

Line ID : ti16616



TECHCENTIAL

INTERNATIONAL LTD

特昇國際

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股份有限公司

Updated: 09/12/2020

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- ❖ Main business/product introduction
- ❖ Financial Information
- ❖ Market development overview
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- ❖ Challenges and opportunities faced by enterprises

Malaysia
Johor
Muar



Company Profile



Company Profile



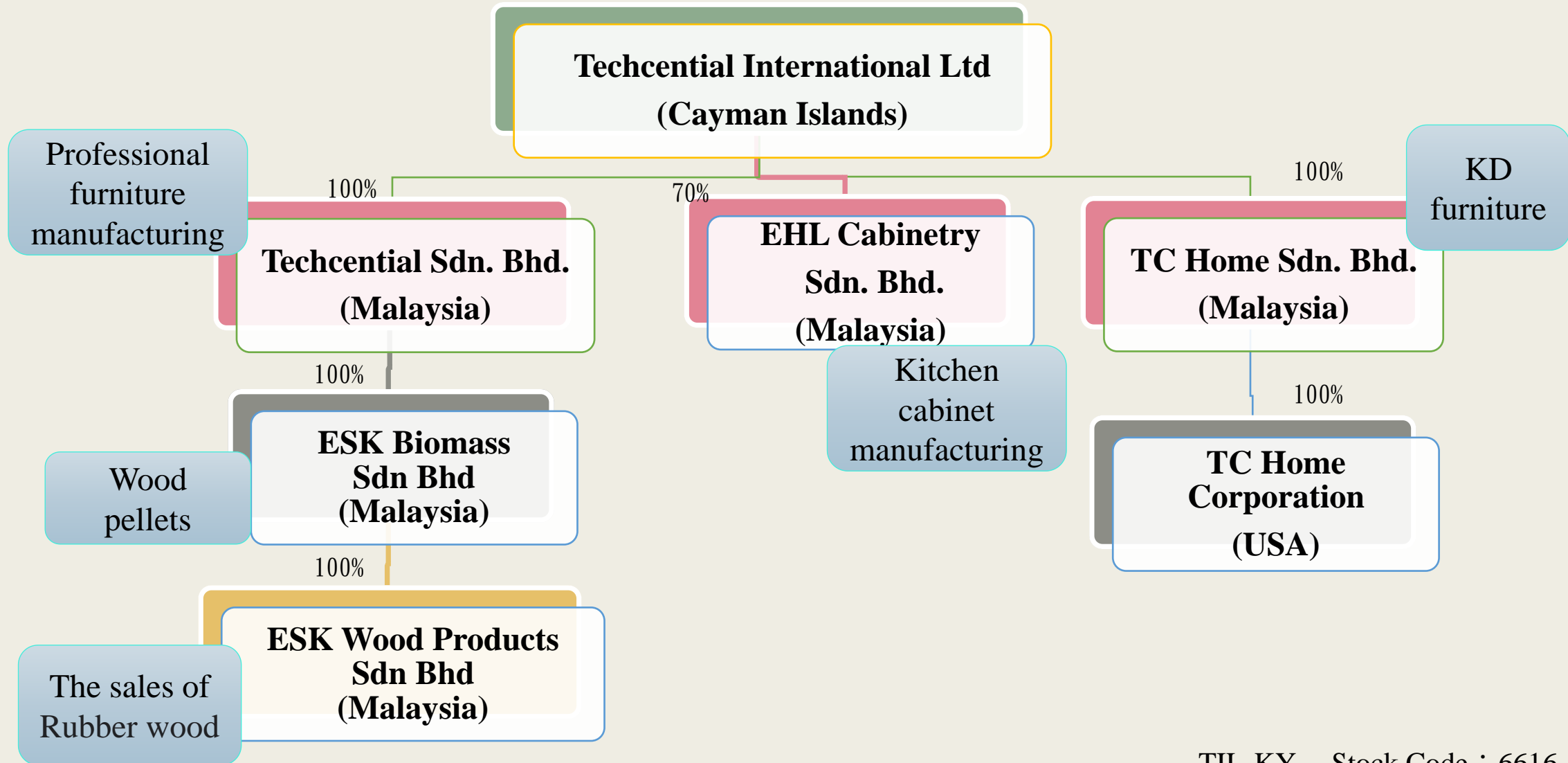
- Company Name : Techcential International Ltd.
- Established : June 14, 2016
- Founder : Eng Say Kuang
- Chairman : Eng Say Kaw (Ricky)
- General Manager : Eng Kai Pin (Gavin)
- Capital : NT\$236 million
- Main business : Professional manufacturing and sales of American wooden bedroom furniture, and the sales of rubberwood and raw materials.
- Number of employees: 708 (as of November 30, 2020)

Company History

2001	Established Techcential Sdn. Bhd., mainly developing the trading of wooden furniture. The main business items include planning the wood processing industry and furniture manufacturing.
2008	TC started focus on customized American bedroom furniture.
2013	Introduce the ERP system on the production line.
2015	The own brand TC Home participated in "High Point Furniture Market" °
2016	Set up a warehouse in Malaysia to fully promote the “Mixed Container Program”(MCP).
2017	TC won the "International Golden Eagle Award" hosted by Malaysia Nanyang Siang Pau and TIL was approved listing by the Taipei Exchange(TPEX).
2018	On January 10th, TIL became one of the listed company in Taiwan, and TIL invested in ESKW for the procurement and manufacturing of rubberwood.
2019	Participated in Malaysian International Furniture Fair (MIFF) in Kuala Lumpur, Malaysia. TIL Issuance of the first unsecured conversion of corporate bonds in the Republic of China (Taiwan).

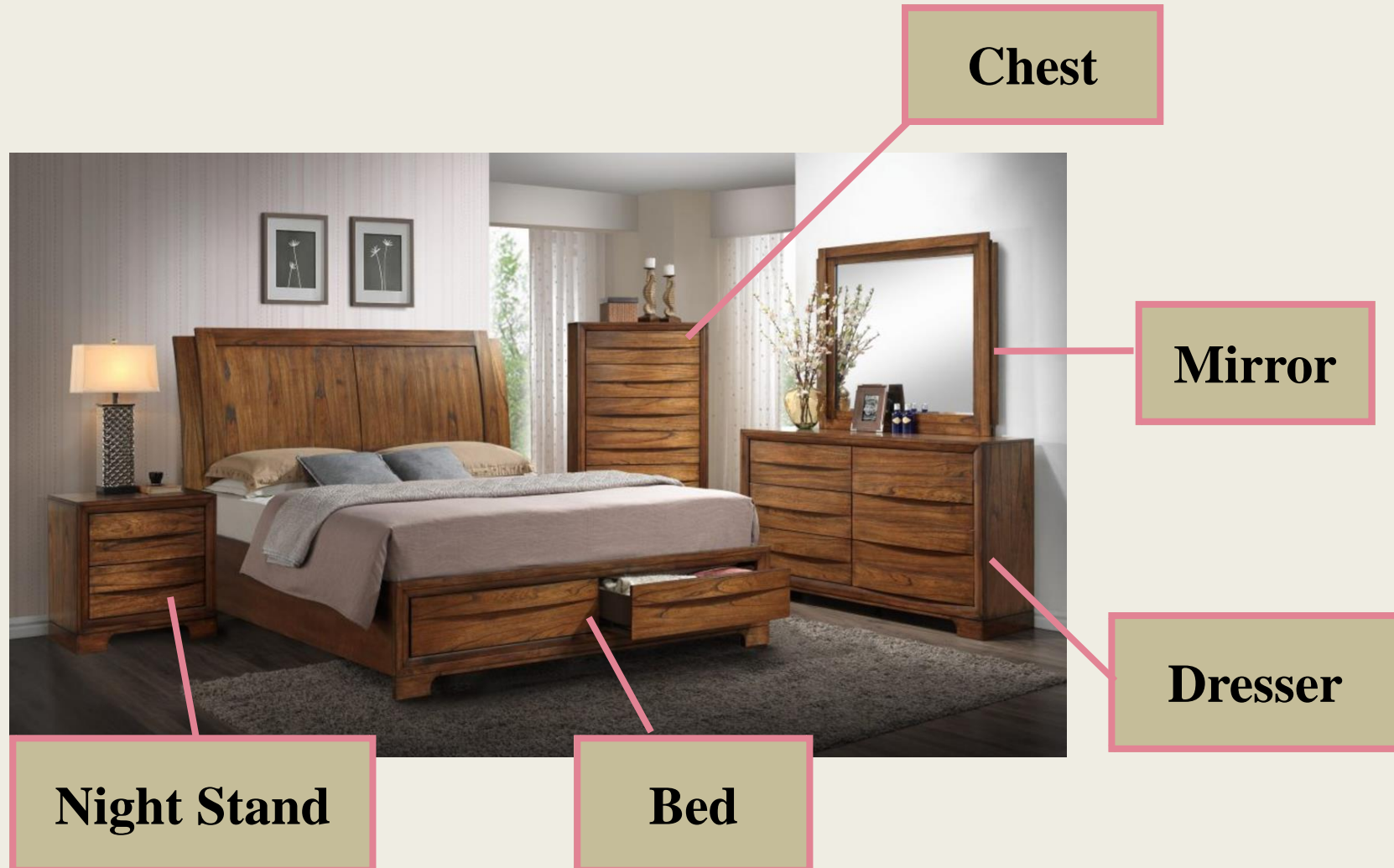
Group Structure

(As of November 30, 2020)



