

- IN-DEPTH
- STANDARD
- FINANCIAL
- REGISTRATION

**SAMPLE REPORT**

- NORMAL
- EXPRESS
- URGENT

**COMPANY CREDIT INVESTIGATION REPORT**

Subject: Zhejiang Linhua Chemical Co., Ltd.  
Your Reference: -----  
Unicredit Reference: AD-215309  
Date Prepared: March 1, 2008

**Harbin Dolphin Trading Co.,Ltd.**

Address: Room 235 Yama Plaza No.271 Minsheng Road, Harbin P.R.C 150030

Tel: 0086 451 8333 0781

Fax: 0086 451 8333 0780

Mob: 0086 136 4457 9179

Email: [info@chinaimportexport.org](mailto:info@chinaimportexport.org)

Website: [www.chinaimportexport.org](http://www.chinaimportexport.org)

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

Inquiry on Zhejiang Linhua Chemical Co., Ltd.  
Address Inquired on 1 Yongning Road, Lin'an Economic & Technological Development Zone,  
Hangzhou, Zhejiang  
Phone -----  
Fax -----

*\*Currency in this report is Renminbi unless otherwise stated.*

**IDENTIFICATION**

Company Name Zhejiang Linhua Chemical Co., Ltd.  
Registered Address 1 Yongning Road, Lin'an Economic & Technological Development Zone,  
Hangzhou, Zhejiang  
Operating Address 1 Yongning Road, Lin'an Economic & Technological Development Zone,  
Hangzhou, Zhejiang  
Phone +86-571-86812708 Fax +86-571-86812709  
URL [www.linhua.com.cn](http://www.linhua.com.cn) Email [services@linhua.com.cn](mailto:services@linhua.com.cn)

**CREDIT OPINION**

A credit line of 19,455,000 could be considered.

**SUMMARY**

Legal Representative Lin Xinjie, Board Chairman  
Annual Revenue 512,438,000 (Year of 2007)  
Net Income 122,638,000 (As of December 31, 2007)  
Credit Rating **A**  
Line of Business Manufacture and sale of chemical reagent  
Industry Code 2671, Manufacture of chemical reagent  
Number of Employees 575

**STATUTORY INFORMATION**

Legal Status Joint stock company

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

Incorporation Date	November 23, 1998
Registry	Zhejiang Provincial Administration for Industry and Commerce
Business Registration No.	3300002998741
Registered Capital	85,000,000
Capital Verification Agency	Zhejiang Huarui Certified Public Accountant Co., Ltd.
Taxation Registration No.	330112750966305
Customs Registration No.	3301257960
Legal Business Scope	Manufacture, sale, import and export of organic silicon and organic fluorine fine goods (exclude chemical hazardous goods), surface-active agent, textile dyeing reagent and other auxiliary materials.
Operation Period	November 23, 1998-November 23, 2018
Import & Export License	Yes (Self-running) (issued by Ministry of Foreign Trade and Economic Cooperation in July 1999)

### **HISTORY**

Subject is a joint stock company registered with Zhejiang Provincial Administration for Industry and Commerce on November 23, 1998.

January 20, 1999: Put into operation

May 9, 1999: Certified as High-tech Enterprise in Zhejiang Province

June 15, 2000: Certified by ISO9001

August 30, 2002: Certified by ISO14001

### **Former Name**

None

### **SHAREHOLDER**

Name	Investment	% Ownership
Zhejiang Linhua Group Co., Ltd.	55,250,000	65%
Zhejiang Technological Investment Co., Ltd.	12,750,000	15%
Zhejiang Hongrui Industry Co., Ltd.	8,500,000	10%
Zhejiang Huaxin Investment Management Co., Ltd.	4,250,000	5%
Hangzhou Lida International Trade Co., Ltd.	4,250,000	5%
Total	85,000,000	100%

