



HOCHENG CORPORATION

2021 Investor Conference

Reporter : Dr. Shih-Chieh Chen, President



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Founded : 1961.12.09

Listed in TWSE : 1991.10.14

Paid- in capital : NT\$3,698,000,000

Number of employees : 1,074

Main products : Sanitary Wares

Headquarter : No.135, Houzhuang St., Bade Dist., Taoyuan City 334, Taiwan.R.O.C.

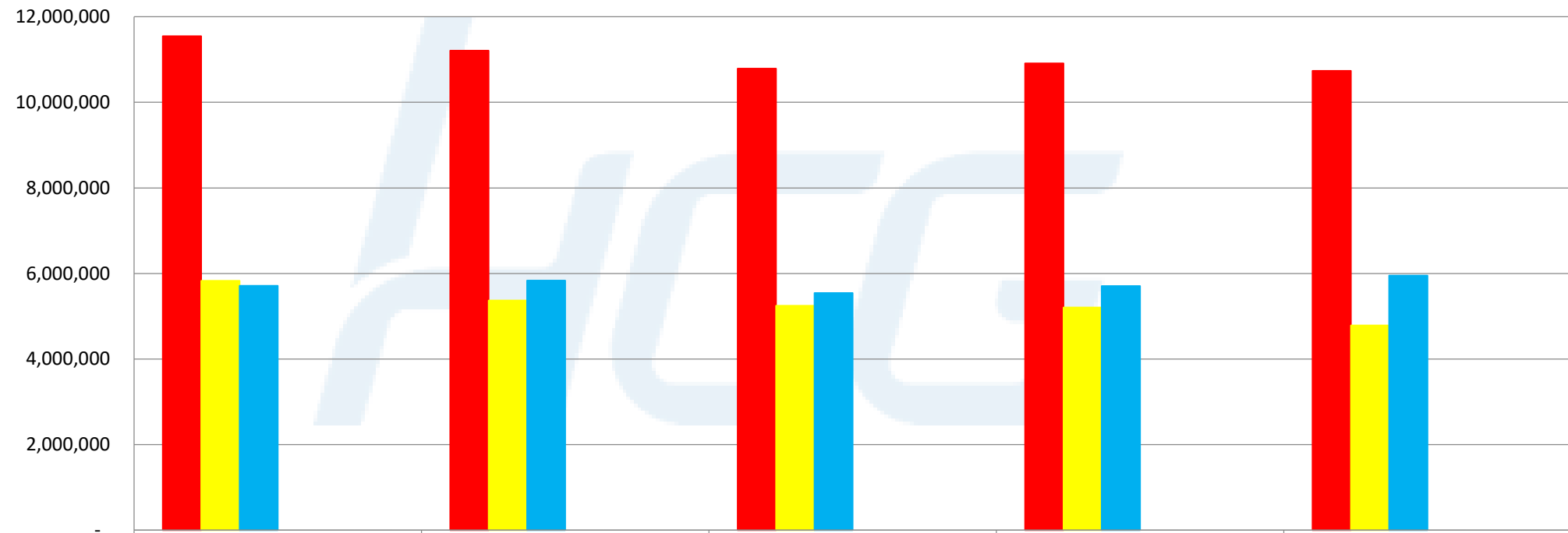
Commercial production base : Taoyuan, Taiwan / Yingge, Taiwan / Jiangsu, China

/ Manila, Philippines



Consolidated balance sheet of past five years

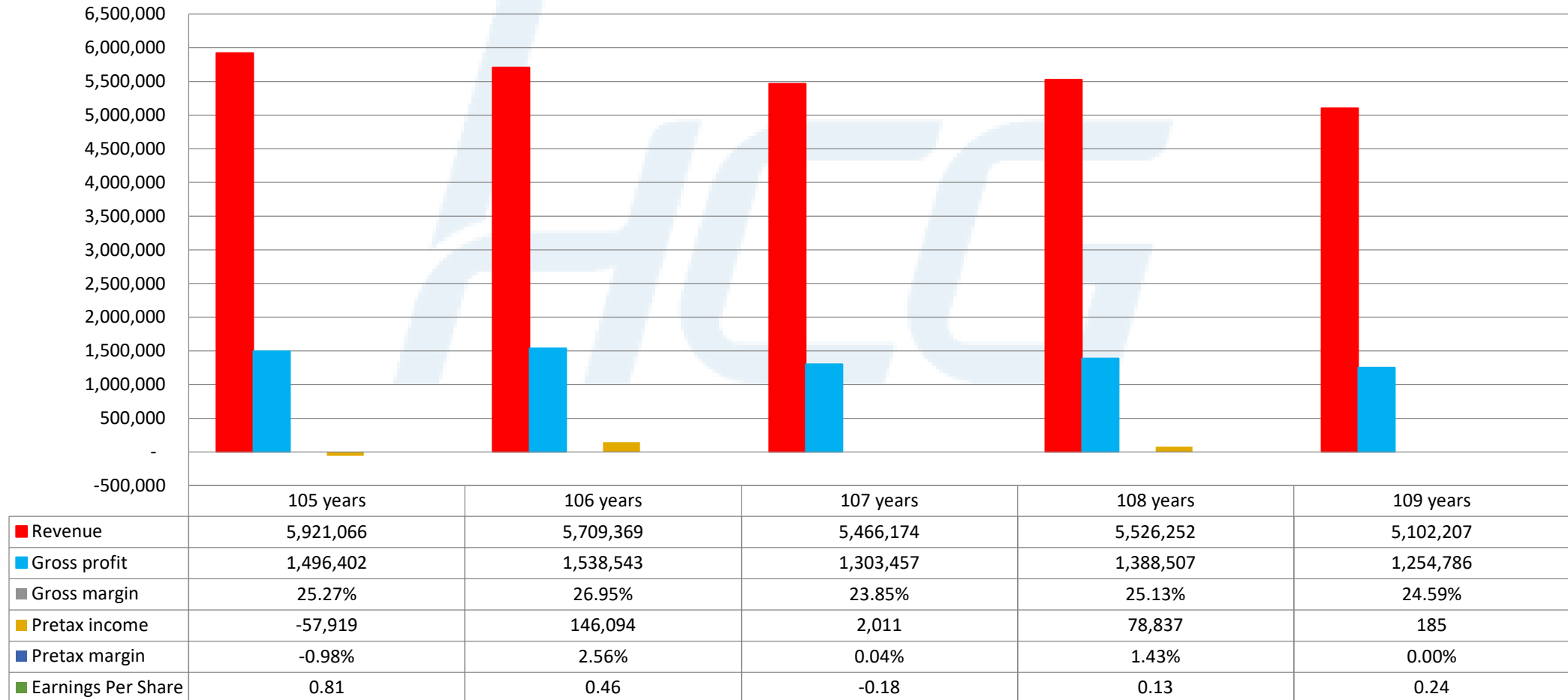
(UNITS:In Thousands of New Taiwan Dollars)



	105 years	106 years	107 years	108 years	109 years
Total assets	11,544,513	11,207,467	10,786,249	10,913,518	10,738,661
Total liabilities	5,830,976	5,370,876	5,244,197	5,207,008	4,787,079
Total stockholder's equity	5,713,537	5,836,591	5,542,052	5,706,510	5,951,582
Net value	15.52	15.85	15.06	15.50	16.17
ROA	3.11	1.96	-0.13	0.92	1.28
ROE	5.13	2.77	-1.36	0.64	1.36