Main business/product introduction

Techcential - Bedroom furniture











TC Home – KD furniture (Detachable)



ESK Biomass Fuel pellets



ESK WP The related business of rubberwood



EHL Cabinetry



Product raw materials and main sources



TC- The production process of Wooden furniture

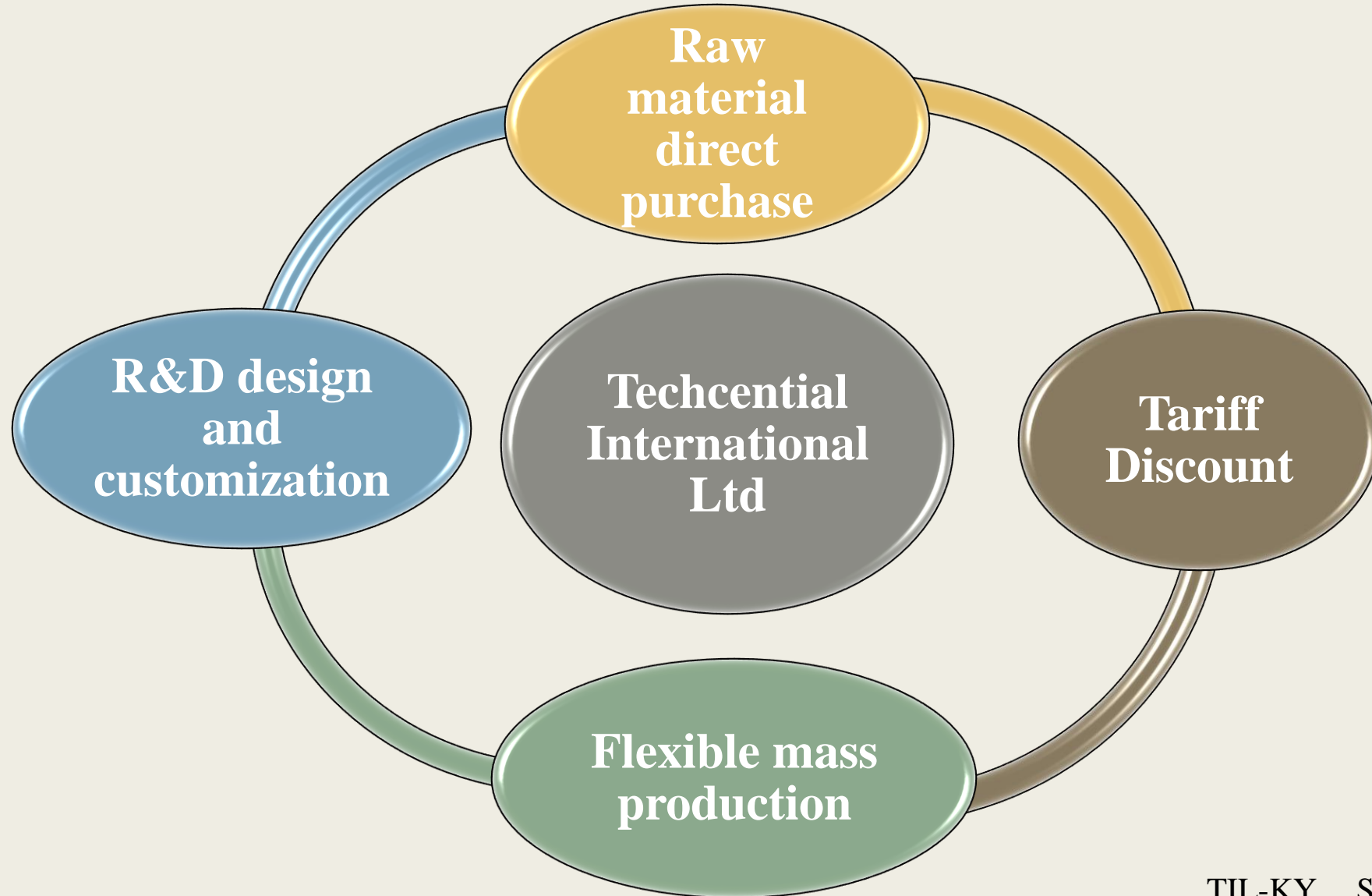


Product safety certification



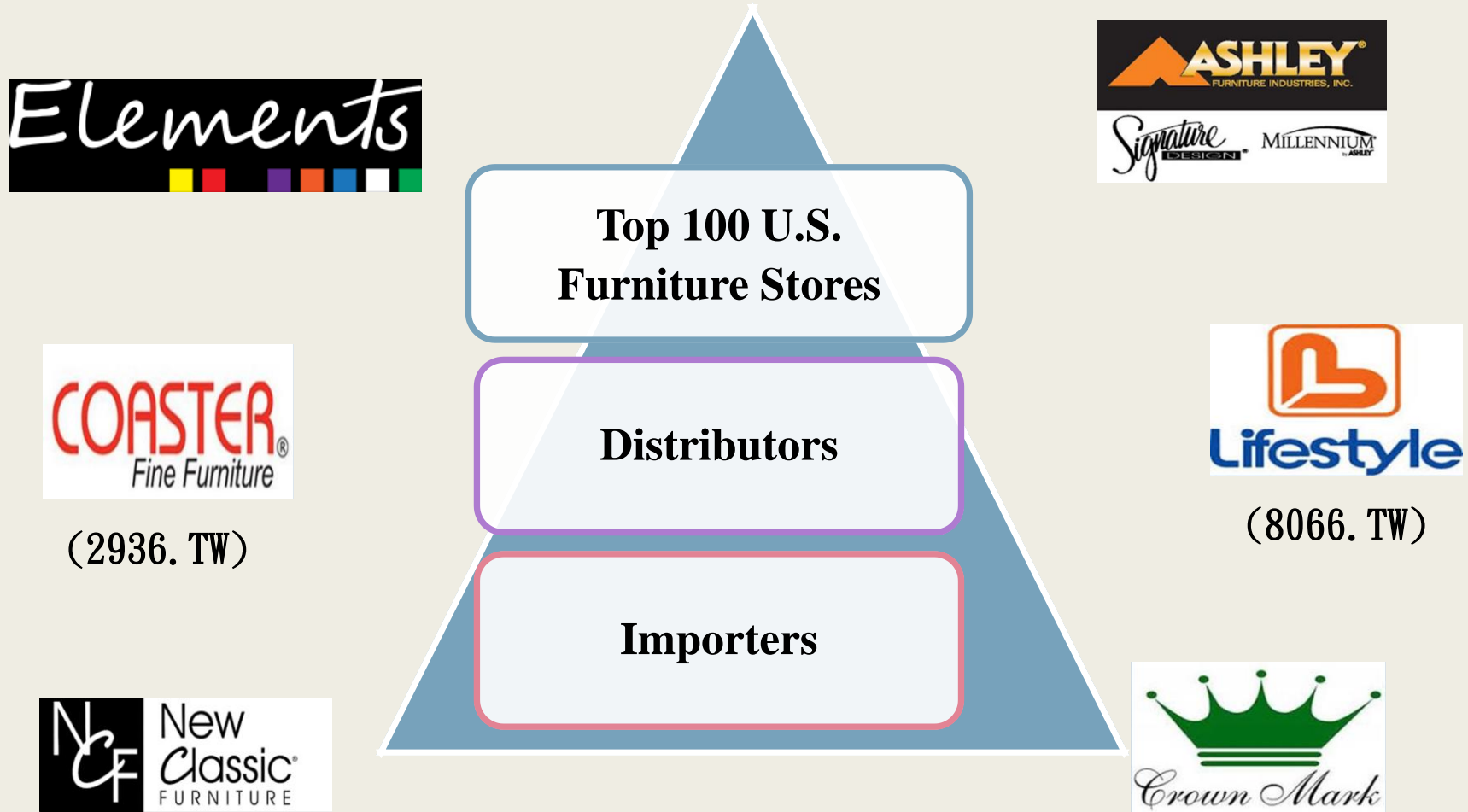
- Techcential has not only focusing on the quality of products but also strictly complying the safety standards of products. Our products meet below regulations:
 - The California Air Resources Board (CARB) established ATCM (Airborne Toxic Control)-formaldehyde emission standards for wood products.
 - TB117-2013, Flame retardant performance test of materials in upholstered furniture.
 - The children's furniture complies with the US Consumer Product Safety Improvement Act (CPSIA) and ASTM physical structure tests.

