

Business Credit Report

SHANGHAI DALONG ZHIHENG TECHNOLOGY DEVELOPMENT CO., LTD.

上海大隆智恒科技发展有限公司

Your Enquiry: Shanghai Dalong Zhiheng Technology Development Co., Ltd.
Date of Enquiry: Jun 10, 2011
Report Type: Business Credit Report
Type of Enquiry: Normal
Date of Delivery: Jun 16, 2011

INVESTIGATION NOTES

The given contact person SUN Lili proves to be the Director of Subject's Sales Department.

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PROFILE

Subject Name SHANGHAI DALONG ZHIHENG
TECHNOLOGY DEVELOPMENT CO.,
LTD.
(Given by Official Sources)

Sinotrust No. 0243320517
AIC No. 310000101234567
N.O.C. 222222222
Address Suite B, 24/F, 88 Hengshan Rd.
Xuhui District
Shanghai

Zip Code 200000
Telephone (+86 21) 61238888
Facsimile (+86 21) 61238800
Website www.dlzh.com.cn

SUMMARY

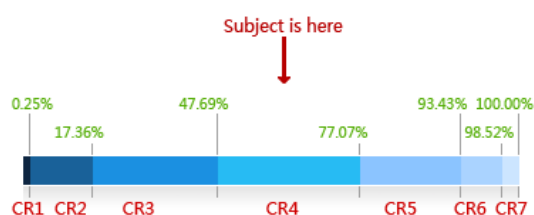
Establishment Date May 18, 1997
Legal Status Limited liability company
Listed or Not No
Legal Rep. WANG Tao
Registered Capital 1,000,000
Sales 11,915,000 (2010)
Net Profit 193,000 (2010)
Total Assets 6,053,000 (Dec 31, 2010)
Net Worth 3,299,000 (Dec 31, 2010)
Employees 56
I/E License No
Litigation Records Yes
Credit Records Yes

Currency in this report is Chinese Yuan (RMB) unless otherwise stated. "--" in this report indicates "unavailable" or "no comments" due to insufficient information.

CREDIT ASSESSMENT

Major Indicators	Score	Rating
Business Size:	60	Medium
Profitability:	60	Average
Efficiency:	75	Fairly Strong
Solvency:	80	Fairly Strong
Growth:	55	Average
Credit Rating:	61	CR4
Base Credit Limit:		100,000

RATING DISTRIBUTION IN SINOTRUST DATABASE



MAIN BUSINESS & INDUSTRY CLASSIFICATION

Main Business: Wholesale and retail of computer equipment
Chinese SIC: 6370, Wholesale of machinery & equipment, hardware & electric products and electronic products
ISIC: 5150, Wholesale of machinery, equipment and supplies
NACE: 51.8, Wholesale of other machinery, equipment and supplies

More information about Subject's lines of business can be found in OPERATIONS.

FINANCIAL SUMMARY

	2010	2009
Sales	11,915,000	10,950,000
Total Profit	285,000	-567,000
Net profit	193,000	-489,000
Total assets	6,053,000	5,535,000
Total liabilities	2,754,000	2,418,000
Total shareholders' equity	3,299,000	3,117,000
Total current assets	3,359,000	2,692,000
Total current liabilities	2,501,000	2,256,000
Working capital	858,000	436,000
Total fixed assets	2,238,000	2,330,000
Return on net assets (%)	5.85	-15.69
Net profit margin (%)	1.62	-4.47
Turnover of total assets	1.97	1.98
Turnover of inventory (days)	37.60	37.33
Turnover of accounts receivable (days)	25.05	26.43
Liabilities/assets ratio (%)	45.50	43.69
Current ratio	1.34	1.19
Quick ratio	1.03	0.85
Sales growth (%)	8.81	--
Assets growth (%)	9.36	--
Equity growth (%)	5.84	--

IMPORTANT EVENTS

Subject changed its name from Shanghai Zhiheng Technology Development Co., Ltd. to the present one in Apr. 2005.

