

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 524742 |
| Report Date : | 16.08.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | DAIREN CHEMICAL CORPORATION |
| Registered Office : | No. 8-1, Huaxi Rd., Daliao Dist., Kaohsiung City 83164, Taiwan (R.O.C.) |
| Country : | Taiwan |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 30.06.1979 |
| Com. Reg. No.: | 12233428 |
| Legal Form : | Joint Stock Company |
| Line of Business : | Manufacturing and sales of chemicals |
| No. of Employees : | 1,220 |

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 : | Good |
| Payment Behaviour : | No Complaints |
| 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 (31.12.2017) | Current Rating (01.04.2018) |
|--------------|---------------------------------|--------------------------------|
| Taiwan | A1 | A2 |

| 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 |

TAIWAN - ECONOMIC OVERVIEW

Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.

Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei's first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA uncertain. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US. These overtures have likely played a role in increasing Taiwan's total exports, which rose 11% during the first half of 2017, buoyed by strong demand for semiconductors.

Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.

The island runs a trade surplus with many economies, including China and the US, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006, China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors on the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese renminbi (RMB) and the New Taiwan dollar across the Strait, which has helped Taiwan develop into a local RMB hub.

Closer economic links with the mainland bring opportunities for Taiwan's economy but also pose challenges as political differences remain unresolved and China's economic growth is slowing. President TSAI's administration has made little progress on the domestic economic issues that loomed large when she was elected, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement. TSAI has made more progress on boosting trade with South and Southeast Asia, which may help insulate Taiwan's economy from a fall in mainland demand should China's growth slow in 2018.

Source : CIA

COMPANY NAME AND ADDRESS

Company Name: Dairen Chemical Corporation
Supplied Name: DAIREN CHEMICAL CORPORATION
Trading Address: 9th Fl., No.301, Songkiang Road, Taipei Taiwan R.O.C.
Supplied Address: NO:-, HUAXI RD., DALIAO DIST., KAOHSIUNG CITY 83164,
Telephone Number: +886-2-7743-1500
Fax Number: +886-2-2509-9619
E-mail: service@dcc.com.tw
Website: www.dcc.com.tw

Notes: The exact name and address are as above. It is introduced that the supplied address is for sending and receiving letters

COMPANY IDENTIFICATION DETAILS

Registered Name: Dairen Chemical Corporation
Registered Address: No. 8-1, Huaxi Rd., Daliao Dist., Kaohsiung City 83164,
Taiwan (R.O.C.)
Date of Foundation: 1979-06-30
Registration Number: 12233428
Registry: Department of Commerce, Ministry of Economic Affairs,
R.O.C.
Registered Capital: NTD 3,084,733,550 (USD 101,487,734)
Paid-up Capital: NTD 3,084,733,550 (USD 101,487,734)
Legal Representatives: Longxing Liao
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sales of chemicals.
Staff: About 1,220 Employees
Listed at Stock Exchange: No
Date of Last Annual Return: 2017-1-10

Note: Since the subject refused to disclose its staff number for us, the staff number information we supplied was coming from our databases.

HISTORY

Subject was incorporated on 1979-06-30 with registered number 12233428 as Joint Stock Company in Taiwan.

Subject was public offer without listing on 1982-10-4 with the Stock Symbol 1766.

CORPORATE STRUCTURE

Factories

1
Name: Da Fa Factory
Address: No. 8-1, Huaxi Rd., Guoxi Li, Daliao Dist., Kaohsiung City Taiwan (R.O.C.)
Date of Foundation: 1988-08-31
Date of Registration: 1999-02-09
Factory Registration Number: 99661626
Factory Manager: Zhiquan Cai
Status: In Production
Date of Last Annual Return: 2016-6-29
Major Products: 182 Petrochemical materials

2
Name: Kaohsiung Factory
Address: No.1-3 Xinggong Rd., Sannai Li, Dashe Dist., Kaohsiung City, Taiwan (R.O.C.)
Telephone Number: +886-7-351-4151
Fax Number: +886-7-351-4090
Date of Foundation: 1983-07-26
Date of Registration: 1990-12-31
Factory Registration Number: 99661598
Factory Manager: Jianzhong Huang
Status: In Production
Date of Last Annual Return: 2016-06-08
Major Products: 181 The basic chemical materials
184 Synthetic resins, plastics and rubber

