

MIRA INFORM REPORT

Report No. :	520370
Report Date :	17.07.2018

IDENTIFICATION DETAILS

Name :	LCY CHEMICAL CORP.
Formerly Known As :	LEE CHANG YUNG CHEMICAL INDUSTRY CORPORATION
Registered Office :	No. 3, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812
Country :	Taiwan
Financials (as on) :	31.12.2016 [Consolidated]
Date of Incorporation :	06.11.1965
Com. Reg. No.:	39054405
Legal Form :	Joint Stock Company
Line of Business :	Manufacture and Sales of Chemicals
No. of Employees :	1,000

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
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, however, 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: LCY CHEMICAL CORP.
Supplied Name: LCY CHEMICAL CORP
Trading Address: 4F., No.83, Sec.4, Bade Rd., Songshan Dist., Taipei City 105,
Taiwan (R.O.C.)
Supplied Address: 3F No 83 Sec 4 Bade Road Taipei 105 Taiwan Taiwan
Telephone Number: +886-2-2763-1611
Fax Number: +886-2-2748-3197
E-mail: lcy@lcygroup.com
lcy.website@lcygroup.com
Website: www.lcygroup.com

Notes: The exact name and address are as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: LCY Chemical Corp.
Registered Address: No. 3, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812,
Taiwan
Date of Foundation: 1965-11-06
Registration Number: 39054405
Registry: Department of Commerce, Ministry of Economic Affairs,
R.O.C.
Registered Capital: NTD 10,000,000,000 (USD 330,000,000)
Paid-up Capital: NTD 8,554,323,680 (USD 282,292,681)
Legal Representatives: Zaixing Hong
Legal Form: Joint Stock Company
Principal Activities: Manufacture and sales of chemicals
Staff: About 1,000 Employees
Listed at Stock Exchange: Yes, Stock Symbol: 1704
Date of Last Annual Return: 2017-12-07

HISTORY

Subject was incorporated on 1965-11-06 with registered number 39054405 as Joint Stock Company in Taiwan.

Subject was listed on Taiwan Stock Exchange on 1977-12-17.

Change of Name:
Former English Name LEE CHANG YUNG CHEMICAL INDUSTRY
CORPORATION
Current English Name LCY CHEMICAL CORP.

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CORPORATE STRUCTURE

Branch

Branch Name: Nanzi Branch
Branch Registered Number: 53016522
Branch Status: Active
Date of Incorporation: 2011-08-19
Date of Last Annual Return: 2017-11-21
Telephone Number: +886-7-364-8814
Fax Number: +886-7-364-4029

Factories

1

Name: Kaohsiung Factory
Address: No. 3, Zhonglin Road, Shanming Alley, Xiaogang District, Kaohsiung City, Taiwan
Date of Registration: 1969-07-10
Factory Registration Number: 64000127
Factory Manager: Shengting Lin
Status: In Production
Date of Last Annual Return: 2018-01-25
Major Products: 199 Other chemical products

2

Name: Kaohsiung Port Storage and Transportation Station
Address: No. 2-1, Guohua 2nd Street, Zhenbei Alley, Qianzhen District, Kaohsiung City, Taiwan
Date of Foundation: 1979-06-27
Date of Registration: 1981-05-16
Factory Registration Number: 64003372
Factory Manager: Yujin Cai
Status: In Production
Date of Last Annual Return: 2016-07-21
Major Products: 199 Other chemical products

3

Name: Xiaogang Factory
Address: No. 16, 18, 20, Zhonglin Road, Fenggong Alley 812, Xiaogang District, Kaohsiung City, Taiwan
Date of Foundation: 1995-02-14
Date of Registration: 1996-05-10
Factory Registration Number: 64005174
Factory Manager: Yonghua Huang
Status: In Production
Date of Last Annual Return: 2016-6-30
Major Products: 184 Synthetic resin, plastic and rubber
181 Basic chemical materials

4

Name: Nanzi Processing and Exporting Zone First Factory
Address: No. 68, Yanfa Rd., The Second Park, Nanzi Processing and Exporting

