

MIRA INFORM REPORT

Report No. :	540613
Report Date :	20.11.2018

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) :	30.06.2018 [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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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: LCY Chemical Corp.
Supplied Name: LCY Chemicals Corp
Trading Address: No. 3, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812,
Taiwan
Supplied Address: 3F PATEH ROAD, SEC 4 TAIPEI TAIWAN ROC
Telephone Number: +886-2-2763-1611
Fax Number: +886-2-2764-5749
E-mail: lcy@lcy.com.tw
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: 2018-07-11

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.

CORPORATE STRUCTURE

Branch

Branch Name: Nanzi Branch
Address: No 68, Yan-Fa Rd, Sec Dist, Nanzi Export Processing Zone, Kaohsiung City 811, Taiwan (R.O.C.)
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
181 chemical raw materials
184 Plastics and raw materials for synthetic rubber
192 Paints, dyes and pigments

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: 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: Yingfeng Hu
Status: In Production
Date of Last Annual Return: 2018-10-11
Major Products
210 rubber products

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4

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

5

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: LCY Performance Materials Corp., Zhenjiang, China
Address: No. 26, Erzhong Road, Gaozi Street, Dantu District, Zhenjiang, Jiangsu Province, China
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

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 2018.11, 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 2018.11, 1 NTD = 0.033 USD)
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

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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 Xuzhen Li
Position Independence Director

Personnel Structure

Total Employees About 1,000 Employees

OPERATION INFORMATION

Offices & Factories

Headquarters
Add No. 3, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan

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
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
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
Z999999	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.

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Sales Information

Subject is mainly engaged in sales of chemicals, etc.

The subject's products include performance plastics, polypropylene, performance composites, fiber, methanol & solvent, thermoplastic elastomer and drum, closed-lid drum, open-head 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, Europe, etc.

The major customers are manufacturers of plastic products, automobile parts, 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.

Sales

Domestic Markets Product	Chemicals, etc.
Selling Terms	T/T, Cash, etc.

Export Product	Chemicals, etc.
Selling Terms	L/C, T/T, etc.

FINANCIALS

Balance Sheet

Unit: NTD/000		
Consolidated	2017-12-31	2016-12-31
Assets		
Current assets		

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Cash and cash equivalents		
Total cash and cash equivalents	14,702,026	11,130,927
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	282,374	632,999
Current available-for-sale financial assets		
Current available-for-sale financial assets, net	1,397,437	1,210,021
Notes receivable, net		
Notes receivable, net	1,144,637	955,597
Notes receivable due from related parties, net		
Notes receivable due from related parties, net	18,604	19,637
Accounts receivable, net		
Accounts receivable, net	2,767,101	2,719,939
Accounts receivable due from related parties, net		
Accounts receivable due from related parties, net	6,348	31,578
Other receivables		
Other receivables, net	326,958	802,463
Other receivables due from related parties		
Other receivables due from related parties, net	1,061	1,254
Current tax assets		
Total current tax assets	14,264	4,163
Inventories		
Total inventories	5,628,980	4,746,165
Prepayments		
Total prepayments	469,217	549,161
Non-current assets or disposal groups classified as held for sale, net		
Non-current assets or disposal groups classified as held for sale, net	0	455,317
Other current assets		
Other current financial assets	2,666,827	1,442,520
Other current assets, others	306,910	264,251
Total other current assets	2,973,737	1,706,771
Total current assets	29,732,744	24,965,992
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets, net	192,311	78,985
Non-current financial assets at cost		

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Non-current financial assets at cost, net	3,150,784	3,264,055
Property, plant and equipment		
Total property, plant and equipment	12,581,991	11,203,094
Intangible assets		
Other intangible assets, net		
Other intangible assets, net	62,349	59,088
Total intangible assets	62,349	59,088
Deferred tax assets	313,539	249,517
Other non-current assets		
Other non-current financial assets		
Total other non-current financial assets	280,247	204,641
Long-term prepaid rents	289,812	303,493
Other non-current assets, others		
Total other non-current assets, others	656,223	1,152,876
Total other non-current assets	1,226,282	1,661,010
Total non-current assets	17,527,256	16,515,749
Total assets	47,260,000	41,481,741
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	3,272,043	2,752,902
Short-term notes and bills payable		
Total short-term notes and bills payable	996,693	0
Current financial liabilities at fair value through profit or loss		
Total current financial liabilities at fair value through profit or loss	133,290	53,495
Notes payable		
Total notes payable	6,436	4,713
Accounts payable		
Total accounts payable	2,610,830	2,524,757
Accounts payable to related parties		
Total accounts payable to related parties	73,272	55,403
Other payables		
Total other payables	2,071,091	1,809,168
Other payables to related parties	26,385	18
Current tax liabilities	406,854	60,896
Other current liabilities		
Advance receipts		
Total advance receipts	406,952	299,921
Long-term liabilities, current portion		
Total long-term liabilities, current portion	616,779	1,297,145
Other current liabilities, others	5,593	6,905
Total other current liabilities	1,029,324	1,603,971
Total current liabilities	10,626,218	8,865,323
Non-current liabilities		
Long-term borrowings		
Total long-term borrowings	4,264,706	1,412,570