3
Name: Mailiao Factory
Address: No.25 Formosa Industrial Park, Zhongxing Village, Mailiao Township, Yunlin County, Taiwan
Telephone Number: +886-5-681-2201
Fax Number: +886-5-681-2212
Date of Foundation: 2001-03-07
Date of Registration: 2001-11-01
Factory Registration Number: 99653185
Factory Manager: Laixun Ye
Status: In Production
Date of Last Annual Return: 2015-03-30
Major Products: 182 Petrochemical raw material

Branches

| Registration Number | Name | Date of Registration |
|---------------------|-------------|----------------------|
| 51621713 | Dafa Branch | 2017-12-29 |

Major Related Companies

1

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DAIREN CHEMICAL CORPORATION - 524742

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| | |
|-------------------|---|
| Name | CCD (Singapore) Pte Ltd |
| Address | 29 Tembusu Avenue, Jurong Island, Singapore 627535 |
| Telephone Number | +65-6515-5060 |
| Fax Number | +65-6515-4307 |
| 2 | |
| Name | Chang Chun Dairen Chemical (Pan Jin) Co., Ltd |
| Address | 1106, Hon-Guan building, Liaobin Economic Zone, Pan-Jin, Liao-Nin, China |
| Telephone Number | +86-427-677-5001 |
| Fax Number | +86-427-677-5012 |
| 3 | |
| Name | Chang Chun Plastics Co., Ltd. |
| Address | No.301 Songkiang Road, 7th Floor, Taipei 104 Taiwan |
| 4 | |
| Name | Chang Chun Petrochemical Co., Ltd. |
| Address | No.301 Songkiang Road, 7th Floor, Taipei 104 Taiwan |
| Telephone Number: | +886-2-2503-8131 |
| Fax Number: | +886-2-2503-3378 |
| 5 | |
| Name | Nan Pao Resins Chemical Co., Ltd. |
| Address | 12, Nan Hai Village, Shee Kang Shang, Tainan, Taiwan, R.O.C |
| 6 | |
| Name | Dairen Chemical (M) Sdn. Bhd. |
| Address | PLO 18, Tanjung Langsat Industrial Estate, Mukim Sg. Tiram, 81700 Pasir Gudang, Johor, Malaysia |
| Telephone Number | +60-7-256-5800 |
| Fax Number | +60-7-256-5799 |
| 7 | |
| Name | Dairen Chemical (Jiangsu) Co., Ltd. |
| Address | No.1 Dalian Road, Yangzhou Chemical Industry Park, 211900 Yangzhou, Jiangsu, China |
| Telephone Number | +86-514-8326-8888 |
| Fax Number | +86-514-8329-8855 |

SHAREHOLDERS

Major Shareholders

| Name | Subscription Shares |
|--|---------------------|
| Longxing Liao | 4,185,454 |
| Hexi Investment Co., Ltd (literal translation) | 13,182,397 |
| Zheng Zheng | 3,742,439 |
| Langhe Investment Co., Ltd (literal translation) | 14,272,397 |

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| | |
|--|-------------|
| Xiandong Lin | 3,393,013 |
| Qiongyu Liao | 1,443,858 |
| Chang Chun Petrochemical Co., Ltd. | 123,932,661 |
| Honggui Investment Co., Ltd (literal translation) | 1,992,071 |
| Tianran Huang | 683,027 |
| Shuhong Lin | 2,287,707 |
| Xianzhang Chen | 1,002,475 |
| Shee Kang Trading Co., Ltd. | 3,016,466 |
| Yuanshi Investment Co., Ltd (literal translation) | 9,237,153 |
| Shiguan Su | 100,000 |
| Quanhua Investment Co., Ltd (literal translation) | 14,272,397 |
| Anzhe Zheng | 1,399,083 |
| Jifeng Construction Co., Ltd (literal translation) | 396,324 |

