

# Global Used Cars & Spare Parts Inc Company Profile 2015



### **Introduction**

**Global Used Cars & Spare Parts Inc.** is a privately owned company located in Hong Kong, in China. The business imports and exports all kinds of Japanese, German, and American used cars, trucks, heavy machinery and automotive spare parts. The business has well established distribution channels throughout the Middle East, Africa, Russia, and a number of other countries.

Commodities are currently sourced from suppliers in Hong Kong, Japan, Singapore, Australia and Malaysia. As the company has generated a stable profit in recent years the Directors wish to further expand into Asia and the Pacific region with Australia as a central platform for this. The following document is a profile of the company. As this report has been prepared in Australia the statistics in this report are derived from IBISWorld Australia and offer a guide to the relevant industries growth globally.

### **Company Summary**

**Global Used Cars & Spare Parts Inc.** is registered under a trading license No. xxxxxx and commercial registration No. xxxxx issued by the Department of Economic Development, Government of Hong Kong, since 16<sup>th</sup> June 2006. Prior to this the current owner had been trading in a former company since 2003. For the purpose of this document the company will be referred to as Global Hong Kong.

The business activities of the company are trading in auto spare parts, componentry and used cars, trucks and heavy machinery. The business imports these commodities from overseas partners and sells them through a number of channels including merchants, auction houses and retailers.

The management and control of the business are vested to Mr. Executive Client who is the General Manager. The business employs a further eight staff in sales, accounts and technical departments. The company is owned by the following shareholders:

Mr. John Lennon  
Mr. Ringo Star  
Mr. Paul McCartney  
Mr. George Harrison

The principal place of business of the company is Hong Kong, China at the following location, with the following contact details:

**Address:** Industrial Area No. 23  
Shop No. 12  
Hong Kong– China

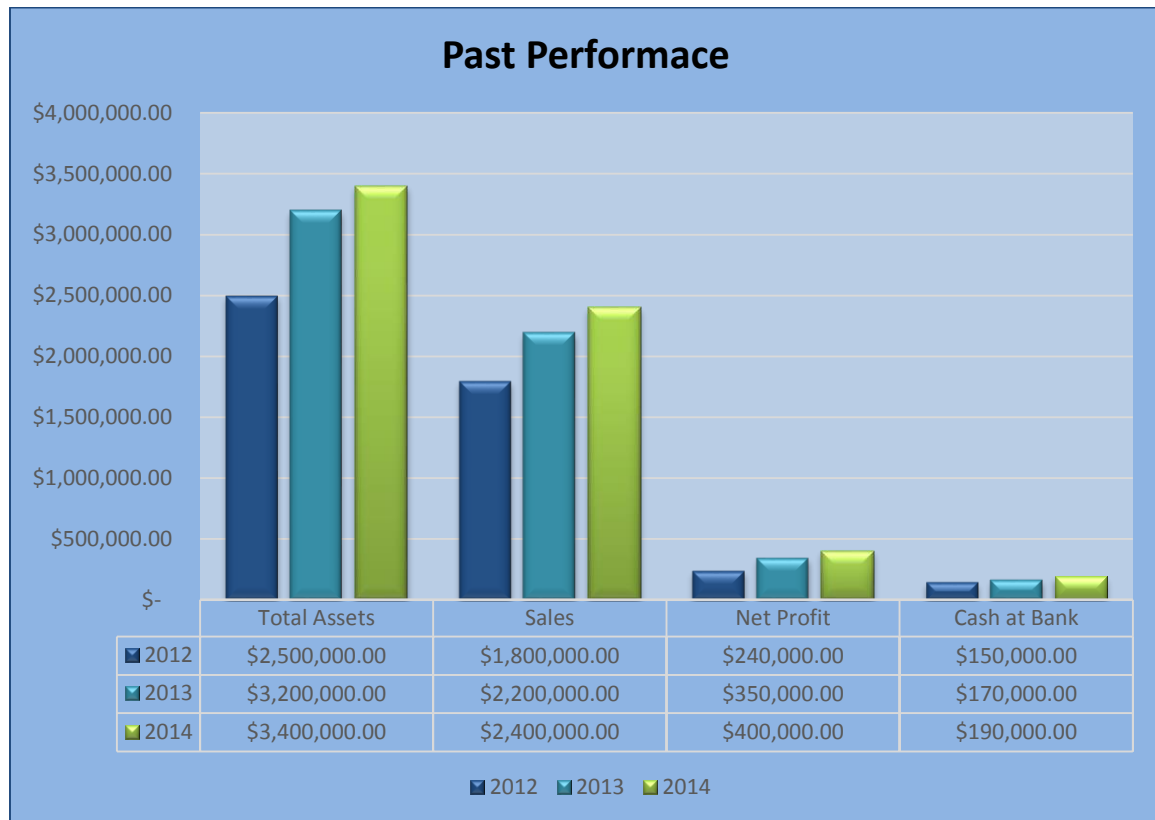
Following are two images of the businesses premises.



