



## Corporate Assessment: Stability, Assets & Resources

"CA: SAR"

**\*\*SAMPLE\*\***

**Subject: SHANGHAI SAMPLE TRADING CO, LTD**

Date of report: September 15, 2015

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### Key terms:

**SC** = Subject Company

**Yuan** = Chinese Currency, also known as RMB or CNY

**Currency** in this report is Chinese Yuan (known as RMB and CNY) unless otherwise stated.

"--" indicates "unavailable" due to insufficient information or "no comment."

### Overview

|                        |                                  |
|------------------------|----------------------------------|
| Company Name (Chinese) | 上海 SAMPLE 贸易有限公司                 |
| Company Name (English) | SHANGHAI SAMPLE TRADING CO,. LTD |

|                           |  |
|---------------------------|--|
| Date of Establishment     | <b>October 26, 2007</b>  |
| Registered Company Type   | <b>Limited Liabilities Company</b>   |
| Registered Capital        | <b>1,100,000.00</b>  |
| Main Business             | <b>Sale of wood boards</b>   |
| Turnover                  | <b>27,170,000.00 (as of December 31, 2014)</b>   |
| Net Profit                | <b>56,000.00 (as of December 31, 2014)</b>   |
| Total Assets              | <b>4,046,000.00 (as of December 31, 2014)</b>  |
| Net Worth                 | <b>1,499,000.00 (as of December 31, 2014)</b>  |
| Employees                 | <b>8</b>   |
| Import and Export Permits | <b>YES</b>   |
| Registered Address        | <b>No. 36XX HuaTai Road, BaoShan District, Shanghai 200436</b>                             |
| Business Address          | <b>6-32, FuRen Board Market, No. 18XX YunChuan Road, BaoShan District, Shanghai 201900</b> |
| Telephone                 | <b>+86 21 337166XX</b>   |
| Fax                       | <b>+86 21 568049XX</b>   |
| SIC Code (China)          | <b>6365 (wholesale of building materials)</b>  |

### General Comments

Established in Oct. 2007, Subject is engaged in the sales of imported boards, and its related company, JIAXING SAMPLE INTERNATIONAL TRADING CO., LTD, mainly sells imported logs. With a long history but average business scale, subject's popularity in the industry is not high yet.

Existing financial figures show subject's turnover of 2013 decreased by 37.69% over 2012 due to its poor business development. Its tiny profit margin indicates Subject's weak profitability ratio.

## KEY FINDINGS

The given telephone “86-21-560731XX” was automatically transferred to the mobile phone of “86 139181373XX” whose owner is “Gao Xinjun (高信军)” (Subject’s legal representative). Mr. Gao works at “JIAXING SAMPLE INTERNATIONAL TRADING CO., LTD (嘉兴 SAMPLE 国际贸易有限公司)” in Zhejiang Province rather than Shanghai.

After checking, Subject has no investment in other companies and its Legal Representative has no shareholding or management information in other companies.

According to public sources, Subject was rated as an “unreliable company” by the Shanghai Customs Department due to the reason of smuggling. Hence their business stability is highly questionable.

## SHAREHOLDERS AND SHARES

As indicated in the following table:

| Shareholder       | Capital Subscribed | Percentage |
|-------------------|--------------------|------------|
| Ma Shaohua (马绍华)  | 770,000.00         | 70%        |
| Song Jiahui (宋家惠) | 330,000.00         | 30%        |
| Total             | 1,100,000.00       | 100%       |

| Shareholder       | Way of Investment | Paid-up Percentage |
|-------------------|-------------------|--------------------|
| Ma Shaohua (马绍华)  | 770,000.00        | 70%                |
| Song Jiahui (宋家惠) | 330,000.00        | 30%                |

## MANAGEMENT

|        |   |
|--------|---|
| Name   | Gao Xinjun (高信军)  |
| Gender | Executive Director; General Manager, Legal Representative |
| Title  | Male  |

|       |                   |
|-------|-------------------|
|       |                   |
| Name  | Song Jiahui (宋家惠) |
| Title | Supervisor        |

#### OFFICE FACILITIES

|                     |   |
|---------------------|---|
| Geographic Location | 6-32, Furen Boardss Market, No.18XX Yunchuan Rd, Baoshan Dist, Shanghai |
| Area                | 100 square meters   |
| Environment         | Business region   |
| Traffic conditions  | Good  |
| Purpose             | Office  |
| Property Ownership  | Rented  |

#### WEBSITE

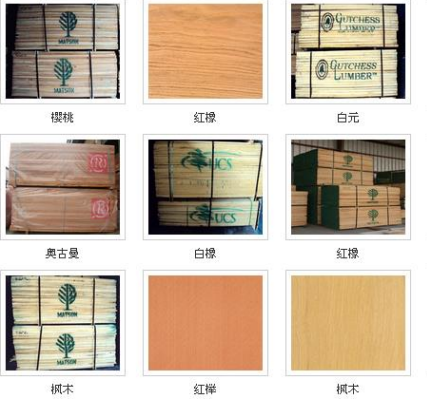
|                  |   |
|------------------|---|
| Website          | <a href="http://www.SAMPLEmaoyi.com/">http://www.SAMPLEmaoyi.com/</a> |
| Operation status | Operational   |
| Copyright        | Subject   |
| Language         | Chinese; English  |

#### TRADEMARKS & PATENTS

After checking with the Trademark Office of Chinese Administration Bureau of Industry and Commerce and the State Intellectual Office, no trademarks or patents registered to SC were found.

