

MIRA INFORM REPORT

Report No. :	525686
Report Date :	22.08.2018

IDENTIFICATION DETAILS

Name :	CINCON ELECTRONICS CO., LTD.
Registered Office :	14F, No. 306, Sec. 4, Sinyi Rd., Da-An District, Taipei 106
Country :	Taiwan
Financials (as on) :	30.06.2018
Date of Incorporation :	13.02.1991
Com. Reg. No.:	86009297
Legal Form :	Joint Stock Company
Line of Business :	Manufacturing and Sale of Converter and Switching Power Supply Products, etc.
No. of Employees :	About 500

RATING & COMMENTS

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

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

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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)
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

CONTACT POINTS

Company Name: CINCON ELECTRONICS CO., LTD.
Supplied Name: CINCON ELECTRONICS CO LTD
Trading Address: 14F, No. 306, Sec. 4, Hsin Yi Rd., Da-An District, Taipei City,
Taiwan
Supplied Address: 14F NO 306 SEC 4 HSIN YI ROAD TAIPEI TAIWAN ROC
Telephone Number: +886-2-2708-6210
Fax Number: +886-2-2702-9852
E-mail: sales@cincon.com.tw
Website: www.cincon.com.tw

Notes: The exact name and address are as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: CINCON ELECTRONICS CO., LTD.
Registered Address: 14F, No. 306, Sec. 4, Sinyi Rd., Da-An District, Taipei 106,
Taiwan
Date of Foundation: 1991-02-13
Registration Number: 86009297
Registry: Taipei City Government
Registered Capital: NTD 700,000,000 (USD 22,400,000)
(As of 2018.8, 1 NTD = 0.032 USD)
Paid-up Capital: NTD 481,042,460 (USD 15,393,358.72)
Legal Representatives: Zhensan Zheng
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sale of converter and switching power
supply products, etc.
Staff: About 500 Employees
Listed at Stock Exchange: Yes; Stock Code: 3332
Date of Last Annual Return: 2018-07-16

HISTORY

Subject was incorporated on 1991-02-13 with registered number 86009297 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Over-The-Counter Securities Exchange on 2008-1-24.

CORPORATE STRUCTURE

Factory

Name The 1st Factory
Address: No. 8-1, Fugong Road, Wanfeng Village, Fuxing Township, Changhua County, Taiwan
Date of Foundation: 1997-3-31
Date of Registration: 1998-3-31
Factory Registration Number: 99645279
Factory Manager: Zhensan Zheng
Status: In Production
Date of Last Annual Return: 2016-4-21
Major Products: 262 Passive electronic components

Office

Name Cincon North America
Address 1655 Mesa Verde Ave, Ste 180 Ventura , CA 93003 USA
Tel: +1-805-639-3350
Fax: +1-805-639-4101
Email: info@cincon.com

SHAREHOLDERS

Major Shareholders

Name	Subscription Shares
Zhensan Zheng	8,122,402
Shuizhu Zheng	9,180,000
Shixuan Zhou	3,197,316
Yunxiao Yan	1,442,523
Wencun Lin	956,203
Shengji Lin	10,000

MANAGEMENT INFORMATION

Core Management

Directors

1

Name Zhensan Zheng
Position Chairman Of The Board

2

Name Shuizhu Zheng
Position Director

3

Name Shixuan Zhou
Position Director

4

Name Yunxiao Yan
Position Director

5

Name Xinsheng Chen
Position Independent Director

6

Name Shuangren Zhou
Position Independent Director

7

Name Zhengsheng Huang
Position Independent Director

8

Name Wencun Lin
Position Supervisor

9

Name Shengji Lin

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Position Supervisor

Personnel Structure

Total Employees About 500 Employees

OPERATION INFORMATION

Offices & Factories

Add Headquarters
14F, No. 306, Sec. 4, Hsin Yi Rd., Da-An District, Taipei City,
Taiwan

Production Information

Subject is engaged in manufacturing of converter and switching power supply products, etc.
Subject has factories in Changhua of Taiwan for production.
It is introduced subject has related factory in Guangdong province of the mainland of China.
Subject obtained the certification of ISO 9001:2008 and ISO 14001:2004.