	Zone, Nanzi Dist., Kaohsiung City, Taiwan
Date of Registration:	2014-09-11
Factory Registration Number:	90N00831
Factory Manager:	Qinzhou Lin
Status:	In Production
Date of Last Annual Return:	2016-09-26
Major Products	210 rubber products
5	
Name:	Linyuan Factory
Address:	No. 11, Shihua 3 Road, Linyuan District, Kaohsiung City, Taiwan
Date of Foundation:	1984-07-28
Date of Registration:	1990-12-31
Factory Registration Number:	99661372
Factory Manager:	Maoxian Li
Status:	In Production
Date of Last Annual Return:	2016-10-25
Major Products	181 Basic chemical materials 170 Petroleum and coal products
6	
Name:	Dashe Factory
Address:	No. 2, Jingjian Road, Sannai Alley, Dashe District, Kaohsiung City, Taiwan
Date of Foundation:	1976-04-01
Date of Registration:	1990-12-31
Factory Registration Number:	99661849
Factory Manager:	Binghuang Qiu
Status:	In Production
Date of Last Annual Return:	2015-03-24
Major Products	185 Man-made fiber 184 Synthetic resin, plastic and rubber
Related Companies	
1	
Name:	Huizhou LCY Elastomers Corp.
Address:	299 Shihua Dadaozhong, Dayawan Economic & Technological Development Zone, Huizhou, Guangdong, 516082, P.R.C.
Telephone Number:	+86-752-5599000
Fax Number:	+86-752-5599002
2	
Name:	Zhenjiang LCY Warehousing & Storage Co., Ltd.
Address:	Jiangsu Dantu Economic Development Zone, China
Telephone Number:	+86-511-85686418
Fax Number:	+86-511-85686328
3	
Name:	Zhenjiang Lee Chang Yung General Chemical Co., Ltd.
Address:	Jiangsu Dantu Economic Development Zone, China 212114
Telephone Number:	+86-511-85680337
Fax Number:	+86-511-85688702
4	

Name: LCY Elastomers LP
Address: 4803 Decker Drive, Baytown, Texas 77520, USA
Telephone Number: +1- 281-424-6100
Fax Number: +1-281-424-6340

SHAREHOLDERS

Major Shareholders

Name	Subscription Shares
Shihua Investment Co., Limited (Literal translation)	20,000,000
Wai Lih Company Limited	14,781,760
Fuju Co., Ltd (Literal Translation)	5,336,734

Shareholder Information:

1

Registered Name: Shihua Investment Co., Limited (Literal translation)
Registered Address: 7/F., No. 83, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105,
Taiwan (R.O.C.)
Date of Foundation: 2011-7-21
Registration Number: 53520199
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 583,000,000 (USD 19,239,000)
(As of 2018.2, 1 NTD = 0.033 USD)
Paid-up Capital: NTD 583,000,000 (USD 19,239,000)
Legal Representatives: Shufei Yu
Legal Form: Joint Stock Company
Date of Last Annual Return: 2016-04-29

2

Registered Name: Wai Lih Company Limited
Registered Address: 7F., No. 83, Sec. 4, Bade Rd., Songshan Dist., Taipei City
10561, Taiwan R.O.C.
Date of Foundation: 2011-03-31
Registration Number: 53325631
Registry: Taipei City Government
Registered Capital: NTD 70,000,000 (USD 2,310,000)
(As of 2018.2, 1 NTD = 0.033 USD)

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Paid-up Capital: NTD 70,000,000 (USD 2,310,000)
Legal Representatives: Zhenfang Li
Legal Form: Joint Stock Company
Date of Last Annual Return: 2017-07-24
3
Registered Name: Fuju Co., Ltd (Literal Translation)
Address: 7F-2, No. 1, Guangfu South Rd., Songshan Dist., Taipei City,
Taiwan
Date of Foundation: 2009-08-14
Registration Number: 24455542
Registry: Taipei City Government
Registered Capital: NTD 50,000,000 (USD 1,650,000)
(As of 2018.2, 1 NTD = 0.033 USD)
Paid-up Capital: NTD 50,000,000 (USD 1,650,000)
Legal Representatives: Xingyi Wang
Legal Form: Joint Stock Company
Date of Last Annual Return: 2017-03-03
3

MANAGEMENT INFORMATION

Core Management

Directors

1

Name Zaixing Hong
Position Board Chairman

2

Name Minggong Li
Position Director

3

Name Shouren Wang
Position Director

4

Name	Zhengcheng Wei
Position	Director
5	
Name	Yage Wang
Position	Independence Director
6	
Name	Sanqi Liu
Position	Independence Director
7	
Name	Xunjia Zhuang
Position	Supervisor
9	
Name	Kuncan Wang
Position	Supervisor

Personnel Structure

Total Employees About 1,000 Employees

OPERATION INFORMATION

Offices & Factories

Add Headquarters
4F., No.83, Sec.4, Bade Rd., Songshan Dist., Taipei City 105,
Taiwan (R.O.C.)

Production Information

Subject is engaged in manufacturing of chemicals, etc.
It is introduced that subject has factories in Taiwan and Mainland China for production.
It is introduced that subject has obtained the certification of ISO 9001, ISO 9002 and ISO 14001, etc.

