

MIRA INFORM REPORT

Report No. :	533612
Report Date :	11.10.2018

IDENTIFICATION DETAILS

Name :	KMC (KUEI MENG) INTERNATIONAL INC.
Formerly Known As :	CNET TECHNOLOGY INC.
Registered Office :	8F.-5, No.425, Jhonghua Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)
Country :	Tawian
Financials (as on) :	31.12.2017
Date of Incorporation :	20.04.1989
Com. Reg. No.:	22099483
Legal Form :	Joint Stock Company
Line of Business :	Manufacturing and sales of bicycle and motorcycle chan
No. of Employees :	1,941

RATING & COMMENTS

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

MIRA's Rating :

A

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

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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

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

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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. 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: KMC (Kuei Meng) International Inc.
Supplied Name: KMC (KUEI MENG) INTERNATIONAL INC.
Trading Address: 8F.-5, No.425, Jhonghua Rd., Yongkang Dist., Tainan City
710, Taiwan (R.O.C.)
Supplied Address: 8F-1, No. 425, Jhonghua Road Yung Kang, District , Tainan,
Tainan Shih, 71079
Telephone Number: +886-6-3037111
Fax Number: +886-6-3037333
Website: www.kmc-international.com
Note: The exact name and address are as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: KMC (Kuei Meng) International Inc.
Registered Address: 8F.-5, No.425, Jhonghua Rd., Yongkang Dist., Tainan City
710, Taiwan (R.O.C.)
Date of Foundation: 1989-4-20
Registration Number: 22099483
Registry: Department of Commerce, Ministry of Economic Affairs,
R.O.C.
Registered Capital: NTD 2,000,000,000 (USD 60,000,000)
Paid-up Capital: NTD 1,260,000,000 (USD 37,800,000)
Legal Representatives: Yingjin Wu
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sales of bicycle and motorcycle chan.
Staff: 1,941 Employees
(As of 2018-3-31)
Listed at Stock Exchange: Yes, Stock Symbol: 5306
Date of Last Annual Return: 2018-8-1
Note: The staff number was obtained from subject's annual report.

HISTORY

Subject was incorporated on 1989-4-20 with registered number 22099483 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Over-The-Counter Securities Exchange on 1995-12-26

Change of Name

Former English Name: CNET Technology INC.
Current English Name: KMC (Kuei Meng) International INC.

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CORPORATE STRUCTURE

Major Related Companies

1	
Name	KMC Chain Ind. Co., Ltd
Tel	+886-6-201-9103
Fax	+886-6-201-9107
2	
Name	CNET Technology Corporation
Region	America
3	
Name	KMC Transmission (Cheng Du) Co., Ltd.
Tel	+86-28-8485-2227
4	
Name	KMC Chain (Vietnam) Co., Ltd.
Tel	+84-8-866-2823
5	
Name	KMC Transmission (S.H.) Co., Ltd.
Tel	+86-512-5345-1661
6	
Name	KMC Chain (Shenzhen) Co., Ltd.
Tel	+886-755-2770-0111

Note: It is introduced that subject belongs to a member of KMC Group. The group has many members both at home and abroad. We supply the above companies from public files as subject's related companies for references.

SHAREHOLDERS

Major Shareholders

Name	Subscription Shares
KMC Transton Industries Limited	47,412,256
Changyu Investment Co., Ltd. (Literal Translation)	661,500
Jienaizhi Investment Co., Ltd. (Literal Translation)	420,000

Shareholder Information:

1	
Registered Name:	KMC Transton Industries Limited
Registered Address:	8F.-1, No.425, Jhonghua Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)
Date of Foundation:	1991-01-14

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Registration Number: 23968994
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 500,000,000
Paid-up Capital: NTD 500,000,000
Legal Representatives: Yingjin Wu
Legal Form: Joint Stock Company
Date of Last Annual Return: 2016-8-22

Registered Name: Changyu Investment Co., Ltd. (Literal Translation)
Registered Address: 1F, No. 445, Yude 2nd Rd., Chengde Li, North Dist., Tainan City, Taiwan
Date of Foundation: 2017-1-9
Registration Number: 64839637
Registry: Tainan City Government
Registered Capital: NTD 30,000,000
Legal Representatives: Chunzhen Shi
Legal Form: Private Limited Company
Date of Last Annual Return: 2017-1-9
3

