

The Normal Credit Report on the Chinese Enterprise



中國出口信用保險公司
China Export & Credit Insurance Corporation

SHANGHAI ARAYS HARDWARE MANUFACTURING CO., LTD.

SinoRating

Panjiva Inc. (Customer) :

SinoRating sends you this credit report according to your following inquiry on 2011-04-13:

Ref No.	—
The Given Name	Shanghai Arays Hardware Manufacturing Co Ltd上海一阳五金制造有限公司
The Given Address	No. 46, Minyi Road, Shanghai Songjiang Export Processing Zone, Songjiang, Shanghai, China 201612

Investigated Company Name	SHANGHAI ARAYS HARDWARE MANUFACTURING CO., LTD.
Investigated Company Address	NO. 46, MINYI ROAD, XINQIAO TOWN, , SONGJIANG DISTRICT, SHANGHAI
Investigated Company Chinese Name	上海一阳五金制造有限公司
Investigated Company Chinese Address	上海市松江区新桥镇民益路46号
SinoRating Credit Rating	B
SinoRating Default Rate	3.99~6.10(%)
Explanation	
Announcement	SinoRating doesn't ensure that subject's English name shown in the report is its legal English name, which is provided just for your reference.

Should you have any questions, please feel free to contact SinoRating at	
Tel	(8610)66582474
Fax	(8610)66516097
Email	sinorating@sinosure.com.cn
Contact Person	Wang Tao
SinoRating Customer Service Center	
2011-04-19	

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SHANGHAI ARAYS HARDWARE MANUFACTURING CO., LTD.

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COMPANY SUMMARY

SinoRating Ref. No.	CHN000210841
Company Name	SHANGHAI ARAYS HARDWARE MANUFACTURING CO., LTD.
Operating Address	NO. 46, MINYI ROAD, XINQIAO TOWN, , SONGJIANG DISTRICT, SHANGHAI (201612)
Telephone	(86)21-57686322
Fax	(86)21-57687726, 57686487
Website	www.arays.com.cn
Email	sec@arays.com.cn
Start Year	1995-12-26
Business Scope	Manufacturer of automobile fittings
Industry	Manufacturer of car parts and accessories
Industry Code	3725
Listed Company	No
Export/Import License	Yes
Sales	50,498,000 (2009)
Net Worth	14,611,000 (2009)
Employee	300
Enterprise Size	Medium
Financial Status	Poor
Trend	Unstable
Payment Record	Unable to judge
SinoRating Credit Rating	B
SinoRating Default Rate	3.99~6.10(%)
SinoRating Comment	Although subject shows an Unstable development trend on the whole, its financial status is Poor.SinoRating proposes B credit rating to subject - Relatively weak strength, relatively low resistance to risk, passable credit status

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Remark Renminbi unless otherwise stated.
'Industry Code' is according to the 'National Economic Industry Classification' by National Bureau of Statistics of China.
'Enterprise Size' is divided by Classification Standard of Small, Medium and Large Enterprises constituted by National Bureau of Statistics of China, National Development and Reform Commission of China, and Ministry of Finance of China.

REGISTRATION INFORMATION

Registry	Shanghai City Songjiang District Administration for Industry and Commerce
Registered Address	NO. 46, MINYI ROAD, XINQIAO TOWN, SONGJIANG DISTRICT, SHANGHAI CITY (201612)
Organization Code	607341354
Value Added Tax No.	310227607341354
Registration No.	310000400134043
Company Type	Wholly Foreign Owned Enterprise
Registered Capital	USD 6,500,000
Legal Representative	Zhang Qiaomei
Business Scope	Production of various kinds of vehicle screw, tyre and hardware products; sale of self-made products (operation should be subject to business license if involved)
Registered Date	1995-12-26
Business Licence Valid Until	2045-12-25

HISTORY

Subject was established by Li Jin Machinery (China) Co., Ltd. (100%) on December 26, 1995 with the registered capital of USD3.5 million. At that time, its registered address was Plot 167B, Songjiang, Xinqiao Town, Songjiang County, Shanghai City; its business scope was "production and sale of various kinds of vehicle screw, tyre and hardware products"; its registration number was 021520; its Legal Representative was Liu Shangxiang.

In June 1998, its registered address was changed to the current address; its business scope was changed to "production of various kinds of vehicle screw, tyre and hardware products; sale of self-made products".