### Financial Performance

Global Hong Kong holds assets to the value of \$3,400,000 and has achieved net profits of \$400,000. The following chart displays a summary of the company's past performance.

Chart: Past Performance 2012 to 2014



### Company Ownership

Global Hong Kong is a private company and is 100% owned by its shareholders and managed by its Board of Directors.

### Mission

To provide global clients with quality auto spare parts, componentry and used cars on time and at a favourable cost.

### Products and Services

Global Hong Kong sources much needed auto spare parts, componentry and used cars for import and export. There are a number of processes that Global Hong Kong oversee; following is a list of these:

- Sourcing automotive spare parts and componentry
- Quality assurance of these products
- Purchase
- Dismantling
- Careful packaging and reporting of all parts and equipment
- Certification when required
- Processing insurance
- Co-ordination of holding and transportation
- Processing of permit applications will all international border quarantines

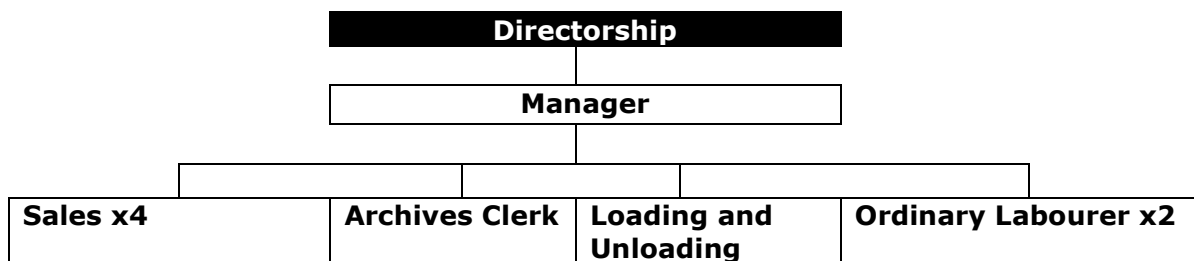
### Objectives

The three year goals for the company are as follows:

- Remain profitable, sustainable and to increase profits by 30% each year.
- Develop relationships that will lead to commercial contracts.
- Build client relationships for the long term.
- Ensure estimates on price and supply are as accurate as possible.
- Track the progress of each project to insure that the cost and schedule of each is maintained and improved.

### Personnel

Global Hong Kong currently employs five staff in the following roles:



### Market Summary

The **Motor Vehicle Dismantling and Used Parts Wholesaling** industry benefits from consumers holding on to their ageing vehicles and demanding replacement parts for them, or from scrapping their old vehicles. There has been an uptick in vehicle recycling as consumers have been disposing of their old vehicles. Industry revenue I forecast to increase by 1.4% in 2014-15, due to renewed demand for used parts.

Demand for used auto parts and accessories come from all areas of the automotive trade, including mechanics, smash repairers, insurance companies and consumers. Demand determinants include movements in the average age of motor vehicles on the road, prices of new motor vehicles and real household disposable income. Additionally, government regulations can also affect motoring behaviour and subsequently demand for used parts.

The **Used Motor Vehicle Wholesaling** industry has grown strongly over the past five years. Used sales have become further oriented towards imported vehicles that are distributed by motor vehicle wholesalers. Industry revenue is forecast to rise by a compound annual rate of 2.4% over the five years through 2014-15, to reach \$39.7 billion. Revenue growth includes a consistent increase of 2.5% in the current year, indicating a continuation of ongoing trends.