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Deferred tax liabilities		
Total deferred tax liabilities	4,676,927	4,413,894
Other non-current liabilities		
Guarantee deposits received	2,559	4,311
Total other non-current liabilities	2,559	4,311
Total non-current liabilities	8,944,192	5,830,775
Total liabilities	19,570,410	14,696,098
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	8,554,324	8,560,094
Share capital awaiting retirement	-1,050	0
Total capital stock	8,553,274	8,560,094
Capital surplus		
Total capital surplus	9,646,562	9,236,021
Retained earnings		
Legal reserve	2,812,156	2,415,335
Special reserve	1,561,927	1,561,927
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	5,234,039	4,607,795
Total retained earnings	9,608,122	8,585,057
Other equity interest		
Total other equity interest	-716,471	305,512
Total equity attributable to owners of parent	27,091,487	26,686,684
Non-controlling interests	598,103	98,959
Total equity	27,689,590	26,785,643
Total liabilities and equity	47,260,000	41,481,741
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
Unit: NTD/000		
Consolidated		2018-06-30
Assets		
Current assets		
Cash and cash equivalents		17,590,851
Current financial assets at fair value through profit or loss		1,532,096
Current financial assets at fair value through other comprehensive income		55
Current available-for-sale financial assets		0
Current financial assets at amortised cost		1,783,931
Notes receivable, net		1,130,209
Notes receivable due from related parties, net		28,583
Accounts receivable, net		3,121,341
Accounts receivable due from related parties, net		36,278

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Other receivables	377,264
Other receivables due from related parties	1,251
Current tax assets	1,730
Current inventories	6,233,332
Prepayments	563,838
Other current assets	329,320
Other current financial assets	0
Other current assets, others	329,320
Total current assets	32,730,079
Non-current assets	
Non-current financial assets at fair value through profit or loss	1,477,052
Non-current financial assets at fair value through other comprehensive income	5,607,785
Non-current available-for-sale financial assets	0
Non-current financial assets at amortised cost	280,197
Non-current financial assets at cost	0
Property, plant and equipment	13,144,498
Intangible assets	56,341
Other intangible assets, net	56,341
Deferred tax assets	325,683
Other non-current assets	938,905
Other non-current financial assets	0
Long-term Lease Prepayments	284,058
Other non-current assets, others	654,847
Total non-current assets	21,830,461
Total assets	54,560,540
Liabilities and equity	
Liabilities	
Current liabilities	
Current borrowings	4,753,170
Short-term notes and bills payable	499,446
Current financial liabilities at fair value through profit or loss	12,449
Current contract liabilities	224,528
Notes payable	4,187
Accounts payable	3,008,003
Accounts payable to related parties	36,554
Other payables	4,565,716
Other payables to related parties	56,640
Current tax liabilities	294,825
Other current liabilities	856,843
Advance receipts	0
Long-term liabilities, current portion	851,522
Other current liabilities, others	5,321
Total current liabilities	14,312,361
Non-current liabilities	
Non-current portion of non-current borrowings	3,866,207
Non-current provisions	499,144
Deferred tax liabilities	4,883,878
Other non-current liabilities	7,405

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Guarantee deposits received	7,405
Total non-current liabilities	9,256,634
Total liabilities	23,568,995
Equity	
Equity attributable to owners of parent	
Share capital	
Ordinary share	8,544,034
Share capital awaiting retirement	0
Total capital stock	8,544,034
Capital surplus	
Total capital surplus	9,746,912
Retained earnings	
Legal reserve	3,170,350
Special reserve	1,561,927
Unappropriated retained earnings (accumulated deficit)	4,121,194
Total retained earnings	8,853,471
Other equity interest	
Total other equity interest	3,079,304
Total equity attributable to owners of parent	30,223,721
Non-controlling interests	767,824
Total equity	30,991,545
Total liabilities and equity	54,560,540
Number of share capital awaiting retirement	0
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
Statement of comprehensive income		
Operating revenue		
Net sales revenue		
Net sales revenue	45,069,419	39,853,417
Rental revenue		
Total rental revenue	214,165	226,767
Other operating revenue		
Other operating revenue, net	36,706	0
Total operating revenue	45,320,290	40,080,184
Operating costs		
Cost of sales		
Total cost of sales	37,988,707	33,028,695
Cost of rental sales		
Total cost of rental sales	97,662	100,886
Other operating costs	1,950	0
Total operating costs	38,088,319	33,129,581
Gross profit (loss) from operations	7,231,971	6,950,603
Gross profit (loss) from operations	7,231,971	6,950,603