In October 2001, its Legal Representative was changed to the current one; its

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business scope was changed to the current scope.

In May 2004, its registered capital was increased to USD5 million; its shareholder was changed to the current one.

In May 2009, its registered capital was increased to the current size.

In July 2009, its registration number was upgraded to the current number.

OWNERSHIP

Shareholders	Registration No./ID Card No.	Shareholding
Li Jin Machinery (China) Co., Ltd. (British Virgin Islands)		100.0%

PARENT INFORMATION

Company Name Li Jin Machinery (China) Co., Ltd.

Country/Region British Virgin Island

Address , , ,

Shares Hold 100%

This company is registered in British Virgin Islands. Other information is not available.

KEY EXECUTIVES

Name Liu, Cong

Gender Male

Title General Manager

Responsibility Overall Management

Remark Now, he works as subject's General Manager. Other information is not available.

Name Liu, Xiangmao

Gender Male

Title Chairman of the Board

Remark Now, he works as subject's Chairman of the Board. Other information is not available.

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FINANCIALS

Auditor: Shanghai Shenzhou Datong Certified Public Accountants Co., Ltd.
Currency: CNY

Balance Sheet (in thousands)

Date	2009-12-31	2008-12-31	2007-12-31
Source	3rd party 1	3rd party 1	3rd party 1
Audited/Consolidated	Yes/—	—/—	—/—
Cash	1,429	3,677	4,840
Short-Term Investment	—	—	—
Notes Receivable	—	100	843
Dividends Receivable	—	—	—
Interest Receivable	—	—	—
Accounts Receivable	9,982	12,038	16,471
Other Accounts Receivable	22,896	13,018	6,927
Advances to Suppliers	9,977	3,113	5,945
Subsidy receivable	—	—	—
Inventory	29,693	30,201	31,602
Prepaid Expenses	—	—	—
Long-term debt investment within one year	—	—	—
Other Current Assets	32,296	29,274	624,137
Total Current Assets	106,272	91,421	90,765
Long-Term Debt Investments	—	—	—
Long-Term Equity Investments	—	—	—
Other Long-Term Assets	—	—	—
*Equity investment difference	—	—	—
Total Long-Term Investments	—	—	—
Fixed Assets	70,784	77,936	84,607
Accumulated Depreciation	37,151	38,180	39,086
Net Fixed Assets	33,633	39,756	45,521
Provision for Impairment of Fixed Assets	—	—	—
Net Value of Fixed Assets	33,633	—	—
Fixed Assets Disposal	—	—	—
Construction in Progress	11,258	11,098	10,086
Construction Material	—	—	—
Other	—	—	—
Total Fixed Assets	44,891	50,854	55,607
Intangible Assets	3,510	3,627	3,734
Long-Term Prepaid Expenses	1,075	1,586	1,357
Other Long-Term Assets	—	0	0
Intangible Assets and Other Assets	4,585	5,213	5,091
Deferred Taxation Charges	—	—	—
Deferred Taxation	—	—	—

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Total Assets	155,748	147,488	151,463
Date	2009-12-31	2008-12-31	2007-12-31
Source	3rd party 1	3rd party 1	3rd party 1
Short-term Loans	22,220	—	4,327
Notes Payable	16,169	22,492	21,029
Accounts Payable	28,268	32,162	39,782
Advances from Customers	31,674	25,526	14,010
Accrued Payroll	916	1,223	669
Welfare Payable	—	—	—
Dividends Payable	—	—	—
Tax Payable	-1,979	-3,270	-1,084
Other Taxes Payable	—	—	—
Other Payable	6,547	6,418	3,678
Accrued Expense	—	—	—
Accrued Liabilities	—	—	—
Interest Payable	—	—	—
Long-Term Liabilities Due Within One Year	23,000	—	—
Other Current Liabilities	5,831	4,042	4,421
Total Current Liabilities	132,646	88,593	86,832
Long-Term Loans	8,491	—	—
Bonds Payable	—	—	—
Long-Term Payable	—	—	—
Government grants payable	—	—	—
Other Long-Term Debts	—	—	—
Total Long-Term Liabilities	8,491	46,291	57,348
Deferred Taxes/Credits	—	—	—
Deferred Taxation	—	—	—
Total Liabilities	141,137	134,884	144,180
*Minority Interests	—	—	—
Paid-in Capital	51,665	41,426	41,426
Capital Reserve	—	—	—
Surplus Reserve	—	—	—
Accumulated Profits	-37,054	-28,822	-34,143
Retained Earnings	—	—	—
Other Owner's Equity	—	—	—
Total Owner's Equity	14,611	12,604	7,283
Total Liabilities and Owner's Equity	155,748	147,488	151,463

