

Sample Supplier Visit Report

Galvanised Post

October 2011

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Disclaimer

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However, the report is based on pricing, costing and assumptions provided by the client, and use of the report by the client to make business decisions is subject to business judgment on the part of the client. Responsibility cannot be accepted for these decisions or their consequences.

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Visit Details

Factory Name: Sample Company
Address: No. xx Road, City Name, Country Name.
Key Contacts: Mr X
Date of Visit: DD/MM/YYYY
Sourcing Director: Miss X

Supplier Introduction (provided by supplier)

Sample company, established in the mid 1990s, is a leading enterprise characterizing by both a manufacturer and an international trader of steel products in China. Our headquarters is located in Changsha, Hunan, and our five share-controlling factories lie in Tianjin and Tangshan, which enjoy convenient transportation to Tianjin Port. After more than ten years' construction and development, has built up good and long business relations with over ten first classes steel factories in China.

At present, sample company stands out as an excellent producer of scaffolding tubes, galvanized steel pipes and welded steel pipes in China. Our good quality and competitive prices have gained good reputation from customers all over the world. Meanwhile, the following products are also within our business scope: steel couplers, seamless steel pipes, hollow sections, I beams, H beams, steel channel-sections, steel angles and steel structure products.

Our products have been sold to Southeast Asia, Europe and America. In order to enlarge our oversea market, our company has been starting producing American standard, European standard, and Japan standard products.

Our Assessment of Supplier

Sample Company is one branch of HSS group, mainly in charge all relative products of scaffolding, this year, they bought a pipe factory then solved issues on raw material quality and delivery. This factory will work on your pipes, the welding of the eyelets will be done in another factory belong to HSS, and zinc coating will be outsourced to a factory locally.

Sales

Annual sales for the pipe factory which is where you will source your product is 50,000 mts.

Key products for the company

Scaffolding products including walk boards, frame system, adjustable steel props, scaffold couplers and accessories, cuplock system, ringlock system, pre-galvanized pipe, square /rectangular tube(hollow section), seamless steel pipe, HSAW/SSAW pipe

Countries and Companies Served

The group currently exports scaffolding product to South East Asia and Argentina. The galvanised pipe product is exported globally.

Current Customers given as Reference

Molecular Scaffolding Ltd. They only provided this company name.

Ownership of the company

Sample company is a 100% private company and it is Chinese owned and managed. The financial investment in the company has all come from within the parent HSS group.

Facilities Location

The factory is located approximately 1 hours drive from the Tianjin Binhai International Airport.

The nearest major shipping port is Xingang which is approximately 1.5 hours drive.

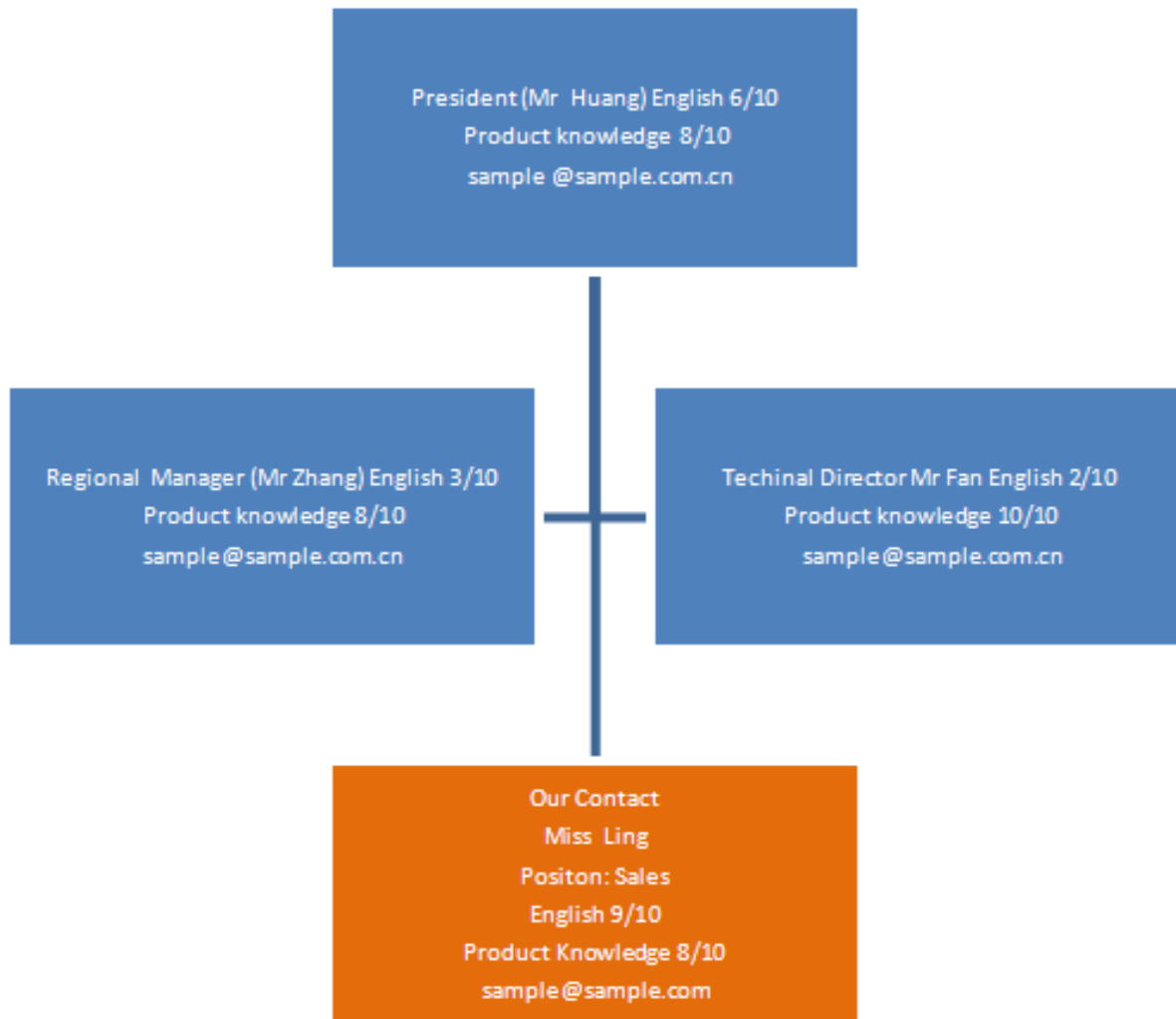
The nearest major city Tianjin is located about 1 hour from the factory.

