares of public limited company that not listed in the two stock exchanges in Shenzhen and Shanghai.]

MORTGAGE OR CHARGE

Date	Description of Instrument	Mortgagee
14-04-2010	Charge on Cash Deposit to secure Liabilities of the Depositor	DBS Bank (Hong Kong) Ltd., Hong Kong.
02-11-2011	Letter of Set-off and Appropriation	Bank of India, Hong Kong Branch.
10-02-2017	Charge Over Securities and Deposits with the Bank (Limited Company) (Unlimited Amount)	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.85
UK Pound	1	INR 95.15
Euro	1	INR 84.68
HKD	1	INR 9.25

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)