



Sample Report

China Company Credit Report

チャイナ クレジット レポート

<Standard>

for the exclusive use of

ABC Corporation

Knowledge Management Japan Corporation

Subject: Beijing Forever Star Electronics Co., Ltd.

KMJ Ref. No.: C-C-0306-01-A

Date Report Sent: June 1, 2003

**Remarks: This is just a sample report; all the information contained is fictitious and unrelated to any enterprises.*

Enquiry On: Beijing Forever Star Electronics Co., Ltd.
Address Enquired on: Huanxing Economic and Technology Development Zone, Changping District, Beijing
Tel: +86 10 62161166
Fax: +86 10 62161167

* All figures quoted in this report are in local currency RMB unless otherwise specified.

I. Company Profile

English Name:	Beijing Forever Star Electronics Co., Ltd.
Trading Address:	5-6/F, Forever Star Plaza, Chaonei Dajie, Dongcheng District, Beijing, China
Post Code:	100010
Telephone:	+86 10 65402233
Fax:	+86 10 65401579
Factory Address:	Huanxing Economic & Technology Development Zone, Changping District, Beijing, China
Post Code:	100112
Telephone:	010-62161166
Fax:	010-62160112
Web site:	No
<i>Date incorporated:</i>	Feb.25, 1995
<i>Registered Capital:</i>	150,000 thousand
<i>Total assets:</i>	1,763,673 thousand (Dec. 31, 2002)
<i>Net assets:</i>	1,275,986 thousand (Dec. 31, 2002)
<i>Total liabilities:</i>	487,687 thousand (Dec. 31, 2002)
<i>Turnover:</i>	957,146 (2002)
<i>Staff:</i>	5,060
<i>Industry Code: (CSRC)</i>	4060 , Home appliance manufacture industry
<i>Major Business Line:</i>	Manufacture and sale of various TV, computer display, and liquid crystal display (LCD), VCD and DVD.

II. Credit Rating

<i>Credit Rating:</i>	BBB	<i>Credit Status:</i>	Average
<i>Detail</i>	Subject maintains a good credit record and has no problem to pay off debts under normal conditions. Companies with this credit rating have good credit record and with their business in good condition. However, there are still some uncertainties that may affect their future business development and weaken their credit power.		
<i>Credit-line Recommendations</i>	17,902 thousand (within 3-6 months).		

III. Legal Information

Place registered
Registered Address Beijing Changping Administration for Industry and Commerce
5-6/F, Forever Star Plaza, Chaonei Dajie, Dongcheng District,
Beijing

Registration Number 1101091487108

Share Capital Authorized: 150,000,000

Share Capital Issued: 150,000,000

Date incorporated: Feb. 25, 1995

Operation period: Long term

Legal representative: Tan Yuan

Company type: Stock Limited Company (non-listed company)

Export/Import License: No

Legal business scope: Manufacture and sale of video product, air conditioner, refrigerator, freezer, computer, network product, laser reading and writing product, digital communication product, camcorder, communication transmitting product; Repair and sale of electronic product and component; High-tech venture investment and other investment approved by the authority.

Registration record:

October 1999 Increase of registered capital from 95,000 thousand to 150,000 thousand.
May 2002 Change of legal representative from ZHAO Ming to TAN Yuan.

IV. Shareholders

Name of shareholder(s)	Investment	Investment %	Paid-up %	Investment Style	Shareholders type
Beijing Forever Star Co., Ltd.	57,000,000	38%	100%	Working house/ Machine/Cash	C
Beijing Forever Star Investment Co. Ltd.	25,500,000	17%	100%	Cash	C
China Cinda Asset Management Corp.	22,500,000	15%	100%	Creditor's rights	C
Another six corporate enterprises	19,500,000	13%	100%	Cash	C
Thirty seven natural person shareholders	18,000,000	12%	100%	Cash	I
Staff Shareholders' Union	7,500,000	5%	100%	Cash	E
Total	150,000,000	100%	100%	--	--

*Shareholders type :

Corporate Shareholders[C] Individual shareholders [I] Employee shareholders [E]

Change in Stock:

May 1998 Debt-equity swap Beijing Forever Star Co., Ltd. and Beijing Forever Star Co., Ltd. transferred 15% shares to China Cinda Asset Management Corporation.

