



德国东方贸易促进有限公司

Dongfang GmbH
Credit Reporting Services

In-depth Credit Report

Type: Express

Subject: [REDACTED] Chemicals Co. Ltd.

Reference: 37-161228003

Delivery Date: Jan. 19, 2017



Enquiry On: ██████████ Chemicals Co Ltd
Address Enquired on: www.█████████.com
Tel: --
Fax: --

* All figures quoted in this report are in local currency RMB unless otherwise specified.

I. Company Profile

English Name:	█████████ Chemicals Co Ltd (█████████市 ██████████化工有限公司)
Trading Address:	(█████████ Industrial Park) ██████████ █████████ Province, PRC. (█████████ 工业园区))
Post Code:	26██████
Telephone:	+86-████████████████████
Fax:	+86-████████████████████
Factory Address:	(█████████ Industrial Park) ██████████ █████████ Province, PRC. (█████████ 工业园区))
Post Code:	26██████
Telephone:	+86-████████████████████
Fax:	+86-████████████████████
Web site:	www.█████████.com
Date incorporated:	20██-0█-200█
Registered Capital:	500,000
Total assets:	2,143,096.70 (Dec. 31, 2015)
Net assets:	2,220,352.08 (Dec. 31, 2015)
Total liabilities:	4,363,448.78 (Dec. 31, 2015)
Turnover:	22,335,832.35 (2015)
Staff:	About 50



II. Credit Rating

Credit Rating:	BBB	Credit Status:	Average
Detail	Average capacity for timely repayment. Enterprises rated BBB have normal credit record and vulnerable to uncertainty regarding operation, profitability and development. A potential drop of solvency exists.		
Credit-line Recommendations	29 thousand (within 3-6 months).		

III. Legal Information

Place registered	[REDACTED] Municipal Administration for Industry and Commerce
Registered Address	([REDACTED] Industrial Park) [REDACTED] Province, PRC.
Registration Number	XXXXXXXXXXXXXXXX4A
Share Capital Authorized:	500,000
Share Capital Issued:	500,000
Date incorporated:	2X-0X-200X
Operation period:	2X-0X-200X to 2X-0X-203X
Legal representative:	Ms. [REDACTED] ([REDACTED])
Company type:	Limited Company
Export/Import License:	Yes
Legal business scope:	Production and sale of [REDACTED]. (The validity period is subject to the license). Production and sales of [REDACTED]; import and export of goods (except for those cargos and technologies restricted and forbidden for import and export by the state).(The items banned by laws and regulations are prohibited; items requiring approval must be traded after the approval is obtained)
Industry Code: (CSRC)	XXXX Manufacturing of other basic chemical raw materials not specified
Major Business Line:	Manufacture and sale of [REDACTED].

IV. Shareholders

Current co search indicates Subject's shareholders & chief executives are as follows :-

<i>Name of shareholder(s)</i>	<i>Investment</i>	<i>Investment %</i>	<i>Paid-up %</i>	<i>Investment Style</i>	<i>Shareholders type</i>
██████████ (██████████)	150,000	30	100	Cash	I
██████████ (██████████)	140,000	28	100	Cash	I
██████████ (██████████)	140,000	28	100	Cash	I
██████████ (██████████)	70,000	14	100	Cash	I
Total	500,000	100	100	--	--

