



# **U.S. Commercial Service**

## **American Embassy – Beijing**

### **INTERNATIONAL COMPANY PROFILE**

**SAMPLE CREATIVE SOFTWARE TECHNOLOGY LTD.**

**Prepared for**

**ABC COMPANY**

***DATE***

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Commercial Service Comments – Beijing  
Commercial Service comments prepared by:  
Approved by:

## SAMPLE CREATIVE SOFTWARE TECHNOLOGY LTD.

### SAMPLE创新软件技术有限公司

Your Enquiry: SAMPLE Creative  
SAMPLE创新软件技术有限公司  
Date of Enquiry: Jun. 21, 2012  
Report Type: International Company Profile  
Type of Enquiry: Normal  
Date of Delivery: Jun. 26, 2012

#### INVESTIGATION NOTES

The given Chinese name is accurate.

The given English name "SAMPLE creative" is abbreviated and is literally translated from the Chinese name of Subject.

The given address is accurate.

The given AIC number "1100004102058XX" is accurate.

**Please note: financials on private Chinese companies are not always available. The sections of this sample ICP report where the symbol \* is indicated will not be included if the financials of the company are not available through official or other legal channels.**

## PROFILE

Subject Name: SAMPLE CREATIVE SOFTWARE TECHNOLOGY LTD.  
(Given by Subject)

Sinotrust No.: 0158271945  
AIC No.: 1100004102058XX  
N.O.C.: 764201XXX  
Tax File No.: 110000764201XXX

Address: 3/F, Building 8, SAMPLE Software Park, 8 SAMPLE West Road  
Haidian District  
Beijing City

Zip Code: 100193  
Telephone: (+86 10) 828252XX  
Facsimile: (+86 10) 828252XX  
Website: <http://www.SAMPLE.com>

## SUMMARY

Establishment Date: Jul. 02, 2004  
Legal Status: Limited liability company (wholly owned by a foreign corporation)

Listed or Not: No  
Legal Rep.: CHEN SAMPLE  
Registered Capital: 50,000,000 (USD)  
Sales: 633,236,000 (2010)  
Net Profit: 38,440,000 (2010)  
Total Assets: 597,575,000 (Dec. 31, 2010)  
Net Worth: 457,478,000 (Dec. 31, 2010)

Employees: 300  
I/E License: Yes  
Litigation Record: Yes  
Credit Record: Yes  
Public Records: No

Currency in this report is Chinese Yuan (RMB) unless otherwise stated. "--" in this report indicates "unavailable" or "no comment" due to insufficient information.

## CREDIT ASSESSMENT

Major Indicators	Score	Rating
Business Size:	70	Fairly Large
Company Background:	53	Average
Financial Position:	82	Strong
Industry Outlook:	47	Steady
Credit Rating:	63	CR4
Base Credit Limit:		Over 10,000,000

## RATING DISTRIBUTION IN SINOTRUST DATABASE



## MAIN BUSINESS & INDUSTRY CLASSIFICATION

Main Business: Software outsourcing services  
Chinese SIC: 6500, Software and information technology services  
ISIC: 6200, Computer programming, consultancy and related activities  
NACE: 62, Computer programming, consultancy and related activities

More information about Subject's lines of business can be found in the section "OPERATIONS."

## STRUCTURE OF ORGANIZATION

Subject is a limited liability company, and its internal ultimate authority is the Board of Directors. The Chairman of the Board is held exclusively responsible for daily management. It has the following main departments: Financial Department, Marketing Department, Sales Department, Technical Department, Personnel Department, Business Intelligence Department, etc.

## FINANCIAL SUMMARY\* Please note, this section will not be included if the financials are not available.

	2010	2009	2008
Sales	633,236,000	549,237,000	481,913,000

SAMPLE ICP

Total profit	42,813,000	49,994,000	22,602,000
Net profit	38,440,000	45,187,000	18,560,000
Total assets	597,575,000	321,220,000	273,466,000
Total liabilities	140,097,000	186,646,000	183,525,000
Total shareholders' equity	457,478,000	134,574,000	89,941,000
Total current assets	384,774,000	228,177,000	190,827,000
Total current liabilities	140,097,000	186,646,000	183,525,000
Working capital	244,677,000	41,531,000	7,302,000
Total fixed assets	37,343,000	52,148,000	25,864,000
Return on net assets (%)	8.40	33.58	20.64
Net profit margin (%)	6.07	8.23	3.85
Turnover of total assets	1.06	1.71	1.76
Turnover of accounts receivable (days)	43.81	47.70	59.81
Liabilities/assets ratio (%)	23.44	58.11	67.11
Current ratio	2.75	1.22	1.04
Quick ratio	2.74	1.22	--
Sales growth (%)	15.29	13.97	--
Gross profit growth (%)	10.20	30.91	--
Total assets growth (%)	86.03	17.46	--

## GENERAL COMMENTS

Subject specializes in providing IT outsourcing services. With almost ten year's history, it is a relatively large enterprise among its peers in the local area. According to sources, it maintains healthy cooperation with many domestic & overseas software manufacturers and has a group of experienced employees who have been engaged in the software industry for many years. In addition, it boasts good business development capacity and maintains a good volume of sales.

