DUNS Registered™ Supplier Capability Evaluation (Manufacturing)

Huzhou Careful Magnetism Co., Ltd

D-U-N-S® Number: 54-523-7349



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Summary

Company Overview	
Company Name	Huzhou Careful Magnetism Co., Ltd
Start Year	2001
Employee Size	129(Total)
Registered Capital	RMB 31,800,000
Current Shareholder	Hongya Fu(53.95%), Xuehong Ni(46.05%)
Original Capital	RMB 1,080,000
Original Shareholder	-

D&B Notice on Coronavirus Impact

The World Health Organization declared the novel coronavirus (COVID-19) a global emergency on 30 January 2020. In order to limit the virus from spreading widely, the Chinese government rapidly implemented a variety of measures to curtail travel and movement of people. With the overall situation of the epidemic improving across China, these measures have been gradually relaxed or cancelled, and businesses in China have progressively resumed normal operations since end of March.

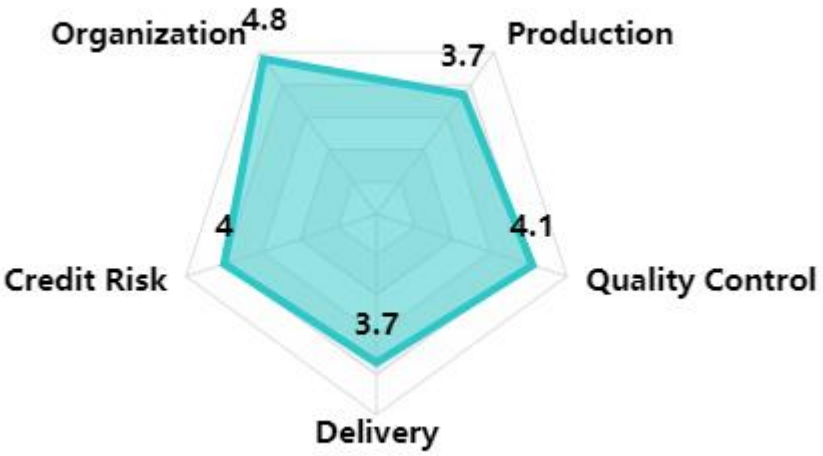
When conducting investigation research, D&B seeks to understand and report on potential business impacts to the subject business, especially around employees and operations. We also attempt to gauge the general maturity of the risk management policies and procedures of the subject business. Findings from our business research are interleaved in to the product you are receiving, with any specific findings noted in the Current Investigation section below.

Credit Risk

According to its financial capacity and credit condition, subject was rated a D&B Rating of **3A2**. Risk Index was rated at EMMA Score **3**, which means Below the Moderate Low Risk. Subject's Paydex Industrial **69**, indicating 16 days beyond terms .

Supply Chain Capacity

HDBC collects information through telephone interviews and the on-site visit conducted by 3rd party accreditation companies. The information is applied in the scores that assigned to the 4 dimensions including Organization, Production, Quality Control and Delivery. After combined with Credit Health conditions based on EMMA Score, the supply chain capability index of subject is as followings:



Note:

- The range of the scores is 0-5. The higher the score was, the better the performance was. For details of each checkpoints, please refer to the Part 4 of the report.

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1. Company Overview

1.1 Basic Information

Registration Name	湖州科峰磁业有限公司
English Name	Huzhou Careful Magnetism Co., Ltd
Address	East of Hanshan Bridge, Shanlian Town, Nanxun District, Huzhou, Zhejiang, China
Postcode	313014
Telephone Number	0572-3670006
Employee Size	129(Total)
US SIC Code	3679 9903
Industry	Cores, magnetic

1.2 Current Investigation

Huaxia D&B China and third party accreditation company completed the onsite visit to Huzhou Careful Magnetism Co., Ltd On Aug 17,2021 . During the visit, information collection and assessment have been conducted on its organization, productive capacity, quality control and delivery capacity. The epidemic has no impact on subject.

During the current investigation, the following files have been verified by HDBC :

File Name	Verification Status
Business License	Verified
Building Lease Contract	Verified
National Organization Code Certificate (If subject has applied the integration of business license and NOC certificate, "not related" could be chosen)	Not Related
Supplier List	Verified
Record of Customer Satisfaction Rate	Verified
Customer List	Verified
Organization Structure Chart	Verified
Job Description File	Verified
Training Records (Including Training Assessment Records)	Verified
Employee Name Roster	Verified
Equipment List (Including brand, specification, quantity, tenure of use as well as status)	Verified
Production Plan	Verified
Tool and Fixture Management Policy	Verified
Tool and Fixture Using Record	Verified
Equipments Maintenance Instructor/Record	Verified
Equipments List and Usage Instruction	Verified
Equipment Maintenance Plan and Record	Verified
Identification and Safe Inventory Monitoring Record of Key Components	Verified
Emergency Plan for Manufacturing	Verified
Product Certificates (If Related), e.g. CCC, CE, UL, etc	Not Related
Quality Management System Certificate (If Related)	Verified