***Note:** On January 20, 1998 Subject transferred loans granted by Construction Bank in its construction period to China Cinda Asset Management Corporation. In May 1998 Subject reached an agreement with China Cinda Asset Management Corporation on debt-equity swap, namely, the liability (22,500 thousand including interests) was exchanged for 15% stock on Subject.

July 2002 Staff Shareholders' Union was set up and Beijing Forever Star Co., Ltd. transferred 5% shares to the union.

V. Subsidiaries/Branches/Associated Companies

Branches

<i>Name</i>	<i>Address</i>	<i>Telephone</i>	<i>Principal</i>
Beijing Forever Star Electronics Co., Ltd. Wuhan Office	No. 106 Huanghe Rd. Wuhan City, Hubei Province	+86 27 62963109	Chen Xu
Beijing Forever Star Electronics Co., Ltd. Guangzhou Office	No. 48 Jixiang Rd. Guangzhou City, Guangdong Province	+86 20 87752463	Zhang Xinxing
Beijing Forever Star Electronics Co., Ltd. Shanghai Office	NO. 550 Qinzhou Nan Rd. Shanghai	+86 21 66591214	He Yufang

Subsidiaries

<i>Name</i>	<i>Address</i>	<i>Telephone</i>	<i>Principal</i>
Beijing Changxin Electronics Co., Ltd.	Fl.24 Xingwei Centre, Chaoyang District, Beijing	+86 10 68883663	Zhang Xing

Affiliates

<i>Name</i>	<i>Address</i>	<i>Telephone</i>	<i>Principal</i>
Beijing Dongpeng Plastic Model Co., Ltd.	Huanxing Eco. & Tech. Development Zone, Changping District, Beijing	+86 10 68883663	Zhang Peng

share Companies

<i>Name</i>	<i>Address</i>	<i>Telephone</i>	<i>Principal</i>
Hong Kong Weijia Trade Co., Ltd.	Fl.24 Xingwei Centre, Haipang Rd. Zaitianwan, Hong Kong	+852 68883672	Yan Peng

VI Number of Employees

Total	5,060		
Including:			
HQ:	95	Management:	205
Sales:	556	Production personnel:	2,871
Technicians:	873	Others:	--

Quality of Employees: High Average Low
 Work efficiency: High Average Low
 Personnel planning: Increase of employee No Downsizing

Directors in profile

Name:	Tan Yuan
Position:	Board Chairmen & Legal Representative
Age:	43
Qualifications:	Master in management
Work experiences:	1991-1997, Vice factory director Factory 3 China National Electronics Industry Corp.; 1997-2002, General manager subject company; 2002-present, current position

Trade Experiences: Over 10 years Over 5 years Below 5 years
 Operation Experiences: Over 10 years Over 5 years Below 5 years
 Strong Points: Management Technology Marketing
 Reasons of Promotion: Founder Transfer from the outside
 Appointed by the higher authority Hiring
 Contracting Inheritance

Name:	Zhang Peng
Position:	General Manager
Age:	51
Qualifications:	University
Work Experiences:	1980-1995, Beijing Juxing Electronics Applicants Factory 1995-2002, Sales manager and vice general manager subject company 2002-present, Current position

Trade Experiences: Over 10 years Over 5 years Below 5 years
 Operation Experiences: Over 10 years Over 5 years Below 5 years
 Strong Points: Management Technology Marketing
 Reasons of Promotion: Founder Transfer from the outside
 Appointed by the higher authority Hiring
 Contracting Inheritance

Executives

<i>Name</i>	<i>Position</i>	<i>Gender</i>	<i>Age</i>	<i>Qualifications</i>	<i>Responsibility</i>
Tan Yuan	Board Chairman	Male	65	Master, economist	Overall management
Zhang Peng	General Manager	Male	55	Master	Administration
Liu Binggang	Accounting Manager	Male	57	University	Financial management

VII. Facilities

Office

Address:	5-6/F, Forever Star Plaza, Chaonei Dajie, Dongcheng District, Beijing, China
Number:	2 Floors
Area coverage:	N/A
Construction Area:	1,000 m ²

Construction structure: One-storey houses Building
 Ownership: Self-owned Rented Owned by Shareholder Unknown
 Mortgage: The whole Part No Unknown
 Insurance: The whole Part No Unknown
 Outlook: Good Average Poor
 Location: Good Average Poor

Factory

Address:	Huanxing Economic & Technology Development Zone, Changping District, Beijing, China
Number:	8 workshops & 2 storage
Area coverage:	N/A
Construction Area:	15,000 m ²