The advantage of core competitive



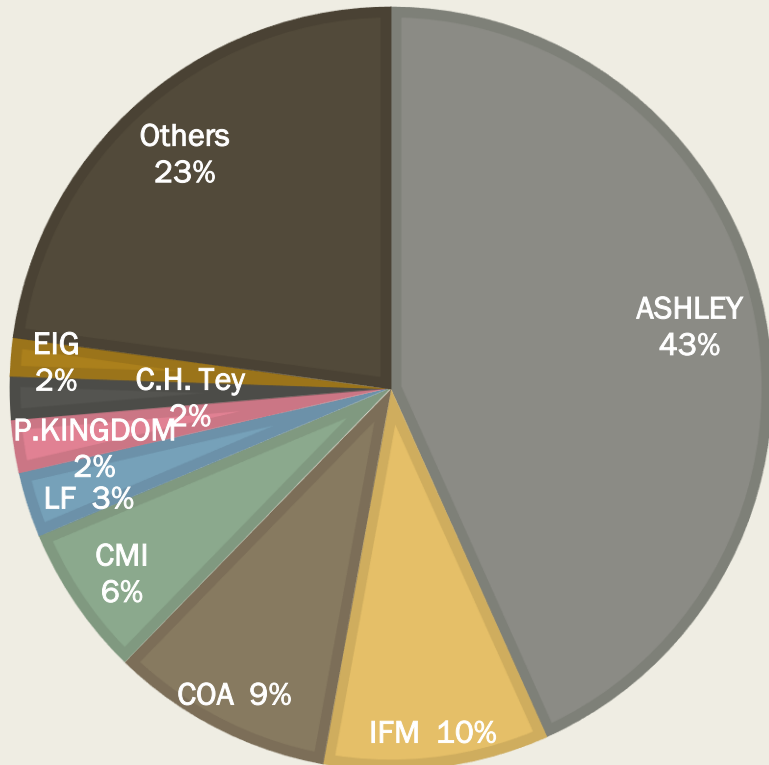
Financial Information

Target customers of TC



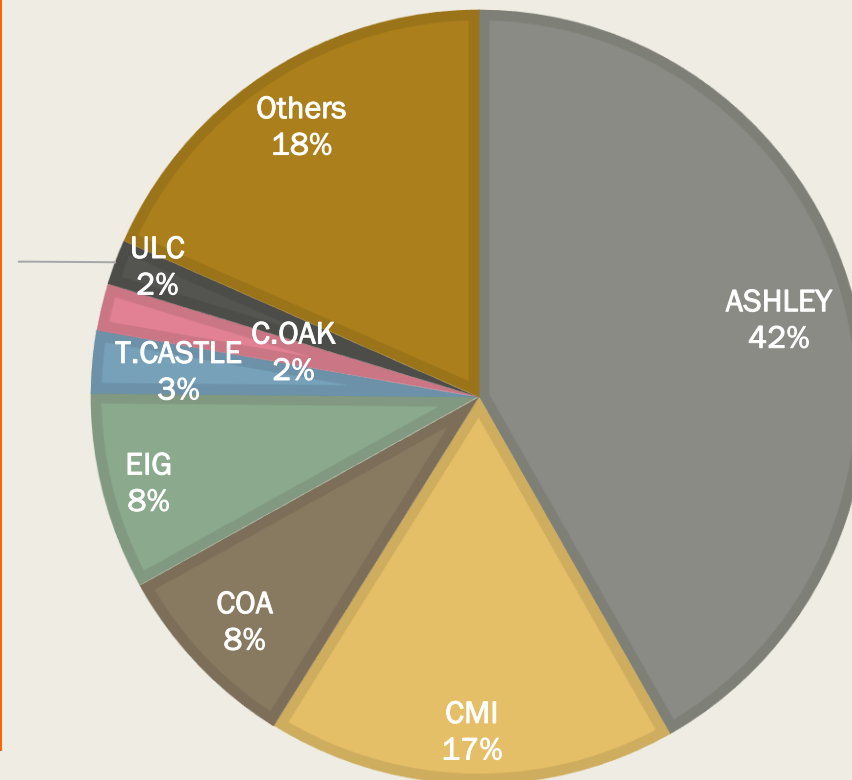
TIL Group Sales (Customer) status

January-September 2019



Operating Income : NT\$ 1,016,751 thousand

January-September 2020



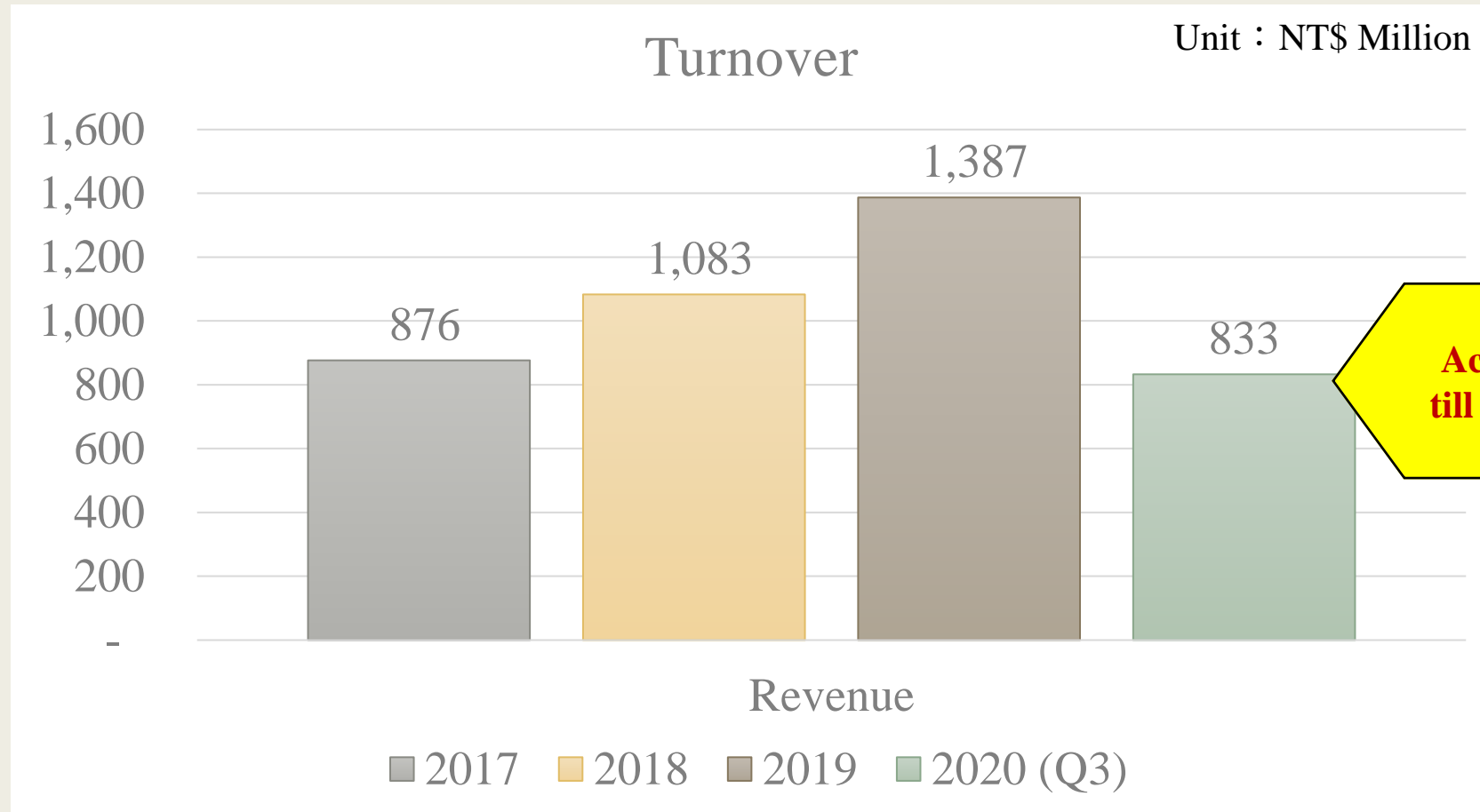
Operating Income : NT\$ 833,382 thousand

Financial data of most recent two years:

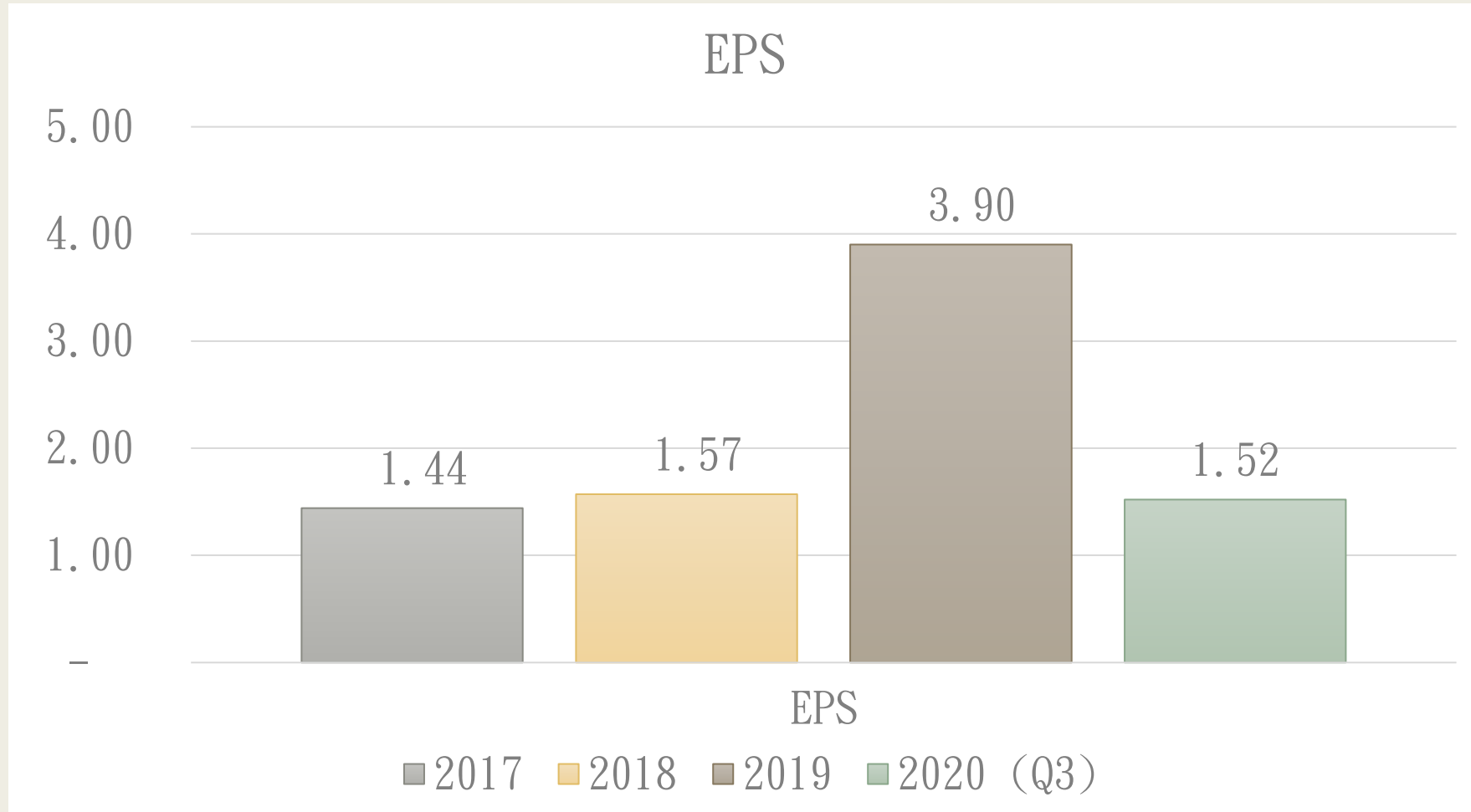
Unit: NT\$ thousand

Project/year	2020 Jul-Sep	%	2019 Jul-Sep	%	2020 Jan-Sep	%	2019 Jan-Sep	%
Operating revenues	377,426	100	354,099	100	833,382	100	1,016,751	100
Operating costs	295,716	78	270,827	76	665,490	80	785,150	77
Gross profit	81,710	22	83,272	24	167,892	20	231,601	23
Operating expenses	41,029	11	44,378	13	109,407	13	130,086	13
Operating income	40,681	11	38,894	11	58,485	7	101,515	10
Non-operating income and expenses	(4,543)	(1)	5,916	2	(7,549)	(1)	(2,458)	0
Income tax expense	11,219	3	13,269	4	18,505	2	29,473	3
Net profit for the year	24,919	7	31,541	9	32,431	4	74,500	7
EPS(NT\$)	1.09		1.37		1.52		3.18	

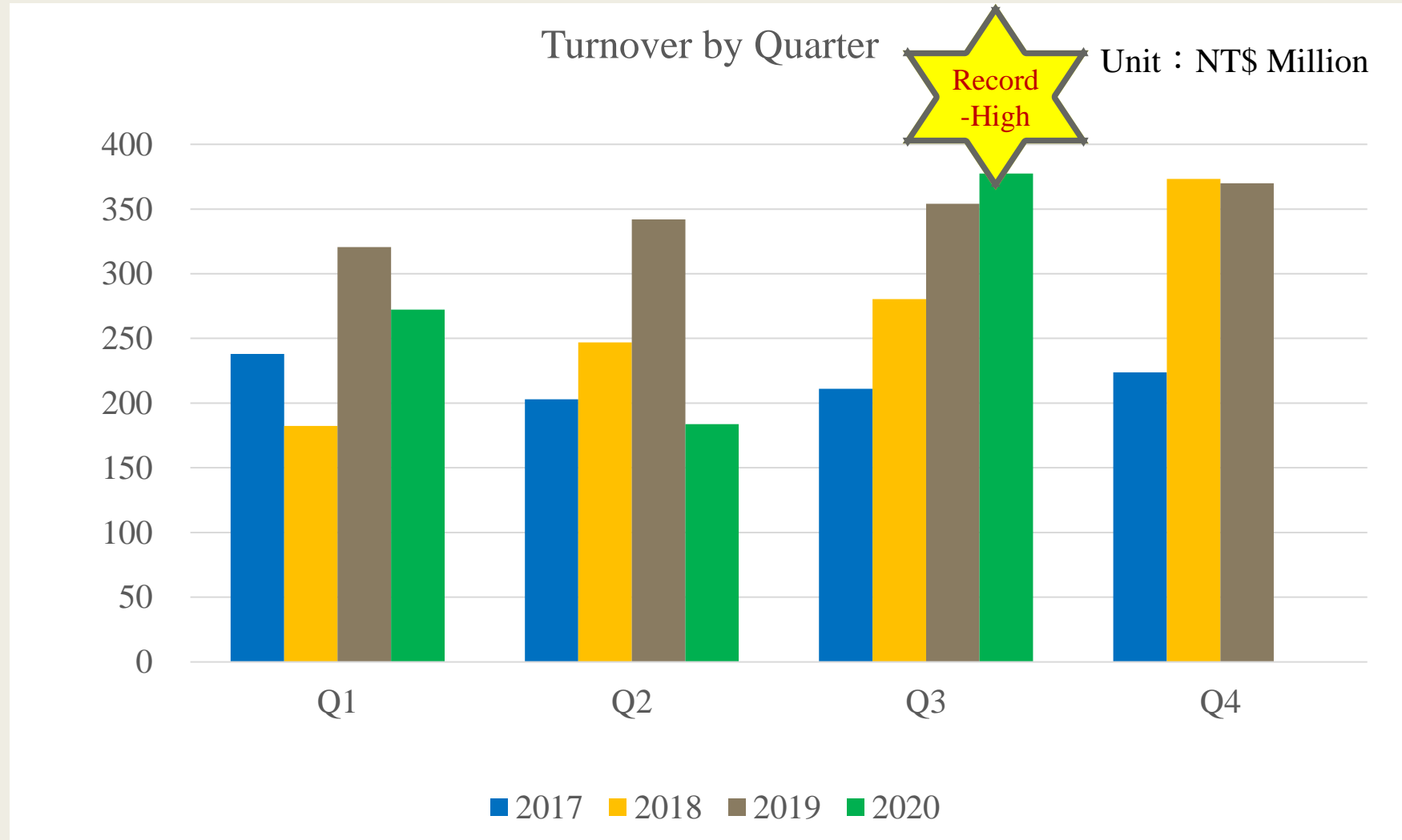
Company's revenue overview of most recent years



