

MIRA INFORM REPORT

Report No. :	484352
Report Date :	03.01.2018

IDENTIFICATION DETAILS

Name :	TAIWAN PROSPERITY CHEMICAL CORPORATION
Registered Office :	9FL., No. 113, Sec. 2, Chung-Shan N. Rd., Taipei 104, R.O.C.
Country :	Taiwan
Financials (as on) :	31.12.2016
Date of Incorporation :	28.05.1991
Com. Reg. No.:	86120031
Legal Form :	Joint Stock Company
Line of Business :	Subject is engaged in manufacturing of chemicals.
No. of Employees :	178

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 :	Slow but Correct

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Litigation :	Clear
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NOTES:

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

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2017)	Current Rating (30.09.2017)
Taiwan	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

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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.

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. Domestic economic issues loomed large in public debate ahead of the January 2016 presidential and legislative elections, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement.

Source : CIA

COMPANY NAME AND ADDRESS:

Company Name: Taiwan Prosperity Chemical Corporation
Supplied Name: TAIWAN PROSPERITY CHEMICAL CORPORATION
Trading Address: 9FL., No. 113, Sec. 2, Chung-Shan N. Rd., Taipei 104, Taiwan, R.O.C.
Supplied Address: FLOOR 9, NO.113 CHUNG-SHAN NORTH ROAD SEC 2, TAIPEI 104-TAIWAN
Telephone Number: +886-2-2563-3228
Fax Number: +886-2-2563-5181
E-mail: business@tpcc.com.tw
Website: www.tpcc.com.tw

Notes: Subject's exact name and address are as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: Taiwan Prosperity Chemical Corporation
Registered Address: 9FL., No. 113, Sec. 2, Chung-Shan N. Rd., Taipei 104, Taiwan, R.O.C.
Date of Foundation: 1991-05-28
Registration Number: 86120031
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 4,000,000,000 (USD 132,800,000)
(As of 2017.11, 1 NTD = 0.0332 USD)
Paid-up Capital: NTD 2,919,750,000 (USD 96,935,700)
Legal Representatives: Anping Zhang
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sales of chemicals.
Staff: About 178 Employees
(As of 2017-5-12)
Listed at Stock Exchange: Yes, Stock Symbol: 4725
Date of Last Annual Return: 2017-2-3

HISTORY

Subject was incorporated on 1991-05-28 with registered number 86120031 as Joint Stock Company in Taiwan.
Subject was listed on Taiwan Stock Exchange on 2007-10-02.

CORPORATE STRUCTURE

Factory

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Name: Linyuan Factory
Address: No. 9, Gongye 3rd Rd., Linyuan Industrial Zone, Linyuan Township,
Kaohsiung County, Taiwan
Date of Foundation: 1992-08-25
Date of Registration: 1995-10-16
Factory Registration Number: 99661829
Factory Manager: Tianfu Zhao
Status: In Production
Date of Last Annual Return: 2015-08-03
Major Products: Petrochemical materials

Note: Subject has 6 plants on the above address for manufacturing of cumene, acetone, bisphenol, cyclohexanone and marin anhydride.

SHAREHOLDERS

Major Shareholders

Name	Subscription Shares
Taiwan Cement Corporation	145,987,998

Shareholder Information:

Registered Name: Taiwan Cement Corporation
Registered Address: No. 113, Sec. 2, Chung Shan N. Rd., Taipei City, Taiwan, R.O.C.
Date of Foundation: 1950-12-29
Registration Number: 11913502
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 40,073,866,000
Paid-up Capital: NTD 36,921,758,690
Legal Representatives: Anping Zhang
Legal Form: Joint Stock Company
Listed at Stock Exchange: Yes; Stock Code: 1101
Date of Last Annual Return: 2017-8-9
Telephone Number: +886-2-2531-6533
Fax Number: +886-2-2531-6529

MANAGEMENT INFORMATION

Core Management

1	Name	Anping Zhang
	Position	Board Chairman
2	Name	Gongyi Gu
	Position	Director
3	Name	Jiye Chen
	Position	Director
4	Name	Fulong Chen
	Position	Director
5	Name	Renhe Jiao
	Position	Independent Director
6	Name	Zhiren Sheng
	Position	Independent Director
7	Name	Zinan Jia
	Position	Independent Director
8	Name	Tianfu Zhao
	Position	Manager
	Dare of Appointment	2012-04-02

Personnel Structure

Total Employees About 164 Employees (As of 2016-6-30)

OPERATION INFORMATION

Offices & Factories

Add Headquarters
9FL., No.113, Sec. 2, Chung-Shan N. Rd., Taipei 104, Taiwan, R.O.C.

