

Subject

It refers to the target company defined by the client's enquiry and reported by a SINOTRUST Business Credit Report (BCR).

SBD Number

It refers to SINOTRUST Business Data Number. Each company is assigned a unique number in SINOTRUST database. By the SBD Number, the client has quick access to the information about a company in SINOTRUST business database.

Investigation Notes

Explanatory remarks are given in this section when there is a difference between the name of Subject given by the client and its registered name with the Local AIC, or between the contact information provided by the client and the actual contact information. It is also seen in case that a full report cannot be provided due to different reasons explained here or the result of investigation is given here.

Business Credit Report

Your Reference : SS102
Your Enquiry : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
Given Address : 25 Huangshan Rd., Shanghai
Given Telephone : (021) 61238888
Given Facsimile : (021) 61238800
Time of Enquiry : May 8, 2004
Type of Enquiry : Normal
Time of Completion: May 15, 2004

Subject Name : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
Business Address: Suite B, 24/F, 88 Hengshan Rd., Shanghai
Zip Code : 200000
Telephone : (021) 61238888
Facsimile : (021) 61238800
Website : www.dlzh.com.cn

SBD Number : 123456789

AIC Registration Nr.: 3100001012345

Organization Code: 22222222222222

INVESTIGATION NOTES

Please note that the given address in your enquiry is not accurate. The accurate address of Subject is Suite B, 24/F, 88 Hengshan Rd., Shanghai.

**This sample report should be taken as a reference only. Due to great difference existing between individual companies and many factors beyond our control during our information collection process, real reports we provide may differ from this sample report.*



Contact Information

SINOTRUST BCR reports both Subject's registered and business contact information. Subject can be easily approached through the contact information provided. It should be noted that the registered contact information of Subject may be inconsistent with its principal business contact information. Pursuant to relevant laws and regulations, however, the Registered Address of a company should be its principal business location, which must be registered with local administration for industry and commerce (AIC).

SIC Code (China)

SIC code is determined by the nature of Subject's business. SINOTRUST follows China's State standardized industry classification system. Several SIC codes may be seen when Subject is involved in diversified industries.

Important Events

This section presents important events obtained by SINOTRUST credit analyst that are considered to have crucial influence on the credit standing of Subject. Such events include important changes to its management structure and main executive positions, its development direction or operational strategies, or any other events that may greatly affect its credit status. It is recommended that special attention be given to this section so that the client can assess the influence of such events on its cooperation with Subject.

Summary

An excerpt of important information about Subject, such as its scale, legal status and core business, in SINOTRUST BCR, helping the client to quickly understand its credit status.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

Printing Time : 2004-10-31
Report Type : Business Credit Report

Currency in this report is Chinese Yuan unless otherwise stated. "-" in this report refers to "unavailable" or due to insufficient information "no comment".

Registered Address : No. 1688 Huqingping Highway, Shanghai
Zip Code : 200001
Telephone : (021) 61234567
Facsimile : (021) 67654321

Business Address : Suite B, 24/F, 88 Hengshan Rd., Shanghai
Zip Code : 200000
Telephone : (021) 61238888
Facsimile : (021) 61238800

Website : www.dlzh.com.cn

Organization Code : 22222222222222

SIC Code (China) : 6270, Wholesale of mechanical and electronic equipment

IMPORTANT EVENTS

Subject changed its name from Shanghai Zhiheng Technology Development Co., Ltd. to the present one in Apr. 2001.

SUMMARY

Date of Establishment : May 18, 1997
Legal Status : Limited liability company
Registered Capital : 10,000,000
Main Business : Wholesale and retail of computer equipment
Turnover : 178,528,000 (2003)
Net Profit : 1,886,000 (2003)
Total Assets : 27,972,000 (Dec-31-2003)
Net Worth : 17,106,000 (Dec-31-2003)
Employees : 56
Import and export permits : Yes
Credit Rating : CR3
Base Credit Limit : 1,500,000

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Registration

Registered information from AICs, considered very important in verifying Subject's legitimacy and capital strength. Registered Capital is the capital that shareholders must pay up into Subject, which sometimes has discrepancy from Paid-up Capital due to permitted deferred payment often seen in foreign funded enterprises and other cases with government permission.

Registered Business Scope limits the scope of business activities, therefore can serve to verify the legitimacy of Subject's business activities. Changes in Registration provides the information about the changes ever made to Subject's original registration information, thus can help understand their influence on credit risks.

