

Meeting Topics

Zekkert

2016-9-26





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Sales Review



Zekkert Shipment Data at Glory

| Zekkert | 2014 Qty | 2015 Qty | 2016(Jan-Aug) Qty | Jan-Aug % | 2014 \$ | 2015 \$ | 2016(Jan-Aug) \$ | Jan-Aug % |
|---------------|----------|----------|-------------------|-----------|--------------|----------------|------------------|-----------|
| Pad | 48067 | 217337 | 124128 | -33.27% | \$295,522.57 | \$1,337,071.99 | \$675,129.61 | -39.56% |
| Shoe | 5357 | 25783 | 16970 | -10.94% | \$37,894.88 | \$185,594.47 | \$106,212.28 | -19.79% |
| Sensor | 0 | 6200 | 7399 | - | 0 | \$5,058.00 | \$4,687.68 | - |
| Total | 53424 | 249320 | 148497 | -31.19% | \$333,417.45 | \$1,527,724.45 | \$786,029.57 | -39.45% |
| Average Price | 2014 | 2015 | 2016(Jan-Aug) | | | | | |
| Pad | \$6.15 | \$6.15 | \$5.44 | | | | | |
| Shoe | \$7.07 | \$7.20 | \$6.26 | | | | | |

- Due to Price Issue, shipment on Glory decrease by **more than 30%** in 2016 Jan-Aug;
- Average Price keeps the same level from 2014-2015, but sharp decrease from 2016 by **11.54%** for **Pad** and **13.06%** for **Shoe**;
- Zekkert 2016 **Annual Qty**(estimate) **431344 sets**, from Glory(estimate) **204497 sets**, about **47.41%**

Test Report

By Glory Chief Engineer



Physical Properties of Fr

| Project | Glory-JS Test | Glory Test | GP-JS Test | GP-Glory Test | Comments |
|---------------------------------------|---------------|------------|------------|---------------|--------------------------------|
| Density (g/cm ³) | 2.35 | 2.35 | 2.00 | 2.90 | JS test shows lower figure |
| Hardness (HRS) | AVG 84.40 | AVG 80.70 | AVG 43.20 | AVG 44.38 | GP pad twice softer than Glory |
| Shear Strength (kgf/cm ²) | 532 | 559 | NG | 398.3 | GP-JS test can not get data |
| Flatness (mm) | 0.15 | 0.15 | 0.15 | 0.13 | Acceptable |
| Parallelism (mm) | 0.10 | 0.10 | 0.11 | 0.26 | Glory receive different data |

Lining Issue



- **Possible Reasons:**

- Hot Press Process is not properly done;
- May have Bubbles and Cracks between under layer and friction material;

- **Consequences:**

- Lining may broke into pieces under urgent situation;

Bonding Strength

Glory-JS Test:



- Bonding Area 100%
- Normal Temperature Shear Strength 532kgf/cm²(Glory Standard 392kgf/cm²)
- Good bonding strength between back plate, under layer and friction material

Glory Test:



- Bonding Area 100%
- Normal Temperature Shear Strength 532kgf/cm²(Glory Standard 392kgf/cm²)
- Good bonding strength between back plate, under layer and friction material

GP-JS Test:



- Bonding Area 100%
- **Unknown** Shear Strength
- Possible with good bonding strength between back plate and under layer, but not possible to tell the strength between under layer and friction material due to the unknown shear strength data.

GP-Glory Test:



- Bonding Area 98%
- Normal Temperature Shear Strength 398.3kgf/cm²(Glory Standard 392kgf/cm²)
- Good bonding strength between back plate and under layer, less bonding strength between under layer and friction material

Friction Coefficient

Glory-JS Test:

- Mean coefficient of friction 0.421 (Chase Test)
- Relatively high, possible to cause sharp noise issue
- Safety under urgent braking
- Relatively stable

Glory Test:

- Mean coefficient of friction 0.435 (Chase Test)
- Relatively high, possible to cause sharp noise issue
- Safety under urgent braking
- Relatively stable

GP-JS Test:

- Mean coefficient of friction 0.350 (Constant Speed Test)
- Relatively low, possible with less noise issue
- Relatively stable (not comparable due to different test standard)