**Shareholders type : Corporate [C] Individual [I] Employee [E]*

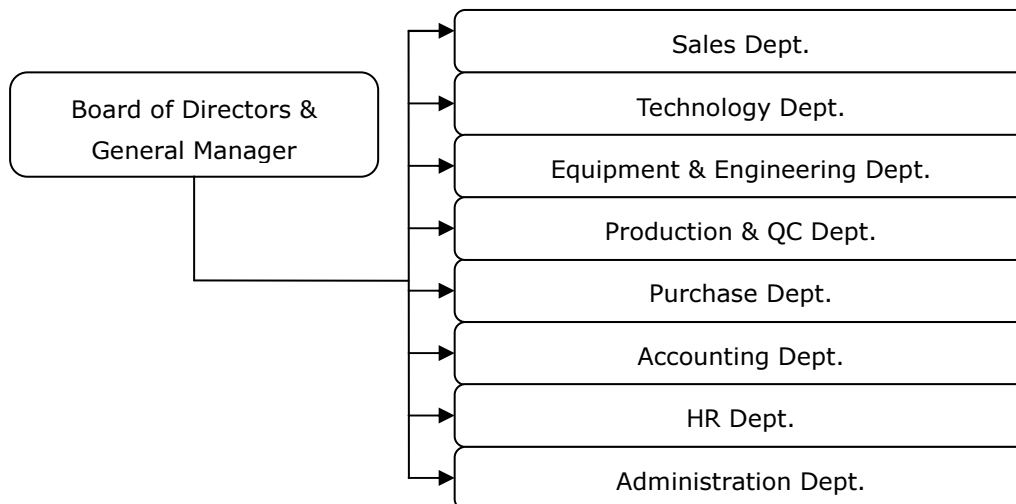
V. Subsidiaries/Branches/Associated Companies

Subsidiaries:

<i>Name</i>	<i>Address</i>	<i>Date incorporated</i>	<i>Principal</i>	<i>Investment %</i>
██████████ Chemical Co Ltd (██████████ 化工有限公司 司)	██████████ ██████████ Province, PRC. (██████████)	1X-1X-20XX	Ms. ██████████ (██████████)	75%



VI Organization Structure



VII. Number of Employees

Total	About 50		
Including:			
HQ:	50	Management:	4
Sales:	2	Production personnel:	30
Technicians:	5	Others:	9

Quality of Employees: High Average Low
 Work efficiency: High Average Low
 Personnel planning: Increase of employee No Downsizing

Remarks: In accordance with international rules of the credit investigation industry, the information contained herein is for reference of business decision makers only. DONGFANG bears no legal responsibility. The report may not be copied in whole or in part or redistributed to any third party without prior written permission of our company.

**Directors in profile**

Name:	Ms. [REDACTED] ([REDACTED])
Position:	Executive Director
Age:	N/A
Qualifications:	Master in management
Work Experiences:	One of funders of Subject Now acting as Executive Director & General Manager of Subject
Trade Experiences:	<input checked="" type="checkbox"/> Over 10 years <input type="checkbox"/> Over 5 years <input type="checkbox"/> Below 5 years
Operation Experiences:	<input checked="" type="checkbox"/> Over 10 years <input type="checkbox"/> Over 5 years <input type="checkbox"/> Below 5 years
Strong Points:	<input checked="" type="checkbox"/> Management <input type="checkbox"/> Technology <input type="checkbox"/> Marketing
Reasons of Promotion:	<input checked="" type="checkbox"/> Founder <input type="checkbox"/> Transfer from the outside <input type="checkbox"/> Appointed by the higher authority <input type="checkbox"/> Hiring <input type="checkbox"/> Contracting <input type="checkbox"/> Inheritance

Name:	Mr. [REDACTED] ([REDACTED])
Position:	General Manager
Age:	XX (born in 19XX)
Qualifications:	University
Work Experiences:	198X-199X, Beijing [REDACTED] Applicants Factory 199X-200X, Sales manager and vice general manager subject company 200X-present, Current position
Trade Experiences:	<input checked="" type="checkbox"/> Over 10 years <input type="checkbox"/> Over 5 years <input type="checkbox"/> Below 5 years
Operation Experiences:	<input checked="" type="checkbox"/> Over 10 years <input type="checkbox"/> Over 5 years <input type="checkbox"/> Below 5 years
Strong Points:	<input checked="" type="checkbox"/> Management <input type="checkbox"/> Technology <input type="checkbox"/> Marketing
Reasons of Promotion:	<input checked="" type="checkbox"/> Founder <input type="checkbox"/> Transfer from the outside <input type="checkbox"/> Appointed by the higher authority <input type="checkbox"/> Hiring <input type="checkbox"/> Contracting <input type="checkbox"/> Inheritance

Other Executives

Name	Position	Gender
[REDACTED] ([REDACTED])	Supervisor	Male
[REDACTED] ([REDACTED])	Supervisor	Male



VIII. Facilities

Office

Address:	([REDACTED] Industrial Park) [REDACTED] Province, PRC.
Number:	1 Floors
Area coverage:	N/A
Construction Area:	About 200 sq. meters.

