



SHENTOU GROUP
Empowering Market Leadership

SHENTOU SUPPLY CHAIN MANAGEMENT CO., LTD.

www.Shentou.com
- Shenzhen, China -

Shentou Supply Chain Overview

Core Business – SCM Services

Core Business – Sourcing

Core Business – Investment Banking



Shentou Supply Chain Overview

- Investor, Supply Chain Management (SCM) Service Provider and Sourcing Specialist for the global automotive clients, both OEM and aftermarket.
- Providing comprehensive consulting, sourcing, quality management, supply chain development & management services for international OE & aftermarket customers.
- Strong technical capability of and hands-on experience in product development, project management and supplier development based on customer requirements.
- Proven competence in supplier quality management with nationwide QA/QC systems and infrastructure for IATF (ISO/TS) compliance.
- Active play in OE projects and supplying to OEM & OES customers.



Shentou Supply Chain Overview

Milestones

- 1992-1997: Consulted **Volkswagen** Germany on its partnership with **FAW** Group
- 2003: Set up a JV with **Iskra** (now **Letrika**, part of **Mahle**) & FAW Automotive Parts Co. in Slovenia
- 2005: Helped **Deutz AG** to set up JV with First Automobile Dalian Diesel Engine Factory
- 2006: Set up a JV with **Iskra** (now **Letrika**, part of **Mahle**) in Suzhou, China
- 2010: Set up a JV with **Geely** Holding Group in Belarus
- 2015: Set up a JV with **Yuchai** Group in Germany

MAHLE

GEELY



Global Footprint





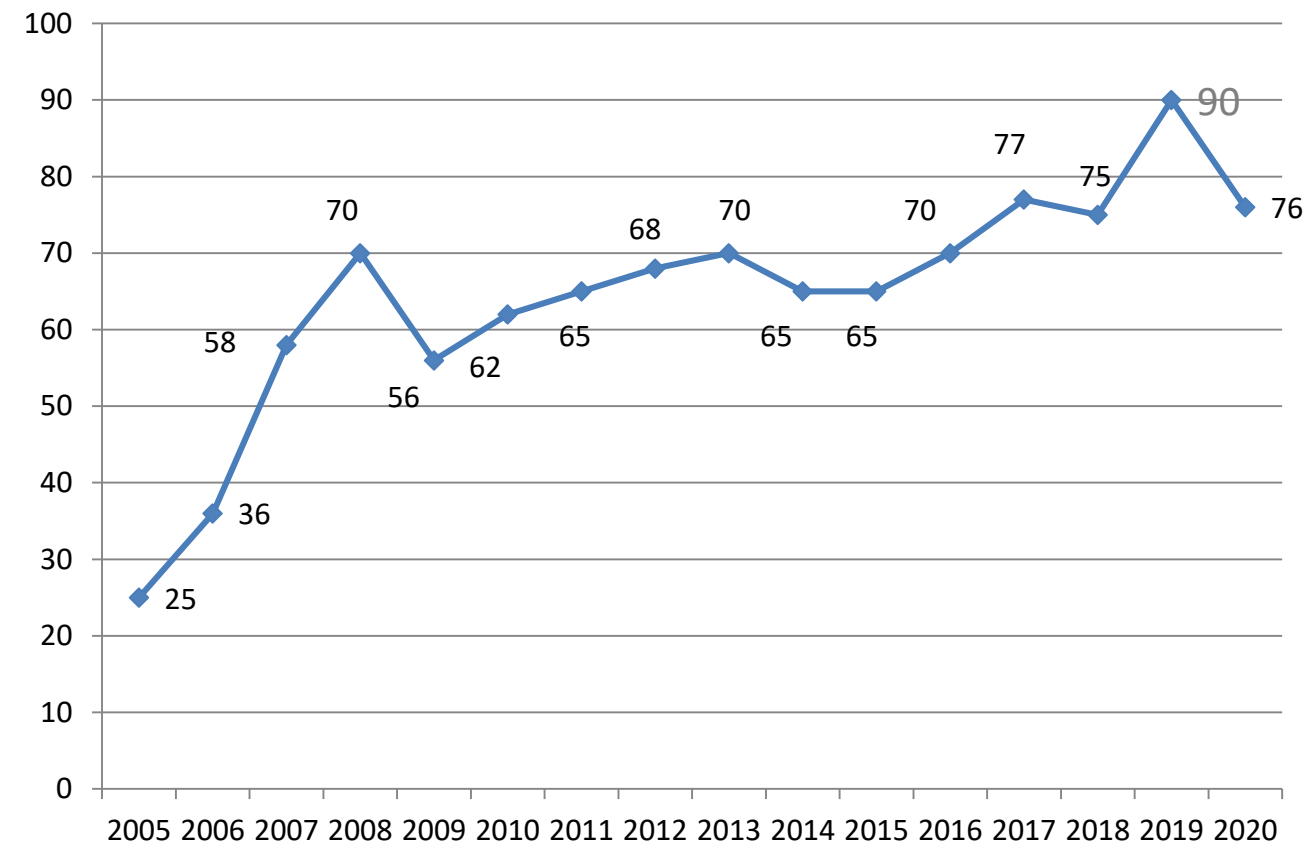
Shentou Supply Chain Overview



Customer Base

Shentou Supply Chain Overview

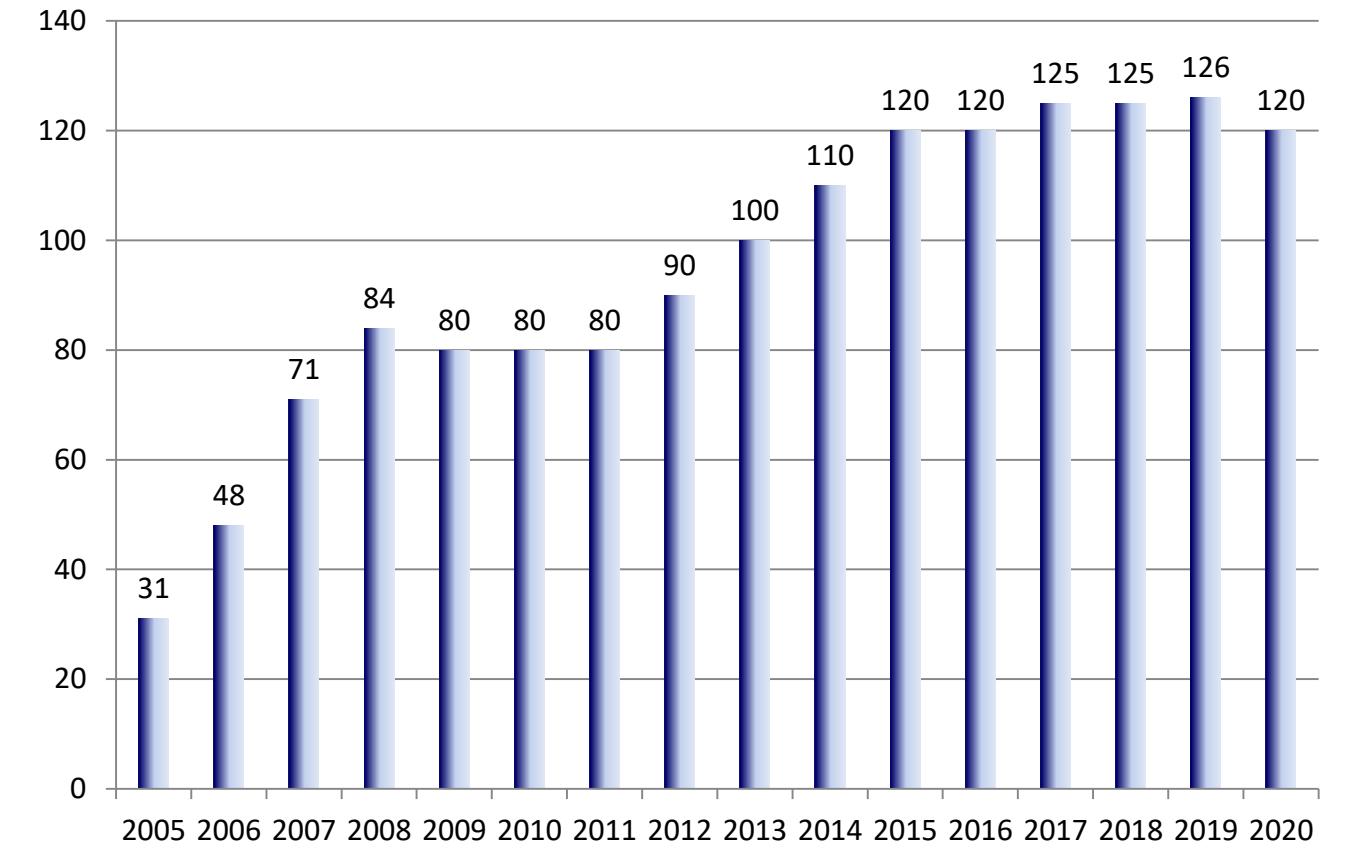
Revenue 2005-2020* (Mio USD)