Purchase Information

The registered activities of subject:

Business Code	Details
-	Manufacturing, processing, buying and selling of battery charger, mobile phone battery converter, switching power supply, linear power supply, PCB type DC-DC converter, AC power converter, circuit board, circuit board of surface adheres, telephone, loud telephone system, various transformer, various coil, delayer, filter, computer, computer adapter, computer transmission card and related raw materials, spare and accessory parts.
-	Processing, buying and selling of plastic injection molding.
-	Buying, selling, installing, export and import of various wireless communication equipment.
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

The components and raw materials for production are purchased both at home and from abroad.

Sales Information

Subject is engaged in sale of converter and switching power supply products, etc.
The major products are DC/DC converter, AC/DC switching power supply, LED power supply and so on.

The products are applied to the communications, computer, industrial, medical, consumer and lighting markets, etc.

Subject's sales regions are Taiwan local market, Europe, America, Japan, etc.

Subject's major customers are Cui Inc., IDEX Fluid & Metering Pvt. Ltd., etc.

Import and export right:

Import right	Yes
Export right	Yes

SETTLEMENTS

Purchase

Domestic Purchase

Products	Components and raw materials
Payment Terms	T/T, Cash, etc.

Import

Products	Components and raw materials
Payment Terms	L/C, T/T, etc.

Sales

Domestic Markets

Product	Converter and switching power supply products, etc.
Selling Terms	T/T, Cash, etc.

Export

Product	Converter and switching power supply products, etc.
Selling Terms	L/C, T/T, etc.

BALANCE SHEET

Unit: NTD/000

Consolidated	2017-12-31	2016-12-31
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	742,621	809,145
Notes receivable, net		
Notes receivable, net	3,374	2,978
Accounts receivable, net		
Accounts receivable, net	178,303	151,319

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Other receivables		
Other receivables, net	5,913	18,647
Inventories		
Total inventories	397,480	290,596
Prepayments		
Total prepayments	9,356	5,414
Other current assets		
Total other current assets	1,944	2,929
Total current assets	1,338,991	1,281,028
Non-current assets		
Property, plant and equipment		
Total property, plant and equipment	240,271	221,853
Intangible assets		
Total intangible assets	1,146	1,555
Deferred tax assets	11,014	10,427
Other non-current assets		
Total other non-current assets	71,524	75,592
Total non-current assets	323,955	309,427
Total assets	1,662,946	1,590,455
Liabilities and equity		
Liabilities		
Current liabilities		
Notes payable		
Total notes payable	527	2,897
Accounts payable		
Total accounts payable	149,342	127,031
Other payables		
Total other payables	111,637	86,918
Other payables to related parties	0	600
Current tax liabilities	23,063	14,505
Other current liabilities		
Total other current liabilities	3,363	5,166
Total current liabilities	287,932	237,117
Non-current liabilities		
Other non-current liabilities		
Net defined benefit liability, non-current	14,406	12,155
Total other non-current liabilities	14,406	12,155
Total non-current liabilities	14,406	12,155
Total liabilities	302,338	249,272
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	481,042	481,042
Total capital stock	481,042	481,042
Capital surplus		
Capital surplus, additional paid-in capital		
Total capital surplus, additional paid-in capital	180,614	180,614

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Total capital surplus	180,614	180,614
Retained earnings		
Legal reserve	259,744	248,878
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	482,886	407,737
Total retained earnings	742,630	656,615
Other equity interest		
Exchange differences on translation of foreign financial statements		
Total exchange differences on translation of foreign financial statements	-43,678	22,912
Total other equity interest	-43,678	22,912
Total equity attributable to owners of parent	1,360,608	1,341,183
Total equity	1,360,608	1,341,183
Total liabilities and equity	1,662,946	1,590,455
Number of share capital awaiting retirement	0	0
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