The map below shows in more detail the location of the relevant facility



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Personnel Analysis



| | |
|--|------|
| How quickly can the team you will deal with make decisions | 8/10 |
| How flexible is the team to think of other ideas | 7/10 |
| Does our prime contact know who to speak to for decisions | 9/10 |

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Production Capability

During our visit we visited the following 3 facilities which are involved in the manufacture of your product.

Pipe Factory



- Number of workshops :
- Number of staff :
- Monthly production capacity:
- Level and standard of equipment:
- Organisation of Factory – 8/10
- Cleanliness of factory – 7/10
- Training level of key staff – 7/10

Scaffolding and Welding Factory



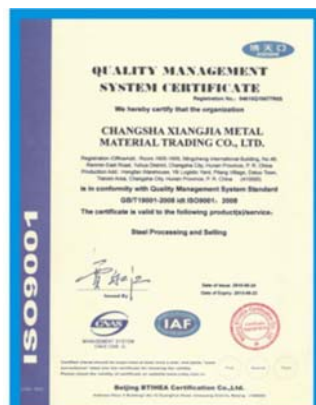
- Number of workshops -
- Number of staff :
- Monthly production capacity: mts/month
- Level and standard of equipment : China made
- Organisation of Factory – 8/10
- Cleanliness of factory – 7/10
- Training level of key staff – 7.5/10

Zinc Coating Factory



- Number of workshops -
- Number of staff: more than
- Monthly production capacity: mts/month
- Level and standard of equipment: China made
- Organisation of Factory – 8/10
- Cleanliness of factory – 7/10
- Training level of key staff – 7.5/10

| | |
|---|--|
| What standards are in operations | The entire scaffolding business has ISO certification. |
| Commonly used third party inspectors | <p>Most customers of the company use the following inspectors for third party inspections.</p> <p>SGS - Société Générale de Surveillance</p> |
| Most common method of inspection | <p>The supplier reported that the most common forms of inspection carried out by customers was</p> <ul style="list-style-type: none"> - Final Random Inspection - Document Inspection |
| What is the recommended inspection program | <p>We are happy to work with your product experts to recommend an inspection program that will greatly mitigate your risk.</p> <p>This would include getting recommendations and competitive quotes from third party inspection agencies to meet your criteria.</p> <p>These third party inspection reports would form part of the contract with the supplier so that full payment would never be made until the product has passed your testing.</p> <p>This can be done in the Commercialisation step of the nfsourcing process.</p> |



Supplier SWOT analysis

Based on our time with the supplier in their facility we offer the following Strength, Weakness, Opportunity and Threat analysis

| | |
|--------------------|---|
| Strength | Scaffolding is key product for these facilities. They produce and sell the product in one operation. |
| Weakness | There were no obvious weaknesses observed in the supplier visit |
| Opportunity | They are strong and keen to further develop export markets |
| Threats | Raw material cost increases |

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Pricing Negotiations

A summary of the pricing negotiation is as follows.

All costs are in Australian dollars per metre for the product delivered.

Galvanized pipe 76.1 x 3.2 x 6000



Galvanized pipe 76.1 x 3.2 x 6000
with eyelets



Reason for the Change in Cost

1. Price has increased because the length of the post is not 6m not 5.5m. If we return to 5.85m we can reduce the cost per m by about \$0.30.
2. Price has increased as we now have allowed delivery to customer AU.
3. The eyelet project was estimated in report and after sampling has increased. As the volume is small it was not possible to negotiate cost reduction. It is important to not push price over quality in this first project.

Payment terms

The supplier is happy to accept the following methods of payment:

1. T/T or Telegraphic Transfer of 30% with order and remainder at presentation of bill of lading.

What do we recommend?

We are happy to work with you financial experts to recommend the best terms of payment for your transaction. We will be able to advise on the best mix of simplicity and safety to suit your requirements. We also are able to provide advice on the documentation required to effect the transaction.

This can be done in the Commercialisation step of the Mawson Global process.

There was no specific information you requested we find on your behalf this supplier visit.



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