### **Registered Capital Adjustment**

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

None

Profile of Holding Shareholder

Zhejiang Linhua Group Co., Ltd. origins from a private enterprise group which was established in 1992 by the brothers of LIN Xinjie, Lin Xinhua and LIN Xinming from Wenzhou of Zhejiang. The company was initially engaged in the manufacture and sale of daily-use chemical goods. After the expansion of business scale, the new name of Zhejiang Linhua Group Co., Ltd. was put into use in July 1996. In November 1998, together with four other companies in Zhejiang, this company established Subject and entered textile dyeing reagent market. In August 1999, the company set up Zhejiang Linhua Technological Industry Co., Ltd., which was intended to conduct venture investment in chemical sector and R&D of fine chemical goods. So far Zhejiang Linhua Group Co., Ltd. has developed into the largest private chemical enterprise in Zhejiang Province.

Address: 4586 Jiefang Nanlu, Hangzhou, Zhejiang

Postal Code: 330001

Phone: +86-571-86992588

Fax: +86-571-86992589

**MANAGEMENT**

Chairman

Name	LIN Xinjie
Gender	Male
Approximate Age	44
ID	330125610822***
Educational Background	University education
Responsibility	Overall management
Reason of Promotion	Appointed by the Board of Directors
Delinquent Record	None reported

Brief CV

Sep 1983-June 1988, Hangzhou Yulin Middle School, Teacher

Aug 1988-Mar 1992, founded Hangzhou Linqun Daily Chemicals Factory and assumed the position of Factory Manager

Apr 1992-now, founded Zhejiang Linhua Group Co., Ltd. and assumed the position of Board Chairman

Nov 1998-now, concurrently as Board Chairman with Subject

General Manager

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

Name LIN Xinhua  
Gender Male  
Approximate Age 41  
ID 330125641109\*\*\*  
Educational Background Junior college education  
Responsibility Day-to-day management  
Reason of Promotion Appointed by the Board of Directors  
Delinquent Record None reported

**Brief CV**

Apr 1985-Oct 1989, Hangzhou No. 2 General Machinery Plant, Technician

Nov 1989-Mar 1992, Hangzhou Linquan Daily Chemicals Factory, Sales Manager

Apr 1992-now, co-founded Zhejiang Linhua Group Co., Ltd. and assumed the position of Director and General Manager

Nov 1998-now, concurrently as General Manager with Subject

Others

Name	Gender	Age	Title	Responsibility
CHEN Qidong	Male	47	Deputy General Manager	Production management
SHEN Yuansheng	Male	44	Assistant Manager	General R&D of new products
ZHANG Ying	Female	38	Assistant Manager & Supervisor	General Financial management

**OPERATIONS**

Main Activity

Manufacture and sale of chemical reagent

Output of Major Products

Dyeing reagent 45,000 tons per annum  
Chemical reagent for leather 12,000 tons per annum

**PURCHASE**

Products/Materials

1. Surface-active agent, silicon oil

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

2. Glycerin, sodium hydroxide

Purchase Region

1. Tianjin, Jiangsu, Zhejiang, Guangdong in China
2. Germany, France, Italy and Hong Kong

Main Supplier

1. Tianjin Soda Industry Corporation Limited, Zhejiang Chemical Purchase and Supply Corporation
2. Bayer (Germany) and BASF (Germany)

Payment Terms

1. Immediate payment, 30-90 day credit
2. L/C、T/T

Payment Record

1. 90% paid to terms, 10% deferred (within one year), -% deferred (over one year)
2. 90% paid to terms, 10% deferred (within one year), -% deferred (over one year)

Credit Record

Name of supplier	Tianjin Soda Industry Corporation Limited
Main products/materials supplied	Sodium hydroxide
Payment terms	45 to 60 days credit
Maximum credit amount	200,000
Payment record	100% paid to terms
Remarks of supplier	Subject makes payment in a fairly prompt manner.