GP-Glory Test:

- Mean coefficient of friction 0.357 (Chase Test)
- Relatively low, possible with less noise issue
- Relatively stable during Fade process

Glory-JS Test:

- Dimension: Qualified
- Band Area: Over 80%
- Flatness: 0.15
- Parallelism: 0.10
- Clean: not mentioned

Glory Test:

- Dimension: Qualified
- Band Area: Over 80%
- Flatness: 0.15
- Parallelism: 0.10
- Clean: Acceptable

GP-JS Test:

- Dimension: Qualified
- Band Area: Over 80%
- Flatness: 0.15
- Parallelism: 0.11
- Clean: not mentioned

GP-Glory Test:

- Dimension: Qualified
- Band Area: Over 80%
- Flatness: 0.15
- Parallelism: 0.26
- Clean: Dust Issue

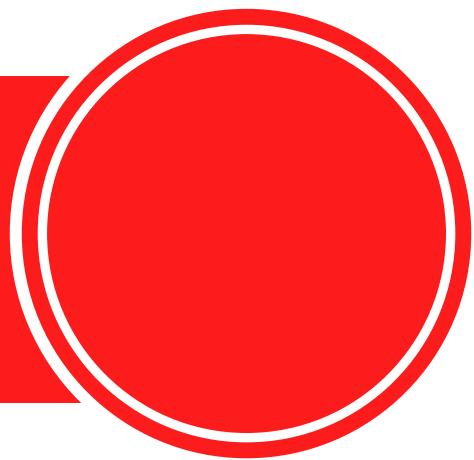
Conclusion

| Project | Glory-JS Test | Glory-Glory Test | GP-JS Test | GP-Glory Test | Comments |
|--|-----------------------|-----------------------|--------------------------------|--------------------|--|
| Friction Coefficient μ | 0.421 (Chase Test) | 0.435 (Chase Test) | 0.350 (Constant Speed Test) | 0.357 (Chase Test) | Glory Pad has higher μ and stronger braking force but may lead to sharp noise, GP pad relatively low μ may have less noise issue |
| Shear Strength (kgf/cm²) | 532 | 559 | NG | 398.3 | JS test can not get data, Glory test fulfill Glory standard 392 kgf/cm ² |
| Density (g/cm³) | 2.35 | 2.35 | 2.00 | 2.90 | JS test shows lower figure (unknown reason) |

Conclusion

| Project | Glory-JS Test | Glory-Glory Test | GP-JS Test | GP-Glory Test | Comments |
|------------------|---------------|------------------|------------|---------------|--|
| Hardness (HRS) | AVG 84.40 | AVG 80.7 | AVG 43.2 | AVG 44.38 | GP pad twice softer than Glory, but Glory pad may have quicker pedal feedback, less hardness may lead to more dust issue |
| Flatness (mm) | 0.15 | 0.15 | 0.15 | 0.13 | Acceptable |
| Parallelism (mm) | 0.10 | 0.10 | 0.11 | 0.26 | Glory receive different data |

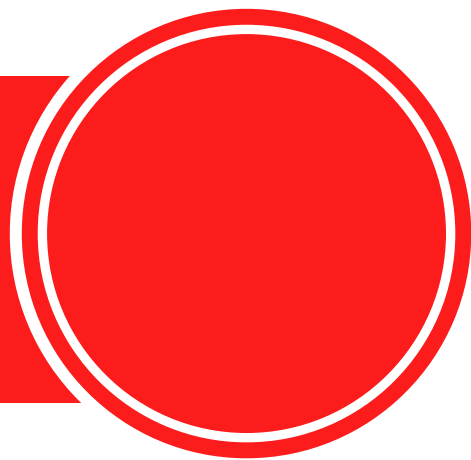
New Range Items



New Range Items

- New Range Price situation between Glory and Shandong?
- Percentage of each company?
- Sales forecast for new range items?

2017 Purchase Plans



2017 Purchase Plan

- Due to braking performance difference between Shandong pad and Glory pad, if necessary, Glory can provide other suitable formula for Zekkert to fit with Market situation in Russia.
- 2017 purchase plan (estimate quantity)
- Percentage of each company



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