

HANGZHOU XXXXX TECH. CO., LTD.

(Given by Official Sources)

杭州XXXXX技术股份有限公司

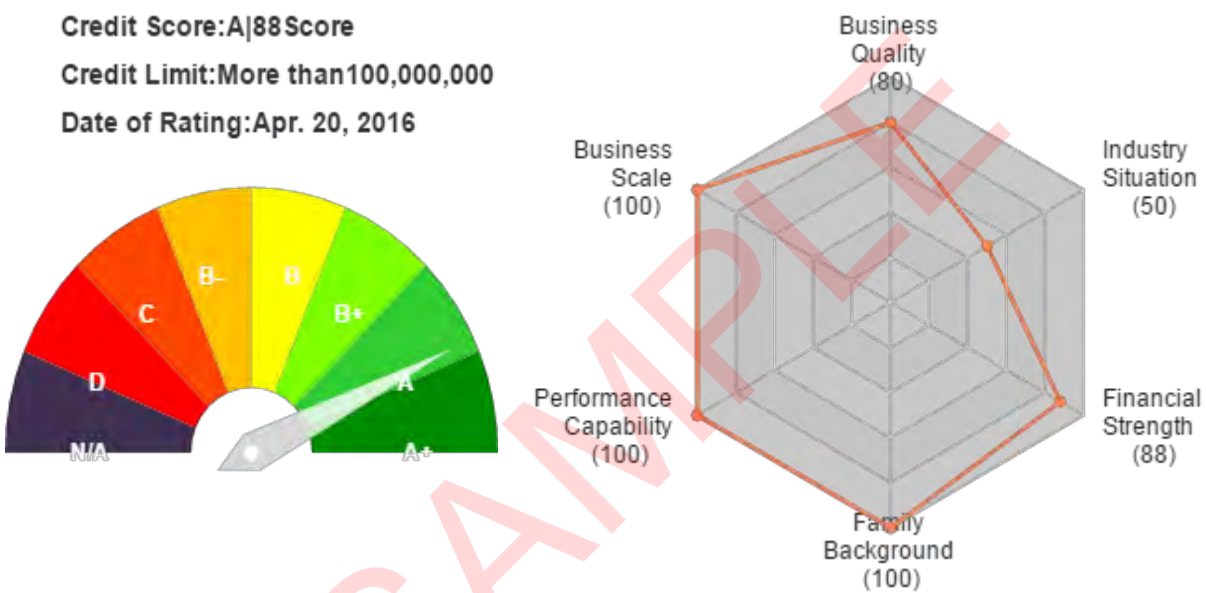
In-depth Credit Report

| | |
|-----------------|------------------------|
| Ease Credit No. | 000001319 |
| Your Enquiry | 杭州XXXXX技术股份有限公司 |
| Order No. | 201604197571 |
| Report Type | In-depth Credit Report |
| Type of Enquiry | Normal |
| Date of Enquiry | Apr. 19, 2016 |
| Due Date | Apr. 22, 2016 |

➤ INVESTIGATION NOTES

The given number “3301004000XXXXX” is Subject’s AIC No.

1 CREDIT RATING & EVALUATION OF BUSINESS STRENGTH



2 IMPORTANT EVENTS

The information about Subject’s shareholders and Board of Directors and Board of Supervisors given in the report has been obtained from its third quarter report of 2015.

3 GENERAL COMMENTS

Founded on Nov. 30, 2001, Subject specializes in production and sale of security products. Boasting long presence, it has gained high recognition and great influence in its line, and has established a stable client base. It has been listed into Chinese Top 10 Security Brands for consecutive years, China’s Top 100 Security Enterprises (ranking No. 1), China’s Top 50 High-Tech and High-Growth Enterprises of Deloitte for three consecutive years (2005-2007), China’s Potential Enterprises of Forbes for three consecutive years

(2006-2008), and Global Top 50 Security Enterprises of A&S (No. 1 in China) for six consecutive years (2007-2012). Judging from its current operating status, Subject has witnessed favorable business development, enjoying some development prospect.

Analysis of the financial data available shows that Subject's sales for 2014 added against the prior year, and total profit also increased, proving its strong profitability. Cash & bank claimed a big proportion in total current assets in 2014, reflecting its sufficient idle capital. Subject could properly reduce cash & bank by injecting it in investment or operation development in order to gain more income. Liabilities/assets ratio read 30.11% in 2014, denoting its small long-term solvency pressure that year.

4 PROFILE

Subject Name: HANGZHOU XXXXX DIGITAL TECH. CO., LTD.
Chinese Name: 杭州XXXXX技术股份有限公司
Address: No. 555, XXX Rd., XXX District, Hangzhou City, Zhejiang Province
Zip Code: 310052
Telephone: 0571-88075XXX
Facsimile: 0571-88805XXX
Website: www.XXXXX.com
Status: Active
Ease Credit No.: 000001319
AIC No.: 3301004000XXXXX
Unified Social Credit Code: 913300007337XXXXXP
Tax File No.: 3301657337XXXXX
N.O.C.: 7337XXXXX
Organization Type: Corporate enterprise
Employees: 11984
Chinese SIC: 3900 Manufacture of computers, communication equipment and other electronic equipment
ISIC: 2600 Manufacture of computer, electronic and optical products
NACE: 26 Manufacture of computer, electronic and optical products

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

5 ENTERPRISE PORTRAIT

| | | | |
|-------------------------|------|----------------------------------|-----|
| Powerful enterprise | Yes | Bankruptcy liquidation | No |
| Active I/E enterprise | Yes | Enterprise in abnormal operation | No |
| Listed enterprise | Yes | Litigation | 2 |
| Debt issuing enterprise | No | Administrative penalty | Yes |
| Trademark | 76 | Adverse media record | No |
| Patent | 1240 | | |

