

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 544650 |
| Report Date : | 15.12.2018 |

IDENTIFICATION DETAILS

| | |
|------------------------------|---|
| Name : | WUXI CHANGJIANG CAPSULE CO., LTD. |
| Registered Office : | (No. 3542 Zhencheng Road Huangtu Town) Huangtu Park, Lingang New City, Jiangyin, Jiangsu Province |
| Country : | China |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 21.07.1992 |
| Unified Social Credit Code : | 913202816079830315 |
| Legal Form : | Chinese-Foreign Equity Joint Venture Enterprise |
| Line of Business : | Subject registered business scope includes manufacturing hollow-hard capsule. |
| No. of Employees : | 83 |

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.

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ECGC Country Risk Classification List

| Country Name | Previous Rating (30.06.2018) | Current Rating (30.09.2018) |
|--------------|---------------------------------|--------------------------------|
| China | A1 | 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. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2017 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.

In July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi (RMB) 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 resume a gradual appreciation. From 2013 until early 2015, the renminbi held steady against the dollar, but it depreciated 13% from mid-2015 until end-2016 amid strong capital outflows; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. 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

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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 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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COMPANY NAME & ADDRESS

| | |
|---------------------------|---|
| COMPANY NAME | WUXI CHANGJIANG CAPSULE CO., LTD. |
| CURRENT ADDRESS | CHENGCHANG INDUSTRIAL DEVELOPMENT ZONE, HUANGTU TOWN, JIANGYIN, JIANGSU PROVINCE 214445 PR CHINA |
| REGISTERED ADDRESS | (NO. 3542 ZHENCHENG ROAD HUANGTU TOWN) HUANGTU PARK, LINGANG NEW CITY, JIANGYIN, JIANGSU PROVINCE |
| TEL. NO. | 86 (0) 510-86651688 |
| FAX NO. | 86 (0) 510-86651688 |

EXECUTIVE SUMMARY

| | |
|----------------------------|--|
| DATE OF REGISTRATION | : JULY 21, 1992 |
| UNIFIED SOCIAL CREDIT CODE | : 913202816079830315 |
| LEGAL FORM | : CHINESE-FOREIGN EQUITY JOINT VENTURE ENTERPRISE |
| CHIEF EXECUTIVE | : LIN DAQUAN (LEGAL REPRESENTATIVE) |
| REGISTERED CAPITAL | : USD 6,500,000 |
| STAFF | : 83 |
| BUSINESS CATEGORY | : MANUFACTURING & TRADING |
| REVENUE | : CNY 24,160,000 (AS OF DEC. 31, 2017) |
| EQUITIES | : CNY 9,960,000 (AS OF DEC. 31, 2017) |
| WEBSITE | : www.wxcjcn.com |
| E-MAIL | : cjcn.jy@public1.wx.js.cn |
| PAYMENT | : SLOW BUT CORRECT |
| MARKET CONDITION | : AVERAGE |
| FINANCIAL CONDITION | : FAIR |
| OPERATIONAL TREND | : ORDINARY |
| 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

General Reputation:-

Excellent

Good

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| | |
|-----------------------|-----------------------|
| Fairly Steady | Fairly Good |
| Ordinary | Average |
| Fair | Fair |
| Stagnant | Detrimental |
| Downward | Not known |
| Not known | Not yet be determined |
| Not yet be determined | |

LEGAL STATUS & HISTORY

SC was established as a Chinese-foreign equity joint venture enterprise of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 913202816079830315.

SC's registered capital: USD 6,500,000

SC's paid-in capital: USD 6,500,000 (CNY 37,173,500)

Registration Change Record:-

| Date | Change of Contents | Before the change | After the change |
|-------------|--|---|---|
| -- | Legal Representative Shareholder (s) (% of Shareholding) | Chen Tongbin Jiangyin Huangtu Fifth Synthetic Chemical Factory 1% Taiwan Xinyuanfeng Enterprise Limited | Chen Congwei Chen Congwei (Taiwan) 35% Lin Daquan (Taiwan) 25% Suzhou Sunny Pharmaceutical Machinery Co., Ltd. 20% Yushun Bio-tech Co., Ltd. (Literal Translation) (Taiwan) 20% |
| 2011-12 | Legal Representative | Chen Congwei | Lin Daquan |
| 2016-5-26 | Registration No./ Unified Social Credit Code | 320281400004425 | 913202816079830315 |

