

SystemDay

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Business Credit Report

Prepared For

Date of Completion NOV.16TH, 2014

Your Order/Ref. 23145

Report Type

Sample Co Ltd	
GTM Reference No.	G141116016

Currency in this report is Chinese Yuan unless otherwise stated.

Exchange Rate: 1 USD=6.21 Chinese Yuan

"--" or "N/A" in this report indicates "unavailable" due to insufficient information or "no comments"

ORDER INFORMATION

	As ordered	Match
NAME	Sample Co Ltd	Correct
ADDRESS	Qingdao, China	Incomplete
TEL.	86 532 XXXXXXXX	Correct
FAX	--	
E-MAIL	--	
WEBSITE	--	
CONTACT PERSON	--	
OTHER INFORMATION	--	

Note:

The information given in the order is confirmed to be correct.

EXECUTIVE SUMMARY

DATE OF ESTABLISHMENT	Jan.24 th , 2011
AIC REGISTRATION NO.	370285134871654
REGISTERED LEGAL FORM	Limited liabilities company
REGISTERED CAPITAL	27,000,000
MAIN BUSINESS	Manufacture and sales of auto parts
TAX NO.	370285234625645
ORGANIZATION CODE	234625645
TURNOVER	5,061,000.00 (AS OF DEC. 31 ST , 2013)
NET PROFIT	74,000.00 (AS OF DEC. 31 ST , 2013)
TOTAL ASSETS	30,032,000.00 (AS OF DEC. 31 ST , 2013)
NET WORTH	360,000.00 (AS OF DEC. 31 ST , 2013)
LICENSE STATUS	Exist
BUSINESS STATUS	Normal
IMPORT AND EXPORT PERMITS	Yes

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EMPLOYEES	120
OPERATION HISTORY	<5 years
BUSINESS SCALE	Small
REPUTATION	Average
FINANCIAL STRENGTH	Weak
INDUSTRY COMPETITIVENESS	Average
FAVORABLE TAX POLICY	No
CREDIT RATING	CR5
BASE CREDIT LIMIT	2,000 CNY
EXCHANGE RATE	1 USD=6.21 CNY (NOV.16 TH , 2014)

Registered Address	Qingdao, China
Zip Code	266000
Business Address	Qingdao, China
Zip Code	266000
Telephone	86 532 XXXXXXXXX
Fax	86 532 XXXXXXXXX
E-mail	sample@sample.com
Website	www.sample.com
SIC Code (China)	3725 manufacture of auto parts and accessories

REGISTRATION

Name (Chinese)	样本有限公司
Name (English)	Sample Co Ltd (officially filed)
Date of Establishment	Jan.24 th , 2011
Registry	Administration Bureau for Industry and Commerce – Qingdao City
AIC Registration No.	370285134871654
Registered Legal Form	Limited liabilities company
Registered Capital	27,000,000
Legal Representative	Li XX
Operating Duration	Perpetual
Legal Business Scope	Manufacture of auto parts, fasteners, gears, electromechanical equipment and mechanical equipment; Import and export of commodities and technologies.
License Status	Exist

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Business Status	Normal
Changes in Registration	1. Apr. 12 th , 2012 SC's registered capital was decreased from 37,000,000 to 27,000,000 CNY. 2. Jul. 10 th , 2013 SC's registered address was changed to current one from Room 418, Building 5, No.450, Dongsheng West Road, Jiaxing City.
Stock Exchange Information:	Not listed

SHAREHOLDERS AND SHARES

As indicated in the following table:

Shareholder	Country	Capital Subscribed (currency: CNY)	Percentage
ABC Co Ltd	China	21,600,000	80%
Zheng Xiasu (郑夏素)	China	5,400,000	20%
Total		27,000,000	100%

Shareholder	Way of Investment
ABC Co Ltd	Capital
Zheng Xiasu (郑夏素)	Capital

Background of major shareholder

Name	ABC Co Ltd
Registration No.	*****
Address	Shandong

AFFILIATE(S)

Branches	
Name	Sample Co Ltd – XX Branch
Registration No.	Xxxxxxxxxx
Address	China

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Main business	Sales of cccc
Subsidiaries	
Name	DDD Co Ltd
Share percentage held by subject	100%
Registration No.	Xxxxxxxxxx
Address	China
Main business	Sales of cccc
Other related companies	
Name	EEE Co Ltd
Registration No.	Xxxxxxxxxx
Address	China
Main business	Sales of cccc

MANAGEMENT

Name	Li XX
Gender	Male
Position	General manager
Date of Birth	xxxxxx
Education	University
Working experience	cccccc

