

Company Credit Report

XXXXXXXX CO., LTD.
XXXXXXXXXXXXXXXXXXXXX
XXXXXXXXADDRESSXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
TEL: 00 (0) 00-00000000 FAX: 00 (0) 00-00000000

EXECUTIVE SUMMARY

INCORPORATION DATE : APRIL 30, 2000
 CREDIBILITY CODE : 000000000000000000X
 REGISTERED LEGAL FORM : LIMITED LIABILITIES CO.
 CHIEF EXECUTIVE : MR. XXX (LEGAL REPRESENTATIVE)
 STAFF STRENGTH : 109
 REGISTERED CAPITAL : CNY 30,000,000
 BUSINESS LINE : TRADING AND MANUFACTURING
 TURNOVER : CNY 37,107,000 (AS OF DEC. 31, 2016)
 EQUITIES : CNY 59,281,000 (AS OF DEC. 31, 2016)
 PAYMENT : AVERAGE
 RECOMM. CREDIT RANGE : UP TO USD 200,000
 MARKET CONDITION : AVERAGE
 FINANCIAL CONDITION : FAIRLY STABLE
 OPERATIONAL TREND : FAIRLY STEADY
 GENERAL REPUTATION : AVERAGE
 EXCHANGE RATE : CNY 6.6286 = USD 1 AS OF 2017-7-26

CREDIT RATING : CA3- (see below explanatory notes)

RATING KEY	CREDIT RISK ASSESSMENT	PROPOSED CREDIT LIMIT (in concerned business field)
CA1	Minimal Credit can proceed with favorable terms	Large amount
CA2	Low Credit can proceed promptly	Fairly large amount
CA3	Average Credit can proceed normally	Moderate amount
CA4	Above average Credit should proceed with monitor	Small amount – periodical review
CA5	Fairly High Credit should be extended under guarantee	C.O.D. To small amount
CA6	High Credit is not recommended	C.O.D.
NR	Assessment not conducted Insufficient data available	No recommendation

This rating 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 and their relative weights (as indicated through %) in our credit analysis are as follows:

<i>Financial condition (40%)</i>	<i>Ownership background (10%)</i>	<i>Payment record (10%)</i>
<i>Credit history (15%)</i>	<i>Market trend (10%)</i>	<i>Operational size (15%)</i>

In case of unlimited companies, newly established companies, or lack of financial data, more weight is given to ‘Ownership background’ and ‘Payment record’ in our analysis.

Adopted abbreviations:

ANS - amount not stated	NS - not stated	SC - subject company (the company inquired by you)
NA - not available	CNY - China Yuan Renminbi	

HISTORY

SC was registered as a limited liabilities company at local Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license) on April 30, 2000.

Company Status: Limited liabilities co.
This form of business in PR China is defined as a legal person. No more than fifty shareholders contribute its registered capital jointly. Shareholders bear limited liability to the extent of shareholding, and the co. is liable for its debts only to extent of its total assets. The characteristics of this form of co. are as follows:
Upon the establishment of the co., an investment certificate is issued to the each of shareholders.
The board of directors is comprised of three to thirteen members.
The minimum registered capital for a co. is CNY 30,000.
Shareholders may take their capital contributions in cash or by means of tangible assets or intangible assets such as industrial property and non-patented technology.
Cash contributed by all shareholders must account for at least 30% of the registered capital.
Existing shareholders have pre-exemption right to purchase shares of the co. offered for sale by the other shareholders and to subscribe for the newly increased registered capital of the co.

SC’s registered business scope includes manufacture of sanitary equipment; manufacture and sales of sanitary napkin; import and export of goods and technology; import and export of raw and auxiliary materials, instruments and meters, mechanical equipment, spare parts and technology for own production and scientific research; import and export of sanitary products, raw and auxiliary materials; processing with imported materials, processing with imported samples, assembling with imported parts, and compensation trade in agreement; housing and equipment leasing, own premises leasing (if needed with permit). (卫生用品设备制造; 卫生巾生产、销售; 精密模具加工、销售; 经营本企业自产产品及技术的进出口业务; 经营本企业生产、科研所需的原辅材料、仪器仪表、机械设备、零配件及技术的进出口业务; 卫生用品及原辅材料的进出口业务; 经营进料加工和“三来一补”业务; 房屋及设备租赁, 自有场地租赁。(依法须经批准的项目, 经相关部门批准后方可开展经营活动))

SC is mainly engaged in manufacturing and selling machinery equipment. (该公司目前主要从事机械设备的生产销售业务。)

Mr. XXX (陈斌) is legal representative, executive director and general manager of SC at present.

SC is known to have approx. 109 employees at present.

SC is currently operating at the above stated address, and this address houses its operating office and factory in XXX County. Detailed premise information is not available at present. According to SC’s staff, SC has another address at XX.