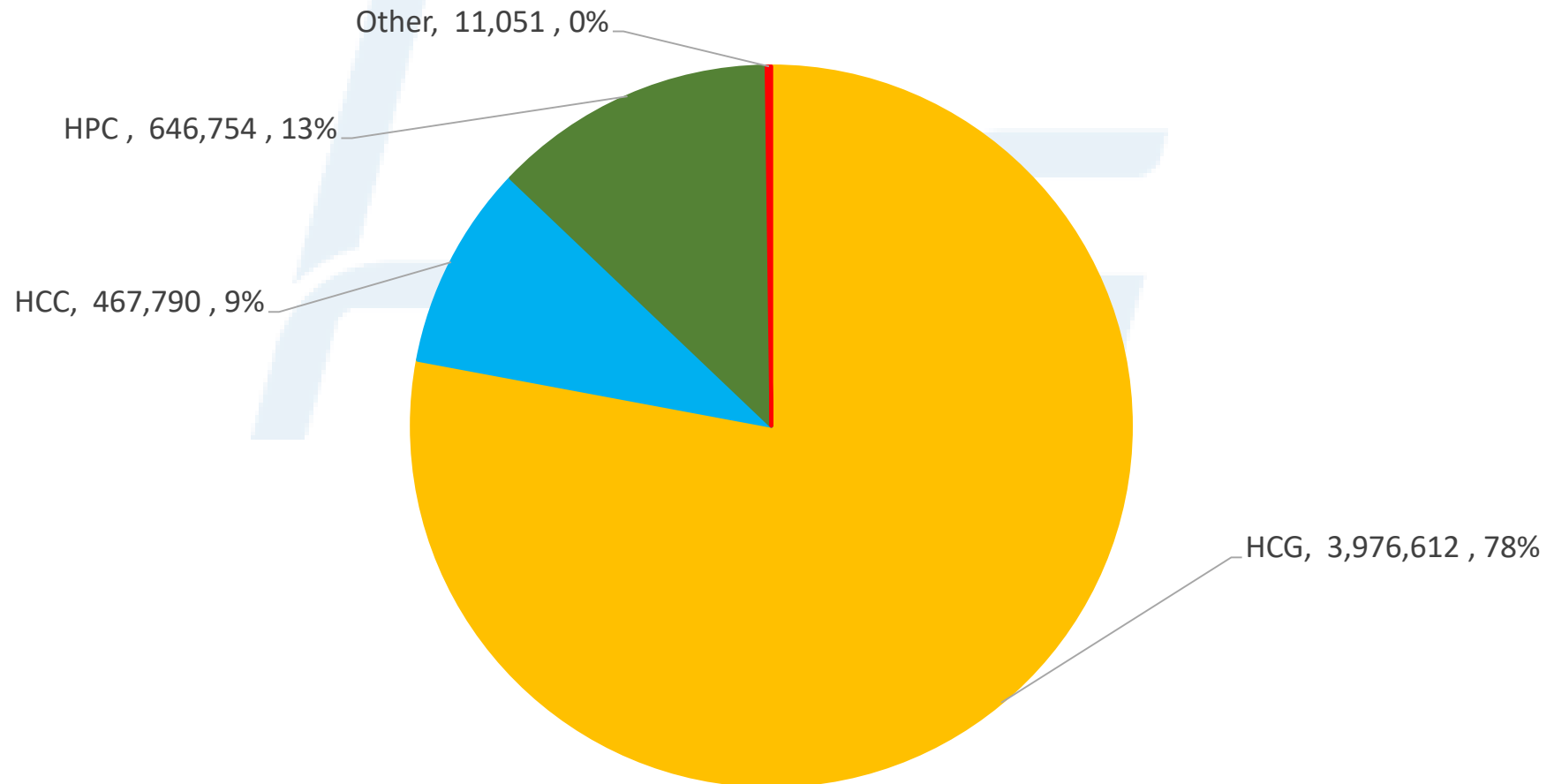
Consolidated comprehensive income statements of past five years

(In Thousands of New Taiwan Dollars)



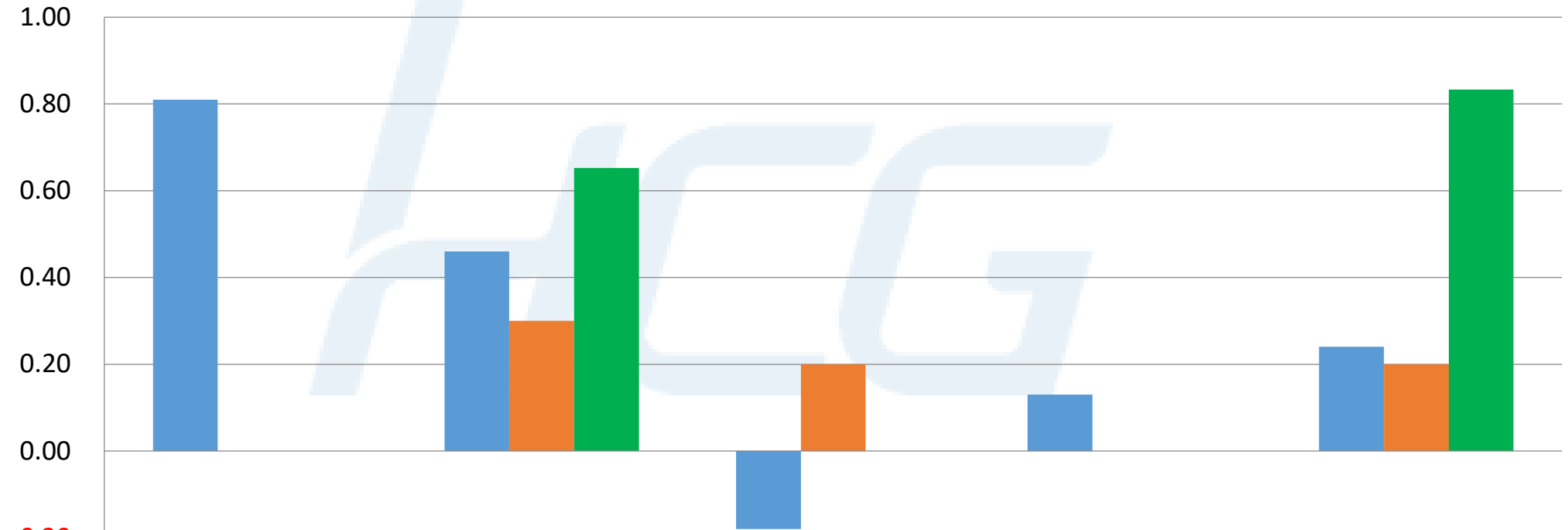
YT4Q20 Sales Revenue

(UNITS: In Thousands of New Taiwan Dollars)



EPS and Dividends by 105-109

(New Taiwan Dollars)



	105 years	106 years	107 years	108 years	109 years
■ EPS	0.81	0.46	-0.18	0.13	0.24
■ Cash Dividends	0.00	0.30	0.20	0.00	0.20
■ Payout Ratio	0.00%	65.22%	0.00%	0.00%	83.33%

Consolidated Balance Sheet for The Third Quarter, 2021

(NT\$Thousand)	YT3Q21	YT4Q20	Difference
Current assets	5,786,128	4,818,266	20.09%
Noncurrent assets	5,879,217	5,920,395	-0.70%
Total Assets	11,665,345	10,738,661	8.63%
Current liabilities	3,024,273	3,632,989	-16.76%
Noncurrent liabilities	1,062,394	1,154,090	-7.95%
Total Liabilities	4,086,667	4,787,079	-14.63%
Share capitals	3,698,536	3,698,536	0.00%
Capital surplus	13,478	13,293	1.39%
Retained earnings	2,827,688	1,759,275	60.73%
Other equity	472,553	433,764	8.94%
Treasury shares	-16,582	-16,582	0.00%
non-controlling interest	583,005	63,296	821.08%
Total Equity	7,578,678	5,951,582	27.34%
Basic EPS (NT\$)	3.03	0.24	1162.50%
ROA(%)	19.87	1.28	
ROE(%)	32.23	1.36	