*Excluding M&A Operations



Staff Development**



**Excluding Manufacturing Facilities



Shentou Supply Chain Overview

Value Propositions

- ✓ Seasoned **engineering team** with in-depth **knowledge** of various products & production processes;
- ✓ Extensive and stable **supplier basis**, overall supplier management systems and consolidated **purchasing power** ensures maximum benefits for customers;
- ✓ Solid **OE product development & project management** experience;
- ✓ **Quality management** and **quality control** experience and practices for strict standards compliance;
- ✓ **Multilingual customer specialists** of German, English, Italian, Spanish and Russian guarantee easy, accurate and timely communications;
- ✓ Seamless **customer coverage in Europe, Middle East, Latin America & China.**

Key Competence

✓ Focused Industries

- Automotive
- Power generation, industrial & agricultural equipment

✓ Focused Processes

- Aluminum die casting, gravity casting, nodular iron casting & grey iron casting
- Stamping, Forging (Cold/Hot), Welding, Machining
- Electrical & Electronics

✓ Focused Materials

- Iron (Grey & Ductile), Steel, Aluminum & Composite
- Plastic, Rubber, Textile



Product Portfolio

✓ Automotive parts

- Markets: OEM & aftermarket
- Vehicle types: Heavy-duty vehicles
Passenger cars
- Applications: European
Japanese
Korean
American
Russian

✓ Automotive accessories

✓ Workwear & PPE



RENAULT



Mercedes-Benz

IVECO



NPD Services / Product Development & Project Management

CONSULTING



Industry & Market Research

Strategy Advisory

Supplier Research & Screening

Supplier Audit, Selection & Contract Negotiation

Technical Support & Process Optimization

OE Project Development

- ✓ RFQ (with detailed information, including 2D & 3D drawings, specifications, volume, project timeline etc..)
- ✓ Research for potential suppliers (from existing supplier database as well as cultivating new suppliers) – long list
- ✓ Initial benchmark
- ✓ Pre-auditing (short list) based on IATF 16949 (Using Shentou's internal audit reporting format)
- ✓ Official inspection & auditing by the client (based on client's audit reporting format)
- ✓ Selection of suppliers, requesting for non-conformities discovered during audit and quality improvement
- ✓ Supply Contract negotiation
- ✓ 3D rough/raw part design and approval
- ✓ Tooling design and development
- ✓ Tooling trial (through manufacturing --- samples/drawing/testing report submission)
- ✓ Sample validation
- ✓ Pilot run - PPAP submission (functional test, dimension check, process flow chart, material testing, reliability test, PFMEA, control plan etc..)
- ✓ DV (Design Validation) testing
- ✓ PSW Approval (Part Submission Warrant Approval)
- ✓ SOP & Mass production

