

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 537323 |
| Report Date : | 27.10.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | FORMOSA PLASTICS CORPORATION |
| Registered Office : | No.100, Shuiguan Rd., Renwu Dist., Kaohsiung City 81465 |
| Country : | Taiwan |
| Financials (as on) : | 31.12.2017 (Consolidated) |
| Date of Incorporation : | 05.11.1954 |
| Com. Reg. No.: | 84708795 |
| Legal Form : | Joint Stock Company |
| Line of Business : | Manufacturing and sales of chemical materials |
| No. of Employees : | About 7,000 |

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+ | Low Risk | Business dealings permissible with low risk of default |

| | |
|---------------------|---------|
| Status : | Good |
| Payment Behaviour : | Regular |
| Litigation : | Clear |

NOTES :

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

ECGC Country Risk Classification List

| Country Name | Previous Rating (30.06.2018) | Current Rating (30.09.2018) |
|--------------|---------------------------------|--------------------------------|
| Taiwan | A1 | A2 |

| Risk Category | ECGC Classification |
|----------------------|---------------------|
| Insignificant | A1 |
| Low Risk | A2 |
| Moderately Low Risk | B1 |
| Moderate Risk | B2 |
| Moderately High Risk | C1 |
| High Risk | C2 |
| Very High Risk | D |

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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

CONTACT POINTS

Company Name: Formosa Plastics Corporation
Supplied Name: Formosa Plastics Corporation
Trading Address: No. 201 Tung Hwa North Road Taipei, Taiwan, R.O.C.
Supplied Address: 4F, 201, Tung Hwa North Road , Taipei Taiwan., - - -, Taiwan
Telephone Number: +886-2-2712-2211
Fax Number: +886-2-2717-5287
Website: www.fpc.com.tw
Notes: The exact name and address are as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: Formosa Plastics Corporation
Registered Address: No.100, Shuiguan Rd., Renwu Dist., Kaohsiung City 81465, Taiwan (R.O.C.)
Date of Foundation: 1954-11-05
Registration Number: 75708007
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 63,657,407,810 (USD 2,164,351,865.54)
(As of 2018.5, 1 NTD = 0.034 USD)
Paid-up Capital: NTD 63,657,407,810 (USD 2,164,351,865.54)
Legal Representatives: Jiannan Lin
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sales of chemical materials, etc.
Staff: About 7,000 Employees
Listed at Stock Exchange: Yes; Stock Symbol:1301
Date of Last Annual Return: 2017-12-19
Note: Subject's staff number was obtained from subject's annual report.

HISTORY

Subject was incorporated on 1954-11-05 with registered number 75708007 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Stock Exchange on 1964-07-27.

CORPORATE STRUCTURE

Factories

1

Name: The 4th Factory

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| | |
|-------------------------------------|---|
| Address: | No.5, Jianji St., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.) |
| Date of Foundation: | 1991-03-22 |
| Date of Registration: | 1991-12-18 |
| Factory Registration Number: | 64004717 |
| Factory Manager: | Qilin Cai |
| Status: | In Production |
| Date of Last Annual Return: | 2018-01-08 |
| Major Products: | 199 Other chemical products |
| 2 | |
| Name: | Dongshan Factory |
| Address: | No.201, Dongfu Rd., Dongcheng Village, Dongshan Township, Yilan County, Taiwan (R.O.C.) |
| Date of Registration: | 2016-03-18 |
| Factory Registration Number: | 02000220 |
| Factory Manager: | Weijian Li |
| Status: | In Production |
| Date of Last Annual Return: | 2016-03-18 |
| Major Products: | 089 Other food (dietary supplement, calcium oxide) |

Branches

| | |
|-----------------------------------|-----------------|
| 1 | |
| Name | Mailiao Branch |
| Registration Number | 84896537 |
| Date of Registration | 1994-09-09 |
| Date of Last Annual Return | 2014-07-31 |
| 2 | |
| Name | Hsinkang Branch |
| Registration Number | 84708802 |
| Date of Registration | 1994-03-07 |
| Date of Last Annual Return | 2009-03-25 |
| 3 | |
| Name | Yilan Branch |
| Registration Number | 84708795 |
| Date of Registration | 1994-03-07 |
| Date of Last Annual Return | 2015-05-20 |