As indicated by the financial data, Subject's business volume has been increasing in the last three years, and its sales income was over 600,000,000 Yuan in 2010, which was an increase of 15% against that of 2009; however, its expenses and costs were high, so its final net profit declined in 2010 against that of 2009, reflecting to-be-enhanced profitability; regarding its statement of assets, Subject's assets scale was acceptable and its accounts receivable took up a large proportion, but the management ability concerning accounts receivable was normal. In addition, its 2010 cash & bank climbed significantly, showing strong short-term payment ability. Further, it increased its registered capital considerably, and its liabilities/assets ratio was low. Subject ran business mainly based on its self-owned capital, indicating small debt pressure.

## REGISTRATION

Establishment Date: Jul. 02, 2004  
Registered Address: 3/F, Building 8, SAMPLE Software Park, 8 SAMPLE West Road, Haidian District, Beijing  
Zip Code: 100193  
Registry: Beijing Municipal Administration for Industry and Commerce  
Legal Rep.: CHEN SAMPLE  
AIC No.: 1100004102058XX  
Legal Status: Limited liability company (wholly owned by a foreign corporation)  
Registered Capital: 50,000,000.00 (USD)  
Business Scope: Technology development, technical testing, technical consulting, technical training

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and technology transfer of computer hardware and software, networking products, and communications products; commissioned agency of the above products; sale of self-made products. (Excluding those subject to state-run trading; operation shall be subject to related regulations of the State where quota permits and license are involved.)

Duration of Operation: From Jul. 02, 2004 To Jul. 01, 2024

Latest Yearly Inspection: 2011

## CHANGES IN REGISTRATION

Date of Change	Change(s)	From	To
Aug. 12, 2005	Registered Capital	HKD23,600,000	HKD30,000,000
Apr.2006	Registered Capital	HKD30,000,000	USD8,000,000
Jul.2006	Company Name	SAMPLE Creative Software Technology (Beijing) Ltd. (literal translation)	SAMPLE Creative Software Technology Ltd.
Unavailable	AIC No.	0205XX	1100004102058XX
Dec. 29, 2010	Registered Capital	USD8,000,000	USD50,000,000
Dec. 29, 2010	Business Scope	No operation is allowed where prohibited by the laws, administrative regulations and the State Council; no operation is allowed unless an approval has been obtained and registration certificate with the administration for industry and commerce has been obtained where a license is required by the laws, administrative regulations and the State Council; operation shall be at the discretion of the enterprise where no license is required by the laws, administrative regulations and the State Council.	Technology development, technical testing, technical consulting, technical training and technology transfer of computer hardware and software, networking products, and communications products; commissioned agency of the above products; sale of self-made products. (Excluding those subject to state-run trading; operation shall be subject to relevant regulations of the State where quota permits and license are involved)
Dec. 29, 2010	Shareholder(s)	SAMPLE Investment Co., Ltd. (literal translation)	SAMPLE Technologies Inc.

## SHAREHOLDERS AND SHARES

Shareholders	Capital Subscribed	% of Total
SAMPLE Technologies Inc.	50,000,000 (USD)	100.00
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Total	50,000,000 (USD)	100.00

Shareholders	Paid-up %
SAMPLE Technologies Inc.	100.00

## BACKGROUND OF MAJOR SHAREHOLDERS

Name: SAMPLE Technologies Inc.

Sinotrust No.: 03412672XX

Address: Cayman Islands

Other Information: Established in 1995, it is an IT service provider and one of the leading offshore software development companies in China. SAMPLE is the first Chinese software development outsourcing enterprise listed on the New York Stock Exchange.

**Note: Information provided herein comes directly from Sinotrust's database and may contain obsolete information.**

## HISTORY

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Jul.2004	Subject was established.
2007	Subject had sales of RMB368,230,000 and total profits of RMB59,380,000.
2008	Subject had sales of RMB481,910,000 and total profits of RMB22,600,000.
2009	In September, Subject's distribution management system won the 2009 China Information Industry Outstanding Solution Award.
	In October, Subject announced it would establish an offshore R & D center for UK SAMPLEsystems.
2010	Subject had sales of RMB633,236,000 and total profits of RMB42,813,000.

