

# Investigation Service

## Standard Report

CLC  
Add:  
PO Box:  
Tel:  
Fax:  
Website:

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<b>Subject</b>
<b>English Name</b>
<b>Registered No</b>
<b>Tax No.</b>
Organization Code
Customs Code
Code (SIC)
<b>CLC No.</b>
<b>Report type</b>
Report condition
Request date
Mature date
Delivery date
<b>Credit Rating</b>
Service Hotline
Service fax
Service E-mail

This report is a sample of a company's investigation report. Final content of the investigation report will depend on the real condition, because the situation in investigated companies varies, and uncontrollable facts sometimes exist during the course of information collection.

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## Content

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**Note:**

**Currency unit is all RMB yuan in this report unless otherwise noted.**

## I Basic Information

### **Chinese Name**

English Name

Address

zip Code

Telephone

Fax

### **Important Note**

The company used to be a state-owned company, and was restructured into a limited corporation later. According to the investigation, the company is planning its initial public offering. The financial condition of this company is sound in recent years and it has been making profit in a stable way.

### **Report Note**

Foundation

Legal Status

Registered Capital

Main Business

Sales

Total profit

Total assets

Total owner's equity

Legal

Representative

Staff

Size of the company

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Import & Export

Rights

Trend of  
development  
Credit Rating

## II Finance

### **Balance Sheet (Unit: 1,000):**

**2009-12-31**

Current assets

Including: Cash & Bank

Accounts receivable

Inventories

Total other current assets

#### **Total current assets**

Long-term investment

Fixed assets

Including: Fixed assets-net value

Construction in progress

#### **Total fixed assets**

Total intangible and deferred assets

#### **Total assets**

Current liabilities

Including: Short-term loans

Accounts payable

Other total current liabilities

#### **Total Current liabilities**

Long-term liabilities

Including: Long-term loans

Total long-term liabilities

**Total Liabilities**

**Total owner's equity**

**Total liabilities and owner's equity**

=====

**Income Statement (Unit: 1,000)**

**2009**

**Sales**

Cost of sales

**Gross profit**

Selling expenses

General and administrative expenses

Financial expenses

**Total profit**

Income tax

**Net profit**

**Financial Ratio**

**Financial Index**

**Time**

**2009-12-31**

Solvency	Current ratio
	Quick ratio
	Short-term debt –to-Equity
Structural Ratio	Ratio
	Debt–to-Equity Ratio
	Debt-to-Asset Ratio

	Current Assets Turnover
Assets Efficiency	Asset Turnover
	Days of Receivable Turnover
	Gross Profit Margin (%)
Profitability	Net profit margin (%)
	ROA(Return on assets) (%)
	ROE(Return on equity) (%)

### **Financial Notes**

Subject sees a sound development momentum and a steady assets structure in recent years. However, it has large inventories, and its assets outstanding are too much, and that decreases its debt servicing capability.

The reason of the company's long-term loans is more than its long-term liabilities is that some minus projects are not counted (such as housing fund project, ect).

Because the listed Income Statement obtains the main projects without non-operating income and non-operating expenses, each figure on the statement can not be calculated.

But these terms can reflect the condition of the company's income and expenditure.

Source of financial data	Official channels. The above is the company's combined statements.
Note of financial Statement	As the non-main items are not included in the financial statement, plus of sub-items may not equal to the total.

## **III History**

### **Background**

### **Registration Information**

Chinese Name

Registered Address

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Legal Status  
File No  
Registered Capital  
Legal  
Representative  
Scope of Business  
Foundation  
Approved period of  
Business  
Registry Agency

## IV Capital Structure & Investment

### Capital Structure

Subject is a limited liability corporation (Domestic joint venture). Its shares and shareholders are respectively as follows:

Shareholder	Shares (%)
Total	100

### Main Shareholders

Chinese Name  
Address  
Zip Code  
Telephone  
Legal Status  
Scope of Business

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**Investment**

Company

Company

**V Board of Directors & Management**

Name:

Post

Gender:

Age:

Education:

Responsibility:

**VI Public Record****Banking Relations**

Bank

Account No.

Address

Telephone

Appraisal from

Bank

**Payment Record**

Investigators visited Subject's main suppliers, learning that:

Supplier

Telephone

Interviewee

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Comment

**Court Notice**

Name

Telephone

Interviewee

Comment

## VII Operating Status

**Main Business**

Subject mainly deals

in

**Main Products**

Main Products

Brands

Business Scale

**Sales Information**

Customer Industries

Main Customers

Domestic markets

Overseas markets

Domestic payment

terms

Foreign gathering

term

### **Purchase Information**

Purchase materials

Main suppliers

Domestic purchase

region

International

purchase region

Domestic purchase

term

Foreign purchase

term

### **Staff**

staff

Management staff

### **Operating Address**

Address

Location

Area

Inner Facilities

conditions

Ownership

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**Operating Status**
**Analyst Comment**

**The deadline of the report is: March.10, 2010**

**This report is finished with the guarantee of our company's credit and work ethic. The writer handled the report in a friendly way and didn't make up or hide any content after checking from various channels. The executives of Subject confirmed some parts of the report. According to the routines of International credit business, the report is just regarded as a reference for consignor. Our company only offers it to contracted clients for the internal use according to the contract. Without CLC agreement, it is forbidden to publish, deliver or trade any content of the report.**

### **VIII Credit Status & Risk Rating**

**Credit Status:**

<b>Credit Rating</b>	
<b>Business closedown ratio</b>	

**Note of Business closedown ratio:**

Business closedown ratio is based on the analysis result of the data sample by credit status. When this index is used for decision-making in credit application of a Subject company, hereby CLC suggests you consider detailed condition of the customers and work out adaptable risk criteria.