Import & Export Permits

Such information comes from the Ministry of Commerce of China. An import and export permit is a precondition in doing import and export business directly with a foreign counterpart.

History

A retrospect of the important events in Subject's history of development, important to an understanding of its history evolution and a judgment of its future trend.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

REGISTRATION

Date of Establishment : May 18, 1997
Registry : Shanghai Municipal Administration for Industry and Commerce
Legal Representative : WANG Tao
AIC Registration Number : 3100001012345
Legal Status : Limited liability company
Registered Capital : 10,000,000
Business Scope : Computer system equipment, office automation equipment, communication equipment, mechanical and electrical equipment (wholesale & retail, and purchasing and marketing on commission basis)
Duration of Operation : 20 years
Changes in Registration : Apr. 2001—The Registered Capital was increased from 1 million to the present amount.

IMPORT & EXPORT PERMITS

I/E Permits : Yes
File Nr. of Approval : WJMZSHZ No.773 (1997)
Date of Approval : June 5, 1997
Approval Authority : Ministry of Commerce of the PRC

HISTORY

May 18, 1997 : Shanghai Zhiheng Technology Development Co., Ltd. was incorporated.
Apr. 2001 : It was acquired by Shanghai Dalong (Group) Co., Ltd. and renamed as the current one.
Apr. 2001 : The Registered Capital was added up to 10 million.
May 2001 : Subject became a general agent in East China for Nanjing Huari Display Co., Ltd.
Dec. 31, 2001 : Annual turnover broke through 100 million.

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SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

SHAREHOLDERS AND SHARES

As indicated in the following table:

Shareholders	Capital Subscribed	Percentage
Shanghai Dalong (Group) Co., Ltd.	5,100,000	51%
LI Jun	4,000,000	40%
FU Bin	900,000	9%
	-----	-----
Total	10,000,000	100%

Shareholders	Paid-up percentage	Way of investment
Shanghai Dalong (Group) Co., Ltd.	100%	Cash
LI Jun	100%	Cash
FU Bin	100%	Cash

Subject's capital verification report was issued by Shanghai Huizhong CPA Office.

BACKGROUND OF MAJOR SHAREHOLDERS

Name : Shanghai Dalong (Group) Co., Ltd.
SBD Nr. : 2234567895
Address : No. 300 Dalian Rd., Shanghai
Telephone : (021) 67891234
Facsimile : (021) 67894321
Website : www.dalong.com.cn
Legal Status : Limited liability company
Main Business : Investment in industries and real estate development
Turnover : 300,000,000 (2002)
Other Key Information : It is one of Shanghai's renowned real estate companies.

MAIN EXECUTIVES

Name : WANG Tao
Post : Chairman of the Board
Gender : Male
Age : 36
Education : Master's Degree
Working Experience : Previously with the Chinese Academy of Sciences
Currently as General Manager of Shanghai Dalong (Group) Co., Ltd.
Since Apr. 2000: concurrently as Chairman of the Board of Subject

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Shareholders & Shares

It helps our client learn about Subject's capital structure.

Background of

Major Shareholders

It is very common for the parent company and the subsidiary to deal with and support each other in business operations. The background and strength of major shareholder(s) are always crucial to the credit status of Subject.

Main Executives

Main executives' background and working experience may shed light on Subject's operational concepts and organizational behaviors, which are considered to have some effect on the credit status of Subject.

Affiliate(s)

This section is compiled according to the list of affiliates acquired from the AIC after our verification. Through such information, the client may have more understanding of the realms of Subject's activities and business. The client may also take necessary measures to protect its own interests.

Banking Relationship

The account numbers given here are usually those reported by Subject to the government departments. It is quite common that a company has several bank accounts. Our suggestion is that the client give more heed to the remarks of a bank on Subject.

Number of Employees

The number of employees of Subject is usually obtained through official channels but confirmed with Subject. It is an important indicator in identifying Subject's size. By comparison among the same industry, it can also be used in analyzing its manpower efficiency.

