

Business Information Report

This report prepared by Huaxia D&B China is sent to answer your inquiry on:

Chengdu Foresight Composite Co., Ltd.

D-U-N-S: 52-649-8416

Prepared for : Chendu Foresight Composite Co.,Ltd.
Subscriber Key : 926116729
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Inquiry Date : Feb 28,2018
Inquiry Subject : 成都远见复合材料有限公司
Inquiry Address : 成都市成华区龙潭乡光明村四组。
Inquiry Phone/Fax : (P)028-84211071 (F)028-84298625
Inquiry Reference : custsr

HDBC Compliance Report Updated to Version 6.0!

In Jun. 2016, Huaxia Dun & Bradstreet China completed a major update to the entire product family of Compliance Report, optimizing scope of information retrieval, content architecture and appearance design to deliver more professional and friendly experience to users.

The updated Version 6.0 encompasses China Business Compliance Report, China Business Consolidated Assessment Report and China Association Compliance Report, which helps companies understand business partners' compliance risks in a fast and objective manner, adapt to complex regulatory environments and uncertainties to avoid potential adverse influences and losses.

• **Highlights:**

- **Complete screening:** identify regulatory compliance risks by screening adverse media information and public records through multiple local and international channels.
- **Precise positioning:** identify potential compliance risks of target groups and their affiliates through screening their litigation records and adverse media coverage.
- **Rapid judgment:** help clients identify risk points of partners with risk signals and make business decisions based on our prevention and improvement advices out of professional judgment.
- **Holistic analysis:** evaluate credit risks while screening compliance risks, to give clients multi-faceted insights of potential partners to facilitate their business decision.

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Business Information Report

Chengdu Foresight Composite Co., Ltd.

Report compiled Jun 15,2018

IDENTIFICATION & SUMMARY

Identification

Company Name	Chengdu Foresight Composite Co., Ltd.
Official English Name	Yes
Chinese Name	成都远见复合材料有限公司
DUNS® Number	52-649-8416
Address	Group 4, Guangming Village, Longtan Township, Chenghua Dist. Chengdu Sichuan
Postal Code	610052
Address (Chinese)	成华区龙潭乡光明村四组 成都市 四川省
Telephone	028 84211071
Facsimile	028 84298625
Website	www.cdfhcl.com.cn
E-mail	carina@cdfhcl.com
Type of Business	A limited company
Year Started	2006
History	Clear (Complete Shareholder(s) and management information)
Imports	Yes
Exports	Yes
Employees	180 (Total)
Principal	Ye YUAN / Chairman
US SIC Code	2821 0215
Primary Business	Polyvinyl chloride resins, PVC

Risk Summary

RISK EVALUATION

EMMA Score	4
D&B Rating	3A2(PRV. 3A2)
D&B PAYDEX®	100

LEGAL EVENTS

Litigation Records	0
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PRINCIPAL INFORMATION

Principal(s)	5
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PAYMENT INFORMATION

Trade References	3
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COMPANY KEY EVENTS

History Changes	6
Media Records	0

FINANCIAL SUMMARY

Registered Capital	RMB 20,000,000
Sales/Turnover	104,382,000 (2017)
Tangible Net Worth	53,696,000 (2017)
Total Assets	74,837,000 (2017)
Shareholders Equity	53,757,000 (2017)

CURRENCY

All monetary amounts quoted in this report are shown in Renminbi(RMB) unless otherwise stated.

REMARK

"-" stands for "Insufficient information" or "No comments".

Risk Assessment

EMMA Score	4
Relative Risk	▼ Below Average Risk

D&B Rating	3A2 (Previous 3A2)
Financial Strength	(Tangible Net worth 3A 8,500,000 - 84,999,999)



Composite Appraisal **2 Good**



EMMA Score predicts the possibility of a business in perilous status of instability or unreliability, such as poor financials, delay payment, stale inventory, abnormal operational status, etc., it is based on a scale of 1 (the lowest risk) to 10 (the highest risk). Subject's EMMA score is '4', indicating Below Average Risk.

D&B Rating assesses enterprises' financial strength and credit condition and determines their credibility. Subject's D&B Rating is 3A2 (indicating Financial Strength: Tangible Net worth 8,500,000 - 84,999,999) and its composite credit appraisal is 2 (Good).

D&B PAYDEX® is obtained according to enterprises' historical payment habit. Subject's PAYDEX® is '100', which shows 30 days sooner than terms on average and indicates the Low Risk of Late Payment.

Company Overview

Subject was established in 2006. Subject is mainly engaged in production and sales mine, tunnel ventilation pipe material, PVC biogas engineering materials, special anti-seepage project, storage of water storage materials, PVC inflatable castle material, PVC inflatable water toy. Currently, subject owns around 180 staff. In 2017, subject's Revenue reached RMB 104,382 thousand, Operation Profit was RMB 4,089 thousand and Quick Ratio that year was 1.46.

Subject's EMMA score is "4", which is in the medium risk range. Based on its financial statements, subject's financial status is considered as good, indicating subject's real risk is probably lower than the EMMA score reflected.