6 FINANCIAL SUMMARY

| ('000) | 2014 | 2013 |
|--|------------|------------|
| Sales | 17,233,114 | 10,745,907 |
| Total profit | 5,206,342 | 3,385,954 |
| Net profit | 4,680,701 | 3,077,053 |
| Total assets | 21,290,520 | 14,071,528 |
| Total liabilities | 6,411,364 | 2,867,125 |
| Total shareholders' equity | 14,879,157 | 11,204,403 |
| Total current assets | 19,107,887 | 12,389,935 |
| Total current liabilities | 6,112,130 | 2,823,043 |
| Working capital | 12,995,757 | 9,566,892 |
| Total fixed assets | 1,500,416 | 735,711 |
| Return on net assets (%) | 31.46 | 27.46 |
| Turnover of total assets | 0.81 | 0.76 |
| Turnover of accounts receivable (days) | 89.44 | 96.44 |
| Liabilities/assets ratio (%) | 30.11 | 20.38 |
| Current ratio | 3.13 | 4.39 |
| Quick ratio | 2.75 | 3.88 |
| Sales growth (%) | 60.37 | ---- |
| Gross profit growth (%) | 50.00 | ---- |
| Total assets growth (%) | 51.30 | ---- |

7 LISTING/DEBT ISSUING

| Stock Abbreviation | Stock Code | Listing Location | Listing Status | Date of Listing |
|--------------------|------------|-------------------------|----------------|-----------------|
| XXXXX | 0024XX | Shenzhen Stock Exchange | Normal | May. 28, 2010 |

As of report completion, no debt issuing record of Subject has been obtained.

8 REGISTRATION

| | |
|-----------------------------|--|
| Establishment Date: | Nov. 30, 2001 |
| Registered Address: | No. 555, XXX Rd., XXX Dist., Hangzhou City |
| Registry: | Zhejiang Provincial Administration for Industry & Commerce |
| Legal Representative: | CHEN Zongnian |
| AIC No.: | 3301004000XXXXX |
| Unified Social Credit Code: | 913300007337XXXXX |
| Legal Status: | Joint stock limited company (Sino-Taiwan/HK/Macao equity joint venture, listed) |
| Registered Capital: | 4,068,772,253 |
| Business Scope: | R&D and production of electronic products; sale of self-made products; provision of technical service; electronic equipment installation; design, construction and maintenance of electronic engineering and intelligent system engineering (excluding the items banned or restricted by the state; subject to a license where involved) |
| Duration of Operation: | Unlimited |
| Latest Yearly Reporting: | 2014 |

9 CHANGES IN REGISTRATION

| Date of Change | Change(s) | From | To |
|----------------|--------------------|--------------------------------------|--|
| Mar. 22, 2016 | Registered Address | No. 36, XXX Rd., XXX Dist., Hangzhou | No. 555, XXX Rd., XXX Dist., Hangzhou City |
| Dec. 03, 2015 | Other | AIC No.: | Unified Social Credit Code: |

| | | | |
|---------------|--------------------|---|---|
| | | 3301004000XXXXX; N.O.C.: 7337XXXXX | 913300007337XXXXXP |
| Dec. 03, 2015 | Registered Capital | 4,069.13 million | 4,068.77 million |
| Dec. 03, 2015 | Shareholder(s) | Listed in the sequence of enterprise name, capital subscribed, percentage and corporate nature: The 52th Institute of China Electronics Technology Group Corporation (Literal Translation), 8034.4464, 1.9745%; Zhejiang Orient Holdings Co., Ltd., 9092.1237; 2.2344%; Xinjiang Pukang Investment Limited Partnership (Literal Translation), 9648.75; 2.3712%; Xinjiang Weixun Investment Management Limited Partnership (Literal Translation), 29936; 7.3569%; GONG Hongjia, 74385; 18.2803%; Domestically listed A share, 113430.9289; 27.876%, corporate enterprise; Cetc Hik Group Co., Ltd. (Literal Translation), 162385.5536; 39.9067%, corporate enterprise | Listed in the sequence of enterprise name, capital subscribed, percentage and corporate nature: Zhejiang Orient Holdings Co., Ltd., 6015.492; 1.4785%; The 52th Institute of China Electronics Technology Group Corporation (Literal Translation), 8034.4464; 1.9747%; Xinjiang Pukang Investment Limited Partnership (Literal Translation), 8548.75; 2.1011%; Xinjiang Weixun Investment Management Limited Partnership (Literal Translation), 28836; 7.0872%; GONG Hongjia, 74385; 18.2819%; Domestically listed A share, 118671.9833; 29.1665%; corporate enterprise; Cetc Hik Group Co., Ltd. (Literal Translation), 162385.5536; 39.9102%; corporate enterprise |
| Dec. 29, 2014 | Registered Capital | 4,016.22 million | 4,069.13 million |
| Dec. 29, 2014 | Shareholder(s) | Listed in the sequence of enterprise name, capital subscribed, percentage and corporate nature: National Council for Social | Listed in the sequence of enterprise name, capital subscribed, percentage and corporate nature: The 52th Institute of China |

| | | | |
|---------------|--------------------|--|--|
| | | Security Fund, 4000; 0.996%; corporate enterprise; The 52th Institute of China Electronics Technology Group Corporation (Literal Translation), 8034.4464; 2.0005%; Xinjiang Pukang Investment Limited Partnership (Literal Translation), 9648.75; 2.4024%; Zhejiang Orient Holdings Co., Ltd., 13045.9452; 3.2483%; Xinjiang Weixun Investment Management Limited Partnership (Literal Translation), 31536; 7.8522%; GONG Hongjia, 75800; 18.8735%; Domestically listed A share, 97171.0992; 24.1947%; corporate enterprise; Cetc Hik Group Co., Ltd. (Literal Translation), 162385.5536; 40.4325%; corporate enterprise | Electronics Technology Group Corporation (Literal Translation), 8034.4464, 1.9745%; Zhejiang Orient Holdings Co., Ltd., 9092.1237; 2.2344%; Xinjiang Pukang Investment Limited Partnership (Literal Translation), 9648.75; 2.3712%; Xinjiang Weixun Investment Management Limited Partnership (Literal Translation), 29936; 7.3569%; GONG Hongjia, 74385; 18.2803%; Domestically listed A share, 113430.9289; 27.876%, corporate enterprise; Cetc Hik Group Co., Ltd. (Literal Translation), 162385.5536; 39.9067%, corporate enterprise |
| Nov. 07, 2014 | Registered Capital | 4,017.22 million | 4,016.22 million |
| Aug. 30, 2013 | Registered Capital | 2,008.61 million | 4,017.22 million |
| Aug. 30, 2013 | Shareholder(s) | Listed in the sequence of enterprise name, capital subscribed, percentage and corporate nature: National Council for Social Security Fund, 2000; 0.9957%; corporate enterprise; Xinjiang Pukang Investment | Listed in the sequence of enterprise name, capital subscribed, percentage and corporate nature: National Council for Social Security Fund, 4000; 0.9957%; corporate enterprise; Xinjiang Pukang Investment |