SHAREHOLDERS

MAJOR SHAREHOLDERS

| Name | Subscription Shares |
|-----------------------------------|----------------------------|
| Formosa Chemicals & Fibre Corp. | 486,978,692 |
| Nan Ya Plastics Corporation | 294,793,105 |
| Formosa Petrochemical Corporation | 131,460,365 |
| Zhicun Li | 632,541 |
| Xuehong Wang | 7,369,380 |
| Guoxiong Wu | 134,537 |

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Minting He 27,824,363
Wenqin Xiao 6,685

Shareholders' Information

- 1**
- Registered Name:** Formosa Chemicals & Fibre Corp.
Registered Address: No. 359, Chungshan Road, Sec. 3, Chang Hwa City, Chang Hwa County, Taiwan, R.O.C.
- Date of Foundation:** 1965-03-05
Registration Number: 58650902
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 58,611,862,910
Paid-up Capital: NTD 58,611,862,910
Legal Representatives: Wenyuan Wang
Legal Form: Joint Stock Company
Date of Last Annual Return: 2018-02-02
- 2**
- Registered Name:** Nan Ya Plastics Corporation
Registered Address: No.101, Shuiguan Rd., Renwu Dist., Kaohsiung City 81465, Taiwan (R.O.C.)
Date of Foundation: 1958-08-22
Registration Number: 75370905
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 79,308,215,890
Paid-up Capital: NTD 79,308,215,890
Legal Representatives: Jiazhao Wu
Legal Form: Joint Stock Company
Date of Last Annual Return: 2017-07-04
- 3**
- Registered Name:** Formosa Petrochemical Corporation
Registered Address: No.1-1, Formosa Plastic Group Industrial Zone, Mai-Liao Township, Yunlin County, Taiwan, R. O. C.
- Date of Foundation:** 1992-04-06
Registration Number: 86522210
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 95,259,596,520
Paid-up Capital: NTD 95,259,596,520
Legal Representatives: Baolang Chen
Legal Form: Joint Stock Company
Date of Last Annual Return: 2017-12-19

MANAGEMENT INFORMATION

Core Management

Directors

1

Name Jiannan Lin

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| | |
|---------------------------------|---------------------------------|
| Position | Chairman of the Board & Manager |
| Date of Appointment for Manager | 2015-08-11 |
| 2 | |
| Name | Wenyuan Wang |
| Position | Executive Director |
| 3 | |
| Name | Ruihua Wang |
| Position | Executive Director |
| 4 | |
| Name | Wenchao Wang |
| Position | Executive Director |
| 5 | |
| Name | Qilin Wei |
| Position | Executive Director |
| 6 | |
| Name | Qingji Wu |
| Position | Independent Director |
| 7 | |
| Name | Deshan Wang |
| Position | Independent Director |
| 8 | |
| Name | Zhichun Li |
| Position | Director |
| 9 | |
| Name | Xuehong Wang |
| Position | Director |
| 10 | |
| Name | Guoxiong Wu |
| Position | Director |
| 11 | |
| Name | Minting He |
| Position | Director |
| 12 | |
| Name | Chengzhong Cheng |
| Position | Director & Manager |
| Date of Appointment for Manager | 2009-06-05 |
| 13 | |
| Name | Wenqin Xiao |
| Position | Director |
| 14 | |
| Name | Tianxiang Li |
| Position | Manager |
| Date of Appointment | 2010-12-24 |
| 15 | |
| Name | Guangming Chen |
| Position | Manager |
| Date of Appointment | 2011-06-20 |
| 16 | |
| Name | Jianshan Yang |

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| | |
|----------------------------------|----------------|
| Position | Manager |
| Date of Appointment 17 | 2013-03-25 |
| Name | Jinlong Huang |
| Position | Manager |
| Date of Appointment 18 | 2013-03-25 |
| Name | Qinglian Huang |
| Position | Manager |
| Date of Appointment 19 | 2014-08-11 |
| Name | Dongqin Ji |
| Position | Manager |
| Date of Appointment 20 | 2014-08-11 |
| Name | Shengguan Lin |
| Position | Manager |
| Date of Appointment 21 | 2017-03-23 |
| Name | Zhenglong Wu |
| Position | Manager |
| Date of Appointment | 2016-05-09 |

Personnel Structure

Total Employees About 7,000 Employees

OPERATION INFORMATION

Offices & Factories

Add Headquarters
No. 201 Tung Hwa North Road Taipei, Taiwan, R.O.C.