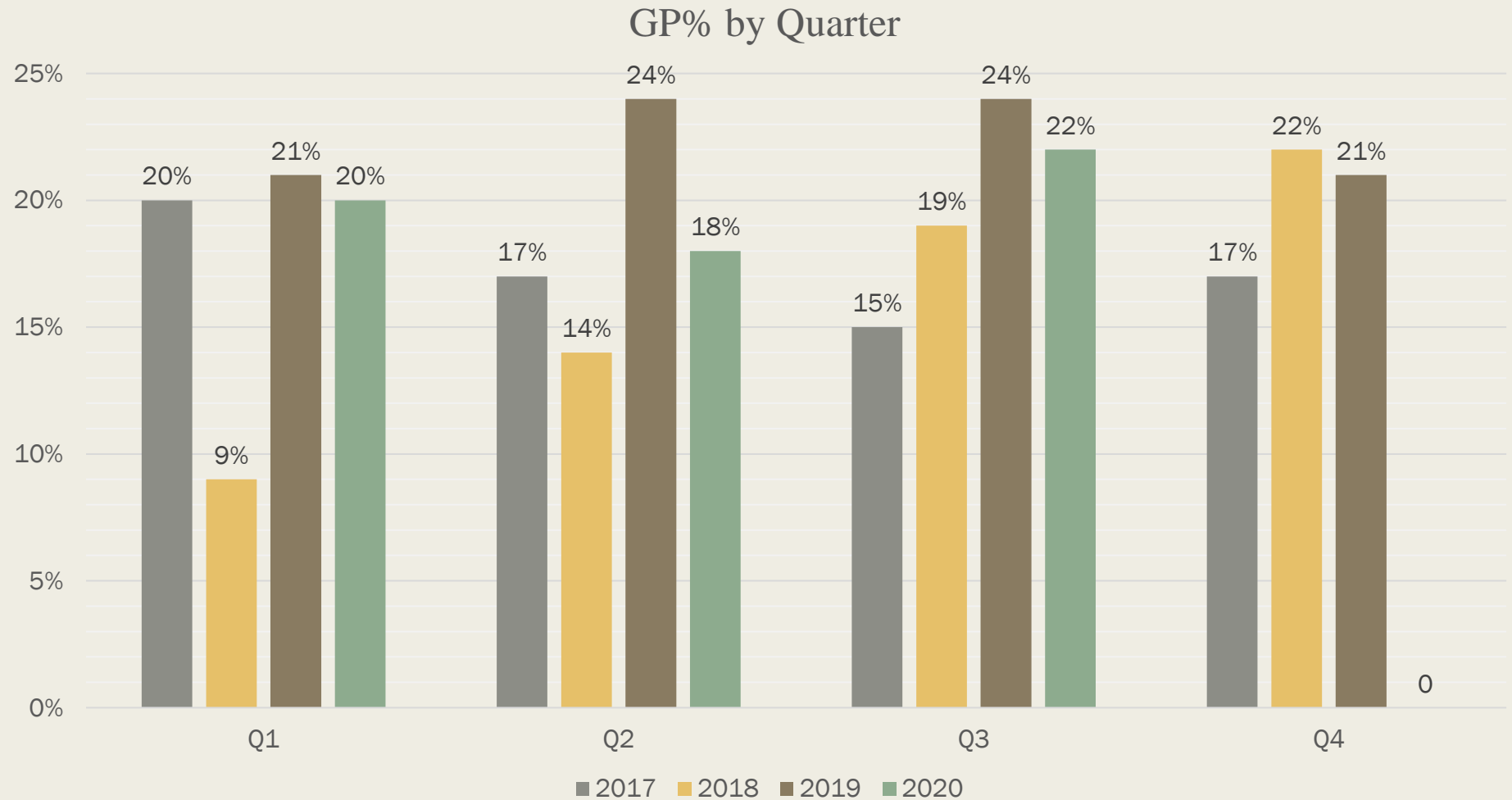
Company's EPS of most recent years



Company's quarterly revenue of most recent years



Company's quarterly GP% performance in recent years



Product sales status of TC

Products	2020 Q1-Q3 (MYR mil)	Revenue ratio	2019 Q1-Q3 (MYR mil)	Revenue ratio	Y2020 Compared with last year's revenue
Finishing	82,560	77.54%	96,222	85.35%	-14.20%
PU	22,902	21.51%	16,520	14.65%	+38.63%
Others	1,007	0.95%	-	-	
subtotal	106,469	100%	112,742	100%	-5.56%

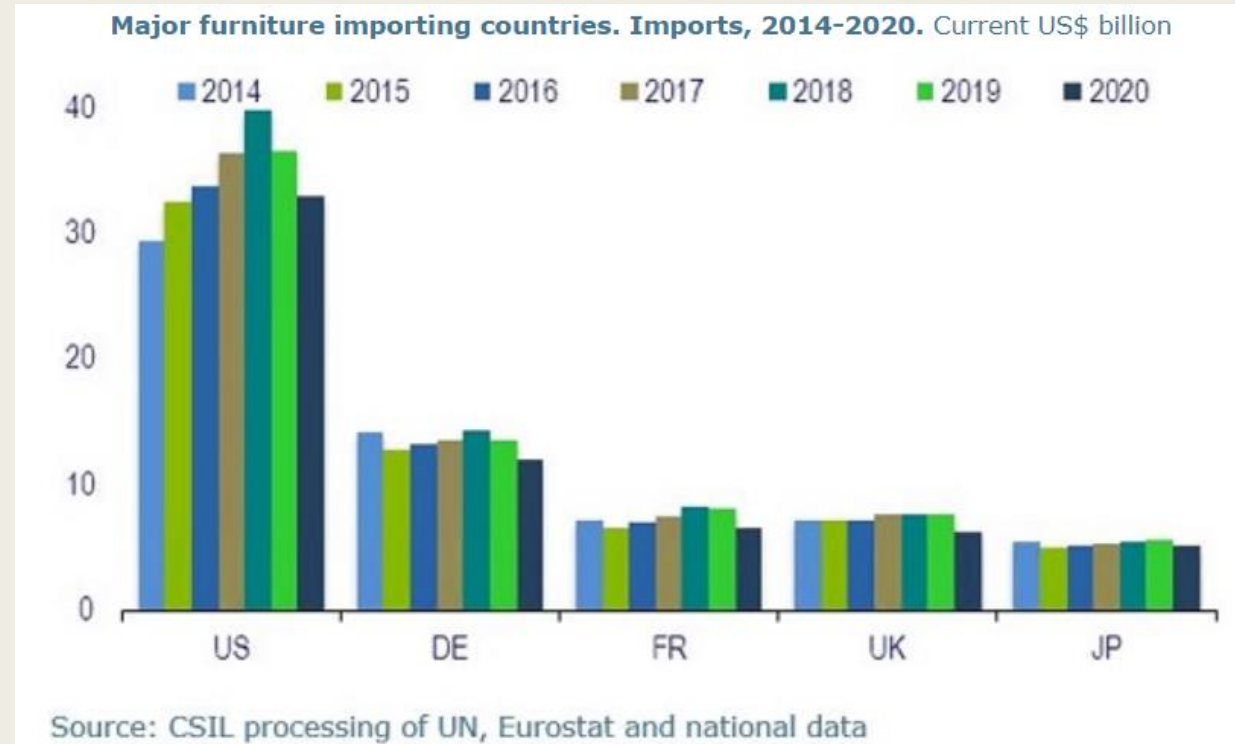
Products	2020 Q3 (MYR mil)	Revenue ratio	2019 Q3 (MYR mil)	Revenue ratio	Y2020 Compared with last year's revenue
Finishing	37,860	75.06%	33,149	83.30%	+14.21%
PU	11,759	23.31%	6,648	16.70%	+76.88%
Others	821	1.63%	-	-	
subtotal	50,439	100%	39,797	100%	+26.74%

In 2019, Techcential International issued the first convertible corporate bond

- The projects are as follows, and the funds have been used up.
 - Repayment of bank loans
 - Reinvestment in subsidiary EHL
 - Enrich working capital
- On August 14, 2020, the Board passed a resolution to buy back and cancel the first unsecured conversion of corporate bonds in the Republic of China.

Market development overview

Global Major Furniture Importing Country

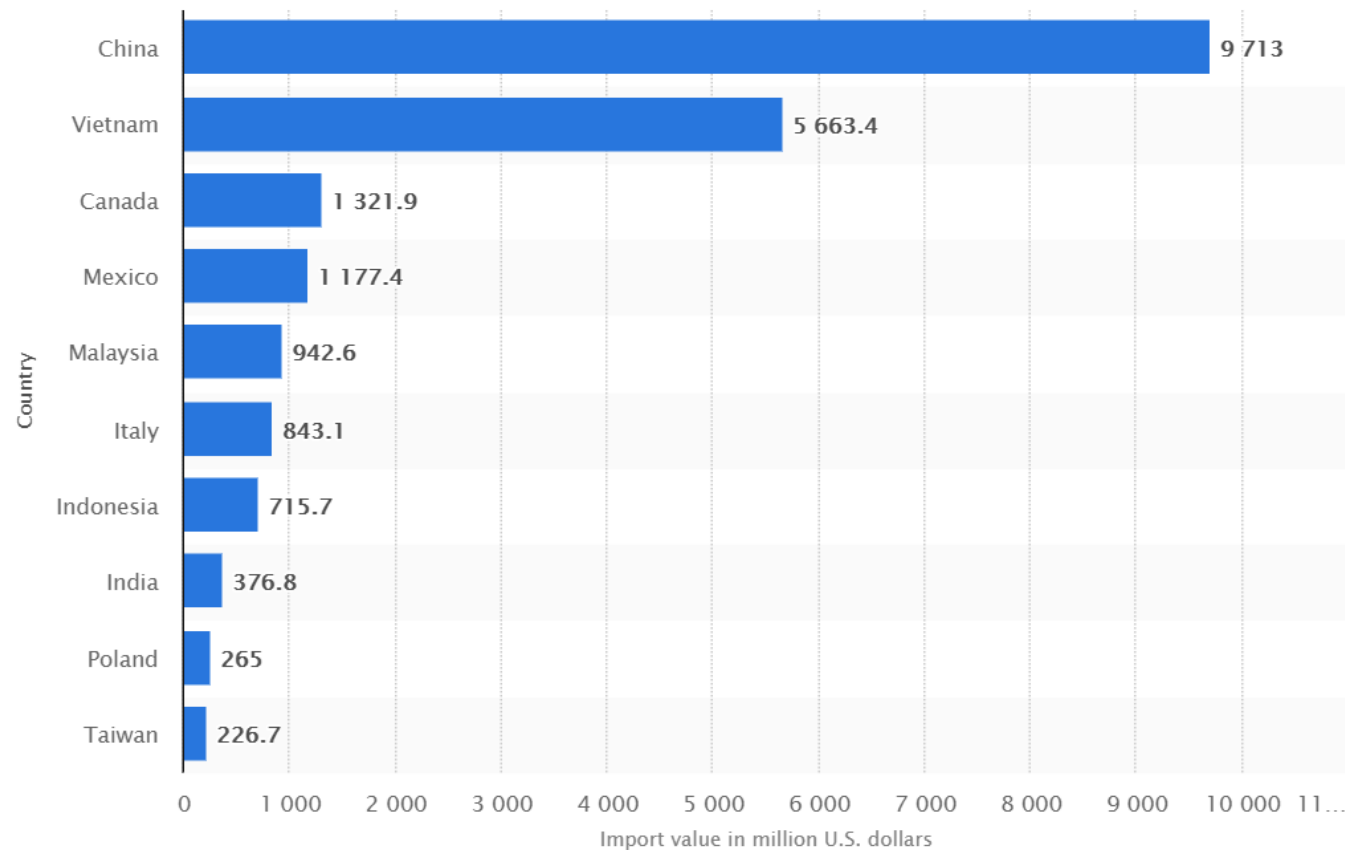


- CSIL preliminary data for 2020 show substantial decreases in furniture imports for all the major countries.
- In the last ten years, the international trade of furniture has consistently amounted to about 1% of the international trade of manufactures.
- After the major contraction in 2020, growth will resume in 2021 and the pre-crisis level, in current USD, is expected to be attained in 2022.