Current Investigation

On Jun 15, 2018, Ms. Xiaomin Lin (Tel: 028-84211071) submitted full financial statement, and confirmed the operational and historical data in this report. Other information was obtained from a third-party source and last investigation.

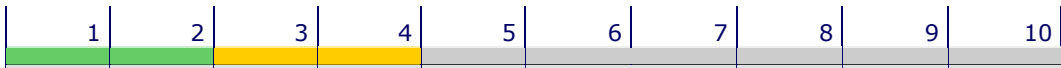
Generally in China, the information in our reports is collected and validated through telephone interview with subject, review of public websites of the business and acquisition of data that is publicly available by the Chinese Government.

History Changes

Date	Event
Aug 29, 2008	Shareholder changed
Oct 28, 2008	Shareholder changed
Dec 25, 2014	Shareholder changed
May 15, 2018	Shareholder changed
Aug 29, 2008	Capital changed
Nov 13, 2017	Capital changed

RISK ANALYSIS

EMMA Score



EMMA Score Analysis

Subject's EMMA score is mainly impacted by the following risk drivers:

- Subject is a limited company, which is classified as a lower risk type of business.
- Subject's history is Clear (Complete Shareholder(s) and management information), which indicates a lower risk level.
- Subject has an employee size of 180, which is in the medium range level, indicating a medium risk level.
- Subject/Industry PAYDEX® shows payment behaviour of the company/industry is good, indicating lower risk.

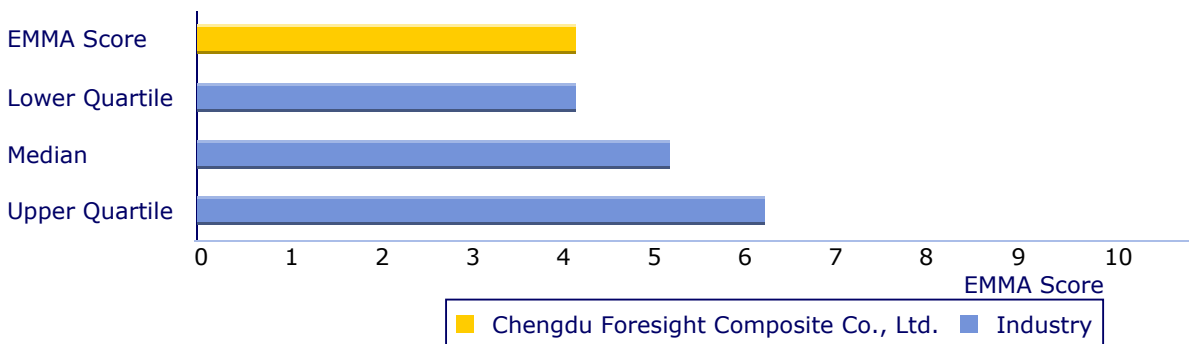
EMMA Score
4

By evaluating all risk factors, the company is assigned with EMMA score of "4", indicating "Below Average Risk".

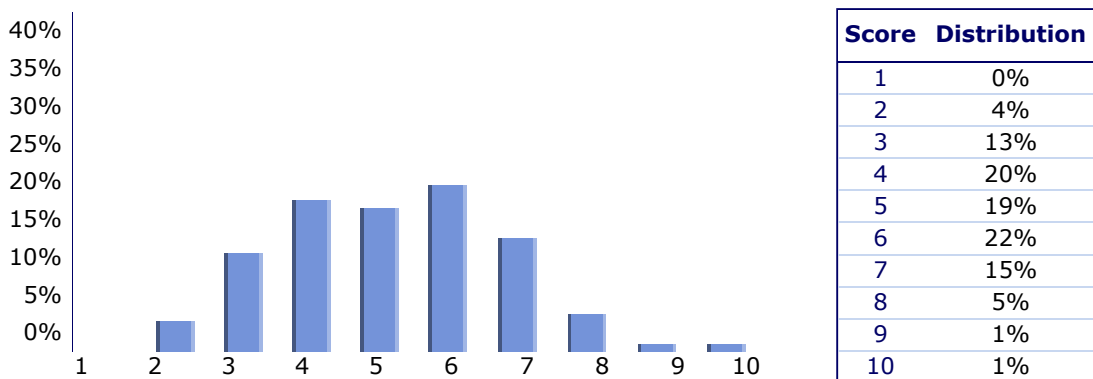
Industry Norm Grouping

Industry Group SIC	2821		
Industry Group Description	Plastics materials and resins		
Industry Group EMMA Score Quartile Values	Lower Quartile		4
	Median		5
	Upper Quartile		6

Company Risk Vs Industry Norm Chart



Distribution of EMMA Score in Huaxia D&B China's Database



Note: please refer to the report appendix for the principle and major factors of Huaxia D&B China EMMA Score.