Production Information

- Subject is engaged in manufacturing of chemical materials, etc.
- Subject has factories in Taiwan for production.
- Subject obtained the certification of ISO 14000, ISO 14001 and OHSAS 18001.
- Some of subject's annual production capacity information as follows for reference.

| Product | Annual Production Capacity |
|----------------|-----------------------------------|
| HDPE | 566,000 MT |
| MMA | 98,000 MT |

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| | |
|-----------------------|--------------|
| MTBE | 174,000 MT |
| PVC resins | 1,305,000 MT |
| VCM | 1,580,000 MT |
| MBS | 19,700 MT |
| PA | 25,000 MT |
| EVA/LDPE | 240,000 MT |
| LLDPE | 264,000 MT |
| Acrylic Fiber | 43,800 MT |
| Acrylic Acid & Esters | 268,000 MT |

Purchase Information

The registered activities of subject:

Business Code

Details

| | |
|---------|---|
| B202010 | Industry of non-metal. |
| C199990 | Manufacturing of undivided other food. |
| C801010 | Industry of basic chemistry. |
| C801020 | Manufacturing of petrochemical materials. |
| C801100 | Manufacturing of synthetic resin and plastic cement. |
| C801120 | Manufacturing of artificial fiber. |
| C801990 | Manufacturing of other chemical materials. |
| C802120 | Manufacturing of industrial additives. |
| C802170 | Manufacturing of toxic chemicals. |
| C805020 | Manufacturing of plastic films and bags. |
| C901070 | Manufacturing of stone products. |
| CB01010 | Manufacturing of machinery. |
| CC01080 | Manufacturing of electronic components. |
| D101050 | Manufacturing of cogeneration industry. |
| D301010 | Operating of tap water. |
| D401010 | Heat supply industry. |
| E603050 | Automatic control equipment engineering industry. |
| H701010 | Development, renting and sales of residence and building. |
| H701040 | Development of specific area. |
| ID01010 | Certifying of instruments for measuring distance, area and weight. |
| IZ99990 | Servicing of other trading business. |
| J101050 | Servicing of environment monitoring. |
| ZZ99999 | Besides licensed business, all other business items those are not banned or restricted. |

- The raw materials for production are purchased both at home and abroad.
- It is introduced that subject imports some technologies from Japan, etc.

We obtain some detail purchase information about raw materials as follows for reference.

| | |
|--------------|-------------------------|
| Raw Material | Original Area |
| Ethylene | Taiwan, Japan, etc. |
| Propylene | Taiwan |
| Dust Coal | Taiwan, Indonesia, etc. |
| VCM | Japan, Taiwan, etc. |
| EDC | Taiwan |
| Salt | Japan, etc. |
| AN | Taiwan |

Sales Information

- Subject is engaged in sales of chemical materials, etc.
- The major products include plastic materials and calcium carbide products, etc.
- It is introduced that subject has 8 major departments include plastic, acrylic fiber, carbide, plastic processing, polyolefin, chemicals, electronics and polypropylene, etc.
- Subject's sells regions include Taiwan, Korea, India, Southeast Asia, America, etc.
- Some partners of the subject are Fujitsu Hitachi Plasma Display Corporation and AU Optronics Corporation, etc.

Major Products

| | |
|--------------------------|---|
| Plastic products | Shopping bag, garbage bag, breathable film, etc. |
| Plastic materials | Hydrochloric acid, MBS, PVC resins, VCM, caustic soda, HDPE, EVA/LDPE and LLDPE, etc. |
| Calcium carbide products | Optimal calcium, calcium carbide, calcium carbonate, quicklime and Light calcium glue, etc. |

Import and export right:

| | |
|--------------|-----|
| Import right | Yes |
| Export right | Yes |

SETTLEMENTS

Purchase

Domestic Purchase

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

Import

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

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Sales

Domestic Markets

Product Chemicals materials, etc.
Selling Terms T/T, Cash, etc.