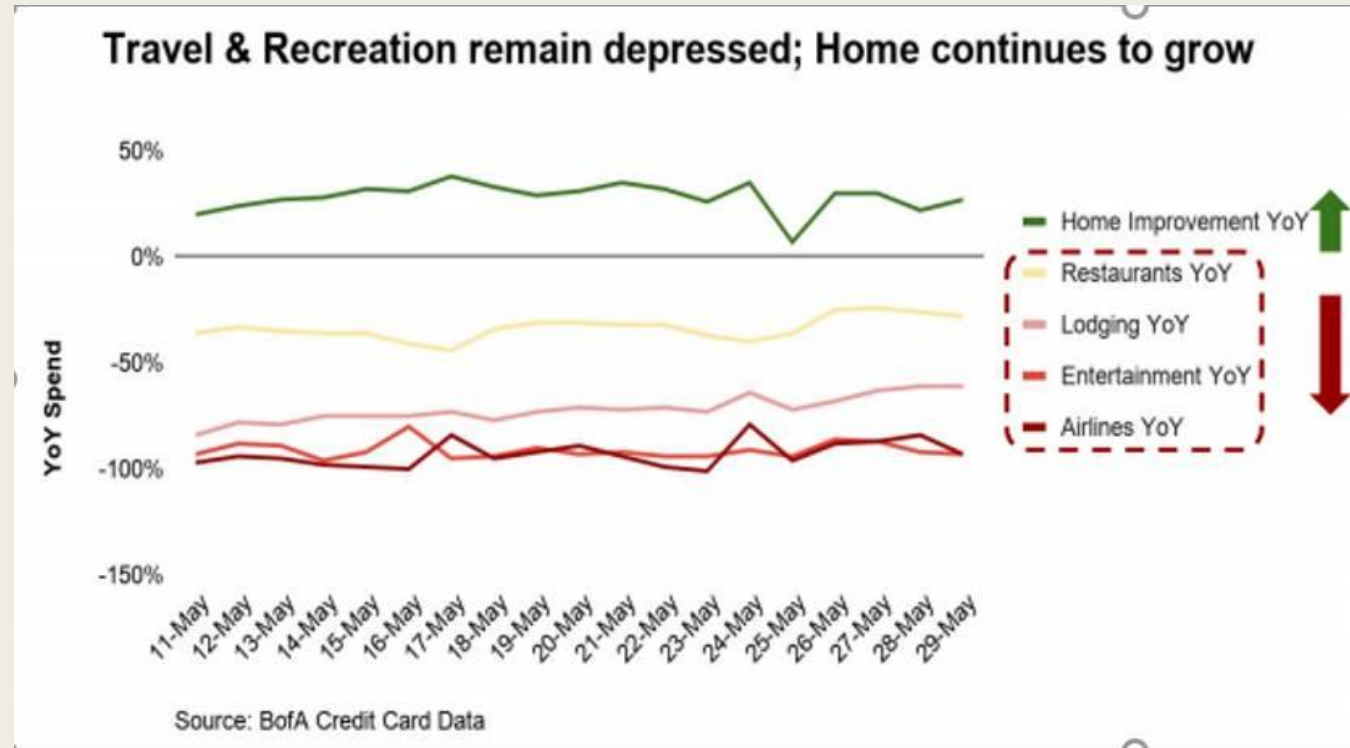
Top 10 countries of household furniture imports in U.S. 2019

Leading 10 source countries of household furniture imports in the U.S. 2019

Published by Statista Research Department, Jul 10, 2020



The increase of U.S. furniture sales during May 2020



- Due to the pandemic, more people are staying home and spending money to improve quality of their homes. This is driving the sales of home furnishing exceeding its expectation.

Bedroom another case goods category seeing high demand from consumers



Thomas Russell // Senior Editor, Furniture Today • December 7, 2020

- HIGH POINT — Demand to fill retail floors is causing a bit of an upheaval of sorts on the bedroom side of the business.
- The challenge is that the demand causes inventory to be depleted on certain groups almost as soon as they arrive in the warehouse, making it hard to pinpoint specific trends in the marketplace.
- Others agreed that demand for bedroom furniture has been quite strong, which is a boost for a category that sometimes gets ignored by many consumers because it's the least visible area of the home, at least compared with the living room or dining room.

美國房市14年來最熱

新冠肺炎疫情肆虐，
雖然重創美國商業活動，但卻意外點燃房市買氣，
成為美國經濟的一大亮點。

工商時報 蕭麗君報導 2020.10.04

節錄段落如下：

- 預期疫情短期間不會結束，遠距工作型態還將持續一段時間，加上房貸利率迄今仍處在低檔，激勵許多民眾加快買房腳步，或是考慮首次購屋。
- 根據美國商務部發布最新數據顯示，8月新屋銷售已連續四個月揚升，經季調後月增4.8%，換算成年率為101萬戶，為2006年來首見衝破百萬大關，創下14年新高。
- 另外同月成屋銷售也接連第三個月出現增長，總數達600萬戶，同樣也締造14年高點紀錄。
- 美國房市供給吃緊的情況已持續多年。在2007到2009年上次經濟衰退期間，新屋營建驟減，儘管之後逐漸回升，但到目前為止依然沒有完全恢復到衰退前的水準。此外屋主持有房屋的時間也比以往更長。

