

## MIRA INFORM REPORT

<b>Report No. :</b>	524077
<b>Report Date :</b>	11.08.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	WEIFANG HUAMEI FINE TECHNICAL CERAMICS CO., LTD.
<b>Registered Office :</b>	No. 3 Beidaying Street, Fangzi District, Weifang City, Shandong Province 261200 PR
<b>Country :</b>	China
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	30.10.1995
<b>Unified Social Credit Code :</b>	91370700613566496T
<b>Legal Form :</b>	Shares Limited Company
<b>Line of Business :</b>	Registered business scope includes manufacturing reaction sintered silicon carbide products; selling its products; importing and exporting commodities and technology; and selling series of silicon carbide powder.
<b>No. of Employees :</b>	421

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto: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)
China	A2	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

**CHINA - ECONOMIC OVERVIEW**

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. China has implemented reforms in a gradualist fashion, resulting in efficiency gains that have contributed to a more than tenfold increase in GDP since 1978. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China continues to pursue an industrial policy, state support of key sectors, and a restrictive investment regime. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2016 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. China became the world's largest exporter in 2010, and the largest trading nation in 2013. Still, China's per capita income is below the world average.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi appreciated more than 20% against the US dollar, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing announced it would allow a resumption of gradual liberalization. From 2013 until early 2015, the renminbi (RMB) appreciated roughly 2% against the dollar, but the exchange rate fell 13% from mid-2015 until end-2016 amid strong capital outflows in part stemming from the August 2015 official devaluation; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi, after the currency was accepted as part of the IMF's special drawing rights basket. However, since late 2015 the Chinese Government has strengthened capital controls and oversight of overseas investments to better manage the exchange rate and maintain financial stability.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) managing its high corporate debt burden to maintain financial stability; (c) controlling off-balance sheet local government debt used to finance infrastructure stimulus; (d) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (e) dampening speculative investment in the real estate sector without sharply slowing the economy; (f) reducing industrial overcapacity; and (g) raising productivity growth rates through the more efficient allocation of capital and state-support for innovation. Economic development has progressed further in coastal provinces than in the interior, and by 2016 more than 169.3 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of China's population control policy known as the "one-child policy" - which was relaxed in 2016 to permit all families to have two children - is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and urbanization. The Chinese Government is seeking to add energy production capacity from sources other than coal and oil, focusing on natural gas, nuclear, and clean energy development. In 2016, China ratified the Paris Agreement, a multilateral agreement to combat climate change, and committed to peak its carbon dioxide emissions between 2025 and 2030.

The government's 13th Five-Year Plan, unveiled in March 2016, emphasizes the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. However, China has made more progress on subsidizing innovation than rebalancing the economy. Beijing has committed to giving the market a more decisive role in allocating resources, but the Chinese Government's policies continue to favor state-owned enterprises and emphasize stability. Chinese leaders in 2010 pledged to double China's GDP by 2020, and the 13th Five Year Plan includes annual economic

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growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time. The slight acceleration in economic growth in 2017—the first such uptick since 2010—gives Beijing more latitude to pursue its economic reforms, focusing on financial sector deleveraging and its Supply-Side Structural Reform agenda, first announced in late 2015.

Source : CIA

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## **COMPANY NAME AND ADDRESS**

**COMPANY NAME** Weifang Huamei Fine Technical Ceramics Co., Ltd.  
(Also known as Weifang Huamei Fine Technology Ceramics Co., Ltd.)  
**CURRENT ADDRESS/ REGISTERED ADDRESS** No. 3 Beidaying Street, Fangzi District, Weifang City, Shandong Province 261200 PR China  
**TEL. NO.** 86 (0) 536-7653807  
**FAX NO.** 86 (0) 536-7667059

## **EXECUTIVE SUMMARY**

**DATE OF REGISTRATION** : OCTOBER 30, 1995  
**UNIFIED SOCIAL CREDIT CODE** : 91370700613566496T  
**LEGAL FORM** : SHARES LIMITED COMPANY  
**CHIEF EXECUTIVE** : WANG MINGFENG (LEGAL REPRESENTATIVE)  
**REGISTERED CAPITAL** : CNY 82,560,000  
**STAFF** : 421  
**BUSINESS CATEGORY** : MANUFACTURING & TRADING  
**REVENUE** : CNY 116,242,000 (CONSOLIDATED, AS OF DEC. 31, 2017)  
**EQUITIES** : CNY 123,085,000 (CONSOLIDATED, AS OF DEC. 31, 2017)  
**WEBSITE** : [www.wf-hm.com](http://www.wf-hm.com)  
**E-MAIL** : [hmfc@wf-hm.com](mailto:hmfc@wf-hm.com)  
**PAYMENT** : REGULAR  
**MARKET CONDITION** : AVERAGE  
**FINANCIAL CONDITION** : STABLE  
**OPERATIONAL TREND** : FAIRLY STEADY  
**GENERAL REPUTATION** : AVERAGE

Adopted abbreviations (as follows)

**SC** - Subject Company (the company inquired by you)

**N/A** – Not available

**CNY** – China Yuan Ren Min Bi

## **OPERATIONAL TREND & GENERAL REPUTATION**

This section aims at indicating the relative positions of SC in respect of its operational trend & general reputation

**Operational Trend:-**

Upward  
Steady  
Fairly Steady  
Ordinary  
Fair  
Stagnant  
Downward  
Not known  
Not yet be determined

**General Reputation:-**

Excellent  
Good  
Fairly Good  
Average  
Fair  
Detrimental  
Not known  
Not yet be determined

## **LEGAL STATUS & HISTORY**

SC was established as shares limited company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 91370700613566496T.