MANAGEMENT INFORMATION

Core Management

Directors

1

Name Longxing Liao
Position Chairman of the Board

2

Name Hexi Investment Co., Ltd (literal translation)
Position Vice Chairman of the Board

3

Name Zheng Zheng
Position Managing Director

4

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Name Langhe Investment Co., Ltd (literal translation)

Position Managing Director

5

Name Xiandong Lin

Position Managing Director

6

Name Qiongyu Liao

Position Director

7

Name Fushen Lin

Position Director

8

Name Rongzong Chen

Position Director

9

Name Honggui Investment Co., Ltd (literal translation)

Position Director

10

Name Tianran Huang

Position Director

11

Name Shuhong Lin

Position Director

12

Name Xianzhang Chen

Position Director

13

Name Shee Kang Trading Co., Ltd.

Position Director

14

Name Sumin Ye
Position Director

15

Name Shiguang Su
Position Director

16

Name Quanhua Investment Co., Ltd (literal translation)
Position Supervisor

17

Name Anzhe Zheng
Position Supervisor

18

Name Quanhua Investment Co., Ltd (literal translation)
Position Supervisor

19

Name Kunyuan Huang
Position Supervisor

20

Name Wenjie Xiao
Position Supervisor

Personnel Structure

Total Employees About 1,220 Employees

OPERATION INFORMATION

Offices & Factories

Add Headquarters
9th Fl., No.301, Songkiang Road, Taipei Taiwan R.O.C.

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Production Information

Subject is engaged in manufacturing of chemicals, etc.

Subject has factories in Taiwan for production. It is introduced that subject's related companies have factories in Taiwan, Jiangsu Province, the mainland China, and Malaysia for production.

It is introduced that subject has obtained the certifications of ISO9002, ISO 14001, OHSAS 18001, OHSAS 18001, ISO 9001: 2000 and etc.

We obtained subject's production capacities from public sources as follows for reference:

Unit: MT

| Product | Annual Capacity |
|--------------------------------|-----------------|
| Vinyl Acetate | 1000,000 |
| EVA Emulsion | 330,000 |
| VAE Powder | 52,000 |
| EVCL(EVA-VC / EVCL) | 11,000 |
| Vinyl Acetate | 30,000 |
| Nitrogen | 35,000 |
| Liquefied Carbon Dioxide | 28,000 |
| Allyl Alcohol | 740,000 |
| 1,4-Butanediol | 630,000 |
| 2-Methyl- 1,3-Propanediol | 126,000 |
| n-Propanol | 63,000 |
| Iso-Butanol | 63,000 |
| AMPO | 500 |
| Polyteramethylene-Ether-Glycol | 300,000 |
| Tetrahydrofuran | 510,000 |

Purchase Information

The registered activities of subject:

| Business Code | Details |
|---------------|---|
| -- | Manufacturing and sale of vinyl acetate, ethyl acetate, nitrogen, vinyl acetate-ethylene copolymer emulsion, vinyl acetate-ethylene redispersible powder, 1,4-butanediol, tetrahydrofuran, polytetramethylene-ether-glycol, carbon dioxide, allyl alcohol, propanol and hydrogen pyridine |
| -- | Trading of related raw materials and products. |
| C801010 | Manufacturing of basic chemical industries |
| C801020 | Manufacturing of petrochemical raw materials |
| C801030 | Manufacturing of precision chemical materials |
| C801040 | Manufacturing of synthetic resin |
| C801050 | Manufacturing of plastic materials |
| C801060 | Manufacturing of synthetic rubber |
| C801070 | Manufacturing of high-pressure gas |
| C802020 | Manufacturing of rayon |
| C802030 | Manufacturing of paint and varnish |
| C802120 | Manufacturing of industrial additives |
| C901060 | Manufacturing of refractory |
| C802120 | Manufacturing of fertilizer |
| C802170 | Manufacturing of toxic chemicals |

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| | |
|---------|---|
| CC01010 | Manufacturing of power generation, transmission, distribution machinery |
| CC01050 | Manufacturing of data storage and processing equipment |
| CC01080 | Manufacturing of electronic components |
| E599010 | Piping engineering |
| I601010 | Leasing |
| ZZ99999 | Besides licensed business, all other business items those are not banned or restricted. |

Subject's raw materials and etc for production are purchased from both home and abroad. It is introduced that subject imports technology from German and Japan.