Registered Name: Jienaizhi Investment Co., Ltd. (Literal Translation)
Registered Address: No. 480, Dahe Rd., Dahe Li, North Dist., Tainan City, Taiwan
Date of Foundation: 2014-11-7
Registration Number: 54570718
Registry: Tainan City Government
Registered Capital: NTD 50,000,000
Legal Representatives: Zonghao Zhang
Legal Form: Private Limited Company
Date of Last Annual Return: 2016-4-1

MANAGEMENT INFORMATION

Core Management

Directors

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1

Name Yingjin Wu
Position Chairman of the Board

2

Name Ruizhang Wu
Position Director & Manager

Date of Appointment for 2011-10-04
Manager

3

Name Jiongfen Wang
Position Director

4

Name Tingze Lin
Position Independence Director

5

Name Minglong Wang
Position Independence Director

6

Name Yanggang Xu
Position Supervisor

7

Name Dingnan Gao
Position Supervisor

Personnel Structure

Total Employees 1,941 Employees
(As of 2018-3-31)

OPERATION INFORMATION

Offices & Factories

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Add Headquarters
8F.-5, No.425, Jhonghua Rd., Yongkang Dist., Tainan City 710,
Taiwan (R.O.C.)

Production Information

- Subject is engaged in manufacturing of bicycle and motorcycle chan.
- It is introduced that subject has factories in Taiwan, and the subject's group has factories in Shenzhen, Guangdong Province, China and Vietnam. But we didn't obtain the detail information.
- Subject obtained the certification of ISO 9002.

Purchase Information

The registered activities of subject:

Business Code	Details
CC01060	Cable machinery equipment manufacturing industry
CC01070	Wireless communications equipment manufacturing machinery
CC01101	Controlled telecommunications radio-frequency devices manufacturing
F401010	The international trade
CC01110	Computer and peripheral equipment manufacturing industry
F114030	Gasoline, locomotive parts equipped with wholesalers
F214030	Equipped with car, motorcycle parts retail
CD01040	The locomotive and its parts manufacturing
CD01050	Bicycle and parts manufacturing
CD01990	Other means of transport and its parts manufacturing
F114040	Wholesaling bicycle and its parts
F214040	Bicycles and spare parts retail
F214990	Other means of transport and its spare parts retail
F114990	Other means of transport and its parts wholesaling
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

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

Sales Information

- Subject is engaged in sale of bicycle and motorcycle chan.
- Subject's major products include Road bike chain series, Mountain bike chain series, BMX chain series, E-bike chain series, Rust Buster chain series, EcoProTe chain, Standard Driving Chain Series, Heavy Duty Chain Series, Cam Chain Series, Silent Chain Series, Standard Driving Sprocket, Chain and Sprocket Kit, Motorcycle chains, Garage door opener, Automobile timing systems and etc.
- Subject's selling territory includes Asia, Europe, America and etc.
- Subject's main customers include manufacturers or designers of bicycle, motorcycle, automobile, garage door and etc.
- It is introduced that subject is selling the products with the brand named "KMC", etc.
- The subject sells products of, etc.

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- It is introduced that subject has many customers such as MTB Bundesliga International and Rodriguez Rosero Pedro Alvaro, etc.

Import and export right:

Import right Yes
Export right Yes

SETTLEMENTS

Purchase

Domestic Purchase

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

Import

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

Sales

Domestic Markets

Product Bicycle and motorcycle chan.
Selling Terms T/T, Cash, etc.

Export

Product Bicycle and motorcycle chan.
Selling Terms L/C, T/T, etc.