Risk Assessment Matrix

PAYDEX	Risk Range		
	Low (EMMA 1 - 3)	Medium (EMMA 4 - 7)	High (EMMA 8 - 10)
PAYDEX ≥ 80	AA	BA (Subject lies in this group)	CA
80 > PAYDEX ≥ 60	AB	BB	CB
PAYDEX < 60	AC	BC	CC

Interpretation and Analysis of Risk Assessment Matrix

Classifications	Risk Level	Description	Credit Policy
Quality group	AA->AB	Business is sound, and the bills are paid promptly with good credit reputation.	Favorable credit policy can be granted with automatic approval.
Medium risk group	BA->BB->AC	Business is operated under medium risk, and some delay payment behaviors exist.	Appropriate credit policy is suggested with some manual review.
High risk group	CA->BC->CB	Business is operated under high risk, and some severe delay payment behaviors exist.	Relatively strict credit policy is suggested with detailed manual review.
Monitoring group	CC	Business is run under high risk or with high possibility of windup, and the bills are unable to be paid in time.	Avoid credit sales. Cash settlement is suggested.

*Risk levels are listed in order of risk from low to high.

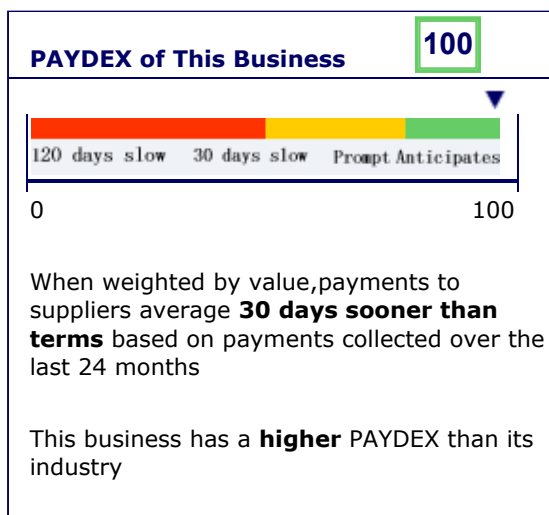
According to the Risk Assessment Matrix, subject is rated as "**BA**", which represents the subject belongs to the medium risk group:

- The risk level of the subject is medium, which reveals its business risk is at the average level amid all Chinese enterprises;
- The PAYDEX® of subject/industry indicates that most of the bills are paid promptly, rarely with any delay, and the credit reputation of subject/industry is decent;
- Conclusion: Subject's business is operated at the average level and its business risk is also at the average level, while subject/industry has the good credit reputation. It paid most of the bills promptly, rarely with any delay. Thus subject belongs to the medium risk group, and it is recommended to be granted relatively favorable credit policy after a manual review of the subject based on its capacity, internal policy and risk tolerance.

TRADE PAYMENTS

D&B PAYDEX®

The D&B PAYDEX® is a unique indicator of payment performance weighted by the monetary value of the payment experiences as reported to D&B by trade references. A detailed explanation of how to read and interpret PAYDEX values can be found in the Appendices section of this report.



D&B PAYDEX® Key

<p>■ High risk of late payment (average 30 to 120 days beyond terms)</p>	<p>■ Medium risk of late payment (average 30 days or less beyond terms)</p>	<p>■ Low risk of late payment (average prompt to 30+ days sooner)</p>
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Trade Payment Information

Trade Payment Experiences Summary

Value Bands - Now Owes RMB	No. of Exp	Sum of Now Owes RMB	Within Terms	1-30 Days	31-60 Days	61-90 Days	91+ Days
>10,000,000	0	0.00	0%	0%	0%	0%	0%
1,000,000 - 9,999,999	0	0.00	0%	0%	0%	0%	0%
500,000 - 999,999	0	0.00	0%	0%	0%	0%	0%
100,000 - 499,999	0	0.00	0%	0%	0%	0%	0%
50,000 - 99,999	0	0.00	0%	0%	0%	0%	0%
<50,000	3	0.00	100%	0%	0%	0%	0%
TOTAL	3	0.00	100%	0%	0%	0%	0%

Note: Above Trade Payment Experiences Summary is derived by analysis trade payment experiences details within 24 months.

Trade Payment Experiences Details (Max. 100 records displayed)

(Amounts may be rounded to the nearest figure in prescribed ranges)

Date	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale
Mar 06,2017	Prompt	2,000,000	0	0	Advance	--
Mar 06,2017	Prompt	1,000,000	0	0	Advance	--
Mar 06,2017	Prompt	4,000,000	0	0	Advance	--

Note: The above payment record reflects how accounts are paid in relation to the terms granted. Slow-30, for example, indicates a 30 day term where 30 additional days are taken. In some instance, payment beyond terms can be the result of disputes over merchandise, lost invoices, etc

HISTORY

Registration

Registration Date	Jun 28,2006
Registered At	Chengdu Administration for Industry and Commerce
Registration No.	510100000068496
National Organization Code	790016428
License Expiry Date	Jun 27,2026
Enterprise Registration Status	in good standing (in operation, open and registered)
Enterprise Management Status	open
Registered Capital	RMB 20,000,000
Paid-up Capital	RMB 20,000,000
Business Started	2006
Type of Business	a limited company
Registered Address	Group 4, Guangming Village, Longtan Town Ship, Chenghua Dist., Chengdu
Legal Representative	Ye Yuan
Business Scope	Development, production, sales: plastic products (wind, wind tube cloth, explosion-proof water bag); sales: plastic products (PVC calendar film, PVC mesh composite fabric, PVC building canopy, PVC gas mold material, PVC airtight Materials, PVC Pool Cloth, Chemical-free Dangerous Goods; Production, Sales: Textiles, Building Materials (Excluding Paint); Import and Export of Machinery, Goods, and Technology. (Projects that are subject to approval according to law may not be allowed to carry out business activities until approved by the relevant department).