## MAIN EXECUTIVE(S)

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Name:	CHEN SAMPLE
Post:	Chairman of the Board and General Manager
Gender:	Male
Date of Birth:	1963
Education:	1985: graduated from Tsinghua University 1989: obtained a master's degree in Engineering from Huazhong University of Science and Technology
Work Experience:	After graduation: with Great Wall Computer Software Technology Incorporation (literal translation), engaged in the development of Chinese information processing software; awarded "Top Ten Chinese Economic Talents" special prize in 2006; Now with Subject as Chairman of the Board and General Manager.

## BOARD OF DIRECTORS

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Name:	CHEN SAMPLE
Post:	Chairman of the Board and General Manager
Nationality:	China
Gender:	Male
Date of Birth:	1963

## BOARD OF SUPERVISORS

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Name:	ZHOU SAMPLE
Post:	Supervisor
Nationality:	China
Gender:	Male
Date of Birth:	1962

## AFFILIATE(S)

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Name:	<u>SAMPLE Creative Software Technology Ltd. Shanghai Branch</u>
Address:	Rm. 501-20, 628 SAMPLE Road, Shanghai (registered address)

Name:	<u>SAMPLE Creative Software Technology Ltd. Dalian Branch</u>
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Address: 201-G, Building 17, 267 SAMPLE Road, Dalian Hi-tech Industrial Park, Liaoning (registered address)

Name: SAMPLE Creative Software Technology Ltd. Beijing Economic-Technological Development Area Branch

Address: 2/F, Building 1, 1 SAMPLE South Street, Beijing Economic-Technological Development Area, Beijing (registered address)

## **NUMBER OF EMPLOYEES**

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Total Employees: 300

## **OFFICE FACILITIES**

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Location: Subject is located at 3/F, Building 8, SAMPLE Software Park, Haidian District, Beijing. SAMPLE Software Park covers a planned total area of 139 hectares, and there are mainly hi-tech enterprises sitting in the park, such as Hanwang Technology Co., Ltd. Beijing Teamsun Technology Co., Ltd., Beijing iSoftStone Information Technology Co., Ltd., etc.

Area: About 30,000 sq. meters

Property Ownership: Rented

Traffic Convenience: The address enjoys favorable surroundings and convenient traffic access.

## **OPERATIONS**

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Main Business: Software outsourcing services

Chinese SIC: 6500,Software and information technology services

ISIC: 6200,Computer programming, consultancy and related activities

NACE: 62,Computer programming, consultancy and related activities

Subject is mainly engaged in software outsourcing. It can provide application software development & maintenance, BPO (business procedure outsourcing), application software, testing & certification and other services. According to sources, Subject's business covers the fields of high-tech, financial services, manufacturing, retail & distribution, telecommunications, etc.

Subject has passed ISO9001 certification.

Subject is headquartered in Beijing and has established branches across China and in some overseas locations to handle regional business expansion.

Subject has some associates in China according to government channels, e.g. Shanghai SAMPLE Creative Software Technology Ltd. (literal translation), Nanjing SAMPLE Creative Software Technology Ltd. (literal translation), and Shenzhen SAMPLE Creative Software Technology Ltd. (literal translation).

Subject has the following affiliates in China, e.g. SAMPLE Creative Software Technology Ltd. Beijing Economic-Technological Development Area Branch, SAMPLE Creative Software Technology Ltd. Wuhan Branch, SAMPLE Creative Software Technology Ltd. Shanghai Branch, SAMPLE Creative Software Technology Ltd. Dalian Branch, SAMPLE Creative Software Technology Ltd. Changsha Branch, etc.

## **TRADEMARKS & PATENTS**

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Total No. of Trademarks			6
Registration No.	6236733	6236734	6236736
Registration Date	Jun. 14, 2010	Apr. 28, 2010	Apr. 28, 2010
Trademark Design	SAMPLE	SAMPLE	SAMPLE

**Note: Information on only the three latest registered trademarks is provided herein.**

No patent application filed by Subject was found in the State Intellectual Property Office of the PRC.

## **PURCHASING INFORMATION**

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Main Purchases: Office supplies, computer equipment, etc.  
Major Suppliers: The Third Construction Engineering Company Ltd. Of China Construction Second Engineering Bureau, Guangyuan Jiudingyuan Construction Labor Service Co., Ltd. (literal translation), etc.  
Main Payment Terms: Immediate payment or short-term credit

According to Subject's clerk, the company mainly engages in software outsourcing and development, without daily purchases for operation except for some office supplies, computer equipment, office software, etc.

The information above was provided by Subject's staff in June 2012.