FINANCIALS

Balance Sheet

Unit: NTD/000

Consolidated	2017-12-31	2016-12-31
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	2,015,503	1,608,745
Current available-for-sale financial assets		
Current available-for-sale financial	0	10,000
assets, net		
Notes receivable, net		
Notes receivable, net	101,293	33,557
Accounts receivable, net		

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KMC (KUEI MENG) INTERNATIONAL INC. - 533612

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Accounts receivable, net	896,159	607,232
Accounts receivable due from related parties, net		
Accounts receivable due from related parties, net	41,003	96,639
Current tax assets		
Total current tax assets	6,773	2,526
Inventories		
Total inventories	933,457	639,936
Other current assets		
Other current financial assets	8,337	400,251
Other current assets, others	268,161	178,655
Total other current assets	276,498	578,906
Total current assets	4,270,686	3,577,541
Non-current assets		
Investments accounted for using equity method		
Investments accounted for using equity method, net	11,268	11,516
Property, plant and equipment		
Total property, plant and equipment	3,171,827	2,958,734
Investment property, net		
Investment property, net	34,620	0
Intangible assets		
Goodwill	1,219,715	740,675
Other intangible assets, net		
Other intangible assets, net	145,933	101,905
Total intangible assets	1,365,648	842,580
Deferred tax assets	132,572	109,269
Other non-current assets		
Other non-current financial assets		
Total other non-current financial assets	10,098	10,163
Long-term prepaid rents	962,054	1,010,466
Other non-current assets, others		
Total other non-current assets, others	112,799	44,591
Total other non-current assets	1,084,951	1,065,220
Total non-current assets	5,800,886	4,987,319
Total assets	10,071,572	8,564,860
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	1,140,247	2,355,426
Short-term notes and bills payable		
Total short-term notes and bills payable	324,765	239,826
Notes payable		
Total notes payable	36,453	31,283

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	Accounts payable		
	Total accounts payable	272,005	210,921
	Accounts payable to related parties		
	Total accounts payable to related	16,989	11,486
parties	Other payables		
	Total other payables	260,007	200,723
	Other payables to related parties	392,590	25,158
	Current tax liabilities	154,158	96,453
	Other current liabilities		
	Other current liabilities, others	36,163	25,919
	Total other current liabilities	36,163	25,919
	Total current liabilities	2,633,377	3,197,195
	Non-current liabilities		
	Long-term borrowings		
	Total long-term borrowings	2,020,000	500,000
	Deferred tax liabilities		
	Total deferred tax liabilities	560,537	584,162
	Other non-current liabilities		
	Net defined benefit liability, non-	67,019	57,158
current	Other non-current liabilities, others	1,878	1,109
	Total other non-current liabilities	68,897	58,267
	Total non-current liabilities	2,649,434	1,142,429
	Total liabilities	5,282,811	4,339,624
	Equity		
	Equity attributable to owners of parent		
	Share capital		
	Ordinary share	1,200,000	1,200,000
	Total capital stock	1,200,000	1,200,000
	Capital surplus		
	Total capital surplus	1,541,021	1,541,021
	Retained earnings		
	Legal reserve	250,180	164,522
	Special reserve	362,881	25,041
	Unappropriated retained earnings		
(accumulated deficit)	Total unappropriated retained	1,882,584	1,657,317
earnings (accumulated deficit)	Total retained earnings	2,495,645	1,846,880
	Other equity interest		
	Total other equity interest	-448,150	-362,881
	Total equity attributable to owners of	4,788,516	4,225,020
parent	Non-controlling interests	245	216
	Total equity	4,788,761	4,225,236
	Total liabilities and equity	10,071,572	8,564,860
	Equivalent issue shares of advance receipts	0	0
for ordinary share			

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Number of shares in entity held by entity 0
and by its subsidiaries 0

Unit: NTD/000

Consolidated	2018-6-30
Assets	
Current assets	
Cash and cash equivalents	2,162,908
Current financial assets at amortised cost	1,704
Notes receivable, net	133,360
Accounts receivable, net	870,576
Accounts receivable due from related parties, net	24,888
Current tax assets	8,284
Current inventories	888,497
Other current assets	246,348
Other current financial assets	0
Other current assets, others	246,348
Total current assets	4,336,565
Non-current assets	
Investments accounted for using equity method	11,756
Property, plant and equipment	3,246,854
Investment property, net	64,548
Intangible assets	1,349,178
Goodwill	1,224,541
Other intangible assets, net	124,637
Deferred tax assets	73,708
Other non-current assets	1,073,004
Other non-current financial assets	3,244
Long-term Lease Prepayments	959,098
Other non-current assets, others	110,662
Total non-current assets	5,819,048
Total assets	10,155,613
Liabilities and equity	
Liabilities	
Current liabilities	
Current borrowings	1,276,580
Short-term notes and bills payable	469,615
Notes payable	36,145
Accounts payable	253,270
Accounts payable to related parties	20,657
Other payables	748,052
Other accrued expenses	208,052
Dividends payable, non-cash assets distributions	540,000
Other payables to related parties	0
Current tax liabilities	105,669
Other current liabilities	28,547
Other current liabilities, others	28,547
Total current liabilities	2,938,535
Non-current liabilities	