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

| Name of Shareholder (s) | % of Shareholding |
|---|--------------------------|
| Chen Congwei (Taiwan) | 35 |
| Lin Daquan (Taiwan) | 25 |
| Suzhou Sunny Pharmaceutical Machinery Co., Ltd. | 20 |
| Yushun Bio-tech Co., Ltd. (Taiwan) | 20 |

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SC's Chief Executives:-

| Position | Name |
|---|---|
| Legal Representative, Chairman, and General Manager Director | Lin Daquan Chen Congwei Cai Huangben Zhou Hongyu Zhou Borong Xu Xiaoyu |
| Supervisor | |

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

| Name | % of Shareholding |
|--|--------------------------|
| Chen Congwei (Taiwan) | 35 |
| Lin Daquan (Taiwan) | 25 |
| Suzhou Sunny Pharmaceutical Machinery Co., Ltd. | 20 |
| Yushun Bio-tech Co., Ltd. (Literal Translation) (Taiwan) | 20 |

Suzhou Sunny Pharmaceutical Machinery Co., Ltd.

Suzhou Sunny Pharmaceutical Machinery Co., Ltd. specializes in researching, designing, manufacturing pharmaceutical equipments and providing relevant services. Our company is member of China Association for Pharmaceutical Equipment (CAPE).

The tablet printer, capsule printer which were invented & developed by this company, have fully replaced the expensive same occident equipment in China since 1995, good quality has enabled its products to be widely used in Chinese and oversea pharmaceutical field. This company was appointed by State Economic and Trade Commission (SETC) in year 2003 to make out "National Industrial Standard of Capsules & Tablets Printing Machine". Its tablet & capsule printer, and soft capsule printer win major part of Chinese domestic market and also export a lot to foreign countries.

Add: Number 66-6, SULI Road, WuZhong, Suzhou, Jiangsu, China

Tel: 86 (0) 512-65323272/65514240

Fax: 86 (0) 512-65323274/66870605

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zhy@xnprinter.com

MANAGEMENT

Lin Daquan, Legal Representative, Chairman, and General Manager

Gender: M
Nationality: Taiwan
Qualification: University
Working experience (s):

From 2011 to present, working in SC as legal representative, chairman, and general manager

Chen Congwei, Director

Gender: M
Nationality: Taiwan

Cai Huangben, Director

Gender: M
Nationality: Taiwan

Zhou Hongyu, Director

Gender: M
ID# 320504196809141014
Age: 46

Zhou Borong, Director

Gender: M
ID# 320219195310010051
Age: 61

Xu Xiaoyu, Supervisor

Gender: F
ID# 320219197103060020
Age: 43

BUSINESS OPERATION

SC's registered business scope includes manufacturing hollow-hard capsule.

SC is mainly engaged in manufacturing and selling hollow-hard capsule.

Brand: CHANGJIANG

SC's products mainly include: hollow-hard capsule.

SC sources its materials 100% from domestic market. SC sells 97% of its products in domestic market, and 3% to overseas market, mainly Hong Kong.

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

Staff & Office:

SC is known to have approx. 83 staff at present.

SC rents an area as its operating office & factory of approx. 23,947 sq. meters at the heading address.



RELATED COMPANY

SC is not known to have any subsidiary at present.

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 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

Basic Bank:

Bank of Communications Jiangyin Binjiang Sub-branch

AC#: 393000684010123000682

FINANCIALS

Financial Summary

| | |
|-------------------|----------------------------|
| Unit: CNY'000 | As of Dec. 31, 2017 |
| Total assets | 24,460 |
| | ----- |
| Total liabilities | 14,500 |
| Equities | 9,960 |
| | ----- |
| Revenue | 24,160 |
| Profits | -780 |

Important Ratios

=====

| | |
|-----------------------------|----------------------------|
| | As of Dec. 31, 2017 |
| *Liabilities to assets | 0.59 |
| *Net profit margin (%) | -3.23 |
| *Return on total assets (%) | -3.19 |
| *Revenue / Total assets | 0.99 |

FINANCIAL COMMENTS

PROFITABILITY: FAIR

The revenue of SC appears average.

SC's net profit margin is fair.

SC's return on total assets is fair.

LIQUIDITY: AVERAGE

SC's revenue is in an average level, comparing with the size of its total assets.

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LEVERAGE: AVERAGE

The debt ratio of SC is average.

The risk for SC to go bankrupt is above average.

Overall financial condition of the SC: Fair.

CONCLUSIONS

SC is considered small-sized in its line with fair financial conditions.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.74 |
| UK Pound | 1 | INR 90.58 |
| Euro | 1 | INR 81.46 |
| CNY | 1 | INR 10.41 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | NIS |
| Report Prepared by : | TPT |

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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)