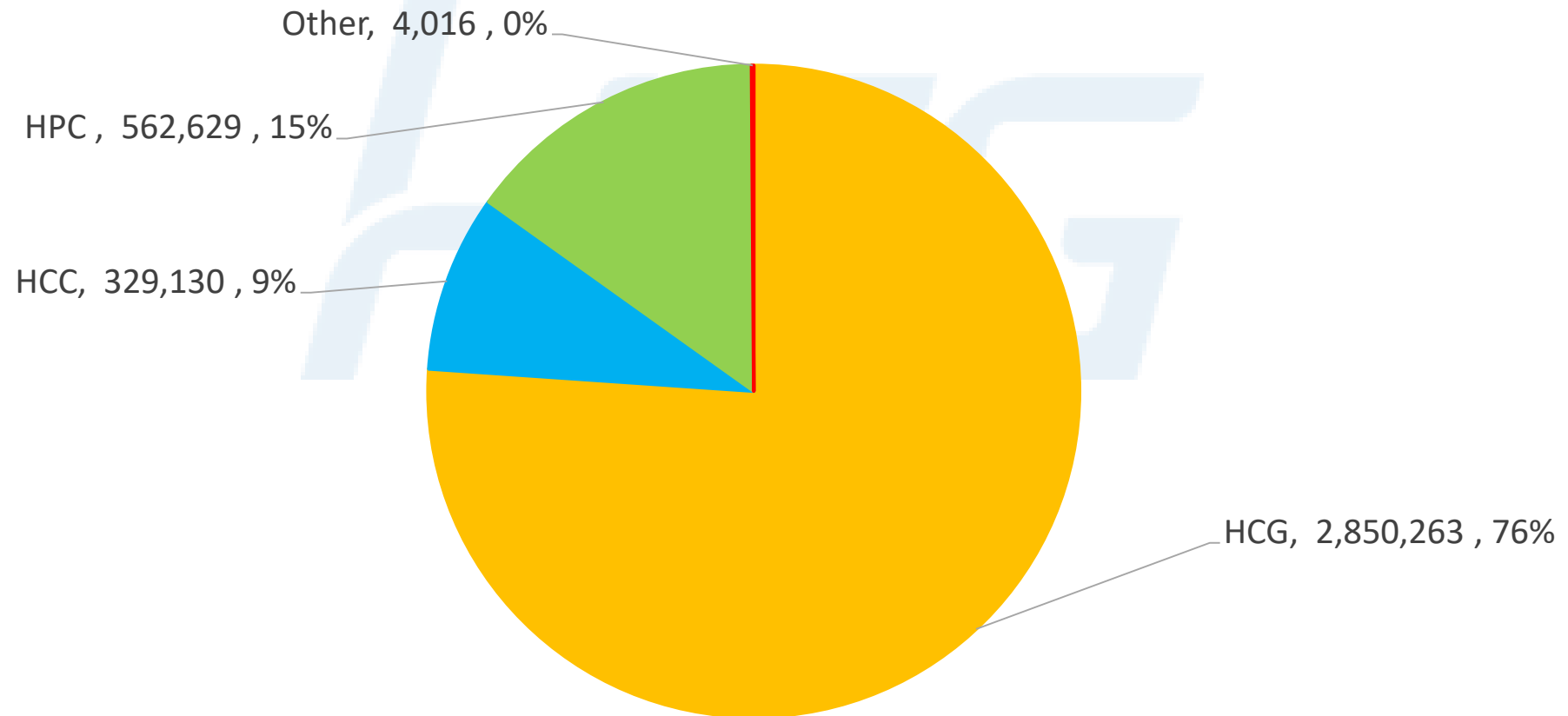
Consolidated Comprehensive Income For The Period Ended September 30,2020

(NT\$thousand)	YT3Q21	YT3Q20	YoY
Revenue	3,746,038	3,766,349	-0.54%
COGS	2,809,630	2,869,416	-2.08%
Gross profit	936,408	896,933	4.40%
Gross margin	25.00%	23.81%	119bps
Operation expenses	996,932	944,978	5.50%
OpExp/revenue	26.61%	25.09%	152bps
Operation income	-60,524	-48,045	25.97%
Operation margin	-1.62%	-1.28%	-34bps
Non-operating income	1,902,098	110,498	1621.39%
Pretax income	1,841,574	62,453	2848.74%
Pretax margin	49.16%	1.66%	4750bps
Income taxes	206,055	24,583	738.20%
Provision for taxes	5.50%	0.65%	485bps
Net income attributable to paren	1,114,251	44,725	2391.34%
Net margin	29.74%	1.19%	2855bps
Basi EPS (NT\$)	3.03	0.12	2425.00%
Diluted EPS (NT\$)	2.98	0.12	2383.33%

YT3Q21 revenue totaled NT\$3,746 million, decreasing by 0.54% YoY. Net income attributable to parent was NT\$1,114.25 million up by 2,391.34% YoY. EPS was NT\$3.03, up by 2,425.00% YoY.

YT3Q21 Sales Revenue

(UNITS: In Thousands of New Taiwan Dollars)



4. Extension and innovation



4. Extension and innovation

1810 (TWSE)

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4-1. Extension and innovation of brand image developing-

Advertising Film of the Year



4. Extension and innovation

4-1. Extension and innovation of brand image developing –

Annual web campaign



4. Extension and innovation

4-1. Extension and innovation of bathroom products –

Baden product series

GORFIN
SUPERLET AFC6699



R e f o r m a n d i n n o v a t i o n

4. Extension and innovation

4-2. Extension and innovation of bathroom products - Baden product series 1

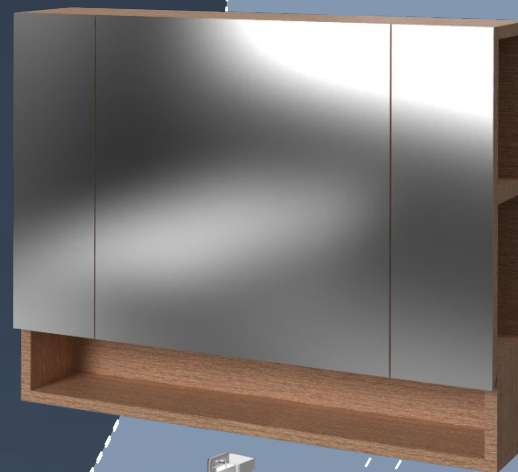
1810 (TWSE)

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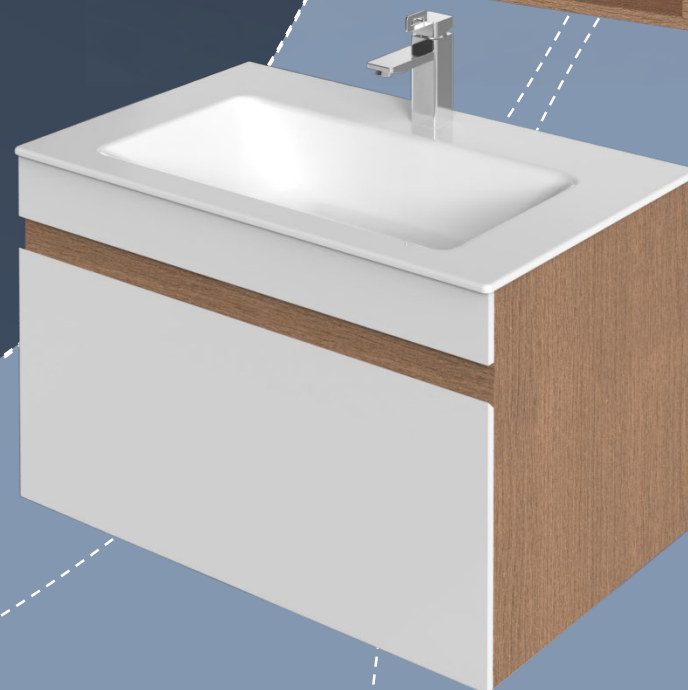
BA3515



BA192



BA195



BA198



AFC6699



4. Extension and innovation

4-2. Extension and innovation of bathroom products - Baden product series 2

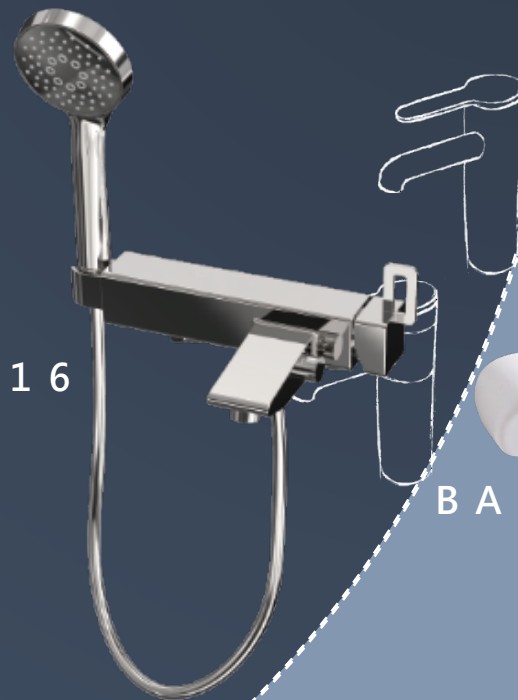
1810 (TWSE)