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Non-current portion of non-current borrowings	1,857,000
Deferred tax liabilities	542,992
Other non-current liabilities	39,409
Net defined benefit liability, non-current	37,464
Other non-current liabilities, others	1,945
Total non-current liabilities	2,439,401
Total liabilities	5,377,936
Equity	
Equity attributable to owners of parent	
Share capital	
Ordinary share	1,200,000
Stock dividend to be distributed	60,000
Total capital stock	1,260,000
Capital surplus	
Total capital surplus	1,541,021
Retained earnings	
Legal reserve	354,469
Special reserve	448,150
Unappropriated retained earnings (accumulated deficit)	1,601,617
Total retained earnings	2,404,236
Other equity interest	
Total other equity interest	-427,831
Total equity attributable to owners of parent	4,777,426
Non-controlling interests	251
Total equity	4,777,677
Total liabilities and equity	10,155,613
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
Operating revenue		
Net sales revenue		
Net sales revenue	5,050,603	4,012,789
Total operating revenue	5,050,603	4,012,789
Operating costs		
Cost of sales		
Total cost of sales	2,928,157	2,220,696
Total operating costs	2,928,157	2,220,696
Gross profit (loss) from operations	2,122,446	1,792,093
Gross profit (loss) from operations	2,122,446	1,792,093
Operating expenses		
Selling expenses		
Total selling expenses	367,539	301,294
Administrative expenses		
Total administrative expenses	402,054	369,131
Research and development expenses		
Total research and development expenses	24,250	26,463
Total operating expenses	793,843	696,888
Net other income (expenses)		
Other income	-9,070	-1,587
Net other income (expenses)	-9,070	-1,587
Net operating income (loss)	1,319,533	1,093,618
Non-operating income and expenses		
Other income		
Total other income	40,130	44,198
Other gains and losses		
Other gains and losses, net	-38,626	-21,692
Finance costs		
Interest expense	33,610	40,858
Finance costs, net	33,610	40,858
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	-248	-734
Total non-operating income and expenses	-32,354	-19,086
Profit (loss) from continuing operations before tax	1,287,179	1,074,532
Tax expense (income)		
Total tax expense (income)	244,238	217,911
Profit (loss) from continuing operations	1,042,941	856,621
Profit (loss)	1,042,941	856,621
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		

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Gains (losses) on remeasurements of defined benefit plans	-4,973	-268
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-845	-46
Components of other comprehensive income that will not be reclassified to profit or loss	-4,128	-222
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-88,455	-344,786
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-3,167	-6,946
Components of other comprehensive income that will be reclassified to profit or loss	-85,288	-337,840
Other comprehensive income, net	-89,416	-338,062
Total comprehensive income	953,525	518,559
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	1,042,893	856,581
Profit (loss), attributable to non-controlling interests	48	40
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	953,496	518,519
Comprehensive income, attributable to non-controlling interests	29	40
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	8.69	7.14
Total basic earnings per share	8.69	7.14
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	8.68	7.13
Total diluted earnings per share	8.68	7.13

Unit: NTD/000

Consolidated	2018-1-1~ 2018-6-30
Operating revenue	
Net sales revenue	
Net sales revenue	2,638,062
Total operating revenue	2,638,062
Operating costs	
Cost of sales	
Total cost of sales	1,547,056
Total operating costs	1,547,056
Gross profit (loss) from operations	1,091,006
Gross profit (loss) from operations	1,091,006
Operating expenses	