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Income Statement (in thousands)

Date	2009-01-01 to 2009-12-31	2008-01-01 to 2008-12-31	2007-01-01 to 2007-12-31
Source	3rd party 1	3rd party 1	3rd party 1
Sales	50,498	82,404	92,390
- Cost of Goods Sold	48,976	67,280	74,739
- Sales Tax	—	—	—
Gross Profit	1,522	15,124	17,651
+ Other Revenues and Gains	126	228	2,403
- Administrative Expenses	9,824	10,014	11,446
- Operating Expenses	2,471	3,627	4,115
- Financial Expenses	1,326	1,185	1,254
Income from Operations	-11,973	526	3,239
+ Return on Investment	—	—	—
+ Subsidy Income	—	—	—
+ Non-operating Income	3,809	5,820	713
- Non-operating Expense	67	67	67
Non-operating Net Income	3,742	—	—
Income before Income Taxes	-8,231	6,279	3,885
Income Taxes	—	—	—
- *Minority Loss/Profit	—	—	—
Net Income	-8,231	6,279	3,885

Key Financial Figures (in thousands)

Date	2009-12-31	2008-12-31	2007-12-31
Source	3rd party 1	3rd party 1	3rd party 1
Sales	50,498	82,404	92,390
Net Income	-8,231	6,279	3,885
Total Assets	155,748	147,488	151,463
Working Capital	-26,374	2,828	3,933
Total Liabilities	141,137	134,884	144,180
Net Assets	14,611	12,604	7,283

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Key Financial Ratios

Date	2009	2008	2007
Source	3rd party 1	3rd party 1	3rd party 1
Current Ratio	0.8	1.03	1.05
Quick Ratio	0.58	0.69	0.68
Accounts Receivable Collection Period	78	62	81
Accounts Payable Payment Period	222	192	190
Days in Inventory	220	165	197
Asset Turnover	0.33	0.55	0.55
Debts to Total Assets Ratio(%)	90.62	91.45	95.19
Liabilities to Equity(%)	965.96	1070.17	1979.68
Return on Assets(%)	-5.28	4.26	2.56
Return on Net Assets(%)	-56.33	49.82	53.34
Operating Profit Margin (%)	3.01	18.35	19.1
Profit Margin(%)	-16.3	7.62	4.21

Industry Comparison

	Subject Data	*Percentile 25	*Median	*Percentile 75
Date	2009	2009	2009	2009
Current Ratio	0.8	0.98	1.28	1.7
Quick Ratio	0.58	0.75	1.01	1.36
Accounts Receivable Collection Period	78	57.0	75.0	100.0
Accounts Payable Payment Period	222	54.0	78.0	111.0
Days in Inventory	220	27.0	54.0	95.0
Asset turnover	0.33	0.83	1.28	1.76
Debts to Total Assets Ratio(%)	90.62	43.82	58.42	71.79
Liabilities to Equity(%)	965.96	78.0	140.53	248.74
Return on Assets(%)	-5.28	0.63	5.21	13.38
Return on Net Assets(%)	-56.33	2.78	16.42	28.76
Operating Profit Margin (%)	3.01	10.51	17.1	23.49
Profit Margin(%)	-16.3	0.92	3.81	9.55

★Note: If there are 100 companies in the same industry, SinoRating will rank the data under the same ratio from the smallest to the largest. Percentile 25% is the figure ranked 25th. Medium is the figure ranked 50th while percentile 75% is that ranked 75th. By using this comparison, one can have a clear idea of the status of subject's financial ratio in its industry. '-' means that SinoRating does not have enough industry data to generate the comparison.

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SinoRating Explanation

Subject's financial staff refused to verify the above financial information and declined to disclose the reason why its net income in 2009 was negative. The above information is provided just for your reference.

BANKING

Main Correspondent Bank(s)	Shanghai Pudong Development Bank , Rongle Middle Road Sub-Branch
Date	2010-09-14
Bank Address	No. 85, Rongle Middle Road, Songjiang District, Shanghai City
Bank Telephone	(021)57739311
RMB Account Number	07960304135032131

The staff from the bank confirmed that the above account was a basic RMB account opened by subject therein, and stated that subject maintained normal transaction records.