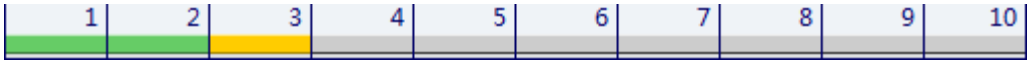
Quality Policy, Objects and Its Monitoring Record	Verified
Personnel list of R&D team	Verified
Procedure File for Products R&D	Verified
Project Manager Policy	Unverified
Process Control Plan	Verified
Process Inspection Record (Latest 3 Months)	Verified
Process Inspection Record (Latest 3 Months)	Verified
Supplier Select and Assessment Record	Verified
Verification and Approval Procedure and Record for Sample of Purchased Product	Verified
Quality Assurance Agreement Signed with Suppliers	Verified
Supplier Performance Evaluation and Summarizing Record	Verified
Supplier 8D Reporting Policy	Verified
Supplier Onboard and Evaluation Policy	Verified
Procedure for Contract and Order Review	Verified
Client Satisfaction Monitoring Policy	Verified
Customer Complaint Dealing Procedure	Verified
Document Control Procedure	Verified
Requirement of FIFO	Verified
Inventory Plan	Verified
Batch Identification and Traceability Management Policy	Verified
Logistic Vendor Assessment Policy	Verified
Logistic Vendor Performance Monitoring Record	Unverified

1.3 Credit Risk Assessment

D&B Rating

D&B Rating	3A2 (Previous 3AA3)	
Financial Strength	3A	Tangible Net worth8,500,000 - 84,999,999
Composite Appraisal	2	Composite Credit Appraisal - Good

D&B EMMA Score



EMMA Score Evaluation

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

- Trade experiences within 12 months indicate subject has low percent of slow payment in amount, indicating lower risk level.
- Subject has a long history of 20 years, contributing a lower risk level.
- Subject is a limited liability company (invested or held by natural person(s)), which is classified as a lower risk type of business.

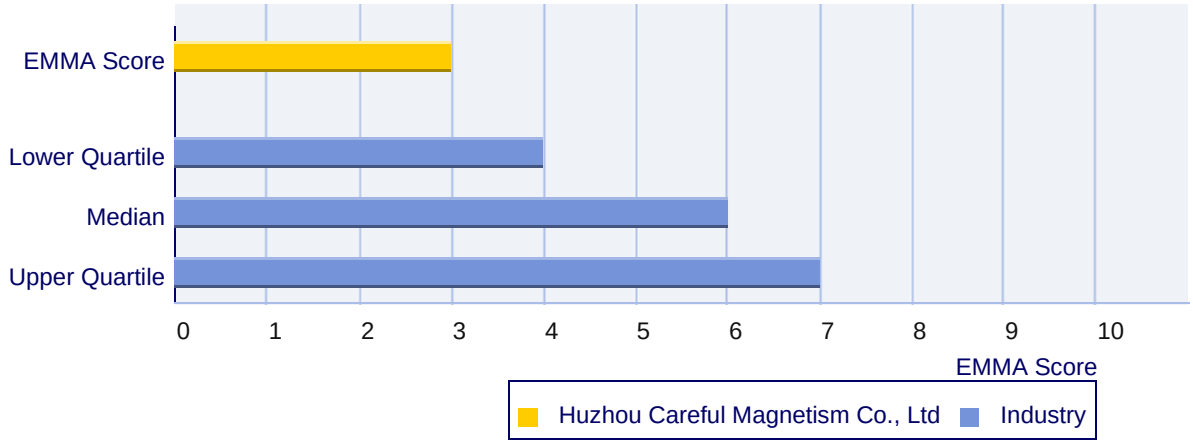
EMMA Score
3

- PAYDEX® of the subject/industry shows the subject/industry has some delay payment, indicating medium risk.

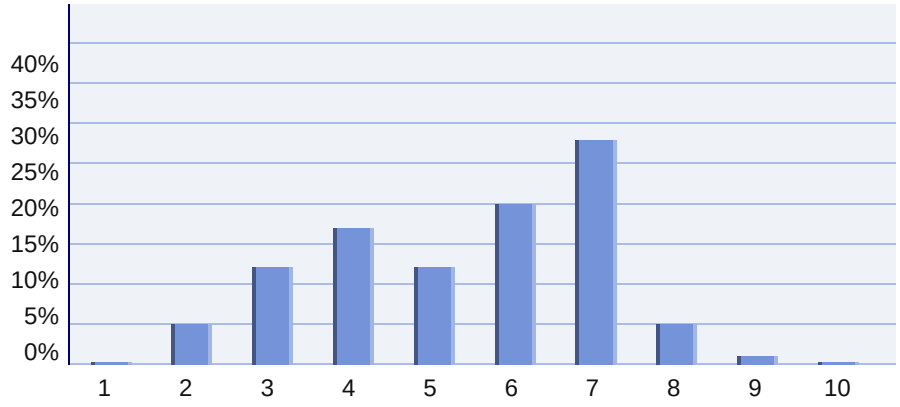
By evaluating all risk factors, the subject company is assigned with EMMA score of "3", indicating "Moderate Low Risk".

Industry Group Standard		
Industry Group Description	Electronic components, nec	
Industry Group EMMA Score Quartile Values	Lower Quartile	4
	Median	6
	Upper Quartile	7

Company Risk Vs Industry Norm Chart



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



Score	Distribution
1	0%
2	5%
3	12%
4	17%
5	12%
6	20%
7	28%
8	5%
9	1%
10	0%

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

1.4 D&B Paydex

D&B PAYDEX®

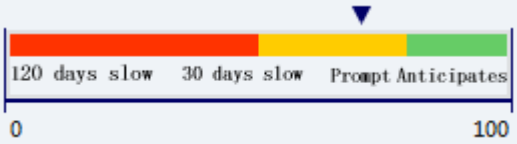
The D&B PAYDEX® is a unique indicator of payment performance weighted by the monetary value of the payment history as reported to D&B by trade references. A detailed explanation of how to read and interpret PAYDEX values can be found in the Appendices section of this report.

PAYDEX of This Business **N/A**

PAYDEX of this business is not available

It requests at least three trade experiences to generate a PAYDEX. PAYDEX is not computable with the current payment information of the company.

