

Line ID : til6616



TECHCENTIAL

INTERNATIONAL LTD

特昇國際

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INTERNATIONAL LTD

Updated: 13/04/2021

Company Website : www.techcential-international.com

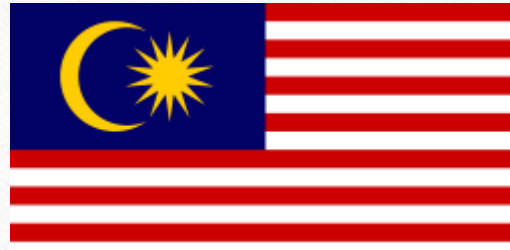
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Contents:

- Company Profile
- Main business/product introduction
- Financial Information
- Market development overview
- 2021 business development plan
- Challenges and opportunities faced by enterprises

Company Profile



Malaysia
Johor
Muar



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 March 31, 2021)

Board of Directors

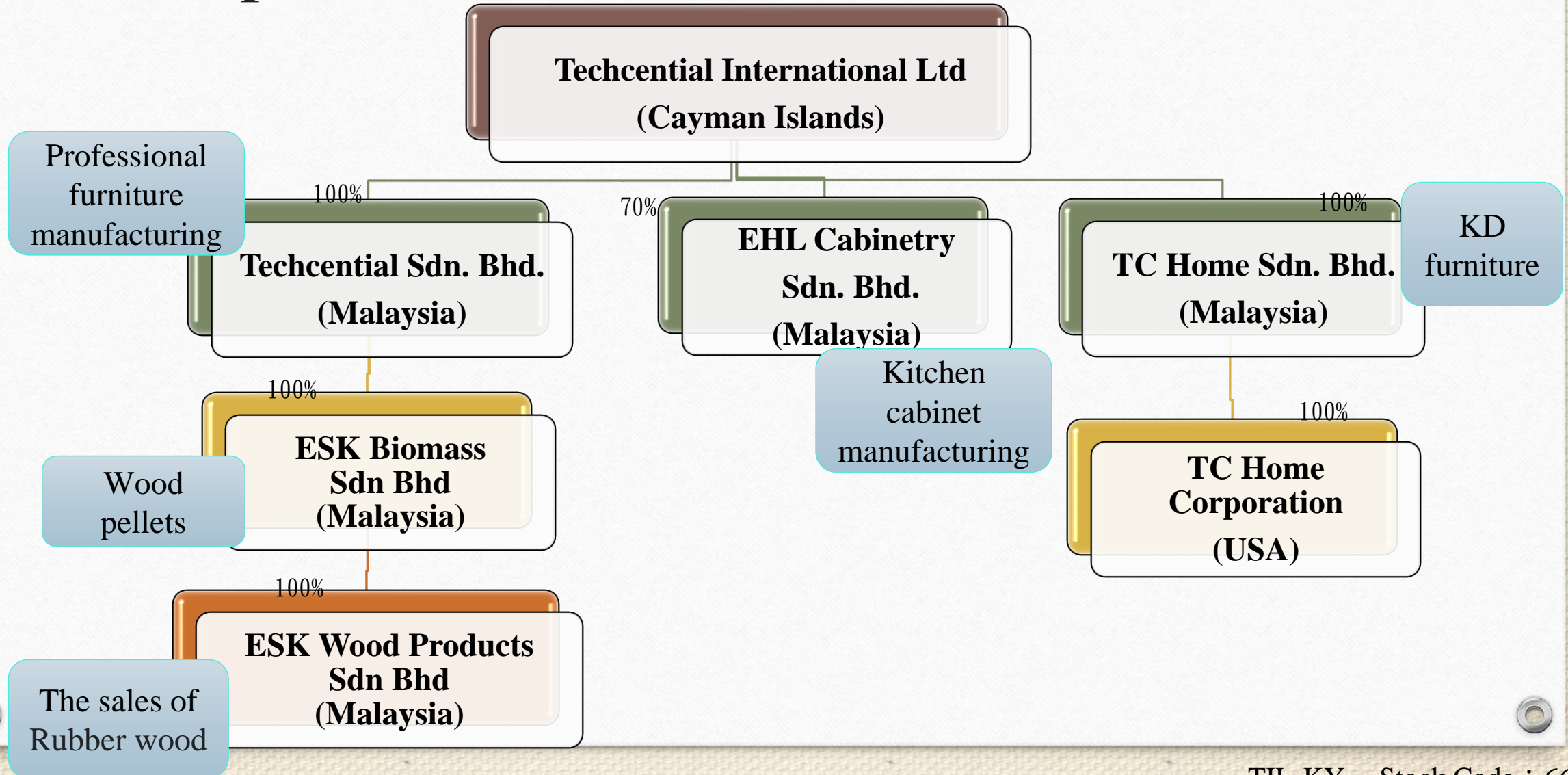
Title	Name	Nationality or location Registered	Qualification
Chairman	Eng Say Kaw	Malaysia	VI Industries Bhd., CEO Idealhope Furniture Sdn. Bhd., CEO
Director	Eng Synergy Management Sdn. Bhd.	Malaysia	Techcential International Ltd, CEO
	Representative: Eng Kai Pin		TC Home Sdn. Bhd, CEO
Director	Surging Success Sdn. Bhd.	Malaysia	Techcential Sdn Bhd, Purchasing & Costing Dep, CEO
	Representative:Poa Keng Ling		EHL Trading Sdn. Bhd., CEO
Director	Chang Ming-Huang	Malaysia	Founder of Rich CPA Firm
Independent Director	Tay Puay Chuan	Malaysia	Founder of Tay Puay Chuan & Co. Guan Chong Berhad Sdn. Bhd
Independent Director	Oun Lek Wee	Malaysia	Founder of Oun & Partners CPA Firm
Independent Director	Liao Wei Chuan	Malaysia	Chung Yuan Christian University, Bachelor of Accounting Masterlink Securities Group, Underwriting Dev, VP KGI Securities, Investment Banking Dev, Senior VP ICBC Securities Underwriting Dev, Senior Executive VP