| | | | |
|--|--|---|--|
| | | Limited Partnership (Literal Translation), 6432.5; 3.2025%; Zhejiang Orient Holdings Co., Ltd., 7833.9076; 3.9002%; Xinjiang Weixun Investment Management Limited Partnership (Literal Translation), 19908; 9.9113% Domestically listed A share, 35276.7535; 17.5628%; corporate enterprise; GONG Hongjia, 44200; 22.0052%; The 52th Institute of China Electronics Technology Group Corporation (Literal Translation), 85210; 42.4223% | Limited Partnership (Literal Translation), 9648.75; 2.4018%; Zhejiang Orient Holdings Co., Ltd., 13045.9452; 3.2475%; Xinjiang Weixun Investment Management Limited Partnership (Literal Translation), 31536; 7.8502%; Domestically listed A share, 75800; 18.8688%; corporate enterprise; GONG Hongjia, 97271.627; 24.2136%; The 52th Institute of China Electronics Technology Group Corporation (Literal Translation), 170420; 42.4223% |
|--|--|---|--|

10 SHAREHOLDERS AND SHARES

| Shareholders | Country | % of Total | Capital Subscribed | Paid-up % |
|--|---------|------------|--------------------|-----------|
| XXX Group Co., Ltd. | China | 39.91 | 1,623,855,536 | 100.00 |
| GONG Hongjia | China | 18.28 | 743,850,000 | 100.00 |
| Xinjiang Weixun Investment Management Limited Partnership | China | 7.09 | 288,360,000 | 100.00 |
| Xinjiang Pukang Investment Limited Partnership | China | 2.10 | 85,487,500 | 100.00 |
| The 52th Institute of China Electronics Technology Group Corporation | China | 1.97 | 80,344,464 | 100.00 |
| Zhejiang Orient Holdings Co., Ltd. | China | 1.13 | 45,827,200 | 100.00 |
| China Life Insurance Company Ltd.-Dividend -Individual Dividend-005I-Fh002 S | China | 0.79 | 32,294,449 | 100.00 |

| | | | | |
|---|--|--------|---------------|--------|
| Central Huijin Assets Management Co., Ltd. | | 0.72 | 29,252,800 | 100.00 |
| HU Yangzhong | | 0.54 | 21,870,652 | 100.00 |
| Other shareholders | | 26.94 | 1,096,227,476 | 100.00 |
| E Fund Management (Hong Kong) Co., Limited-Clients' Fund | | 0.53 | 21,402,176 | 100.00 |
| | | ----- | ----- | ----- |
| Total | | 100.00 | 4,068,772,253 | 100.00 |

11 BACKGROUND OF MAJOR SHAREHOLDERS

Name: XXX Group Co., Ltd.
 Country: China
 Establishment Date: Nov. 29, 2002
 Legal Rep.: CHEN Zongnian
 Ease Credit No.: 001983030
 AIC No.: 330000000010XXX
 Legal Status: One-member limited liability company
 Registered Capital: 660,000,000
 Business Scope: Industrial investment; R&D, technical transfer, technical service, production and sale of environmental protection products, network products, intelligent products, and electronic products; commercial consulting services; lease of self-owned houses
 Listed or Not: No

12 ULTIMATE CONTROLLER

| Layers of Shareholding | Control Direction | Capital Subscribed | % of Total |
|---|-------------------|--------------------|------------|
| State-owned Assets Supervision and Administration Commission of the State Council | ↓ | 5,775,316,000 | 100.00 |
| China XXXXX Group Corporation | ↓ | 66,000,000 | 100.00 |
| XXX Group Co., Ltd. | ↓ | 1,623,855,536 | 39.91 |
| Hangzhou XXX Digital Tech. Co., Ltd. | | | |

13 MAIN EXECUTIVES

Name: CHEN Zongnian
Post: Chairman of the Board
Gender: Male
Date of Birth: 1965
Education: Doctor's degree
Working Experience: Born in 1965; Chinese without overseas right of residence; Doctor of Management; Senior Engineer
Jul. 1986: began to work
Since Jul. 1986: always served the 52th Institute of China Electronics Technology Group Corporation and successively with Shenzhen Gold Corolla Electronics Co., Ltd. as Deputy General Manager, with Hik Information as Director and General Manager, with Hik Group as Director and General Manager, with the 52th Institute as Assistant to President and with the 52th Institute as Vice President, etc.

Name: HU Yangzhong
Post: General Manager
Gender: Male
Date of Birth: 1965
Education: Master's degree
Working Experience: Born in 1965; Chinese without overseas right of residence; Master of Engineering; Researcher Level Senior Engineer
Jun. 1989-Dec. 2001: with the 52th Institute of China Electronics Technology Group Corporation as Engineer and Assistant Chief Engineer;
Since Jan. 2002: with Hikvision as Director and General Manager
Now with Subject as Director and General Manager

14 EXTERNAL INVESTMENT OF LEGAL REPRESENTATIVE

As of report completion, no external investment of Subject's Legal Representative has been obtained from Ease Credit Service System.

