

## MIRA INFORM REPORT

Report No. :	541263
Report Date :	22.11.2018

### IDENTIFICATION DETAILS

Name :	PAN ASIA CHEMICAL CORPORATION
Registered Office :	11F, No.50, Sec.1, Hsin Sheng South Road, Taipei, Taiwan, R.O.C.
Country :	Taiwan
Financials (as on) :	31.12.2017
Date of Incorporation :	06.04.1982
Com. Reg. No.:	05712099
Legal Form :	Joint Stock Company
Line of Business :	Manufacture and trade of non-ionic surfactants
No. of Employees :	100

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	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 :

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.

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**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

## **COMPANY NAME AND ADDRESS**

Company Name: Pan Asia Chemical Corporation  
Supplied Name: PAN ASIA CHEMICAL CORPORATION  
Trading Address: 11F, No.50, Sec.1, Hsin Sheng South Road, Taipei, Taiwan,  
R.O.C.  
Supplied Address: Taiwan  
Telephone Number: +886-2-2351-1212  
Fax Number: +886-2-2396-2946  
E-mail: [paccsale@pacc.com.tw](mailto:paccsale@pacc.com.tw)

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

## **COMPANY IDENTIFICATION DETAILS**

Registered Name: Pan Asia Chemical Corporation  
Registered Address: 11F, No.50, Sec.1, Hsin Sheng South Road, Taipei, Taiwan,  
R.O.C.  
Date of Foundation: 1982-04-06  
Registration Number: 05712099  
Registry: Department of Commerce, Ministry of Economic Affairs,  
R.O.C.  
Registered Capital: NTD 4,800,000,000 (USD 144,000,000)  
Paid-up Capital: NTD 2,678,197,920 (USD 80,345,938)  
Legal Representatives: Guixian Wang  
Legal Form: Joint Stock Company  
Principal Activities: Manufacture and trade of non-ionic surfactants.  
Staff: About 100 Employees  
Listed at Stock Exchange: Yes; (Stock Code: 4707)  
Date of Last Annual Return: 2018-09-13

## **HISTORY**

Subject was incorporated on 1982-04-06 with registered number 05712099 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Over-The-Counter Securities Exchange on 1998-05-20.

## **SHAREHOLDERS**

Name	Subscription Shares
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**PAN ASIA CHEMICAL CORPORATION - 541263**

**PAGE NO. : 5**

Zhong Zhi Investment Co., Ltd. (Literal Translation) 13,723,265  
Sheen Ren Knitting Factory Co., Ltd 16,608,469

Shareholders' Information:

1

Registered Name: Sheng Ren Knitting Factory Co., Ltd.  
Registered Address: 4F-4, No.50, Sec.1, Hsin Sheng South Road, Zhongzheng District, Taipei, Taiwan, R.O.C.  
Date of Foundation: 1975-05-10  
Registration Number: 33762964  
Registry: Taipei City Government  
Registered Capital: NTD 198,000,000  
Paid-up Capital: NTD 198,000,000  
Legal Representatives: Xiaojie Lin  
Legal Form: Joint Stock Company  
Listed at Stock Exchange: No  
Date of Last Annual Return: 2018-11-12

2

Registered Name: Zhong Zhi Investment Co., Ltd. (Literal Translation)  
Registered Address: 11F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City, Taiwan  
Date of Foundation: 1996-06-25  
Registration Number: 97160586  
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.  
Registered Capital: NTD 679,225,000  
Paid-up Capital: NTD 679,225,000  
Legal Representatives: Guixian Wang  
Legal Form: Joint Stock Company  
Date of Last Annual Return: 2017-02-24

## **CORPORATE STRUCTURE**

Factory

Name: Pan Asia Chemical Corporation Kaohsiung Factory  
Address: No. 8-1, Jingjian Rd., Dashe Shiang, Kaohsiung County 815, Taiwan (R.O.C.)

