

JIANGSU HUACHENG INDUSTRY PIPE MAKING CORPORATION - 519360 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	519360
Report Date :	12..07.2018

IDENTIFICATION DETAILS

Name :	JIANGSU HUACHENG INDUSTRY PIPE MAKING CORPORATION
Formerly Known As :	ZHANGJIAGANG HUACHENG INDUSTRY PIPE MAKING CORPORATION
Registered Office :	No. 377 East Renmin Road, Tangqiao Town, Zhangjiagang, Jiangsu Province 215611 PR
Country :	China
Financials (as on) :	31.12.2017
Date of Incorporation :	25.03.1997
Unified social credit code :	913205006284033230
Legal Form :	Shares Limited Company
Line of Business :	Subject registered business scope includes manufacturing, processing and selling rolling steel, steel pipe; importing materials, instrument, machinery and equipment, parts needed for its production, exporting its products.
No. of Employees :	300

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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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)
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

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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



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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 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	Jiangsu Huacheng Industry Pipe Making Corporation
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 377 East Renmin Road, Tangqiao Town, Zhangjiagang, Jiangsu Province 215611 PR China
TEL. NO.	86 (0) 512-58440258
FAX NO.	86 (0) 512-58441775

*****Note: The given company name- ZHANGJIAGANG HUACHENG INDUSTRY PIPE MAKING CORPORATION was SC's former one.**

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: MARCH 25, 1997
UNIFIED SOCIAL CREDIT CODE	: 913205006284033230
LEGAL FORM	: SHARES LIMITED COMPANY
CHIEF EXECUTIVE	: YAN JIABIN (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 90,000,000
STAFF	: 300
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 492,500,000 (AS OF DEC. 31, 2017)
EQUITIES	: CNY 365,776,000 (AS OF DEC. 31, 2017)
WEBSITE	: www.hc-pipe.com
E-MAIL	: hcpipe@hc-pipe.com
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
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:-

General Reputation:-

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Upward	Excellent
Steady	Good
Fairly Steady	Fairly Good
Ordinary	Average
Fair	Fair
Stagnant	Detrimental
Downward	Not known
Not known	Not yet be determined
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: 913205006284033230.

SC's Import and Export Enterprise Code: 3200628403323

SC's registered capital: CNY 90,000,000

SC's paid-in capital: CNY 90,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
--	Company Name	Zhangjiagang Huacheng Industry Pipe Making Corporation	Jiangsu Huacheng Industry Pipe Making Corporation

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

Name of Shareholder (s)	% of Shareholding
Yan Jiabin	66.16
Fengli Group Co., Ltd.	10
Yan Caiping	8.3
Zhangjiagang Jinmao Venture Capital Co., Ltd.	5
Zhangjiagang Rongda Investment Co., Ltd.	3.57
Other Shareholders	6.97

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Yan Jiabin
Vice Chairman	Guo Hongjian
General Manager	Shao Min
Director	Zhang Zhijuan

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Supervisor

Jiang Xinyi
Chen Da
Ren Dehui
Wang Yan
Xu Yaming
Zhu Weiguo
Xu Yuanhong
Xiao Yongxin

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Yan Jiabin	66.16
Fengli Group Co., Ltd.	10
Yan Caiping	8.3
Zhangjiagang Jinmao Venture Capital Co., Ltd.	5
Zhangjiagang Rongda Investment Co., Ltd.	3.57
Other Shareholders	6.97

Zhangjiagang Jinmao Venture Capital Co., Ltd.

Date of Registration: April 15, 2008
Unified Social Credit Code: 913205826744277217
Chief Executive : Lu Wenchao
Registered Capital: CNY 200,000,000

Zhangjiagang Rongda Investment Co., Ltd.

Date of Registration: June 24, 2008
Unified Social Credit Code: 9132058267703670XL
Chief Executive : Shen Xinghua
Registered Capital: CNY 4,065,000

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MANAGEMENT

Yan Jiabin, Legal Representative and Chairman

Gender: M
Nationality: China
Age: 64
ID# 321124195405162919
Qualification: University
Working experience (s):

At present, working in SC as legal representative and chairman, also working in Zhangjiagang Huacheng Locomotive Precision Pipe Co., Ltd., Zhangjiagang Shalong Precise Pipes Industry Co., Ltd. and Zhangjiagang Huacheng Import and Export Co., Ltd. as legal representative

