

## MIRA INFORM REPORT

<b>Report No. :</b>	542080
<b>Report Date :</b>	06.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	MICRO-STAR INTERNATIONAL CO., LTD.
<b>Registered Office :</b>	No.69, Li-De St., Zhonghe Dist., New Taipei City 235
<b>Country :</b>	Taiwan
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	06.08.1986
<b>Com. Reg. No.:</b>	22178368
<b>Legal Form :</b>	Joint Stock Company
<b>Line of Business :</b>	Manufacturing and sale of computers and peripheral equipment.
<b>No. of Employees :</b>	About 2,000 Employees

### RATING & COMMENTS

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

**MIRA's Rating :** A

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

<b>Maximum Credit Limit :</b>	USD 1,000,000
<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	No Complaints
<b>Litigation :</b>	Clear

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**NOTES :**

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

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Taiwan	A2	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: Micro-Star International Co., Ltd.  
Supplied Name: MSI Micro Star International Co. LTD  
Trading Address: No.69, Li-De St., Zhonghe Dist., New Taipei City 235, Taiwan  
(R.O.C.)  
Supplied Address: 11/F, Parklane Ctr 25 Kin Wing St TuenMun NTHK  
Telephone Number: +886-2-3234-5599  
Fax Number: +886-2-3234-5488  
E-mail: [randyyuan@msi.com](mailto:randyyuan@msi.com)  
Notes: The exact name and address are as above. The supplied address is not confirmed from any source.

## ***CREDIT SUMMARY***

Credit Rating: Maximum credit USD 1,000,000

## ***COMPANY IDENTIFICATION DETAILS***

Registered Name: Micro-Star International Co., Ltd.  
Registered Address: No.69, Li-De St., Zhonghe Dist., New Taipei City 235, Taiwan  
(R.O.C.)  
Date of Foundation: 1986-8-4  
Registration Number: 22178368  
Registry: Department of Commerce, Ministry of Economic Affairs,  
R.O.C.  
Registered Capital: NTD 15,000,000,000 (USD 480,000,000)  
  
Paid-up Capital: NTD 8,448,561,990 (USD 270,353,983.68)  
Legal Representatives: Xiang Xu  
Legal Form: Joint Stock Company  
Principal Activities: Manufacturing and sale of computers and peripheral  
equipment.  
Staff: About 2,000 Employees  
Listed at Stock Exchange: Yes; Stock Code: 2377  
Date of Last Annual Return: 2018-7-31

## ***HISTORY***

Subject was incorporated on 1986-8-4 with registered number 22178368 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Stock Exchange on 1998-10-31.

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## **CORPORATE STRUCTURE**

### Factories

1

Address: No.488, Ban-nan Rd., Zhonghe Dist., New Taipei City, Taiwan  
Date of Foundation: 1998-10-15  
Date of Registration: 2000-8-30  
Factory Registration Number: 99606668  
Factory Manager: Xiang Xu  
Status: In Production  
Date of Last Annual Return: 2003-11-24  
Major Products: 271 Computers and peripheral equipment  
272 Communication equipment  
275 Measurement, navigation, control equipment and clocks  
269 Other electronic components  
273 Audio-visual electronic products  
274 Data storage media  
264 Photoelectric materials and components  
276 Radiation and electronic medical equipment

2

Address: No.69, Li-De St., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)  
Date of Foundation: 1996-3-27  
Date of Registration: 1997-8-28  
Factory Registration Number: 99607752  
Factory Manager: Xiang Xu  
Status: In Production  
Date of Last Annual Return: 2002-8-9  
Major Products: 271 Computers and peripheral equipment  
272 Communication equipment  
269 Other electronic components

## **SHAREHOLDERS**

### Major Shareholders

Name	Subscription Shares
Xiang Xu	51,983,151
Jinqing Huang	20,937,377
Xianneng You	17,892,824
Wentong Lin	25,672,499
Shengchang Jiang	1,117,074