PAYDEX of This Industry **69**



When weighted by payments in value to suppliers, an average **16 days beyond terms** based on payments collected over the last 24 months

Industry Name:**Electronic components, nec**
Industry Median:**69**
Upper/Lower Quartile:**79/44**
Based on:**3085 businesses**

D&B PAYDEX® KEY

- High risk of late payment (average of 30 to 120 days beyond terms)
- Medium risk of late payment (average of 30+ days or less beyond terms)
- Low risk of late payment (average of prompt to 30+ days sooner)

Trade Payment Summary

Bands - Owed in Value RMB	No. of records	Sum of Owed Value RMB	Within terms	1-30 Days	31-60 Days	61-90 Days	91+ Days
>10,000,000	0	0	0%	0%	0%	0%	0%
1,000,000 - 9,999,999	0	0	0%	0%	0%	0%	0%
500,000 - 999,999	0	0	0%	0%	0%	0%	0%
100,000 - 499,999	0	0	0%	0%	0%	0%	0%
50,000 - 99,999	0	0	0%	0%	0%	0%	0%
<50,000	1	0	100%	0%	0%	0%	0%
TOTAL	**1**	**0**	**100%**	**0%**	**0%**	**0%**	**0%**

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

Trade Payment Details (Max. 100 records displayed)

Date	Payment Status	Credit Limit	Owed in Value	Past Due	Payment Terms	Last Transaction
Aug 18, 2021	Prompt	500,000	0	0	Cash	--

(Amounts may be rounded to the nearest figure)

Note: The above payment record reflects how suppliers are paid by the subject company with regards to the terms granted. Slow-30, for example, indicates a 30 day delay based on the terms are taken. In some instance, payment beyond terms could be the result of quality issues of the product or loss of invoices, etc.

Industry Payment Information

According to the payment statistics collected by Huaxia D&B China in 2016 of electronic and electrical industry, the payment timeliness ratio fluctuated between 50% and 60% with a slightly growing tendency.

In terms of the payment records and performance, the payment timeliness ratio and the overdue ratio of the industry was 52% and 37%, down 1 percent and up 1 percent respectively. The average overdue terms reached 21 days, the same with that of the last quarter (2015.10-2016.9). In terms of the payment value and the overdue period, about 24% of the total amount was delayed, 2 percent lower quarter-on-quarter. Among that, the overdue terms of 1-30 days accounts for 36% of the total overdue value, 1% higher quarter-on-quarter.

Overall, the payment performance of electronic and electrical industry had some signs of growing in 2016. However, compared with that of 2015, the performance was still not good enough. To the upstream suppliers, it is still necessary to pay attention to the operation condition of their delay-payment customers and adjust credit policy on time.

1.5 Supplier Risk Assessment Matrix

Risk Assessment Matrix

PAYDEX	Risk Range		
	Low (EMMA 1 - 3)	Medium (EMMA 4 - 7)	High (EMMA 8 - 10)
PAYDEX>=80	AA	BA	CA
80>PAYDEX>=60	AB (Subject lies in this group)	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 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 ascending order from low risk to high risk.

According to the Risk Assessment Matrix, subject is rated as "AB", which represents the subject belongs to the quality group:

- The risk level of the subject is low, which reveals its business risk is relatively lower than the average level amid all Chinese enterprises;
- The PAYDEX® of subject/industry indicates that some delay payment behavior exists. However, the time and amount of the delay is relatively acceptable, thus its delay payment behavior is not severe;

Subject is rated as a high quality company due to its sound operation, low risk level and good credit reputation. Even the subject/industry has some short-term delay payment behaviors, which might be caused by the specific industry character, subject is still recommended to be granted with relative favorable credit policy.

2. Registration Information and Company Structure

2.1 Registration Information

Registration Date	Apr 16,2001
Registration Authority	Huzhou Nanxun Dist. Administration For Market Regulation
Operation Status	In good standing
Unified Social Credit Identifier	913305037284639995
License Expiry Date	Apr 15,2031
Registered Capital	RMB 31,800,000
Started Year	2001
Type of Business	a limited liability company (invested or held by natural person(s))
Registered Address	East of Hanshan Bridge, Shanlian Town, Nanxun District, Huzhou, Zhejiang
Legal Representative	Hesong Fu (辅和松)
Business Scope	Manufacturing, processing and sales of magnetic components and electronic accessories.
Swift Code	-
Annual Report	The 2020 annual report of the subject was published on May 17, 2021.

2.2 Shareholding Structure and Historical Changes

Shareholding Structure

Name	Region/Country	Shareholding Proportion	Investment Mode	Paid-up Rate
Hongya Fu	China	53.95	Cash	Fully Paid
Xuehong Ni	China	46.05	Cash	Fully Paid
Total		**100%**		

Above registration information was obtained from official registry source on Aug 17,2021 .

History Changes

Registered Address Changed		
From:	Dongtu, Hanshan Daqiao, Shanlian Town, Huzhou	
To:	East of Hanshan Bridge, Shanlian Town, Nanxun District, Huzhou, Zhejiang(Current Registered Address)	On(in) Sep 11,2018
Capital Changed		
From:	RMB 1,080,000	
To:	RMB 6,080,000	On(in) Mar 30,2006
To:	RMB 16,000,000	On(in) Jan 19,2017
To:	RMB 31,800,000(Current Capital)	On(in) Aug 31,2020

Registration Number Changed		
From:	3305002058134	
To:	330504000029040	On(in) Apr 19,2010
Integration of Three Licenses		
From:	Business Registration No.: 330504000029040	
	National Organization Code: 728463999	
	Tax No.: Not obtained	
To:	Unified Social Credit Identifier: 913305037284639995	