Export

Product Chemicals materials, etc.
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 | 18,165,145 | 19,877,489 |
| Current available-for-sale financial assets | | |
| Current available-for-sale financial assets, net | 111,581,327 | 97,540,570 |
| Notes receivable, net | | |
| Notes receivable, net | 3,051,878 | 1,848,538 |
| Accounts receivable, net | | |
| Accounts receivable, net | 7,971,516 | 7,950,710 |
| Accounts receivable due from related parties, net | | |
| Accounts receivable due from related parties, net | 4,911,470 | 3,928,282 |
| Other receivables | | |
| Other receivables, net | 1,304,199 | 1,077,364 |
| Other receivables due from related parties | | |
| Other receivables due from related parties, net | 15,665,975 | 19,845,448 |
| Inventories | | |
| Total inventories | 17,617,600 | 17,140,140 |
| Other current assets | | |
| Total other current assets | 3,943,126 | 4,150,892 |
| Total current assets | 184,212,236 | 173,359,433 |
| Non-current assets | | |
| Non-current financial assets at cost | | |
| Non-current financial assets at cost, net | 18,538,315 | 18,002,509 |
| Investments accounted for using equity method | | |
| Investments accounted for using equity method, net | 194,029,840 | 181,413,222 |
| Property, plant and equipment | | |
| Total property, plant and equipment | 69,094,450 | 73,367,695 |
| Intangible assets | | |
| Total intangible assets | 431,315 | 489,499 |

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| | | |
|--|-------------|-------------|
| Deferred tax assets | 2,156,300 | 1,392,907 |
| Other non-current assets | | |
| Total other non-current assets | 7,608,580 | 7,640,807 |
| Total non-current assets | 291,858,800 | 282,306,639 |
| Total assets | 476,071,036 | 455,666,072 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | | |
| Total short-term borrowings | 14,921,759 | 25,020,737 |
| Short-term notes and bills payable | | |
| Short-term notes and bills payable | 9,495,509 | 9,999,566 |
| Total short-term notes and bills payable | 9,495,509 | 9,999,566 |
| Accounts payable | | |
| Total accounts payable | 4,052,981 | 4,561,147 |
| Accounts payable to related parties | | |
| Total accounts payable to related parties | 8,452,435 | 7,691,854 |
| Other payables | | |
| Total other payables | 3,480,988 | 2,410,380 |
| Other payables to related parties | 5,424,029 | 1,497,978 |
| Other current liabilities | | |
| Long-term liabilities, current portion | | |
| Bonds payable, current portion | 5,696,600 | 10,742,038 |
| Long-term borrowings, current portion | 6,737,722 | 5,997,635 |
| Total long-term liabilities, current portion | 12,434,322 | 16,739,673 |
| Other current liabilities, others | 13,012,233 | 12,534,597 |
| Total other current liabilities | 25,446,555 | 29,274,270 |
| Total current liabilities | 71,274,256 | 80,455,932 |
| Non-current liabilities | | |
| Bonds payable | | |
| Total bonds payable | 27,861,638 | 26,566,185 |
| Long-term borrowings | | |
| Total long-term borrowings | 9,893,975 | 14,842,298 |
| Deferred tax liabilities | | |
| Total deferred tax liabilities | 14,464,611 | 13,109,101 |
| Other non-current liabilities | | |
| Net defined benefit liability, non-current | 7,262,543 | 7,067,119 |
| Other non-current liabilities, others | 303,847 | 554,950 |
| Total other non-current liabilities | 7,566,390 | 7,622,069 |
| Total non-current liabilities | 59,786,614 | 62,139,653 |
| Total liabilities | 131,060,870 | 142,595,585 |
| Equity | | |
| Equity attributable to owners of parent | | |
| Share capital | | |
| Ordinary share | 63,657,408 | 63,657,408 |
| Total capital stock | 63,657,408 | 63,657,408 |
| Capital surplus | | |
| Total capital surplus | 11,649,929 | 11,428,970 |
| Retained earnings | | |

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| | | |
|--|-------------|-------------|
| Legal reserve | 52,165,530 | 48,226,276 |
| Special reserve | 51,285,206 | 46,721,324 |
| Unappropriated retained earnings (accumulated deficit) | | |
| Total unappropriated retained earnings (accumulated deficit) | 78,699,082 | 67,703,039 |
| Total retained earnings | 182,149,818 | 162,650,639 |
| Other equity interest | | |
| Total other equity interest | 87,553,011 | 75,333,470 |
| Total equity attributable to owners of parent | 345,010,166 | 313,070,487 |
| Total equity | 345,010,166 | 313,070,487 |
| Total liabilities and equity | 476,071,036 | 455,666,072 |