Construction structure: One-storey houses Building
 Ownership: Self-owned Rented Owned by Shareholder Unknown
 Mortgage: The whole Part No Unknown
 Insurance: The whole Part No Unknown
 Outlook: Good Average Poor
 Location: Good Average Poor

VIII. Bankers

Bank: Chaoyang Men Office, China Construction Bank

A/C: 97201088743969

Average fund digit: 8 low

Credit Rating: AA

Comments from Bank: Normal

IX. History Revelation

- Subject evolves from the former Beijing Forever Star Electronic Device Factory (transliteration) which was a state-owned enterprise founded in 1966. The factory was once engaged in the manufacture and sale of electronic device and its previous address was *12 Chaonei Dajie in Dongcheng District of Beijing.*
- With the factory as the core, 7 electronics and trade enterprises jointly founded Beijing Forever Star Co., Ltd. in 1983. In the year 1985, the factory imported TV production lines from HITACHI (Japan) and started the manufacture and sale of TV sets.
- With the business development, in 1994 Beijing Forever Star Co., Ltd. determined to have Beijing Forever Star Electronic Device Factory restructured.
- In the year 1995, more shareholders joined the factory.. Its name was changed to Beijing Forever Star Electronics Co., Ltd. and it moved to Huanxing Economic and Technological Development Zone in Changping District of Beijing. Besides the TV production lines, Subject imported foreign technology and production lines for the manufacture and sale of computer displays, LCD, VCD and DVD.

X. Activities

Business Summary

Subject is mainly engaged in the manufacture and sale of various types of TV set, computer display, LCD, VCD and DVD. Its major production equipment and technology are imported from Japan and Europe in the middle and late 1990s. Plus its own technical accumulation and reform, quality of its major products can reach the medium level in the world.

Over 90% of raw materials used by Subject are purchased domestically but some high-end electronic component, such as decoder chip and laser optical pick-up for VCD and DVD as well as LCD modules, are imported from Japan and Korea. Nearly 70% of its products are distributed locally in Beijing and about 25% are sold to other domestic areas, with below 5% exported to Vietnam, India and other Southeast Asian countries.

Subject now has two research centres. One is for following foreign advanced technology and products and for technical reform in current products. The other is for the cooperation with other scientific research institutions in R&D of related new technologies.

Main products

<i>Product Category</i>	<i>Product Sub-category</i>
Colour TV	5 types with 17 styles
Computer Displays	3 types with 5 styles
Liquid Crystal Displays (LCD)	2 types with 4 styles
VCD and DVD	2 types with 9 styles

Main Suppliers

<i>Product supplied</i>	<i>Supplier</i>	<i>Performance</i>
Picture tube	Beijing Panasonic Picture Tube Co., Ltd.	30-day credit
Plastic injection mould	Injection moulding enterprises in Beijing, Tianjin, Langfang, etc.	30-day credit
Radial inserting machine and axial inserting machine	Procurators of TOSHIBA in China	Prepayment (50%), 30% after installation and adjustment and remainder within 90 days after checking.
Grinding and cutting machine	Imported from Germany through domestic import and export companies	Prepayment (50%) and remainder within 6 months after installation and adjustment

Raw material import [] Yes. About 30% imported mainly from Japan and Europe.
 [] No.

Comment from Suppliers

From Beijing Panasonic Picture Tube Co., Ltd., our investigators found that Subject's maintains a normal payment status compared with other companies in the industry.

Production

<i>Production equipment</i>	<i>Design and production capacity (Unit: set)</i>	<i>Output of 2002 (Unit: set)</i>
5 colour TV production lines	1,800 thousand	350 thousand
4 computer display production lines	1,000 thousand	180 thousand

Main Clients

<i>Products purchased</i>	<i>Clients</i>	<i>Payment terms</i>
Colour TV, VCD and DVD	Beijing GOME Home Appliances and Dazhong Electric Appliance Co., Ltd.	Prepayment and 15-30 days credit after delivery; Fixed credit limit with cash payment for exceeding part
Computer display	Domestic computer OEMs	15-30 days credit

Product export Yes. About 5% products exported mainly to Southeast Asia.
 No.

Development Plans

To further expand the market India and Southeast Asia.
 To increase R&D and production of computer displays and LCD.
 To increase R&D of new products, such as PJTTV, PDPTV and other products with high technological content and added value, making use of the local technological advantages in Beijing and in cooperation with local scientific research institutions.