GENERAL COMMENTS

With a history of 14 years, Subject has already established rather sound sales channels in East China and proves certain market competitiveness. Its shareholders boast strong competencies and its management level is also well experienced in respect to industry and management expertise, which lays a solid foundation for its stable development.

Due partly to the impacts of financial crisis and partly to the intensified market competition, the market shares of the products it sells on commission basis dropped so that Subject experienced certain fluctuations in operating revenues over the past three years and a loss was posted in 2009. However, Subject adjusted its sales strategies timely and swung from deficit to surplus in 2010, and its solvency also remained strong.

REGISTRATION

Establishment Date: May 18, 1997
Registered Address: 1688 Huqingping Highway, Shanghai
Zip Code: 200001
Registry: Shanghai Municipal Administration for Industry and Commerce
Legal Rep.: WANG Tao
AIC No.: 310000101234567
Legal Status: Limited liability company
Registered Capital: 1,000,000
Business Scope: Computer system equipment, office automation equipment, communication equipment, mechanical and electrical equipment (wholesale and retail, and purchasing and marketing on a commission basis)
Duration of Operation: From May 18, 1997 To May 17, 2016
Latest Yearly Inspection: 2010

CHANGES IN REGISTRATION

Date of Change	Change(s)	From	To
Apr. 2006	Registered Capital	RMB 100,000	RMB 1,000,000
Aug. 2010	AIC No.	3100001234567	310000101234567

SHAREHOLDERS AND SHARES

Shareholders	Capital Subscribed	% of Total
Shanghai Dalong (Group) Co., Ltd.	510,000	51.00
LI Jun	400,000	40.00
FU Bin	90,000	9.00
	-----	-----
Total	1,000,000	100.00

Shareholders	Way of investment	Paid-up %
Shanghai Dalong (Group) Co., Ltd.	Cash	100.00
LI Jun	Cash	100.00
FU Bin	Cash	100.00

BACKGROUND OF MAJOR SHAREHOLDERS

Name: Shanghai Dalong (Group) Co., Ltd.
SinoTrust No.: 0243321552
Address: 300 Dalian Rd., Shanghai
Telephone: (+86 21) 67891234
Facsimile: (+86 21) 67894321
Website: www.dalong.com.cn
Legal Status: Joint stock limited company (listed)
Main Business: Investment in industries and real estate development
Sales: 638,467,200 (2010)
Other Information: As one of Shanghai's renowned real estate companies, Shanghai Dalong (Group) Co., Ltd. got listed on Shanghai Stock Exchange in 2000 (stock code: 666666).

Name: LI Jun
ID No.: 1101021965xxxx123

Name: FU Bin
ID No.: 110105xxxxxxxx457

HISTORY

May 1997 Shanghai Zhiheng Technology Development Co., Ltd. was incorporated.
Apr. 2005 Shanghai Zhiheng Technology Development Co., Ltd. was acquired by Shanghai Dalong (Group) Co., Ltd. and accordingly was renamed Shanghai Dalong Zhiheng Technology Development Co., Ltd.
Apr. 2006 Subject increased its registered capital from RMB 100,000 to RMB 1,000,000.
May 2009 Subject became the general agent of Nanjing Hwuary Display Co., Ltd. in East China.

MAJOR RANKS

Year	Major Rank	Place
2008	Top 100 Private Enterprises of Shanghai	89
2007	Top 100 Private Enterprises of Shanghai	97

MAIN EXECUTIVE(S)

Name: WANG Tao
Post: Chairman of the Board
Gender: Male
Date of Birth: Oct. 21, 1969
ID No.: 220xxx196910217891
Education: Master's degree
Working Experience: Previously, with the Chinese Academy of Sciences; currently, with Shanghai Dalong (Group) Co., Ltd. as General Manager; since Apr. 2005, concurrently with Subject as Chairman of the Board.