15 APPOINTMENT OF LEGAL REPRESENTATIVE

| Name | AIC No. | Status | Post |
|---|-----------------|--------|-----------------------|
| Shanghai Fuel Cell Vehicle Powertrain Co., Ltd. | 310114001805875 | Active | Director |
| Cetc Hik Group Co., Ltd. | 330000000010452 | Active | Chairman of the Board |
| Zhejiang Chip Magazine Agency | 330000000044098 | Active | Person-in-charge |
| Cetc Finance Co., Ltd. | 100000000044487 | Active | Director |

Note: The information above comes directly from Ease Credit database and may contain obsolete information. It is provided herein for reference only.

16 BOARD OF DIRECTORS/SUPERVISORS

Name: CHEN Zongnian
Post: Chairman of the Board
Nationality: China
Gender: Male
Date of Birth: 1965

Name: GONG Hongjia
Post: Vice Chairman of the Board
Nationality: China
Gender: Male
Date of Birth: 1965

Name: HU Yangzhong
Post: Director
Nationality: China
Gender: Male
Date of Birth: 1965

Name: WU Weiqi
Post: Director
Nationality: China

Gender: Male
Date of Birth: 1964

Name: LIU Xiang
Post: Director
Nationality: China
Gender: Male
Date of Birth: 1972

Name: LU Jianzhong
Post: Independent Director
Nationality: China
Gender: Male
Date of Birth: May 1954

Name: WANG Zhidong
Post: Independent Director
Nationality: Hong Kong (Province of China)
Gender: Male
Date of Birth: 1967

Name: CHENG Tianzong
Post: Independent Director
Nationality: China
Gender: Male
Date of Birth: 1952

Name: ZHENG Yibo
Post: Secretary to B.O.D.
Nationality: China
Gender: Male
Date of Birth: 1962

Name: CHENG Huifang
Post: Chairman of Board of Supervisors
Nationality: China
Gender: Femal

Date of Birth: 1953

Name: WANG Qiuchao

Post: Supervisor

Nationality: China

Gender: Male

Date of Birth: Sep 1951

Name: CHEN Junke

Post: Supervisor

Nationality: China

Gender: Male

Date of Birth: 1971

17 EXTERNAL INVESTMENT OF SUBJECT

| | |
|---------------------|--|
| Name | Chongqing XXX System Technology Co., Ltd. |
| % Ownership | 100.00% |
| Status | Active |
| Establishment Date: | Dec. 10, 2010 |
| Registry | Chongqing Dadukou Dist. Administration for Industry & Commerce |
| AIC No. | 500104000030XXX |
| Registered Capital | 200,000,000 |
| Legal Status | Limited liability company (wholly owned by a non-natural person-funded or –controlled corporation) |

| | |
|---------------------|--|
| Name | Hangzhou XXX Investment & Management Co., Ltd. |
| % Ownership | 100.00% |
| Status | Active |
| Establishment Date: | Mar. 31, 2016 |
| Registry | Hangzhou High-tech Zone (Binjiang) Market Supervision Administration |
| AIC No. | 330108000269XXX |
| Registered Capital | 100,000 |
| Legal Status | Limited liability company (wholly owned by a foreign corporation) |

| | |
|---------------------|---|
| Name | Hundure XXX System (Shanghai) Co., Ltd. |
| % Ownership | 100.00% |
| Status | Active |
| Establishment Date: | May. 17, 2001 |
| Registry | Shanghai Municipal Administration for Industry & Commerce, Minhang Dist. Branch |
| AIC No. | 310000400265XXX |
| Registered Capital | 20,000,000 |
| Legal Status | Limited liability company (wholly owned by a foreign corporation) |

| | |
|---------------------|--|
| Name | Wuhan XXX System Technology Co., Ltd. |
| % Ownership | 100.00% |
| Status | Active |
| Establishment Date: | Sep. 08, 2010 |
| Registry | Wuhan Municipal Administration for Industry & Commerce, Donghu Development Zone Branch |
| AIC No. | 420100000207XXX |
| Registered Capital | 10,000,000 |
| Legal Status | Limited liability company (wholly owned by a foreign corporation) |

| | |
|---------------------|---|
| Name | Shanghai XXXXX Co., Ltd. |
| % Ownership | 100.00% |
| Status | Active |
| Establishment Date: | May. 23, 2001 |
| Registry | Pilot Free Trade Zone Branch |
| AIC No. | 310115000615XXX |
| Registered Capital | 10,500,000 |
| Legal Status | Limited liability company (wholly owned by a foreign corporation) |

Note: 17 enterprises in total, in which Subject invests, have been obtained. Only the information about 5 enterprises is provided in the report for your reference.

18 BRANCH

As of report completion, no branch of Subject has been obtained from Ease Credit Service System.

19 INVESTMENT DISTRIBUTION

- HEAD OFFICE
- EXTERNAL INVESTMENT & BRANCH OF SUBJECT
- EXTERNAL INVESTMENT & APPOINTMENT OF LEGAL REPRESENTATIVE



20 OFFICE FACILITIES

Geographic Location: No. 555, XXX Rd., XXX Dist., Hangzhou, Zhejiang

Area: 43,925 (sq. m.)

Property Ownership: Freehold

Traffic Convenience: At the intersection of XXX Rd. and XXX Rd., the address sits in the development zone, enjoying handy traffic access.

21 OPERATIONS

| | |
|----------------|---|
| Main Business: | Production and sale of security products |
| Chinese SIC: | 3900 Manufacture of computers, communication equipment and other electronic equipment |
| ISIC: | 2600 Manufacture of computer, electronic and optical products |
| NACE: | 26 Manufacture of computer, electronic and optical products |

Subject specializes in production and sale of security products. Its products mainly include video cameras/smart ball video cameras, optical transceivers, DVR/DVS/board cards, network storages, video integrated platforms, central management software, etc.

Note: Chinese SIC is Industrial Classification for National Economic Activities (GBT 4754-2011) released by National Bureau of Statistics;

ISIC is International Standard Industrial Classification of All Economic Activities (ISIC), Rev.4 released by the United Nations;

NACE is Statistical Classification of Economic Activities in the European Community, Rev.2 released by European Union.