Core Business – Supply Chain Management Services

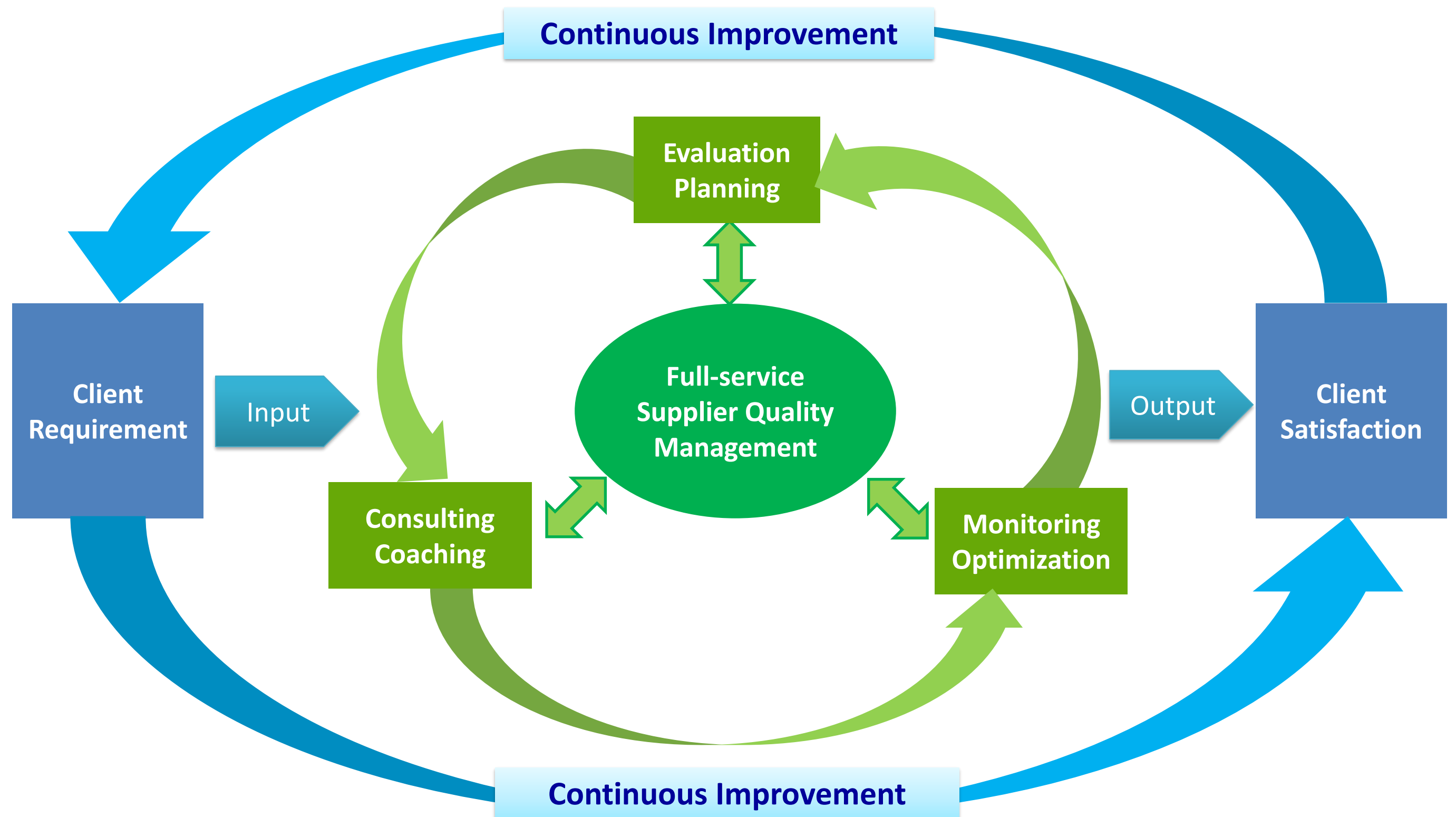
Supplier Quality Compliance Services

- ✓ Supplier audits with focus on quality management systems (QMS) and conformity of production (COP) specific to products clients are purchasing.
- ✓ Consulting, planning, on-site coaching, process monitoring & result verification for supplier nonconformities (NC) corrections & continuous quality improvements specific to clients' products being produced.
- ✓ Quality management of client's procurement projects & revamp suppliers quality management systems on an ad-hoc basis.
- ✓ Quality controls / Pre-production, in-line & final inspections.

Unique Qualifications

- ✓ Integrated knowledge & in-depth understanding of
 - Requirements of the international automotive customers
 - IATF (ISO/TS) 16949 quality management system standards
 - Product-specific knowledge of technologies and process
 - Unique quality management challengers in China
- ✓ Integrated practical factory experience with
 - Product design & development
 - Factory management
 - Production organization
 - Quality management system implementation
- ✓ More than 20-year practical experience in China supplier quality & procurement management for both international OE & aftermarket clients
 - Factories inspected so far: > 1000

Concept & Framework



Teams & Coverage

- ✓ Outstanding technical and quality professionals
 - Corporate Quality Service Management
 - Engineering Teams
 - Regional supplier quality engineers (SQE)
 - Area / on-site QCs
- ✓ Multilingual international customer service professionals in China & Europe to provide seamless customer coverage
 - Chinese, English, German, Italian, Spanish, Russian
- ✓ Established systems and infrastructures across China for supplier quality compliance management
- ✓ Flexible plan structure & pricing options can accommodate service requirements with different scopes and levels.



★ Headquarters
● Regional Offices

Supply Chain Development & Optimization

Product
Development



Private Label
Program



Order Fulfillment



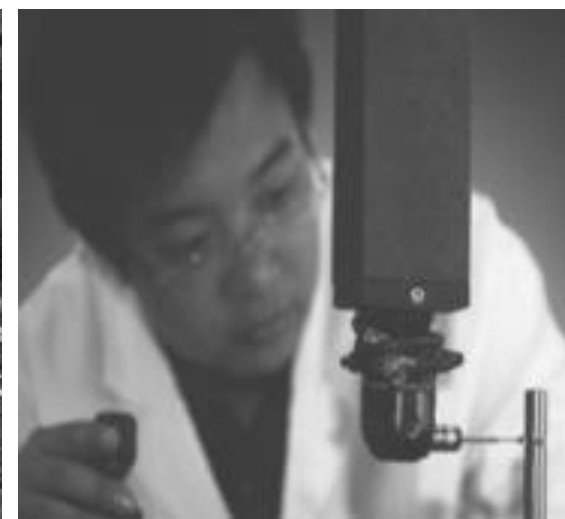
Consolidation



Logistics
Optimization



QA / QC
Warranty Handling




Warehousing



Financing




Informative eNewsletter for International Buyers



CHINA AUTOMOTIVE SUPPLIER QUALITY MANAGEMENT BRIEFING

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1 QUALITY CHALLENGES & SOLUTIONS WITH YOUR SUPPLIERS IN CHINA

Many international buyers have experienced inconsistent quality with suppliers in China. The factories usually...

shipment same


Why?

- Profit maximization is even...
- few shipments are typical...
- As orders continue to co...
- Compliance to TS16949...

What can the internationa...

- Establish clear, precise...
- available on the buyer s...
- Set up China offices or f...
- Contract 3rd or 2nd party...

2 CRITICAL FAILURE MODES / QUALITY CONTROL POINTS IN FOCUS



Brake Discs/Rotors

Primary failure modes:

- Cr...
- da...
- Vi...
- the...

With substandard materials

- Inspections of raw & au...
- Optimization & adjustm...
- Advanced equipment w...
- Dynamic balancing
- Constant hardness mor...

Hydr...

Prima...

3 KEY CONCEPTS & PRACTICES IN SUPPLIER QUALITY MANAGEMENT

ISO/TS16949:

ISO/TS16949 is a set of ISO technical specifications and requirements specifically for the quality management systems of the automotive industries.

Based on ISO 9001, AVSQ (Italian), EAQF (French), QS9000 (U.S.), and VDA (German) and prepared by the International Automotive Task Force (IATF, an "ad hoc" group of global automotive manufacturers and their respective trade associations) and the "Technical Committee" of ISO to harmonize the country-specific regulations of quality management systems, ISO/TS16949 defines the quality management system requirements for the design and development, production and, when relevant, installation and service of automotive-related products.

Core Business – Sourcing

- ✓ Research and investigation (on industry and products)
- ✓ Factories & local partners selection
- ✓ Arrange supplier “Identification tour / Auditing tour”
- ✓ Assist price negotiation
- ✓ Product development
- ✓ Sample preparation
- ✓ Order processing
- ✓ QC (Pre-production, in-line & final inspections)
- ✓ Technical support
- ✓ Logistics (Consolidation & shipping, CIF, DDU, etc)
- ✓ Payment arrangement (financially)

Core Business – Sourcing

Pre – Series / Series Supply Process



Customer

Request for Quotation

Analysis of “Request for Quotation”