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Operating expenses		
Selling expenses		
Total selling expenses	1,899,306	1,728,509
Administrative expenses		
Total administrative expenses	842,081	751,097
Research and development expenses		
Total research and development expenses	418,167	346,603
Total operating expenses	3,159,554	2,826,209
Net operating income (loss)	4,072,417	4,124,394
Non-operating income and expenses		
Other income		
Total other income	1,038,139	695,251
Other gains and losses		
Other gains and losses, net	-346,232	-81,206
Finance costs		
Finance costs, net	145,556	91,814
Total non-operating income and expenses	546,351	522,231
Profit (loss) from continuing operations before tax	4,618,768	4,646,625
Tax expense (income)		
Total tax expense (income)	946,105	652,765
Profit (loss) from continuing operations	3,672,663	3,993,860
Profit (loss)	3,672,663	3,993,860
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-1,431,762	-671,547
Unrealised gains (losses) on valuation of available-for-sale financial assets	129,148	-1,036
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-243,400	-114,162
Components of other comprehensive income that will be reclassified to profit or loss	-1,059,214	-558,421
Other comprehensive income, net	-1,059,214	-558,421
Total comprehensive income	2,613,449	3,435,439
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	3,581,943	3,968,207
Profit (loss), attributable to non-controlling interests	90,720	25,653
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	2,522,726	3,409,783
Comprehensive income, attributable to	90,723	25,656

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non-controlling interests		
Basic earnings per share		
Total basic earnings per share	4.20	4.65
Diluted earnings per share		
Total diluted earnings per share	4.19	4.64
Unit: NTD/000		
Consolidated		2018-01-01 ~2018-06-30
Statement of comprehensive income		
Operating revenue		
Net sales revenue		
Net sales revenue		24,359,532
Rental revenue		
Total rental revenue		105,230
Other operating revenue		
Other operating revenue, net		26,310
Total operating revenue		24,491,072
Operating costs		
Cost of sales		
Total cost of sales		20,872,435
Cost of rental sales		
Total cost of rental sales		53,951
Other operating costs		2,469
Total operating costs		20,928,855
Gross profit (loss) from operations		3,562,217
Gross profit (loss) from operations		3,562,217
Operating expenses		
Selling expenses		996,117
Administrative expenses		422,291
Research and development expenses		210,106
Total operating expenses		1,628,514
Net operating income (loss)		1,933,703
Non-operating income and expenses		
Other income		
Total other income		629,810
Other gains and losses		
Other gains and losses, net		-408,883
Finance costs		
Finance costs, net		94,636
Total non-operating income and expenses		126,291
Profit (loss) from continuing operations before tax		2,059,994
Tax expense (income)		
Total tax expense (income)		494,351
Profit (loss) from continuing operations		1,565,643
Profit (loss)		1,565,643
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		

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Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	803,131
Components of other comprehensive income that will not be reclassified to profit or loss	803,131
Components of other comprehensive income that will be reclassified to profit or loss	
Exchange differences on translation	580,667
Unrealised gains (losses) on valuation of available-for-sale financial assets	0
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	84,724
Components of other comprehensive income that will be reclassified to profit or loss	495,943
Total other comprehensive income	1,299,074
Total comprehensive income	2,864,717
Profit (loss), attributable to:	
Profit (loss), attributable to owners of parent	1,525,077
Profit (loss), attributable to non-controlling interests	40,566
Comprehensive income attributable to:	
Comprehensive income, attributable to owners of parent	2,821,810
Comprehensive income, attributable to non-controlling interests	42,907
Basic earnings per share	
Total basic earnings per share	1.79
Diluted earnings per share	
Total diluted earnings per share	1.78

Cash Flows

Unit: NTD/000

Consolidated	2017	2016
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	4,618,768	4,646,625
Profit (loss) before tax	4,618,768	4,646,625
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	1,165,197	1,245,307
Amortization expense	23,358	21,236
Provision (reversal of provision) for bad debt expense	241	507
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	357,261	-8,419
Interest expense	145,556	91,814
Interest income	-162,874	-81,304
Dividend income	-791,550	-537,684