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Selling expenses	200,514
Administrative expenses	226,957
Research and development expenses	16,364
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	1,184
Total operating expenses	445,019
Net other income (expenses)	
Other income	-4,991
Net other income (expenses)	-4,991
Net operating income (loss)	640,996
Non-operating income and expenses	
Other income	
Total other income	36,737
Other gains and losses	
Other gains and losses, net	13,599
Finance costs	
Interest expense	17,078
Finance costs, net	17,078
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	488
Total non-operating income and expenses	33,746
Profit (loss) from continuing operations before tax	674,742
Tax expense (income)	
Total tax expense (income)	166,133
Profit (loss) from continuing operations	508,609
Profit (loss)	508,609
Other comprehensive income	
Components of other comprehensive income that will be reclassified to profit or loss	
Exchange differences on translation	41,178
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	20,871
Components of other comprehensive income that will be reclassified to profit or loss	20,307
Total other comprehensive income	20,307
Total comprehensive income	528,916
Profit (loss), attributable to:	
Profit (loss), attributable to owners of parent	508,591
Profit (loss), attributable to non-controlling interests	18
Comprehensive income attributable to:	
Comprehensive income, attributable to owners of parent	528,910
Comprehensive income, attributable to non-controlling interests	6
Basic earnings per share	
Basic earnings (loss) per share from continuing operations	4.04
Total basic earnings per share	4.04
Diluted earnings per share	

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Diluted earnings (loss) per share from continuing operations	4.03
Total diluted earnings per share	4.03

Cash Flows

Unit: NTD/000

Consolidated	2017	2016
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	1,287,179	1,074,532
Profit (loss) before tax	1,287,179	1,074,532
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	195,248	160,438
Amortization expense	72,914	86,860
Provision (reversal of provision) for bad debt expense	7,503	182
Interest expense	33,610	40,858
Interest income	-17,765	-23,035
Share of loss (profit) of associates and joint ventures accounted for using equity method	248	734
Loss (gain) on disposal of property, plan and equipment	9,070	1,587
Loss (gain) on disposal of investments	0	153
Impairment loss on non-financial assets	0	1,383
Unrealized foreign exchange loss (gain)	19,873	-12,150
Other adjustments to reconcile profit	0	-145
(loss)		
Total adjustments to reconcile profit	320,701	256,865
(loss)		
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	86,017	-1,900
Decrease (increase) in accounts receivable	-197,063	-12,061
Decrease (increase) in accounts receivable due from related parties	70,653	60,728
Decrease (increase) in other receivable	12,847	-1,618
Decrease (increase) in inventories	-204,935	-11,506
Decrease (increase) in other current assets	-64,658	-56,685
Total changes in operating assets	-297,139	-23,042
Changes in operating liabilities		
Increase (decrease) in notes payable	3,287	-2,112
Increase (decrease) in accounts payable	19,521	40,312
Increase (decrease) in accounts payable	-65,352	-62,627

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payable to related parties		
Increase (decrease) in other payable	-13,402	13,888
Increase (decrease) in other payable	-41,158	-9,371
to related parties		
Increase (decrease) in other current	4,858	8,429
liabilities		
Increase (decrease) in net defined	9,861	13,117
benefit liability		
Total changes in operating liabilities	-82,385	1,636
Total changes in operating assets and	-379,524	-21,406
liabilities		
Total adjustments	-58,823	235,459
Cash inflow (outflow) generated from	1,228,356	1,309,991
operations		
Income taxes refund (paid)	-240,545	-218,307
Net cash flows from (used in) operating	987,811	1,091,684
activities		
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial	0	-10,000
assets		
Proceeds from disposal of available-for-sale	10,000	0
financial assets		
Acquisition of investments accounted for	0	-12,250
using equity method		
Net cash flow from acquisition of subsidiaries	-432,561	-2,027,032
Proceeds from disposal of subsidiaries	0	-293
Acquisition of property, plant and equipment	-478,479	-168,542
Proceeds from disposal of property, plant	7,069	2,930
and equipment		
Increase in refundable deposits	400	-910
Decrease in refundable deposits	0	935
Acquisition of intangible assets	-1,216	-1,249
Increase in other financial assets	0	-101,673
Decrease in other financial assets	391,914	2,016
Increase in other prepayments	0	-158,854
Interest received	16,508	23,985
Net cash flows from (used in) investing	-486,365	-2,450,937
activities		
Cash flows from (used in) financing activities		
Increase in short-term loans	6,292,699	6,328,597
Decrease in short-term loans	-7,508,869	-4,471,889
Increase in short-term notes and bills	1,273,332	449,691
payable		
Decrease in short-term notes and bills	-1,188,393	-209,865
payable		
Proceeds from long-term debt	4,062,000	1,389,850
Repayments of long-term debt	-2,542,000	-1,639,850
Increase in guarantee deposits received	228	0
Cash dividends paid	-390,000	-300,000