#### MAIN PRODUCTS & SERVICES

|                       |   |
|-----------------------|---|
| Main business         | Sales of imported wood boards   |
| Products and services | Subject's related company JIAXING SAMPLE INTERNATIONAL TRADING CO., LTD holds a log warehouse in Jiashan County. The company mainly |

|                              |  |
|------------------------------|--|
|                              | sells imported boards including cherry, red oak, walnut etc. which are mainly imported from North America. |
| Picture of specific products |                           |

## SALES INFORMATION

|  |   |
|--|---|
| Domestic sales   | 100%  |
| Regions  | All over China  |
| Competitors  | Shanghai Ephon Import & Export Co.,Ltd<br>Total Wood Co Ltd |
| Payment terms  | Prompt payment; on credit                                   |
| Subject's products are all sold domestically.  |   |
| The above information was confirmed by SC's employee on APR.20 <sup>TH</sup> , 2015. |   |

## PURCHASING INFORMATION

|  |                                   |
|--|-----------------------------------|
| Main Commodities Purchased   | Boards, logs                      |
| Region   | Imports: 100%                     |
| Major suppliers  | CAROLINA OCEAN LINES INCORPORATED |
| Main Terms of Payment  | Imports: L/C, T/T                 |
| Subject's boards and logs are all imported from North America.                       |                                   |
| The above information was confirmed by SC's employee on APR.20 <sup>TH</sup> , 2015. |                                   |

## CREDIT RECORD

Subject's product suppliers are all international suppliers. Hence no payment comment can be provided in this report.

## LITIGATION RECORDS

After checking with the China Court organization, the local court website, and other major searching websites, no litigation record related to SC in the latest three years was found.

## OTHER ADVERSE MEDIA INFORMATION

| Date              | Source  | Content   |
|-------------------|---|---|
| Jan.19th,<br>2015 | <a href="http://shanghai.xinmin.cn/xmjd/2015/01/19/265446XX.html">http://shanghai.xinmin.cn/xmjd/2015/01/19/265446XX.html</a> | Subject was rated as "unreliable company" by Shanghai Customs due to the reason of smuggling. |

## FINANCES

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

|                                  | <u>Dec. 31<sup>st</sup>, 2012</u> | <u>Dec. 31<sup>st</sup>, 2013</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| Total assets                     | 11,169                            | 4,046                             |
| Total liabilities                | 9,706                             | 2,547                             |
| Total owner's interest           | 1,463                             | 1,499                             |
| Liabilities and owner's interest | 11,169                            | 4,046                             |

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

|                      | <u>Dec. 31<sup>st</sup>, 2012</u> | <u>Dec. 31<sup>st</sup>, 2013</u> |
|----------------------|-----------------------------------|-----------------------------------|
| Main business income | 43,605                            | 27,170                            |
| Total profit         | 123                               | 70                                |
| -Income tax          | 18                                | 14                                |
| Net profit           | 105                               | 56                                |

## Important Ratios:

|                            | 2012  | 2013  |
|----------------------------|-------|-------|
| Return on net assets (%)   | 7.18  | 3.74  |
| Return on total assets (%) | 0.94  | 1.38  |
| Net profit margin (%)      | 0.24  | 0.21  |
| Turnover of total assets   | 3.90  | 6.72  |
| Asset liability ratio (%)  | 86.90 | 62.95 |

## INDUSTRY PROFILE

### Industry

SIC Code (China): 6365 wholesale of building material

Description: wholesale, import and export of construction material and home decoration materials.

Currently, China is the largest producer and consumer of building materials in the world. Although the demand growth rate of building materials has decreased in recent years due to the property controlling policies, enterprises are spending more in saving energy and improving technology as well as management level, and the overall development of the industry is maintaining stably. In the first eight months of 2013, the business income of large sized enterprises in the industry reached 2.6 trillion CNY, increasing by 15% y/y. In the first 7 months of 2013, the large sized enterprises in the industry gained a total profit amount of 139.1 billion CNY, increasing by 21.4% y/y, with a profit ratio of sales of 6.1%.

Along with the national restructuring policies, more investment will be applied in supporting the programs of railway, water conservancy, social housing etc. Domestic demand will increase significantly. Energy-saving and environmentally-friendly building materials will be popular in the future.

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