Shareholder(s)

Shareholding Structure

Name	Region/ Country	Shares	Investment Mode	Paid-Up Rate
Ye Yuan 袁野	China	66.47%		fully paid
Honglong Li 李厚龙	China	16.47%		fully paid
Chengqiong Li 李成琼	China	9.58%		fully paid
Yong Cheng 程勇	China	5.99%		fully paid
Binmei Xiang 向彬梅	China	1.49%		fully paid
Total		100%		

Above registration information was obtained from official registry source on Jun 15,2018 .

Comment:

- During this current investigation, the Inv. mode is not available.
- The 2017 annual report of subject is published on Apr 09,2018 .
- The type of business of subject is a limited liability company (invested or held by a natural person) .

History Changes

Shareholders Changed

From:	Honglong Li, Sichuan Foresight Industrial Co., Ltd., Ye Yuan, Chengqiong Li, Yong Wang(100%)	
To:	Chengqiong Li(2.7%), Honglong Li(4%),Sichuan Foresight Industrial Co., Ltd.(91.8%), Yong Wang(1.5%)	On(in) Aug 29,2008
To:	Yong Cheng, Chengqiong Li, Honglong Li, Sichuan Foresight Industrial Co., Ltd., Yongxiang Tang(100%)	On(in) Oct 28,2008
To:	Ye Yuan(66.45%), Honglong Li(16.48%), Chengqiong Li(9.59%), Yongxiang Tang(3.66%), Yong Cheng(2.33%), Binmei Xiang(1.49%)	On(in) Dec 25,2014
To:	Ye Yuan(66.47%),Honglong Li(16.47%),Chengqiong Li(9.58%),Yong Cheng(5.99%),Binmei Xiang(1.49%)(Current Shareholders)	On(in) May 15,2018

Capital Changed

From:	RMB 5,000,000	
To:	RMB 12,000,000	On(in) Aug 29,2008
To:	RMB 20,000,000(Current Capital)	On(in) Nov 13,2017

History Summary

In 2006, Honglong Li, Sichuan Foresight Industrial Co., Ltd., Ye Yuan, Chengqiong Li, Yong Wang(100%) jointly invested RMB 5,000,000 to establish subject. With some changes, currently, Ye Yuan shares 66.47% of subject,Honglong Li shares 16.47%,Chengqiong Li shares 9.58%,Yong Cheng shares 5.99%,and Binmei Xiang shares 1.49%. Subject's registered capital is RMB 20,000,000 at present.

PRINCIPALS

Principal(s)

Ye YUAN - Chairman/Legal Representative

袁野

Gender Male
Nationality China
Activity Status Yes
Related Working Experience 5 Year+

Affiliated Positions

Position	Company	DUNS	Management Status
Legal Representative/Executive Director	Sichuan Foresight Composite Co., Ltd.	-	in operation (open)
Legal Representative/Executive Director	Sichuan Shente'er Polymer Materials Technology Co., Ltd.	-	in operation (open)
Others	Chengdu Yuanjian Industry Co., Ltd.(Supervisor)	72-434-0208	revoked
Others	Chengdu Baolimei New Material Co., Ltd.(Supervisor)	-	in operation (open)

Changming TAO - General Manager/Director

陶长明

Nationality China
Activity Status Yes
Area of Responsibility Overall management
Related Working Experience 5 Year+

Houlong LI - Director

李厚龙

Nationality China

Yong CHENG - Director

程勇

Nationality China

Binmei XIANG - Supervisor

向彬梅

Nationality China

OPERATIONS**Line of Business**

Subject is mainly engaged in production and sales mine, tunnel ventilation pipe material,PVC biogas engineering materials, special anti-seepage project, storage of water storage materials, PVC inflatable castle material, PVC inflatable water toy.

US SIC Code 2821 0215 Polyvinyl chloride resins, PVC

US SIC Code 2295 0106 Waterproofing fabrics, except rubberizing

Subject provides OEM Service.

The operation is not seasonal.

Brands

Brands Owned JULI
Armor

Awards & Certifications

Awards & Certifications Name ISO9001:2008

Issued By SGS-CSTC Standards Technical Services Co., Ltd.

Date Awarded 2014/11/17

Date Expired 2017/11/16

Awards & Certifications Name SGS

Subject is entitled to independent import and export rights.