WEB SITE

<http://www.xxxxx.com/> The design is professional and the content is well organized. At present it is in English, Chinese and French versions, etc.

Email: xxx@xxxxx.com

KEY EVENTS/RECENT DEVELOPMENT

Changes of its registered information are as follows:

Date of change	Item	Before the change	After the change
2001-4-30	Registered capital	CNY 500,000	CNY 8,000,000
	Registration no.	0000	000000000000
2003-2-20	Registered capital	CNY 8,000,000	CNY 15,000,000
2011-7-20	Company name	XXXXXXXXXXXXXX Co., Ltd. 西安万德化工有限公司	Present one
	Legal form	Shares Limited co.	Present one
	Registration no.	000000000000	0000000000000000
2014-9-18	Registered capital	CNY 15,000,000	CNY 19,285,600
2014-10-11		CNY 19,285,600	CNY 20,000,000
2015-11-3		CNY 20,000,000	Present amount
Unknown	Registration no./credibility code	0000000000000000	00000000000000000X

HS Code: 0000000000
 Import/ Export License No: 00000000000000

LITIGATION

For the past two years there is no record of litigation.

OWNERSHIP/MANAGEMENT

MAIN SHAREHOLDERS:

Name	Amount (CNY)	% of Shareholding
XXX XXX	26,300,000	87.67
XXX XXX	3,700,000	12.33

MANAGEMENT

● *Legal Representative, Executive Director and General Manager:*

Mr. XXX (XXX) is currently responsible for the overall management of SC.

Working Experience(s):

At present Working in SC as legal representative, executive director and general manager;
Also working in XXXXXXXXXXX Co., Ltd. and XXXXXXXXXXX Co., Ltd. as legal representative.

● *Supervisor:*

XXX (XXX)

BUSINESS OPERATIONS

SC is mainly engaged in manufacturing and selling machinery equipment. (该公司目前主要从事机械设备的生产销售业务。)

SC's products mainly include: baby diaper machine, adult diaper machine, sanitary napkin machine, wet napkin and tissue napkin machines, etc.

SC sources 100% of its materials from domestic market. SC sells 90% of its products to overseas market, and 10% of its products in domestic market.

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

Trademark & Patents

Registration No.	00000000	00000000	00000000
Registration Date	2015/12/28	2015/08/21	2015/12/21
Trademark Design			

Main Customers:

XXXXXXXXXXXXXXXXXXXX Co., Ltd.
 XXXXXXXXXXXXXXXXXXXX Co., Ltd.
 XXXXXXXXXXXXXXXXXXXX Branch
 Etc.

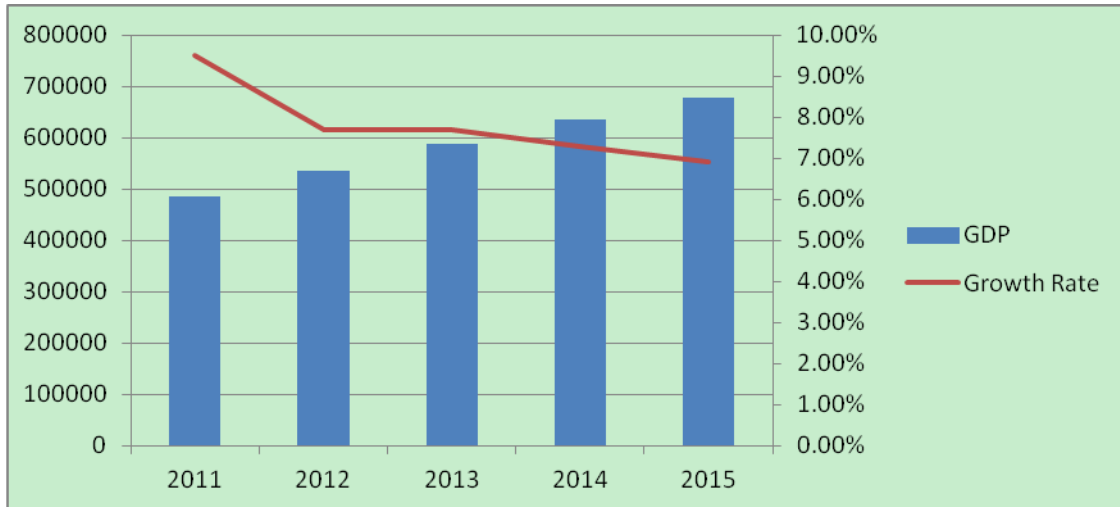
Main Suppliers:

XXXXXXXXXXXXXXXXXXXX Co., Ltd.
 XXXXXXXXXXXXXXXXXXXX Co., Ltd.
 XXXXXXXXXXXXXXXXXXXX Co., Ltd.
 Etc.