NUMBER OF EMPLOYEES

Employees: 120

Management Staff: 10

Recent recruitment: Yes

Job-hunting websites	Job title	Number
http://www.ganji.com/gongsi/21223758/	Vice General Manager	1
http://jiaxing.myjob.com/job/53d8cac2a310c3e8fbdfc285z.html?	Cost Accounting	1

BANKERS INFORMATION

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Bank name	Bank of China
Account No. (CNY)	--
Tel.	86 531 *****
Comment	The staff of the bank confirmed the above information is correct.
Date of Interview	Nov.16 th , 2014


OFFICE FACILITIES

Geographic Location	Qingdao, China
Area	11,600 square meters
Environment	Development zone
Traffic condition	Average
Purpose	Office; storage; plant
Property Ownership	Rented
Other address	Financial department: XX Road, Qingdao

WEBSITE

Website	www.cwode.com
E-mail	--
Operation status	Operational
Copyright	Subject
Language	Chinese; English

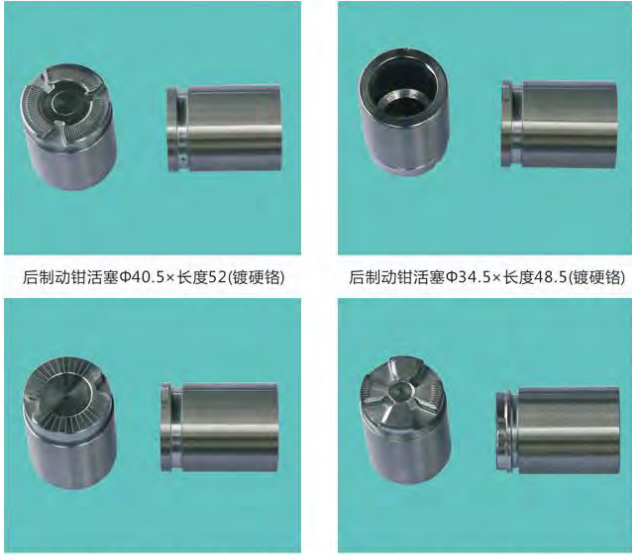
TRADEMARKS

Total trademark	1
Registration No.	9924139
Application date	Sep. 2 nd , 2011
Image	

PATENTS

Total patents	1
Application No.	9924139
Application date	Sep. 2 nd , 2011
Patent name	Steering role

MAIN PRODUCTS & SERVICES

Main business	Manufacture and sales of auto parts
Products and services	<p>SC is mainly engaged in manufacture and sales of auto brake parts, steering parts and chassis accessories of commercial vehicles, etc.</p> <p>Its products include rear brake caliper piston, front brake caliper piston, brake caliper leaf springs, etc.</p> <p>Subject is equipped with caliper piston abrasive finishing machine, auto-cleaning and drying caliper piston assembly line, punching machines, universal milling machines, drilling machines, screw rolling machines, tool grinder sharpeners, etc.</p>
Picture of specific products	 <p>后制动钳活塞Φ40.5×长度52(镀硬铬)</p> <p>后制动钳活塞Φ34.5×长度48.5(镀硬铬)</p> <p>后制动钳活塞Φ37×长度47.5(镀硬铬)</p> <p>后制动钳活塞Φ34.5×长度48.5(镀硬铬)</p>
Production capacity	1 million tons per year
Plants and equipments	Production lines etc.
Awards & Honors	Advanced Unit;

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	Qualified Supplier, etc
Certificates / licenses	ISO 9001:2000

SALES INFORMATION

Domestic sales	100%
Regions	All over China
Major domestic clients	ZHENGZHOU YUTONG BUS CO., LTD., etc
Competitors	CCC Co Ltd
Payment terms	Prompt payment; on credit
Overseas Sales	0%
Regions	N/A
Major overseas clients	N/A
Payment terms	N/A
SC's staff confirmed that the company's products are mainly sold to domestic auto manufacturers and trading companies, etc.	

PURCHASE INFORMATION

Main Commodities Purchased	Production equipment, checkout equipment, office supplies, etc
Region	Domestic: 80% Overseas purchase: 20%
Major suppliers	Taizhou Xunda Software Technology Co., Ltd. (phonetically)
Main Terms of Payment	Local: Prompt payment; on credit Import: L/C, T/T
According to SC's staff, the company's purchasing business is mainly done both domestically and internationally. Its domestic suppliers are mainly from Jiangsu Province and Yunnan Province, etc. and the international suppliers are from USA, Canada etc.	

CREDIT RECORDS

Name of supplier	Taizhou Xunda Software Technology Co., Ltd. (phonetically)
Main commodities and service	Management software for auto accessories

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supplied	
Interviewee	Staff
Telephone of Interviewee	86 576 88602955
Payment comment	The referee confirmed that SC is one of the above company's clients. Subject made payment in time and its credit status is normal.
Date of interview	NOV.16 TH , 2014.

