

MIRA INFORM REPORT

Report No. :	523155
Report Date :	04.08.2018

IDENTIFICATION DETAILS

Name :	SUNSHINE LAKE PHARMA CO., LTD.
Registered Office :	Songshan Lake Technology Industrial Park, Dongguan, Guangdong Province
Country :	China
Date of Incorporation :	29.12.2003
Unified Social Credit Code :	914419007583367471
Legal Form :	Limited Liabilities Company
Line of Business :	Registered business scope includes manufacturing and selling new products through slow release, controlled release, targeting, transdermal absorption and other new technologies; researching, developing, manufacturing and selling pharmaceuticals, and primary agricultural products; importing and exporting commodities and technology
No. of Employees :	385

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
China	A2	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

CHINA - ECONOMIC OVERVIEW

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. China has implemented reforms in a gradualist fashion, resulting in efficiency gains that have contributed to a more than tenfold increase in GDP since 1978. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China continues to pursue an industrial policy, state support of key sectors, and a restrictive investment regime. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2016 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. China became the world's largest exporter in 2010, and the largest trading nation in 2013. Still, China's per capita income is below the world average.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi appreciated more than 20% against the US dollar, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing announced it would allow a resumption of gradual liberalization. From 2013 until early 2015, the renminbi (RMB) appreciated roughly 2% against the dollar, but the exchange rate fell 13% from mid-2015 until end-2016 amid strong capital outflows in part stemming from the August 2015 official devaluation; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi, after the currency was accepted as part of the IMF's special drawing rights basket. However, since late 2015 the Chinese Government has strengthened capital controls and oversight of overseas investments to better manage the exchange rate and maintain financial stability.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) managing its high corporate debt burden to maintain financial stability; (c) controlling off-balance sheet local government debt used to finance infrastructure stimulus; (d) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (e) dampening speculative investment in the real estate sector without sharply slowing the economy; (f) reducing industrial overcapacity; and (g) raising productivity growth rates through the more efficient allocation of capital and state-support for innovation. Economic development has progressed further in coastal provinces than in the interior, and by 2016 more than 169.3 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of China's population control policy known as the "one-child policy" - which was relaxed in 2016 to permit all families to have two children - is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and urbanization. The Chinese Government is seeking to add energy production capacity from sources other than coal and oil, focusing on natural gas, nuclear, and clean energy development. In 2016, China ratified the Paris Agreement, a multilateral agreement to combat climate change, and committed to peak its carbon dioxide emissions between 2025 and 2030.

The government's 13th Five-Year Plan, unveiled in March 2016, emphasizes the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. However, China has made more progress on subsidizing innovation than rebalancing the economy. Beijing has committed to giving the market a more decisive role in allocating resources, but the Chinese Government's policies continue to favor state-owned enterprises and emphasize stability. Chinese leaders in 2010 pledged to double China's GDP by 2020, and the 13th Five Year Plan includes annual economic

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growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time. The slight acceleration in economic growth in 2017—the first such uptick since 2010—gives Beijing more latitude to pursue its economic reforms, focusing on financial sector deleveraging and its Supply-Side Structural Reform agenda, first announced in late 2015.

Source : CIA

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NOTE

In absence of financials, no credit limit could be recommended.

COMPANY NAME AND ADDRESS

COMPANY NAME	Sunshine Lake Pharma Co., Ltd.
CURRENT ADDRESS	Dong Yang Guang Park, No. 368 Zhen An Road, Chang an, Dongguan, Guangdong Province 523871 PR China
REGISTERED ADDRESS	Songshan Lake Technology Industrial Park, Dongguan, Guangdong Province
TEL. NO.	86 (0) 769-22895888
FAX NO.	N/a

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: DECEMBER 29, 2003
UNIFIED SOCIAL CREDIT CODE	: 914419007583367471
LEGAL FORM	: LIMITED LIABILITIES COMPANY
CHIEF EXECUTIVE	: ZHANG ZHIYONG (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 238,974,792
STAFF	: 385
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: N/A
EQUITIES	: N/A
WEBSITE	: N/A
E-MAIL	: N/A
PAYMENT	: SLOW BUT CORRECT
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: N/A
OPERATIONAL TREND	: FAIRLY STEADY
GENERAL REPUTATION	: AVERAGE

Adopted abbreviations (as follows)

SC - Subject Company (the company inquired by you)

N/A – Not available

CNY – China Yuan Ren Min Bi

OPERATIONAL TREND & GENERAL REPUTATION

This section aims at indicating the relative positions of SC in respect of its operational trend & general reputation

Operational Trend:-

Upward
Steady
Fairly Steady
Ordinary
Fair
Stagnant
Downward
Not known
Not yet be determined

General Reputation:-

Excellent
Good
Fairly Good
Average
Fair
Detrimental
Not known
Not yet be determined

LEGAL STATUS & HISTORY

SC was established as a limited liabilities company of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 914419007583367471.