Company History

- 2001 Established TC Home Sdn. Bhd., mainly developing the trading of furniture. The main business items include planning the wood processing industry and furniture manufacturing.
- 2008 The transformation focuses on customized 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 Techcential won the "International Golden Eagle Award" hosted by Malaysia and it was approved listing by the Taipei Exchange(TPEX).
- 2018 On January 10th, TIL became one of the OTC company in Taiwan, and TIL actively invested in 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 March 31, 2021)



Main business/product introduction

Techcential - Bedroom furniture



Finishing



TIL-KY Stock Code : 6616

Finishing



TIL-KY Stock Code : 6616

PU Paper



TIL-KY Stock Code : 6616

PU Paper



TIL-KY Stock Code : 6616

TC Home – KD furniture (Detachable)

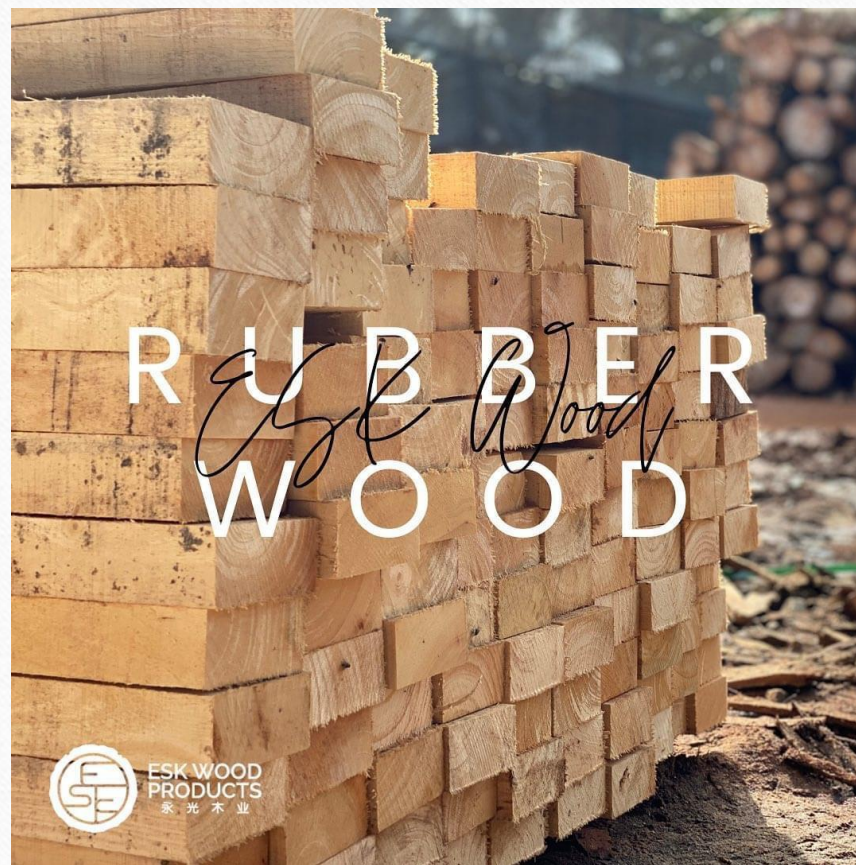
Product Introduction



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



White
body
processing

Assembly



Grinding

Painting

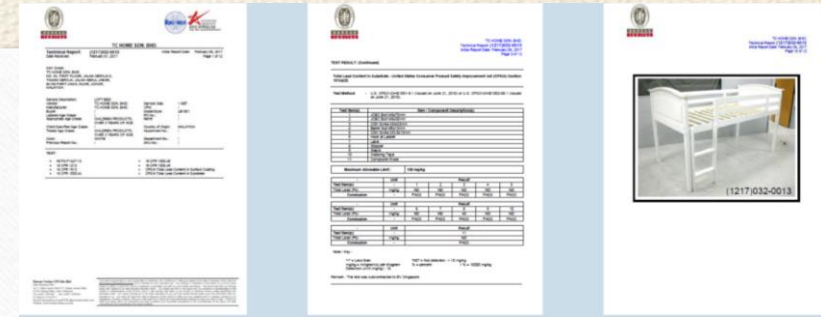


Packaging

Store

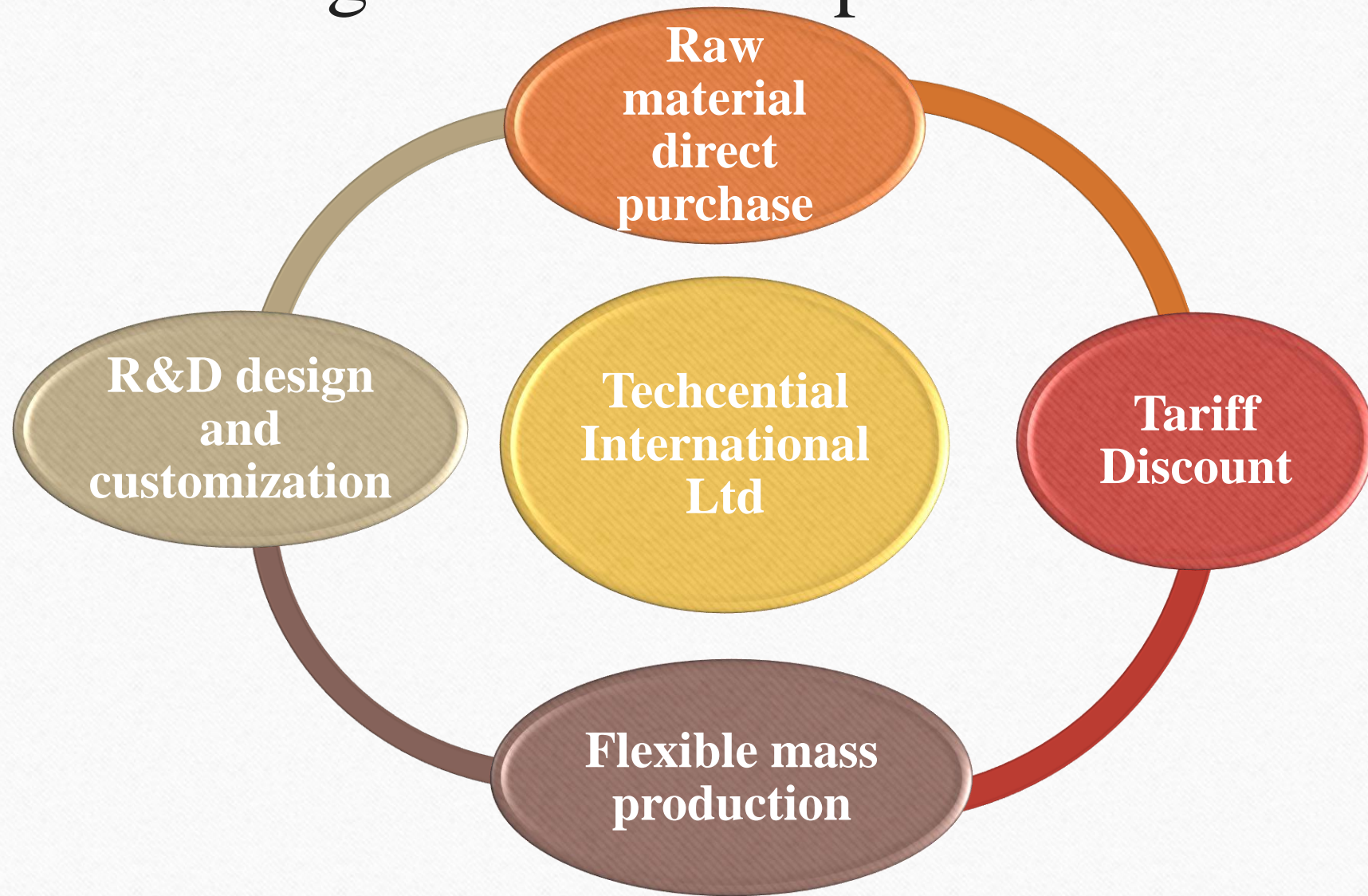


Product safety certification



- 🔒 Techcential has not only focusing on the quality of products but also strictly controls the safety standards of products. Our products meet:
 - 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



**Top 100 U.S.
Furniture Stores**



Distributors

(2936. TW)

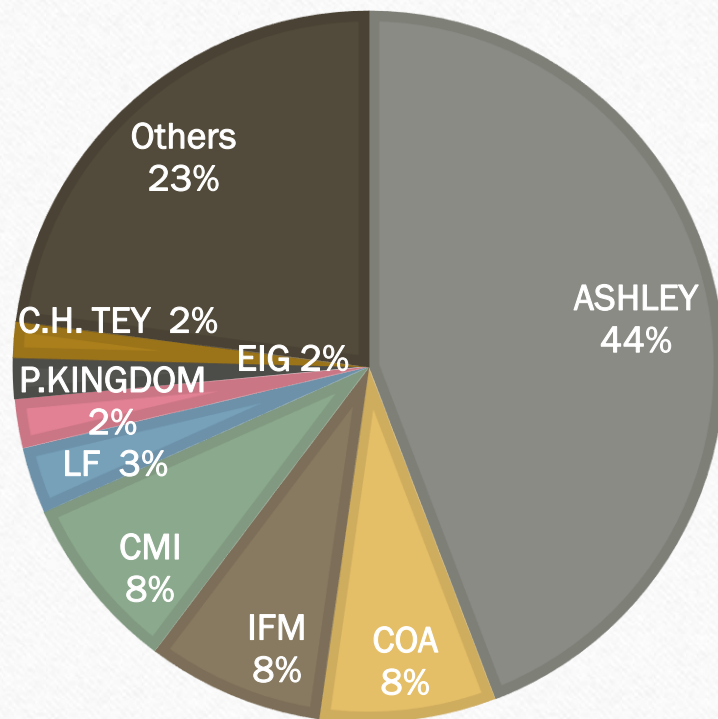
(8066. TW)