### **Appendix I: Credit Status**

**Criteria of Credit Status:**

Mean Risk Coefficient	Credit Rating	Business closedown ratio
1.0 ≤ CR < 1.5	CR1	0.02%

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1.5 ≤ CR < 2.0	CR2	0.1%
2.0 ≤ CR < 2.5	CR3	0.5%
2.5 ≤ CR < 3.5	CR4	1.2%
3.5 ≤ CR < 4.0	CR5	2.5%
4.0 ≤ CR < 4.5	CR6	12%
4.5 ≤ CR < 5.0	CR7	40%
	Uncertain	--

### **Credit Rating**

The following credit rating symbol are given in the credit risk report. Meaning and suggestions are as follows:

Credit Rating	Implication	Suggestion
CR1	Subject is strong in capital and its assets are excellent. All economic indexes are good. The management is good, profitability is high and solvency is strong. Credit risk is the lowest.	Credit status is very good and there is almost no credit risk. It is highly recommended that business can be done on terms of credit, the credit condition can be widened, and sales opportunity can be enlarged. Subject is highly recommended in credit giving.
CR2	Subject is fairly strong in capital and its assets quality is fairly high. All indexes are advanced, operation is fairly good, and profitability is steady. Solvency is fairly strong. Credit risk is obviously lower than the average level.	Credit status is good and there is very small business risk. Subject is recommended in credit giving.

CR3	<p>Subject's capital and assets quality are average. It has certain economic force. All economic indexes are at upper of middle level. Economic efficiency is not steady. Solvency is acceptable. The solvency waves caused by external economic conditions. Credit risk is a bitter lower than average.</p>	<p>Credit status is fairly good and credit risk is fairly low. It is suggested giving Subject certain amount of credit.</p>
CR4	<p>Subject's assets, financial statement, economic indexes are at a middle level. The economic force is not strong. Solvency is average. It may be influenced by unfavorable economic conditions. Its credit risk is average.</p>	<p>Credit status is average and there is certain credit risk. It is suggested giving normal credit on a monitoring basis.</p>
CR5	<p>Assets and financial statement are both poor. All indexes are at fairly low level. Management is poor and solvency is not good, thus easier to be influenced by unfavorable economic conditions. Credit risk is a bit higher than average.</p>	<p>Credit status is not good and there is certain credit risk. Small amount of loan is given on a secured basis.</p>
CR6	<p>Once Subject is in a fairly poor economic condition, the solvency is uncertain. Credit risk is obviously higher than the average level.</p>	<p>Credit status is fairly poor and credit risk is fairly high. Credit is strictly limited on a secured basis.</p>

CR7	Currently Subject almost has neither ability to pay debt and nor profitability. It exists high business risk and instability. The credit risk is very high.	Credit status is very poor and credit risk is very high. It is suggest not providing loans to Subject, but only COD or prepayment is used in trading with it.
N	Credit status is not given, owing to lack of sufficient information or Subject is not an independent accounting entity.	

Business closedown ratio is the analysis result of the data sample on credit status. When this index is used for decision-making in credit application of a Subject company, hereby CLC suggests that giving analysis in combination with its detailed condition and working out adaptable risk criteria.

### **Business Risk Rating**

This credit risk rating system adopts multi-layer indexes and efficiency index appraisal method. Basic theory of systematic theory, operational research and statistics are applied thus our prediction is comprehensive. Main elements and proportion are as following table:

Main Elements	Note	Proportion
Credit Information	I Finance Information	45
	I Credit Record	
	I Payment Information	
Commercial Information	I History	20
	I Industry	
	I Legal Status	
	I Registered Capital	

Operation Information	I Size/Scale	15
	I Production and sales	
Management	I Management team	15
	I Investors	
	I Related enterprises	
Others		5

## Appendix II: Financial Index Formula

Financial Index		Formula
Solvency	Current ratio	Current ratio =total current assets/total current liabilities
	Quick ratio	Quick ratio = (total current assets -inventories) / total current liabilities
Structural Ratio	Short-term debt –to-Equity Ratio	Short-term debt –to-Equity Ratio = current liabilities / total owner’s equity
	Debt–to-Equity Ratio	Debt–to-Equity Ratio=total liabilities/total owner’s equity
	Debt-to-Asset Ratio	Debt-to-Asset Ratio = total liabilities /total assets
Assets Efficiency	Current Assets Turnover	Current Assets Turnover =Sales/total current assets
	Asset Turnover	Asset Turnover = Sales /total assets
	Days of Receivable Turnover	Days of Receivable Turnover = Account receivable*360/Sales
Profitability	Gross Profit Margin (%)	Gross Profit Margin (%)=Gross profit *100/ Sales
	Net Profit Margin (%)	Net Profit Margin (%)=net profit*100/ Sales

	ROA(Return on assets) (%)	ROA(Return on assets) (%)=net profit*100/total assets
	ROE(Return on equity) (%)	ROE(Return on equity) (%)=net profit *100/ total owner's equity
<p>Note: The data used in above calculation formula comes from the above “Financial” item in this report.</p>		

-----End of the Report-----