2.3 Family Tree

Year of Establishment - Background Introduction - Shares held in subject -

Linkage Down

Subsidiaries

D-U-N-S	70-456-8399
Company Name	Zhejiang Kefeng Magneto-electricity Co., Ltd.
Chinese Name	浙江科峰磁电有限公司
Address	Beitu, Hanshan Daqiao, Shanlian Town, Nanxun District,Huzhou,Zhejiang,China
% owned by subject	100.00%

Affiliates

D-U-N-S	60-208-0878
Company Name	Huzhou Kefeng Commerce and Trade Co., Ltd.
Chinese Name	湖州科峰商贸有限公司
Address	Room 901,902,903,905, Liyang Business Building, Fenghuang Sub-District,Huzhou,Zhejiang,China
% owned by subject	10.00%

3. PRINCIPAL(S)

3.1 Main Principal(s)

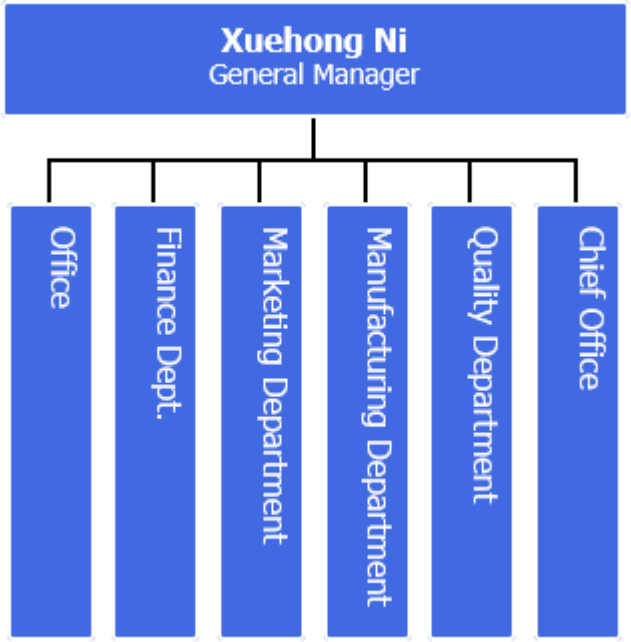
Xuehong NI

Position	General Manager	**Daily Operation**	-
Relevant Work Experience	5 Year+	**Area of Responsibility**	-
Qualification and Title	-	**Educational Background**	-

Hesong FU

Position	Legal Representative	**Daily Operation**	-
Relevant Work Experience	5 Year+	**Area of Responsibility**	-
Qualification and Title	-	**Educational Background**	-

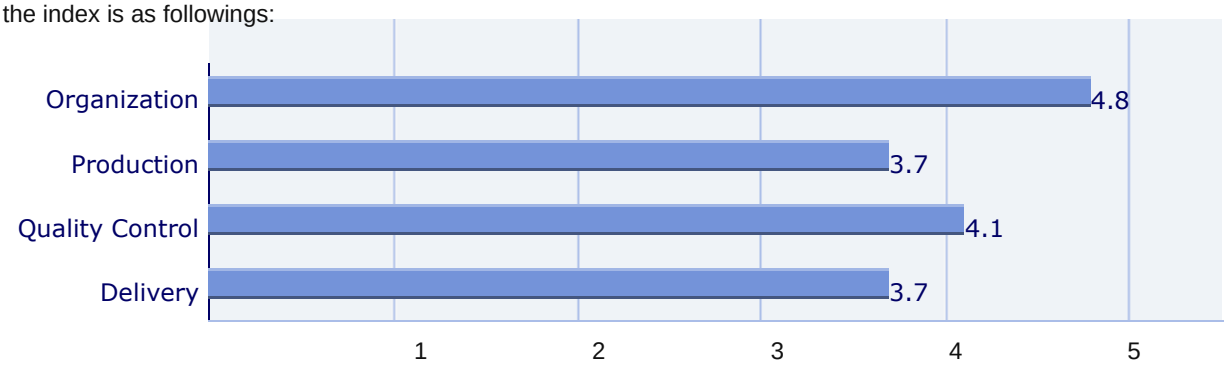
3.2 Organization Chart



4. Supply Chain Capability

4.1 Supply Chain Performance Index

According to the telephone interview by HDBC and the on-site check conducted by accreditation companies, 4 dimensions including organization, production, quality control and delivery on supply chain capacity of subject have been rated. Detail of the index is as followings:



4.2 Organization

Summary

The factory have a valid business license, site address and business are consistent with business license. The percentage of domestic trade business was about 90% of overall business. Factory has established a clear organizational structure, quality management department is independent of other departments. Management responsibilities are defined, and personnel training system was established and implemented.

Checklist and Score

Item	Details	Score
Did the Factory Provide Business License, Building Lease contract, Organization Code, etc.?	All licenses were provided	5
Able to Provide Percentage of Domestic Business in Whole Business Line?	Totally Provided	5
Supplier List Management	Complete supplier list was provided	5
Customer Satisfaction Rate Record and Monitoring	Target of customer satisfaction rate was set up and monitored regularly	5
Customer Information and Business Structure	Total customers' information and business structure was provided	5
Is Organization Chart and Department Responsibility Definition Documents Provided?	Organizational structure chart was in place, and department responsibility has been defined.	5
Job Description Document Management	All positions' job description has been established	5
Employee Ability Evaluation and Record Management	Employees' ability has been evaluated and records was kept	5
Establishment of Training Plan	Different training plan for different position	3
Are Employees Familiar with Their Responsibilities?	Employees knew the responsibilities of their front and after positions	5

4.3 Production

Summary

There were 142 equipments in the factory, all equipments were in good condition on audit day. The company has 129 staffs, including 84 production workers. Procedure of equipment maintenance and mould has been established. Production plan been set up. Emergency plan used to ensure the manufacture keeping and products delivery under emergency circumstance has been established.