SC's Import and Export Enterprise Code: 3700613566496

SC's registered capital: CNY 82,560,000

SC's paid-in capital: CNY 82,560,000

**Registration Change Record:-**

Date	Change of Contents	Before the change	After the change
2014-9-28	Registered Capital	CNY 48,662,100	CNY 74,560,000
2015-8-28	Registered Capital	CNY 74,560,000	CNY 77,560,000
2015-11-11	Registered Capital	CNY 77,560,000	CNY 82,560,000
	Registration No./ Unified Social Credit Code	370700400006735	91370700613566496T

**Current Co search indicates SC's shareholders & chief executives are as follows:-**

Name of Shareholder (s) (As of December 31, 2017)	% of Shareholding
Shandong Xinfang Group Co., Ltd.	75.57
Weifang Xinfang Mining Co., Ltd.	14.74
Zhongtai Securities Co., Ltd.	3.03
Hua'an Securities Co., Ltd.	1.84
Wang Chenghong	1.18

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Other Shareholders 3.64

**SC's Chief Executives:-**

<b>Position</b>	<b>Name</b>
Legal Representative, Chairman and General Manager Director	Wang Mingfeng
	Song Lezhou
	Song Yinfeng
	Jiang Gang
	Qi Xiyun
Supervisor	Yin Dongsheng
	Ge Fenrong
	Lang Fengguo

## **RECENT DEVELOPMENT**

SC was listed on the new three board stock market, and the stock code is 832416.

## **SHAREHOLDER CHART & BACKGROUND**

<i>Name (As of December 31, 2017)</i>	<i>% of Shareholding</i>
Shandong Xinfang Group Co., Ltd.	75.57
Weifang Xinfang Mining Co., Ltd.	14.74
Zhongtai Securities Co., Ltd.	3.03
Hua'an Securities Co., Ltd.	1.84
Wang Chenghong	1.18
Other Shareholders	3.64

 Shandong Xinfang Group Co., Ltd.

-----  
Unified Social Credit Code: 913707007409799391

Legal Form: Shares Limited Company

Registered Capital: CNY 50,000,000

Legal Representative: Wang Mingfeng

Address: South of Beihai Road, Fangzi District, Weifang, Shandong Province

Tel: 86 (0) 536-7656598

Fax: 86 (0) 536-7656380

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Web: [www.sdxjit.cn](http://www.sdxjit.cn)  
E-mail: [xfjtzhb@126.com](mailto:xfjtzhb@126.com)

✚ Weifang Xinfang Mining Co., Ltd.

-----  
Registration No.: 37000000001462  
Legal Form: One-person Limited Liabilities Company  
Registered Capital: CNY 30,000,000  
Legal Representative: Wei Xiaoshu

## **MANAGEMENT**

**Wang Mingfeng, Legal Representative, Chairman and General Manager**

- 
- Gender: M
  - Nationality: China
  - Age: 61
  - Working experience (s):

At present, working in SC as legal representative, chairman and general manager  
Also working in Shandong Huamei New Materials Co., Ltd. and Weifang Xinfang Fine Micropowder Co., Ltd. as legal representative

### **Director**

-----  
Song Lezhou  
Song Yinfeng  
Jiang Gang  
Qi Xiyun

### **Supervisor**

-----  
Yin Dongsheng  
Ge Fenrong  
Lang Fengguo

## **BUSINESS OPERATION**

SC's registered business scope includes manufacturing reaction sintered silicon carbide products; selling its products; importing and exporting commodities and technology; and selling series of silicon carbide powder.

SC is mainly engaged in manufacturing and selling silicon carbide products.

SC's products mainly include:

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Reaction-Bonded Silicon Carbidebeam  
Pressureless Sintering Silicon Carbide  
Silicon Carbide Micro Powder



Trademark:



SC sources its materials 100% from domestic market. SC sells 60% in domestic market and 40% to overseas market, mainly U.S.A., India, etc.

The buying terms of SC include Check, T/T and Credit of 30-60 days. The payment terms of SC include Check, T/T, L/C and Credit of 30-60 days.

\*Major Customers\*

-----  
Compania Colombiana De  
Blasch Precision Ceramics Inc.  
Dal Tile Mexico S De RI De Cv  
SCOTLANE CERAMICS

**Staff & Office:**

-----  
SC is known to have approx. 421 staff at present.