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Share-based payments	16,281	37,011
Loss (gain) on disposal of property, plan and equipment	4,356	7,689
Loss (gain) on disposal of non-current assets classified as held for sale	-63,110	0
Loss (gain) on disposal of investments	-28,665	-1,108
Impairment loss on non-financial assets	130,496	0
Reversal of impairment loss on non-financial assets	15,988	-19
Unrealized foreign exchange loss (gain)	172,068	57,826
Other adjustments to reconcile profit (loss)	-45,946	-13,351
Total adjustments to reconcile profit (loss)	938,657	819,505
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	-3,902	9,613
Decrease (increase) in notes receivable	-205,807	-478,999
Decrease (increase) in notes receivable due from related parties	1,033	-16,852
Decrease (increase) in accounts receivable	-124,481	-543,348
Decrease (increase) in accounts receivable due from related parties	25,230	-13,879
Decrease (increase) in other receivable	59,439	-63,693
Decrease (increase) in other receivable due from related parties	193	16
Decrease (increase) in inventories	-988,158	75,580
Decrease (increase) in prepayments	-20,695	-188,015
Decrease (increase) in other current assets	-47,174	-5,441
Decrease (increase) in other financial assets	-61,729	2,181,401
Total changes in operating assets	-1,366,051	956,383
Changes in operating liabilities		
Increase (decrease) in financial liabilities held for trading	-195,630	-47,793
Increase (decrease) in notes payable	1,723	-980
Increase (decrease) in accounts payable	130,258	570,407
Increase (decrease) in accounts payable to related parties	18,621	38,948
Increase (decrease) in other payable	208,330	489,031
Increase (decrease) in other payable to related parties	1,359	-27
Increase (decrease) in receipts in advance	150,711	156,163

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Increase (decrease) in other current liabilities	-1,312	5,527
Total changes in operating liabilities	314,060	1,211,276
Total changes in operating assets and liabilities	-1,051,991	2,167,659
Total adjustments	-113,334	2,987,164
Cash inflow (outflow) generated from operations	4,505,434	7,633,789
Interest paid	-134,592	-89,686
Income taxes refund (paid)	-169,536	-648,501
Net cash flows from (used in) operating activities	4,201,306	6,895,602
Cash flows from (used in) investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition	236,021	75,570
Acquisition of available-for-sale financial assets	-3,448,508	-2,947,658
Proceeds from disposal of available-for-sale financial assets	3,693,832	1,673,423
Proceeds from capital reduction of available-for-sale financial assets	17,431	4,684
Acquisition of financial assets at cost	-215,348	-292,531
Proceeds from disposal of financial assets at cost	35,396	578
Proceeds from capital reduction of financial assets at cost	145,887	109,265
Increase in prepayments for investments	-71,683	-600
Decrease in prepayments for investments	600	0
Proceeds from disposal of non-current assets classified as held for sale	518,427	0
Acquisition of property, plant and equipment	-2,112,750	-1,306,767
Proceeds from disposal of property, plant and equipment	5,127	2,721
Increase in refundable deposits	16,643	-31,830
Acquisition of intangible assets	-17,433	-5,168
Increase in other financial assets	-1,288,107	281,280
Interest received	152,131	82,103
Dividends received	791,550	537,684
Net cash flows from (used in) investing activities	-1,540,784	-1,817,246
Cash flows from (used in) financing activities		
Increase in short-term loans	579,774	1,229,396

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LCY CHEMICAL CORP. - 540613

PAGE NO. : 21

Increase in short-term notes and bills payable	993,801	0
Proceeds from long-term debt	3,899,319	1,378,294
Repayments of long-term debt	-1,701,696	-2,074,683
Decrease in guarantee deposits received	-1,752	2,954
Cash dividends paid	-2,558,878	-1,279,439
Disposal of ownership interests in subsidiaries (without losing control)	825,636	0
Net cash flows from (used in) financing activities	2,036,204	-743,478
Effect of exchange rate changes on cash and cash equivalents	-1,125,627	-214,083
Net increase (decrease) in cash and cash equivalents	3,571,099	4,120,795
Cash and cash equivalents at beginning of period	11,130,927	7,010,132
Cash and cash equivalents at end of period	14,702,026	11,130,927
Cash and cash equivalents reported in the statement of financial position	14,702,026	11,130,927

Unit: NTD/000

Consolidated

2018-01-01~2018-06-30

Statement of cash flows

Cash flows from (used in) operating activities, indirect method

Profit (loss) from continuing operations before tax 2,059,994

Profit (loss) before tax 2,059,994

Adjustments

Adjustments to reconcile profit (loss)