22 PURCHASING INFORMATION

| | |
|-------------------------|---|
| Main Purchases: | Metal products, raw materials, production equipment, office supplies and commercial services |
| No. of Major Suppliers: | Around 10 |
| Major Suppliers: | Ningbo Iso Electronic Co., Ltd., Shanghai Hong Ri International Electronics Co., Ltd., Seed International Ltd. (Literal Translation), Hangzhou Yucheng Electronic Co., Ltd. (Literal Translation), etc. |
| Main Payment Terms: | Immediate payment, credit payment, prepayment, L/C, T/T, etc. |

According to a staff member of Subject, the raw materials and production equipment needed in operation are purchased both at home and abroad. Its import territory covers America, Japan, South Korea, UK, Australia, etc. In the domestic market, it usually purchases relevant products directly from manufacturers and has maintained long-term cooperation with Shanghai Hong Ri International Electronics Co., Ltd. and settles accounts with the company based on contract terms. Boasting long presence, Subject has built up stable purchase channels and sustains pleasing relations with suppliers, guaranteeing materials supply.

The information above was confirmed by a staff member of Subject in Apr. 2016.

23 SELLING INFORMATION

| | |
|--------------|---|
| Domestic: | 60% |
| Regions: | Shanghai, Zhejiang, Hunan, Hubei, Guangdong, etc. |
| Customers: | Chengdu Santai Electronic Industry Co., Ltd., Beijing Megaeyes Information Technology Co., Ltd. (Literal Translation), etc. |
| Sales Terms: | Immediate payment, prepayment, credit payment or contract-based payment |
| Overseas: | 40% |
| Regions: | Netherlands, South Africa, India, Dubai, America, Brazil, Russia, Singapore, Italy, and Australia |
| Customers: | N/A |
| Sales Terms: | L/C or T/T |

According to a staff member of Subject, Subject specializes in production and sale of security products. It sells products both at home and abroad with marketing and service network spreading throughout the world, and provides appropriate subdivision products and specialized industry solutions for lots of sectors such as finance, public security, telecom, traffic, administration of justice, education, electric power, water conservancy, army, etc. Its products have been widely applied to the significant security projects of Beijing Olympic Games, National University Games, the Asian Games, Shanghai World Expo, China's 60th Anniversary Chinese Military Celebration, Qinghai-Tibet Railway, etc. So far, Subject has established stable cooperative ties with many domestic and overseas electronic enterprises, enjoying mature marketing channels.

The information above was confirmed by a staff member of Subject in Apr. 2016.

24 IMPORT & EXPORT

| | |
|---------------------------------|---|
| I/E License: | Yes |
| Active I/E Enterprise (Yes/No): | Yes |
| Customs Certification: | Advanced certified enterprise |
| CR No.: | 33013300XX |
| Date of Registration: | Feb. 20, 2008 |
| Registered Customs: | Hangzhou Customs Dist. |
| Customs Cancellation Mark: | Normal |
| Import Countries (Regions) | America, Japan, South Korea, UK, Australia, etc. |
| Export Countries (Regions) | Russia, Central Africa, India, Netherlands, and America |

25 CHATTEL MORTGAGE

As of report completion, no chattel mortgage record of Subject has been obtained from Ease Credit Service System.

26 EQUITY PLEDGE

As of report completion, no equity pledge record of Subject has been obtained from Ease Credit Service System.

27 EQUITY FREEZING

As of report completion, no equity freezing record of Subject has been obtained from Ease Credit Service System.

28 PATENT PLEDGE/LICENSE CONTRACT RECORD

| Records of Patent License Contract | | | | | |
|--------------------------------------|--|-------------------|-----------------|---------------------|------------------|
| Assignor | Assignee | License Type | Application No. | Contract Record No. | Recordation Date |
| Hangzhou XXX Digital Tech. Co., Ltd. | Fuyang XXX Security Technology Service Co., Ltd. | Exclusive license | CN201010230XXX7 | 2014990000XXX | 2014.01.13 |
| Hangzhou XXX Digital Tech. Co., Ltd. | Fuyang XXX Security Technology Service Co., Ltd. | Exclusive license | CN200910250XXX4 | 2014990000XXX | 2014.01.13 |

As of report completion, no patent pledge information of Subject has been obtained from Ease Credit Service System.

29 CREDIT RECORDS

Supplier: XXX Iso Electronic Co., Ltd.
 Commodities Supplied: Power supply
 Post of Interviewee: Sales Dept.
 Telephone of Interviewee: 0574-86879XXX
 Cooperation Duration: Long-term cooperation (equal to or more than 3 years)
 Cooperation Terms: Immediate payment, prepayment or credit payment
 Payment Punctuality: Nothing wrong
 Interviewee's Remarks: According to the interviewee, the company used to provide security power supply related products for Subject. During the cooperation, Subject made payment roughly in time, enjoying favorable credit standing.
 Date of Interview: Apr. 19, 2016

30 LITIGATION RECORDS

| | |
|--|---|
| Case Category: | Litigation |
| Case No.: | (2014) BFZZ No. 020XX |
| Hearing Court/Executive Court: | Shannxi Xi'an Beilin Dist. People's Court |
| Party against Which Execution Issues: | Hangzhou XXX Digital Tech. Co., Ltd. |
| Date of Hearing/Date of Case Registration: | Dec. 17, 2014 |
| Amount of Subject Matter (Yuan): | 34,780 |
| Case Status: | In progress |

| | |
|--|---|
| Case Category: | Litigation |
| Case No.: | (2014) HXZMZ No. 006XX |
| Hearing Court/Executive Court: | Hangzhou Xihu Dist. People's Court, Zhejiang Province |
| Party against Which Execution Issues: | Hangzhou XXX Digital Tech. Co., Ltd. |
| Date of Hearing/Date of Case Registration: | Jan. 24, 2014 |
| Amount of Subject Matter (Yuan): | 63,269 |
| Case Status: | In progress |