Quality Audit at Supplier

Feedback to Customer: Quality Audit Result / Pricing

Send Sample

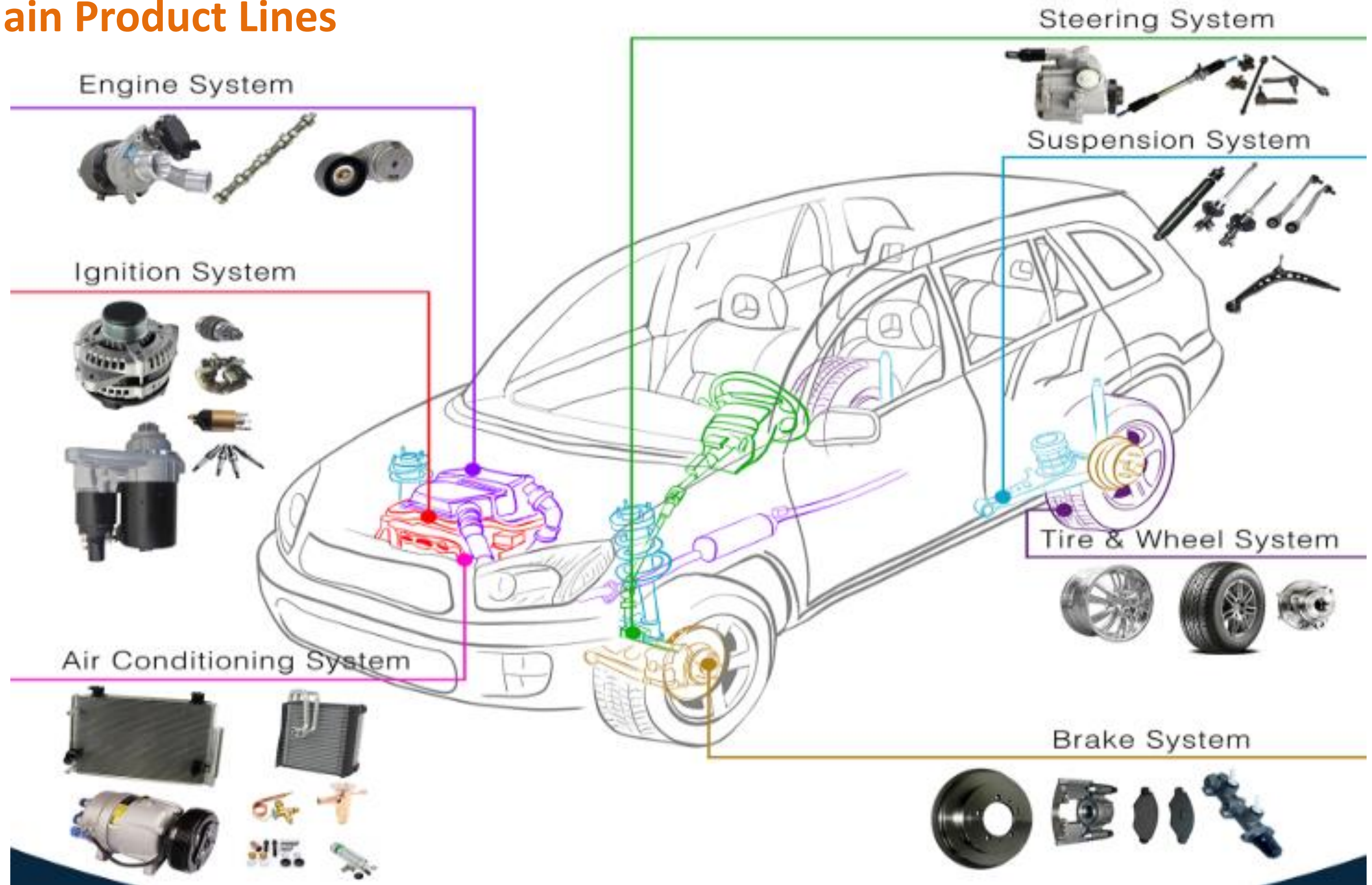
Sample Approval

Start of Supply

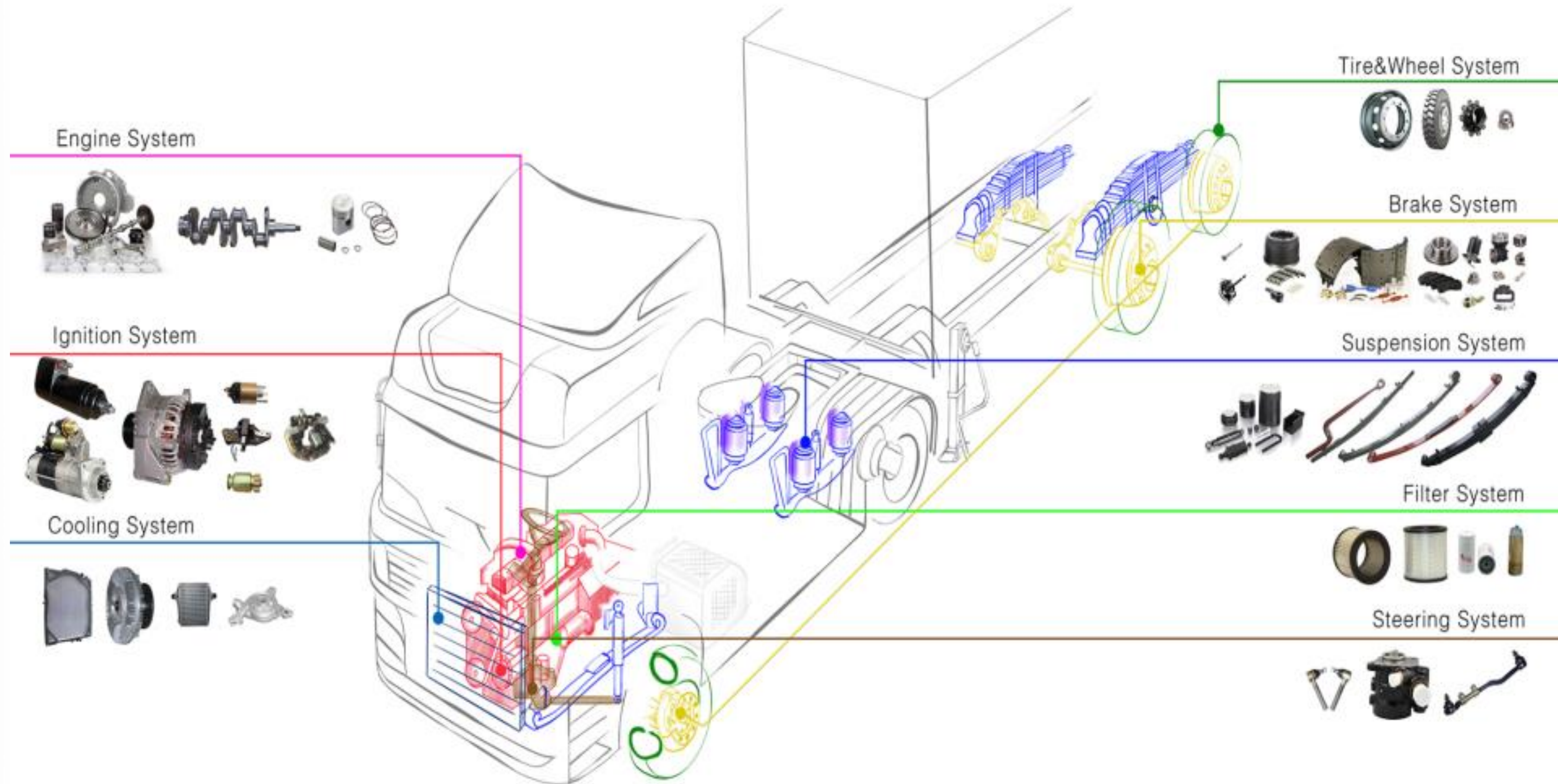
Core Business – Sourcing