Industry code: 3500

Industry name: Special equipment manufacturing

The gross domestic product of China in 2015 which is 676,708 billion that is increased 6.9% than previous year.



In 2015, the main business income of China's special equipment manufacturing industry is 3559.98 billion yuan, increased by 2.9% year on year. From the above chart we can see from 2012 to 2015, the main business income of national special equipment manufacturing industry has maintained a rising trend, but the main business revenue growth rate of special equipment manufacturing industry has been in a turbulent downturn, but still maintain positive growth.



In 2015, the total profit of special equipment manufacturing industry was 209.69 billion yuan, down by 3.4% year on year. From the above chart we can see from 2011 to 2013, the total profit growth rate has maintained positive growth. From 2013 to 2015, the profit growth rate has been declining, the profit growth into negative growth in 2015.



RELATED COMPANIES

SC is known to invest in the following companies:

XXXXXXXXXXXXXXXXXX Co., Ltd.

=====
Incorporation Date: 2010-04-01
Credibility Code: 000000000000000000X
Legal representative: XXX

XXXXXXXXXXXXXXXXXX Co., Ltd.

=====
Incorporation Date: 2008-12-23
Credibility Code: 000000000000000000X
Legal representative: XXX
Web: <http://www.xxxxxx.com/>

XXXXXXXXXXXXXXXXXX Co., Ltd.

金湖金卫进出口贸易有限公司
=====
Incorporation Date: 2006-07-05
Credibility Code: 000000000000000000X
Legal representative: XXX
Web: <http://www.xxxxxx.com/>
Etc.

PAYMENT

Overall payment appraisal:

Excellent Good Average Fair Poor Not yet 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

Bank of China Beijing Linhe Development Zone Sub-branch
 中国银行北京林河开发区支行
 A/C #: 000000000000

Relationship: Normal

FINANCIAL HIGHLIGHTS

Balance Sheet

Unit: CNY'000

	As of Dec. 31, 2015	As of Dec. 31, 2016
Cash & bank	25,648	21,292
Note receivable	0	50
Inventory	284	369
Accounts receivable	9,965	11,476
Advances to suppliers	153	153
Other receivables	10,204	18,912
Subsidies receivable	279	0
	-----	-----
Current assets	46,533	52,252
Fixed assets net value	20,865	35,311
Long term investment	7,868	7,868
Projects under construction	0	552
Intangible and other assets	0	5,433
	-----	-----
Total assets	75,266	101,416
	=====	=====
Short loan	16,000	17,800
Accounts payable	16,736	23,711
Advances from customers	0	0
Taxes payable	243	-1,169
Payroll payable	2,200	1,789
Other fees payable	4	4
	-----	-----
Current liabilities	35,183	42,135
Long term liabilities	0	0

	-----	-----
Total liabilities	35,183	42,135
Equities	40,083	59,281
	-----	-----
Total liabilities & equities	75,266	101,416
	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016
Turnover	51,408	37,107
Cost of goods sold	38,069	29,152
Taxes and additional of main operation	47	39
Sales expense	5,328	3,859
Management expense	6,768	6,087
Finance expense	688	799
Subsidies income	1,218	1,555
Other business profit	0	2,471
Non-operating income	0	1,048
Non-operating expense	23	56
Profit before tax	1,703	2,189
Less: profit tax	0	328
Profits	1,703	1,861

Important Ratios

	As of Dec. 31, 2015	As of Dec. 31, 2016
*Current ratio	1.32	1.24
*Quick ratio	1.31	1.23
*Liabilities to assets	0.47	0.42
*Net profit margin (%)	3.31	5.02
*Return on total assets (%)	2.26	1.84
*Inventory /Turnover ×365	3 days	4 days
*Accounts receivable/Turnover ×365	71 days	113 days
*Turnover/Total assets	0.68	0.37
* Cost of goods sold/Turnover	0.74	0.79

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

- The turnover of SC appears average in its line, but it decreased in 2016.
- SC's net profit margin is average in 2015, and fairly good in 2016.
- SC's return on total assets is average.
- SC's cost of goods sold is average, comparing with its turnover.

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 appears small.
- The accounts receivable of SC is average in 2015, but fairly large in 2016.
- SC's short loans are average.
- SC's turnover is in a fair level in 2015, but poor in 2016, 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: Fairly stable.

REMARKS

SC is considered medium-sized in its line with fairly stable financial conditions. A credit line up to USD 200,000 would appear to be within SC's capacities.

This report is furnished by IGK GROUP in strict confidence solely for your use and no part of the report may be disclosed to any third party. IGK GROUP can not accept any responsibility for any loss or damage caused by decisions made being based on data of this report.

* * * E N D O F R E P O R T * * *