31 ADMINISTRATIVE PENALTY

| | |
|--------------------------|--|
| Date of Case Occurrence: | Sep. 05, 2012 |
| Case Brief: | On Sep. 5, 2012, the law enforcement officers of our economic inspection team, when inspecting storehouses at Storehouse 777-17, No. 188, Dawan South Rd., Tianshan Dist., Urumchi, found Tianshan Dist. Dawan South Rd. Wangbaoshan Freight Information Consulting Service Department (Literal Translation) stored regulated power supply, monitoring probes, digital processing components (board cards), network hard disk videos, etc. in 96 packaging boxes without Chinese logos sold to customers by Hangzhou XXX Digital Tech. Co., Ltd., and the behavior violated the regulations of Article 27.1.2 and 27.1.5 of Law of the People's Republic of China on Product Quality. Case registration is suggested in order to make a further investigation. |
| Case Type: | Other case |
| Execution Category: | Executed |
| Case Result: | Punished |

32 BILL PUBLIC NOTICE

As of report completion, no bill public notice of Subject has been obtained from Ease Credit Service System.

33 LIQUIDATION

As of report completion, no liquidation record of Subject has been obtained from Ease Credit Service System.

34 ANNOUNCEMENT OF LISTED COMPANIES/DEBT ISSUING ENTERPRISES

| Title | Date of Announcement |
|--|----------------------|
| XXX: Announcement on cooperation with XXX Development Fund Co., Ltd. (Literal Translation) | Mar. 15, 2016 |
| XXX: Announcement on the 9th Conference Resolution of the 3rd Board of Directors | Mar. 15, 2016 |
| XXX: Announcement on General Manager's increasing shares | Mar. 02, 2016 |
| XXX: Announcement on General Manager's increasing shares | Feb. 24, 2016 |
| XXX: Announcement on the progress of overseas issuance of foreign | Feb. 19, 2016 |

| | |
|---|---------------|
| currency debentures | |
| XXX: Preliminary Earnings Estimate for 2015 | Feb. 18, 2016 |
| XXX: Investor relation activities sheet from Jan. 18 to Jan. 19, 2016 | Jan. 22, 2016 |
| XXX: Earnings preannouncement amendment for 2015 | Jan. 19, 2016 |
| XXX: Legal opinion of the first extraordinary shareholders meeting for 2016 | Jan. 09, 2016 |
| XXX: Announcement on resolutions of the first extraordinary shareholders meeting for 2016 | Jan. 09, 2016 |

Note: Only the latest 10 public notices of Subject are provided herein.

35 PUBLIC MEDIA RECORDS

Information Source: http://finance.ifeng.com/a/20140719/XXXXX_0.shtml
Date of Issue: Jul. 17, 2014
Issue Title: Related information about Subject's announcement on investment & financing by using some idle raised fund

Information Source: <http://stock.hexun.com/2014-05-16/XXXXX.html>
Date of Issue: Oct. 11, 2011
Issue Title: Related information of Subject's announcement on the progress of Chongqing social security incident emergency response command system construction project

Information Source: http://www.csrc.gov.cn/pub/zjhpublic/G00306207/201312/t20131218_XXXXXhtm
Date of Issue: Nov. 29, 2013
Issue Title: Related information on Subject's acquisition report

Note: Only public media records in the latest five years are provided herein.

36 FINANCE

BALANCE SHEET ('000)

| | Dec. 31, 2014(Consolidated) | Dec. 31, 2013(Consolidated) |
|---------|-----------------------------|-----------------------------|
| Sources | Public | Public |

| | | |
|--------------------------------------|-------------------|-------------------|
| Cash & bank | 7,199,659 | 4,592,606 |
| Tradable financial assets | 3,033 | ---- |
| Accounts receivable | 4,281,527 | 2,878,641 |
| Advances to suppliers | 65,306 | 95,476 |
| Other receivables | 255,290 | 229,768 |
| Inventory | 2,291,934 | 1,428,668 |
| Other current assets | 3,135,369 | 2,380,273 |
| Total Current Assets | 19,107,887 | 12,389,935 |
| Financial assets available for sale | 604 | ---- |
| Long-term receivables | 87,322 | 93,787 |
| Long-term equity investment | ---- | 1,008 |
| Fixed assets | 1,500,416 | 735,711 |
| Construction-in-progress | 28,956 | 294,633 |
| Intangible assets | 96,550 | 53,118 |
| Goodwill | 117,860 | 117,860 |
| Deferred income tax assets | 96,083 | 63,675 |
| Total Non-Current Assets | 2,182,633 | 1,681,593 |
| TOTAL ASSETS | 21,290,520 | 14,071,528 |
| Short-term loans | 362,318 | 180,800 |
| Accounts payable | 3,318,310 | 1,608,687 |
| Advances from customers | 503,067 | 289,065 |
| Accrued payroll | 656,095 | 505,770 |
| Taxes payable | 394,515 | 179,300 |
| Dividend payable | 4,402 | 2,239 |
| Other payables | 51,569 | 54,182 |
| Other current liabilities | 547,853 | 3,000 |
| Total Current Liabilities | 6,112,130 | 2,823,043 |
| Long-term loans | 244,760 | ---- |
| Long-term payables | 3,000 | ---- |
| Accrued liabilities | 36,661 | 31,312 |
| Deferred income | 14,813 | ---- |
| Other non-current liabilities | ---- | 12,770 |
| Total Non-Current Liabilities | 0 | 12,770 |

| | | |
|---|-------------------|-------------------|
| TOTAL LIABILITIES | 6,411,364 | 2,867,125 |
| Paid-up capital | 4,069,128 | 4,017,223 |
| Capital reserve | 1,480,046 | 970,512 |
| Surplus reserve | 1,339,598 | 891,846 |
| Undistributed profit | 8,510,162 | 5,296,851 |
| Difference from converting statements in foreign currency | ---- | 1,919 |
| Minority interests | 36,913 | 26,051 |
| TOTAL SHLDRS' EQUITY | 14,879,157 | 11,204,403 |
| TOTAL LIABILITIES & SHLDRS' EQUITY | 21,290,520 | 14,071,528 |