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LF 6 6 1 2



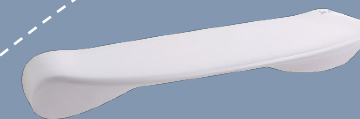
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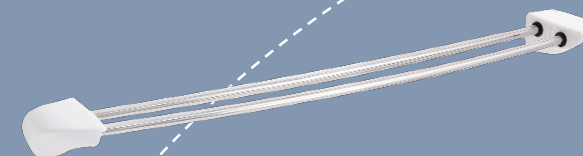
BA 5 9 6 1



BA 5 9 6 0



BA 5 9 6 4



ST 8 7 9 1 T

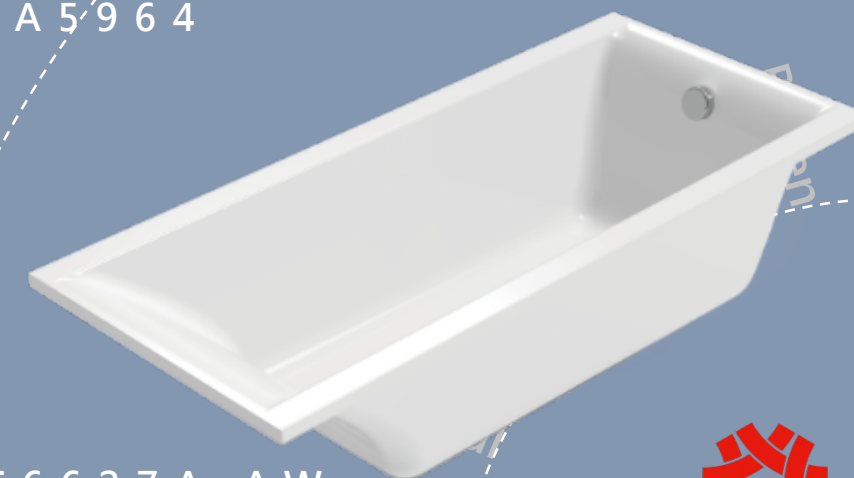


BA 5 9 6 8



F 6 6 2 7 A AW

Shangri La



4. Extension and innovation

4-2. Extension and innovation of bathroom products - Baden product series 3

GORFIN
SUPERLET AFC6699

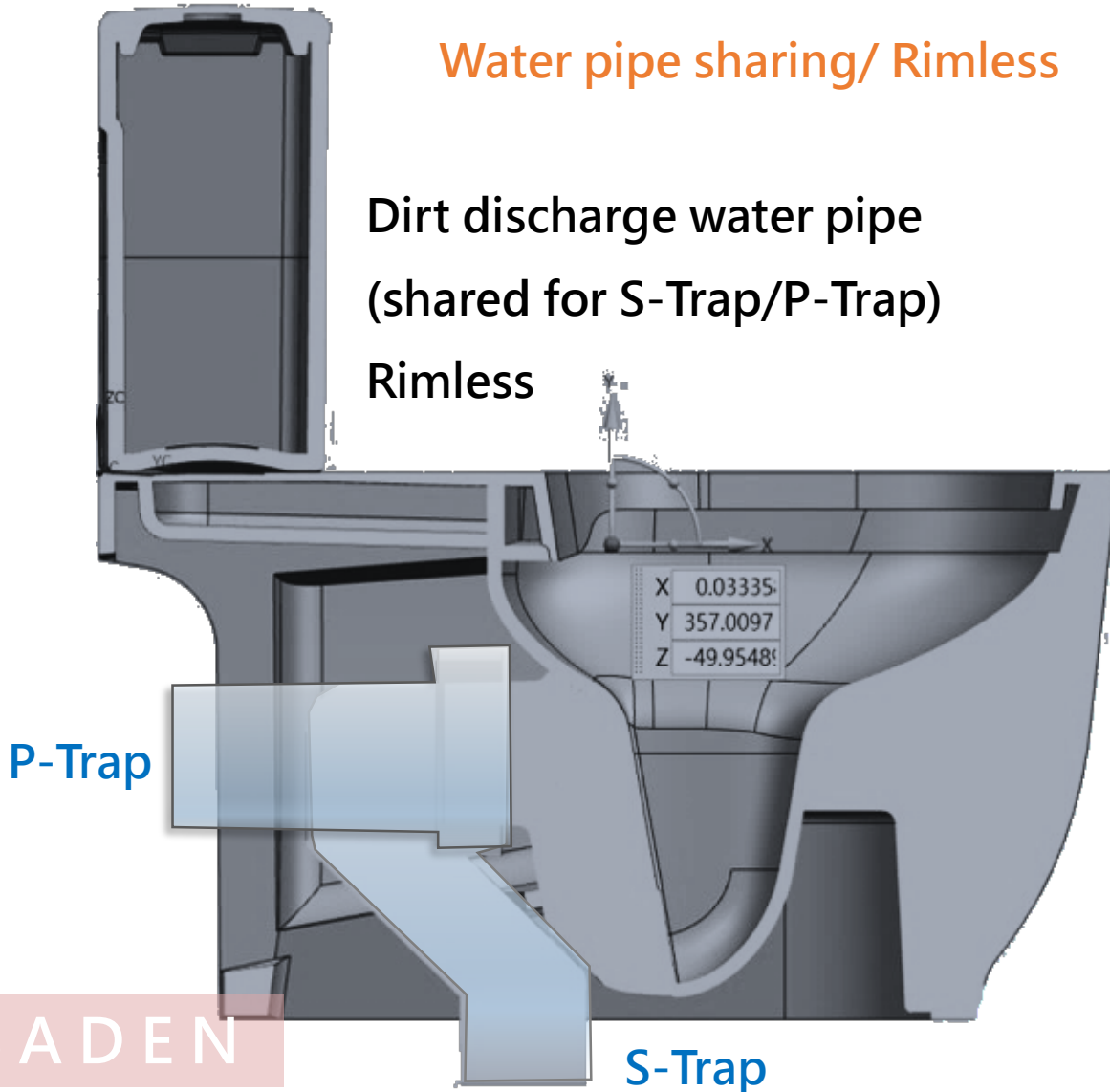


4. Extension and innovation

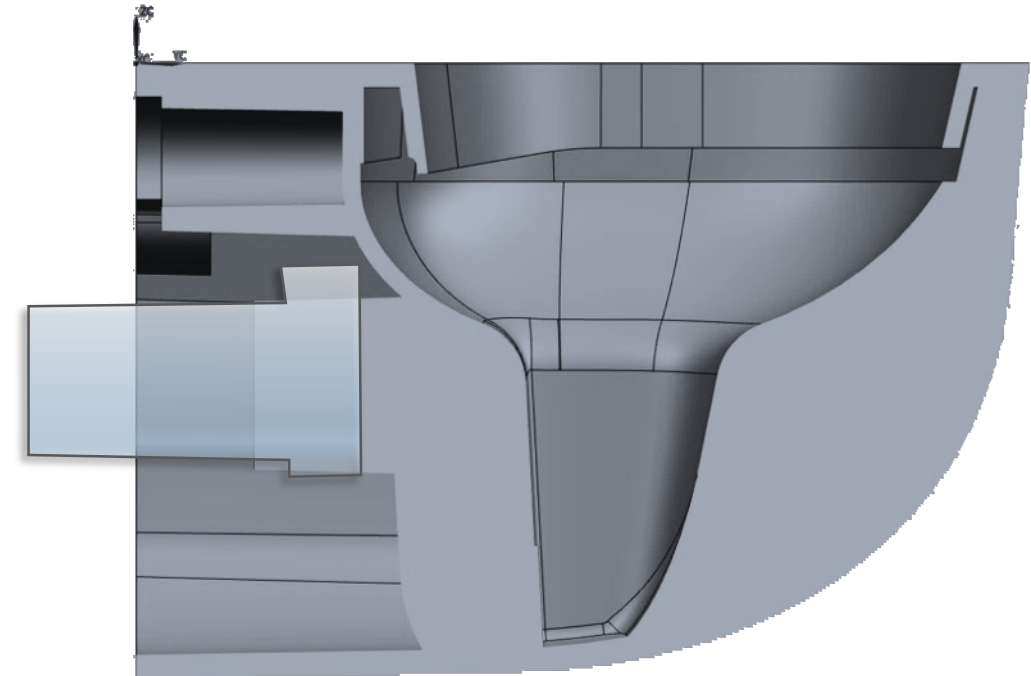
4-2. Extension and innovation of bathroom products -