Name: LI Jun
Post: General Manager
Gender: Male
Date of Birth: 1965
ID No.: 1101021965xxxx123
Education: Master's degree
Working Experience: 1983-1985: with Shanghai Chemical Fiber Research Institute as a research fellow; 1985-1989: with Shanghai Foreign Trade Corporation as Dept. Manager; 1989-1990: with Shanghai Honglong Electronic Co., Ltd. as Manager; 1990-1997: with Shanghai Data Industry Co., Ltd. as General Manager; since 1997: with Subject as General Manager.

AFFILIATE(S)

Name: Shanghai Dalong Zhichuang Technology Development Co., Ltd. (literal translation)
Address: 1/F, 2000 Quyang Rd., Shanghai
Website: www.dalong.com.cn
Main Business: Producing and selling electronic products
Sales: 650,000 (2009)
Shares held by Subject: 90.00%

Name: Shanghai Dalong Zhiyu Technology Development Co., Ltd. (literal translation)
Address: 218 Dongfang Rd., Pudong New Area, Shanghai
Website: www.dalong.com.cn
Main Business: Selling electronic products
Sales: 550,000 (2009)
Shares held by Subject: 95.00%

BANKING RELATIONSHIP

Account Bank: Bank of Shanghai, Xuhui District Sub-branch
Account No.: xxxxxxxx8090333 (RMB)
Account No.: xxxxxxxx8090334 (FC)
Interviewee: Miss XU, Service Counter
Telephone: (+86 21)56786666
Interviewee's Remarks: Subject does hold accounts with the Bank, and its day-to-day transaction records are normal.
Date of Interview: Jun 16, 2011

NUMBER OF EMPLOYEES

Total Employees: 56
Head Office: 18

The information above was confirmed by Subject's managerial staff in Jun. 2011.

OFFICE FACILITIES

Location: Suite B, 24F, 88 Hengshan Road, Shanghai
Area: 300 square meters
Property Ownership: Rented
Traffic Convenience: Situated in Xujiahui Business Circle, Subject enjoys favorable transport facilities.

OPERATIONS

Main Business: Wholesale and retail of computer equipment
Chinese SIC: 6370, Wholesale of machinery & equipment, hardware & electric products and electronic products
7412, Investment and asset management
ISIC: 5150, Wholesale of machinery, equipment and supplies
7414, Business and management consultancy activities
NACE: 51.8, Wholesale of other machinery, equipment and supplies
64.2, Management activities of holding companies

Subject is the general agent of Hwuary brand displays in East China and also distributes Hongda brand computer memory, Kunpeng brand hard drives, Quanshun brand CD-ROMs, keyboards, mice, etc. on a commission basis.

TRADEMARKS & PATENTS

Total No. of Trademarks 2
Registration No. 2345678 2123456
Registration Date Mar. 28, 2010 Dec. 7, 2009
Trademark Design



Notes: Only the information on the three latest registered trademarks is provided herein.

Patent Type	Invention Patent	Utility Model Patent	Design Patent	Total
Total Patents	-	-	-	-
Patents Applied in 2010	-	1	-	1
Patents Applied in 2009	-	1	2	3
Patents Applied in 2008	-	-	2	2

PURCHASING INFORMATION

Main Purchases: Displays, computer memory, hard drives, CD-ROMs, etc.
Main Payment Terms: Around 10
Major Suppliers: Nanjing Hwuary Liquid Crystal Display Technical Co., Ltd., Suzhou Zhongji Electronic Co., Ltd. and other producers of computer fittings
Main Terms of Payment: 30-day credit or immediate payment
Subject is the general agent of Hwuary brand displays and purchases displays from Nanjing Hwuary Liquid Crystal Display Technical Co., Ltd. directly on 30-day open account.
The information above was confirmed by Subject's managerial staff in Jun. 2011.