### **SELLING INFORMATION**

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Domestic: Some  
Sales Terms: Immediate payment or short-term credit  
Overseas: Some  
Sales Terms: L/C or T/T

According to a relevant clerk with Subject, Subject mainly engages in providing offshore software development outsourcing services, with business covering wide fields. It can provide services for customers in the fields of finance, manufacture, telecommunications, etc. The specific customers include Microsoft, IBM, HP, ABB, 3M, etc.

The information above was provided by Subject's staff in June 2012.

### **IMPORT & EXPORT**

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I/E License: Yes  
Customs' Rating: B (May 21, 2012)

#### **Definitions of Ratings of General Customs:**

AA: Excellent  
A: Good  
B: Average  
C: Fairly Poor  
D: Very Poor

*Please order our Business I/E Records Report for more detailed import and export information concerning Subject.*

### **TRADE REFERENCES**

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According to a relevant clerk with Subject, it is mainly engaged in providing offshore software development outsourcing services. The specific clients include Microsoft, IBM, TIBCO, HP, EMC., ABB, 3M and other companies, but we were unable to get specific trade value and specific records from government sources or other public sources.

### **CREDIT RECORD**

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Supplier: The Third Construction Engineering Company Ltd. Of China Construction Second Engineering Bureau

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Commodities Supplied: R & D building construction services  
Post: Office clerk  
Telephone: 010-63772601  
Cooperation Duration: One-time  
Payment Punctuality: Fairly Prompt  
Interviewee's Remarks: According to sources, the company previously provided R & D building construction services for Subject, but its clerk declined to reveal related information on the grounds of not knowing the specific clerk in charge of Subject's business. The clerk only advised that Subject had no negative payment records there.  
Date of Interview: Jun. 25, 2012

## **LITIGATION RECORD**

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Source: Executive Board of Supreme People's Court of China  
Hearing Court: Beijing Haidian District People's Court  
Case Number: (2010) HZZ No. 027XX  
Date of Hearing: Feb. 05, 2010  
Case Brief: Executed Party: Subject  
Amount of subject matter: RMB79,497.79  
Status: Concluded  
Date of Acquisition: Jun. 25, 2012

Source: Beijing Haidian Dist. People's Court  
Hearing Court: Beijing Haidian Dist. People's Court  
Case Number: (2006) HMCZ No. 198XX  
Plaintiff: Subject  
Date of Hearing: Sep. 26, 2006  
Case Brief: Defendant was rendered unqualified in this case due to a dispute over technology service contract and the lawsuit was rejected. The case fee was RMB10,876 and Plaintiff should pay RMB50.  
Date of Acquisition: Jun. 25, 2012

Source: Public channels  
Hearing Court: Shanghai Pudong New Area People's Court  
Case Number: (2009) PMS (Z) CZ No. 3XX  
Plaintiff: Subject  
Date of Hearing: Oct. 12, 2009  
Case Brief: Brief: dispute over technology contract  
Plaintiff: Subject  
Defendant: SVA Communications Network Limited  
Verdict: Plaintiff won. Defendant shall pay related technical service fees and overdue payment interests to Plaintiff.  
Date of Acquisition: Jun. 25, 2012

Source: Executive Board of Supreme People's Court of China  
Hearing Court: Beijing Haidian District People's Court  
Case Number: (2010) HZZ No. 065XX  
Date of Hearing: Jun. 08, 2010  
Case Brief: Executed Party: Subject  
Amount of subject matter: RMB87,000.00  
Status: Concluded  
Date of Acquisition: Jun. 25, 2012

Source: Executive Board of Supreme People's Court of China  
Hearing Court: Beijing Haidian District People's Court  
Case Number: (2011) HZZ No. 100XX  
Date of Hearing: Sep. 22, 2011  
Case Brief: Executed Party: Subject

SAMPLE ICP

Amount of subject matter: RMB1,752.00  
 Status: Concluded  
 Date of Acquisition: Jun. 25, 2012

Since there are many litigation records related to Subject according to the Supreme People's Court of China, we have only provided the most recent cases involving relatively large amounts in this report.

**Note: This report only provides litigation records, public rankings and other public records from the latest 3 years.**