Chunkeng Liao	35,000
Yusheng Hong	306,660
Gaoshan Xu	418,686

## ***MANAGEMENT INFORMATION***

### Core Management

#### Directors

1

Name Xiang Xu  
Position Chairman of the Board & Manager

Date of Appointment for 1994-4-25  
Manager

2

Name Jinqing Huang  
Position Vice Chairman of the Board

3

Name Xianneng You  
Position Director

4

Name Wentong Lin  
Position Director

5

Name Shengchang Jiang  
Position Director

6

Name Xuguang Guo  
Position Director

7

Name Chunkeng Liao

Position	Director
8	
Name	Yusheng Hong
Position	Director
9	
Name	Songzhou Wang
Position	Independent Director
10	
Name	Zhengyi Liu
Position	Independent Director
11	
Name	Gaoshan Xu
Position	Independent Director

Personnel Structure

Total Employees                      About 2,000 Employees

***OPERATION INFORMATION***

Offices & Factories

Add                                      Headquarters  
No.69, Li-De St., Zhonghe Dist., New Taipei City 235, Taiwan  
(R.O.C.)

Production Information

Subject is engaged in manufacturing of computers and peripheral equipment, etc.  
Subject has factories in Taiwan for production.  
Subject obtained the certifications of ISO 9001 and ISO 14001.

Purchase Information

The registered activities of subject:

Business Code	Details
--	Manufacturing and trading of computer hardware and software
--	Manufacturing and trading of electronic components

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--	Import and export of above related business
--	Agent of the pricing, bidding and distributing of related above products from home and abroad. (Except for futures)
CC01030	Manufacturing of electric appliance
CC01060	Manufacturing of wired communication machinery
CC01070	Manufacturing of wireless communication machinery
CE01030	Manufacturing of optical instruments
CH01040	Manufacturing of toys
F109040	Wholesale of toys, entertainment items
F113020	Wholesale of electric appliance
F113050	Wholesale of transactional machinery
F113070	Wholesale of telecommunications equipment
F209030	Retail of toys, entertainment items
F213030	Retail of transactional machinery
F213060	Retail of telecommunications equipment
F213010	Retail of electric appliance
CC01101	Manufacturing of telecommunications controls radio frequency equipment
F401021	Import of telecommunications controls radio frequency equipment
CF01011	Manufacturing of medical equipment
F108031	Wholesale of medical equipment
F208031	Retail of medical equipment
CE01010	Manufacturing of general instrument
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

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

#### Sales Information

Subject is engaged in sale of computers and peripheral equipment, etc.

The major products are laptops, desktops, monitors, motherboards, graphics cards, gaming gear and so on.

The products are for consumer, gaming and industrial uses, etc.

Subject's sales regions are domestic market, Asia, Europe, America, Oceania, Africa, etc.

Subject's major customers are individuals and traders of electronic products, etc.

Import and export right:

Import right	Yes
Export right	Yes

## ***SETTLEMENTS***

#### Purchase

Domestic Purchase  
Products

Components and raw materials

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

Sales

Domestic Markets Product Selling Terms	Computers and peripheral equipment, etc. T/T, Cash, etc.
Export Product Selling Terms	Computers and peripheral equipment, etc. 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	10,096,899	12,267,586
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	20,916	169,229
Notes receivable, net		
Notes receivable, net	21	8,330
Accounts receivable, net		
Accounts receivable, net	15,108,103	14,104,201
Other receivables		
Other receivables, net	340,610	333,239
Current tax assets		
Total current tax assets	4,984	5,502
Inventories		
Total inventories	16,321,027	16,520,730
Prepayments		
Total prepayments	1,292,728	1,147,408
Total current assets	43,185,288	44,556,225
Non-current assets		
Non-current financial assets at cost		
Non-current financial assets at cost, net	0	0
Property, plant and equipment		
Total property, plant and equipment	5,087,802	5,092,392
Investment property, net		