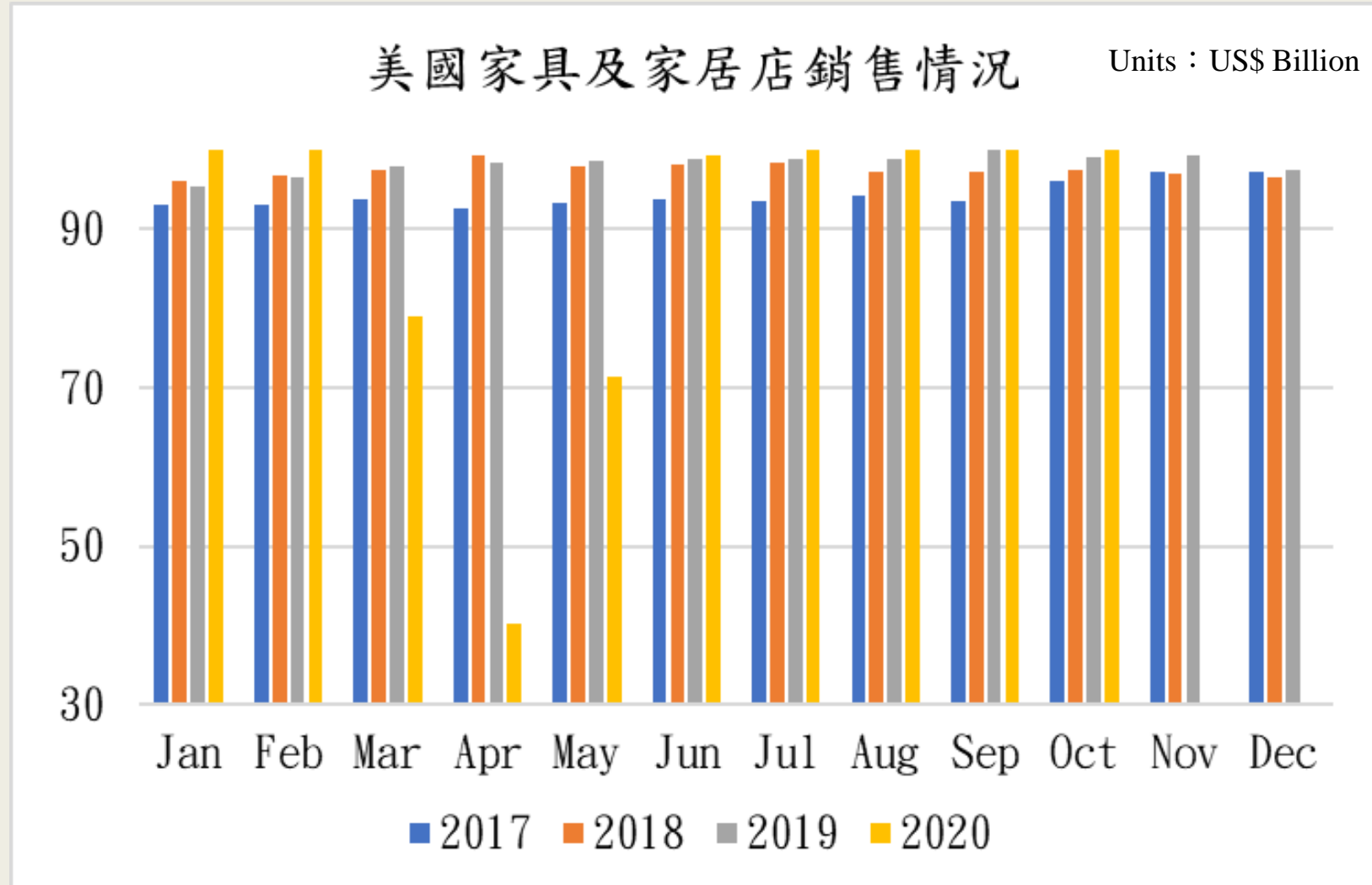
低利助長房市 美國Q3房貸逼近10兆美元 刷新高

鉅亨網編譯余曉惠 2020/11/18

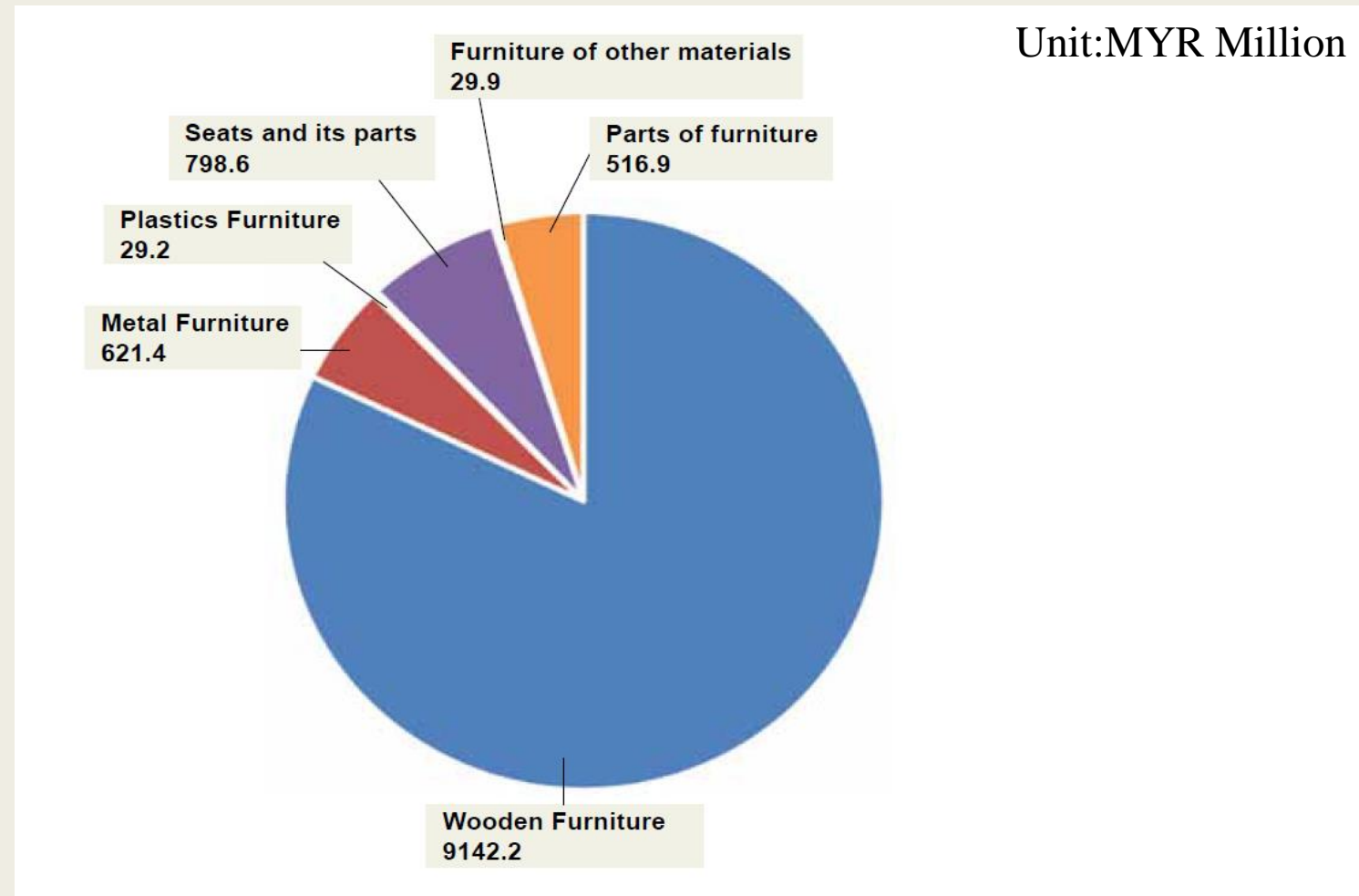
鉅亨網新聞，節錄段落如下：

- 拜史上超低利率之賜，美國房地產市場蓬勃發展，房貸也一路膨脹，最新數據顯示，美國第 3 季的抵押貸款激增，一路逼近 10 兆美元、改寫歷史新高。
- 紐約聯準銀行周二（17 日）公布的統計顯示，7 到 9 月美國家庭負債達到 14.35 兆美元，比前一季增加 0.6% 或 870 億美元，以抵押貸款占比最高。抵押貸款第 3 季攀抵 9.86 兆美元，創新高。
- 這份報告中有許多數字逼近或是打破歷史紀錄，例如**第 3 季新屋貸款和再融資合計 1.05 兆美元，是史上次高紀錄**，追平 2003 年再融資熱潮的水準。
- 值得注意的是，雖然目前房貸債務遠高於次貸風暴，但現在的借款人信用分數遠優於當年，大部分是信用良好的借貸人。

The sales of U.S. Furniture and Home Furnishing Stores



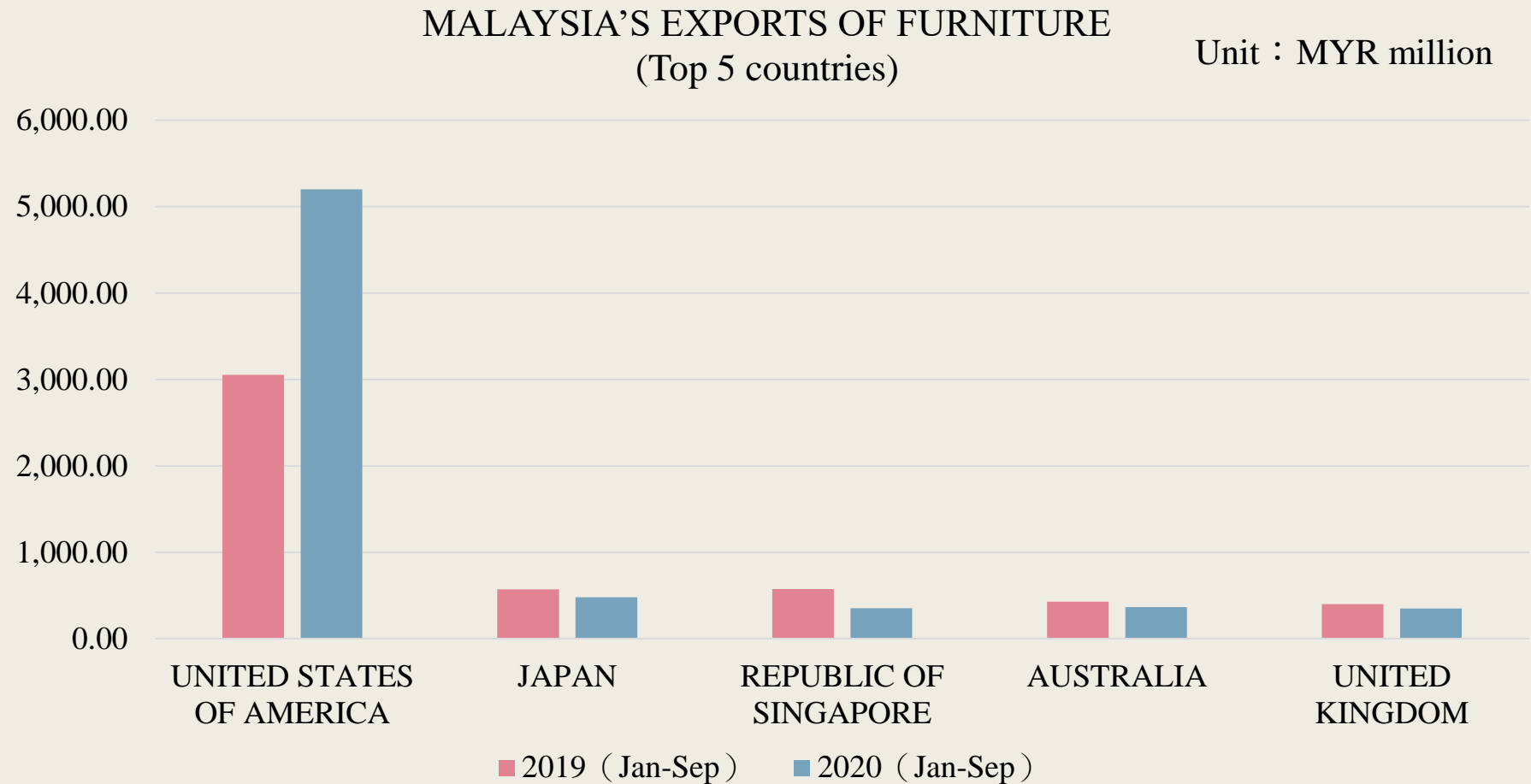
Malaysia furniture exports in 2019



- Malaysia's furniture exports reached 11.138 billion MYR in 2019, an increase of 13.25% from 2018 (98.3 billion MYR).

Malaysia's exports of furniture in 2020

As of September 2020, Malaysia's furniture exports reached MYR 8.8 billion. This is an increase of 13% over the same period last year. The total value of furniture exports to the United States increased by 70.3% over the same period last year.



