

Financial Report

Subject: Sample Company
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Financial Report

【Basic Information】

1. Registration information

Company: Sample Company
Registration Number: 4403011021314
Legal Representative: Heping Sun
Registered Address: No.1314, Longyang Road, Longgang District, Shenzhen, Guangdong, China.
Physical Address: No.1314, Longyang Road, Longgang District, Shenzhen, Guangdong
Registered Capital: RMB 10 million
Company Type: Limited liability company
Date incorporated: 1987-01-01
Fields of Operation: Processing control system, multi-media communication system; Research, produce communication devices, microwave communication devices.
Granted period of operation: 1987-01-01~2040-01-01
Business Status: Active
Place of Registration: Shenzhen Municipal Administration for Industry and Commerce
Import/Export License: Granted in December 1996 by the Ministry of Foreign Trade and Economic Cooperation, PRC
Annual Evaluation: 2006 (A) passed

2. Contact Information:

Company Address: No.1314, Longyang Road, Longgang District, Shengzhen, Guangdong
Postal Code: 518656
Telephone: +86 755 28782878
Fax: +86 755 28762876

【Relevant Information】

1. Shareholders

Name: Shenzhen Yongsheng investment Co., Ltd.
Type: Corporation
Amount of Investment: 6 million RMB
Percentage: 60%

Form of investment: Cash
Actual percentage in position: 100%

Name: Heping, SUN
Type: Individual
Amount of Investment: 4 million RMB
Percentage: 40%
Form of investment: Cash
Actual percentage in position: 100%

2. Branches

Name: Eastern China Branch
Address: 8 Dongchang Street, Shanghai
Manager: Guoqiang, Liu
Phone: +86 21 68453555

Name: Northern China Branch
Address: 11 Fudong Street, Taiyuan, Shanxi
Manager: Xiang, Li
Phone: +86 351 7241995

3. Investment

Shareholding Company: Shengzhou network technology Co., Ltd.
Form of Investment: Cash
Total Stake: 100 thousand RMB
Percentage: 10%

【Changes in Registration Information】

1. Changes

Sequence : 1
Item: Capital
Date: 2001-01-01
Before Change: 5.9 million RMB
After Change: 7 million RMB

Sequence: 2
Item: Capital
Date: 2002-01-01
Before Change: 7 million RMB
After Change: 10 million RMB

【Operation Information】

1. Employees

Total Personnel:	260
Including: Management	15
Technician	35

2. Factory & Offices

Location:	Longgang District, Shenzhen
Occupied Area:	5000 M ²
Transportation:	<ul style="list-style-type: none"> ● Convenient ○ Subject to certain constrains
Ownership:	<ul style="list-style-type: none"> ● Owned by the company ○ Rented ○ Owned by shareholder ○ Owned by higher-level administration in charge
Mortgage:	<ul style="list-style-type: none"> ○ Full ○ Part ● No ○ N/A

【Financial Report】

1. Balance Sheet

(in RMB)

	12/31/2006	12/31/2005
Current assets	20,555,907	17,936,176
Including: Cash & Bank	4,311,060	5,573,132
Accounts receivable	12,329,628	8,167,495
Inventory	3,915,219	4,195,549
Total fixed assets	3,061,494	2,506,912
Long-term investment	100,681	85,459
Intangible and deferred assets	152,859	160,264
Other long-term assets	2,046,008	1,090,320
Total assets	25,916,949	21,779,131
Current liabilities	2,146,625	3,787,321
Including: Short-term loans	500,000	250,000
Accounts payable	4,749,099	5,025,663
Long-term liabilities	5,816,067	4,328,092
Total liabilities	10,711,791	10,141,076
Total shareholder's equity	15,205,158	11,638,055

Total liabilities and shareholders' equity	25,916,949	21,779,131
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2. Income statement

(in RMB)

	2006	2005
Principal operating income	23,031,684	21,575,920
Minus: Cost of sales	15,171,797	15,944,797
Selling expense	1,140,108	1,023,126
General and administrative expense	1,010,206	1,137,066
Financial expense	4,709,108	1,984,846
Gross profit/loss	1,000,465	1,486,085
Minus: Income tax	125,624	158,545
Net profits	874,841	1,327,540

3. Cash flow statement

(in RMB)

	2006	2005
Net cash from operating activities	1,554,986	177,305
Net cash used in investing activities	2,163,563	984,270
Net cash from financing activities	945,273	1,195,498
Cash and cash equivalents at beginning of year	694,850	306,317
Cash and cash equivalents at end of year	1,031,546	694,850

Data source: **Government**
Audit institution: **Huaxia audit office**

4. Key Ratios:

	2006	Industry average*	2005	Industry average
Current ratio	9.6	3.65	4.7	3.70
Quick ratio	7.8	4.49	3.6	3.50
Turnover of accounts receivable	1.9	2.26	2.6	2.10
Turnover of accounts receivable (days)	192.7	156.5	136.3	171.4
Liabilities/assets ratio	41.33%	63.21%	46.56%	69.32%
Liabilities/equities	70.45%	36.51%	87.14%	41.36%
Turnover/total assets ratio	3.38%	2.39%	6.10%	4.21%
Profit margin	3.80%	2.43%	6.15%	4.60%
Turnover of inventory	5.9	2.63	5.1	2.25

* Calculated using data on similar companies from our database.

—End of the Report—

Appendix:

- 1、 N/A indicates no relevant information can be found.**
- 2、 Please be advised that information provided in the actual report may differ from this form due to potential lack of information and traits of individual company.**