Name of supplier	Zhejiang Chemical Purchase and Supply Corporation
Main products/materials supplied	Surface-active agent, silicon oil
Payment terms	30 day credit
Maximum credit amount	150,000
Payment record	95% paid to terms
Remarks of supplier	Basically good

**SALES**

Products

1. Dyeing reagent
2. Chemical reagent for leather

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

Sales Territory

1. Shandong, Jiangsu, Shanghai, Zhejiang, Jiangxi, Fujian, etc. in China
2. Indonesia, Malaysia, Vietnam

Main Customers

1. Jiangsu Zhenghua Textile Dyeing & Printing Co., Ltd., Zhejiang Huamao Printing & Dyeing (Group) Co., Ltd.
2. Printing & dyeing auxiliaries dealers from Indonesia, Malaysia and Vietnam, etc.

Sale Terms

1. Immediate payment, 30 to 45 days credit
2. T/T

Fund Return Record

1. 80% paid to terms, 20% deferred (within one year), -% deferred (over one year)
2. 80% paid to terms, 20% deferred (within one year), -% deferred (over one year)

**BUSINESS SUMMARY**

Subject is mainly engaged in the R&D, manufacture and sale of dyeing reagent and chemical reagent for leather. Products of Subject include whitening agent, softener, stabilizing agent, which have high dominance in East China market. Operation of Subject is maintained stable at present.

**PLANS & STRATEGIES**

Through cooperation with famous chemical companies from Germany and Japan, Subject will launch 6 kinds of new dyeing reagent with high quality and technological content from August 2007, so as to expand its market and influence in Zhejiang and Jiangsu in China.

To enlarge marketing group, Subject will set up a sales company in the second half of 2007 and it plans to set up sales offices in 20 major Chinese cities.

**FACILITIES**

Operating Address            1 Yongning Road, Lin'an Economic & Technological Development Zone, Hangzhou, Zhejiang

----- **CHINA IMPORT MAGAZINE** -----

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



**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

Inventories	25,062	29,411
Other current assets	12,347	24,437
Total fixed assets	45,098	44,836
Including: Fixed assets-net value	44,045	44,836
Construction in progress	1,053	0
Long-term investments	856	752
Intangible and deferred assets	1,142	1,059
	-----	-----
<b>Total assets</b>	<b>176,951</b>	<b>199,550</b>
	=====	=====
Current liabilities	69,438	76,912
Including: Short-term loans	30,000	45,500
Accounts payable	13,275	11,734
Advances from customers	6,552	9,651
Others payable	10,785	6,852
Other current liabilities	8,826	3,175
Long-term liabilities	8,728	0
Including: Long-term loans	8,728	0
	-----	-----
Total liabilities	78,166	76,912
Total shareholders' equity	98,785	122,638
Including: Paid-up capital	85,000	85,000
Capital surplus	142	142
Surplus reserve	3,109	5,527
Undistributed profits	10,534	31,969
	-----	-----
<b>Total liabilities and shareholders' equity</b>	<b>176,951</b>	<b>199,550</b>
	=====	=====

<b>Income Statement ( '000)</b>	<b>Year 2006</b>	<b>Year 2007</b>
Principal operating income	485,607	512,438
Less: Cost of sales	376,255	380,526
Principal operating tax and the additional	1,722	1,904
Principal operating profit	107,630	130,008
Add: Other operating profit	851	642
Less: Selling expense	36,712	45,144
General and administrative expense	25,448	30,179
Financial expense	1,016	1,430
Operating profit	45,305	53,897
Add: Investment income	175	196

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

Subsidy	1,850	2,248
Non-operating income	52	17
Less: Non-operating expense	112	305
Gross profits	47,270	56,053
Less: Income tax	16,133	19,011
Net profits	31,137	37,042