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Interest paid	-32,133	-40,400
Net cash flows from (used in) financing activities	-33,136	1,506,134
Effect of exchange rate changes on cash and cash equivalents	-61,552	-98,391
Net increase (decrease) in cash and cash equivalents	406,758	48,490
Cash and cash equivalents at beginning of period	1,608,745	1,560,255
Cash and cash equivalents at end of period	2,015,503	1,608,745
Cash and cash equivalents reported in the statement of financial position	2,015,503	1,608,745
Unit: NTD/000		
Consolidated		2018-1-1~ 2018-6-30
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax		674,742
Profit (loss) before tax		674,742
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense		113,971
Amortization expense		41,373
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense		1,184
Interest expense		17,078
Interest income		-12,388
Share of loss (profit) of associates and joint ventures accounted for using equity method		-488
Loss (gain) on disposal of property, plan and equipment		4,991
Impairment loss on non-financial assets		4,249
Unrealized foreign exchange loss (gain)		-25,830
Total adjustments to reconcile profit (loss)		144,140
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable		-32,820
Decrease (increase) in accounts receivable		37,472
Decrease (increase) in accounts receivable due from related parties		16,115
Decrease (increase) in other receivable		114
Adjustments for decrease (increase) in inventories		40,547
Adjustments for decrease (increase) in other current assets		15,945
Total changes in operating assets		77,373
Changes in operating liabilities		
Increase (decrease) in notes payable		-308
Increase (decrease) in accounts payable		-18,444
Increase (decrease) in accounts payable to related parties		3,668

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	Increase (decrease) in other payable	-51,408
	Increase (decrease) in other payable to related parties	0
	Adjustments for increase (decrease) in other current	-7,616
liabilities		
	Increase (decrease) in net defined benefit liability	-29,555
	Total changes in operating liabilities	-103,663
	Total changes in operating assets and liabilities	-26,290
	Total adjustments	117,850
	Cash inflow (outflow) generated from operations	792,592
	Income taxes refund (paid)	-198,012
	Net cash flows from (used in) operating activities	594,580
	Cash flows from (used in) investing activities	
	Proceeds from disposal of available-for-sale financial assets	0
	Net cash flow from acquisition of subsidiaries	-392,590
	Acquisition of property, plant and equipment	-196,901
	Proceeds from disposal of property, plant and equipment	2,635
	Decrease in refundable deposits	479
	Acquisition of intangible assets	-4,859
	Decrease in other financial assets	6,633
	Increase in other non-current assets	-2,111
	Interest received	13,159
	Net cash flows from (used in) investing activities	-573,555
	Cash flows from (used in) financing activities	
	Increase in short-term loans	4,280,996
	Decrease in short-term loans	-4,144,607
	Increase in short-term notes and bills payable	1,288,197
	Decrease in short-term notes and bills payable	-1,143,347
	Proceeds from long-term debt	1,188,000
	Repayments of long-term debt	-1,351,000
	Increase in guarantee deposits received	251
	Interest paid	-19,396
	Net cash flows from (used in) financing activities	99,094
	Effect of exchange rate changes on cash and cash equivalents	27,286
	Net increase (decrease) in cash and cash equivalents	147,405
	Cash and cash equivalents at beginning of period	2,015,503
	Cash and cash equivalents at end of period	2,162,908
	Cash and cash equivalents reported in the statement of	2,162,908
financial position		

BANKERS

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

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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. Chen
Department	Sales Department
E-mail	Zimchen@kmc-international.com

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupee
US Dollar	1	INR 74.13
UK Pound	1	INR 97.63
Euro	1	INR 85.26
TWD	1	INR 2.39

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

INFORMATION DETAILS

Analysis Done by :	VIVR
Report Prepared by :	KET

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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)