Production Information

Subject is engaged in manufacturing of chemicals and etc.

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It is introduced that subject has 6 factories in Linyuan Township, Kaohsiung County, Taiwan for production. (Total area is about 13 hectare)

Subject obtained the certifications of ISO 9002, ISO 14001, etc.

Purchase Information

The registered activities of subject:

Business Code	Details
C801020	Manufacture of petrochemical materials
F107200	Wholesales of chemical materials
F107990	Wholesales of other chemical products
F207200	Retails of chemical materials
F207990	Retails of other chemical products
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

The raw materials and etc are purchased both at home and abroad.

It is introduced that subject import some raw materials from some Asian countries, etc.

It is introduced that subject imports some technology from USA.

It is introduced that subject has many suppliers such as apex, trammo, SK, CPC Corporation, Mitsubishi Group, Marubeni Corporation, Mitsui Group and etc.

Sales Information

Subject is engaged in sale of chemicals, etc.

The major products of subject are petrochemical intermediate materials, including of isopropyl benzene, phenol, acetone, bisphenol, cyclohexanone and malic anhydride, etc.

It is introduced that subject's products are applied in the manufacturing of phenol, acetone, phenolic resins, salicylic acid, organic solvents, epoxide resins, flame retardants, vibrins and organic solvents.

Subject's sales regions cover China, India, America, North Asia, Southeast Asia, China and Middle East, etc.

Subject's major customers are chemical industry, plastic industry and etc.

It is introduced that subject has many customers such as ICC Chemical Corporation, BASF Chile S.A., Micro Inks Ltd., China Petroleum & Chemical, Kaohsiung Monomer Company Ltd, and Chimei Asahi Corporation, etc.

It is introduced that the companies named Formosa Chemicals & Fibre Corporation and Chang Chung Group are subject's major competitors in Taiwan.

Import and export right:

Import right	Yes
Export right	Yes

SETTLEMENTS

PURCHASE

Domestic Purchase

Products	Raw materials, etc.
Payment Terms	T/T, Cash, etc.

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Import

Products Raw materials, 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.

BALANCE SHEET

Unit: NTD/000

Consolidated	2016-12-31	2015-12-31
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	355,734	316,100
Current available-for-sale financial assets		
Current available-for-sale financial assets, net	832,703	750,190
Accounts receivable, net		
Accounts receivable, net	1,300,559	966,462
Other receivables		
Other receivables, net	27,475	48,688
Inventories		
Total inventories	618,429	903,116
Prepayments		
Total prepayments	79,146	111,525
Other current assets		
Total other current assets	2,651	2,891
Total current assets	3,216,697	3,098,972
Non-current assets		
Property, plant and equipment		
Total property, plant and equipment	7,076,593	7,515,974
Deferred tax assets	276,745	287,267
Other non-current assets		
Other non-current assets, others		
Total other non-current assets, others	651,989	750,665
Total other non-current assets	651,989	750,665
Total non-current assets	8,005,327	8,553,906
Total assets	11,222,024	11,652,878

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Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	1,690,911	1,290,000
Short-term notes and bills payable		
Total short-term notes and bills payable	399,674	599,182
Accounts payable		
Total accounts payable	828,232	614,395
Other payables		
Total other payables	612,159	555,402
Other current liabilities		
Long-term liabilities, current portion		
Total long-term liabilities, current portion	570,000	285,000
Other current liabilities, others	17,037	15,267
Total other current liabilities	587,037	300,267
Total current liabilities	4,118,013	3,359,246
Non-current liabilities		
Long-term borrowings		
Total long-term borrowings	1,745,000	2,315,000
Other non-current liabilities		
Long-term notes and accounts payable to related parties		
Long-term lease obligations payable to related parties	1,858,437	2,108,860
Total long-term notes and accounts payable to related parties	1,858,437	2,108,860
Other non-current liabilities, others	94,428	129,711
Total other non-current liabilities	1,952,865	2,238,571
Total non-current liabilities	3,697,865	4,553,571
Total liabilities	7,815,878	7,912,817
Equity		
Share capital		
Ordinary share	2,919,750	2,919,750
Total capital stock	2,919,750	2,919,750
Capital surplus		
Total capital surplus	690,000	690,000
Retained earnings		
Legal reserve	192,858	1,287,784
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	-416,428	-1,094,926
Total retained earnings	-223,570	192,858
Other equity interest		
Unrealized gains (losses) on available-for-sale financial assets		
Total unrealized gains (losses) on available-for-sale financial assets	19,966	-62,547