Patent

Application Number	Application Date	Publication Date	Duration of Patent	Invention Title
201220242687.6	May 28,2012	Jan 23,2013	10 Year	Anti - adsorption of the ventilation duct cloth structure
201210164393.0	May 25,2012	Sep 23,2015	20 Year	Salt - resistant Brass Fabrics and Its Application in Salt - Halogen Ditch
201020207744.8	May 31,2010	Jan 26,2011	10 Year	Self - regulating new floating bucket software biogas digesters

Patent refers to an exclusive right with a time limit for the invention or creation that applied to national approval authorities and approved qualified after legal examination. The three categories of patent are invention patent, utility model patent and design patent.

Purchasing

Purchase Territory

Area	Percent	Region/Country
Domestic	95%	Sichuan Jiangsu Zhejiang Guangdong
Overseas	5%	Germany United States

Purchasing Terms

Terms	Percent
Payment Upon Completion	-
Partial Advance	-

Purchasing Settlement Method

Settlement Method	Percent
T/T	

Major Suppliers

Area	Name	DUNS
Domestic	Zhejiang Guxiandao IndustrialFiber Co., Ltd.	54-527-2440
Domestic	Zhejiang Unifull Industrial Fibre Co., Ltd.	54-532-2450
Domestic	Nanchong Unicizers Industrial Co., Ltd.	54-439-7576

Selling

Sales Territory

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Area	Percent	Region/Country
Domestic	90%	nationwide
Overseas	10%	Europe (50%) South East Asia (35.5%) South America (10%) Australia (4.5%)

Selling Terms

Terms	Percent
Payment Upon Completion	-
Partial Advance	-
Credit	-

Selling Settlement Method

Settlement Method	Percent
T/T	

Customer Type

Type	Percent
Wholesalers	30%
Manufacturers	40%
Construction companies	20%
Others	10%

Major Customers

Area	Name	DUNS
Overseas	ECE COGEMACOUSTIC	
Overseas	Bouygues Construction	
Overseas	Erkom Kompresor Makina Imalat San. Ve Tic. Ltd.	

China Customs Import and Export Data

No import and export data of subject is available during current investigation.

Employees

Employee Size

Type	Number
Total	180
Sales Person	20
Plant Worker	125
Administrative Staff	15
Financial Staff	5
Technician	15

Location

Principal Place of Business

Other Place of Business

Type REGISTERED ADDRESS
Address Group 4, Guangming Village, Longtan Town Ship, Chenghua Dist., Chengdu

CORPORATE STRUCTURE

Linkage Down

Subsidiary (subject owns more than 50%)	Address	Duns
Sichuan Foresight Composite Co., Ltd. 100% owned by subject	China	
Affiliates	Address	Duns
Sichuan Shente'er Polymer Materials Technology Co., Ltd. 21.20% owned by subject	China	
Chengdu Baolimei New Material Co., Ltd. 24.19% owned by subject	China	

FINANCE & BANKING

Finance

Please note that any financial information (such as financial statements) included in this report was obtained with the company's consent or from the stock exchange. If no financial information is provided in this report, it is because the company did not provide its consent to have such information disclosed. Pursuant to the Interim Regulations on the Public Disclosure of Enterprise Information, issued by the State Council and effective from 1 October 2014, companies will no longer be required to submit their financial statements to the Administration of Industry and Commerce (AIC). Instead, only limited financial figures of the company will be reported to the AIC, and such figures will be made available in reports only if the company itself has consented to the disclosure of such financial figures. These new requirements affect all company financial information for the 2013 financial year and onward, and as such, financial statements should no longer be available in any reports for the 2013 financial year and onward, unless the company itself has provided such statements and consented to the disclosure of such statements, or the company's financial statement has been published on a stock exchange.

The 2017 financial statements were submitted by the company personnel.

Financial Highlights

	Dec 31, 2017 RMB '000	Change %	Dec 31, 2016 RMB '000	Change %	Dec 31, 2015 RMB '000
Current Assets	46,796	-11.29%	52,752	5.29%	50,101
Current Liabilities	18,074	-29.15%	25,509	7.34%	23,764
Working Capital	28,722	5.43%	27,243	3.44%	26,337
Tangible Net Worth	53,696	5.34%	50,974	8.23%	47,098
Fixed Assets	21,679	-5.99%	23,061	-9.06%	25,357
Total Assets	74,837	-5.42%	79,128	0.00%	78,584
Total Liabilities	21,080	-24.92%	28,078	-10.57%	31,396
Shareholders Equity	53,757	5.30%	51,050	8.18%	47,188
Sales	104,382	4.36%	100,023	0.00%	100,850
Net Profit	5,126	-11.41%	5,786	6.09%	5,454

Balance Sheet

	Dec 31, 2017 RMB '000 Fiscal (Independent)	Dec 31, 2016 RMB '000 Fiscal (Independent)	Dec 31, 2015 RMB '000 Fiscal (Independent)
Cash and Bank	4,641	5,852	7,176
Accounts Receivables	10,503	11,507	13,140
Notes Receivables	1,749	1,760	1,020
Other Receivables	9,657	13,574	12,570
Inventory	20,246	20,059	16,195
Total Current Assets	46,796	52,752	50,101
Fixed Assets, at cost	56,611	54,082	48,041
Less Acc. Depreciation	(35,739)	(31,785)	(27,466)
Construction in Progress	807	764	4,782