Water pipe sharing/ Rimless

Dirt discharge water pipe
(shared for S-Trap/P-Trap)
Rimless



Dirt discharge pipeline type
S-Trap: Ground sewage pipe
P-Trap: Wall sewage pipe



NEW

BADEN

R e f o r m a n d I n n o v a t i o n

4. Extension and innovation

4-2. Extension and innovation of bathroom products -

Water pipe sharing/ Rimless



4. Extension and innovation

4-2. Extension and innovation of bathroom products –

Five-stage whirlpool flushing technology for toilet



4. Extension and innovation

4-2. Extension and innovation of bathroom products –

Layout of faucet product series



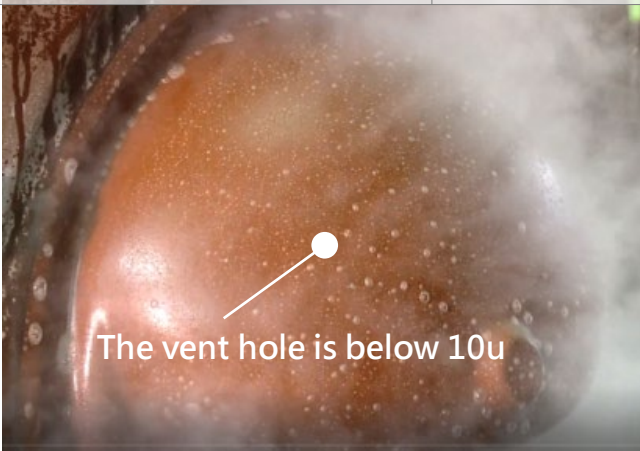
The styling of the square casting is designed for the image of the advanced series

The round tube styling is designed for the image of the whole series

Water safety "health"-
 Low-lead copper alloy/lead-free copper alloy/stainless
Love the earth
"environmental protection"-
 Stainless steel material (no electroplating)

4-2. The extension and innovation of sanitary ware production technology group-**Porcelain production** - **Manufacturing and application of high-pressure molds for porous breathable tree esters**

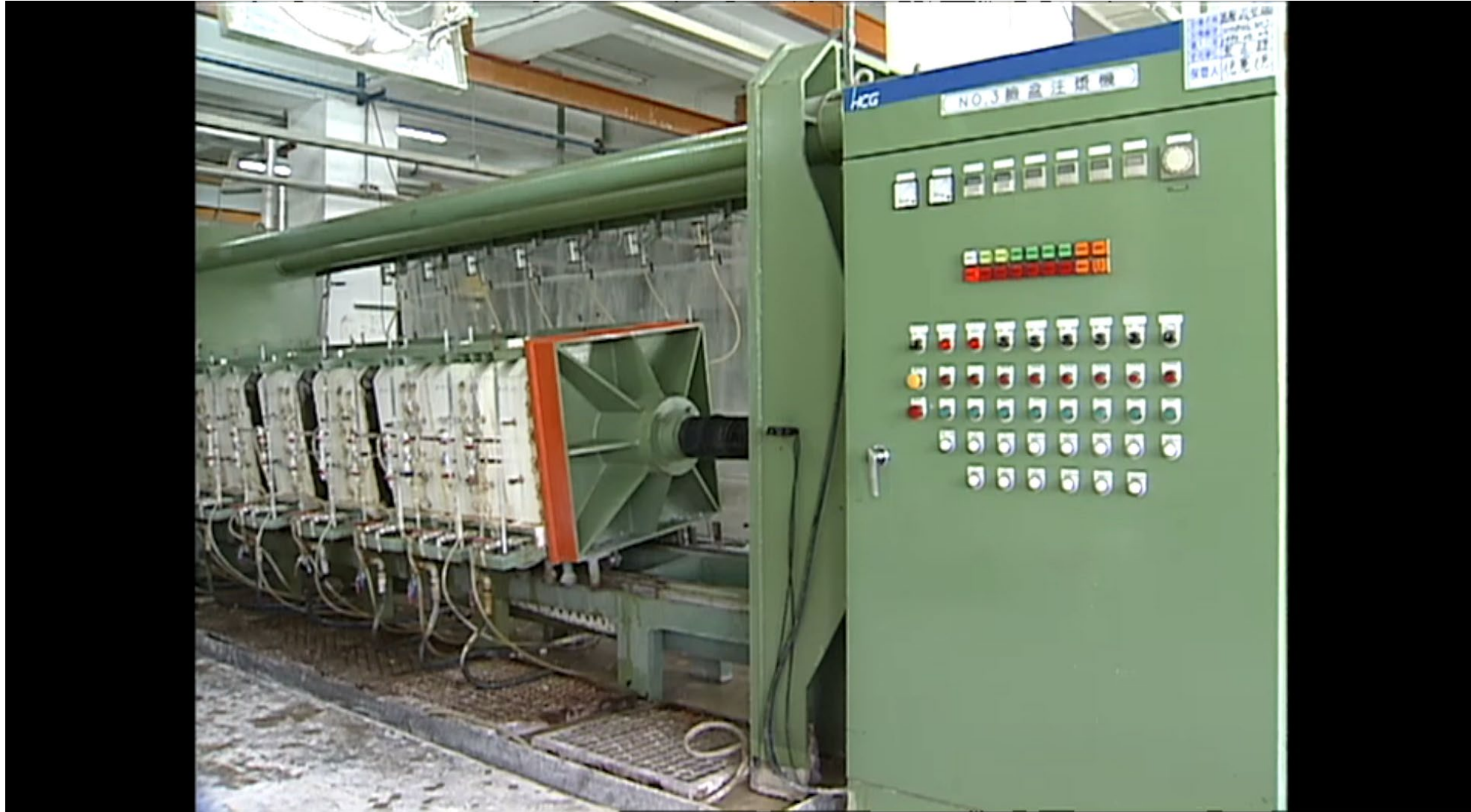
Self-made high-pressure molds for porous breathable tree esters	Traditional grouting	High pressure grouting
Mold life	<100 times	>10,000 times
Molding time	2 times/day	48 times/day
Embryo Density	low	high
Product shrinkage	large	small
Working environment	poor	good
Energy consumption	high	low
Mold production cost	low	high



4. Extension and innovation

4-3. The extension and innovation of sanitary ware production technology group-
porcelain production -high pressure porous and breathable resin mold press molding application

Press molding



4. Extension and innovation

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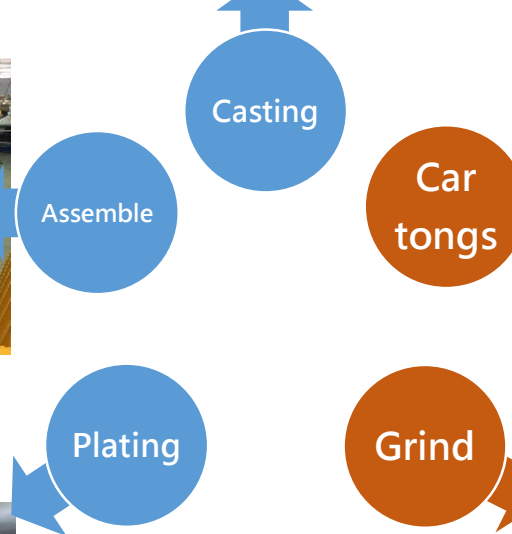
24

4-3. The extension and innovation of sanitary ware production technology group- Optimization of manufacturing technology of bronze faucet

HOCHENG CORPORATION Yingge Factory

Main production
items:

Water supply copperware
Free treatment toilet seat
Automation equipment
Ordinary faucet
Single lever faucet
Advanced art leader
Thermostatic faucet
Part of the water tank etc.