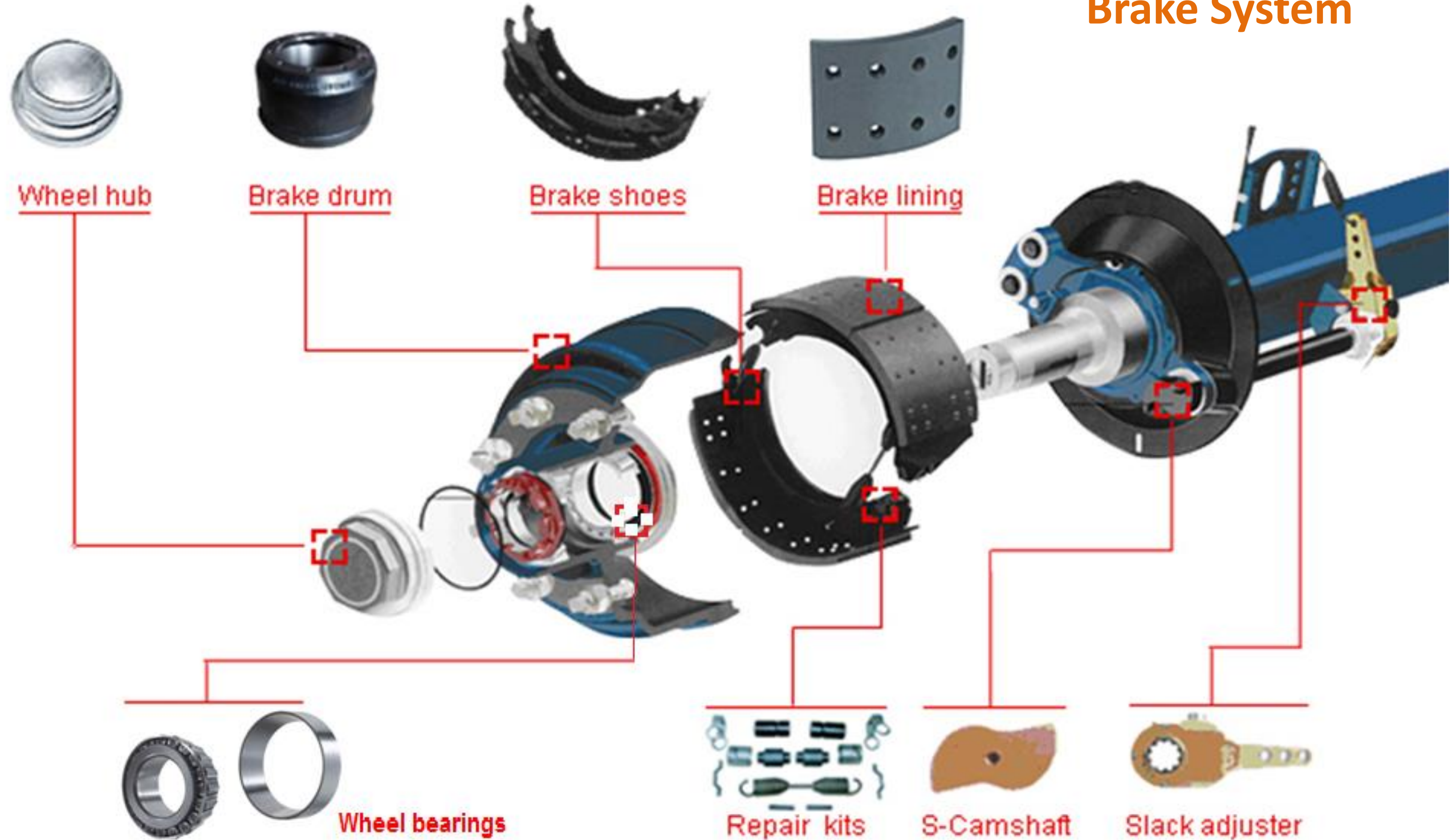
Main Product Lines



Main Product Lines



Brake System





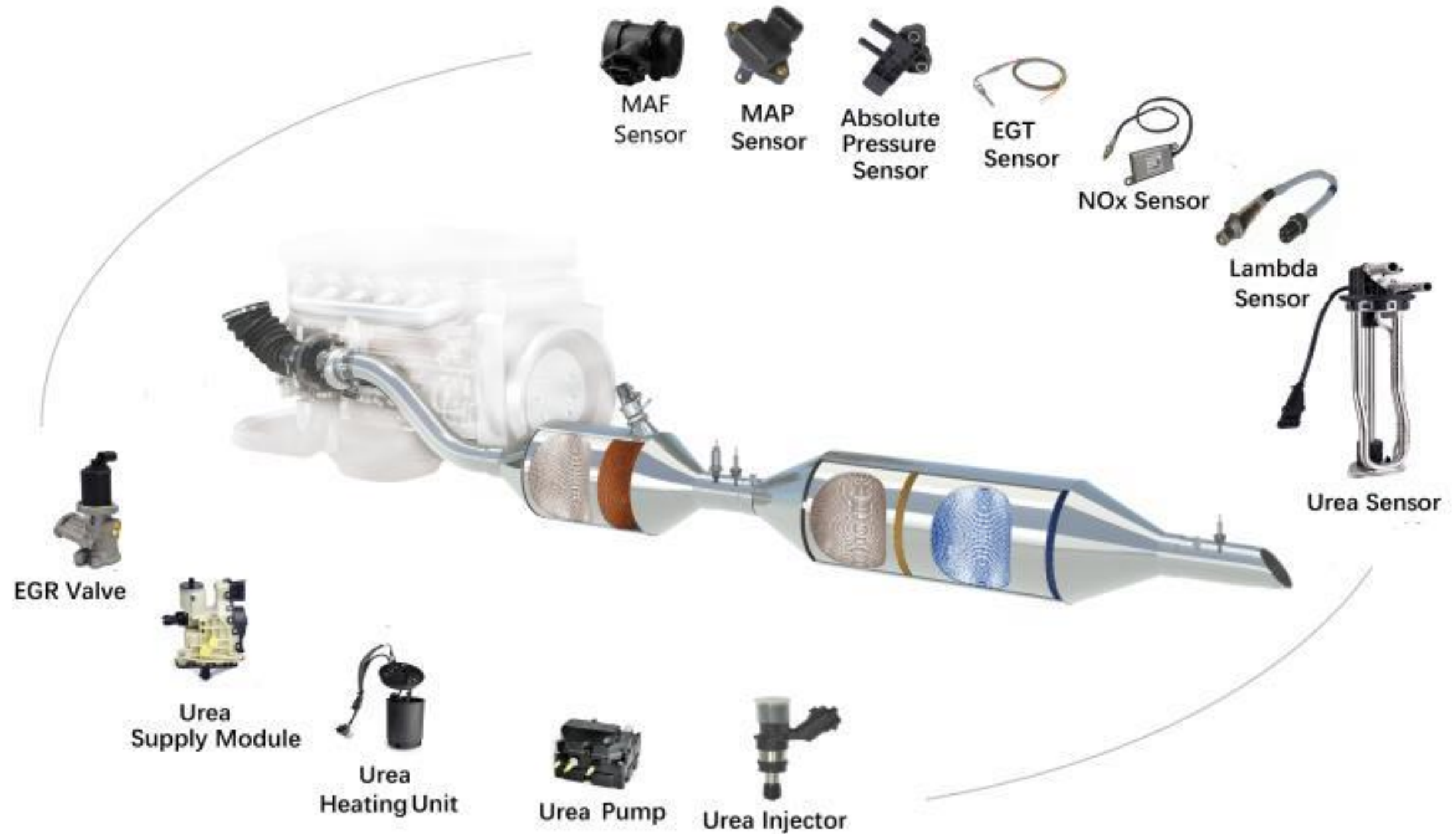
**Starter, Steel wheel rim, Brake disc,
Alternator, Brake drum, Exhaust pipe**