**FINANCES\* Please note, this section will not be included if the financials are not available.**

**Balance Sheet ('000):**

	Dec. 31, 2010 (Unconsolidated)	Dec. 31, 2009 (Unconsolidated)	Dec. 31, 2008 (Unconsolidated)
Cash & bank	213,707	57,284	51,005
Notes receivable	840	--	--
Accounts receivable	77,062	72,768	80,068
Advances to suppliers	4,900	3,880	75
Other receivables	86,853	92,903	59,329
Inventory	1,226	1,286	--
Other current assets	186	56	350
<b>Total Current Assets</b>	<b>384,774</b>	<b>228,177</b>	<b>190,827</b>
Long-term equity investment	24,820	24,820	20,969
Fixed assets	37,343	52,148	25,864
Construction-in-progress	139,334	653	26,460
Intangible assets	10,901	14,836	8,738
Long-term prepaid & deferred expense	403	586	608
Other non-current assets	0	0	0
<b>Total Non-Current Assets</b>	<b>212,801</b>	<b>93,043</b>	<b>82,639</b>
<b>TOTAL ASSETS</b>	<b>597,575</b>	<b>321,220</b>	<b>273,466</b>
Accounts payable	7,791	8,769	4,902
Advances from customers	2,636	2,640	1,516
Accrued payroll	19,578	13,196	19,039
Taxes payable	9,731	7,311	7,028
Other payables	100,361	154,730	151,040
<b>Total Current Liabilities</b>	<b>140,097</b>	<b>186,646</b>	<b>183,525</b>
<b>Total Non-Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>140,097</b>	<b>186,646</b>	<b>183,525</b>
Paid-up capital	348,221	65,106	65,106
Capital reserve	810	810	810
Surplus reserve	16,595	12,751	8,287
Undistributed profit	91,852	55,907	15,738
<b>TOTAL SHLDRS' EQUITY</b>	<b>457,478</b>	<b>134,574</b>	<b>89,941</b>

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<b>TOTAL LIABILITIES &amp; SHLDRS' EQUITY</b>	597,575	321,220	273,466
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### Income Statement ('000)

	2010	2009	2008
<b>Sales</b>	633,236	549,237	481,913
Less: Cost of sales	430,559	365,950	339,248
Sales taxes and additional	23,660	20,843	18,573
<b>Gross Profit</b>	179,017	162,444	124,092
Less: Selling expenses	16,172	7,712	7,948
Administrative expenses	139,149	111,626	98,759
Financial expenses	-2,873	-636	-853
Plus: Investment income	174	-148	-3,138
<b>Operating Profit</b>	26,743	43,594	15,100
Plus: Non-operating income	1,104	865	898
Less: Non-operating expenses	3,215	2,209	1,010
Plus: Income from government subsidy	18,164	7,511	7,388
Other profit	17	233	226
<b>Total profit</b>	42,813	49,994	22,602
Less: Income tax	4,373	4,807	4,042
<b>Net profit</b>	38,440	45,187	18,560

### NOTES TO FINANCES

Due to the a lack of clear government policy regarding the transparency of enterprise financial information, many financial items might be missing in the above financial statements, causing possible inequality between the sum of the provided items and the provided Total Number.

Foreign trade enterprise operation code: 1100764201XXX

Subject increased its capital in Dec. 2010; therefore, Subject's 2008 and 2009 paid-up capital herein is lower than its current registered capital. As of the end of 2010, its registered capital had been fully injected.

### Change of Key Financials ('000) \*

\* Please note, this section will not be included if the financials are not available.

	2010	Growth Rate (%)	2009
Sales	633,236	15.29	549,237
Net profit	38,440	-14.93	45,187
Total assets	597,575	86.03	321,220
Total liabilities	140,097	-24.94	186,646
Total shareholders' equity	457,478	239.95	134,574
Total current assets	384,774	68.63	228,177
Total current liabilities	140,097	-24.94	186,646
Working capital	244,677	489.14	41,531
Total fixed assets	37,343	-28.39	52,148

### Important Ratios:

<b>Profitability</b>	2010	2009	2008
Return on net assets (%)	8.40	33.58	20.64
Return on total assets (%)	6.43	14.07	6.79
Gross profit margin (%)	28.27	29.58	25.75
Net profit margin (%)	6.07	8.23	3.85

<b>Efficiency</b>	2010	2009	2008
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SAMPLE ICP

Turnover of total assets	1.06	1.71	1.76
Turnover of current assets	1.65	2.41	2.53
Turnover of accounts receivable (days)	43.81	47.70	59.81

Solvency	2010	2009	2008
Liabilities/assets ratio (%)	23.44	58.11	67.11
Current ratio	2.75	1.22	1.04
Quick ratio	2.74	1.22	--

Growth	2010	2009	2008
Sales growth (%)	15.29	13.97	--
Gross profit growth (%)	10.20	30.91	--
Total assets growth (%)	86.03	17.46	--

## INDUSTRY PROFILE

6500,Software and information technology services

### Industry Definition:

This industry includes the provision of services to solve problems and needs arising from the process of information transmission, information production, information delivery and information receiving.