Construction structure: One-storey houses Building
 Ownership: Self-owned Rented Owned by Shareholder Unknown
 Outlook: Good Average Poor
 Location: Good Average Poor

Factory

Address:	([REDACTED] Industrial Park) [REDACTED] Province, PRC.
Number:	2 workshops & 1 storage
Area coverage:	About 5,300 sq. meters
Construction Area:	About 3,000 sq. meters

Construction structure: One-storey houses Building
 Ownership: Self-owned Rented Owned by Shareholder Unknown
 Outlook: Good Average Poor
 Location: Good Average Poor

IX. Bankers:

Bank: [REDACTED] Commercial Bank

Branch: [REDACTED] Street Branch

A/C: N/A

Comments from Bank: Normal

X. History Revelation

Subject is a limited liability company established on 2X-0X-200X. Subject started to build the [REDACTED] production lines in 200X and the production lines was put into formal production in 20XX.



XI. Activities

Business Summary

Subject is mainly engaged in the manufacture and sale of ██████████ and ██████████. According to Subject's personnel, it has one ██████████ production line and one ██████████ production line with an annual production capacity of XX,000 tons of ██████████ and XX,000 tons of ██████████. But according to the legal files shown in ██████████ Municipal Environmental Protection Bureau, Subject has design production capacity of X,500 tons of ██████████ and X,000 tons of ██████████.

As far as we know, the larger the production scale of the chemical plant, the more the waste will be discharged, and the difficulty of approving environmental protection will increase. Therefore, the domestic chemical companies in order to be able to successfully pass the environmental approvals, generally will lower reported production capacity. For example, in the reported increase in the number of backup equipment to reduce the number of days planned production, etc., while in the actual production, the backup equipment will always be in operation, and there will always be overtime production. So we believe that Subject's actual production capacity will be greater than its data reported to the EPA data, but the gap will not reach X,500MT VS XX,000MT ██████████, ██████████ X,000MT VS XX,000MT in reality.

However, Subject refused to disclose the relevant true information, we combine the official data and the results of interviews with neighboring enterprises, that Subject's maximum production capacity of ██████████ will not exceed X,000MT/year, and ██████████ production capacity will not exceed XX,000MT/year.

Subject's subsidiary company ██████████ Chemical Co Ltd (this company is also known as the "new factory" of Subject) is under construction, and will put into production in the second half of 201X or the beginning of 201X. According to the legal data reported by ██████████ to local Environmental Protection Bureau, it has design annual production capacity of XX,000 tons of ██████████ and XX,000 tons of magnesium sulfate. But according to Subject's personnel, ██████████ has an actual design annual production of XX,000 tons of ██████████ and XX,000 tons of ██████████.



Subject's ██████████ uses ██████████ + fuming ██████████ production process, and all its ██████████ and fuming ██████████ are purchased from local chemical factories, a small amount of raw materials are sourced through traders.

Subject's has 99.5% and 99.8% two specifications of ██████████ products, and its packaging form is 25KG, 500KG, 1,000KG of two-layers plastic compound bag. The sales of Subject's in 201X were about X,000 tons of ██████████ and about XX,000 tons of ██████████.

Subject once produced ██████████, ██████████, ██████████. But currently Subject is no longer producing these products.

About 80% of Subject's ██████████ and ██████████ are exported to overseas markets, of which, Western Europe and North America is the main export destination of its ██████████. Most of its foreign customers are trading companies.

About 20% of Subject's ██████████ is sold in the domestic market and customers are trading companies.

Main products

Product Category	Product Sub-category	Price
██████████	99.5%	FOB ██████████: US\$ XXXX/MT
	99.8%	FOB ██████████: US\$ XXXX/MT
██████████	██████████ (98%, 99.5%)	FOB ██████████: US\$ XXXX/MT

Main Suppliers

Product supplied	Supplier	Performance
██████████ ██████████ etc.	Chemical plants and trading companies in local market	30 -60 days credit payment

Raw material import Yes.
 No.