PROFIT AND LOSS ACCOUNT

Unit: NTD/000

| Consolidated | 2017 | 2016 |
|--|-------------|-------------|
| Operating revenue | | |
| Total operating revenue | 206,709,755 | 180,173,192 |
| Operating costs | | |
| Total operating costs | 173,240,579 | 155,873,996 |
| Gross profit (loss) from operations | 33,469,176 | 24,299,196 |
| Gross profit (loss) from operations | 33,469,176 | 24,299,196 |
| Operating expenses | | |
| Selling expenses | | |
| Total selling expenses | 5,778,400 | 5,318,083 |
| Administrative expenses | | |
| Total administrative expenses | 4,784,185 | 5,175,491 |
| Research and development expenses | | |
| Total research and development expenses | 968,395 | 788,409 |
| Total operating expenses | 11,530,980 | 11,281,983 |
| Net operating income (loss) | 21,938,196 | 13,017,213 |
| Non-operating income and expenses | | |
| Other income | | |
| Total other income | 6,241,452 | 5,288,122 |
| Other gains and losses | | |
| Other gains and losses, net | -1,642,268 | -1,715,509 |
| Finance costs | | |
| Finance costs, net | 1,527,802 | 1,400,343 |
| 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 | 29,894,765 | 28,624,466 |
| Total non-operating income and expenses | 32,966,147 | 30,796,736 |
| Profit (loss) from continuing operations before tax | 54,904,343 | 43,813,949 |
| Tax expense (income) | | |
| Total tax expense (income) | 5,521,490 | 4,421,406 |
| Profit (loss) from continuing operations | 49,382,853 | 39,392,543 |
| Profit (loss) | 49,382,853 | 39,392,543 |

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| | | |
|--|------------|------------|
| 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 | -577,649 | -559,495 |
| 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 | | |
| 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 | -121,817 | 93,130 |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | -98,200 | -95,114 |
| Components of other comprehensive income that will not be reclassified to profit or loss | -601,266 | -371,251 |
| Components of other comprehensive income that will be reclassified to profit or loss | | |
| Exchange differences on translation | -6,363,713 | -4,325,453 |
| Unrealised gains (losses) on valuation of available-for-sale financial assets | 14,838,705 | 13,334,020 |
| 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 | 2,508,328 | 1,298,980 |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss | -1,236,221 | -341,738 |
| Components of other comprehensive income that will be reclassified to profit or loss | 12,219,541 | 10,649,285 |
| Other comprehensive income, net | 11,618,275 | 10,278,034 |
| Total comprehensive income | 61,001,128 | 49,670,577 |
| Profit (loss), attributable to: | | |
| Profit (loss), attributable to owners of parent | 49,382,853 | 39,392,543 |
| Comprehensive income attributable to: | | |
| Comprehensive income, attributable to owners of parent | 61,001,128 | 49,670,577 |
| Basic earnings per share | | |
| Basic earnings (loss) per share from continuing | 7.76 | 6.19 |

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| | | |
|--------------------------------|------|------|
| operations | | |
| Total basic earnings per share | 7.76 | 6.19 |

CASH FLOWS

Unit: NTD/000

| Consolidated | 2017 | 2016 |
|---|-------------|-------------|
| Cash flows from (used in) operating activities, indirect method | | |
| Profit (loss) from continuing operations before tax | 54,904,343 | 43,813,949 |
| Profit (loss) before tax | 54,904,343 | 43,813,949 |
| Adjustments | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 7,904,294 | 8,362,993 |
| Amortization expense | 545,805 | 599,995 |
| Provision (reversal of provision) for bad debt expense | -1,678 | 1,747 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 0 | 0 |
| Interest expense | 1,527,802 | 1,400,343 |
| Interest income | -483,538 | -364,369 |
| Dividend income | -5,606,734 | -4,771,936 |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | -29,894,765 | -28,624,466 |
| Loss (gain) on disposal of property, plant and equipment | -9,851 | -324 |
| Property, plant and equipment transferred to expenses | 0 | 0 |
| Loss (gain) on disposal of investments | -1,762,716 | 0 |
| Impairment loss on non-financial assets | 2,347,867 | 0 |
| Unrealized foreign exchange loss (gain) | 110,414 | -268,508 |
| Other revenue, overdue dividends and compensation of board and directors | 0 | 0 |
| Total adjustments to reconcile profit (loss) | -25,323,100 | -23,664,525 |
| Changes in operating assets and liabilities | | |
| Changes in operating assets | | |
| Decrease (increase) in notes receivable | -1,203,340 | 66,247 |
| Decrease (increase) in accounts receivable | -68,277 | -1,875,198 |
| Decrease (increase) in accounts receivable due from related parties | -983,188 | -399,123 |
| Decrease (increase) in other receivable | -214,914 | 49,548 |
| Decrease (increase) in other receivable due from related parties | -63,700 | 5,681,948 |
| Decrease (increase) in inventories | -570,634 | 705,242 |
| Decrease (increase) in other current assets | 207,550 | 350,572 |
| Total changes in operating assets | -2,896,503 | 4,579,236 |
| Changes in operating liabilities | | |
| Increase (decrease) in accounts payable | -767,294 | 215,897 |