Unit: NTD/000

Consolidated

2018-06-30

Assets

Current assets

Cash and cash equivalents

746,997

Notes receivable, net

2,794

Accounts receivable, net

203,347

Other receivables

11,107

Current inventories

406,094

Prepayments

19,226

Other current assets

2,677

Total current assets

1,392,242

Non-current assets

Property, plant and equipment

241,017

Intangible assets

2,468

Deferred tax assets

11,874

Other non-current assets

69,983

Total non-current assets

325,342

Total assets

1,717,584

Liabilities and equity

Liabilities

Current liabilities

Notes payable

578

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Accounts payable	145,448
Other payables	222,977
Other payables to related parties	0
Current tax liabilities	20,619
Other current liabilities	3,080
Total current liabilities	392,702
Non-current liabilities	
Other non-current liabilities	14,402
Net defined benefit liability, non-current	14,402
Total non-current liabilities	14,402
Total liabilities	407,104
Equity	
Equity attributable to owners of parent	
Share capital	
Ordinary share	481,042
Total capital stock	481,042
Capital surplus	
Capital surplus, additional paid-in capital	180,614
Total capital surplus	180,614
Retained earnings	
Legal reserve	278,268
Special reserve	43,678
Unappropriated retained earnings (accumulated deficit)	356,244
Total retained earnings	678,190
Other equity interest	
Exchange differences on translation of foreign financial statements	-29,366
Total other equity interest	-29,366
Total equity attributable to owners of parent	1,310,480
Total equity	1,310,480
Total liabilities and equity	1,717,584
Number of share capital awaiting retirement	0
Equivalent issue shares of advance receipts for ordinary share	0
Number of shares in entity held by entity and by its subsidiaries	0

PROFIT AND LOSS ACCOUNT

Unit: NTD/000

Consolidated	2017	2016
Statement of comprehensive income		
Operating revenue		
Total operating revenue	1,166,769	1,068,102
Operating costs		
Total operating costs	721,043	682,784
Gross profit (loss) from operations	445,726	385,318
Gross profit (loss) from operations	445,726	385,318
Operating expenses		
Selling expenses		

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Total selling expenses	71,747	74,734
Administrative expenses		
Total administrative expenses	87,921	86,928
Research and development expenses		
Total research and development expenses	111,019	106,020
Total operating expenses	270,687	267,682
Net operating income (loss)	175,039	117,636
Non-operating income and expenses		
Other income		
Total other income	20,867	21,506
Other gains and losses		
Other gains and losses, net	13,049	-10,455
Total non-operating income and expenses	33,916	11,051
Profit (loss) from continuing operations before tax	208,955	128,687
Tax expense (income)		
Total tax expense (income)	23,715	20,029
Profit (loss) from continuing operations	185,240	108,658
Profit (loss)	185,240	108,658
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	-3,635	-2,655
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-618	-451
Components of other comprehensive income that will not be reclassified to profit or loss	-3,017	-2,204
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-66,590	-40,892
Components of other comprehensive income that will be reclassified to profit or loss	-66,590	-40,892
Other comprehensive income, net	-69,607	-43,096
Total comprehensive income	115,633	65,562
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	185,240	108,658
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	115,633	65,562
Basic earnings per share		

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Basic earnings (loss) per share from continuing operations	3.85	2.26
Total basic earnings per share	3.85	2.26
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	3.85	2.26
Total diluted earnings per share	3.85	2.26

Unit: NTD/000

Consolidated

2018-01-01~2018-06-30

Statement of comprehensive income

Operating revenue

Total operating revenue 610,602

Operating costs

Total operating costs 392,396

Gross profit (loss) from operations 218,206

Gross profit (loss) from operations 218,206

Operating expenses

Selling expenses 36,980

Administrative expenses 48,252

Research and development expenses 52,339

Total operating expenses 137,571

Net operating income (loss) 80,635

Non-operating income and expenses

Other income

Total other income 8,151

Other gains and losses

Other gains and losses, net 7,969

Total non-operating income and expenses 16,120

Profit (loss) from continuing operations before tax 96,755

Tax expense (income)

Total tax expense (income) 17,323

Profit (loss) from continuing operations 79,432

Profit (loss) 79,432

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 0

Income tax related to components of other comprehensive income that will not be reclassified to profit or loss -441

Components of other comprehensive income that will not be reclassified to profit or loss 441

Components of other comprehensive income that will be reclassified to profit or loss

Exchange differences on translation 14,312

Components of other comprehensive income that will be reclassified to profit or loss 14,312

Total other comprehensive income 14,753

Total comprehensive income 94,185

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Profit (loss), attributable to:	
Profit (loss), attributable to owners of parent	79,432
Comprehensive income attributable to:	
Comprehensive income, attributable to owners of parent	94,185
Basic earnings per share	
Basic earnings (loss) per share from continuing operations	1.65
Total basic earnings per share	1.65
Diluted earnings per share	
Diluted earnings (loss) per share from continuing operations	1.65
Total diluted earnings per share	1.65