Sales Information

Subject is engaged in sales of chemicals, etc.
Subject's selling territory includes Asia, Europe, America, Australia, the Middle East and etc.
Subject's major customers include chemical industry, plastic and rubber industry, electronic industry, textile industry, painting and covering industry and etc.
It is introduced that subject's products are applied into textiles, plastic or rubber items, automobile, electronic components, electronic items, machinery, automobile and etc.
It is introduced that subject has many customers such as Speciality Construction Brands Inc, URMI Chemicals (India), Irshad Saeed Packaging (Pvt) Ltd, Karachi Tile Home and etc.

Major Products

| No. | Product |
|-----|--|
| 1 | Vinyl Acetate |
| 2 | Vinyl Acetate-Ethylene Copolymer Emulsion |
| 3 | Ethylene-Vinyl Acetate-Vinyl Chloride Emulsion |
| 4 | Ethylene-Vinyl Chloride Emulsion |
| 5 | Vinyl Acetate-Ethylene Redispersible Powder |
| 6 | Ethyl Acetate |
| 7 | Nitrogen |
| 8 | Liquefied Carbon Dioxide |
| 9 | Allyl Alcohol |
| 10 | 1,4-Butanediol |
| 11 | 2-Methyl- 1,3-Propanediol |
| 12 | n-Propanol |
| 13 | Iso-Butanol |
| 14 | Alkoxyated 2-Methyl-1,3-Propanediol |
| 15 | Polytetramethylene-Ether-Glycol |
| 16 | Tetrahydrofuran |

Import and export right:

| | |
|--------------|-----|
| Import right | Yes |
| Export right | Yes |

SETTLEMENTS

Purchase

Domestic Purchase

| | |
|---------------|--------------------|
| Products | Raw Material, etc. |
| Payment Terms | T/T, Cash, etc. |

Import

| | |
|---------------|--------------------|
| Products | Raw Material, etc. |
| Payment Terms | L/C, T/T, etc. |

Sales

Domestic Markets

| | |
|---------------|-----------------|
| Product | Chemicals, etc. |
| Selling Terms | T/T, Cash, etc. |

Export

| | |
|---------------|-----------------|
| Product | Chemicals, etc. |
| Selling Terms | L/C, T/T, etc. |

FINANCIALS

Balance Sheet

Unit: NTD/000

| Consolidated | 2017-12-31 | 2016-12-31 |
|---|------------|------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | | |
| Total cash and cash equivalents | 7,944,289 | 6,024,763 |
| Notes receivable, net | | |
| Notes receivable, net | 4,336,232 | 2,510,788 |
| Accounts receivable, net | | |
| Accounts receivable, net | 8,046,972 | 5,709,855 |
| Accounts receivable due from related parties, net | | |
| Accounts receivable due from related parties, net | 3,894,612 | 2,074,642 |
| Other receivables | | |
| Other receivables, net | 512,144 | 346,928 |
| Other receivables due from related parties | | |
| Other receivables due from related parties, net | 193,449 | 27,696 |
| Inventories | | |
| Inventories, manufacturing business | | |
| Inventories, manufacturing business, net | 6,262,586 | 4,611,906 |
| Total inventories | 6,262,586 | 4,611,906 |