Purchase Information

The registered activities of subject:

Business Code	Details
C801020	Manufacture of chemical materials

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C801100	Manufacture of China Synthetic Resin and Plastics
C801060	Manufacture of synthetic rubber
G801010	Warehousing Industry
C801010	Basic Chemical Industry
C802120	Manufacture of industrial additives
C802200	Manufacture of Coating paint dye and pigment
F107990	Wholesales of other chemical products
F207990	Retails of other chemical products
D201040	Liquefied petroleum gas (LPG) packaging industry
JE01010	Leasing Industry
F112040	Wholesales of petroleum products
F212050	Retails of petroleum products
F401010	International Trading Business
F112010	Wholesales of Petrol and diesel fumes
F107200	Wholesales of chemical materials
F207200	Retails of chemical materials
F401100	The oil output industry
I101080	Industrial and mining industry consultant
I101090	The food industry consultant
IC01010	The drug inspection industry
IF04010	Nondestructive testing industry
J101050	Environmental testing services
I199990	Other advisory services
J101060	Wastewater or sewage water treatment industry
C804990	Other rubber products manufacturing
C805990	Other plastic products manufacturing
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.

Sales Information

Subject is mainly engaged in sales of chemicals, etc.

The subject's products include polypropylene, fiber, methanol & solvent, thermoplastic elastomer and drum, etc.

The products are mainly applied for home plastic supply, medical products, automobile parts, construction materials and baby products, etc.

The subject's sales regions cover Taiwan, Mainland China, Southeast Asia, Japan and Korea, etc.

The major customers are manufacturers of plastic products, etc.

Import and export right:

Import right Yes

Export right Yes

SETTLEMENTS

Purchase

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

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	11,130,927	7,010,132
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	632,999	628,392
Current available-for-sale financial assets		
Current available-for-sale financial assets, net	1,210,021	355,273
Notes receivable, net		
Notes receivable, net	955,597	538,359
Notes receivable due from related parties, net		
Notes receivable due from related parties, net	19,637	2,785
Accounts receivable, net		
Accounts receivable, net	2,719,939	2,234,012
Accounts receivable due from related parties, net		
Accounts receivable due from related parties, net	31,578	17,699

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Other receivables		
Other receivables, net	802,463	314,831
Other receivables due from related parties		
Other receivables due from related parties, net	1,254	1,270
Current tax assets		
Total current tax assets	4,163	28,635
Inventories		
Total inventories	4,746,165	4,913,972
Prepayments		
Total prepayments	549,161	523,575
Non-current assets classified as held for sale, net		
Non-current assets classified as held for sale, net	455,317	0
Other current assets		
Other current financial assets	1,442,520	3,977,654
Other current assets, others	264,251	263,047
Total other current assets	1,706,771	4,240,701
Total current assets	24,965,992	20,809,636
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets, net	78,985	86,536
Non-current financial assets at cost		
Non-current financial assets at cost, net	3,264,055	3,131,767
Investments accounted for using equity method		
Investments accounted for using equity method, net	107,715	109,635
Property, plant and equipment		
Total property, plant and equipment	11,203,094	12,310,043
Intangible assets		
Other intangible assets, net		
Other intangible assets, net	59,088	51,723
Total intangible assets	59,088	51,723
Deferred tax assets	249,517	238,428
Other non-current assets		
Other non-current financial assets		
Total other non-current financial assets	204,641	205,070
Long-term prepaid rents	303,493	338,361
Other non-current assets, others		
Total other non-current assets, others	1,045,161	271,171
Total other non-current assets	1,553,295	814,602
Total non-current assets	16,515,749	16,742,734
Total assets	41,481,741	37,552,370
Liabilities and equity		

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Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	2,752,902	1,556,560
Current financial liabilities at fair value through profit or loss		
Total current financial liabilities at fair value through profit or loss	53,495	0
Notes payable		
Total notes payable	4,713	5,693
Accounts payable		
Total accounts payable	2,524,757	1,998,718
Accounts payable to related parties		
Total accounts payable to related parties	55,403	16,397
Other payables		
Total other payables	1,809,168	1,186,843
Other payables to related parties	18	45
Current tax liabilities	60,896	104,439
Other current liabilities		
Advance receipts		
Total advance receipts	299,921	172,367
Long-term liabilities, current portion		
Total long-term liabilities, current portion	1,297,145	2,074,683
Other current liabilities, others	6,905	1,378
Total other current liabilities	1,603,971	2,248,428
Total current liabilities	8,865,323	7,117,123
Non-current liabilities		
Long-term borrowings		
Total long-term borrowings	1,412,570	1,343,223
Deferred tax liabilities		
Total deferred tax liabilities	4,413,894	4,498,035
Other non-current liabilities		
Guarantee deposits received	4,311	1,357
Total other non-current liabilities	4,311	1,357
Total non-current liabilities	5,830,775	5,842,615
Total liabilities	14,696,098	12,959,738
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	8,560,094	8,529,594
Total capital stock	8,560,094	8,529,594
Capital surplus		
Total capital surplus	9,236,021	9,171,710
Retained earnings		
Legal reserve	2,415,335	2,202,110
Special reserve	1,561,927	1,561,927
Unappropriated retained earnings (accumulated deficit)		