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Total other equity interest	19,966	-62,547
Total equity	3,406,146	3,740,061
Total liabilities and equity	11,222,024	11,652,878
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	2016	2015
Operating revenue		
Net sales revenue		
Net sales revenue	9,786,811	11,741,599
Total operating revenue	9,786,811	11,741,599
Operating costs		
Cost of sales		
Total cost of sales	9,715,797	13,008,053
Total operating costs	9,715,797	13,008,053
Gross profit (loss) from operations	71,014	-1,266,454
Gross profit (loss) from operations	71,014	-1,266,454
Operating expenses		
Selling expenses		
Total selling expenses	239,675	311,488
Administrative expenses		
Total administrative expenses	42,644	53,669
Research and development expenses		
Total research and development expenses	20,618	6,895
Total operating expenses	302,937	372,052
Net operating income (loss)	-231,923	-1,638,506
Non-operating income and expenses		
Other gains and losses		
Other gains and losses, net	13,095	-13,741
Finance costs		
Finance costs, net	187,342	196,849
Total non-operating income and expenses	-174,247	-210,590
Profit (loss) from continuing operations before tax	-406,170	-1,849,096
Tax expense (income)		
Total tax expense (income)	10,075	13,876
Profit (loss) from continuing operations	-416,245	-1,862,972
Profit (loss)	-416,245	-1,862,972
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of defined	-220	-2,104

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benefit plans		
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-37	-358
Components of other comprehensive income that will not be reclassified to profit or loss	-183	-1,746
Components of other comprehensive income that will be reclassified to profit or loss		
Unrealised gains (losses) on valuation of available-for-sale financial assets	82,513	-108,580
Components of other comprehensive income that will be reclassified to profit or loss	82,513	-108,580
Other comprehensive income, net	82,330	-110,326
Total comprehensive income	-333,915	-1,973,298
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	-1.43	-6.38
Total basic earnings per share	-1.43	-6.38
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	-1.43	-6.38
Total diluted earnings per share	-1.43	-6.38

CASH FLOWS

Unit: NTD/000		
Consolidated	2016	2015
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	-406,170	-1,849,096
Profit (loss) before tax	-406,170	-1,849,096
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	665,216	751,663
Interest expense	187,342	196,849
Interest income	-1,487	-1,595
Dividend income	-31,746	-6,581
Impairment loss on non-financial assets	3,541	-109,083
Unrealized foreign exchange loss (gain)	10,260	-5,835
Other adjustments to reconcile profit (loss)	3,217	4,295
Total adjustments to reconcile profit (loss)	836,343	829,713
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in accounts receivable	-333,167	775,525
Decrease (increase) in other receivable	21,269	20,709
Decrease (increase) in inventories	290,240	1,214,231

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Decrease (increase) in prepayments	32,379	23,042
Decrease (increase) in other current assets	240	6,998
Total changes in operating assets	10,961	2,040,505
Changes in operating liabilities		
Increase (decrease) in accounts payable	209,848	-213,500
Increase (decrease) in other payable	59,105	-62,361
Increase (decrease) in other current liabilities	1,770	7,906
Increase (decrease) in net defined benefit liability	-35,821	-17,727
Total changes in operating liabilities	234,902	-285,682
Total changes in operating assets and liabilities	245,863	1,754,823
Total adjustments	1,082,206	2,584,536
Cash inflow (outflow) generated from operations	676,036	735,440
Interest received	1,431	1,573
Interest paid	-62,557	-60,761
Net cash flows from (used in) operating activities	614,910	676,252
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	-112,261	-300,331
Dividends received	31,746	6,581
Other investing activities	-36,111	-76,002
Net cash flows from (used in) investing activities	-116,626	-369,752
Cash flows from (used in) financing activities		
Increase in short-term loans	10,830,581	11,085,371
Decrease in short-term loans	-10,437,712	-11,312,535
Increase in short-term notes and bills payable	1,695,896	1,896,199
Decrease in short-term notes and bills payable	-1,900,000	-2,100,000
Proceeds from long-term debt	0	700,000
Repayments of long-term debt	-285,000	0
Decrease in lease payable	-360,000	-393,300
Increase in other non-current liabilities	-2,415	-6,273
Net cash flows from (used in) financing activities	-458,650	-130,538
Net increase (decrease) in cash and cash equivalents	39,634	175,962
Cash and cash equivalents at beginning of period	316,100	140,138
Cash and cash equivalents at end of period	355,734	316,100
Cash and cash equivalents reported in the statement of financial position	355,734	316,100

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

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

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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. Lin
Department	Sales Department

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.67
UK Pound	1	INR 86.11
Euro	1	INR 76.59
TWD	1	INR 2.15

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	NIT

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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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