Checklist and Score

Item	Details	Score
Able to Provide Number of Production Workers	Verified	5
Integrity of Equipment List Including Brand, Specification, Quantity and Tenure of Use and Status.	Information of All Equipment was Provided	5
Is SOPs equipped for all positions and Practiced during Operation?	Documented procedure was in place and followed properly	5

Training of Operators and the Training Record Keeping Status	Operators have been trained and record was kept well	5
Has Identification been Used to Manage Raw Material, Components and Products?	All products' identification was marked	5
Setup and Decompose of Production Plan	Only final products' manufacture plan was available, but was not decomposed to different workshops and processes	3
Segregation and Mark of Non-Conformity Products	Non-conformity products were identified and segregated	3
Equipping and Usage of Special Repair Station	No Repair Station was equipped	0
Establishment, Management and Monitoring Status of Tool/Fixture Policy	Only paper records were provided	1
Number of Times Recording and Monitoring During Tool and Fixture Usage	Only paper records were provided	1
Is the number or times of tool and fixture using monitored in order to ensure replace timely?	The information is not available, or certain equipment is beyond its operational life span	0
Status of Equipment Maintenance Instructor	Maintenance instructor was established for all equipments	5
Equipment Usage Instructor Status and Whether Employees were Familiar with the Usage Guidance	Equipment list and usage guidance were available	3
Implementation Status of Equipment Maintenance Plan	Conduct the maintenance according to the plan	5
Record and Analysis for Breakdown Equipment Maintenance	Maintenance record was provided for key equipments	1
Does the Factory Identify the Key Components and Monitor the Safety Inventory of These Components?	Key components have been identified, safety inventory was set up and monitored	5
Fitness and Safety of the Manufacture Environment	Environment was fit for manufacture and proper identification was marked	5
Protective equipment and fire-fighting equipment in the workshop which is prone to dust	Fire-fighting equipment and proactive equipment are available, but no measuring equipment for dust concentration is available.	3
Cleaning policy in the workshop prone to dust	Cleaning policy is available while related records are well-kept.	5
Has the factory been equipped with protective equipment in the noisy workshop?	Protective equipments is equipped	5
Is any child labor used in the factory?	No	5
Emergency Plan and the Plan Drill	Emergency plan was in place and drilled regularly	5

4.4 Quality Control

Summary

Factory has established QMS, and certified by IATF16949:2016 and ISO9001:2015. Quality policy and goals has been established and achievement was monitored. No obvious systemic non-conformity was observed during the audit.

Checklist and Score

Item	Details	Score
Product Certificates Including CCC, CE, UL, etc.	Not Related	N/A
Does the organization have established the quality management system and obtain the relevant certificate, such as ISO9001?	ISO 9001 certificate was received	5
Quality Department and Quality Control Employee	Independent quality control department was set up and personnel was full-time	5
Establishment and Monitoring of Quality Policy and Objects	Quality policy and objects were set up and monitored	5
Is there any experienced technician or specialist in R&D team?	Yes	5
Has the Organization Establish the Procedure for Design and Development of Products?	Established	5
Is internal audit which combining with products' characteristics and customer's requirements such as GM layered audit conducted?	Internal audit which combining with products' characteristics and customer's requirements was conducted.	5
Is there any procedure used to resolve, review, and document customers' technical requirement and transfer it into internal products and manufacture requirements?	Procedure was established	5
Establish the Project Manager Policy so as to Monitor the Process of Certain Projects	Not established	0
Set-up and Monitoring of Module and Tool Plan	Plan and monitoring was not set up	0
Set up Point Plan or Supplier Development Plan for Key Component Development	Plan was not set up	0
Set up Objects for Design so as to Ensure the Development Efficiency	Object was set up	5
Establishment of Process Control Plan and SOP of All Processes	Totally established	5
Has the Pilot Production Been Conducted and Approved to Ensure Batch Manufacture Smoothly?	Procedure has been established and implemented	5
Confirmation of the Design Object Prior to Batch Manufacture	Confirmed	5
Verification of PPK and MSA	Verified	5
Was any conceptual product with new technology or design showed in the exhibition	No exhibition area for products	0

area, which had not been launched into the market yet?		
Laboratory equipment status	Most equipments in the laboratory are new. It is estimated that most equipments have been used for less than 5 years	5
Inspectors' Ability and Related Training Records	Training records was provided to prove inspectors' ability	5
Integrity of Inspection Records	Inspection was provided and kept well	5
Inspection and Record Keeping for Incoming/End Product	Incoming/end product inspection standard and records were provided, and quality standard agreements have been signed with suppliers on incoming. However, the inspection records have been kept for 3 or more months	5
Regular Calibration of Measuring Equipments	Regular calibration was conducted for all equipments	5
Supplier files management	Paper files are used for supplier management	3
Supplier Selecting and Reviewing Method	Different assessment criteria were applied for different suppliers according to risk rating	5
Verification and Approval Procedure for Sample of Purchased Product	Procedure was established and followed properly	5
Has the Factory Signed Quality Assurance Agreement With Its Suppliers?	Yes	5
Does the factory implement classified management of different suppliers?	Suppliers are classified and managed based on different importance	5
Supplier Performance Management Method	Performance summarizing, analyzing and improving was applied to key suppliers	3
Quality target management	Quality target was set and summarized according to the completion status	5
Establishment and Execution of Supplier Corrective Active Report Procedure	Procedure has been established and followed properly	5
Supplier On-Site Audit Policy	On-site visit and audit was conducted to suppliers regularly	5
Whether Suppliers were Pushed to be Certificated by ISO9001	Records was provided to prove	5
Procedure for Contract and Order Review	Established	5
Has Customer List been Set Up?	Yes	5
Monitoring and Analysis of Customer Satisfaction	Customer satisfaction was monitored and combined with self-monitoring and summary of quality and delivery	5
Customer Feedback Collection and the Set-up of Improvement Action Afterward	Conducted	5
Has the factory analyzed the speed of complaint feedback?	No	0
Established Documents and Records Control Procedure, and Controlled Technical	Procedure was established	5

Documents and Management Procedure
Properly

4.5 Delivery

Summary

Factory has set up production plan program, warehouse management program, and complete supply chain system. Use third-party logistics vehicles and own vehicles.