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Total unappropriated retained earnings (accumulated deficit)	4,607,795	2,132,252
Total retained earnings	8,585,057	5,896,289
Other equity interest		
Total other equity interest	305,512	921,736
Treasury shares	0	0
Total equity attributable to owners of parent	26,686,684	24,519,329
Non-controlling interests	98,959	73,303
Total equity	26,785,643	24,592,632
Total liabilities and equity	41,481,741	37,552,370
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	39,853,417	35,730,850
Rental revenue		
Total rental revenue	226,767	234,197
Total operating revenue	40,080,184	35,965,047
Operating costs		
Cost of sales		
Total cost of sales	33,028,695	30,771,516
Cost of rental sales		
Total cost of rental sales	100,886	98,898
Total operating costs	33,129,581	30,870,414
Gross profit (loss) from operations	6,950,603	5,094,633
Gross profit (loss) from operations	6,950,603	5,094,633
Operating expenses		
Selling expenses		
Total selling expenses	1,728,509	1,487,625
Administrative expenses		
Total administrative expenses	751,097	697,683
Research and development expenses		
Total research and development expenses	346,603	194,803
Total operating expenses	2,826,209	2,380,111
Net operating income (loss)	4,124,394	2,714,522
Non-operating income and expenses		
Other income		
Total other income	695,251	1,534,899

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Other gains and losses		
Other gains and losses, net	-81,206	6,698,669
Finance costs		
Finance costs, net	91,814	687,552
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	0	-5,898
Total non-operating income and expenses	522,231	7,540,118
Profit (loss) from continuing operations before tax	4,646,625	10,254,640
Tax expense (income)		
Total tax expense (income)	652,765	490,157
Profit (loss) from continuing operations	3,993,860	9,764,483
Profit (loss)	3,993,860	9,764,483
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-671,547	390,853
Unrealised gains (losses) on valuation of available-for-sale financial assets	-1,036	-11,041
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-114,162	66,447
Components of other comprehensive income that will be reclassified to profit or loss	-558,421	313,365
Other comprehensive income, net	-558,421	313,365
Total comprehensive income	3,435,439	10,077,848
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	3,968,207	9,974,414
Profit (loss), attributable to non-controlling interests	25,653	-209,931
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	3,409,783	10,287,777
Comprehensive income, attributable to non-controlling interests	25,656	-209,929
Basic earnings per share		
Total basic earnings per share	4.65	11.69
Diluted earnings per share		
Total diluted earnings per share	4.64	11.28

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CASH FLOWS

Unit: NTD/000

Consolidated	2016	2015
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	4,646,625	10,254,640
Profit (loss) before tax	4,646,625	10,254,640
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	1,245,307	1,393,100
Amortization expense	21,236	19,458
Provision (reversal of provision) for bad debt expense	507	-2,311
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-8,419	-12,201
Interest expense	91,814	687,552
Interest income	-81,304	-84,229
Dividend income	-537,684	-1,391,001
Share-based payments	37,011	-205,985
Share of loss (profit) of associates and joint ventures accounted for using equity method	0	5,898
Loss (gain) on disposal of property, plant and equipment	7,689	9,799
Property, plant and equipment transferred to expenses	0	3,123
Loss (gain) on disposal of intangible assets	0	-700
Loss (gain) on disposal of other assets	0	-8,423,183
Loss (gain) on disposal of non-current assets classified as held for sale	0	-150,630
Loss (gain) on disposal of investments	-1,108	-8,449
Loss (gain) on disposal of investments accounted for using equity method	0	-29,947
Impairment loss on financial assets	0	1,534,016
Impairment loss on non-financial assets	0	157,561
Reversal of impairment loss on non-financial assets	-19	-44,745
Unrealized foreign exchange loss (gain)	2,931	-67,782
Loss (gain) on bond redemption	0	-3,598
Other adjustments to reconcile profit (loss)	-13,351	-2,133
Total adjustments to reconcile profit (loss)	764,610	-6,616,387
Changes in operating assets and		