Core Business – Sourcing

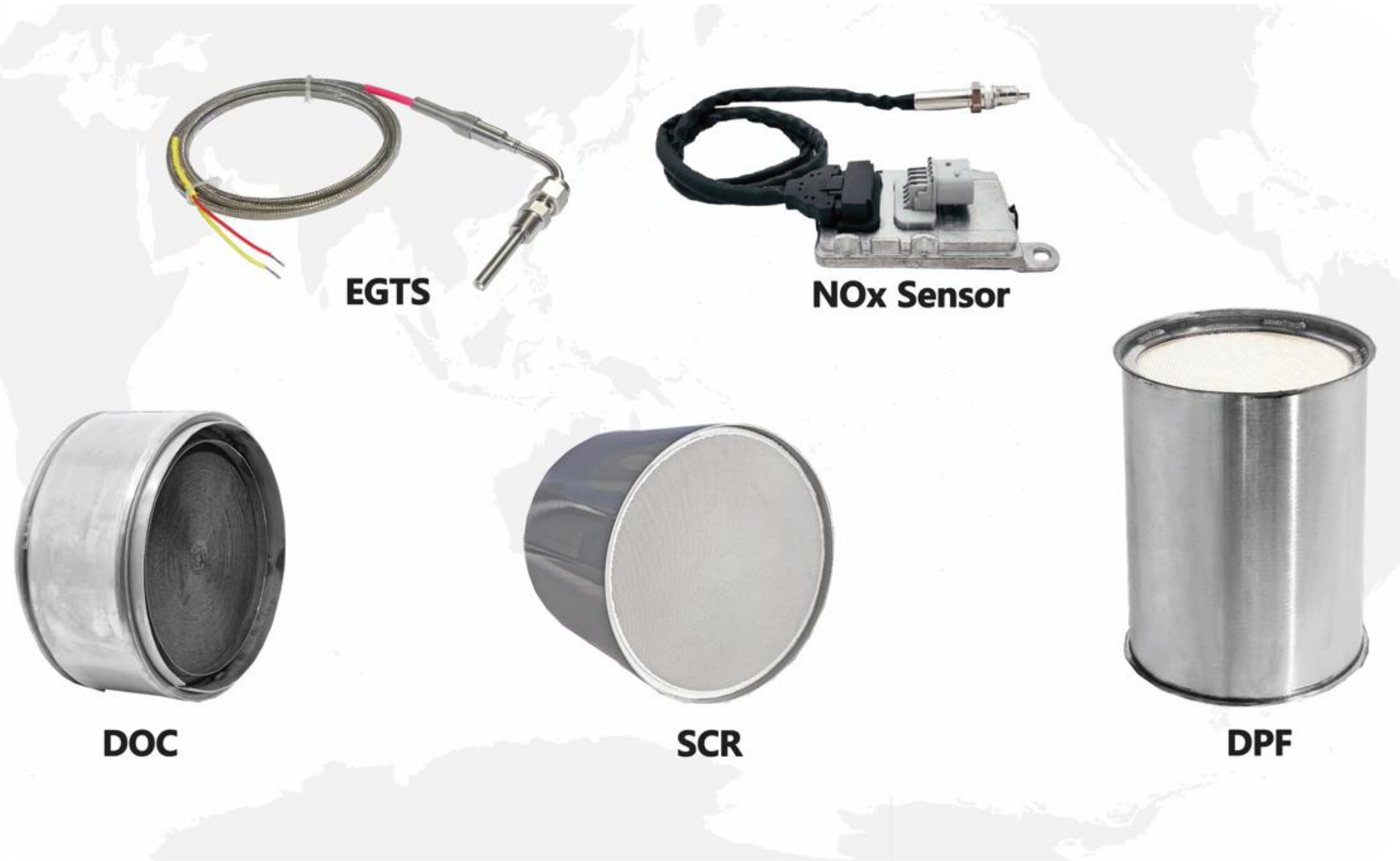


Landing Gear, Leaf Spring, Slack Adjuster, Brake Disc, Brake Shoe, Brake Lining, Repair Kits, Brake Caliper, Brake Chamber

Intake & Exhaust System Sensors & Valves



• Exhaust Treatment System Parts



Urea Dosing Pump
(UDA)

Car Accessories



EV Charger,
Inflator,
LED Light,
Jump Starter,
Work Light, Invertor,
Snow Chain, Battery
etc.



Off-road Machinery



Wheeled Loader, Tractor, Forklift, Lawn Mower, Leaf Vacuum

Workwear & PPE



SG114 AMBER



SG114 CLEAR



HPN MF003
15 gauge Nylon/spandex liner with
micro foam nitrile fully coating



HPN MF004
15 gauge Nylon/spandex liner with micro
foam nitrile coating, dotted palm