R e f o r m a n d I n n o v a t i o n

4. Extension and innovation

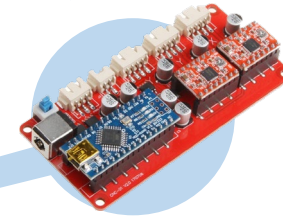
4-3. The extension and innovation of sanitary ware production technology group- Copperware-Process Optimization A

Benefit project	Traditional machine	CNC machining center
Production cycle	More output	Low yield
Tuning efficiency	Cumbersome process	✓ Teaching pendant operation
Precision	Manual locking	✓ NC control
Processing flexibility	Three-axis fixed	✓ Four-axis orientation processing
CAM offline programming	none	✓ Software program editing
Learning cycle	Time-consuming accumulation of strength experience	✓ Original software training saves effort
Technology retention	Information stored in individuals High risk	✓ Information stored in the program Low risk



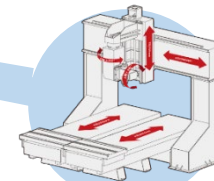
Teaching pendant operation

- Different from the cumbersome process of traditional machines
- Panel operation, high efficiency



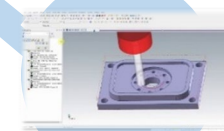
NC control

- Solve the problem of loosening of vibration knife caused by manual locking



Four-axis orientation processing

- External A-axis angle, processing flexibility
- Can be used for peeling processing, fine hole processing



CAM offline programming

- Complete the program in the software, and the writing efficiency is high
- Paths can be simulated in advance to improve safety

4. Extension and innovation

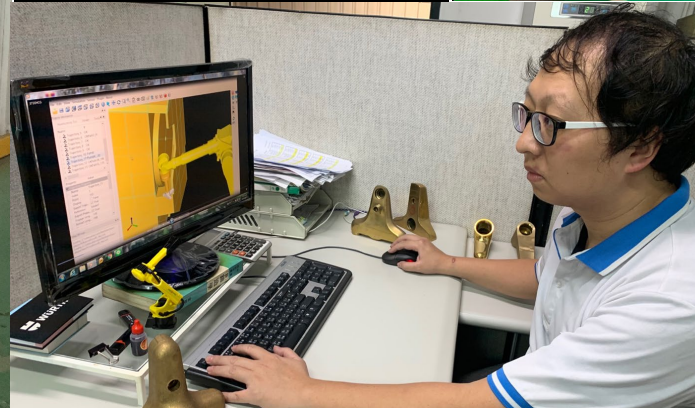
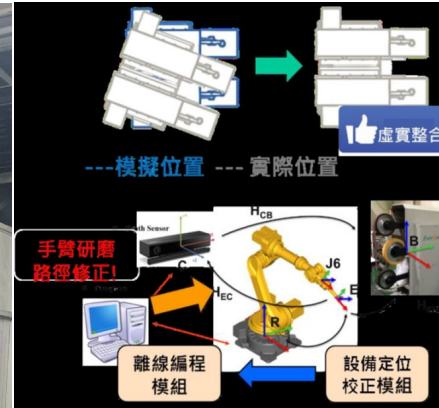
4-3. The extension and innovation of sanitary ware production technology group- Copperware-Process Optimization B

Robot polishing AI process optimization



Improve practice

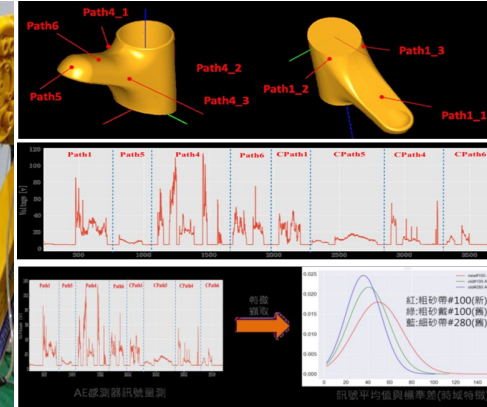
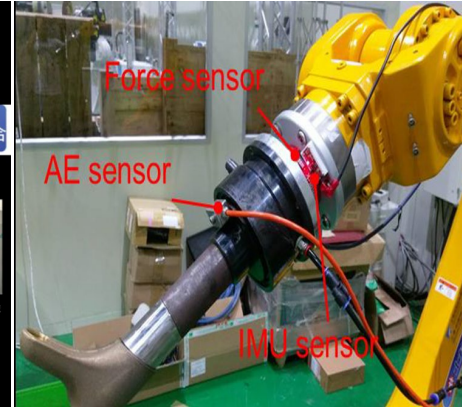
Robot virtual and real
integration module



Offline programming –
Robot virtual and real integration

Continuous improvement of grinding soft and
hard equipment

Robot sensing module
construction



Education Training

4. Extension and innovation

4-3. The extension and innovation of sanitary ware production technology group- Copperware-Process Optimization B

Industry 4.0 AI value-added intelligent optimization manufacturing



The second generation CPS2.0

Advantage :

- ◆ Fifth axis lateral rotation angle 360 degrees
- ◆ Shorten editing time
- ◆ Improve the grinding quality of castings

	Foreign machine Arm grinding	Grinding and polishing 1.0 technology	Grinding and polishing 2.0 technology
Path generation	Manual teaching	Ez Sim Robot simulator (Offline path programming)	Ez Sim Robot simulator plus Smart Vision Device positioning (Online path programming)
Tuning time	14 days	1 day (Save 90% adjustment time)	1 hour (Save 99% adjustment time)



4-4. The extension and innovation of cupboard category - Cupboard

HCG cupboard



Patented product

alloy trim



Patented product

Fixed partition buckle



The only one in the world
Pottery kitchenware



100% waterproof
Foam board sink cabinet



Cabinet upgrade
Five-year warranty

Five characteristics of kitchenware products

i n n o v a t i o n

4. Extension and innovation

1810 (TWSE)

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4-4. The extension and innovation of cupboard category - System furniture

HCG system furniture



Taiwan
Environmental
Label



Green Building
Materials Mark



Golden Deer
E0 Health
Board



Blue Angel
Certification

R e f o r m a n d I n n o v a t i o n

4. Extension and innovation

4-4. The extension and innovation of cupboard category – Hocheng Living Hall channels & Advertising marketing

1810 (TWSE)

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4. Extension and innovation

1810 (TWSE)

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4-4. The extension and innovation of cupboard category - Stainless steel bathroom cabinet, waterproof washbasin bathroom cabinet and mirror cabinet



The overall shape of the matching HCG porcelain basin is consistent, and the function of the basin is improved, and it is changed to a three-in-one multi-purpose bathroom cabinet for washing, makeup and storage.

1

In order to enhance the safety of the bathroom, the stainless steel bath cabinet adopts a circular arc shape, and the corners of the door panels are added with ABS corners, which are beautiful, safe and generous.

2

The surface of the stainless steel bath cabinet adopts a special coating treatment to effectively reduce fingerprint residue. The door panel is made of SUS304 stainless steel, which is durable, waterproof and anti-rust.

3

The stainless steel cabinet is sturdy and durable, not easy to deform, easy to clean, and is made of recyclable environmentally friendly materials.

4

The bathroom cabinet is made of stainless steel buffer hinges, which is durable and does not rust. The door panel can automatically return to no collision sound.

5

Hanging hardware, hinges and screws are all made of stainless steel, achieving 100% anti-rust function.

6

Waterproof bath cabinets, mirror cabinets and storage cabinets are made of waterproof foam board as the base material of the cabinet body and door panels to achieve 100% waterproof function.

7

Seven product features of stainless steel bathroom cabinet, waterproof bathroom cabinet and mirror cabinet

R e f o r m a n d i n n o v a t i o n

4. Extension and innovation

4-5. The extension and innovation of Composite materials— Carbon fiber composite wheel

We use love to protect the earth.

Wheels and axles encircle the earth with traces.



Carbon fiber composite wheel

HD-2085/HD-2010 Carbon Fiber Wheel

The only one in Taiwan to pass the ARTC verification.