OPERATIONS

Core Business

Manufacturer of automobile fittings

Subject is mainly engaged in production and sale of aluminium alloy wheel hubs for automobiles. It mainly produces 16"-24" aluminium alloy wheel hubs. Its products are mainly sold to automobile manufacturers, import & export traders. Subject mainly sells products under the brand of "Arays" and its "Arays" aluminium alloy wheel hubs are exported to Europe, America, Australia, Southeast Asia, etc. It is capable of producing about 2 million pieces of tyres per year. Subject's regulations shows that its annual sales is USD9650 thousand, among which USD4825 thousand is from export business. Subject's products have been certified by American AQSR, and have passed the certifications of QS9000/ISO9001, TUV, TS16949, etc.

Sales

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Sales NetWork

Subject is mainly engaged in production and sale of aluminium alloy wheel hubs for automobiles. Its products are sold both at home (to most parts of the country) and abroad (especially to Europe, America, Australia and Southeast Asia). Its customers are mainly manufacturers and import & export traders of automobiles, including Foton, Jiangxi Jiangling, Italy Momo, America Mamba, Britain Wolface, Japan Gongfeng, etc.

Subject usually settles with its domestic key accounts by monthly payment 30 days, but settles with its overseas customers by T/T (accounting for a big proportion) and L/C.

Remark

Subject's export volume was USD1,310,335 in the fourth quarter of 2009, and USD1,343,908 in the fourth quarter of 2010.

Export Record	
Export to(2010)	
UNITED STATES	70.17%
UNITED KINDOM	11.73%
Others	5.88%
UKRAINE	4.3%
REP. OF KOREA	2.67%
AUSTRALIA	2.54%
PHILIPPINES	1.58%
UNITED ARAB EMIRATES	1.13%
★Remark: subject exports products to the above regions in the latest year.	
Export Volume	
2010	USD 5,581,866
2009	USD 5,117,318
2008	USD 9,657,218
2007	USD 9,151,006
Export*	
Vehicle and its parts and accessories (railway vehicle excluded) ★Note: Commodity names shown herein are not subject's actual import/export product name, but category name classified by China Customs.	
Trade Term for Export	

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General Trade	100.0%
Other Trade	0.0%

Purchase

Local Purchase Aluminium alloy, moulds, metallurgical materials, wheel hub nut, wheel lock nuts, bolts, etc.

Remark According to subject's staff, subject's raw materials are mostly purchased from domestic market recently, especially from Yangtze River Delta region. Subject usually settles with its suppliers by monthly payment, and gets a credit term of 30-90 days from them.
Subject's import volume was US\$0 in the fourth quarter of 2009, and US\$0 in the fourth quarter of 2010.

Import Record	
Import from(2010)	
UNITED KINGDOM	100.0%
★Remark: subject imports products from the above regions in the latest year.	
Import Volume	
2010	USD 125
2008	USD 5,692
2007	USD 320
Import*	
Vehicle and its parts and accessories (railway vehicle excluded) ★Note: Commodity names shown herein are not subject's actual import/export product name, but category name classified by China Customs.	
Trade Term for Import	
General Trade	100.0%
Other Trade	0.0%

Premises

Operating Space 8,500 square metres
Owned/Rented Owned
Location Main Industrial District

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Remark Subject covers a plot area of 8500 square meters and an office area of 1000 square meters.

Employees

Total Employees 300

PAYMENT RECORDS

Date 2008-07-09
 Comment Prompt
 Payment Term T/T Remittance 30day(s)
 Credit Limit 2,000,000
 Relationship 3year(s)
 Supply Aluminium alloy

According to sales staff from this company, subject is mainly engaged in production and sale of aluminium alloy wheel hubs for automobiles, and mainly purchases aluminium alloy and other raw materials from this company. With strong production capacity, subject keeps sound credit status and can make payment promptly.

Date 2009-08-25
 Comment Prompt
 Payment Term Monthly Payment
 Relationship 6year(s)
 Industry Manufacturer of model tool
 Supply Mould

According to Mr. Yue from this company, subject is its customer and it mainly provides moulds to subject. Subject keeps a long cooperative relationship with this company and they trust each other. Subject usually settles with this company by monthly payment 30-90 days. Subject sustains sound credit standing in their cooperation and pays promptly.