Comment from Suppliers

We interviewed three alleged direct suppliers of Subject (one Chemical Plant and two trading Companies) about Subject's performance. Chemical Plant and one Trader reported over-all satisfaction with subject's payment performance and business development. One Trading Company complained about deferred payments for raw materials delivered, up to four months, and questioning business continuation with Subject.

Production

<i>Products</i>	<i>Production equipment</i>	<i>Design production capacity</i>	<i>Output in 2016</i>
██████████	██████████ reactor Drying machine	X,000 tons	X,000 tons
██████████	Two 40-cubic meters of acid glass fiber reinforced plastic tank One 40-cubic meters of concentrated acid tank One 50-cubic meters of a reservoir One 30-cubic meters a reaction cell Fourteen 9-cubic meters of cooling cans One filter press One dryer	XX,000 tons	XX,000 tons

Main Clients

<i>Products purchased</i>	<i>Clients</i>	<i>Payment terms</i>
██████████ and ██████████	Trading companies at home and abroad	100% T/T prepayment; CIF 30% prepayment; 70% copy of B/L at sight

Product export [✓] Yes.



[] No.

Development Plans

Subject does not have any significant development plans in the near future.

Subject's subsidiary [REDACTED] Chemical Co., Ltd. is under construction and will put into production in the second half of 201X or the beginning of 201X. This alone will challenge subject to establish increased production capacity within an already saturated market.

XII. Status and Prospects

Company Background

Founded by 4 individuals, Subject does not have any government background, and shows just general capital strength with no particular privileges.

Status in the Industry

Subject is a small and medium sized enterprise in the industry. Subject does not have [REDACTED] and [REDACTED] and other upstream materials production capacity. Subject's production technology is basically the same with other factories in the same industry. But its products, through the national standardization of production safety and EU REACH certification, indicate that its production facilities, safety management capabilities and product quality have reached an above-average level.

Subject has small production scale and most of its customers are trading companies. Subject's market development ability is weak, while its product prices are lower than the domestic large-sized [REDACTED] manufacturers, indicating that it is still dependent on price competition, which is detrimental to its long-term development.

Technological Strength

According to our survey, Subject and its shareholders in the State Intellectual Property Office do not have [REDACTED] patents. Subject's production technology of [REDACTED] is derived from other [REDACTED] manufacturers.

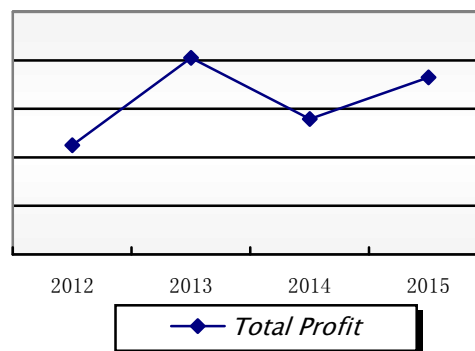
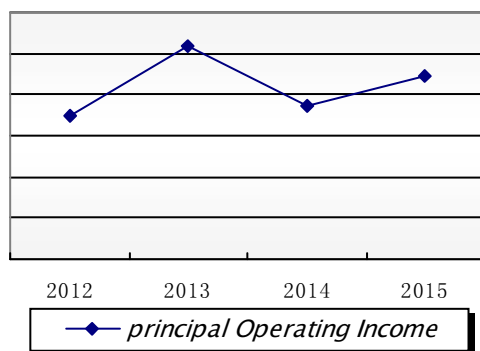
Development Prospects

Subject had been growing fast from 2011 to 2013, but its sale revenue fell significantly in 2014. Although Subject's sales in 2015 resumed growth, it did not reach the level of 2013.

Subject's staff refused to disclose the reasons for its business fluctuations, but according to our analysis the reason may be that Subject's production facilities built before 2016 failed to pass environmental acceptance. Subject was fined by the local Environmental Protection Agency and had to limit its production. In addition, Subject is no longer producing ██████████, ██████████, ██████████ and other products also led to the loss of some sales revenue.