Compared with forged aluminum alloy wheels

- Lightweight - Weight loss benefits: 20%
- High strength - 30% increase in service life and strength
- Maneuverability - The braking distance is shortened, the performance is strengthened, and the turning flexibility is increased.
- Energy saving and carbon reduction - 10% reduction in driving fuel consumption
- Technological breakthrough - Original patented casing pre-forming construction method, the whole fiber has no breakpoints, and the strength is improved. Introduce HPRTM process technology, fiber filament and resin are more densely combined.

Free choice of rim shape

All models can be assembled.

Adjust the PCD and ET values according to customer needs, and the claw type can also be customized.

Invention patent:

1. I611913
2. I637842

Utility model patent:

1. M509129
2. M540757

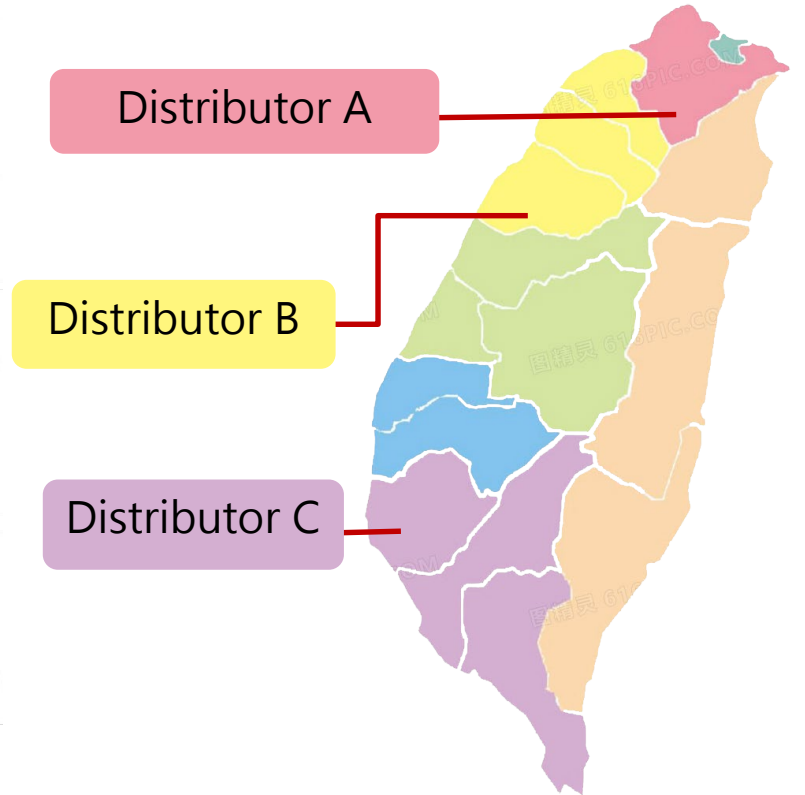
4. Extension and innovation

4-5. The extension and innovation of Composite materials– Carbon fiber composite wheel

Obtained the rim specifications of the ARTC test report



Collaborative sales
channels



4. Extension and innovation

4-5. The extension and innovation of Composite material- Carbon fiber composite wheel



HCG

This product has been insured with 25 million product liability insurance

4. Extension and innovation

4-5. The extension and innovation of Composite material- Carbon fiber composite wheel

1810 (TWSE)

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2021-Taipei International Automobile and Motorcycle Parts Exhibition
Exhibition venue: Nangang Exhibition Hall, Hall 1

4. Extension and innovation

1810 (TWSE)

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4-5. The extension and innovation of Composite material- Carbon fiber fins

LAZULI



- LAZULI carbon fiber fins for free diving will be sold on online channels after being released in 2019. In 2020, physical sales offices will be established in North, Central, South and Penghu of Taiwan.
- Launched on [amazon.com](https://www.amazon.com) in 2021, enter the U.S. market with virtual channels.
- Collect market information at DEMA SHOW 2021 and plan to participate in DEMA SHOW 2022 to further expand the US freediving equipment market.



4. Extension and innovation

4-5. The extension and innovation of Composite material- Carbon fiber fins

- Special thickness design water guide strip
- Stable water flow

- Brand own foot cover
- Meet the Asian foot design



4. Extension and innovation

4-5. The extension and innovation of Composite material- Zirconia porcelain block - Dental material



In 2017, it obtained the inspection and registration of the Ministry of Health and Welfare of the Republic of China and was officially listed.

Passed the US FDA 510(k) PMN pre-market notification review in October 2020, In 2021, we will enter the US market with the new brand CERATOP and update the brand recognition system simultaneously.

HCG

4. Extension and innovation

4-5. The extension and innovation of Composite material-

New tactical bulletproof shield



Strobe light

- The military has passed the combat evaluation, and this product has obtained the qualification report of the American White Laboratory.
- Bulletproof shield(72 groups in 110 and 111).
- All 42 groups in 109 delivered and passed the acceptance.

Ballistic board Soft shockproof



Live fire test



front



back

Gain insights into the potential market demand, in the existing bulletproof shield. The "New Tactical Bulletproof Shield", which is based on improvements and tests, has added multiple tactical functions and is expected to be **mass-produced in the first quarter of 2022**.

Size : 710 × 470 Mm

Weight : Less than 9 kg

Features :

- Better operability than previous generation products
- Multifunctional design is more in line with combat needs
- Special strengthening materials for corners break the window
- The special keyhole structure design is the same as the anti-elasticity performance of the main body

4. Extension and innovation

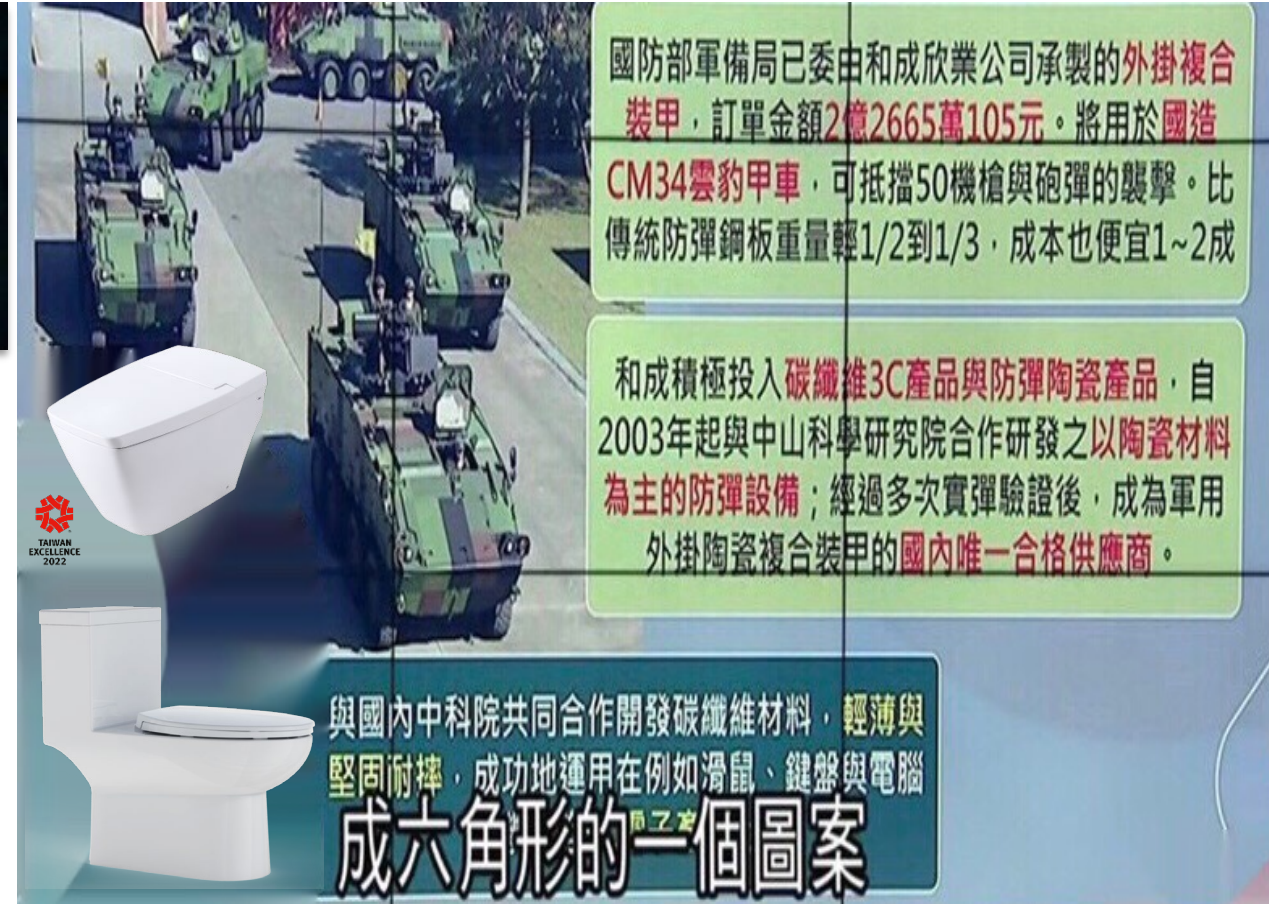
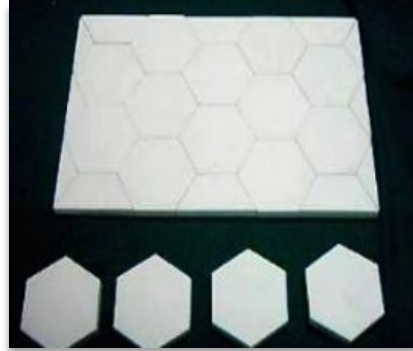
4-5. The extension and innovation of Composite material- Ceramic plug-in composite armor