Checklist and Scores

Item	Details	Score
Has S&OP best practice been implemented	Yes	5
FIFO Procedure Establishment and Implementation.	Procedure was established and followed properly	5
Does the factory set the inventory plan and verify the quantity and quality regularly?	Number and warranty was verified regularly, but the inventory plan was not set	3
Batch Tracing Management and Information Sharing	Traceability could be realized and traced by system	4
Special Area and Standing Book to Store, Identify and Record Non-Conformity Products	No special warehouse for non-conformity products	0
Is System Established to Assess the Logistic Suppliers Regularly?	Audit standard for logistic suppliers was established, regular audit was conducted, also KPT was set up and monitored	5
Monitoring and Management to On-Time Delivery Rate of Logistic Supplier	No conducted or managed	0
Has the factory established a differentiated logistics approach for different products according to the customer's inventory requirements?	Conducted	5
Is correct label printed out according to customer requirement?	Conducted	5

5. Production & Operation

Line of Business

Subject is mainy engaged in the production and sales of anti-interference magnetic cores. Subject was awarded ISO9001:2015, IATF 16949:2016, Certificate of Keeping Contract Care and Heavy Credit Enterprise, Certificate of national key new products, Zhejiang High-tech Enterprise Certificateand Enterprise Sustainable Development Project Certificate certificate. Currently, it owns 142 sets production equipment and 5 production lines.

Subject is entitled to I/E Rights. Subject's products 90% are sold in domestic market and 10% are exported. Subject's major customer includes J.S.T. MFG. (Shanghai) Co., Ltd. , Dong Guan Asia-Link Technology Electronic Co., Ltd. and etc.

70% of subject's purchasing is conducted in domestic market, 30% are imported. Subject's major suppliers include 5N Plus Shangyu Co., Ltd., Foshan Zhaohui Chemical Co., Ltd. and etc.

Output

Product	Output	Year
Soft Ferrite Core	7,900 tons	2020
Soft Ferrite Core	8,200 tons	2019
Soft Ferrite Core	7,600 tons	2018

Production Equipments

As is confirmed from subject company, it currently has 142 production equipments and 5 production lines.

Equipment	Number	Made In
Mixing Machine	3	China
Spray Granulation Tower	4	China
Press-forming Machine	70	China
Sintering Kiln	11	China
Ultrasonic Cleaners Brand	4	China

Warehouse

Warehouse Address	Floor Space	Occupation Type
East Side of Hanshan Bridge, Shanlian Town, Nanxun District, Huzhou, Zhejiang	-	owns

Certificates and Licenses

During the visit of HDBC to subject company, the certificates and licenses of subject have been provided, include:

Certificates:

Certificate	Certificate No.	Agency Name	Valid From	Valid Until
ISO9001:2015	02420Q31120079R5M	Shenzhen Huantong Attestation Center Co., Ltd.	2005/03/21	2023/01/12
IATF 16949:2016	T81534/1/0331056	Shanghai NQA Certification Co., Ltd.	2018/09/10	2022/03/11

Other Certificates:

Certificates	Issued by	Issue Time
Certificate of Keeping Contract Care and Heavy Credit Enterprise	Huzhou Nanxun Dist. AMR	-
Certificate of national key new products	Ministry of Science and Technology, etc.	-
Zhejiang High-tech Enterprise Certificate	High-tech Office of Zhejiang Provincial Department	-
Enterprise Sustainable Development Project Certificate	SCORE	-

Employee Size

Employee Size	According to the confirmation of subject company, the number of its employees is about129.00.
Employee Size from Different Sources	2020： 56 Source：Annual report

Major Functional Departments

Office	Finance Dept.
Marketing Department	Manufacturing Department
Quality Department	Chief Office

6. Sales and Procurement

6.1 Sales

Sales Territory

Area	Percent	Region/Country
Domestic (Mainland China)	90%	
Overseas	10%	

Major Customers

Name	DUNS	Area
J.S.T. MFG. (Shanghai) Co., Ltd.	53-046-0369	Domestic (Mainland China)
Dong Guan Asia-Link Technology Electronic Co., Ltd.	52-997-0514	Domestic (Mainland China)
Zhenglong Electronics (Suzhou) Co., Ltd.	54-478-4564	Domestic (Mainland China)

Customer Reference

According to one of subject, J.S.T. MFG. (Shanghai) Co., Ltd. revealed that it has been cooperating with subject for more than 10 years. It has timely logistics, good service quality and attitude, and the price is reasonable and competitive.

6.2 Procurement

Procurement Territory

Area	Percent	Region/Country
Domestic (Mainland China)	70%	
Overseas	30%	

Major Suppliers

Name	DUNS	Area
5N Plus Shangyu Co., Ltd.	52-789-9601	Domestic (Mainland China)
Foshan Zhaohui Chemical Co., Ltd.	54-533-5494	Domestic (Mainland China)
Hangzhou Haoteng Technology Co., Ltd.	54-982-9345	Domestic (Mainland China)

Supplier Reference

According to one of subject's suppliers, 5N Plus Shangyu Co., Ltd. revealed that it has maintained 6-7 years of cooperation with subject, and its payment is timely.

