



Ontario Auto Parts Distribution Development Ltd.



Investment Plan

(Construction Company)

Date: December 18th, 2012



1 Executive Summary

OAPDD intends to develop, construct and manage auto parts distribution centre and OAPDD will set up the parts distribution center in the Waterloo Region to help the local parts suppliers and auto service shops in the aftermarket industry. Through our innovative distribution platform, the auto parts manufactured by ON 300 plus local parts manufactures will be demonstrated and delivered to the end consumers or auto service shops timely, efficiently and effectively, which will result in more business and add competition/sales powers to the parts manufactures.

2 OAPDD Structure and Investments

The materials provided in the following sections are in an intention to set out the basic investment structure required to establish and fund the OAPDD Project. The preliminary proposed structure and investments currently contemplate the following:

(a) Four(4) interested Chinese investors will invest \$8 million into a Canadian construction company (the "Construction Company") which funding will be used to purchase and develop the site for the OAPDD facility in Waterloo Region.

Funding into the Construction Company is expected to be invested from the Chinese Investment through Canadian companies (in which Chinese investors will be shareholders) to the Construction Companies , as applicable.

As the OAPDD business plan is executed upon, it is expected that OAPDD will own approximately 15% of the Construction Company, and the investors will own the balance of the shares. The management of the Construction Company shall be provided by OAPDD and its management team and advisors shall consist of software development experts, engineers, accountants, lawyers, and other professionals. The team has extensive Canadian commercial real estate experience, software development experience, auto parts distribution experience and also property management experience, with a strong and well established history in the strategic planning, management of Property Management and private placement financing.

As consideration for the organization and development of the Corporation and the Projects, OAPDD, shall be entitled to a Development Fee which is the greater of \$150,000 Cdn, or 4 % of the total project development cost (complete turnkey cost from initial development to final



delivery) with the minimum amount of \$ 150,000 Cdn payable upon Commencement of the project. The balance if any, shall be payable after completion of the construction cost Audit. Furthermore, the parties agree that OAPDD shall be entitled to retain all one-time commissions, fees, grants, or other form of incentives of any kind, granted at the construction stage of each project. This fee does not include any fees due to third parties, such as commissions, etc. that are traditionally paid in transactions of this nature, which are not paid by the Developer. For further clarification, the Development Fee is to reimburse the Developer for all out of pocket costs incurred in the organization/development of the Project including but not limited to; architectural, mechanical and structural designs and plans, city and construction permits, professional fees, etc.

3 Our Objectives;

1. Set up the largest auto parts distributing center in Canada and the largest research and design center for auto parts manufacturers.
2. Demonstrate and sell auto parts from many manufacturers in one location to provide consumers with maximum service in a minimum area by using advanced technologies as follows,
 - 3D display sales terminals developed and maintained by DDD.
 - cloud computing
 - Radio-frequency identification (RFID) smart warehouse management developed and maintained by DDD.
 - cell phone scan for order tracking and genuine part verification

4 Return on the Construction Company, and expansion plan

Estimated to start from less than 5% for the first year and reach 8% after the first year.

There are other phases to be expanded upon the successful development and operation on these first two companies.

5 Market Analysis Summary

OAPDD will be participating in an exciting, growing market. Auto aftermarket service has seen explosive growth in the Canada in the last decade.

Highlights are as follows:



- The aftermarket is now estimated to be worth \$19.4 billion and employs 420,000 Canadians representing 50% of all employment in the automotive industry.
- 54% of all vehicles registered in Canada are now over the age of 8 years with the average age of a vehicle on Canadian roads now standing at 8.54 years.
- There were 22.2 million vehicles registered in 2011 with total annual vehicle kilometers driven measured at 469.8 billion kilometers or an average of 21,995 kilometers per vehicle.
- Used vehicle sales represented 65.6% of all vehicles sold in Canada in 2011.
- The average mileage recorded on a retired vehicle is now estimated at 320,000 kilometers.

Ontario is home to five of the world's top automakers, as well as 300+ innovative parts manufacturers. Our industry employs 88,000 highly skilled workers who produced 2.1+ million vehicles in 2011 – more than any other North American sub-national jurisdiction.

Canada has been losing market share globally due to having virtually no export markets beyond the US. According to a report from Scotia Economics, in recent years, Canadian auto part makers have failed to diversify their business which has caused them to fall out of the list of the top 10 global exporters in the sector. Since there is less demand for auto parts for local and North American market, the price for the auto parts also goes down. Being able to demonstrate or sell the ON made auto parts locally and also to other territories are essential to sustain the ON auto parts manufacturing business.

6 Distribution Patterns/ System Overview

- Smart warehousing technology-high efficiency, accurate
- 3D sale terminal
- By 8 AM Delivery and worldwide
- With our shipping alliance-Ebox, a by 8 AM system will deliver huge customer benefits of Unattended Nighttime Delivery.
- Inventory visibility
- Smart phone trace



7 Conclusion

We are confident that the arrangement mentioned above will establish the Auto Parts Distribution Centre in a timely no-risk manner. This will enable us to swiftly move through the various stages in tandem and should demonstrate the desired results in an effective and efficient



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manner to help the ON auto parts manufacturers, auto service shops in the aftermarket industry and the end users as well.

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8 Appendix A Construction Development Major Milestone

Auto Parts Distrition Centre Development Major Milestone		Projected Cost\$
0-3 Month	Secure a industrial zoned land with a size of 15 to 20 acres <i>Look into details on the real estate website</i> <i>Meet with multiple real estate agents and engage a buyer agent</i> <i>Lock up a land for development</i>	\$2,436,000
0-12 Month	Assist in land purchasing, review the zoning with the city Site Plan Application and Building Permit Application <i>Detailed site plan, architechural and engineering designing</i> <i>Apply for site plan</i> <i>Apply for building permit</i> <i>Obtain approval on obth SPA and BP</i>	\$831,450
13- 19 Month	Construction Works <i>Prepare RFQ for various trades</i> <i>Award construction works to the winner contractors</i> <i>Start Construction Works</i> <i>Finish up the building construction</i> <i>Complete the interior works and purchase furnitures and required equipement</i>	\$4,250,000
20 to 24 Month	Relocate from the rental office to the new built head office <i>Set up the software and servers</i> <i>Set up warehouse demonstration and storage area to start the distribution</i>	\$106,800
	Total Capital \$	\$7,624,250