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liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	9,613	19,120
Decrease (increase) in notes receivable	-478,999	322,033
Decrease (increase) in notes receivable due from related parties	-16,852	14,423
Decrease (increase) in accounts receivable	-543,348	-177,870
Decrease (increase) in accounts receivable due from related parties	-13,879	-1,656
Decrease (increase) in other receivable	-63,693	-47,236
Decrease (increase) in other receivable due from related parties	16	-351
Decrease (increase) in inventories	75,580	1,221,385
Decrease (increase) in prepayments	-188,015	-179,270
Decrease (increase) in other current assets	-5,441	1,846
Decrease (increase) in other financial assets	2,181,401	-1,169,872
Total changes in operating assets	956,383	2,552
Changes in operating liabilities		
Increase (decrease) in financial liabilities held for trading	-47,793	-331
Increase (decrease) in notes payable	-980	3,469
Increase (decrease) in accounts payable	570,407	261,418
Increase (decrease) in accounts payable to related parties	38,948	-10,090
Increase (decrease) in other payable	489,031	488,266
Increase (decrease) in other payable to related parties	-27	28
Increase (decrease) in receipts in advance	156,163	87,016
Increase (decrease) in other current liabilities	5,527	-4,632
Total changes in operating liabilities	1,211,276	825,144
Total changes in operating assets and liabilities	2,167,659	827,696
Total adjustments	2,932,269	-5,788,691
Cash inflow (outflow) generated from operations	7,578,894	4,465,949
Interest paid	-89,686	-128,315
Income taxes refund (paid)	-648,501	-90,839
Net cash flows from (used in) operating activities	6,840,707	4,246,795
Cash flows from (used in) investing activities		
Proceeds from disposal of financial	75,570	4,439

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assets at fair value through profit or loss, designated as upon initial recognition		
Acquisition of available-for-sale financial assets	-2,947,658	-2,122,837
Proceeds from disposal of available-for-sale financial assets	1,673,423	2,044,694
Proceeds from capital reduction of available-for-sale financial assets	4,684	16,801
Acquisition of financial assets at cost	-292,531	-143,214
Proceeds from disposal of financial assets at cost	578	5,661
Proceeds from capital reduction of financial assets at cost	109,265	154,254
Increase in prepayments for investments	-600	0
Proceeds from disposal of subsidiaries	0	-138,609
Proceeds from disposal of non-current assets classified as held for sale	0	906,477
Acquisition of property, plant and equipment	-1,306,767	-773,007
Proceeds from disposal of property, plant and equipment	2,721	10,335
Increase in refundable deposits	-31,830	0
Decrease in refundable deposits	0	8,156
Acquisition of intangible assets	-5,168	-7,212
Proceeds from disposal of intangible assets	0	700
Increase in other financial assets	0	-940,252
Decrease in other financial assets	281,280	0
Interest received	82,103	80,660
Dividends received	537,684	1,391,001
Net cash flows from (used in) investing activities	-1,817,246	498,047
Cash flows from (used in) financing activities		
Increase in short-term loans	1,229,396	100,622
Repayments of bonds	0	-2,025,781
Proceeds from long-term debt	1,378,294	543,480
Repayments of long-term debt	-2,074,683	-2,286,321
Increase in guarantee deposits received	2,954	0
Decrease in guarantee deposits received	0	-839
Decrease in lease payable	0	-198,920
Cash dividends paid	-1,279,439	0
Net cash flows from (used in) financing activities	-743,478	-3,867,759
Effect of exchange rate changes on cash and cash equivalents	-159,188	371,704

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LCY CHEMICAL CORP. - 520370

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Net increase (decrease) in cash and cash equivalents	4,120,795	1,248,787
Cash and cash equivalents at beginning of period	7,010,132	5,761,345
Cash and cash equivalents at end of period	11,130,927	7,010,132
Cash and cash equivalents reported in the statement of financial position	11,130,927	7,010,132

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

BANKER

Name: Citibank Taiwan

PUBLIC RECORD

Mortgage

No chattel mortgage record of subject has been found within the recent 3 months.

Lawsuit

Trial Number: 2014, Xiong Xiao, 1395
Date of Trial: 2014-08-29
Reason: Payment for service
Claimant: LCY Chemical Corp.
Defendant: Ancheng Environment and Technology Co., Ltd. (Literal Translation)

SPECIAL NOTE

Name: Mr. Lin
Department: Sales department

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.59
UK Pound	1	INR 90.85
Euro	1	INR 80.25
TWD	1	INR 2.24

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)