Total Fixed Assets	21,679	23,061	25,357
Intangibles	61	76	90
Total Intangible Assets	61	76	90
LT Equity Investment	6,100	3,000	3,000
Other Assets	36	36	36
LT Prepaid Expense	165	203	-
Total Investment & Other Assets	6,301	3,239	3,036
TOTAL ASSETS	74,837	79,128	78,584
Short-Term Loans	15,000	19,000	19,000
Accounts Payable	1,083	4,458	2,408
Other Payables	1,025	1,034	1,553
Provision:Taxes & Fees	288	235	118
Accrued Payroll	678	782	565
Accrued Welfare	-	-	120
Total Current Liabilities	18,074	25,509	23,764
Medium/Long Term Loans	3,006	2,569	7,632
Total Non-Current Liabilities	3,006	2,569	7,632
Total Liabilities	21,080	28,078	31,396
Capital	20,000	12,000	12,000
Capital Reserve	-	1,206	1,207
Retained Earnings	33,757	37,844	33,981
Total Equity	53,757	51,050	47,188
TOTAL LIABILITIES & EQUITY	74,837	79,128	78,584

Profit & Loss Statement

	Dec 31, 2017 RMB '000 Fiscal (Independent)	Dec 31, 2016 RMB '000 Fiscal (Independent)	Dec 31, 2015 RMB '000 Fiscal (Independent)
Sales	104,382	100,023	100,850
-Cost of Goods Sold	78,765	72,543	72,020
-Sales Tax	1,747	1,550	1,890
Gross Profit/Loss	23,870	25,930	26,940
+Investment Income	-	-	(23)
Other Operating Income	284	327	478
-Operating Expenses	9,829	8,864	9,094
-Administrative Expenses	8,574	9,071	9,605
-Financial Expenses	1,662	2,949	3,993
Operating Profit/Loss	4,089	5,373	4,703
+Subsidy Income	7	116	108
+Non Operating Income	1,184	465	850
-Non-Operating Expense	4	49	24
Profit/Loss Before Tax	5,276	5,905	5,637
-Income Tax	150	119	183
Profit/Loss After Tax	5,126	5,786	5,454
Net Profit(Loss)	5,126	5,786	5,454

Key Financial Ratios

Ratio	2017	2016	2015
Current Ratio	2.58	2.06	2.10

Quick Ratio	1.46	1.28	1.42
Total Debt/Equity Ratio	0.39	0.55	0.66
Debt Ratio	0.28	0.35	0.39
Collection Period (Days)	36	41	46
Payment Period (Days)	4	22	12
Inventory Turnover (Days)	92	99	80
Asset Turnover	1.39	1.26	1.28
Gross Profit Margin %	22.86	25.92	26.71
Net Profit Margin %	4.91	5.78	5.40
Return on Equity %	9.53	11.33	11.55
Return on Assets %	6.85	7.31	6.94

Financial Comments

- Subject's financial statement of 2016-2017 were obtained from subject personally, and they have been audited by Sichuan Jingwei Certified Public Accountant Co.,Ltd.
- Overall financial status of subject is considered as good.

Banking

The company maintains relationship(s) with the following bank(s) in China:

Agricultural Bank of China

Account Number 817401040004015

INDUSTRY ANALYSIS

Industry Highlights

Date	May 30, 2018
Source	Statistics Authorities
Detail	<p>In 2017, impacted by the slow growth rate of the domestic economy, high operating costs and weakened profitability of the manufacturing industry, the growth rate of China's chemical industry continued to slow down. In 2017, the fixed investments in the chemical raw materials & chemical product manufacturing industry was RMB 1.39 trillion, down 4.8% year on year (3.2% lower in the growth rate).</p> <p>Due to the weak domestic demand and the general overcapacity of enterprises, the growth rate of major products in the chemical raw materials and chemical products manufacturing industry continued to decline in 2017. Among that, the output of sulfuric acid reached to 86.942 million tons, down 2.2% year on year (1.4% lower in the growth rate); that of caustic soda reached to 33.652 million tons, up 2.5% year on year (6.3% lower in the growth rate); that of sodium carbonate reached to 26.771 million tons, up 3.4% year on year (0.8% higher in the growth rate); that of fertilizers reached to 60.652 million tons, down 13.4% year on year (8.6% lower in the growth rate); that of ethylene reached to 18.218million tons, up 2.3% year on year (1.6% lower in the growth rate); that of synthetic detergents reached to 12.651 million tons, down 2.6% year on year (5.0% lower in the growth rate).</p>
Date	Jun 30, 2017
Source	Statistics Authorities
Detail	<p>In 2016, the growth rate of China's chemical industry continued to decline due to the overall slowdown of the domestic economy, high operating costs in the manufacturing and weaker profitability. In 2016, the fixed assets investment in the chemical industry was 1.46 trillion yuan, down 1.6% year on year and down 4.9% in increasing rate over the previous year; industrial added value increased by 7.7%, down 1.4% in increasing rate over the previous year; and the rest industry indicators also showed a decline.</p> <p>Seeing from the industry's overall production and marketing, due to weak domestic demand and overcapacity which is common in chemical enterprises, the increasing rate of main products fell in 2016. Among that, the output of sulfuric acid was 88.891 million tons, down 0.8% year on year and down 4.8% in increasing rate over the previous year; that of caustic soda was 32.839 million tons, up 8.8% year on year and up 10.2% in increasing rate over the previous year; that of sodium carbonate was 25.883 million tons, up 2.6% year on year and down 0.5% in increasing rate over the previous year; that of fertilizers was 70.049 million tons, down 4.8% year on year and down 12.1% in increasing rate over the previous year; that of ethylene was 17.811 million tons, up 3.9% year on year and up 2.3% in increasing rate over the previous year; and that of synthetic detergent</p>