Date 2009-12-01
 Comment Prompt
 Payment Term Monthly Payment
 Supply Wheel hub nuts, wheel lock nuts, bolts, etc.

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According to Mr. Wei from this company, subject mainly purchases wheel hub nuts, wheel lock nuts, bolts, etc. from this company. With many years of cooperation, subject has kept good cooperation relation with this company and now settles with this company by monthly payment

Date	2010-09-14
Comment	Prompt
Payment Term	Monthly Payment
Relationship	10year(s)
Supply	Processing of surface plating on commission basis

According to Mr. Wang from this company, it mainly provides such service as processing of surface plating on commission basis to subject. With 10 years of cooperation, subject pays promptly and sustains sound credit standing in their cooperation. Subject usually settles with this company by bank transfer, bank acceptance, etc. and gets a credit term of 50 days from the company. The settlement term is mainly monthly payment.

LITIGATION

As of report date, no litigation record has been found against subject through our searching the website of local court, other courts and major search engines.

PUBLIC INFORMATION

As of report date, we did not find any negative information relating to the subject company.

INDUSTRY ANALYSIS

As the basis of automobile industry, automotive parts are indispensable in supporting the sustainable and healthy development of automobile industry. In 2009, over 40% of auto parts suppliers in China would be up against serious liquidity challenges, while after-sales market would be the major powerhouse for automotive parts industry. From Jan. to Nov. of 2009, the parts and components import accumulated to USD15.675 billion, up by 4.11% year on year; thereinto, the engine import quantity and value totaled at 575,900 sets and USD1.565 billion, up by 11.45% and 2.21% year on year; the import value of auto parts, accessories and body accumulated to USD12.873 billion, up by 3.25% year on year; the automobile & motorcycle tire import totaled at USD270 million, up by 2.30% year on year; and other car-related merchandise import totaled at USD967 million, up by 21.94% year on year. In 2009, China's automobile part enterprises were confronted with the toughest challenge of the past three decades since reform and opening up.

As predicted, this industry's export will restore to the 2008 level in 2010 and achieve a year-on-year increase of above 30%. The automobile part industry is bound to set the orientation at technology, cost and upstream & downstream industries and launch industry upgrade.

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SINORATING SUMMARY**Historical Development**

Established on December 26, 1995 as a manufacturing enterprise, subject is now invested by British Virgin Islands Li Jin Machinery (China) Co., Ltd. (100%) with the registered capital of USD6.5 million. Its Legal Representative is Liu Xiangmao.

Current Operating Status

Subject is mainly engaged in production and sale of aluminium alloy wheel hubs for automobiles. It mainly sells products under the brand of "Arays". Its "Arays" aluminium alloy wheel hubs are exported to Europe, America, Australia, Southeast Asia, etc.

With a long history, subject has certain production capacity. Subject's sales decreased year by year in recent years and its operating capacity was fairly weak. Moreover, its profitability was unsound and its debts to total assets ratio was too high. Generally speaking, subject's overall development trend is unstable.

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SINORATING CREDIT RATING		
Rating Result		
Rating Symbol	Definition	Default Rate(%)
AAA	Very strong strength, very high resistance to risk, excellent credit status	0~0.17
AA	Strong strength, high resistance to risk, good credit status	0.17~0.72
A	Relatively strong strength, relatively high resistance to risk, normal credit status	0.72~1.16
BBB	Average strength, average resistance to risk, acceptable credit status	1.16~2.35
BB	Below-the-average strength, below-the-average resistance to risk, less acceptable credit status	2.35~3.99
B	Relatively weak strength, relatively low resistance to risk, passable credit status	3.99~6.10
CCC	Weak strength, low resistance to risk, relatively poor credit status	6.10~10.14
CC	Very weak strength, very low resistance to risk, poor credit status	10.14~13.44
C	On the verge of bankruptcy, basically discredited	>13.44
NR	Subject is not rated because it is established for no more than one year or it goes out of business or information is not enough	

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Principal Consulting Index and Weight of Credit Rating

Rating Factors	Weight
Key executives, employees & organizational structure	10%
Company background and operational status	20%
Enterprise size	15%
Financial status	30%
Company development	10%
Competitiveness and industry analysis	10%
Company and industry prospect	5%
Total	100%
Special factors	-10%~+10%

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

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