### Industry Status & Trend:

The computer service industry, as an important part of the modern service sector, is a high-tech industry with knowledge as its core resource. Statistics show that in 2010 there were 1,046 companies invested by foreign companies or personnel directly engaged in information transmission, computer service, and the software industry, down 3.2% against the previous year, and actual used capital was US\$2.49 billion, up 10.7% against the previous year. The company prosperity investigation results from the National Bureau of Statistics of the China Service Industry Statistics Department shows that in 2010 under the complicated and unstable situation of the international financial crisis, the Chinese economy first improved and then remained stable and even had a rising development momentum, and the confidence indexes of enterprises in the computer service industry and the software industry were in leading positions in all industries.

With the rapid development of the Chinese economy, the demand to upgrade the industry structure is increasing and developing the service industry has become an increasingly efficient means for China to adjust its economic structure and promote the good and rapid development of the national economy. Today, the economy is global and the development level of the service industry has gradually become an important index of measuring national competency. However, traditional service Industries have an irrational internal industry structure and relatively large industry added value, and modern service industries such as information transmission, computer services and the software industry take a relatively small proportion. However, according to statistics from the China Federation of Logistics & Purchasing (CFLP), the new export order index of the Chinese non-manufacturing industry business activities has significantly increased and the computer service and software industry, railway transport industry, whole industry, etc. have a good development tendency. It is predicted that there are certain development prospects.

## INDUSTRY FINANCIAL RATIOS

6500,Software and information technology services

2011	Best	Average	Worst
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Return on net assets (%)	17.30	6.20	-4.50
Return on total assets (%)	10.80	5.50	-2.20
Gross profit margin (%)	32.00	15.40	4.30
Turnover of total assets	2.20	0.70	0.20
Turnover of current assets	3.10	1.00	0.30
Turnover of accounts receivable (days)	24.66	65.45	156.52
Liabilities/assets ratio (%)	40.60	60.00	79.80
Current ratio	1.76	1.24	0.73
Quick ratio	1.60	1.13	0.67
Sales growth (%)	23.90	8.00	-13.30
Gross profit growth (%)	20.40	6.00	-11.60
Total assets growth (%)	18.00	6.70	-14.00

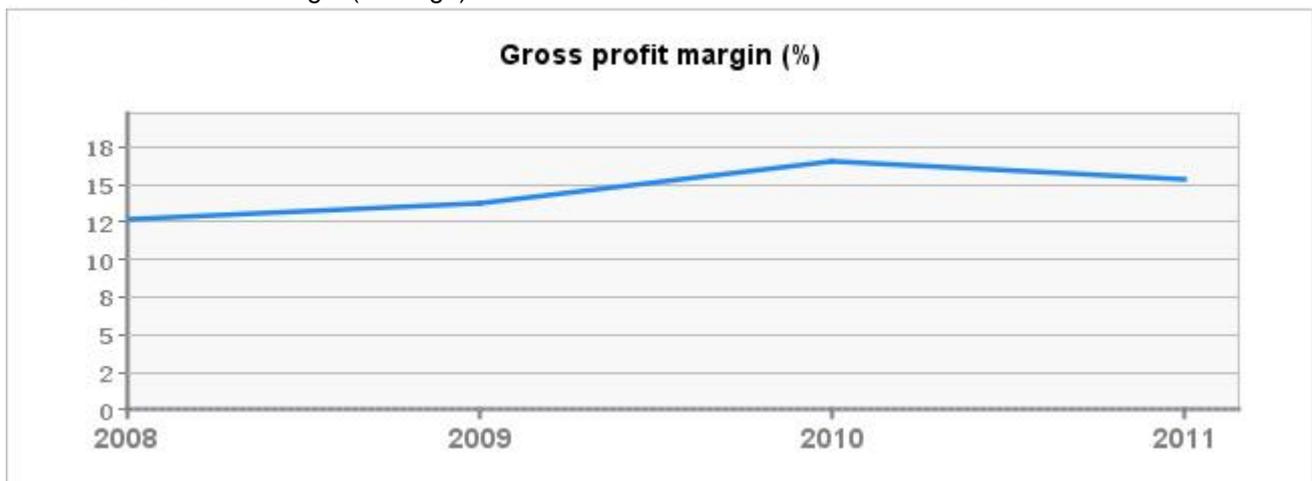
2010	Best	Average	Worst
Return on net assets (%)	17.30	6.20	-4.50
Return on total assets (%)	11.20	5.70	-2.10
Gross profit margin (%)	34.30	16.50	4.60
Turnover of total assets	2.40	0.90	0.20
Turnover of current assets	3.30	1.20	0.40
Turnover of accounts receivable (days)	24.66	65.45	156.52
Liabilities/assets ratio (%)	34.60	54.00	73.80
Current ratio	1.79	1.26	0.76
Quick ratio	1.62	1.15	0.69
Sales growth (%)	23.30	7.80	-13.70
Gross profit growth (%)	19.60	5.20	-12.40
Total assets growth (%)	16.90	6.30	-15.00

\* The above indicators come from industry statistics regularly published by the government.