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| | | |
|--|------------|------------|
| Other current assets | | |
| Total other current assets | 1,473,931 | 1,706,795 |
| Total current assets | 32,664,215 | 23,013,373 |
| Non-current assets | | |
| Non-current available-for-sale financial assets | | |
| Non-current available-for-sale financial assets, net | 1,007 | 1,007 |
| Non-current financial assets at cost | | |
| Non-current financial assets at cost, net | 2,759 | 2,759 |
| Investments accounted for using equity method | | |
| Investments accounted for using equity method, net | 256,347 | 215,185 |
| Property, plant and equipment | | |
| Total property, plant and equipment | 26,022,401 | 29,231,618 |
| Intangible assets | | |
| Total intangible assets | 4,728 | 6,066 |
| Deferred tax assets | 75,406 | 64,788 |
| Other non-current assets | | |
| Other non-current financial assets | | |
| Total other non-current financial assets | 493,335 | 356,961 |
| Other non-current assets, others | | |
| Other non-current assets, others | 209,892 | 215,110 |
| Total other non-current assets, others | 209,892 | 215,110 |
| Total other non-current assets | 703,227 | 572,071 |
| Total non-current assets | 27,065,875 | 30,093,494 |
| Total assets | 59,730,090 | 53,106,867 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | | |
| Total short-term borrowings | 6,907,237 | 6,722,402 |
| Current financial liabilities at fair value through profit or loss | | |
| Total current financial liabilities at fair value through profit or loss | 54,827 | 0 |
| Notes payable | | |
| Total notes payable | 348,878 | 364,435 |
| Accounts payable | | |
| Total accounts payable | 2,933,555 | 2,915,250 |
| Accounts payable to related parties | | |
| Total accounts payable to related parties | 1,270,789 | 696,367 |
| Other payables | | |
| Total other payables | 2,575,396 | 2,307,591 |
| Current tax liabilities | 1,069,389 | 19,661 |
| Other current liabilities | | |
| Other current liabilities, others | 168,110 | 184,100 |
| Total other current liabilities | 168,110 | 184,100 |
| Total current liabilities | 15,328,181 | 13,209,806 |
| Non-current liabilities | | |

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| | | |
|--|------------|------------|
| Deferred tax liabilities | | |
| Deferred tax liabilities, others | 296,983 | 182,209 |
| Total deferred tax liabilities | 296,983 | 182,209 |
| Other non-current liabilities | | |
| Net defined benefit liability, non-current | 251,502 | 221,938 |
| Other non-current liabilities, others | 475 | 311 |
| Total other non-current liabilities | 251,977 | 222,249 |
| Total non-current liabilities | 548,960 | 404,458 |
| Total liabilities | 15,877,141 | 13,614,264 |
| Equity | | |
| Equity attributable to owners of parent | | |
| Share capital | | |
| Ordinary share | 3,084,733 | 3,084,733 |
| Preference share | 0 | 0 |
| Certificate of entitlement to new shares from convertible bond | 0 | 0 |
| Advance receipts for share capital | 0 | 0 |
| Stock dividend to be distributed | 0 | 0 |
| Total capital stock | 3,084,733 | 3,084,733 |
| Capital surplus | | |
| Total capital surplus | 0 | 0 |
| Retained earnings | | |
| Legal reserve | 4,497,274 | 4,250,628 |
| Unappropriated retained earnings (accumulated deficit) | | |
| Total unappropriated retained earnings (accumulated deficit) | 30,318,327 | 25,997,360 |
| Total retained earnings | 34,815,601 | 30,247,988 |
| Other equity interest | | |
| Exchange differences on translation of foreign financial statements | | |
| Total exchange differences on translation of foreign financial statements | 104,755 | 367,814 |
| Unrealized gains (losses) on available-for-sale financial assets | | |
| Total unrealized gains (losses) on available-for-sale financial assets | 778 | 778 |
| Total other equity interest | 105,533 | 368,592 |
| Treasury shares | 0 | 0 |
| Total equity attributable to owners of parent | 38,005,867 | 33,701,313 |
| Equity attributable to former owner of business combination under common control | 0 | 0 |
| Non-controlling interests | 5,847,082 | 5,791,290 |
| Total equity | 43,852,949 | 39,492,603 |
| Total liabilities and equity | 59,730,090 | 53,106,867 |
| Equivalent issue shares of advance receipts for ordinary share | 0 | 0 |
| Number of shares in entity held by entity and by its subsidiaries | 0 | 0 |