Office Facilities

This section describes the geographic environment of Subject and the status of its facilities, and also gives information about its property ownership.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

Name : LI Jun
Post : General Manager
Gender : Male
Age : 40
Education : Master's Degree
Working Experience: 1983: Researcher with Shanghai Chemical Fiber Research Institute
1985: Manager with a department of Shanghai Foreign Trade Corporation
1989: Manager with Shanghai Honglong Electronic Co., Ltd.
1990: General Manager with Shanghai Data Industry Co., Ltd.
1997: General Manager with Subject

AFFILIATE(S)

Name : Shanghai Dalong Zhiheng Technology Development Co., Ltd. No. 1 Business Dept.
Address : 1/F, No. 2000 Quyang Rd., Shanghai
Telephone : (021) 34561234
Facsimile : (021) 34566789
Interest of Subject: 100%

Name : Shanghai Dalong Zhiheng Technology Development Co., Ltd. No. 2 Business Dept.
Address : No. 218 Dongfang Rd., Pudong New Area, Shanghai
Telephone : (021) 56780000
Facsimile : (021) 56788888
Interest of Subject: 100%

BANKING RELATIONSHIP

Account Bank : Bank of Shanghai, Xuhui District Sub-branch
Account Nr. (RMB): 8090333
Account Nr. (FC) : 8090334 (USD)

NUMBER OF EMPLOYEES

Total : 56
Including: head office: 18

Above figures were confirmed by the managerial personnel of Subject in May 2004.

OFFICE FACILITIES

Location : Located in Xujiahui Commercial Circle, Subject covers an office area of 300 sq. meters and possesses fairly good internal layout.
Ownership : Rented

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Main Business

The information about Subject's main business gives an introduction to the varieties of products or services that Subject deals in as well as the positions of its different kinds of operations in its entire business. When there is a substantial difference between the business actually undertaken by Subject and its statutory business scope, it is advised that the client beware of the dormant risks thereof.

Information in this section is compiled by SINOTRUST credit analyst on the basis of the information obtained from Subject's relevant executives through an on-site or telephone interview, in combination with the information acquired from the Internet, other media or third parties.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

MAIN BUSINESS

Main Business : Wholesale and retail of computer equipment

Subject is the general agent in East China for Huari displays. It also distributes "Hongda" memories, "Kunpeng" hard drives, "Quanshun" CD-ROMs, keyboards, mouse, etc. on commission basis (brand names are all transliterated).

PURCHASE INFORMATION

Main Commodities Purchased : Displays, memories, hard drives, CD-ROMs, etc.
Number of Major Suppliers : Around 10
Major Suppliers : Nanjing Huari Display Co., Ltd. (Tel: 025-84556567)
Suzhou Zhongji Electronic Co., Ltd. (Tel: 0551-63415399)
Other producers of computer parts
Main Terms of Payment : 30 days credit or immediate payment
Other Information : As the general agent for Huari displays, Subject purchases displays directly from Nanjing Huari Display Co., Ltd., on terms of 30 days credit.

Above information was confirmed by the managerial personnel of Subject in May 2004.

SALES INFORMATION

Domestic : 90%
Regions : Shanghai and large cities in Jiangsu province
Major Customers (Industries) : Retailers and common consumers/users
Sales Terms : 30 days credit or immediate payment

Overseas : 10%
Regions : The US
Total Export Value : USD2 million (2003)USD1.5 million (2002)
Sales Terms : L/C

Other Information : Subject is planning to reinforce its sales efforts in medium- and small-sized cities, with a view to the fact that gross sales 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 sales gross margin, especially on displays, the very products distributed by Subject.

Above information was confirmed by the managerial personnel of Subject in May 2004.

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Purchase Information

The purchase information is concerned with the main products and services purchased by Subject, its major suppliers and payment terms, and frequency of purchasing. Such information is obtained through direct interview with Subject's relevant management and those of its major suppliers. Reference to such information helps the client to analyze Subject's terms of purchase from other suppliers and make appropriate changes to the client's supply terms to Subject.

Sales Information

This section provides information about Subject's sales region, mode, and channels, as well as its main customer groups and major customers. Such information is also obtained through direct interview with Subject's relevant personnel. Please bear in mind that sales terms and customer structure have direct influence on Subject's credit risks.