Anti-ballistic protective material

In response to the current rapid changes in science and technology, and for the sake of national defense and security, the development of weapon systems is also becoming more and more rapid. Therefore, HOCHENG CORPORATION and NCSIST have cooperated to improve the technology of the industry through the military interpretation business plan, and combine private industry technology to increase the company. Business items, increase employment, stimulate consumption to achieve a lively market, boost economic prosperity, and reduce military procurement costs and improve military self-control capabilities.

The hexagonal shape design can be combined into a variety of irregular graphics according to requirements. The combined composition method allows the ceramics to exert its ability to withstand multiple shelling.

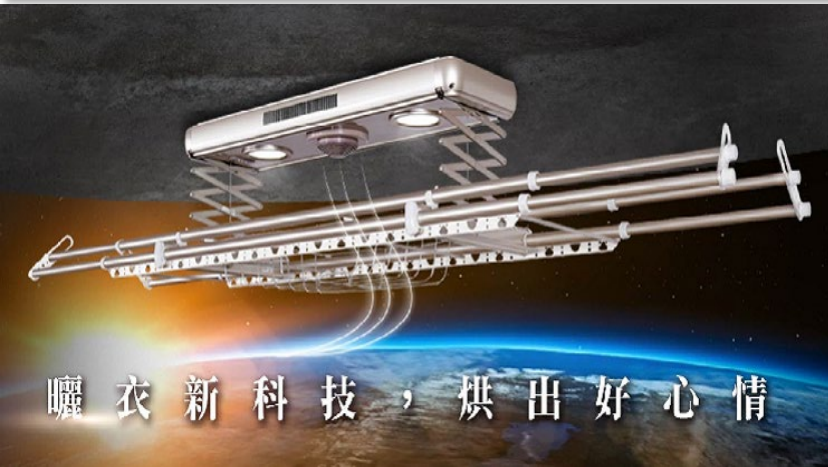
HOCHENG CORPORATION has been cooperating with NCSIST to develop protective products since 1992. The key products developed by HOCHENG CORPORATION are bulletproof ceramics (hexagonal, quadrangle), bulletproof plates (Class IIIA, Class III, Class IV), and bulletproof vests. , Bulletproof briefcases and bulletproof shields, etc., many products have passed the test of the American White Laboratory. (Source: HOCHENG CORPORATION official website)



Information picture source: Internet public information

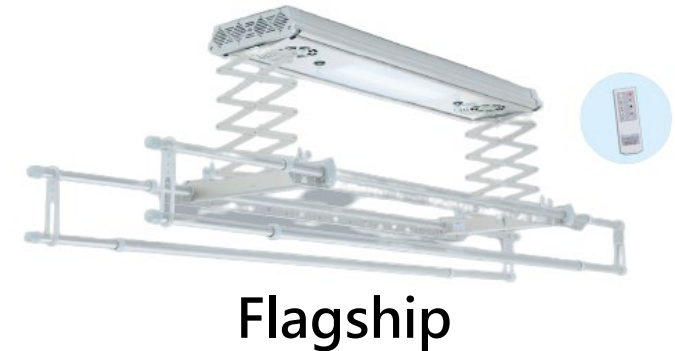
4. Extension and innovation

4-6. The extension and innovation of Channel group E-commerce – Electric clothes dryer



Feature of product

- One-button remote control electric lift
- Telescopic clothes rail for drying freely
- 45 strict quality inspections
- Multiple intelligent protection devices
- Rebound protection device in case of resistance
- High-efficiency ultraviolet germicidal lamp
- Smart hot and cold cycle drying clothes



4. Extension and innovation

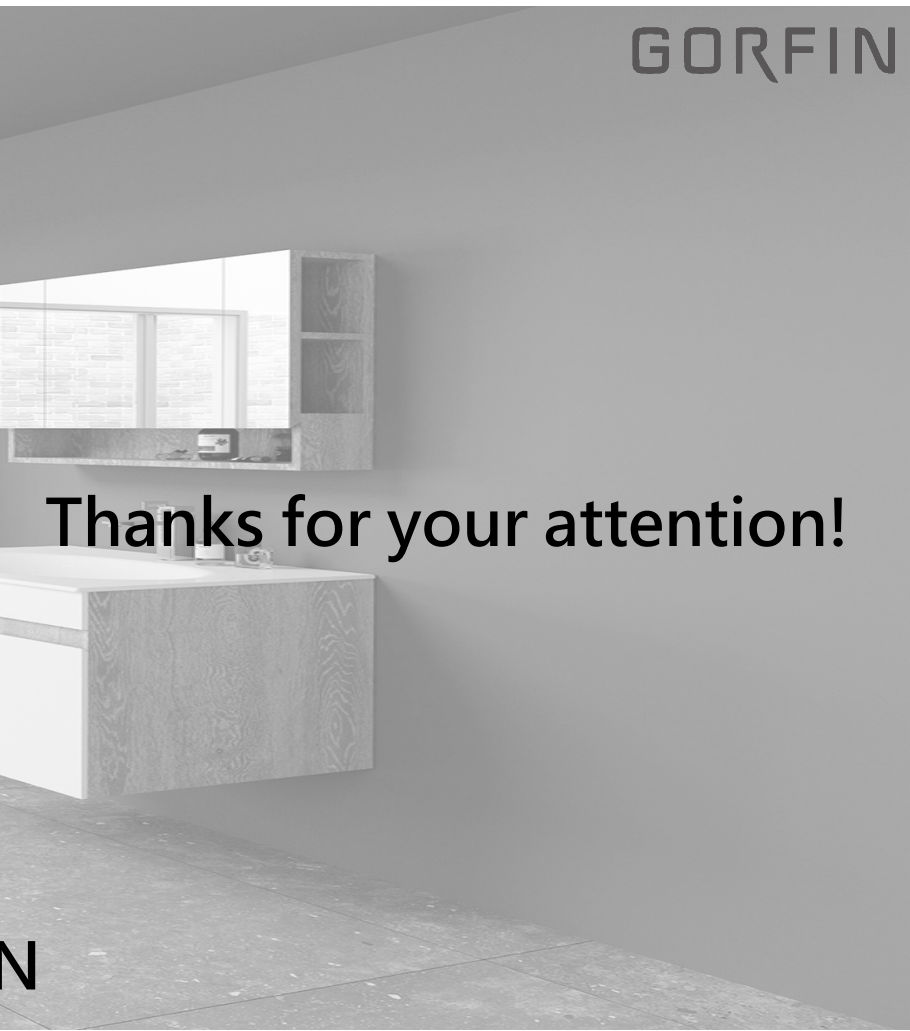
4-6. The extension and innovation of Channel group

E-commerce – Electric clothes dryer



R e f o r m

a n d i n n o v a t i o n



Thanks for your attention!

HOCHENG CORPORATION