SELLING INFORMATION

Domestic: About 95%
Regions: Shanghai and major cities in Jiangsu Province
Customers: Retailers and individual users
Sales Terms: 30-day credit or immediate payment

Overseas: About 5%
Regions: Hong Kong
Sales Terms: L/C

Subject is planning to reinforce its sales efforts in medium- and small-sized cities since gross sales profit margin in medium- and small-sized cities is relatively high. For the time being, competition in large cities of East China is heating up, leading to a declining gross sales profit margin of relevant products, especially displays Subject currently sells.

The information above was confirmed by Subject's managerial staff in Jun. 2011.

IMPORT & EXPORT

I/E License: No

CREDIT RECORDS

Supplier: Nanjing Hwuary Liquid Crystal Display Technical Co., Ltd
Commodities Supplied: Computer displays
Interviewee: Miss YAN
Post: Financial Dept.
Telephone: (+86 25)84556567
Interviewee's Remarks: As the general agent of the said company in East China, Subject makes payments in a fairly prompt manner.
Date of Interview: Jun 16, 2011

Supplier: Suzhou Zhongji Electronic Co., Ltd.
Commodities Supplied: Computer mice and hard drives
Interviewee: Mr. WANG
Post: Sales Manager
Telephone: (+86 551)63415399
Interviewee's Remarks: Extended a credit of 45 days, Subject makes payments in a fairly prompt manner.
Date of Interview: Jun 16, 2011

LITIGATION RECORDS

Source: www.hshfy.sh.cn
Hearing Court: Pudong New Area People's Court, Shanghai
Case Number: (2010) PMY(M)CZ No. 15487
Plaintiff: SONG Sanxiong
Date of Hearing: Sep. 28, 2010

FINANCE

Balance Sheet ('000):

	Dec 31, 2010 (Consolidated)	Dec 31, 2009 (Consolidated)
Cash & bank	1,394	1,052
Tradable financial assets	132	0
Accounts receivable	829	804
Advances to suppliers	174	1
Other receivables	53	64
Inventory	777	771
Total Current Assets	3,359	2,692
Long-term equity investment	35	24
Fixed assets	2,238	2,330
Construction-in-progress	61	120
Intangible assets	183	177
Deferred income tax assets	177	192
Total Non-Current Assets	2,694	2,843
TOTAL ASSETS	6,053	5,535
Short-term loans	89	0
Accounts payable	1,203	1,043
Advances from customers	303	343
Accrued payroll	145	129
Taxes payable	8	15
Other payables	753	725
Other current liabilities	0	1
Total Current Liabilities	2,501	2,256
Long-term loans	253	162
Total Non-Current Liabilities	253	162
TOTAL LIABILITIES	2,754	2,418
Paid-up capital	1,000	1,000
Capital reserve	889	889
Surplus reserve	663	663
Undistributed profit	606	423
Minority interests	141	142
TOTAL SHLDRS' EQUITY	3,299	3,117
TOTAL LIABILITIES & SHLDRS' EQUITY	6,053	5,535

Income Statement ('000):

	2010	2009
Sales	11,915	10,950
Less: Cost of sales	7,440	7,434
Sales taxes and additional	789	782
Gross Profit	3,686	2,734
Less: Selling expenses	2,958	2,727
Administrative expenses	413	693
Financial expenses	27	25
Assets impairment loss	61	120
Plus: Investment income	3	12
Operating Profit	230	-819
Plus: Non-operating income	96	290
Less: Non-operating expenses	41	38
Total Profit	285	-567
Less: Income tax	92	-78
Net profit	193	-489

Notes to Finance

Please note that owing to the imperfect information sources in China, some entries in Subject's financial statement might be missing, which will lead to the inequality between the sums of the listed entries and the totals written in the financial statement.

The 2010 financial statements were obtained from government sources and audited by Shanghai Huizhong Accounting Firm.