Credit Records

This section is composed of the comments on Subject's credit records from its major suppliers as well as from its bankers. Here also lists its litigation records (if any). Such records are acquired by checking official documents and through direct interview with relevant interviewees. There is much uncertainty in the acquisition of such information. In general, above 60% of our BCRs have at least one credit record. Credit risk depends highly on both the solvency and the willingness of the debtor to repay the debt. But please notice the time of such records

Finance

Here provides balance sheet, income statement, and important ratios (sometimes cash flow statement). Financial information is considered the most important basis to evaluate Subject's credit standing. However, the financial statements in the overwhelming majority of our reports are un-audited or are not known whether to have been audited. Besides, there may be significant discrepancies between them and those obtained by the client owing to the different sources of information. The financial figures in our reports come from the government departments, other public channels, or Subject itself. In case that Subject is a State confidential enterprise, a government or non-profit organization, or a branch or an enterprise of less than one year, the financial information is not available. At present, over 80% of BCRs have financial data.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

CREDIT RECORDS

Name of Supplier : Nanjing Huari Display Co., Ltd.
Main Commodities Supplied : Computer displays
Name of Interviewee : Miss YAN
Post of Interviewee : Dept. of Finance
Tel. of Interviewee : 025-84556567
Remarks of Interviewee : Subject is its general agent in East China and makes payment in a fairly prompt manner.
Time of Interview : May 10, 2004

Name of Supplier : Suzhou Zhongji Electronic Co., Ltd.
Main Commodities Supplied : Mouse, hard drives
Name of Interviewee : Mr. WANG
Post of Interviewee : Sales Manager
Tel. of Interviewee : 0551-63415399
Remarks of Interviewee : Subject's payment is prompt.
Time of Interview : May 10, 2004

Litigation Record : No litigation filings have been found against Subject through enquiries of local courts.

FINANCE

Balance Sheet (Unit: 1,000)

	DEC-31-2003	DEC-31-2002
Total assets	27,972	14,641
Including		
Total current assets	27,081	14,080
Including		
Cash & Banks	4,183	2,950
Accounts receivable	6,267	3,119
Inventories	8,291	5,262
Other current assets	8,340	2,749
Total fixed assets	891	561
Including		
Fixed assets, net	891	561
Intangible assets and deferred assets	0	0
Total liabilities and shareholders' equity	27,972	14,641
Including		
Total liabilities	10,866	8,107
Including		
Total current liabilities	10,866	8,107
Including		
Short-term borrowings	2,000	1,000

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Definition of

Financial Ratios

Return on equity
= Net profit/Total
shareholders' equity

Return on total assets
= Net profit/Total assets

Net profit margin
= Net profit/Principal
business income

Total asset turnover
= Principal business
income/Total assets

Current asset turnover
= Principal business
income/Total current
assets

Accounts receivable
turnover
= Principal business
income/Accounts
receivable

Debt ratio
= Total liabilities/Total
assets

Current ratio
= Total current
assets/Total current
liabilities

Quick ratio
= (Total current assets-
Inventories)/Total
current liabilities

Return on equity, return
on total assets, and net
profit margin reflect
Subject's profitability;
Total asset turnover,
current asset turnover,
and accounts receivable
turnover reflect its asset
efficiency; Debt ratio,
current ratio, and quick
ratio reflect its solvency.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

Accounts payable	8,213	6,915
Other current liabilities	653	192
Long-term liabilities	0	0
Total shareholders' equity	17,106	6,534

Income Statement (Unit:1,000)

	2003	2002
Principal Business Income	178,528	130,030
Cost of Goods Sold	171,418	123,804
Taxes and Additions	97	70
Sales Gross Profit	7,013	6,156
Selling Expenses	1,998	1,677
Administrative Expenses	2,829	2,424
Financial Expenses	82	2
Principal Business Profit	2,268	2,057
Other Business Profit	-328	11
Operating Profit	1,940	2,046
Non-operating Income	--	203
Non-operating Expenditure	--	3
Total Profit	1,940	2,246
Income Tax	54	62
Net Profit	1,886	2,184

Important Financial Ratios

	2003	2002
Return on equity (%)	11.03	33.43
Return on total assets (%)	6.94	15.34
Net profit margin (%)	1.06	1.68
Total asset turnover (X)	6.38	8.88
Current asset turnover (X)	6.59	9.24
Accounts receivable turnover (X)	28.49	41.69
Debt ratio (%)	38.85	55.37
Current ratio	2.49	1.74
Quick ratio	1.73	1.09

Sources : Government

Auditor : We are unable to confirm whether the financial
information above is audited or not.

NOTES TO FINANCE

Inventories and accounts receivable of Subject at the end of 2001 were rather big. According to Ms. BAI Xue, Financial Manager with Subject, it was attributable to Subject's adoption of proactive credit sales policies in a bid to enlarge its market shares.