Principal operation for 2012 -2015:

Unit: RMB Yuan	2012	2013	2014	2015
Principal Operating Income	17,370,000.00	25,920,000.00	18,517,016.05	22,335,832.35
Annual Growth Rate	--	49.22%	-28.56%	20.62%
Total Profit	450,000.00	810,000.00	557,669.28	729,618.59
Annual Growth Rate	--	80%	-31.15%	30.83%



Reputation

As an export oriented enterprise, Subject has low reputation in the local market. In addition, most of its products are exported through trading companies, so its product awareness in foreign countries is not high.

Subject was fined 10,000 Yuan by ██████████ Municipal Environmental Protection Bureau in 2015, because of illegal production in the absence of environmental acceptance.



XIII. Other Factors

Macro-Economic Environment

Good Fairly Good Average Weak Poor

By 2015, China's Petroleum and Chemical Industry enterprises above the scale of a total of 29,781 enterprises, the added value of the entire sector grew by 8.7%; main business income of 13.35 trillion Yuan, down 5.5%; total profit of 644 billion Yuan, down 19.5%, accounting for 12.1% and 10.4% respectively of national industrial main income and total profits. In the same year, fixed assets investment of China's Petroleum and Chemical Industry reached 2.32 trillion Yuan, down 0.5%, accounting for 10.1% of the country's total industrial investment; total assets of 11.95 trillion Yuan, an increase of 4.0%, accounting for 12.1% of total national scale industrial assets; import and export trade volume US\$ 527 billion, down 21.5%, accounting for 13.5% of the country's total import and export trade. In general, we are of the opinion that the prospect of the industry in the short run will be average.

Local Economic Environment

According to the National Bureau of Statistics of China in 2015, the total price of China's GDP is 68,905.2 billion Yuan, according to constant prices, an increase of 6.9%. According to information released by the National Development and Reform Commission, China's 2016 GDP growth rate of around 6.7%.

According to the IMF report released in 2016, China's contribution to global economic growth of 1.2 percentage points, the United States and Europe were 0.3 and 0.2 percentage points. According to this proportion, China's contribution to global economic growth exceeds 30%. Overall, China's GDP growth continued to decline in the past two years, but compared with the global average, China's GDP growth level is still in good condition.

Industry Policy of Local Government

██████████ and Negative Average Positive



Main Competitors

Shandong ██████████ Co Ltd (山东 ██████████ 股份有限公司)
 Nanjing ██████████ Co Ltd (南京 ██████████ 有限公司)
 ██████████ Chemical Industry Co Ltd (██████████ 化工有限 ██████████ 公司)
 ██████████ Chemical Co Ltd (██████████ 化工有限 ██████████ 公司)
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 ██████████ Chemical Co Ltd (██████████ 化工有限公司)

XIV. Financial

1) Financial statement for 2014 & 2015:

<i>Balance Sheet</i> (Shown in RMB)		
	<u>As at31-12-2014</u>	<u>As at31-12-2015</u>
Current Assets	2,228,804.50	2,946,117.12
Including: Cash	463,552.46	206,824.27
Short term investment	0.00	0.00
Notes receivable	0.00	0.00
Accounts receivable	1,095,089.63	1,495,118.23
Payment in advance	0.00	0.00
Other accounts receivable	0.00	0.00
Inventory	496,464.07	1,086,001.68
Deferred expenses	173,698.34	158,172.94
Other current assets	0.00	0.00
Total Fixed Assets	1,450,419.70	1,390,733.11
Including: Net fixed assets	1,450,419.70	1,390,733.11
Construction in progress	0.00	0.00
Engineering materials	0.00	0.00
Long-term Investment	0.00	0.00
Intangible Assets	0.00	0.00
Deferred assets	72,196.03	26,598.55
Other Assets	0.00	0.00
	-----	-----
TOTAL ASSETS	3,751,420.23	4,363,448.78
	=====	=====