Depreciation expense 629,984

Amortization expense 9,646

Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense -139

Net loss (gain) on financial assets or liabilities at fair value through profit or loss -135,236

Interest expense 94,636

Interest income -112,127

Dividend income -483,432

Share-based payments -5,807

Loss (gain) on disposal of property, plan and equipment 843

Loss (gain) on disposal of non-current assets classified as held for sale 0

Loss (gain) on disposal of investments -1,091

Reversal of impairment loss on non-financial assets 25,867

Unrealized foreign exchange loss (gain) 39,364

Other adjustments to reconcile profit (loss) -14,942

Total adjustments to reconcile profit (loss) 47,566

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Changes in operating assets and liabilities	
Changes in operating assets	
Adjustments for decrease (increase) in financial assets held for trading	0
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	25,005
Decrease (increase) in notes receivable	26,771
Decrease (increase) in notes receivable due from related parties	-9,979
Decrease (increase) in accounts receivable	-271,371
Decrease (increase) in accounts receivable due from related parties	-29,930
Decrease (increase) in other receivable	27,382
Decrease (increase) in other receivable due from related parties	-190
Adjustments for decrease (increase) in inventories	-601,185
Decrease (increase) in prepayments	-158,494
Adjustments for decrease (increase) in other current assets	-25,267
Decrease (increase) in other financial assets	43,529
Total changes in operating assets	-973,729
Changes in operating liabilities	
Adjustments for increase (decrease) in financial liabilities held for trading	0
Increase (decrease) in contract liabilities	-179,771
Increase (decrease) in notes payable	-2,249
Increase (decrease) in accounts payable	372,738
Increase (decrease) in accounts payable to related parties	-37,961
Increase (decrease) in other payable	-185,183
Increase (decrease) in other payable to related parties	7
Increase (decrease) in provisions	499,144
Increase (decrease) in receipts in advance	0
Adjustments for increase (decrease) in other current liabilities	-7,214
Increase (decrease) in other operating liabilities	-98,987
Total changes in operating liabilities	360,524
Total changes in operating assets and liabilities	-613,205
Total adjustments	-565,639
Cash inflow (outflow) generated from operations	1,494,355
Interest paid	-71,959
Income taxes refund (paid)	-509,398
Net cash flows from (used in) operating activities	912,998
Cash flows from (used in) investing activities	
Acquisition of financial assets at fair value through other comprehensive income	-54
Proceeds from disposal of financial assets at fair value through other comprehensive income	32,557
Proceeds from capital reduction of financial assets at fair	63,165

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value through other comprehensive income	
Acquisition of financial assets at amortised cost	583,487
Acquisition of financial assets designated at fair value through profit or loss	-1,506,380
Proceeds from disposal of financial assets designated at fair value through profit or loss	1,793,360
Acquisition of available-for-sale financial assets	0
Proceeds from disposal of available-for-sale financial assets	0
Proceeds from capital reduction of available-for-sale financial assets	0
Acquisition of financial assets at cost	0
Proceeds from disposal of financial assets at cost	0
Proceeds from capital reduction of financial assets at cost	0
Decrease in prepayments for investments	0
Proceeds from disposal of non-current assets classified as held for sale	0
Acquisition of property, plant and equipment	-1,088,720
Proceeds from disposal of property, plant and equipment	370
Increase in refundable deposits	17,944
Acquisition of intangible assets	-1,490
Increase in other financial assets	0
Interest received	103,422
Dividends received	483,432
Other investing activities	108,180
Net cash flows from (used in) investing activities	589,273
Cash flows from (used in) financing activities	
Increase in short-term loans	1,408,234
Decrease in short-term notes and bills payable	-500,593
Proceeds from long-term debt	300,000
Repayments of long-term debt	-486,266
Increase in guarantee deposits received	4,846
Disposal of ownership interests in subsidiaries (without losing control)	0
Change in non-controlling interests	355,975
Net cash flows from (used in) financing activities	1,082,196
Effect of exchange rate changes on cash and cash equivalents	304,358
Net increase (decrease) in cash and cash equivalents	2,888,825
Cash and cash equivalents at beginning of period	14,702,026
Cash and cash equivalents at end of period	17,590,851
Cash and cash equivalents reported in the statement of financial position	17,590,851

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

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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, Xiongxiao, 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
Email: Aaron.chang@lcygroup.com

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.90
UK Pound	1	INR 92.20
Euro	1	INR 81.94
TWD	1	INR 2.31

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	NIT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)