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Date of Foundation: 1984-12-12  
Date of Registration: 1990-12-31  
Factory Registration Number: 99661720  
Factory Manager: Benyi Lin  
Status: In Production  
Telephone Number: +886-7-351-1318  
Date of Last Annual Return: 2018-01-24  
Major Products: 193 Cleaning products

**Major Related Companies**

1  
Name: China Man-made Fiber Corporation  
Address: 10-11F, No 50, Sec. 1, Xincheng S. Rd., Taipei City 100, Taiwan (R.O.C.)  
Telephone Number: +886-2-2393-7111  
2  
Name: Formosa Imperial Wineseller Corp.  
Address: 11F, No.50, Sec.1, Hsin Sheng South Road, Taipei, Taiwan, R.O.C.  
Telephone Number: +886-2-2393-1233

## **PERSONNEL INFORMATION**

### Core Management

**Directors**

1  
Name: Guixian Wang  
Position: Chairman of the Board  
2  
Name: Yongda Liu  
Position: Director  
3  
Name: Jieyi Wang  
Position: Director & manager  
Date of Appointment for Manager: 2017-05-08  
4  
Name: Guifeng Wang  
Position: Director

5

Name Dewei Li  
Position Independent Director

6

Name Qincai Li  
Position Independent Director

7

Name Liye Xu  
Position Supervisor

8

Name Canghai Wang  
Position Manager  
Date of Appointment 2003-12-31

9

Name Guoqing Chen  
Position Manager  
Date of Appointment 2011-6-20

Personnel Structure

Total Employees About 100 Employees

## ***OPERATION INFORMATION***

Offices & Factories

Add Headquarters  
11F, No.50, Sec.1, Hsin Sheng South Road, Taipei, Taiwan,  
R.O.C.

Production Information

Subject is engaged in manufacturing of non-ionic surfactants, etc.  
It is introduced that subject has a factory in Kaohsiung County, Taiwan for production.  
Subject obtained the certification of ISO 9002 and ISO 9001:2000.

Purchase Information

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The registered activities of subject:

Business Code	Details
C801020	Manufacture of petrochemical materials
C802090	Manufacture of Cleaning supplies
D101050	Cogeneration Industry
F212011	Gas station business
F212061	Refueling station business
H701010	Development and rental of housing and building
<td>Besides licensed business, all other business items those are not banned or restricted.</td>	Besides licensed business, all other business items those are not banned or restricted.

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

Subject purchases raw materials such as ethylene oxide and nonyl phenol from their cooperative company China Man-made Fiber Corporation.

Other raw materials are mainly imported from foreign countries.

#### Sales Information

Subject is engaged in sales of non-ionic surfactants, etc.

The major products are petrochemical-EOD including polyethylene glycol ether, coconut alcohol polyethylene glycol ether, methanol polyethylene glycol ether, fatty alcohol polyethylene glycol ether and tridecyl alcohol polyethylene glycol ether, etc.

The products are mainly applied for cleaning products, etc.

Subject's sales regions include Taiwan, Mainland China, Southeast Asia, Australia, etc.

It is introduced that subject's major customers covered Metal industry, Pulp industry, Plastics industry, High polymer industry, Household cleanser, Personal bathroom accessories, Cellulose industry, Rubber industry, Paint industry, Cosmetics industry, Electronic industry and etc.

It is introduced that "Tri Tex Co. Inc." was one of subject's customers.

Import and export right:

Import right	Yes
Export right	Yes

## **TRADEMARK**

Name of the Mark:	Pan Asia and Picture PACC
Registered No.:	00059555
Date of Registration:	1992-3-26
Expiry Date:	2022-10-31

Mark:

磐亞



Color: Black  
Owner's Name, Address: Pan Asia Chemical Corporation  
11F, No.50, Sec.1, Hsin Sheng South Road, Taipei,  
Taiwan, R.O.C.  
Class No.: 007

## ***SETTLEMENTS***

### Purchase

Domestic Purchase  
Products Raw materials, etc.  
Payment Terms Interior settlement, T/T, Cash, etc.

Import  
Products Raw materials, etc.  
Payment Terms L/C, T/T, etc.

### Sales

Domestic Markets  
Product Non-ionic surfactants, etc.  
Selling Terms T/T, Cash, etc.

Export  
Product Non-ionic surfactants, etc.  
Selling Terms L/C, T/T, etc.

