

Graydon UK

Graydon International Credit Report

Supplied on Today

Identification Details

Subject Reported on	SHANGHAI DALONG ZHIHENG TECHNOLOGY DEVELOPMENT CO., LTD.
Order Number	0243320517
Registration Number	3100001012345
Internal Number	0243320517
Subject Reported on Address	Suite B, 24/F, 88 Hengshan Rd., Shanghai, 200000
Telephone Number	(021)61238888
Facsimile	(021)61238800
Web Address	www.dlzh.com.cn

Creditline Recommendations

Amount Advised CNY 100,000

Current Rating 5 4 **3** 2 1

Rating Explanation

The Chinese rating system ranges from 1, indicating a high risk to 5, the lowest risk. A rating of 8 indicates an unclassified risk (risk unknown). The amount advised is a base credit limit. When calculating base credit limit our source presupposes that the subject purchases main commodities/services equally from many suppliers. Main factors considered include Registered Capital, Net Assets, Turnover, Profit, Credit Rating, etc. No consideration is given to the specific situation of your transaction with the subject.

Official Company Data

Legal Form	Other limited liability company
Registration Number	3100001012345
Subject Status	In normal operation condition
Date of Incorporation	18/05/1997
Registered Office	No. 1688 Huqingping Highway, Shanghai, 200001
History	1997-05 - Shanghai Zhiheng Technology Development Co., Ltd. was incorporated. 2004-12 - Its annual turnover broke through RMB100 million. 2005-04 - Shanghai Zhiheng Technology Development Co., Ltd. was acquired by Shanghai Dalong (Group) Co., Ltd. and was renamed Shanghai Dalong Zhiheng Technology Development Co., Ltd. Its Registered Capital was added up to RMB10 million. 2005-05 - Subject became the general agent of Nanjing Hwuary Liquid Crystal Display Technical Co., Ltd. in East China. 2006-12 - Its annual turnover exceeded RMB100 million. 2007-04 - The company was purchased by Shanghai Dalong (Group) Co., Ltd. and adopted the current name and its

registered capital increased to RMB10 million.
2007-05 - Subject became the general agent of Hwuary brand displays in East China.

Operations

Activities	Wholesale and retail of computer equipment
Nace Code	6370 - Machinery & equipment, hardware & electric products and electronic products wholesale industry
Staff Employed	56
Bankers	Bank of Shanghai, Xuhui District Sub-branch

Directors

Chairman of the Board WANG Tao

General Manager LI Jun

Share Capital

Issued Number	10,000,000
Principal Shareholder	5,100,000 Shanghai Dalong (Group) Co., Ltd. 4,000,000 LI Jun 900,000 FU Bin

The above reflects the principle shareholder(s) by number of shares held, irrespective of share classification type.

General Information

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

Import and Export Permits - No

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)

Changes in Registration - April 2007: Subject's registered capital was increased from RMB1 million to the present amount.

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

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

With a nine-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.
In the latest few years, Subject's business

income has been growing at a speed higher than the industry average. Owing to the intensifying competition in the market, however, its profitability and assets efficiency in 2005 declined significantly from 2004. Thanks to its capital increase in 2005, Subject's long-term and short-term solvencies were further strengthened.

Financial Data

Balance Sheet

The following figures are shown in units of 1000

Accounts Date	31/12/2007	31/12/2006
Currency	CNY	CNY
TOTAL FIXED ASSETS	1782	1122
Tangible Assets	891	561
Fixed Assets	891	561
TOTAL CURRENT ASSETS	27081	14080
Stocks	8291	5262
Trade Debtors	6267	3119
Other Current Assets	12523	5699
Misc Current Assets	8340	2749
Cash	4183	2950
TOTAL ASSETS	27972	14641
TOTAL CURRENT LIABILITIES	10866	8107
Trade creditors	8213	6915
Short Term Loans	2000	1000
Other Liabilities	653	192
WORKING CAPITAL	16215	5973
SHAREHOLDERS FUNDS	17106	6534
Issued Share Capital	10000	1000

Profit and loss

The following figures are shown in units of 1000

Accounts Date	31/12/2007	31/12/2006
Currency	CNY	CNY
SALES	178528	130030
Cost of Goods Sold	171418	123874
GROSS PROFIT	7013	6156
OPERATING PROFIT	1940	2046
Non Trading Income		203
PRE TAX PROFIT	1940	2246
Taxation	54	62
PROFIT AFTER TAX	1886	2184

Key Credit Ratios

The following figures are shown as Ratios or Percentages

Accounts Date	2007	2006
Current Ratio	2.5	1.7
Quick Ratio	1.7	1.1
Borrowing Ratio%	38.8	55.4
Rtn on Shareholders Funds%	11	33.4
Return on Assets%	6.7	14.9

Key Industry Sector Trends

Year	2007	2006
Sample Size	1944	2900
Current Ratio	1.2	1.2
Quick Ratio	1	1
Borrowing Ratio	78.5	77.2
Rtn on Shareholders Funds	18.9	14.1
Return on Assets	4.2	2.9

Above figures relate to companies in 2003 Standard Industry Classification (Nace) sector : Machinery & equipment, hardware & electric products and electronic products wholesale industry

Financial Summary

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. Subject's assets scale enlarged considerably at the 2007 yearend on a year-on-year basis. According to Ms. BAI Xue, Financial Manager of Subject, it was primarily caused by Subject's encouraging its lower-level agents and distributors to buy more goods on credit and loosening the credit limit to them in a bid to enlarge its market presence. The substantial growth of Subject's 2007 shareholders' equity resulted largely from its capital increase and the profits reaped that year.

***** End of Report on SHANGHAI DALONG ZHIHENG TECHNOLOGY DEVELOPMENT CO., LTD. *****