INCOME STATEMENT ('000)

| | 2014 | 2013 |
|-----------------------------------|----------------------|----------------------|
| Starting Date | Jan. 01, 2014 | Jan. 01, 2013 |
| Closing Date | Dec. 31, 2014 | Dec. 31, 2013 |
| Sales | 17,233,114 | 10,745,907 |
| Less: Cost of sales | 9,578,267 | 5,628,838 |
| Sales taxes and additional | 151,694 | 115,109 |
| Gross Profit | 7,503,153 | 5,001,959 |
| Less: Selling expenses | 1,533,250 | 927,426 |
| Administrative expenses | 1,645,518 | 1,095,699 |
| Financial expenses | -82,029 | -86,558 |
| Assets impairment loss | 182,907 | 157,113 |
| Net income from fair value change | 3,033 | ---- |
| Operating Profit | 4,377,564 | 2,946,953 |
| Plus: Non-operating income | 856,470 | 453,255 |
| Less: Non-operating expenses | 27,692 | 14,254 |
| Total profit | 5,206,342 | 3,385,954 |
| Less: Income tax | 525,641 | 308,901 |
| Net profit | 4,680,701 | 3,077,053 |

CASH FLOW STATEMENT ('000)

| | 2014 | 2013 |
|---|---------------|---------------|
| Starting Date | Jan. 01, 2014 | Jan. 01, 2013 |
| Closing Date | Dec. 31, 2014 | Dec. 31, 2013 |
| Net cash flow from operating activities | 3,706,421 | 1,863,366 |
| Net cash flow from investing activities | -1,040,633 | -2,369,925 |
| Net cash flow from financing activities | -119,653 | -419,197 |

NOTES TO FINANCE

Please note that owing to the imperfect information sources in China, some entries in Subject's financial statement might be missing, which will lead to the inequality between the sums of the listed entries and the totals written in the financial statement.

Financial expenses read negative in 2013 and 2014, maybe resulting from interest income and exchange gain.

Paid-up capital differed in 2013 and 2014, and paid-up capital for 2014 was different from registered capital because of repeated capital increment.

CHANGE OF KEY FINANCIALS ('000)

| | 2014 | Growth Rate(%) | 2013 |
|----------------------------|------------|----------------|------------|
| Sales | 17,233,114 | 60.37 | 10,745,907 |
| Net profit | 4,680,701 | 52.12 | 3,077,053 |
| Total assets | 21,290,520 | 51.30 | 14,071,528 |
| Total liabilities | 6,411,364 | 123.62 | 2,867,125 |
| Total shareholders' equity | 14,879,157 | 32.80 | 11,204,403 |
| Total current assets | 19,107,887 | 54.22 | 12,389,935 |
| Total current liabilities | 6,112,130 | 116.51 | 2,823,043 |
| Working capital | 12,995,757 | 35.84 | 9,566,892 |
| Total fixed assets | 1,500,416 | 103.94 | 735,711 |

IMPORTANT RATIOS

| Profitability | 2014 | 2013 |
|--------------------------|-------|-------|
| Return on net assets (%) | 31.46 | 27.46 |

| | | |
|----------------------------|-------|-------|
| Return on total assets (%) | 21.98 | 21.87 |
| Gross profit margin (%) | 44.42 | 47.62 |
| EBITDA(%) | 29.74 | 30.70 |

| Efficiency | 2014 | 2013 |
|--|-------|-------|
| Turnover of total assets | 0.81 | 0.76 |
| Turnover of current assets | 0.90 | 0.87 |
| Turnover of inventory | 86.14 | 91.37 |
| Turnover of accounts receivable (days) | 89.44 | 96.44 |

| Solvency | 2014 | 2013 |
|------------------------------|-------|-------|
| Liabilities/assets ratio (%) | 30.11 | 20.38 |
| Debt/equity ratio (%) | 0.43 | 0.26 |
| Current ratio | 3.13 | 4.39 |
| Quick ratio | 2.75 | 3.88 |

| Growth | 2014 | 2013 |
|-------------------------|-------|------|
| Sales growth (%) | 60.37 | ---- |
| Gross profit growth (%) | 50.00 | ---- |
| Total assets growth (%) | 51.30 | ---- |
| Equity growth (%) | 32.80 | ---- |

38 INDUSTRY PROFILE

3900. Manufacture of computers, communication equipment and other electronic equipment

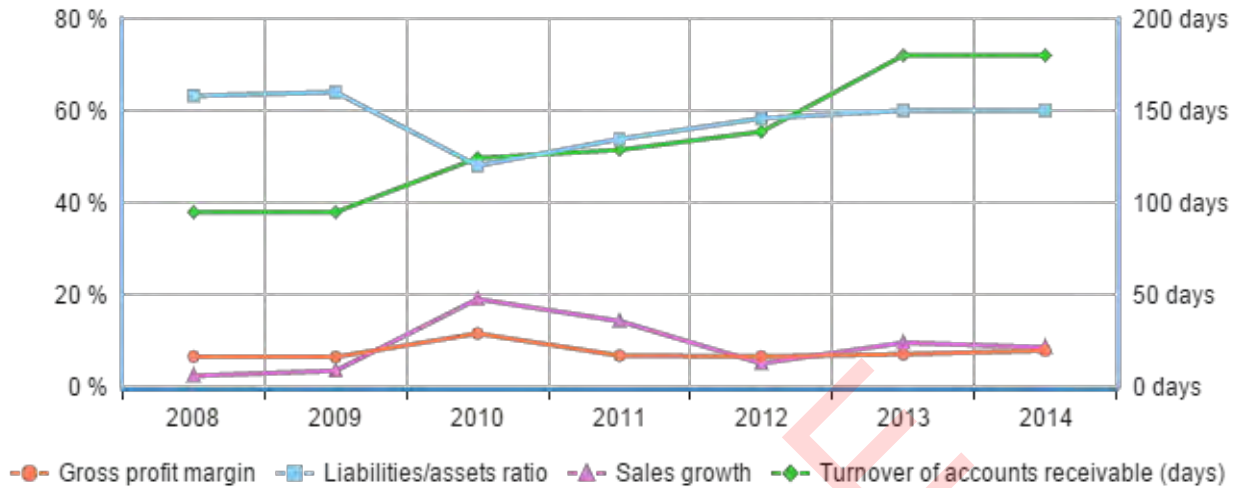
Definition:

This industry includes the manufacture of communication equipment, manufacture of radar and auxiliary equipment, manufacture of radio and television broadcast equipment, manufacture of computers, manufacture of electronic devices, manufacture of electroni

INDUSTRY TREND

3900. Manufacture of computers, communication equipment and other electronic equipment

INDUSTRY TREND



INDUSTRY BENCHMARK

3900, Manufacture of computers, communication equipment and other electronic equipment

| 2014 | Subject | Compared with industry average | Best | Average | Worst |
|------|--|--------------------------------|-------|---------|--------|
| | Return on net assets (%) | 31.46 ↑ | 8.90 | 3.50 | -9.10 |
| | Return on total assets (%) | 21.98 ↑ | 7.10 | 2.10 | -6.60 |
| | Gross profit margin (%) | 44.42 ↑ | 20.50 | 7.80 | -3.30 |
| | EBITDA (%) | 29.74 ↑ | 15.70 | 4.40 | -5.40 |
| | Turnover of total assets | 0.81 ↑ | 1.00 | 0.60 | 0.10 |
| | Turnover of current assets | 0.90 ↓ | 2.30 | 1.00 | 0.20 |
| | Turnover of accounts receivable (days) | 89.44 ↑ | 97.30 | 180.00 | 400.00 |
| | Turnover of inventory (days) | 4.18 ↑ | 8.80 | 2.50 | 0.60 |
| | Liabilities/assets ratio (%) | 30.11 ↑ | 50.00 | 60.00 | 85.00 |
| | Debt/equity ratio (%) | 43.09 ↑ | 1.00 | 1.50 | 5.70 |
| | Current ratio | 3.13 ↑ | 1.54 | 1.28 | 0.64 |
| | Quick ratio | 2.75 ↑ | 1.34 | 0.95 | 0.40 |
| | Sales growth (%) | 60.37 ↑ | 20.80 | 8.50 | -7.00 |
| | Gross profit growth (%) | 50.00 ↑ | 18.60 | 7.50 | -9.00 |

| | | | | | |
|-------------------------|-------|---|-------|------|--------|
| Total assets growth (%) | 51.30 | ↑ | 15.10 | 7.20 | -8.80 |
| Equity growth (%) | 32.80 | ↑ | 39.80 | 8.80 | -17.80 |

| 2013 | Subject | Compared with industry average | Best | Average | Worst |
|--|---------|--------------------------------|-------|---------|--------|
| Return on net assets (%) | 27.46 | ↑ | 7.20 | 1.80 | -10.80 |
| Return on total assets (%) | 21.87 | ↑ | 6.50 | 1.50 | -7.20 |
| Gross profit margin (%) | 47.62 | ↑ | 19.70 | 7.00 | -4.10 |
| EBITDA (%) | 30.70 | ↑ | 18.80 | 7.50 | -2.30 |
| Turnover of total assets | 0.76 | ↑ | 0.80 | 0.40 | 0.10 |
| Turnover of current assets | 0.87 | ↓ | 2.30 | 1.00 | 0.20 |
| Turnover of accounts receivable (days) | 96.44 | ↑ | 97.30 | 180.00 | 400.00 |
| Turnover of inventory (days) | 3.94 | ↑ | 8.80 | 2.50 | 0.30 |
| Liabilities/assets ratio (%) | 20.38 | ↑ | 50.00 | 60.00 | 85.00 |
| Debt/equity ratio (%) | 25.59 | ↑ | 1.00 | 1.50 | 5.70 |
| Current ratio | 4.39 | ↑ | 1.54 | 1.28 | 0.63 |
| Quick ratio | 3.88 | ↑ | 1.34 | 0.95 | 0.39 |
| Sales growth (%) | -- | -- | 21.80 | 9.50 | -6.00 |
| Gross profit growth (%) | -- | -- | 17.60 | 6.50 | -10.00 |
| Total assets growth (%) | -- | -- | 9.90 | 2.00 | -14.00 |
| Equity growth (%) | -- | -- | 39.00 | 8.00 | -18.60 |

The above indicators come from industry statistics regularly published by the government. “↑” indicates Subject’s indicators are higher than the industry averages, while “↓” indicates its indicators are lower than the industry averages.

39 CREDIT RATING

A

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

| Rating | Score | Risk Level | Indications |
|--------|-------|------------|-------------|
|--------|-------|------------|-------------|

| | | | |
|-----|--------|---------------|--|
| A+ | 95~100 | Very low | Credit can be extended on very loose terms. |
| A | 80~94 | Low | Credit can be extended on fairly loose terms. |
| B+ | 65~79 | Below average | Credit can be extended on normal terms. |
| B | 50~64 | Average | Credit should be on closely monitoring basis. |
| B- | 35~49 | Above average | Credit should be avoided as much as possible. |
| C | 20~34 | High | Credit should be on secured basis. |
| D | 0~19 | Very high | Transaction should be on COD basis. |
| N/A | -- | N/A | Due to insufficient information, non-independent accounting capability or other special causes, no assessment can be made. |

40 BASE CREDIT LIMIT

More than 100,000,000

When calculating base credit limit, Ease Credit 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 of base credit limit |
| 30%~40% | 3 to 4 times of base credit limit |
| 20%~30% | 2 to 3 times of base credit limit |
| 10%~20% | 1 to 2 times of base credit limit |
| Below 10% | Within base credit limit |

--- End of the Report ---

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