

Qingdao Inter-Credit Services Pte Co., Ltd.

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Date of Report : Jul. 30, 2010

Client's ref. :

Our ref. : 54450-207

XUSHUI COUNTY DONGFANG TRADING CO., LTD.

徐水县东方贸易有限公司

NORTH OF NANHE SHOUYING VILLAGE, XUSHUI COUNTY,
HEBEI PROVINCE, 072550 PR CHINA (REGISTERED ADDRESS)

河北省徐水县南贺寿营村北 (注册地址)

TEL: N/A FAX: N/A

EXECUTIVE SUMMARY

INCORPORATION DATE : AUG. 2, 2001
REGISTRATION NO. : 130625000003910
REGISTERED LEGAL FORM : LIMITED LIABILITIES CO.
CHIEF EXECUTIVE : MR. LI JIANJUN (CHAIRMAN)
STAFF STRENGTH : N/A
REGISTERED CAPITAL : CNY 5,000,000
BUSINESS LINE : N/A
TURNOVER : CNY 1,380,000 (AS OF DEC. 31, 2007)
EQUITIES : CNY 3,956,000 (AS OF DEC. 31, 2007)
PAYMENT : NOT YET DETERMINED
RECOMM. CREDIT RANGE : NO RECOMMENDATION
MARKET CONDITION : FAIR (AS OF DEC. 31, 2007)
FINANCIAL CONDITION : FAIR (AS OF DEC. 31, 2007)
OPERATIONAL TREND : FAIRLY STEADY (AS OF DEC. 31, 2007)
GENERAL REPUTATION : AVERAGE
EXCHANGE RATE : CNY 6.77420 = USD 1 AS OF 2010-7-30

CREDIT RATING : NR (see below explanatory notes)

RATING KEY	CREDIT RISK ASSESSMENT		PROPOSED CREDIT LIMIT (in concerned business field)
CA1	Minimal	Credit can proceed with favorable terms	Large amount
CA2	Low	Credit can proceed promptly	Fairly large amount
CA3	Average	Credit can proceed normally	Moderate amount
CA4	Above average	Credit should proceed with monitor	Small amount – periodical review
CA5	Fairly High	Credit should be extended under guarantee	C.O.D. To small amount
CA6	High	Credit is not recommended	C.O.D.
NR	Assessment not conducted	Insufficient data available	No recommendation

This rating serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors and their relative weights (as indicated through %) in our credit analysis are as follows:

Financial condition (40%)

Ownership background (20%)

Payment record (10%)

Credit history (10%)

Market trend (10%)

Operational size (10%)

In case of unlimited companies, newly established companies, or lack of financial data, more weight is given to 'Ownership background' and 'Payment record' in our analysis.

Adopted abbreviations:

ANS - amount not stated

NS - not stated

SC - subject company (the company inquired by you)

NA - not available

CNY - China Yuan Renminbi

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HISTORY

SC was registered as a limited liabilities co. at local Administration for Industry & Commerce (AIC - The official body of issuing and renewing business license) on Aug. 2, 2001.

Company Status: Limited liabilities co.

This form of business in PR China is defined as a legal person. No more than fifty shareholders contribute its registered capital jointly. Shareholders bear limited liability to the extent of shareholding, and the co. is liable for its debts only to extent of its total assets. The characteristics of this form of co. are as follows:

Upon the establishment of the co., an investment certificate is issued to the each of shareholders.

The board of directors is comprised of three to thirteen members.

The minimum registered capital for a co. is CNY 30,000.

Shareholders may take their capital contributions in cash or by means of tangible assets or intangible assets such as industrial property and non-patented technology.

Cash contributed by all shareholders must account for at least 30% of the registered capital.

Existing shareholders have pre-exemption right to purchase shares of the co. offered for sale by the other shareholders and to subscribe for the newly increased registered capital of the co.

SC's registered business scope includes recycling waste boxes. (该公司的法定经营范围包括：废旧纸箱回收)

Mr. Li Jianjun (李建军) is registered as legal representative of SC.

It is not possible to contact the company directly to obtain further information. The nature and extent of the company's operations could not be determined and it could not be confirmed whether the company operates from the Registered Office address or in another location.