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Profit and Loss Account

Unit: NTD/000

| Consolidated | 2017 | 2016 |
|--|------------|------------|
| Operating revenue | | |
| Total operating revenue | 64,878,172 | 49,602,415 |
| Operating costs | | |
| Total operating costs | 50,543,373 | 42,616,137 |
| Gross profit (loss) from operations | 14,334,799 | 6,986,278 |
| Unrealized profit (loss) from sales | 0 | 0 |
| Realized profit (loss) on from sales | 0 | 0 |
| Gross profit (loss) from operations | 14,334,799 | 6,986,278 |
| Operating expenses | | |
| Selling expenses | | |
| Total selling expenses | 4,284,504 | 3,530,878 |
| Administrative expenses | | |
| Total administrative expenses | 624,539 | 562,823 |
| Research and development expenses | | |
| Total research and development expenses | 181,721 | 115,442 |
| Total operating expenses | 5,090,764 | 4,209,143 |
| Net operating income (loss) | 9,244,035 | 2,777,135 |
| Non-operating income and expenses | | |
| Other income | | |
| Total other income | 37,051 | 46,532 |
| Other gains and losses | | |
| Other gains and losses, net | -459,580 | -385,140 |
| Gains (losses) on reclassification of financial assets | | |
| Gains (losses) on reclassification of financial assets | 0 | 0 |
| Finance costs | | |
| Finance costs, net | 222,425 | 206,978 |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | | |
| Share of profit (loss) of associates and joint ventures accounted for using equity method, net | 41,921 | 2,277 |
| Total non-operating income and expenses | -603,033 | -543,309 |
| Profit (loss) from continuing operations before tax | 8,641,002 | 2,233,826 |
| Tax expense (income) | | |
| Total tax expense (income) | 1,509,560 | 653,188 |
| Profit (loss) from continuing operations | 7,131,442 | 1,580,638 |
| Profit (loss) from discontinued operations | | |
| Total profit (loss) from discontinued operations | 0 | 0 |
| Profit (loss) | 7,131,442 | 1,580,638 |
| Other comprehensive income | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | |
| Gains (losses) on remeasurements of defined benefit plans | -69,782 | -45,386 |

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| | | |
|--|-----------|------------|
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | -11,863 | -7,716 |
| Components of other comprehensive income that will not be reclassified to profit or loss | -57,919 | -37,670 |
| Components of other comprehensive income that will be reclassified to profit or loss | | |
| Exchange differences on translation | -606,983 | -728,132 |
| Gains (losses) on effective portion of cash flow hedges | 0 | -9,765 |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | -759 | -16,661 |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss | -53,879 | -105,839 |
| Components of other comprehensive income that will be reclassified to profit or loss | -553,863 | -648,719 |
| Other comprehensive income, net | -611,782 | -686,389 |
| Total comprehensive income | 6,519,660 | 894,249 |
| Profit (loss), attributable to: | | |
| Profit (loss), attributable to owners of parent | 6,784,846 | 2,466,458 |
| Profit (loss), attributable to non-controlling interests | 346,596 | -885,820 |
| Comprehensive income attributable to: | | |
| Comprehensive income, attributable to owners of parent | 6,463,868 | 1,902,284 |
| Comprehensive income, attributable to non-controlling interests | 55,792 | -1,008,035 |
| Basic earnings per share | | |
| Total basic earnings per share | 21.99 | 8 |
| Diluted earnings per share | | |
| Total diluted earnings per share | 21.94 | 7.98 |

Cash Flows

| | | |
|---|-----------|-----------|
| Unit: NTD/000 | | |
| Consolidated | 2017 | 2016 |
| Cash flows from (used in) operating activities, indirect method | | |
| Profit (loss) from continuing operations before tax | 8,641,002 | 2,233,826 |