The 2009 financial statements were obtained from government sources and audited by Shanghai Huizhong Accounting Firm.

Change of Key Financials ('000):

	2010	Growth Rate (%)	2009
Sales	11,915	8.81	10,950

Net profit	193	139.47	-489
Total assets	6,053	9.36	5,535
Total liabilities	2,754	13.90	2,418
Total shareholders' equity	3,299	5.84	3,117
Total current assets	3,359	24.78	2,692
Total current liabilities	2,501	10.86	2,256
Working capital	858	96.79	436
Total fixed assets	2,238	-3.95	2,330

Important Ratios:

Profitability	2010	2009
Return on net assets (%)	5.85	-15.69
Return on total assets (%)	3.19	-8.83
Gross profit margin (%)	30.94	24.97
Net profit margin (%)	1.62	-4.47

Efficiency	2010	2009
Turnover of total assets	1.97	1.98
Turnover of current assets	3.55	4.07
Turnover of inventory (days)	37.60	37.33
Turnover of accounts receivable (days)	25.05	26.43

Solvency	2010	2009
Liabilities/assets ratio (%)	45.50	43.69
Equity ratio (%)	83.48	77.57
Current ratio	1.34	1.19
Quick ratio	1.03	0.85

Growth	2010	2009
Sales growth (%)	8.81	--
Assets growth (%)	9.36	--
Equity growth (%)	5.84	--

