



Ontario Auto Parts Distribution Development Ltd.



Investment Plan

(Software 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) Three (3) interested Chinese investors will invest approximately \$3 to \$4 million into a Canadian incorporated software company (the "Software Company"). The software company will be involved in the purchase/licensing, development and integration of the technologies referred to under the heading Advanced Technologies Arrangements below;

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

As the OAPDD business plan is executed upon, it is expected that OAPDD will own approximately 15% of the Software Company, and the investors will own the balance of the shares. The management of the Software 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,



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 Software 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 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 Software Development Major Milestone

Software Development Major Milestone		Projected Cost\$
0-2 Month	Set up Toronto designing lab, with a team of 8-12 people <i>Office administration</i> <i>Recruitment</i> <i>Product planning (functionalities & lay out)</i>	\$293,950
3-6 Month	Develop prototype <i>Detail designing</i> <i>HW configuration</i> <i>SW develop</i> <i>Prototyping & testing</i> <i>Content making</i>	\$185,500
7-9 Month	Develop production process <i>Optimize the prototype</i> <i>Packaging</i> <i>Pilot production</i> <i>develop quality system</i> <i>content</i>	\$280,850
10-12 Month	Production ramp up <i>Qualification</i> <i>Process tuning</i> <i>Selling tested software and engage pilot project to start from virtual operation</i>	\$273,000
	Capital \$/year	\$1,033,300
	Total capital required \$ for three years	\$3,099,900