Increases in the price of new motor vehicles lead to higher demand for used vehicles. India, South-East Asia, Middle Eastern, and African countries are currently the major markets for used cars and spare parts. There has been a recognisable increase in the trade of used cars over the last four years as these countries have benefitted from economic reforms.

### Key Buying Industries

Having a good and current understanding of the key buying industries enables management to target the business sales campaigns. For this industry the end clients are:

**Motor Vehicle Electrical Services** Auto electricians are a major user of used automotive electrical or electronic parts derived from motor vehicle dismantlers.

**Motor Vehicle Body, Paint and Interior Repair** Smash repairers rely on used parts from dismantlers, especially for the repair of older vehicles.

**Motor Vehicle Engine and Parts Repair and Maintenance** General Repairers are a significant user of used parts from dismantlers.

**Consumers** Consumers with the ability to install vehicle parts occasionally purchase used parts directly from industry operators.

### ***Business Strategy***

The Directors have established a number of successful channels for the sale of its auto parts, componentry and used cars. These channels provide access to an extensive network of clients.

Recycled auto cars and parts can offer as much as 50% savings on comparable new auto parts, creating value for customers. Quality recycled auto parts are an important, viable, affordable, low-cost alternative for motor traders, insurers, retail vehicle repairers and the general community.

Strategy for the business revolves around the need to provide quality products to the various target clients, and in the process to fully satisfy their requirements. This is undertaken through the recruitment of a professional team and the provision of a quality service, catering for the clients particular needs. The marketing campaign increases the knowledge of the businesses services to the various market segments. Marketing material is professionally done so as to be reflective of the intended image and reputation. Global Hong Kong is positioned as a quality total solution service provider that strives to provide effective and efficient solutions.

In summary the business strategies for success are:

- Continuously provide professional quality services on time and on budget.
- Develop a follow-up strategy to gauge performance with all clients.
- Implement and maintain a quality control system and assurance policy.
- To continuously formalise and measure cross-functional working communication with overseas partners so as to work harmoniously.
- To instil a culture of continuous improvement in improving standards of customer satisfaction and efficiency.

### ***Keys to Success***

The most important elements that determine success for the business are:

#### **Provision of development programs for personnel**

Although the labour force in the industry is either semi-skilled or unskilled, the provision of occupational health and safety training will decrease the number of workplace accidents.

#### **Proximity to key markets**

A high profile and high traffic location, particularly for general wrecking yards, is essential to attract customers. Exporters require ready access to merchant sites and auction houses, though the internet provides a means to purchase from afar.

#### **Access to the latest available and most efficient technology and techniques**

Increased use of new technology such as telephone hotlines and computer-linked services will provide effective communications throughout the value chain.

**Having a good technical knowledge of the product**

Product knowledge, particularly in relation to the interchangeability of car parts, is a key factor for success.

**Provision of superior after sales service**

Provision of warranty on parts is a competitive advantage.

**Effective product promotion**

Dismantlers and used parts dealers thrive on throughput, it is therefore essential that available products be promoted effectively.

**The business must comply with Australian government regulations**

It is important for exporters to meet all licensing and customs regulations.

**Effective cost controls**

The Directors must ensure their operations are run efficiently to keep costs low and to protect profit margins.

**Access to the latest available and most efficient technology and techniques**

Companies should aim to achieve superior customer service levels by using communication technology such as electronic data interchange.

**Guaranteed supply of key inputs**

Having reliable product sources is critical to the business. Some degree of control of the supply chain is needed for success.

**An extensive distribution and collection network**

It is important that the business has reliable transportation services so delivery times are met and the product arrives in good order.

**Superior financial management and debt management**

Maintaining good cash flow controls ensures continued profitability during troughs.

***Competitive Edge***

Global Hong Kong focuses on two key elements that comprise the competitive edge, an advantage that will assist in growth in the market:

**High quality products:** The business will only export highest-quality products available. For so many customers the decision of who to purchase from comes down to the products that they have readily available. Staff will ensure that the products are high end, quality, and have been well maintained.

**Outstanding customer service:** The Directors recognise that in order to be competitive, the business must support clients with the highest quality customer service. Customer service for Global Hong Kong comes in satisfying the client's requirements in a timely manner. All staff will be trained in products knowledge.

End of Report