<b>Key Financial Ratio</b>	<b>12/31/2006</b>	<b>12/31/2007</b>
Current Ratio (Current assets/Current liabilities)	1.87	1.99
Quick Ratio (Current assets- Inventories/Current liabilities)	1.51	1.61
Liabilities/Assets (Liabilities/Total assets)	0.44	0.39
Current Assets Turnover (Principal operating income/Current assets)	3.74	3.35
Total Assets Turnover (Principal operating income/Total assets)	2.74	2.57
Inventory Turnover (Cost of sales/ Inventories)	15.01	12.94
Accounts Receivable Turnover (Principal operating income/ Accounts receivable)	10.08	9.11
Average Collection Period (360days/Accounts Receivable Turnover)	36	40
Profitability (Gross profits /Principal operating income x100%)	9.73	10.94
Return on Equity (Net profits/ Total shareholders' equity x 100%)	31.52	30.20
Return on Assets (Net profits/ Total assets x 100%)	17.60	18.56

Note: The financial data above are obtained through official channels and have been confirmed by Subject's executives.

**ECONOMIC INDICATORS**

<b>Financial Ratio</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Industrial Added Value Ratio (%)	26.73	27.84	5.30
Current Ratio (%)	104.93	106.50	92.80

**CHINA IMPORT MAGAZINE**

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

Total Assets Turnover (%)	161.91	165.44	50.00
Total Asset Contribution Ratio (%)	14.61	15.58	6.00
Liabilities/Assets (%)	58.52	58.21	75.70
Turnover of Current Capital (times/year)	3.17	3.25	1.10
Ratio of Profits to Industrial Cost (%)	4.95	5.54	0.30
Profitability (%)	4.64	5.17	18.20
Return on Equity (%)	4.86	6.03	7.30
Return on Assets (%)	2.27	2.90	2.00

### **FINANCIAL ANALYSIS**

#### **Solvency**

Subject's long-term solvency is strong and its short-term solvency is above average in its line. Its short-term realizable ability is strong and asset security is high.

#### **Turnover**

Subject's ability of turning over inventory is fairly high and ability of turning over funds is strong. Subject's accounts receivables are good.

#### **Profitability**

Subject's profitability is very strong, with high return on assets.

### **LITIGATION**

Date	May 2001
Court	Zhengzhou Intermediate People's Court
Defendant	Henan Jinhui Chemical Trade Co., Ltd.
Plaintiff	Subject
Cause	Default payment
Trial Result	The court ruled the defendant shall pay up all default payment to the plaintiff within 3 months from then and bear all the litigation expenses.

### **BANKER**

Banker	Bank of China, Zhejiang Branch, Lin'an Sub-branch
Account Number	9220105685124
Deposit	Low 8 figures
Assets	In November 2006, Subject obtained a short-term working capital

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

guarantee/mortgage/lease loan through mortgage of product equipment. The loan has been repaid.  
Rating by Banker AA (year of 2006); No detrimental record reported

**MORTGAGE**

Date November 20, 2006  
Mortgagor Subject  
Mortgagee Bank of China, Zhejiang Branch, Lin'an Sub-branch  
collateral Product equipment (2 separators, reaction still)  
Mortgage for Loan

**TREND & PROSPECT**

Subject is a key player in the textile dyeing reagent manufacture sector in China, who has maintained steady growth since its establishment. At present, it is the third largest manufacturer of dyeing reagent in China in terms of output, representing 15% share in domestic market.

With output of dyed textile increasing in China, demand for textile dyeing reagent has grown by an annual speed of over 10% since 2000. Optimistic on the market prospect, Subject plans to invest a great amount of money in the near term.

Major business of Subject is in the rapid growth with a good prospect in the medium-to-long term. We would regard Subject as relatively low risk for trading with large credit line at present.

**TYPES OF INTERVIEW**

- On-site
- Telephone

**OVERALL ASSESSMENT**

Industry Trend	Fairly stable	Short-term Solvency	Strong
Business Position	Fairly stable	Long-term Solvency	Strong
Business Trend	Stable	Assets Efficiency	High
Size in Its Line	Large	Profitability	Strong
Background	Average	Payment Record	Good

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

**Credit Rating            A**

Credit Opinion

Based on our analysis of the current condition of Subject, credit line to a maximum of amount of 19,455, 000 to Subject could be considered within 3 to 6 months.