6.3 China Customs Import and Export Information

Customs Rating: general credit enterprise

On March 3, 2018, General Administration of Customs of the People's Republic of China published the announcement of the implementation of ' Customs Enterprise Credit Management Measures of the People's Republic of China'. From May 1, 2018, the customs recognize the certified enterprises, general credit enterprise and dishonest enterprises according to the enterprise integrity. The certified enterprises are divided into high certified enterprises and general certified enterprises.

7. Business Location

7.1 Principle Place of Business

Local Description	an industrial area
Land Area	23000 sqm
Used as	Office, factory and warehouse
Occupation Type	Owns
Floors	Factory 1 floor, warehouse 2 floors, office building 3 floors

7.2 Location and Surrounding Environment Information

Local Information Confirmation

During the current investigation, Huaxia D&B China visited and verified the plant and office of subject that located in East Side of Hanshan Bridge, Shanlian Town, Nanxun District, Huzhou, Zhejiang. It is confirmed that the location information of subject is in accordance with the provided information.

Geographic Information

It is learned from a third party that subject (East Side of Hanshan Bridge, Shanlian Town, Nanxun District, Huzhou, Zhejiang) is located in an industrial area and near to the Hanshan Scenic Area.

Traffic Condition

As is obtained by HDBC, the crow-fly distance between subject company and the closest bus station Hanshan Transfer Center is less than 500 meters, indicating a convenient traffic condition.

7.3 Other Places of Business

No information about the branch of subject is obtained during the current investigation.

8. Finance & Banking

8.1 Financial Data

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 2020 financial statements were submitted by the company personnel.

Financial Highlights	Dec 31, 2020 RMB '000	Change %	Dec 31, 2019 RMB '000	Change %	Dec 31, 2018 RMB '000
Current Assets	38,721	30.19%	29,742	4.51%	28,459
Current Liabilities	20,668	11.58%	18,523	4.48%	17,729
Working Capital	18,053	60.92%	11,219	4.56%	10,730
Tangible Net Worth	28,718	43.61%	19,997	1.94%	19,617
Fixed Assets	10,435	19.82%	8,709	-1.54%	8,845
Total Assets	49,402	28.19%	38,539	3.13%	37,368
Total Liabilities	20,668	11.58%	18,523	4.48%	17,729
Shareholders Equity	28,734	43.56%	20,016	1.92%	19,639
Sales	71,612	43.06%	50,057	0.00%	50,054
Net Profit	1,210	220.96%	377	29.55%	291

Balance Sheet	Dec 31, 2020 RMB '000 Fiscal (Consolidated)	Dec 31, 2019 RMB '000 Fiscal (Consolidated)	Dec 31, 2018 RMB '000 Fiscal (Consolidated)
Cash and Bank Deposit	3,890	1,559	4,054
Accounts Receivables	30,087	21,538	22,073
Notes Receivables	1,257	1,337	1,291
Other Receivables	333	236	231
Inventory	1,955	1,014	564
Prepaid Cash	1,199	4,058	246

Total Current Assets	38,721	29,742	28,459
Fixed Assets, at cost	23,713	21,074	19,779
Less Acc. Depreciation	(13,472)	(12,365)	(11,248)
Construction in Progress	194	-	314
Total Fixed Assets	10,435	8,709	8,845
Intangibles	16	19	22
Total Intangible Assets	16	19	22
LT Prepaid Expense	230	69	42
Total Investment & Other Assets	230	69	42
TOTAL ASSETS	49,402	38,539	37,368
Accounts Payable	13,634	9,898	11,171
Other Payables	5,271	7,381	5,280
Advances from Customers	1,846	1,158	1,058
Provision:Taxes & Fees	(83)	86	220
Total Current Liabilities	20,668	18,523	17,729
Total Non-Current Liabilities	-	-	-
Total Liabilities	20,668	18,523	17,729
Capital	23,519	16,000	16,000
Capital Reserve	83	83	83
Earned Surplus	1,195	1,038	1,000
Retained Earnings	3,937	2,895	2,556
Total Equity	28,734	20,016	19,639
TOTAL LIABILITIES & EQUITY	49,402	38,539	37,368

Profit & Loss Statement	**Dec 31, 2020** RMB '000 Fiscal (Consolidated)	**Dec 31, 2019** RMB '000 Fiscal (Consolidated)	**Dec 31, 2018** RMB '000 Fiscal (Consolidated)
Sales	71,612	50,057	50,054
-Cost of Goods Sold	60,787	42,904	42,926
-Sales Tax	200	223	239
Gross Profit/Loss	10,625	6,930	6,889
-Operating Expenses	3,706	2,929	2,474
-Administrative Expenses	5,425	3,687	3,983
-Financial Expenses	209	(57)	6
Operating Profit/Loss	1,285	371	426
+Non Operating Income	78	86	5
-Non-Operating Expense	75	53	32
Profit/Loss Before Tax	1,288	404	399
-Income Tax	78	27	108
Profit/Loss After Tax	1,210	377	291
Net Profit(Loss)	1,210	377	291

Key Financial Ratios	2020	2019	2018
Solvency Ratio			
Current Ratio	1.87	1.60	1.60
Quick Ratio	1.77	1.55	1.57
Leverage Ratio			
Total Debt/Equity Ratio	0.71	0.92	0.90
Debt Ratio	0.41	0.48	0.47
Efficient Ratio			
Collection Period (Days)	151	154	158
Payment Period (Days)	80	83	93
Inventory Turnover (Days)	11	8	4
Asset Turnover	1.44	1.29	1.33
Profit Ratio			
Gross Profit Margin %	14.83	13.84	13.76
Net Profit Margin %	1.69	0.75	0.58
Return on Equity %	4.21	1.88	1.48
Return on Assets %	2.44	0.97	0.77