SC's Import and Export Enterprise Code: 4400758336747

SC's registered capital: CNY 238,974,792

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2015-6-29	Legal Representative	Zhu Yingwei	Zhang Zhiyong
2017-3-1	Registered Capital	CNY 32,000,000	CNY 238,974,792
--	Registration No./ Unified Social Credit Code	441900400001127	914419007583367471

Current Co search indicates SC's shareholders & chief executives are as follows:-

Name of Shareholder (s)	% of Shareholding
Yichang HEC Pharm R & D Co., Ltd.	75
Dongguan HEC Pharm R & D Co., Ltd.	15
Ruyuan HEC Industrial Development Co., Ltd.	10

SC's Chief Executives:-

Position	Name
Legal Representative and General Manager	Zhang Zhiyong
Chairman	Zhu Yingwei
Vice Chairman	Ma Xiaoli

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Director
Supervisor

Tang Xinfu
Jin Longfei

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name % of Shareholding

Yichang HEC Pharm R & D Co., Ltd. 75

Dongguan HEC Pharm R & D Co., Ltd. 15

Ruyuan HEC Industrial Development Co., Ltd. 10

Yichang HEC Pharm R & D Co., Ltd.

Unified Social Credit Code: 91420581309800268K
Legal Representative: Tang Xinfu
Registered Capital: CNY 100,000,000

Dongguan HEC Pharm R & D Co., Ltd.

Unified Social Credit Code: 914419007429578729
Legal Representative: Tang Xinfu
Registered Capital: CNY 112,610,000

Ruyuan HEC Industrial Development Co., Ltd.

Unified Social Credit Code: 914402327629263606
Legal Representative: Zhang Hongwei
Registered Capital: CNY 25,000,000

MANAGEMENT

Zhang Zhiyong, Legal Representative and General Manager

- Gender: M
- Nationality: China
- Qualification: University

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➤ Working experience (s):

At present, working in SC as legal representative and general manager

Zhu Yingwei, Chairman

- Gender: M
- Nationality: China
- Qualification: University
- Working experience (s):

At present, working in SC as chairman

Ma Xiaoli , Vice Chairman

- Gender: M
- Nationality: China
- Qualification: University
- Working experience (s):

At present, working in SC as vice chairman

Director

Tang Xinfa

Supervisor

Jin Longfei

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling new products through slow release, controlled release, targeting, transdermal absorption and other new technologies; researching, developing, manufacturing and selling pharmaceuticals, and primary agricultural products; importing and exporting commodities and technology.

SC is mainly engaged in manufacturing and selling pharmaceuticals.

SC's products mainly include: pharmaceuticals.

Trademark:



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SC sources its materials 100% from domestic market. SC sells 60% of its products in domestic market, and 40% to overseas market, mainly U.S.A., etc.

The buying terms of SC include Check, T/T and Credit of 30-60 days. The payment terms of SC include T/T, L/C and Credit of 30-60 days.

Major Customer,

Lannett Co Inc

Staff & Office:

SC is known to have approx. 385 staff at present.

SC owns an area as its operating office and factory, but the detailed information is unknown.

RELATED COMPANY

Hec Pharm Co. Ltd.

Yichang Changjiang Pharmaceutical Co., Ltd.

Ruyuan Hec Pharm Co., Ltd

PAYMENT

Overall payment appraisal:

Excellent Good Average Fair Poor Not yet be determined

The appraisal serves as a reference to reveal SC's payments habits and ability to pay. It is based on the 3 weighed factors: Trade payment experience (through current enquiry with SC's suppliers), our delinquent payment records and our debt collection record concerning SC.

Trade payment experience: SC did not provide any name of trade/service suppliers and we have no other sources to conduct the enquiry at present.

Delinquent payment record: None in our database.

Debt collection record: No overdue amount owed by SC was placed to us for collection within the last 6 years.

BANKING

The bank information of SC is not filed in local SAIC.

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FINANCIALS

The financials of SC is not available in local SAIC, and SC also refused to release the details.

CONCLUSIONS

SC is considered medium-sized in its line with a development history of 15 years. Credit up to moderate amount may be considered.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 89.52
Euro	1	INR 79.67
CNY	1	INR 10.03

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)