INDUSTRY BENCHMARK

6370. Wholesale of machinery & equipment, hardware & electric products and electronic products

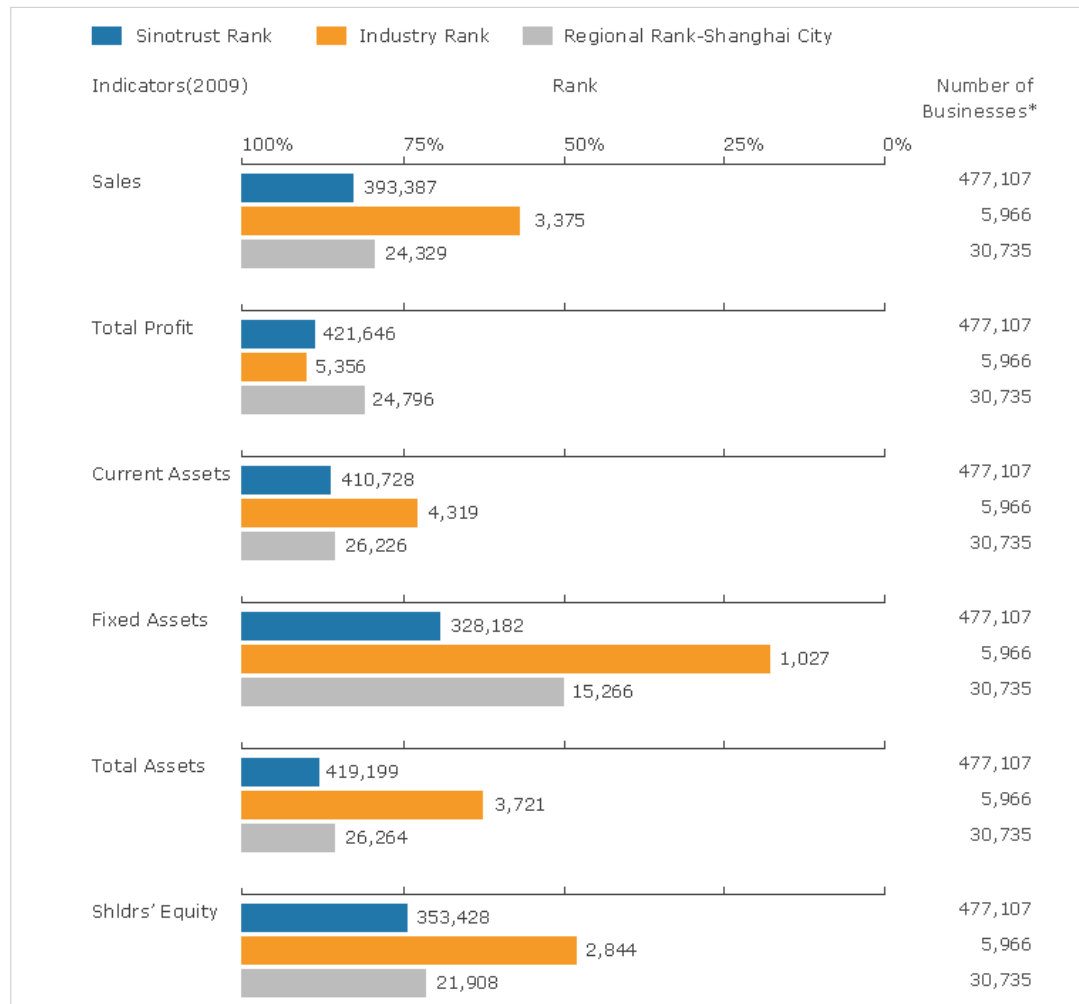
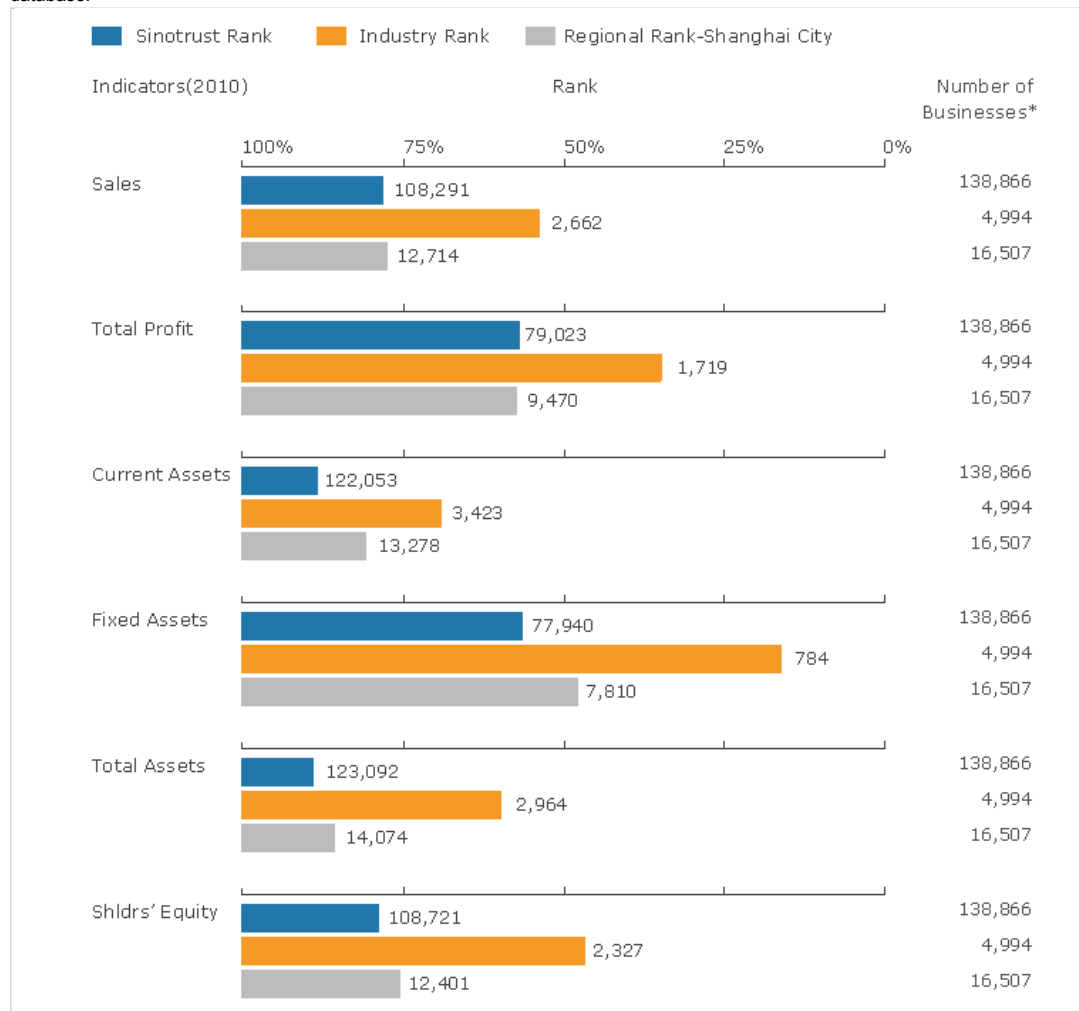
2010 (4994*)	Subject	Best 10%	Average	Worst 10%
Return on net assets (%)	5.85	56.52	18.57	-45.52
Return on total assets (%)	3.19	19.90	5.37	-17.50
Gross profit margin (%)	30.94	47.34	9.30	1.68
Net profit margin (%)	1.62	14.10	3.42	-26.94
Turnover of total assets	1.97	5.72	0.91	0.28
Turnover of current assets	3.55	5.86	0.98	0.32
Turnover of inventory (days)	37.60	14.22	32.00	63.99
Turnover of accounts receivable (days)	25.05	9.95	81.45	281.25
Liabilities/assets ratio (%)	45.50	11.24	77.84	96.21
Equity ratio (%)	83.48	54.11	22.82	234.17
Current ratio	1.34	4.06	1.34	0.63
Quick ratio	1.03	3.12	0.98	0.34
Sales growth (%)	8.81	28.36	12.85	-79.63
Assets growth (%)	9.36	31.95	5.26	-25.72
Equity growth (%)	5.84	39.74	9.97	-241.23