Malaysia Movement Control Order (MCO)

Date	Movement Control Order	The operation of Techcential
18/03/2020 – 31/03/2020	First-phase of movement control order	Total shutdown.
01/04/2020 – 14/04/2020	Second-phase of movement control order	Complete shutdown. Negotiate "50% unpaid leave" with employees to reduce personal costs.
15/04/2020 – 03/05/2020	Third-phase of movement control order	The subsidiary TC got the resumption approval letter on April 22 and could resume work in compliance with the SOP. TC started to partially resume work based on the principle of existing inventory shipments.
04/05/2020 – 09/06/2020	Fourth-phase of movement control order 「 Conditional movement control order 」 (“CMCO”)	The subsidiary TC, and most of the business and economic fields are allowed to resume work, but they must comply with the conditions and SOP established by the law enforcement agencies and must cooperate with the local government's instructions.
10/06/2020 – 31/08/2020	Fifth-phase of movement control order 「 Recovery movement control order 」 (“RMCO”)	Almost all business activities (including religion, entertainment, etc.) are allowed to reopen in stages. However, the national border has not been open.
01/09/2020 – 31/12/2020	Sixth-phase of movement control order	The borders of the country has not been opened. However, some areas (i.e. Sabah, Selangor) have recently entered a two-week "Conditional Movement Control Order (CMCO)" for the rising COVID-19 .

同業(客戶)近期新聞

居家辦公需求增！客思達-KY

第三季每股賺1.08元

2020/11/13 | 工商 | 劉馥瑜

中時新聞網—財經新聞，節錄段落如下：

- 美國家具經銷商客思達-KY (2936) 13日公布財報，受惠美國房市交易熱絡、以及居家辦公、遠端教學需求，增添民眾購買家具意願增溫，帶動整體出貨動能逐季升溫，第三季合併營收新台幣28.69億元，較上季成長17.47%；此外，在有效控管倉儲人事費用下，第三季稅後淨利0.82億元、EPS為1.08元，已連續兩季繳出獲利成績單；累計前三季稅後淨利1.34億元、EPS為1.76元。
- 展望第四季，客思達-KY表示，隨著全美居家裝修需求持續熱絡，且第四季適逢感恩節、黑色星期五及聖誕節等傳統銷售旺季，有助於創造新一波銷售動能。

2021 Business Development Plan

2021 business development plan

-Keep improving and increase profit

Focus on the PU paper products, which will become the main growth of the company in 2021.

TC

Expected to start the business of "KD furniture (Detachable)".

TCH

Start the manufacturing business of kitchen cabinets.

EHL

Development and trading of rubber wood and alternative raw materials

ESKW

The business of wood pellet manufacturing.

ESKB

Challenges and opportunities in Y2021

Challenges and opportunities faced by enterprises

- ❖ COVID-19 Pandemic
- ❖ Global shipping/container circulation issues
- ❖ U.S.-China trade war
- ❖ The U.S. retail industry challenges
- ❖ Malaysian labour laws
- ❖ Rising raw material costs
- ❖ USD currency fluctuations

美國貿易制裁大棒揮向越南

(文章来源：[貿易夜航](#))

- 節錄段落：
- 美國貿易代表辦公室10月2日晚宣布：對越南木材和匯率相關政策發起“301調查”。此舉可能會升級美越經貿摩擦,並導致美國隊從越南進口的產品徵收懲罰性關稅。
- 美國貿易代表辦公室發表聲明說,按照美國總統特朗普的指示,美國貿易代表將調查越南與進口或使用“非法采伐或非法貿易”木材相關的行為、政策和實踐,以及可能導致越南貨幣貶值和對美國商業造成損害的行為、政策和實踐。這些調查將根據美國<<1974年貿易法>>第301條款進行,同時美國貿易代表將就貨幣估值和匯率政策問題諮詢美國財政部。

避免美祭關稅 美國安顧問：越南需阻中國產品「洗產地」

自由財經，國際財經新聞 2020-11-23；節錄段落如下：

- [財經頻道／綜合報導] 美國本月初以「越南盾被低估」為由，對越南輸美輪胎課徵初步的反補貼關稅。美國國家安全顧問歐布萊恩 (Robert O'Brien) 22日表示，他已告訴越南領導人，要想避免美國關稅，必須遏制中國出口產品非法轉運，並買入更多美國產品，例如液化天然氣和軍事設備。
- 《彭博》報導，歐布萊恩受訪時透露，他上週末訪問河內時已告知越南政府高層，取締中國出口轉運，並降低美國對越南的貿易逆差，「可能是扭轉關稅的基礎」。

3D行業準聘非法外勞 業者表歡迎

[光華網](#)，北馬新聞 2020-11-14；節錄段落如下：

- 政府將從本月16日起落實“重置非法外勞計劃”，讓非法外勞可選擇自願回國；4個被歸類為3D（辛苦、危險、骯髒）的行業，則獲准聘用非法外勞，對於政府這項計劃，渴求外勞人力資源的行業包括廠商、家具業及農業等業者皆表示歡迎，並且鬆了口氣。
- 馬來西亞家具同業聯合總會副總會長拿督謝和平碩士局紳表示，家具領域一直以來均屬3D行業，本地員工不太願意受聘這樣的工作，家具同業只能依靠外勞填補空缺。
- “家具業海外定單在中國及美國反傾銷稅下，定單增加出口額增10%，但廠家卻因缺外勞員工動彈不了。政府在行管令下給予民眾的援助讓民眾購買力增加，內需銷售量也增加，但家具業者還是面對員工短缺問題。”家具業運作不能完全靠機械自動化，還是需要員工勞力運作，而本地人卻不願意投身3D行業。
- 政府重啟漂白計劃，將協助家具業並帶動市場經濟走向，同時解決工廠非法外勞的問題，讓業者安心經營。

Container shortage crisis spreads to intra-Asia trades, driving prices higher

Sidney Leng and Michael Tatarski

Published: 7:30am, 14 Oct, 2020 ▾

The Loadstar; 2020-11-11 ; Reporter:Sam Whelan; Excerpted paragraph as below :

- “Carriers are implementing yield management and prioritising containers for high-yield cargo, primarily on the transpacific eastbound, but also Asian exports to Australia, Africa and Latin America,” explained Mr Sundara.
- “Whereas, intra-Asia lanes have minuscule margins, **which is creating severe shortages of 40ft containers.**”
- Indeed, he said, **customers were now being encouraged to substitute 20ft boxes for 40ft boxes, meaning both types would soon be in very short supply.**
- “Freight rates keep rising,” added Mr Sundara. **“GRIs have been announced by multiple carriers on intra-Asia tradelanes for 15 November, ranging from \$200 to \$500, and some carriers are also imposing a peak season surcharge of \$300 per teu from the 23rd.”**

Container shortage in Asia pushes up shipping costs.

KAZUTO SHIMADA, Nikkei staff writer

November 28, 2020 12:24 JST

Nikkei Asia, International News 2020-11-28;Reporter: Kazuto Shimada; Excerpted paragraph as below :

- As of mid-November, the cost to ship a 20-foot container from Shanghai to Singapore was around \$802, up 370% from \$170 a month ago, according to data released by the Shanghai Shipping Exchange. Container shipping rates have remained relatively stable as it is a route full of small container vessels.
- According to data compiled by U.S.-based trade database provider Descartes Datamyne, marine container shipments from Asia to the U.S. in October hit record highs, up 23.3% from the same period last year. The cost to ship a 40-foot container from Shanghai to the U.S. has also remained at an all-time high of \$3,913 since July.
- As sales of furniture and appliances are rising, a surge in shipments to the U.S. has resulted in containership congestion in the U.S. gulf region, resulting in delays in unloading. There is not enough transportation space from Shanghai to Southeast Asia as container vessels and air containers have been unable to return to Asia.

Containers spend 45 days stuck in depots, shortage continues

While shipping lines grapple with a shortage of containers large numbers of boxes are stuck in depots according to data from Container xChange.

Marcus Hand | Dec 03, 2020

Seatrade Maritime News; 2020-12-03 ; Reporter: Marcus Hand; Excerpted paragraph as below :

- Container availability in China remains at record lows and at its **extreme Container xChange's container availability index shows that 40-foot High Cube availability in Shanghai is just 0.05 points, compared 0.63 points a year earlier.** Any number lower than 0.5 points indicates a shortage of equipment.
- Although a major issue is that containers are piled up in ports in the US and in short supply in load ports in China research by Fraunhofer CML and ContainerxChange shows the shortage is being exacerbated by the lengthy periods empty boxes spend in depots. The research shows that on average containers spend 45 days empty in depots.

Global container shortage drives spike in shipping rates, but brings windfall for Chinese manufacturers

Sidney Leng and Michael Tatarski

Published: 7:30am, 14 Oct, 2020 ▾

South China Morning Post; 2020-12-14 ; Reporter:Sidney Leng and Micheal Tatarski; Excerpted paragraph as below :

- Freight carriers are facing a shortage of shipping containers amid a wave of demand for delivery by sea, helping drive up rates and increasing supply chain costs for some businesses across Asia.
- Triton International, one of the world's largest container leasing firms, **said in a presentation to investors last month that pick up in demand for its containers had sped up in the third quarter and utilisation was nearly at full capacity.**
- The company has ordered US\$725 million worth of containers for delivery this year, but order volumes for the fourth quarter have been limited by manufacturing capacity – mainly in China, which is the world's largest producer of containers.
- According to Triton, **all available dry containers are booked and Chinese factories are running at full capacity, taking orders for delivery in February and March.**

Line ID : ti16616



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特昇國際

Thanks for your attention
Keep in touch

Company Website : www.techcentral-international.com

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