was 12.991 million tons, up 2.4% year on year and down 1.9% in increasing rate over the previous year.

PUBLIC RECORDS

Litigation Records

As of Jun 15,2018 , HDBC has searched the China Court website, website of local court in the place where subject is located, major domestic courts websites as well as our internal China court database, but no related court records can be found against the subject within 5 years.

Remark: The above mentioned channels are currently publicly available ones to search for the court records against China enterprises. However, due to lack of a centralized database in mainland China that covers all Chinese enterprises' litigation records, partial cases against subject might not be available.

Media Records

As of Jun 15,2018 , no related media records can be found against the subject within 2 years.

APPENDICES

HDBC EMMA Score

D&B EMMA Score (Emerging Market Mediation Alert Score) is a risk assessment model developed for emerging market countries. It is a score developed by data profiling approach and statistical modeling, which predicts the possibility of a business in perilous status of instability or unreliability, such as poor financials, delay payment, stale inventory, abnormal operational status, etc. The EMMA Score provides you with a quick assessment of a business' risk standing, and when used together with other information, allows you to make better risk decisions.

The EMMA Score is based on a scale of 1 to 10, where 1 represents a lower risk and 10 a higher risk.

EMMA Score for China is initially rolled out in May 2009, derived from the sample analysis of millions of company records. When using the Score to make individual applicant decisions, a customized version of this table based on an analysis of the Score against your customer account portfolio is recommended. It does not necessarily mean doing business with a company, which is assigned with higher Risk Score, will result in increased risk.

Considering the particularity of Chinese business environment and in order to make EMMA Score analyze and reflect risk factors of Chinese enterprises more appropriately, HDBC conducted an optimization and adjustment toward EMMA Score in the first half of 2012, combined PAYDEX® to appraisal model as an important risk evaluating dimension and will try harder to deeply reflect the internal factors of enterprise risk. The optimized EMMA Score makes the scores more scientifically and effectively reflect the risk characteristics of current China as an emerging market and more objectively and deeply reflect risk level of Chinese enterprises.

EMMA Score for China is calibrated on regular basis following D&B Global Modeling Methodology that captures business environmental change in China caused by macro economy shift and particular systematic events.

HDBC EMMA Score Commentary

Risk Range	EMMA Score	% of Report in Database	% of High Risk Business	Commentary
Low Risk Scores	1-3	28.9%	5.7%	Lower Risk Range
Medium Risk Scores	4-7	56.7%	9.1%	Average Risk Range
High Risk Scores	8-10	14.4%	36.4%	High Risk Range

The Key Drivers of the EMMA Score include the following:

Business Information

- Business Type
- Line of Business
- Employee Size
- Sales Territory
- Registered Capital

Geographical Information

- Region & Province

Public Record

- Number of Negative Record

Payment Information

- Percentage of Overdue Payment

- Year of Establishment
- History Status
- Property Ownership
- Company/Industry PAYDEX®

EMMA Score Application

- *Low EMMA Score* - May proceed to process the applicant quickly with minimal or no manual review depending on the extent of score validation analysis.
- *Medium EMMA Score* - Medium Risk Scores - Recommend a manual review of the applicant based on the applicant's capacity, your internal policy and risk tolerance.
- *High EMMA Score* - High Risk Scores - Requires thorough manual review of potential decline, or approval depending on the applicant's capacity, your internal policy and risk tolerance.

Sample Data Analysis of Risk Assessment Matrix Database

Risk Matrix Sample Distribution

PAYDEX	Risk Range		
	Low	Medium	High
PAYDEX ≥ 80	13.6%	12.6%	0.5%
80 > PAYDEX ≥ 60	15.2%	28.7%	1.7%
PAYDEX < 60	0.1%	15.4%	12.2%

Possibility of High Risk Enterprise

PAYDEX	Risk Range		
	Low	Medium	High
PAYDEX ≥ 80	5.8%	8.4%	9.1%
80 > PAYDEX ≥ 60	5.6%	8.4%	14.5%
PAYDEX < 60	5.6%	11.1%	40.4%

Interpretation and Analysis of Risk Assessment Matrix

Classifications	Risk Level	Description	Credit Policy
Quality group	AA->AB	Business is sound, and the bills are paid promptly with good credit reputation.	Favorable credit policy can be granted with automatic approval.
Medium risk group	BA->BB->AC	Business is operated under medium risk, and some delay payment behaviors exist.	Appropriate credit policy is suggested with some manual review.
High risk group	CA->BC->CB	Business is operated under high risk, and some severe delay payment behaviors exist.	Relatively strict credit policy is suggested with detailed manual review.
Monitoring group	CC	Business is run under high risk or with high possibility of windup, and the bills are unable to be paid in time.	Avoid credit sales. Cash settlement is suggested.