SS4008
Casual Horse Leather Upper
EVA/Rubber Outsole



Sa2006
Action Leather Upper
PUPU Outsole



SS3010
Action Leather Upper
PUPU Outsole

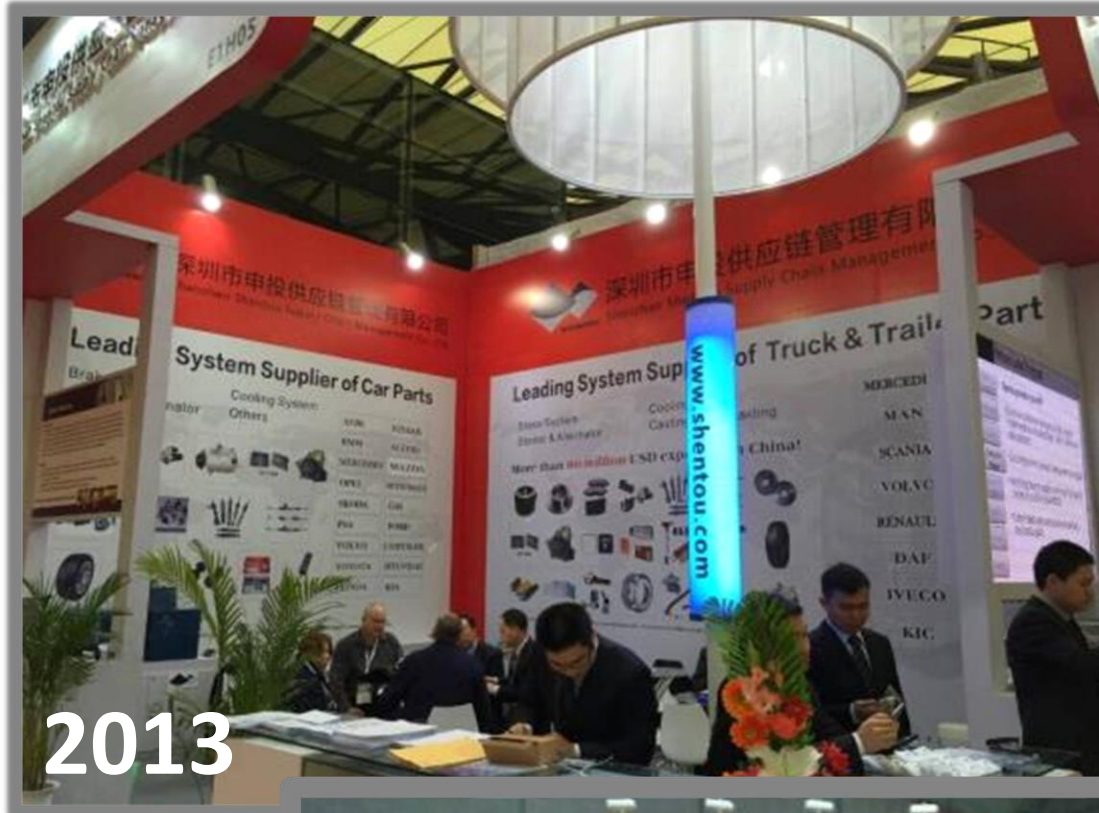


SS5006
PVC Boot

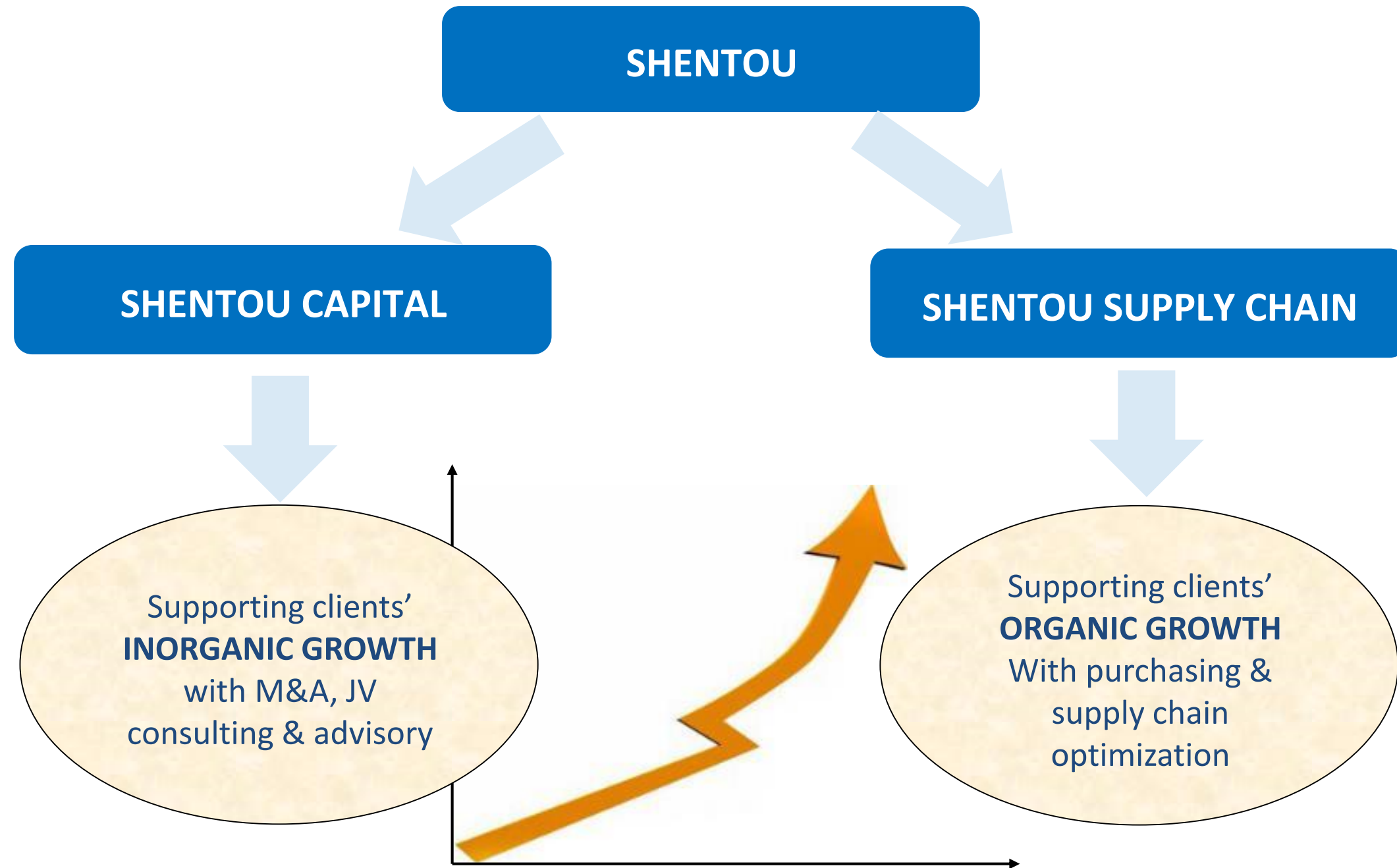


Trade Shows

Automechanika Shanghai



Empowering clients to grow both inorganically & organically

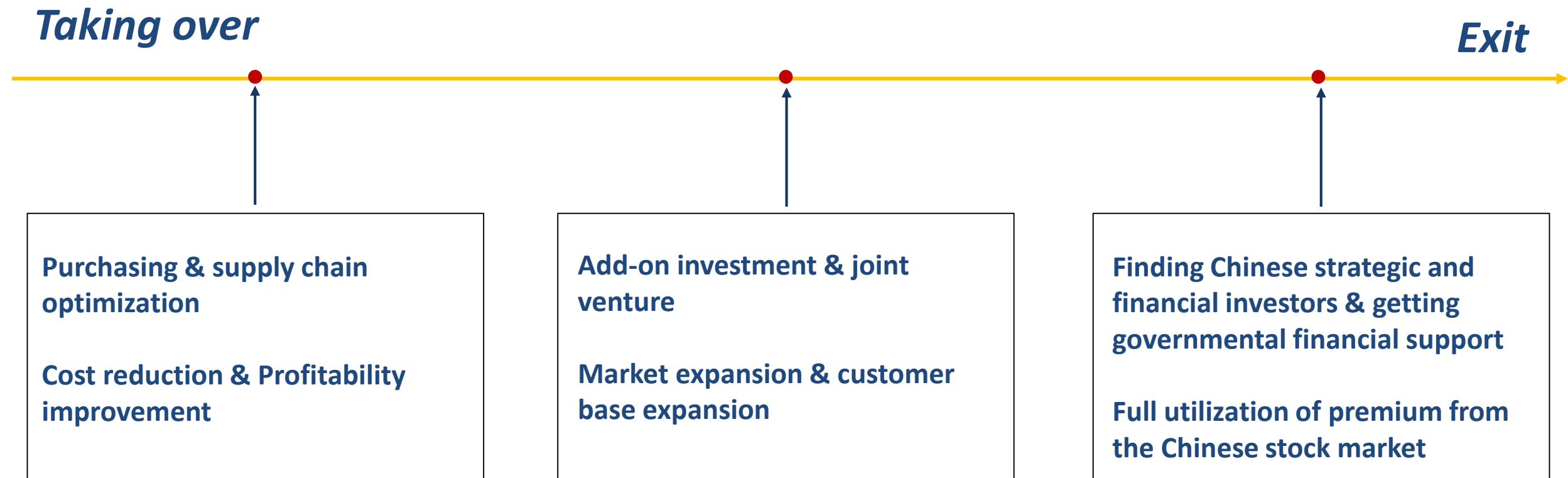


Boutique Cross-border M&A Consultant Specialized in Manufacturing Industry

- ✓ **20-plus-year** close working relationship with local and oversea major automotive companies.
- ✓ **Direct access to 200+ decision makers** of major local industrial companies.
- ✓ **Customized Transaction Structure** which protects benefits of both sides.
- ✓ Ready access to reach the best fit targets **confidentially and discreetly**.
- ✓ Well connected to Chinese listed companies and diverse funds & fully utilization of Chinese premium from stock market.