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Investment property, net	337,892	344,658
Deferred tax assets	348,019	343,320
Other non-current assets		
Total other non-current assets	194,388	131,189
Total non-current assets	5,968,101	5,911,559
Total assets	49,153,389	50,467,784
Liabilities and equity		
Liabilities		
Current liabilities		
Current financial liabilities at fair value through profit or loss		
Total current financial liabilities at fair value through profit or loss	24,448	1,430
Accounts payable		
Total accounts payable	16,032,335	18,047,826
Other payables		
Total other payables	3,490,587	3,750,651
Current tax liabilities	813,537	717,918
Current provisions		
Total current provisions	454,744	310,738
Other current liabilities		
Total other current liabilities	105,006	364,548
Total current liabilities	20,920,657	23,193,111
Non-current liabilities		
Long-term borrowings		
Total long-term borrowings	16,642	19,057
Deferred tax liabilities		
Total deferred tax liabilities	16,967	19,198
Other non-current liabilities		
Net defined benefit liability, non-current	202,757	171,794
Other non-current liabilities, others	193,096	174,126
Total other non-current liabilities	395,853	345,920
Total non-current liabilities	429,462	384,175
Total liabilities	21,350,119	23,577,286
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	8,448,562	8,448,562
Total capital stock	8,448,562	8,448,562
Capital surplus		
Capital surplus, additional paid-in capital		
Total capital surplus, additional paid-in capital	1,050,563	1,895,419
Capital surplus, treasury share transactions	130,592	130,592
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	0	0
Capital surplus, employee share options	44,460	44,460

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Total capital surplus	1,225,615	2,070,471
Retained earnings		
Legal reserve	3,884,722	3,395,928
Special reserve	389,482	389,482
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	14,276,704	12,816,215
Total retained earnings	18,550,908	16,601,625
Other equity interest		
Exchange differences on translation of foreign financial statements		
Total exchange differences on translation of foreign financial statements	-421,815	-230,160
Total other equity interest	-421,815	-230,160
Total equity attributable to owners of parent	27,803,270	26,890,498
Total equity	27,803,270	26,890,498
Total liabilities and equity	49,153,389	50,467,784
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

## **PROFIT AND LOSS ACCOUNT**

Unit: NTD/000		
Consolidated	2017	2016
Operating revenue		
Total operating revenue	106,419,905	102,190,503
Operating costs		
Total operating costs	91,388,612	87,238,833
Gross profit (loss) from operations	15,031,293	14,951,670
Gross profit (loss) from operations	15,031,293	14,951,670
Operating expenses		
Selling expenses		
Total selling expenses	5,308,799	5,241,898
Administrative expenses		
Total administrative expenses	907,941	791,378
Research and development expenses		
Total research and development expenses	3,200,893	3,399,455
Total operating expenses	9,417,633	9,432,731
Net operating income (loss)	5,613,660	5,518,939

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Non-operating income and expenses		
Other income		
Total other income	386,275	378,962
Other gains and losses		
Other gains and losses, net	-18,030	-73,155
Finance costs		
Finance costs, net	3,353	2,574
Total non-operating income and expenses	364,892	303,233
Profit (loss) from continuing operations before tax	5,978,552	5,822,172
Tax expense (income)		
Total tax expense (income)	1,041,130	934,230
Profit (loss) from continuing operations	4,937,422	4,887,942
Profit (loss)	4,937,422	4,887,942
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	-37,520	-21,129
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-6,378	-3,592
Components of other comprehensive income that will not be reclassified to profit or loss	-31,142	-17,537
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-191,655	-760,113
Components of other comprehensive income that will be reclassified to profit or loss	-191,655	-760,113
Other comprehensive income, net	-222,797	-777,650
Total comprehensive income	4,714,625	4,110,292
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	4,937,422	4,887,942
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	4,714,625	4,110,292
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	5.84	5.79
Total basic earnings per share	5.84	5.79
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	5.79	5.73

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Total diluted earnings per share	5.79	5.73
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## **CASH FLOWS**