WEB SITE

SC is not known to host website of its own at present.

KEY EVENTS/RECENT DEVELOPMENT

Changes of its registered information:

Date of change	Item	Before the change	After the change
2001-08-21	Legal representative	Li Chen 李臣	Present one
2006-06-12	Registered capital	CNY 500,000	Present amount

OWNERSHIP/MANAGEMENT

MAIN SHAREHOLDERS:

Name	% of Shareholding
Li Jianjun 李建军	30
Liu Zhenyong 刘振永	70

MANAGEMENT● *Legal representative:*

Mr. Li Jianjun (李建军) ID#130625198307056910.

BUSINESS OPERATIONS

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Exhausting our efforts, we are unable to find SC's telephone number in various information sources, including the internet, yellow pages and telecom companies.

Failing to contact SC, we are unable to find SC's operation status at present. Internet sources indicate that Xushui County Dongfang Trading Company Limited is the supplier of Orient Paper, but now has little business.

We have contacted Orient Paper, but the employee also refused to release SC's contact ways and other information.

RELATED COMPANIES

SC is not known to have any subsidiary at present.

PAYMENT

Overall payment appraisal :

Excellent Good Average Fair Poor Not yet determined

The appraisal serves as a reference to reveal SC's payments habits and ability to pay. It is based on the 3 weighed factors: Trade payment experience (through current enquiry with SC's suppliers), our delinquent payment records and our debt collection record concerning SC.

Trade payment experience: N/A

Delinquent payment record : None in our database.

Debt collection record : No overdue amount owed by SC was placed to us for collection within the last 6 years.

BANKING

N/A

FINANCIAL HIGHLIGHTS

Balance Sheet

Unit: CNY'000

	as of Dec. 31, 2007
Cash & bank	719
Bills receivable	0
Accounts receivable	224
Other receivables	24,107
Advances to suppliers	97
Inventory	3,232
Prepaid expenses	0
Other current assets	0

Current assets	28,379
Fixed assets net value	63
Projects under construction	0
Long term investment	0
Other assets	0

Total assets	28,442
	=====
Short loans	0
Bills payable	0
Accounts payable	2,326
Welfare payable	0
Advances from clients	618
Accrued payroll	7
Tax payable	232
Other payable	21,303
Surcharge payable	0
Other current liabilities	0

Current liabilities	24,486
Long term liabilities	0

Total liabilities	24,486
Equities	3,956

Total liabilities & equities	28,442
	=====

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Income Statement

Unit: CNY'000

as of Dec. 31, 2007

Turnover	1,380
Cost of goods sold	1,201
Sales expense	563
Management expense	221
Finance expense	4
Profit before tax	-614
Less: profit tax	0
Profits	-614

Note: SC has not lodged the latest annual returns in the local registry, hence no up-to-date detailed financial information could be provided.

Important Ratios

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	as of Dec. 31, 2007
*Current ratio	1.16
*Quick ratio	1.03
*Liabilities to assets	0.86
*Net profit margin (%)	-44.49
*Return on total assets (%)	-2.16
*Inventory /Turnover ×365	855 days
*Accounts receivable/Turnover ×365	60 days
*Turnover/Total assets	0.05
* Cost of goods sold/Turnover	0.87

FINANCIAL COMMENTS

PROFITABILITY: FAIR

- The turnover of SC appears average in its line.
- SC's net profit margin is poor.
- SC's return on total assets is fair.
- SC's cost of goods sold is average, comparing with its turnover.

LIQUIDITY: AVERAGE

- The current ratio of SC is maintained in a normal level.
- SC's quick ratio is maintained in a normal level.

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- The inventory conversion period of SC appears LONG.
- The accounts receivable of SC appears average.
- SC has no short-term loan in 2007.
- SC's turnover is in a poor level, comparing with the size of its total assets.

LEVERAGE: FAIR

- The debt ratio of SC is high.
- The risk for SC to go bankrupt is above average.

Overall financial condition of the SC: FAIR (As of Dec. 31, 2007).

REMARKS

Despite having exhausted all our effort, we are unable to contact SC. If further contact details of SC can be provided, we will definitely continue this research.

END OF THIS REPORT