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Industrial Comparison

SINOTRUST industry average is calculated by means of weighted average on the basis of the financial data of all companies in the same industry as Subject in SINOTRUST business database. The number of companies involved in the calculation varies for different industries and changes from time to time as the database updates. Credit appraisal is a comparative evaluation. A comparison of Subject's financial indicators with the industry averages serves as important reference when rating the credit of Subject.

Analysis of

Industrial Comparison

The comments of our credit analyst over Subject's profitability, assets efficiency and solvency in comparison of its industry on the basis of the above industrial comparison.

General Comments

The comments of our professional credit analyst after well-rounded analysis of all information from various sources. It gives a conclusive description of the development of the industry in which Subject is engaged, Subject's operations and development trend, asset structure and operating efficiency. The client can have a general understanding of Subject's credit status and our credit analyst's viewpoint about Subject.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

INDUSTRIAL COMPARISON

SIC Code (China): 6270, Wholesale of mechanical and electronic equipment

Indicators (2003)	Subject	Industry Average (21*)
Return on equity (%)	11.03	7.23
Return on total assets (%)	6.94	3.32
Net profit margin (%)	1.06	0.84
Total asset turnover (X)	6.38	3.12
Current asset turnover (X)	6.59	3.98
Accounts receivable turnover (X)	28.49	16.88
Debt ratio (%)	38.85	63.81
Current ratio	2.49	1.24
Quick ratio	1.73	1.03

Indicators (2002)	Subject	Industry Average (21*)
Return on equity (%)	33.43	6.53
Return on total assets (%)	15.34	4.12
Net profit margin (%)	1.68	1.54
Total asset turnover (X)	8.88	2.12
Current asset turnover (X)	9.24	2.58
Accounts receivable turnover (X)	41.69	12.23
Debt ratio (%)	55.37	66.11
Current ratio	1.74	1.35
Quick ratio	1.09	1.01

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

ANALYSIS OF INDUSTRIAL COMPARISON

As indicated by the basic financial ratios in comparison with the industry averages, Subject's financial indicators are obviously better than the industrial averages, indicating that Subject enjoys superior financial competency among its counterparts.

GENERAL COMMENTS

With a seven-year history, Subject is considered a fairly large company in its line and possesses rather superior competency.

Backed up by its powerful shareholders and its main executives' rich trade and management experience, Subject has a fairly good prospect of development.

Subject's business revenue has been growing at a speed higher than the industrial average in the past few years. Its asset structure and efficiency both outperform the industrial averages. Its solvency is fairly good.

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Credit Rating

It is composed of two points, a credit rating and a proposed Base Credit Line, both calculated automatically by the Credit Analyzer, the credit assessment software developed by SINOTRUST.

Credit Rating is the assessment of Subject's credit risk level. In assessing credit risk level, SINOTRUST makes use of 20 indicators, which can be classified into 6 categories:

1. Indicators reflecting profitability;
2. Indicators reflecting assets efficiency;
3. reflecting solvency;
4. Indicators reflecting business size and history;
5. Indicators reflecting Subject's overall status and credit history;
6. Indicators reflecting macro-economic environment and tendency.

Except indicators reflecting Subject's overall status and credit history that are scored by our information analyst, all other 5 categories of indicators are scored automatically by our scoring system according to a pre-designed scoring model. All scores on the 20 indicators are calculated the weighted average basis into a final credit score and further to a credit rating.

Base Credit Line is the lowest recommended credit limit on the basis of the assessment over financial and operational data. Its key basis of calculation is the size of business, including relevant indicators such as registered capital, principal business income, total assets, net assets, profit, etc. Base Credit Line is the result of the weighted average analysis over above indicators plus necessary adjustment by credit risk level. Base Credit Line does not consider the specific situation between the client and Subject and therefore should be adjusted according to the relevant suggestion of SINOTRUST BCR and the client's specific transaction situation.

It is valuable for the client to understand a company's SINOTRUST credit rating and base credit line by comparing it with SINOTRUST BCRs on other companies in hand.

SINOTRUST 新华信

Subject : Shanghai Dalong Zhiheng Technology Development Co., Ltd.
SBD Nr : 1234567895

CREDIT RATING

CR3

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

Rating	Risk Level	SINOTRUST 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 security basis.
CR7	Very high	Transaction should be on COD basis.

BASE CREDIT LIMIT

1,500,000

When calculating base credit limit, SINOTRUST presupposes 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 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.

Your 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

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

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