Balance Sheet (Shown in RMB)		
	As at31-12-2014	As at31-12-2015
Current Liabilities	2,078,282.09	2,143,096.70
Including: Short-term Loans	570,000.00	570,000.00
Notes payable	0.00	0.00
Accounts payable	588,182.78	(297,787.38)
Advance receivable	0.00	0.00
Payroll payable	127,605.70	115,717.00
Welfare payable	0.00	0.00
Taxes payable	85,416.18	143,299.23
Other payables	707,077.43	1,611,867.85
Other levies payable	0.00	0.00
Accrued expenses	0.00	0.00
Other current liabilities	0.00	0.00
Long-term Liabilities	0.00	0.00
Including: Long-term loans	0.00	0.00
Debt payable	0.00	0.00
Other long term liabilities	0.00	0.00
	-----	-----
TOTAL LIABILITIES	2,078,282.09	2,143,096.70
TOTAL OWNS' EQUITY	1,673,138.14	2,220,352.08
Paid in capital	500,000.00	500,000.00
Capital reserves	0.00	0.00
Surplus reserves	0.00	0.00
Undistributed profits	1,173,138.14	1,720,352.08
	-----	-----
TOTAL LIABILITIES & OWNS' EQUITY	3,751,420.23	4,363,448.78
	=====	=====
P&L (Shown in RMB)		
	2014	2015
Principal Operating Income	18,517,016.05	22,335,832.35
Less: Cost of goods	14,808,675.54	18,261,055.85
Sales tax and associate charge	121,370.28	145,158.81
Principal Operating Profit	3,586,970.23	3,929,617.69
Add: Other operating profit	0.00	0.00
Less: Selling expenses	2,424,372.07	2,883,522.56
Management expenses	498,739.85	525,906.15
Financial expenses	106,189.03	(209,734.83)



Assets Impairment loss	0.00	0.00
Add: Income from changes in fair value	0.00	0.00
Operating Profit	557,669.28	729,923.81
Add: Investment income	0.00	0.00
Allowance income	0.00	0.00
Non-operating income	0.00	0.00
Less: Non-operating expenses	0.00	305.22
Add: Adjustment of previous profit and loss	0.00	0.00
TOTAL PROFIT	557,669.28	729,618.59
Tax	139,417.32	182,404.65
NET PROFIT	418,251.96	547,213.94
Ratios		
	2014	2015
Current ratio	107.24%	137.47%
Quick ratio	83.35%	86.80%
Cash ratio	22.30%	9.65%
Debt-to-assets	55.40%	49.11%
Inventory turnover	2982.83%	1681.49%
Inventory turnover (days)	12.07	21.41
Turnover of accounts receivable	1690.91%	1493.92%
Turnover of accounts receivable (days)	21.29	24.10
Turnover of current assets	830.80%	758.14%
Turnover of fixed assets	1276.67%	1606.05%
Turnover of total assets	493.60%	511.88%
Assets profit margin	11.15%	12.54%
Return on equity	25.00%	24.65%
Profit margin	2.26%	2.45%
Return on assets	11.15%	12.54%

**Financial Position (2015):**

Item	Quantity	Compare in the same industry	Explanation
Current ratio	137.47%	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	Subject's current assets are slightly higher than current liabilities. High inventory accounts for a large proportion of current assets, which impairs its assets liquidity. Therefore, Subject's assets liquidity and short-term solvency are average.
Quick ratio	86.80%	<input type="checkbox"/> Good <input type="checkbox"/> Average <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	
Debt-to-assets	49.11%	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	Subject bears some debts, but this is within normal limits. Because Subject is making profit now, its long-term solvency is average.
Inventory turnover	1681.49%	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	Subject's inventory turnover is good with a turnover period of in 1 month. The turnover of accounts receivable is good with a turnover period of in 1 month. The capital efficiency is high.
Turnover of accounts receivable	1493.92%	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	
Profit margin	2.45%	<input type="checkbox"/> Good <input type="checkbox"/> Average <input checked="" type="checkbox"/> Fair <input type="checkbox"/> Poor	Subject's return on assets is fairly high but the profit margin is low. Therefore, its profitability is average.
Return on assets	12.54%	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor	

2) Brief financial statement for 2012 & 2013:

Balance Sheet (Shown in RMB)	As at 31-12-2012	As at 31-12-2013
TOTAL ASSETS	3,990,000.00	3,740,000.00



Balance Sheet (Shown in RMB)		
	<u>As at 31-12-2012</u>	<u>As at 31-12-2013</u>
Current Liabilities	3,070,000.00	2,250,000.00
Long-term Liabilities	0.00	0.00
	-----	-----
TOTAL LIABILITIES	3,070,000.00	2,250,000.00
TOTAL OWNS' EQUITY	920,000.00	1,490,000.00
Paid in capital	500,000.00	500,000.00
Capital reserves	0.00	0.00
Surplus reserves	0.00	0.00
Undistributed profits	420,000.00	990,000.00
	-----	-----
TOTAL LIABILITIES & OWNS' EQUITY	3,990,000.00	3,740,000.00
	=====	=====
P&L (Shown in RMB)		
	<u>2012</u>	<u>2013</u>
Principal Operating Income	17,370,000.00	25,920,000.00
TOTAL PROFIT	450,000.00	810,000.00
Tax	130,000.00	200,000.00
NET PROFIT	320,000.00	610,000.00
Ratios		
	<u>2012</u>	<u>2013</u>
Current ratio	--	--
Quick ratio	--	--
Cash ratio	--	--
Debt-to-assets	76.94%	60.16%
Inventory turnover	--	--
Inventory turnover (days)	--	--
Turnover of accounts receivable	--	--
Turnover of accounts receivable (days)	--	--
Turnover of current assets	--	--
Turnover of fixed assets	--	--
Turnover of total assets	435.34%	693.05%
Assets profit margin	8.02%	16.31%
Return on equity	34.78%	40.94%
Profit margin	1.84%	2.35%
Return on assets	8.02%	16.31%

Reference No.: 37-161228003

Subject company - [REDACTED] Chemicals Co Ltd



3) *Short-term and long-term loans*

Loan	Subject does not have short-term and long-term loans in local bank. Its short-term loans come from shareholders
Secured by	<input type="checkbox"/> Real Estate <input type="checkbox"/> Equipment and Vehicle <input type="checkbox"/> Stock and Bond <input type="checkbox"/> Others
Loan Payment	None

--- End of this report ----



Appendix 1: Credit Rating Definition

Rating	Credit Quality	Definition
AAA	Highest	Credit risks are negligible. Enterprises rated AAA have excellent credit record, outstanding operation, superior profitability and broadest future prospects, and are least subject to variation.
AA	Very High	Credit risks are modest Enterprises rated AA have good credit record, good operation, relatively strong profitability and broad future prospects, and are less subject to variation.
A	High	High capacity for timely repayment. Enterprises rated A have good credit record and sound operation, but some uncertainty exist regarding operation and development, and profitability and solvency may be decreased.
BBB	Average	Average capacity for timely repayment. Enterprises rated BBB have normal credit record and vulnerable to uncertainty regarding operation, profitability and development. A potential drop of solvency exists.
BB	Unsatisfactory	Insufficient capacity for timely repayment. Enterprises rated BB have many detrimental record and bleak outlook. Speculative factors exist.
B	Low	Low solvency.
C	Very Low	Lack of solvency.
D	Default	Close to bankruptcy.



Appendix2: Formulas for Financial Ratios

Current ratio:	Current assets/ current liabilities	Turnover of current assets:	Principal operating income/current liabilities
Quick ratio:	(Current assets - storage) / current liabilities	Turnover of fixed assets:	Principal operating income/fixed assets
Cash ratio:	Cash/ current liabilities	Turnover of total assets:	Principal operating income/total assets
Debt-to-assets:	Total liabilities/ total assets	Assets profit margin:	Net profit/total assets
Inventory Turnover:	Cost of good/ storage	Return On Equity:	Net profit/equity
Inventory Turnover (days):	360*storage/cost of good	Profit margin (%):	Total profit/principal operating income
Turnover of accounts receivable:	Principal operating income/ accounts receivable	Return on Assets (%):	Net profit/total assets
Turnover of accounts receivable (days):	360*accounts receivable /principal operating income		