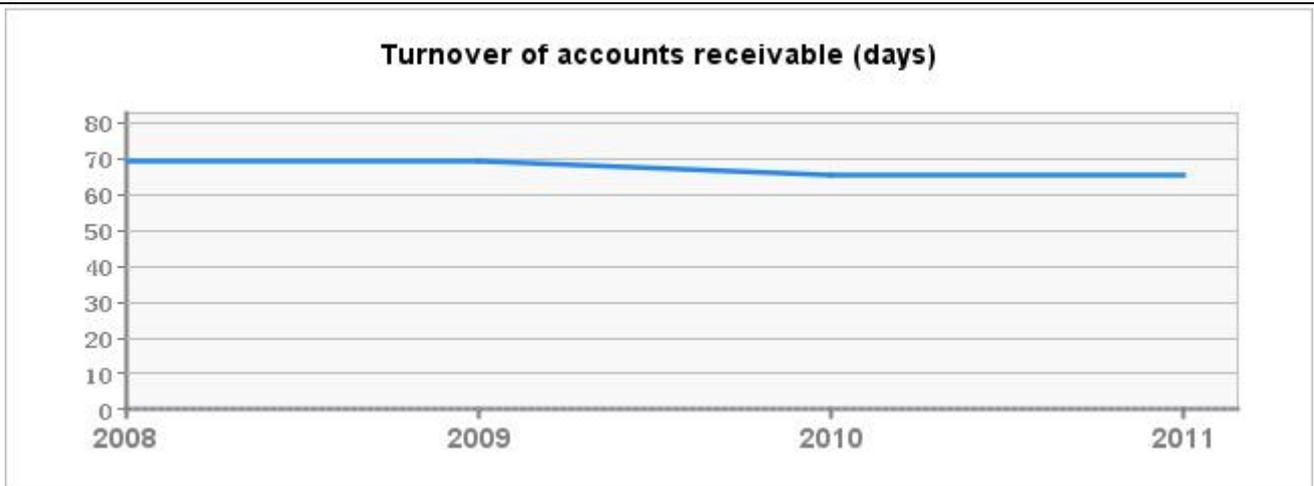
## TREND CHART OF KEY INDICATORS

6500, Software and information technology services

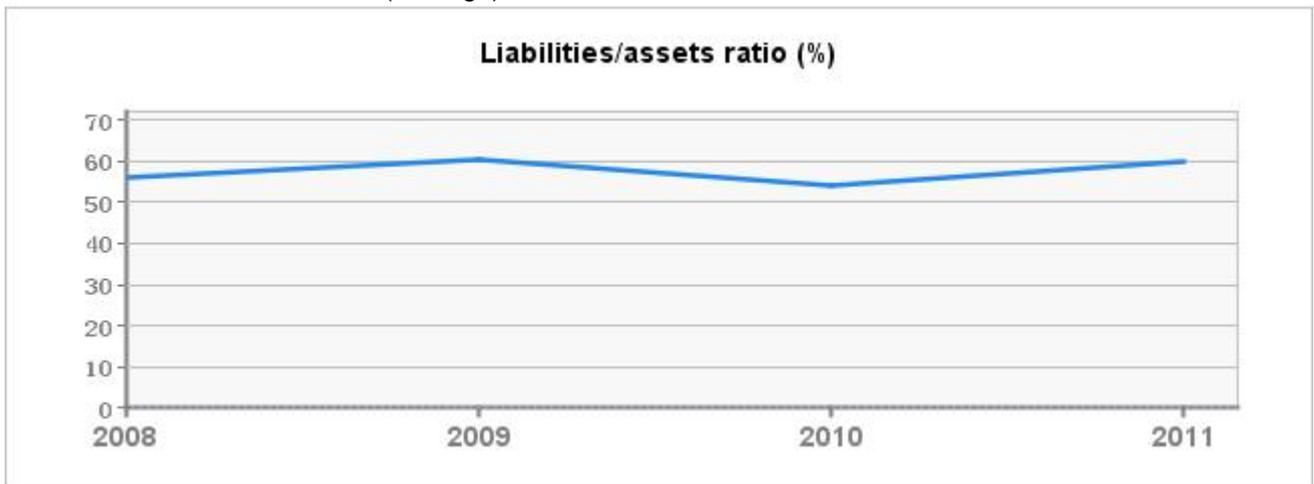
Trend of Gross Profit Margin (Average):