Core Business – Investment Banking

Offering professional services from A to Z to clients during the entire holding period of portfolio companies



Core Business – Investment Banking



Dr. Qing Ding – Founding Partner

Graduated from Peking University in 1984 and get the Doctor degree from University Augsburg, Dr. Ding successfully planned and conducted a series of characteristic M&A and Joint Venture projects, such as the localization project of Volkswagen Group China in early 1990s. Dr. Ding accumulated over 20 years of working experience in Germany as well as profound knowledge of European market.



Dr. Theo Trucksaess – Partner

Dr. Trucksaess has major professional experience in commercial and investment banking working for Bayerische Vereinsbank AG respectively HypoVereinsbank AG and Bankhaus Lampe KG in Germany and abroad as director and vice president mainly with corporate clients, entrepreneurs and family offices. During the decades working for financial institutions he has set up a significant network of relationships primarily within the German Mittelstand.



Mr. Hartmut Müller – Partner

Mr. Hartmut Müller served as member of executive board of Grammer AG since 2007, and Chief Executive Officer of Grammer AG from August 2009 to December 2018. Mr. Müller has extensive network in Europe and is an influential person in the automotive industry by serving as member of the advisory board or supervisory board of automotive companies, such as IFA Rotorion, Wieland-Werke AG, and Bühler Electronic.

Core Business – Investment Banking



Ms. Viviana Zhang – Partner

Ms. Zhang holds bachelor degree in Finance at Fudan University and MBA from the Cheung Kong Graduate School of Business. Ms. Zhang worked at a number of domestic and international investment banking companies for more than 10 years. She is familiar with domestic and foreign financial industry as well as capital market rules. Ms. Zhang led planning and participated in a number of cross-border M&A projects with success.



Dr. Ralf Cramer – Senior Advisor

Dr. Cramer was a member of the Executive Board of Continental AG from 2009 to 2017. From 2013 to 2017, he was President & CEO of Continental China. Since 2018 he has his own Industry Advisory and serves in different international company Boards like BBS Automation, Knorr-Bremse Truck, Metalsa and PSM International.



Mr. Fengqi Gan – Senior Advisor

Mr. Gan studied in Germany in the mid-1980s and served as senior executives of Engine Manufacturing at China State Shipbuilding Co. Ltd (CSSC) and China Shipbuilding Industry Corporation (CSIC). Mr. Gan owns abundant working experience at CSSC and CSIC, and was on supervisory board of AVIC Jonhon Optronics.

Case Study: Consultancy of Grammer AG in Defensive Situation

Buyer: Ningbo Jifeng

- Chinese leading supplier of automotive headrests & armrests, pursuing internationalization strategy
- Revenue ca. € 200 mil., 3,000 employees

Target: Grammer AG

- Listed German company developing and manufacturing components and systems for car interiors.
- **Revenue ca. € 1.9 bil., 17,000 employees**

Background Information:

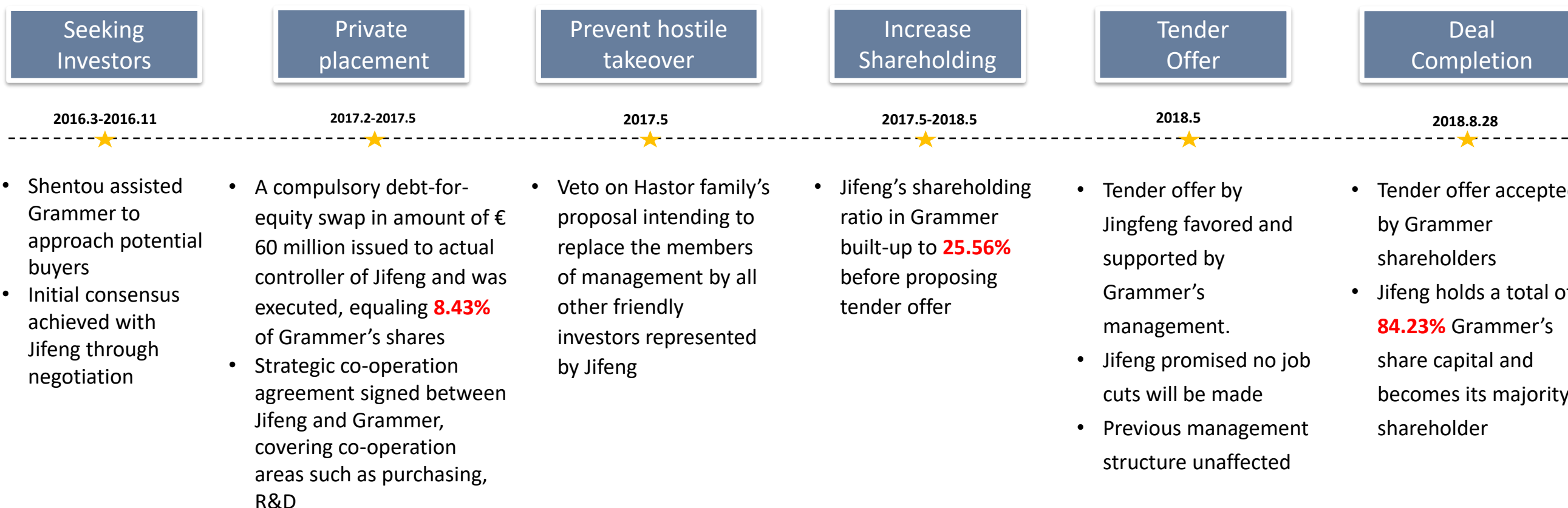
In 2016, the Hastor family had acquired over 20% of the stock in Grammer to initiate public pressure on the supervisory board and management board.

Shentou Capital introduced a strategic investor Ningbo Jifeng to Grammer AG, as a “white knight”, thus helping Grammer overcome the crisis of change of control. Shentou assisted Grammer to issue compulsory convertible debentures to Jifeng and helped Jifeng throughout the takeover process.

Deal Size: ~ € 770 million

Capital Source: Excess Cash + Capital from Chinese PE fund + Bank Guarantee

Cooperation parties:





SHENTOU GROUP

Empowering Market Leadership

**Our success is dependent upon & measured
by the achievements of our customers**

THANK YOU!

WWW.SHENTOU.COM