Unit: NTD/000

Consolidated	2017	2016
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	5,978,552	5,822,172
Profit (loss) from discontinued operations before tax	0	0
Profit (loss) before tax	5,978,552	5,822,172
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	580,657	552,453
Amortization expense	9,134	9,840
Provision (reversal of provision) for bad debt expense	-19,065	-62,026
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	47,830	-38,960
Interest expense	3,353	2,574
Net (loss) gain on reclassification of financial assets	0	0
Interest income	-69,944	-77,218
Loss (gain) on disposal of property, plan and equipment	933	1,965
Loss (gain) on disposal of investments	345	-140,020
Impairment loss on financial assets	0	0
Unrealized foreign exchange loss (gain)	34,708	-47,319
Total adjustments to reconcile profit (loss)	587,951	201,289
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	129,420	-29,819
Decrease (increase) in notes receivable	8,309	-4,290
Decrease (increase) in accounts receivable	-984,869	-1,934,968
Decrease (increase) in other receivable	-17,568	-38,894
Decrease (increase) in inventories	199,703	-1,551,567
Decrease (increase) in prepaid expenses	-145,320	60,925
Decrease (increase) in other current assets	-19,792	23,620

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Decrease (increase) in other operating assets	0	0
Total changes in operating assets	-830,117	-3,474,993
Changes in operating liabilities		
Increase (decrease) in notes payable	0	-995
Increase (decrease) in accounts payable	-2,015,491	1,918,463
Increase (decrease) in other payable	-260,187	1,004,446
Increase (decrease) in provisions	144,006	80,723
Increase (decrease) in other current liabilities	-259,395	-31,915
Increase (decrease) in net defined benefit liability	-6,557	-5,553
Increase (decrease) in other operating liabilities	-27,731	70,225
Total changes in operating liabilities	-2,425,355	3,035,394
Total changes in operating assets and liabilities	-3,255,472	-439,599
Total adjustments	-2,667,521	-238,310
Cash inflow (outflow) generated from operations	3,311,031	5,583,862
Interest received	80,242	79,099
Interest paid	-3,237	-3,040
Income taxes refund (paid)	-943,789	-621,585
Net cash flows from (used in) operating activities	2,444,247	5,038,336
Cash flows from (used in) investing activities		
Proceeds from disposal of investments accounted for using equity method	0	1,496
Acquisition of property, plant and equipment	-637,578	-432,909
Proceeds from disposal of property, plant and equipment	3,319	3,556
Increase in refundable deposits	-1,315	0
Decrease in refundable deposits	0	2,447
Acquisition of investment properties	0	-18,039
Increase in other financial assets	-34,211	0
Decrease in other financial assets	0	219
Net cash flows from (used in) investing activities	-669,785	-443,230
Cash flows from (used in) financing activities		
Decrease in short-term loans	0	-600,000
Repayments of bonds	0	0
Proceeds from long-term debt	0	5,456
Repayments of long-term debt	-1,004	-1,971
Increase in guarantee deposits received	46,701	29,113
Cash dividends paid	-3,801,853	-2,956,996

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Payments to acquire treasury shares	0	0
Other financing activities	0	0
Net cash flows from (used in) financing activities	-3,756,156	-3,524,398
Effect of exchange rate changes on cash and cash equivalents	-188,993	-371,539
Net increase (decrease) in cash and cash equivalents	-2,170,687	699,169
Cash and cash equivalents at beginning of period	12,267,586	11,568,417
Cash and cash equivalents at end of period	10,096,899	12,267,586
Cash and cash equivalents reported in the statement of financial position	10,096,899	12,267,586

Note: Subject didn't submit its individual financial information; we obtained its consolidated financials as above for reference.

The above financial figures are based on the IFRSs Accounting System.

## ***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 The Operator

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.51
UK Pound	1	INR 89.44
Euro	1	INR 79.83
TWD	1	INR 2.30

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRI
<b>Report Prepared by :</b>	DNS

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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)

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