*Risk levels are listed in order of risk from low to high.

Risk Assessment Matrix is the tool for investigating the insight of subject combined with EMMA Score and PAYDEX®. EMMA Score can indicate the risk level of subject. With the help of PAYDEX®, one can also further analysis subject's risk and find out the internal factors causing risks based on the payment records of subject. In summary, the assessment matrix can make further insightful analysis towards the enterprises with similar EMMA Scores.

When using EMMA Score and Risk Assessment Matrix, the combination of other information, such as internal assessment policy of enterprise, commercial information provided by HDBC, and feedback from the people who directly contacts with subject, etc., is recommended. With these information, it will allow you to be more convenient to make risk decisions.

D&B Rating

D&B Rating Interpretation Tables

Financial Strength

Tangible Registered Renminbi (RMB)

Composite Credit Appraisal

Strong Good Fair Limited Undetermined

Net worth		Capital					
5A	5AA	> 450,000,000	1	2	3	4	-
4A	4AA	85,000,000 - 449,000,000	1	2	3	4	-
3A	3AA	8,500,000 - 84,999,999	1	2	3	4	-
2A	2AA	6,500,000 - 8,499,999	1	2	3	4	-
1A	1AA	4,500,000 - 6,499,999	1	2	3	4	-
A	AA	2,500,000 - 4,499,999	1	2	3	4	-
B	BB	1,750,000 - 2,499,999	1	2	3	4	-
C	CC	1,000,000 - 1,749,999	1	2	3	4	-
D	DD	650,000 - 999,999	1	2	3	4	-
E	EE	450,000 - 649,999	1	2	3	4	-
F	FF	300,000 - 449,999	1	2	3	4	-
G	GG	200,000 - 299,999	1	2	3	4	-
H	HH	< 200,000	1	2	3	4	-
Alternate Ratings	Explanation						
N	Financial Strength is negative				3	4	-
O	Financial Strength is undisclosed		1	2	3	4	-
NB	New Business: Less than 24 months		1	2	3	4	-
NQ	Out of Business: Business has ceased to trade					4	
BR	Branch or division location						
INV	Investigation is undergoing						

Explanation of PAYDEX

A score of 80 denotes that payments reported to D&B have generally been made within terms. Scores over 80 indicate that payments reported to D&B have been made earlier than terms. The chart below outlines the specific 0-100 score and what it means.

D&B PAYDEX®	Payment Habit
100	Anticipate
90	Discount
80	Prompt
70	15 days beyond terms
60	22 days beyond terms
50	30 days beyond terms
40	60 days beyond terms
30	90 days beyond terms
20	120 days beyond terms
0-19	Over 120 days beyond terms
UN	Unavailable

Customs Rating

According to the Measures of the Customs of the People's Republic of China on the Classified Management of Enterprises (hereafter "the Measures"), China General Administration of Customs has classified custom supervision category into 5 classes, which are AA, A, B, C and D. Enterprises are assessed and classified based on if they comply with laws, administrative regulations, custom rules, related anti-corruption stipulations and operational management conditions, supervisory and statistic custom records and etc.

AA Class: Enterprise with outstanding credit verified by the customs, suitable for correspondingly easy clearance measures.

A Class: Enterprise with good credit, suitable for generally easy clearance measures.

B Class: Enterprise with average credit, suitable for routine management.

C Class: Enterprise with poor credit, suitable for averagely close supervision measures.

D Class: Enterprise with rather poor credit, suitable for close supervision measures.

According to the notification published by China General Administration of Customs on Nov. 19, 2014 on the implementation of Interim Measures of the Customs of the People's Republic of China for the Administration of Enterprise Credit, the customs has started classifying companies into the levels of Authorized Enterprise, Average Credit Enterprise and Poor Credit Enterprise based on their credit status as of Dec. 1, 2014. According to the rules of "the Measures", companies of AA Class are classified as High Grade Authorized Enterprise; A Class as Averagely Authorized Enterprise; B Class as Average Credit Enterprise; C and D Classes are to be reassessed accordingly. If companies of C and D Classes are rated as Poor Credit enterprise, the application period of credit level will remain the same as that of C Class and D Class.

Huaxia D&B China will timely organize the information disclosed by China General Administration of Customs.

Customer Service

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Remarks

Whilst Huaxia D&B China attempts to ensure that the information provided is accurate and complete by reason of the immense quantity of detailed matter dealt within compiling the information and the fact that some of the data are supplied from sources not controlled by Huaxia D&B China which cannot always be verified, including information provided direct from the subject of enquiry as well as the possibility of negligence and mistake, HD&B does not guarantee the correctness or the effective delivery of the information and will not be held responsible for any errors or omissions therein.

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