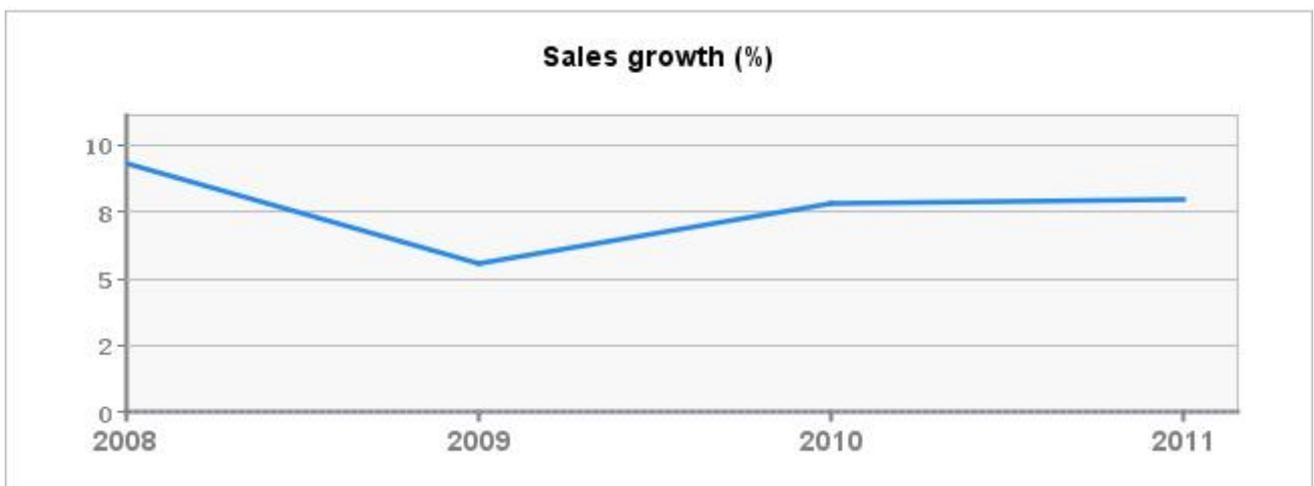
Trend of Turnover of Accounts Receivable (Days) (Average):



Trend of Liabilities/assets Ratio (Average):



Trend of Sales Growth (Average):



This report is furnished at your request for your exclusive use in making business decisions and shall not be used in legal proceedings. Information contained herein shall not be released to the person or firm reported on, nor to any third party, unless otherwise agreed upon by SINOTRUST and GLOBIS. Neither SINOTRUST nor GLOBIS shall be held liable for any loss or damage arising out of use of any of the information contained in this report.

## PROBLEMS IN OPERATION

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It has been nearly 10 years since Subject was established, and Subject has accumulated a wealth of experience in the software outsourcing industry. In addition, Subject has passed CMMI5 certification, enjoying quite high recognition in the line. In view of the development of the software outsourcing industry, relatively competitive software outsourcing enterprises in China now include Neusoft Group, Insigma, HiSoft, Dalian Hi-Think, and Subject. However, the overall scale of China's software outsourcing companies is still small, and the enterprises are insufficient to support long-term projects and high-end business fields, so they are mainly engaged in middle and low-end outsourcing business with low added value and small technical content. As for the international division of software outsourcing business, China now is at the middle and lower reaches, so there is still large room for improvement of Subject's development prospects.

## CREDIT RATING

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### CR4

In assessing credit status of a business, SINOTRUST takes into consideration its size, history and background, financials and operations against industry average, credit history, etc. Indications of SINOTRUST credit ratings are as follows.

Rating	Risk Level	Indications
CR1	Very low	Credit can be extended on very loose terms.
CR2	Low	Credit can be extended on fairly loose terms.
CR3	Below average	Credit can be extended on normal terms.
CR4	Average	Credit should be on a closely monitored basis.
CR5	Above average	Credit should be avoided as much as possible.
CR6	High	Credit should be on secured basis.
CR7	Very high	Transaction should be on COD basis.

## BASE CREDIT LIMIT

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### Over 10,000,000

When calculating base credit limit, SINOTRUST presupposes that Subject purchases main commodities/services equally from many suppliers. Main factors considered include Net Assets, Total Assets, Total Sales, Profit, Credit Rating, etc. No consideration is given to the specific situation of your transaction with Subject. You may refer to the following recommendations when making credit decisions, but it is advisable that necessary adjustments be made in accordance with your sales strategies and credit policies.

Annual Supply/Subject's Sales	Recommended Credit Limit
Above 40%	Above 4 times the base credit limit
30%~40%	3 to 4 times the base credit limit
20%~30%	2 to 3 times the base credit limit
10%~20%	1 to 2 times the base credit limit
Below 10%	Within base credit limit

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