XI. Financial

P&L(Shown in RMB 1000's)	2001	2002
Principal Operating Income	1,070,712	957,146
Cost of goods	910,739	834,211
Selling expenses	112,722	101,335
Management expenses	25,456	23,455
Financial expenses	-5,412	-1,782
Other Income (+)or Expenses (-)	-10,377	11,235
TOTAL PROFIT	16,830	11,162
Tax	6,800	2,160
NET PROFIT	10,030	9,002

Balance Sheet (Shown in RMB 1000's)	31/12/2001	31/12/2002
Current Assets	1,271,524	1,424,616
Including: Cash	152,317	164,525
Accounts Receivable	182,605	288,007
Storage	645,370	594,193
Other Current Assets	291,232	377,891
Total Fixed Assets	274,631	276,420
Including: Net Fixed Assets	232,829	237,975
Construction in Progress	41,802	38,445
Long-term Investment	14,519	15,210
Intangible and Deferred Assets	56,716	47,427
Other Long-term Assets	0	0
TOTAL ASSETS	1,617,390	1,763,673
Current Liabilities	350,487	487,687
Including: Short-term Loans	28,500	8,500
Accounts payable	180,628	206,397

Subject company - Beijing Forever Star Electronics Co., Ltd.

Other Current Liabilities	141,359	272,790
Long-term Liabilities	600	0
Including: Long-term Loans	600	0
Debt payable	0	0
Other Long-term Liabilities	0	0
	-----	-----
TOTAL LIABILITIES	351,087	487,687
TOTAL SHAREHOLDERS EQUITY	1,266,303	1,275,986
	-----	-----
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1,617,390	1,763,673
	=====	=====

<i>Ratios</i>	2001	2002
Current ratio	362.79%	292.12%
Quick ratio	178.65%	170.28%
Cash ratio	43.46%	33.74%
Debt-to-assets	21.71%	27.65%
Inventory Turnover	141.12%	140.39%
Inventory Turnover (days)	255.10	256.42
Turnover of accounts receivable	586.35%	332.33%
Turnover of accounts receivable (days)	61.40	108.32
Turnover of current assets	84.21%	67.19%
Turnover of fixed assets	459.87%	402.20%
Turnover of total assets	66.20%	54.27%
Assets profit margin	0.62%	0.51%
Return On Equity	0.79%	0.71%
Profit margin	1.57%	1.17%
Return on Assets	0.62%	0.51%

--- End of the Report ---

Appendix1: Credit Rating Definition

Rating	Credit Quality	Definition
AAA	Highest	Credit risks are negligible. Enterprises rated AAA have excellent credit record, outstanding operation, superior profitability and broadest future prospects, and are least subject to variation.
AA	Very High	Credit risks are modest Enterprises rated AA have good credit record, good operation, relatively strong profitability and broad future prospects, and are less subject to variation.

A	High	High capacity for timely repayment. Enterprises rated A have good credit record and sound operation, but some uncertainty exist regarding operation and development, and profitability and solvency may be decreased.
BBB	Average	Average capacity for timely repayment. Enterprises rated BBB have normal credit record and vulnerable to uncertainty regarding operation, profitability and development. A potential drop of solvency exists.
BB	Unsatisfactory	Insufficient capacity for timely repayment. Enterprises rated BB have many detrimental record and bleak outlook. Speculative factors exist.
B	Low	Low solvency.
C	Very Low	Lack of solvency.
D	Default	Close to bankruptcy.

Appendix2: Formulas for Financial Ratios

Current ratio:	current assets/ current liabilities	Turnover of current assets:	Principal operating income/current liabilities
Quick ratio:	(current assets - storage) / current liabilities	Turnover of fixed assets:	Principal operating income/fixed assets
Cash ratio:	Cash/ current liabilities	Turnover of total assets:	Principal operating income/total assets
Debt-to-assets:	Total liabilities/ total assets	Assets profit margin:	Net profit/total assets
Inventory Turnover:	Cost of good/ storage	Return On Equity:	Net profit/equity
Inventory Turnover (days):	360 * storage/cost of good	Profit margin (%):	Total profit/principal operating income
Turnover of accounts receivable:	Principal operating income/ accounts receivable	Return on Assets (%):	Net profit/total assets
Turnover of accounts receivable (days):	360 * accounts receivable /principal operating income		