## ***FINANCIALS***

### **Balance sheet**

Unit: NTD/000  
Individual 2017-12-31 2016-12-31  
Assets

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Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	344,292	405,597
Notes receivable, net		
Notes receivable, net	35,928	22,420
Accounts receivable, net		
Accounts receivable, net	143,461	144,237
Other receivables		
Other receivables, net	7,094	7,805
Inventories		
Inventories, manufacturing business		
Inventories, manufacturing business, net	199,321	195,431
Total inventories	199,321	195,431
Prepayments		
Total prepayments	10,049	13,855
Other current assets		
Total other current assets	1,500	1,500
Total current assets	741,645	790,845
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets, net	2,480,499	1,923,863
Non-current financial assets at cost		
Non-current financial assets at cost, net	56,345	56,345
Investments accounted for using equity method		
Investments accounted for using equity method, net	2,537,551	2,420,168
Property, plant and equipment		
Total property, plant and equipment	1,186,681	1,262,174
Intangible assets		
Total intangible assets	1,407	2,788
Deferred tax assets	15,527	20,089
Other non-current assets		
Total other non-current assets	25,017	25,017
Total non-current assets	6,303,027	5,710,444
Total assets	7,044,672	6,501,289
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	1,560,000	1,550,000
Short-term notes and bills payable		
Total short-term notes and bills payable	200,000	200,000
Accounts payable		
Total accounts payable	44,408	46,824
Accounts payable to related parties		
Total accounts payable to related parties	129,138	157,626

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Other payables		
Total other payables	42,393	64,262
Current tax liabilities	1,554	0
Other current liabilities		
Long-term liabilities, current portion		
Total long-term liabilities, current portion	94,000	70,000
Other current liabilities, others	20,373	21,310
Total other current liabilities	114,373	91,310
Total current liabilities	2,091,866	2,110,022
Non-current liabilities		
Long-term borrowings		
Total long-term borrowings	632,000	576,000
Deferred tax liabilities		
Total deferred tax liabilities	40,896	40,990
Other non-current liabilities		
Net defined benefit liability, non-current	34,077	43,541
Guarantee deposits received	2,000	2,000
Total other non-current liabilities	36,077	45,541
Total non-current liabilities	708,973	662,531
Total liabilities	2,800,839	2,772,553
Equity		
Share capital		
Ordinary share	2,457,063	2,256,090
Total capital stock	2,457,063	2,256,090
Capital surplus		
Total capital surplus	872,725	870,352
Retained earnings		
Legal reserve	149,692	125,871
Special reserve	437,750	481,155
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	275,243	328,404
Total retained earnings	862,685	935,430
Other equity interest		
Exchange differences on translation of foreign financial statements		
Total exchange differences on translation of foreign financial statements	-2,029	-1,142
Unrealized gains (losses) on available- for-sale financial assets		
Total unrealized gains (losses) on available-for-sale financial assets	53,389	-313,445
Total other equity interest	51,360	-314,587
Treasury shares	0	18,549
Total equity	4,243,833	3,728,736
Total liabilities and equity	7,044,672	6,501,289
Equivalent issue shares of advance receipts for ordinary share	0	0

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Number of shares in entity held by entity and by its subsidiaries	0	2,306,000
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**Profit and Loss Account**

Unit: NTD/000

Individual	2017	2016
Operating revenue		
Total operating revenue	1,513,128	1,664,559
Operating costs		
Total operating costs	1,447,176	1,530,803
Gross profit (loss) from operations	65,952	133,756
Gross profit (loss) from operations	65,952	133,756
Operating expenses		
Selling expenses		
Total selling expenses	36,892	43,822
Administrative expenses		
Total administrative expenses	43,017	36,947
Total operating expenses	79,909	80,769
Net operating income (loss)	-13,957	52,987
Non-operating income and expenses		
Other income		
Dividend income	530	21,477
Other income, others	8,175	6,380
Total other income	8,705	27,857
Other gains and losses		
Miscellaneous disbursements	26	321
Foreign exchange losses	12,852	3,157
Other gains and losses, net	-12,878	-3,478
Finance costs		
Finance costs, net	34,235	38,401
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	210,755	203,387
Total non-operating income and expenses	172,347	189,365
Profit (loss) from continuing operations before tax	158,390	242,352
Tax expense (income)		
Total tax expense (income)	6,324	4,145
Profit (loss) from continuing operations	152,066	238,207
Profit (loss)	152,066	238,207
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of	-1,611	-11,857