LITIGATION RECORDS

Total records	1
Name of person subject to enforcement	Subject
Court	People's Court of Qingdao City
File date	xxxxx
File No.	xxxxxxx
Status	Closed

OTHER ADVERSE MEDIA INFORMATION

Not found

FINANCE

Source: AIC

Balance Sheet (Unit: 1,000 Chinese Yuan):

	<u>Dec. 31st, 2012</u>	<u>Dec. 31st, 2013</u>
Total assets	19,569	30,032
Total liabilities	-450	29,672
Total owner's interest	20,019	360
Liabilities and owner's interest	19,569	30,032

Income Statement (Unit: 1,000 Chinese Yuan):

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	<u>Dec. 31st, 2012</u>	<u>Dec. 31st, 2013</u>
Main business income		5,061
Total profit		74
-Income tax		0
Net profit		74

Important Ratios:

	2012	2013
Return on net assets (%)		20.56
Return on total assets (%)		0.25
Net profit margin (%)		1.46
Turnover of total assets		0.17
Asset liability ratio (%)	-2.30	98.80

Analysis of financial indicator

SC's financial indicators of 2013 are mainly analyzed. With low return on total assets and net profit margin of 2013, the company's profitability is poor. Low turnover of total assets of 2013 indicates its asset operation capacity is poor. With high asset liability ratio of 2013, subject's long-term debt paying pressure is high.

INDUSTRY PROFILE

Industry

SIC Code (China): 3725, manufacture of auto parts and accessories.

Description: It refers to manufacture of motor vehicles parts and accessories.

Status Quo & Trend

Currently, supported by the fast development of automobile market and domestic brand of automobiles as well as the global financial crisis, domestic brand auto components enterprises are faced with great development opportunity. According to prediction, commercial automobile would grow at a speed of 9-10% annually before 2020. Compared with the domestic market capacity of 30 million, the market space for automobile is large.

Under the pressure of market adjustments, the upgrading pace of auto parts in energy-saving, environment-friendly and safe industry technologies is accelerated. In the first half of 2013, the production volume of vehicle engines reached 9,947,000 sets, increasing by 11.87% y/y and the sales volume of vehicle engines reached 9,928,000 sets, increasing by 10.68% y/y; the import value of auto parts was 15.439 billion USD, increasing by 3.13% y/y and the export value of auto parts was 28.159 billion USD, increasing by 4.59% y/y.

Industry Associations

Name of association	Membership of subject (Yes/No)
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Zhejiang Yuhuan Auto & Motorcycle and Parts Association	Yes
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GENERAL COMMENTS

Established in Feb. 2011 with registered capital of 27,000,000 CNY, SC is mainly engaged in manufacture and sales of auto brake parts, steering parts and chassis accessories of commercial vehicles, etc. With short history, its business scale is small and its sales network needs to be expanded. The company's popularity and influence in the industry is low.

According to SC's current financial information, its business income of 2013 is low, indicating its business scale is small. Low net profit margin of 2013 indicates its profitability is poor. With high asset liability ratio of 2013, subject's asset structure is poor and its long-term debt paying pressure is high.

CREDIT RATING

CR5

When performing an analysis on the credit rating of Subject, the company's size, history and background, finance in comparison with the industrial averages, and operations, credit record, and so on have been taken into comprehensive consideration. The definitions of credit ratings are given as follows.

Rating	Risk Level	Suggestion
CR1	Very low	Credit can be extended in very loose terms.
CR2	Low	Credit can be extended in rather loose terms.
CR3	Below average	Credit can be extended in normal terms.
CR4	Average	Credit should be on close monitoring basis.
CR5	Above average	Credit should be avoided as much as possible.
CR6	High	Credit should be on a security basis.
CR7	Very high	Transaction should be on COD basis.

BASE CREDIT LIMIT

2,000 Chinese Yuan

When calculating base credit limit, it is presupposed that Subject purchases main commodities/services equally from many suppliers. Main factors considered include Registered Capital, Net Assets, Total Assets, Turnover, Profit, Credit Rating, etc. No consideration is given to the specific situation of your transaction with Subject. You

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may refer to the following suggestions when making credit decisions, but it is advisable that proper adjustments be made in accordance with your marketing strategies and credit policies.

Annual Supply/Subject's Turnover	Suggested Credit Limit
Above 40%	Above 4 times of base credit limit
30%-40%	3 to 4 times of base credit limit
20%-30%	2 to 3 times of base credit limit
10%-20%	1 to 2 times of base credit limit
Below 10%	within base credit limit

REFEREE OF SUBJECT

Name: Wang XX

Position: Business assistant

Date of interview: Nov.16th, 2014

Comment: Mr. Wang Confirmed the operation information of subject.

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