CASH FLOWS

Unit: NTD/000

Consolidated	2017	2016
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	208,955	128,687
Profit (loss) before tax	208,955	128,687
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	16,509	16,410
Amortization expense	526	645
Provision (reversal of provision) for bad debt expense	0	0
Interest income	-12,999	-11,179
Loss (gain) on disposal of property, plan and equipment	89	19
Loss (gain) on disposal of investments accounted for using equity method	0	0
Unrealized foreign exchange loss (gain)	0	0
Other adjustments to reconcile profit (loss)	0	120
Total adjustments to reconcile profit (loss)	4,125	6,015
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	-396	2,373
Decrease (increase) in accounts receivable	-26,984	36,116
Decrease (increase) in other receivable	13,020	-6,778
Decrease (increase) in inventories	-106,884	-1,862
Decrease (increase) in prepayments	-3,942	-628
Decrease (increase) in other current	692	-1,374

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assets		
Decrease (increase) in other operating assets	0	0
Total changes in operating assets	-124,494	27,847
Changes in operating liabilities		
Increase (decrease) in notes payable	-2,370	2,104
Increase (decrease) in accounts payable	22,311	32,988
Increase (decrease) in other payable	25,079	-15,210
Increase (decrease) in other payable to related parties	-600	600
Increase (decrease) in other current liabilities	-1,803	3,333
Increase (decrease) in net defined benefit liability	-1,384	-1,389
Total changes in operating liabilities	41,233	22,426
Total changes in operating assets and liabilities	-83,261	50,273
Total adjustments	-79,136	56,288
Cash inflow (outflow) generated from operations	129,819	184,975
Interest received	12,713	11,459
Income taxes refund (paid)	-15,103	-20,331
Net cash flows from (used in) operating activities	127,429	176,103
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	-33,974	-10,743
Proceeds from disposal of property, plant and equipment	19	24
Increase in refundable deposits	-18	-4,210
Decrease in refundable deposits	0	272
Acquisition of intangible assets	-117	-372
Increase in prepayments for business facilities	-489	-1,391
Decrease in other prepayments	2,528	0
Other investing activities	0	-2,676
Net cash flows from (used in) investing activities	-32,051	-19,096
Cash flows from (used in) financing activities		
Cash dividends paid	-96,208	-105,829
Net cash flows from (used in) financing activities	-96,208	-105,829
Effect of exchange rate changes on cash and cash equivalents	-65,694	-34,309
Net increase (decrease) in cash and cash equivalents	-66,524	16,869

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Cash and cash equivalents at beginning of period	809,145	792,276
Cash and cash equivalents at end of period	742,621	809,145
Cash and cash equivalents reported in the statement of financial position	742,621	809,145

Unit: NTD/000

Consolidated

2018-01-01~2018-06-30

Statement of cash flows

Cash flows from (used in) operating activities, indirect method

Profit (loss) from continuing operations before tax	96,755
Profit (loss) before tax	96,755
Adjustments	
Adjustments to reconcile profit (loss)	
Depreciation expense	9,420
Amortization expense	370
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	0
Interest income	-5,702
Loss (gain) on disposal of property, plan and equipment	0
Total adjustments to reconcile profit (loss)	4,088
Changes in operating assets and liabilities	
Changes in operating assets	
Decrease (increase) in notes receivable	580
Decrease (increase) in accounts receivable	-25,044
Decrease (increase) in other receivable	-5,139
Adjustments for decrease (increase) in inventories	-8,614
Decrease (increase) in prepayments	-9,870
Adjustments for decrease (increase) in other current assets	-733
Decrease (increase) in other operating assets	0
Total changes in operating assets	-48,820
Changes in operating liabilities	
Increase (decrease) in notes payable	51
Increase (decrease) in accounts payable	-3,894
Increase (decrease) in other payable	-32,968
Increase (decrease) in other payable to related parties	0
Adjustments for increase (decrease) in other current liabilities	-283
Increase (decrease) in net defined benefit liability	-4
Total changes in operating liabilities	-37,098
Total changes in operating assets and liabilities	-85,918
Total adjustments	-81,830
Cash inflow (outflow) generated from operations	14,925
Interest received	5,647
Income taxes refund (paid)	-20,178
Net cash flows from (used in) operating activities	394
Cash flows from (used in) investing activities	

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.66
UK Pound	1	INR 89.40
Euro	1	INR 80.25
TWD	1	INR 2.27

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

INFORMATION DETAILS

Analysis Done by :	PRA
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)