SC owns an area as its operating office and factory, but the detailed information is unknown.

## ***RELATED COMPANY***

**SC is known to have 3 subsidiaries at present,**

Weifang Xinfang Fine Micropowder Co., Ltd.

-----  
Unified Social Credit Code: 913707007973064013  
Registered Capital: USD 255,100  
Legal Representative: Wang Mingfeng

Shandong Huamei New Materials Co., Ltd.

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Unified Social Credit Code: 91370704MA3N49LW5Y

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Registered Capital: CNY 10,000,000  
 Legal Representative: Wang Mingfeng

Xinjiang Yinert New Energy Co., Ltd.

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 Unified Social Credit Code: 91650200568884558B  
 Registered Capital: CNY 50,000,000  
 Legal Representative: Gao Xiangyu

## **PAYMENT**

### **Overall payment appraisal:**

Excellent  Good  Average  Fair  Poor  Not yet be determined

The appraisal serves as a reference to reveal SC's payments habits and ability to pay. It is based on the 3 weighed factors: Trade payment experience (through current enquiry with SC's suppliers), our delinquent payment records and our debt collection record concerning SC.

**Trade payment experience:** SC did not provide any name of trade/service suppliers and we have no other sources to conduct the enquiry at present.

**Delinquent payment record:** None in our database.

**Debt collection record:** No overdue amount owed by SC was placed to us for collection within the last 6 years.

## **BANKING**

The bank information of SC is not filed in SAIC.

**\*\*\*Note:** SC's management declined to release whether it has account in BANK OF WEIFANG.

## **FINANCIALS**

### **Consolidated Balance Sheet**

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	27,531	7,688
Notes receivable	8,824	12,245
Accounts receivable	11,939	14,183
Advances to suppliers	842	378
Other receivable	674	281
Inventory	20,697	32,060

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**WEIFANG HUAMEI FINE TECHNICAL CERAMICS CO., LTD. - 524077**

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Non-current assets within one year	0	0
Other current assets	12	21,145
	-----	-----
Current assets	70,519	87,980
Financial assets available for sale	2,000	2,000
Long-term investment	0	0
Fixed assets	48,229	54,354
Construction in progress	69	0
Intangible assets	25,136	24,452
Long-term prepaid expenses	0	705
Deferred income tax assets	184	192
Other non-current assets	2,013	291
	-----	-----
Total assets	148,150	169,974
	=====	=====
Short-term loans	0	0
Notes payable	0	0
Accounts payable	15,453	25,588
Payroll payable	1,560	2,369
Taxes payable	1,054	910
Dividends payable	3,303	3,303
Advances from clients	13,623	14,458
Other payable	218	261
Other current liabilities	0	0
	-----	-----
Current liabilities	35,211	46,889
Non-current liabilities	0	0
	-----	-----
Total liabilities	35,211	46,889
Equities	112,939	123,085
	-----	-----
Total liabilities & equities	148,150	169,974
	=====	=====

**Consolidated Income Statement**

Unit: CNY'000	As of Dec. 31, 2016	As of Dec. 31, 2017
Revenue	98,071	116,242
Cost of sales	68,315	82,026
Taxes and surcharges	1,725	1,835
Sales expense	6,626	7,827
Management expense	10,993	13,447
Finance expense	-169	41
Asset impairment loss	92	145
Investment income	0	0
Non-business income	65	0
Non-business expenditure	47	92
Profit before tax	10,118	11,776
Less: profit tax	1,357	1,630

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Profits 8,761 10,146

**Important Ratios**

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	2.00	1.88
*Quick ratio	1.41	1.19
*Liabilities to assets	0.24	0.28
*Net profit margin (%)	8.93	8.73
*Return on total assets (%)	5.91	5.97
*Inventory / Revenue x365	78 days	101 days
*Accounts receivable/ Revenue x365	45 days	45 days
*Revenue/Total assets	0.66	0.68
*Cost of sales / Revenue	0.70	0.71

## **FINANCIAL COMMENTS**

### **PROFITABILITY: FAIRLY GOOD**

- The revenue of SC appears fairly good in its line.
- SC's net profit margin is fairly good.
- SC's return on total assets is fairly good.
- SC's cost of sales is average, comparing with its revenue.

### **LIQUIDITY: AVERAGE**

- The current ratio of SC is maintained in a normal level.
- SC's quick ratio is maintained in a fairly good level.
- The inventory of SC appears large.
- The accounts receivable of SC appears average.
- SC has no short-term loans.
- SC's revenue is in a fair level, comparing with the size of its total assets.

### **LEVERAGE: AVERAGE**

- The debt ratio of SC is low.
- The risk for SC to go bankrupt is average.

**Overall financial condition of the SC: Stable.**

## **CONCLUSIONS**

SC is considered medium-sized in its line with stable financial conditions.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 79.00
CNY	1	INR 10.09

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIS
<b>Report Prepared by :</b>	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)