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defined benefit plans

Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss

Gains (losses) from investments in equity instruments, associates and joint ventures accounted for using equity method	-171	-8,819
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Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-171	-8,819
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Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-274	-2,016
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Components of other comprehensive income that will not be reclassified to profit or loss	-1,508	-18,660
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Components of other comprehensive income that will be reclassified to profit or loss

Unrealised gains (losses) on valuation of available-for-sale financial assets	356,026	62,781
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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	9,921	-19,376
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Components of other comprehensive income that will be reclassified to profit or loss

Components of other comprehensive income that will be reclassified to profit or loss	365,947	43,405
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Other comprehensive income, net

Other comprehensive income, net	364,439	24,745
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Total comprehensive income	516,505	262,952
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Basic earnings per share

Total basic earnings per share	0.62	0.98
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Diluted earnings per share

Total diluted earnings per share	0.62	0.98
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## Cash Flows

Unit: NTD/000

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**PAN ASIA CHEMICAL CORPORATION - 541263**

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Individual	2017	2016
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	158,390	242,352
Profit (loss) before tax	158,390	242,352
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	76,065	77,295
Amortization expense	1,620	1,620
Interest expense	34,235	38,401
Interest income	-1,162	-350
Dividend income	-530	-21,477
Share-based payments	2,373	0
Share of loss (profit) of associates and joint ventures accounted for using equity method	-210,755	-203,387
Loss (gain) on disposal of property, plant and equipment	0	14
Loss (gain) on disposal of investments	-799	0
Total adjustments to reconcile profit (loss)	-98,953	-107,884
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in accounts receivable	-12,021	8,820
Decrease (increase) in inventories	-3,890	-6,758
Decrease (increase) in prepayments	6,926	-6,149
Total changes in operating assets	-8,985	-4,087
Changes in operating liabilities		
Increase (decrease) in accounts payable	-53,030	45,620
Increase (decrease) in other current liabilities	-937	4,862
Increase (decrease) in net defined benefit liability	-11,075	-14,415
Total changes in operating liabilities	-65,042	36,067
Total changes in operating assets and liabilities	-74,027	31,980
Total adjustments	-172,980	-75,904
Cash inflow (outflow) generated from operations	-14,590	166,448
Interest received	1,162	350
Dividends received	103,652	113,658
Interest paid	-33,978	-38,480
Income taxes refund (paid)	-28	-2,519
Net cash flows from (used in) operating activities	56,218	239,457
Cash flows from (used in) investing activities		

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**PAN ASIA CHEMICAL CORPORATION - 541263**

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Acquisition of available-for-sale financial assets	-202,274	0
Proceeds from disposal of available-for-sale financial assets	2,463	0
Acquisition of property, plant and equipment	-3,692	-6,058
Increase in refundable deposits	0	-25,000
Acquisition of intangible assets	-239	0
Net cash flows from (used in) investing activities	-203,742	-31,058
Cash flows from (used in) financing activities		
Increase in short-term loans	10,000	90,000
Increase in short-term notes and bills payable	0	100,000
Proceeds from long-term debt	150,000	100,000
Repayments of long-term debt	-70,000	-324,000
Cash dividends paid	-22,330	-21,267
Exercise of employee share options	18,549	0
Payments to acquire treasury shares	0	-3,423
Net cash flows from (used in) financing activities	86,219	-58,690
Net increase (decrease) in cash and cash equivalents	-61,305	149,709
Cash and cash equivalents at beginning of period	405,597	255,888
Cash and cash equivalents at end of period	344,292	405,597
Cash and cash equivalents reported in the statement of financial position	344,292	405,597

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***

Name Taichung Commercial Bank Co., Ltd.

## ***PUBLIC RECORD***

### Mortgage

Case Type: Chattel Mortgage

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Registered Number: 048379  
Debtor Name: Pan Asia Chemical Corporation  
Registry: Economic Development Board of Kaohsiung City  
Government  
Name of Mortgagee: Bank of Communications Co., Ltd.  
Date of Registration: 1995-07-08  
Amount of Secure Claims: NTD 17,060,000  
Type of Mortgage: Machinery equipment and tools  
Lawsuit

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

## ***INTERVIEW DETAILS***

Department Sales Department

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.33
UK Pound	1	INR 91.72
Euro	1	INR 81.69
TWD	1	INR 2.29

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

**INFORMATION DETAILS**

Analysis Done by :	VIVR
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)