2009 (5966*)	Subject	Best 10%	Average	Worst 10%
Return on net assets (%)	-15.69	51.56	20.56	-34.54
Return on total assets (%)	-8.83	16.58	4.23	-13.38
Gross profit margin (%)	24.97	46.51	8.42	1.90
Net profit margin (%)	-4.47	11.41	2.81	-18.35
Turnover of total assets	1.98	6.16	1.52	0.24
Turnover of current assets	4.07	6.54	1.77	0.25
Turnover of inventory (days)	37.33	2.18	39.56	330.28
Turnover of accounts receivable (days)	26.43	4.06	47.56	324.32
Liabilities/assets ratio (%)	43.69	7.14	78.22	100.05
Equity ratio (%)	77.57	4.34	32.06	305.67
Current ratio	1.19	12.67	1.12	0.78
Quick ratio	0.85	5.97	0.91	0.33
Sales growth (%)	--	721.83	7.08	-79.63
Assets growth (%)	--	231.95	-2.37	-75.72
Equity growth (%)	--	209.92	33.89	-197.84

* The figure refers to the number of businesses in the same industry in our database that are included in the calculation of the average financial indicators.

RANK OF FINANCIAL INDICATOR

The bar graph below respectively indicates Subject's industry rank, regional rank and Sinotrust rank among all businesses in the database.



* The figure refers to the number of businesses in the same line in our database that are included in the calculation of Subject's industry rank, regional rank and Sinotrust rank.

BENCHMARK ANALYSIS

Comparison with the industry average indicators shows that Subject suffered somewhat weak profitability. Its assets operating ability was strong and its assets liquidity was high. Meanwhile, its financial security was high and its solvency was fairly strong.