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

**Appendix I: CREDIT RATING CALCULATION**

1. Credit Rating

INDICATORS	SCORE	WEIGHT	RISK COEFFICIENT
Company History	3	5%	0.15
Shareholder Background	3	10%	0.3
Current Ratio	1	7.5%	0.075
Quick Ratio	1	7.5%	0.075
Liabilities/Assets	1	10%	0.1
Current Assets Turnover	1	5%	0.05
Assets Turnover	1	5%	0.05
Turnover	1	10%	0.1
Profitability	1	5%	0.05
Return on Assets	1	5%	0.05
Bad Credit Record	2	15%	0.3
Staff Strength	1	5%	0.05
Business Trend	2	5%	0.1
Industry Trend	2	2.5%	0.05
Position in the Industry	1	2.5%	0.025
<b>Total</b>		85%	1.525
Average Risk Coefficient	CR=	1.525	
Credit Rating		<b>A</b>	

2. Credit Limit

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

ITEMS	AMOUNT ('000)	WEIGHT
Registered Capital	85,000	10%
Turnover	512,438	20%
Total Assets	199,550	20%
Net Assets	122,638	30%
Total Profits	56,053	20%
Credit Limit	19,455	

Note: The above credit rating calculation is carried out on an average situation, and for each specific transaction, some other exterior factors like market environment should also be considered.

**Appendix II: CREDIT RATING DEFINITION**

AVERAGE RISK COEFFICIENT	CREDIT RATING	DEFINITION
1. $0 \leq CR < 1.5$	<b>AA</b>	Excellent credit condition. Credit risk is negligible.
1.5 $\leq CR < 2.0$	<b>A</b>	Small credit risk. Large credit line is recommended.
2.0 $\leq CR < 2.5$	<b>BB</b>	Below average credit risk. Normal credit trading is recommended.
2.5 $\leq CR < 3.5$	<b>B</b>	Average credit risk. Normal credit trading under constant supervision is recommended.
3.5 $\leq CR < 4.0$	<b>B-</b>	Above average credit risk. Credit line limited to a certain small amount is recommended.
4.0 $\leq CR < 4.5$	<b>C</b>	Fairly high credit risk. Suspension of credit trading is recommended, unless secured by guarantee.
4.5 $\leq CR < 5.0$	<b>D</b>	Very high credit risk. Trading in cash is recommended.
	<b>Undetermined</b>	<ol style="list-style-type: none"> <li>1. No sufficient rating information</li> <li>2. At the start-up stage, with the operating history less than one year</li> <li>3. Bank or non-bank financial institution</li> <li>4. Management-oriented enterprise</li> <li>5. Not a legal representative enterprise</li> <li>6. Privately-owned business</li> </ol>

Note 1:

----- **CHINA IMPORT MAGAZINE** -----

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

**Company Credit Investigation Report**  
**Subject: Zhejiang Linhua Chemical Co., Ltd.**  
**Ref. No.: AD-215309**

---

- a. For the enterprises which are insolvent, sealed up or closed, the rating is D.
- b. No rating is provided for an enterprise with the operating history less than one year unless its operation is extraordinarily good. The rating is usually lowered one or two levels.
- c. If the accounts receivable is too large, quality of the receivables should be considered; if the bad debts represent a large percentage, its short-term solvency and credit rating should be lowered accordingly.
- d. For an incomplete fiscal year, only ratios regarding Balance Sheet are calculated.

Note 2:

The above credit rating refers only to buyer's short-term credit standing (usually 3 to 6 months).

Note3:

The above credit rating refers only to Subject's short credit risk, so the client should take into consideration its own credit strategy and Subject's business scale when deciding on the credit limit.

Note4:

The above credit rating is for reference only. Unicredit shall not be liable for any loss or damage arising out of the use of the rating.

----- **CHINA IMPORT MAGAZINE** -----

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