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| | | |
|---|--------------|--------------|
| Increase (decrease) in accounts payable to related parties | 760,581 | 1,042,620 |
| Increase (decrease) in other payable | -824,589 | -514,763 |
| Increase (decrease) in other payable to related parties | 145,079 | 8,695 |
| Increase (decrease) in other current liabilities | 398,591 | 1,043,098 |
| Increase (decrease) in net defined benefit liability | -382,226 | -2,368,608 |
| Total changes in operating liabilities | -669,858 | -573,061 |
| Total changes in operating assets and liabilities | -3,566,361 | 4,006,175 |
| Total adjustments | -28,889,461 | -19,658,350 |
| Cash inflow (outflow) generated from operations | 26,014,882 | 24,155,599 |
| Interest received | 475,019 | 336,821 |
| Dividends received | 22,771,652 | 17,940,059 |
| Interest paid | -1,459,944 | -2,005,757 |
| Income taxes refund (paid) | -1,720,079 | -3,878,393 |
| Net cash flows from (used in) operating activities | 46,081,530 | 36,548,329 |
| Cash flows from (used in) investing activities | | |
| Acquisition of available-for-sale financial assets | 0 | -4,918,250 |
| Proceeds from disposal of available-for-sale financial assets | 2,560,664 | 0 |
| Acquisition of financial assets at cost | -1,737,518 | -29,223 |
| Acquisition of investments accounted for using equity method | -1,989,918 | -2,643,960 |
| Acquisition of property, plant and equipment | -6,710,685 | -3,412,447 |
| Proceeds from disposal of property, plant and equipment | 18,903 | 5,794 |
| Increase in other receivables due from related parties | 0 | -9,677,158 |
| Decrease in other receivables due from related parties | 4,238,401 | 0 |
| Increase in other non-current assets | -475,640 | 0 |
| Decrease in other non-current assets | 0 | 227,237 |
| Net cash flows from (used in) investing activities | -4,095,793 | -20,448,007 |
| Cash flows from (used in) financing activities | | |
| Increase in short-term loans | 338,088,287 | 233,730,759 |
| Decrease in short-term loans | -347,987,424 | -221,119,522 |
| Increase in short-term notes and bills payable | 0 | 10,000,000 |
| Decrease in short-term notes and bills payable | -504,057 | 0 |
| Proceeds from issuing bonds | 6,988,624 | 0 |
| Repayments of bonds | -10,750,000 | -14,650,000 |
| Proceeds from long-term debt | 3,049,851 | 4,521,240 |
| Repayments of long-term debt | -6,817,635 | -3,186,682 |
| Increase in other payables to related parties | 3,780,972 | 0 |
| Decrease in other payables to related parties | 0 | -1,312,547 |
| Decrease in other non-current liabilities | -39,234 | -199,959 |
| Cash dividends paid | -29,224,705 | -23,360,116 |
| Net cash flows from (used in) financing activities | -43,415,321 | -15,576,827 |
| Effect of exchange rate changes on cash and cash equivalents | -282,760 | -402,728 |

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| | | |
|---|------------|------------|
| Net increase (decrease) in cash and cash equivalents | -1,712,344 | 120,767 |
| Cash and cash equivalents at beginning of period | 19,877,489 | 19,756,722 |
| Cash and cash equivalents at end of period | 18,165,145 | 19,877,489 |
| Cash and cash equivalents reported in the statement of financial position | 18,165,145 | 19,877,489 |

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

BANKER

Name: Mega International Commercial Bank Co., Ltd

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

Department Sales Department

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 73.37 |
| UK Pound | 1 | INR 94.05 |
| Euro | 1 | INR 83.41 |
| TWD | 1 | INR 2.36 |

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

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | PRA |
| 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)