Guo Hongjian, Vice Chairman

Gender: M
Nationality: China
Qualification: University
Working experience (s):

At present, working in SC as vice chairman, also working in Zhangjiagang Huacheng Investment Holdings Co., Ltd. and Zhangjiagang Huazunbao Special Materials Co., Ltd. as legal representative

Shao Min, General Manager

Gender: M
Nationality: China
Qualification: University
Working experience (s):

At present, working in SC as general manager

Director

Zhang Zhijuan
Jiang Xinyi
Chen Da
Ren Dehui
Wang Yan
Xu Yaming

Supervisor

Zhu Weiguo
Xu Yuanhong
Xiao Yongxin

BUSINESS OPERATION

SC's registered business scope includes manufacturing, processing and selling rolling steel, steel pipe; importing materials, instrument, machinery and equipment, parts needed for its production, exporting its products.

SC is mainly engaged in manufacturing and selling steel pipe.

SC's products mainly include:

Construction machinery pipe

Welded pipe

Precision tube

Heat exchanger tube

Special section tube

The cylinder tube

In the low-pressure boiler tubes

Bushed bearing

Etc.

SC sources its materials 100% from domestic market, mainly Jiangsu. SC sells 75% of its products in domestic market, and 25% to overseas market

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

Staff & Office:

SC is known to have approx. 300 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 the following subsidiaries at present,

Zhangjiagang Huacheng Investment Holdings Co., Ltd.

Zhangjiagang Huazunbao Special Materials Co., Ltd.

Jiangsu Huachen Photoelectric Technology Co., Ltd.

Zhangjiagang Huacheng Locomotive Precision Pipe Co., Ltd.

Zhangjiagang Huacheng Import and Export Co., Ltd.

Zhangjiagang Shalong Precise Pipes Industry Co., Ltd.

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PAYMENT

Overall payment appraisal:

() Excellent () Good (X) 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

Basic Bank:

China Construction Bank Zhangjiagang Sub-branch

AC#: 32201986245050356466

FINANCIALS

Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2016	As of Dec. 31, 2017
Cash	32,051	97,057
Notes receivable	15,348	47,690
Accounts receivable	71,368	73,198
Advances to suppliers	19,490	19,879
Other receivable	49,232	96,315
Inventory	47,044	71,583
Non-current assets within one year	0	0
Other current assets	0	0
	-----	-----
Current assets	234,533	405,722
Long-term investment	163,045	137,146
Fixed assets	51,245	57,852
Construction in progress	1,162	1,203
Intangible assets	37,963	37,081
Long-term prepaid expenses	0	0

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Deferred income tax assets	531	307
Other non-current assets	0	0
	-----	-----
Total assets	488,479	639,311
	=====	=====
Short-term loans	113,000	114,000
Notes payable	20,000	39,780
Accounts payable	25,796	40,410
Wages payable	5,124	6,756
Taxes payable	3,961	16,453
Advances from clients	27,670	60,297
Other payable	899	-4,761
Other current liabilities	0	0
	-----	-----
Current liabilities	196,450	272,935
Non-current liabilities	600	600
	-----	-----
Total liabilities	197,050	273,535
Equities	291,429	365,776
	-----	-----
Total liabilities & equities	488,479	639,311
	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31, 2017
Revenue	492,500
Cost of sales	424,252
Sales expense	9,304
Management expense	33,998
Finance expense	6,445
Profit before tax	79,501
Less: profit tax	0
Profits	79,501

Important Ratios

	As of Dec. 31, 2016	As of Dec. 31, 2017
*Current ratio	1.19	1.49
*Quick ratio	0.95	1.22
*Liabilities to assets	0.40	0.43
*Net profit margin (%)	--	16.14
*Return on total assets (%)	--	12.44
*Inventory / Revenue x365	--	54 days
*Accounts receivable/ Revenue x365	--	55 days
*Revenue/Total assets	--	0.77
*Cost of sales / Revenue	--	0.86

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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 normal level.
The inventory of SC is maintained in an average level.
The accounts receivable of SC is maintained in an average level.
The short-term loans of SC appear large.
SC's revenue is in a fair level, comparing with the size of its total assets.

LEVERAGE: AVERAGE

The debt ratio of SC is average.
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. The large amount of short-term loans may be a threat to SC's financial condition.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.83
UK Pound	1	INR 91.35
Euro	1	INR 80.79
CNY	1	INR 10.29

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TRU

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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)

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