Financial Comments

- **Business Performance:** According to subject's financial statements of 2020, its sales realized RMB 71,612 thousand, up 43.06% over the previous year, indicating its decent sales growth. During the same year, subject's net profit booked RMB 1,210 thousand, up 220.96% over the previous year. Its net profit margin was 1.69%, higher than the year-earlier level, which indicated its profitability was enhanced to certain extent.
- **Solvency:** By the end of 2020, Subject's current ratio and quick ratio posted 1.87 and 1.77 respectively, showing its strong short-term solvency capacity. Its working capital increased to RMB 18,053 thousand. At the end of 2020, subject's debt ratio stood at 0.41, which indicated its capital structure was reasonable.
- **Cash Flow:** By the end of 2020, subject's cash and bank deposit was RMB 3,890 thousand, increasing over the previous year. At the end of 2020, subject's account receivable booked RMB 30,087 thousand, and its DSO recorded 151 day(s), shortening 3 day(s) compared with the year earlier, indicating its control on account receivable was improved to some extent. Its account payable was RMB 13,634 thousand, with a payment period of 80 day(s).
- Overall financial status of subject is considered as fair.

8.2 Banking Information

Account Bank	Nanxun Rural Commercial BankShanlian Sub-branch Hanshan Branch Office
Account Number	201000017208805
Foreign Account Number	-
Address	-
Telephone	-

9. Compliance

9.1 Compliance Overview

Does Subject Deal with Government Entities?	No
Does Any Management of Subject Have Government Background?	Yes
Fraud & Corruption Information	During the current investigation, as is confirmed with subject and scanned from the internet sources, no fraud or corruption information is obtained from subject.
Does Subject Have Compliance Team?	No
Litigation Records within 2 Years	0
Severe Unlawful Act List Records within 5 Years	0 (0 among which has been removed from list)
Administration Penalty Records within 2 Years	0
Media Record within 2 Years	0

9.2 Litigation Records

As of Aug 17,2021 , 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 2 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 might not be available.

9.3 Severe Unlawful Acts and Administrative Penalties

As of Aug 17,2021 , no severe unlawful act information against subject within 5 years is obtained during the investigation. Administrative penalty information against subject within 2 years is also not found.

9.4 Media Records

As of Aug 17,2021 , no related media records can be found against the subject within 2 years.

10. On-Site Taken Photos

The following photos were taken on Aug 17,2021 during the on-site visit to subject company by HDBC.

Front Gate



Business License



Photo taken by D&B on 17 Aug. 2021

Warehouse




Photo taken by D&B on 17 Aug. 2021

Plant



Laboratory




Photo taken by D&B on 17 Aug 2021

Equipment




Photo taken by D&B on 17 Aug. 2021

Office Building



Appendix

D&B 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.

Note: The “Credit Risk” score in the Summary part is mapped from the EMMA Score assigned to subject company. The mapping rule is as followings:

EMMA Score	Credit Risk	EMMA Score	Credit Risk	EMMA Score	Credit Risk
1	5.0	5	3.0	9	1.0
2	4.5	6	2.5	N/A	0.5
3	4.0	7	2.0	10	0
4	3.5	8	1.5		

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
- Year of Establishment
- History Status
- Property Ownership

Geographical Information
- Region & Province

Public Record
- Number of Negative Record

Payment Information
- Percentage of Overdue Payment
- 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* - Recommend a manual review of the applicant based on the applicant's capacity, your internal policy and risk tolerance.
- *High EMMA Score* - Requires thorough manual review of potential decline, or approval depending on the applicant's capacity,your internal policy and risk tolerance.

Supplier 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.	Favo ab e credit policy can be granted with automatic approval.

BA→BB→AC	BA→BB→AC	Business is operated under low 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			Composite Credit Appraisal				
Net Asset	Registered Capital	Amount(RMB)	Strong	Good	Fair	Poor	Undetermined
5A	5AA	> 450,000,000	1	2	3	4	-
4A	4AA	85,000,000 - 449,999,999	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®

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

On March 3, 2018, General Administration of Customs of the People's Republic of China published the announcement of the implementation of 'Customs Enterprise Credit Management Measures of the People's Republic of China'. From May 1, 2018, the customs recognize the certified enterprises, general credit enterprise and dishonest enterprises according to the enterprise integrity. The certified enterprises are divided into high certified enterprises and general certified enterprises.

Please refer to the customs chain link: No. 237 order of General Administration of Customs (Customs Enterprise Credit Management Measures of the People's Republic of China)
http://www.customs.gov.cn/customs/302249/302266/302267/1471687/index.html

Glossary of Terms

D-U-N-S® Number

The Data Universal Numbering System (D-U-N-S® Number) is a standard for keeping track of companies all over the world. D-U-N-S® Number is a unique nine-digit code assigned to each company worldwide.

Standard Industrial Classification (SIC)

The Standard Industrial Classification (SIC) system was first developed by the U.S. Government and has been widely adopted as the standard coding system used to define and analyze industry structure.

Parent Company
A parent company is a company holding more than 50% equity of subject.
Subsidiary Company
A subsidiary is a company with more than 50% equity owned by subject.
Affiliated Company
An affiliated company is a company with 50% equity or less owned by subject.
Branch
A Branch is a secondary location for which its headquarters has legal responsibility. Typically, a branch is at a separate location. However, a branch can be located together with its headquarters or sister branch, provided they have unique, separate, and distinct operations. Branches often have secondary names of trade styles, but the branch primary business name must be identical to its headquarters' primary name.

--End of the Report--