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| | | |
|---|------------|------------|
| Profit (loss) from discontinued operations before tax | 0 | 0 |
| Profit (loss) before tax | 8,641,002 | 2,233,826 |
| Adjustments | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 3,851,644 | 4,185,474 |
| Amortization expense | 2,558 | 5,313 |
| Provision (reversal of provision) for bad debt expense | 101,185 | -13,299 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 54,827 | 0 |
| Interest expense | 222,425 | 206,978 |
| Interest income | -36,987 | -46,489 |
| Dividend income | -64 | -43 |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | -41,921 | -2,277 |
| Loss (gain) on disposal of property, plan and equipment | 4,123 | -5,670 |
| Total adjustments to reconcile profit (loss) | 4,157,790 | 4,329,987 |
| Changes in operating assets and liabilities | | |
| Changes in operating assets | | |
| Decrease (increase) in notes receivable | -1,826,089 | -839,202 |
| Decrease (increase) in accounts receivable | -4,421,073 | 714,385 |
| Decrease (increase) in other receivable | -99,448 | -96,326 |
| Decrease (increase) in inventories | -1,631,907 | 195,436 |
| Decrease (increase) in other current assets | 192,465 | 297,953 |
| Decrease (increase) in other operating assets | 0 | -61,137 |
| Total changes in operating assets | -7,786,052 | 211,109 |
| Changes in operating liabilities | | |
| Increase (decrease) in notes payable | -15,663 | 324,502 |
| Increase (decrease) in accounts payable | 652,887 | 1,260,390 |
| Increase (decrease) in other payable | 280,714 | 336,131 |
| Increase (decrease) in other current liabilities | -53,105 | 140,439 |
| Increase (decrease) in net defined benefit liability | -40,218 | -42,129 |
| Total changes in operating liabilities | 824,615 | 2,019,333 |
| Total changes in operating assets and liabilities | -6,961,437 | 2,230,442 |
| Total adjustments | -2,803,647 | 6,560,429 |
| Cash inflow (outflow) generated from operations | 5,837,355 | 8,794,255 |
| Interest received | 13,026 | 46,310 |
| Interest paid | -222,425 | -212,344 |
| Income taxes refund (paid) | -290,539 | -1,250,908 |
| Net cash flows from (used in) operating activities | 5,337,420 | 7,377,313 |
| Cash flows from (used in) investing activities | | |
| Acquisition of property, plant and equipment | -1,448,370 | -2,556,590 |
| Proceeds from disposal of property, plant and equipment | 5,957 | 22,055 |
| Increase in other receivables due from related parties | -182,600 | 0 |
| Acquisition of intangible assets | 0 | -5,463 |

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| | | |
|---|------------|------------|
| Increase in other financial assets | 31,533 | -104,405 |
| Increase in other non-current assets | -141,990 | -72,609 |
| Dividends received | 64 | 43 |
| Net cash flows from (used in) investing activities | -1,735,406 | -2,716,969 |
| Cash flows from (used in) financing activities | | |
| Increase in short-term loans | 529,075 | 699,274 |
| Repayments of long-term debt | 0 | -7,466,500 |
| Decrease in guarantee deposits received | -11 | 0 |
| Cash dividends paid | -2,184,299 | -2,097,542 |
| Change in non-controlling interests | 0 | 2,479,144 |
| Net cash flows from (used in) financing activities | -1,655,235 | -6,385,624 |
| Effect of exchange rate changes on cash and cash equivalents | -27,253 | 65,179 |
| Net increase (decrease) in cash and cash equivalents | 1,919,526 | -1,660,101 |
| Cash and cash equivalents at beginning of period | 6,024,763 | 7,684,864 |
| Cash and cash equivalents at end of period | 7,944,289 | 6,024,763 |
| Cash and cash equivalents reported in the statement of financial position | 7,944,289 | 6,024,763 |

BANKERS

Subject declined to disclose its bank details; from other source we could not obtain the relevant information, either.

PUBLIC RECORD

Mortgage

No chattel mortgage record of subject has been found within the recent 3 months.

Lawsuit

Up to date of reporting, no existing or latent litigation of the subject has been found.

SPECIAL NOTE

Interview Details

| | |
|------------|------------------|
| Name | Ms. Li |
| Department | Sales Department |

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FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 69.47 |
| UK Pound | 1 | INR 88.63 |
| Euro | 1 | INR 79.19 |
| TWD | 1 | INR 2.28 |

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

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | PRI |
| 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)