INDUSTRY PROFILE

6370, Wholesale of machinery & equipment, hardware & electric products and electronic products

Industry Definition:

This industry involves the wholesale and import & export of general machinery, special equipment, traffic & transport equipment, electric machinery, hardware & electric products, household appliances, computer equipment, communication equipment, electronic products, meters & instruments and office machinery. This industry is comprised of such sub-industries as wholesale of agricultural machinery; wholesale of automobiles, motorcycles and components thereof; wholesale of hardware & electric products; wholesale of household appliances; wholesale of computer, software & auxiliary equipment; wholesale of communication and broadcasting & television equipment and wholesale of other machinery & equipment and electronic products n.e.s.

Industry Status & Trend:

In the first half of 2011, the machinery industry realized total industrial output value of 7.88 trillion Yuan and sales output value of 7.69 trillion Yuan, up 27.08% and 26.73% respectively. To be specific, in the first five months of the year, the growth rate of output and sales volume declined monthly and in Jun. the growth rate stopped declining and turned steady and output value and sales value were 1.56 trillion Yuan and 1.52 trillion Yuan respectively, setting new records in history. However, in the past two years, the import growth rate of the machinery industry was always higher than export growth rate and in the first half of 2011, consecutive foreign trade surplus occurred in the machinery industry. Taking the present status into consideration, it is predicted that foreign trade deficit may appear again in six years.

It is predicted that in 2011 the whole industry will still maintain a double-digit increment and the growth rate will be about 20%, but the industry's profit margin will be obviously lower than 2010 and trade deficit will appear again. Faced with a series of new challenges in international and internal economic situation, the industry must accelerate its structure adjustment, transformation and upgrade so as to maintain a sustainable and healthy development.

INDUSTRY FINANCIAL RATIOS

6370, Wholesale of machinery & equipment, hardware & electric products and electronic products

	2010 (4994*)	2009 (5966*)	2008 (6180*)
Profitability			
Return on net assets (%)	18.57	20.56	19.22
Return on total assets (%)	5.37	4.23	4.73
Gross profit margin (%)	9.30	8.42	9.62
Net profit margin (%)	3.42	2.81	2.91
Efficiency			
Turnover of total assets	0.91	1.52	1.62
Turnover of current assets	0.98	1.77	1.12
Turnover of inventory (days)	32.00	39.56	46.28
Turnover of accounts receivable (days)	81.45	47.56	25.47
Solvency			
Liabilities/assets ratio (%)	77.84	78.22	74.52
Equity ratio (%)	22.82	32.06	17.51
Current ratio	1.34	1.12	1.05
Quick ratio	0.98	0.91	0.87
Growth			
Sales growth (%)	12.85	7.08	18.70
Assets growth (%)	5.26	-2.37	8.65
Equity growth (%)	9.97	33.89	28.57

* The figure refers to the number of businesses in the same line in our database that are included in the calculation of the average financial indicators.

CREDIT RATING

CR4

In assessing credit status of a business, SINOTRUST takes into consideration its size, history and background, financials and operations against industry average, credit history, etc. Indications of SINOTRUST credit ratings are as follows.

Rating	Risk Level	Indications
CR1	Very low	Credit can be extended on very loose terms.
CR2	Low	Credit can be extended on fairly loose terms.
CR3	Below average	Credit can be extended on normal terms.
CR4	Average	Credit should be on closely monitoring basis.
CR5	Above average	Credit should be avoided as much as possible.
CR6	High	Credit should be on secured basis.
CR7	Very high	Transaction should be on COD basis.

BASE CREDIT LIMIT

100,000

When calculating base credit limit, SINOTRUST presupposes that Subject purchases main commodities/services equally from many suppliers. Main factors considered include Net Assets, Total Assets, Total Sales, Profit, Credit Rating, etc. No consideration is given to the specific situation of your transaction with Subject. You may refer to the following recommendations when making credit decisions, but it is advisable that necessary adjustments be made in accordance with your sales strategies and credit policies.

Annual Supply/Subject's Sales	Recommended 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

End of the Report

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