Importers



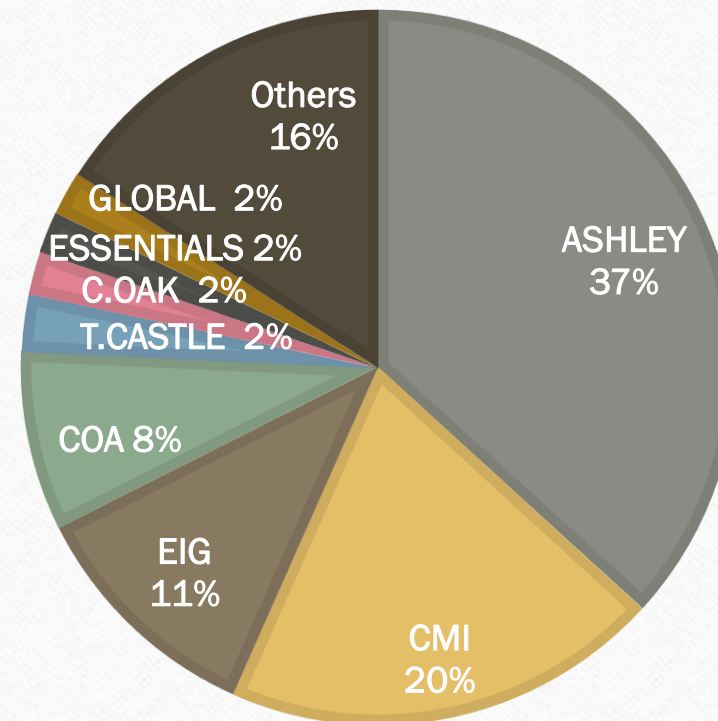
TIL Group Sales (Customer) status

2019



Operating Income : NT\$ 1,386,626,864 thousand

2020



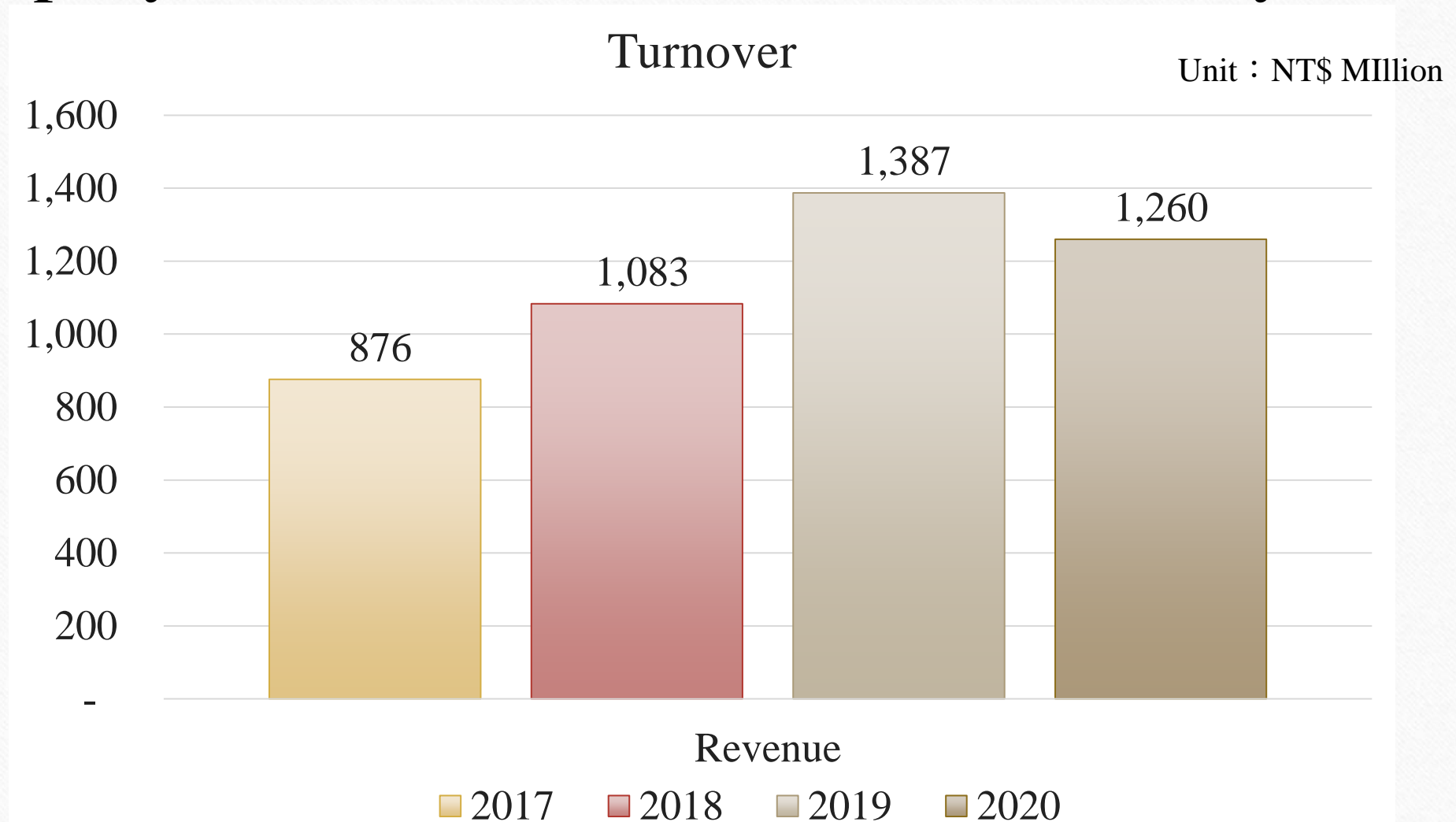
Operating Income : NT\$ 1,259,849,654 thousand

Financial data of most recent years:

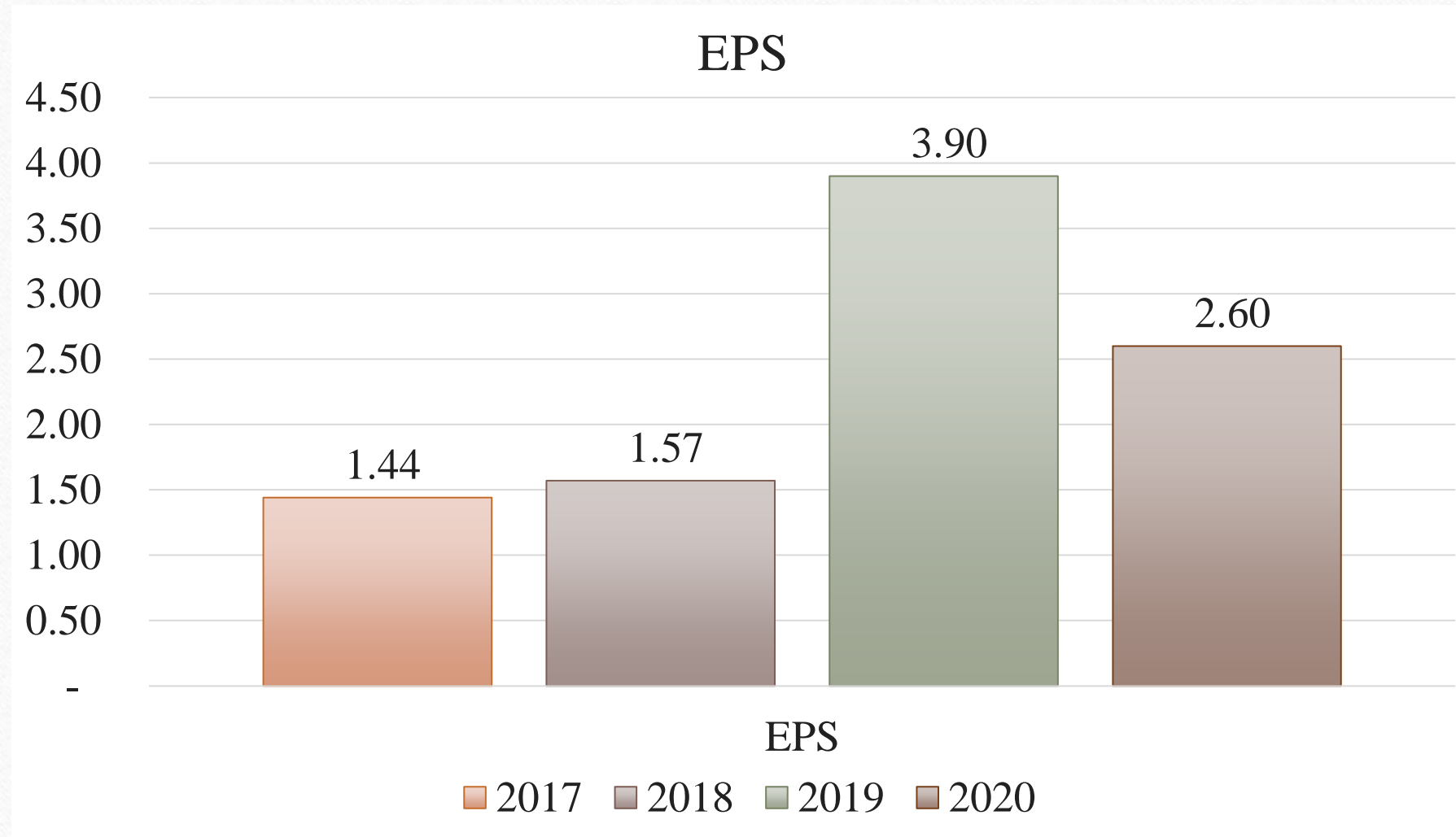
Unit: NT\$ thousand

Project/year	2020	%	2019	%	2018	%
Operating revenues	1,259,850	100	1,386,627	100	1,082,868	100
Operating costs	1,015,450	81	1,076,063	78	897,420	83
Gross profit	244,400	19	310,564	22	185,448	17
Operating expenses	145,301	11	178,748	13	132,063	12
Operating income	99,099	8	131,816	9	53,385	5
Non-operating income and expenses	(12,420)	(1)	(3,608)	-	(1,044)	(1)
Income tax expense	31,941	3	36,853	3	15,152	1
Net profit for the year	54,738	4	91,355	6	37,189	3
EPS(NT\$)	2.60		3.90		1.57	

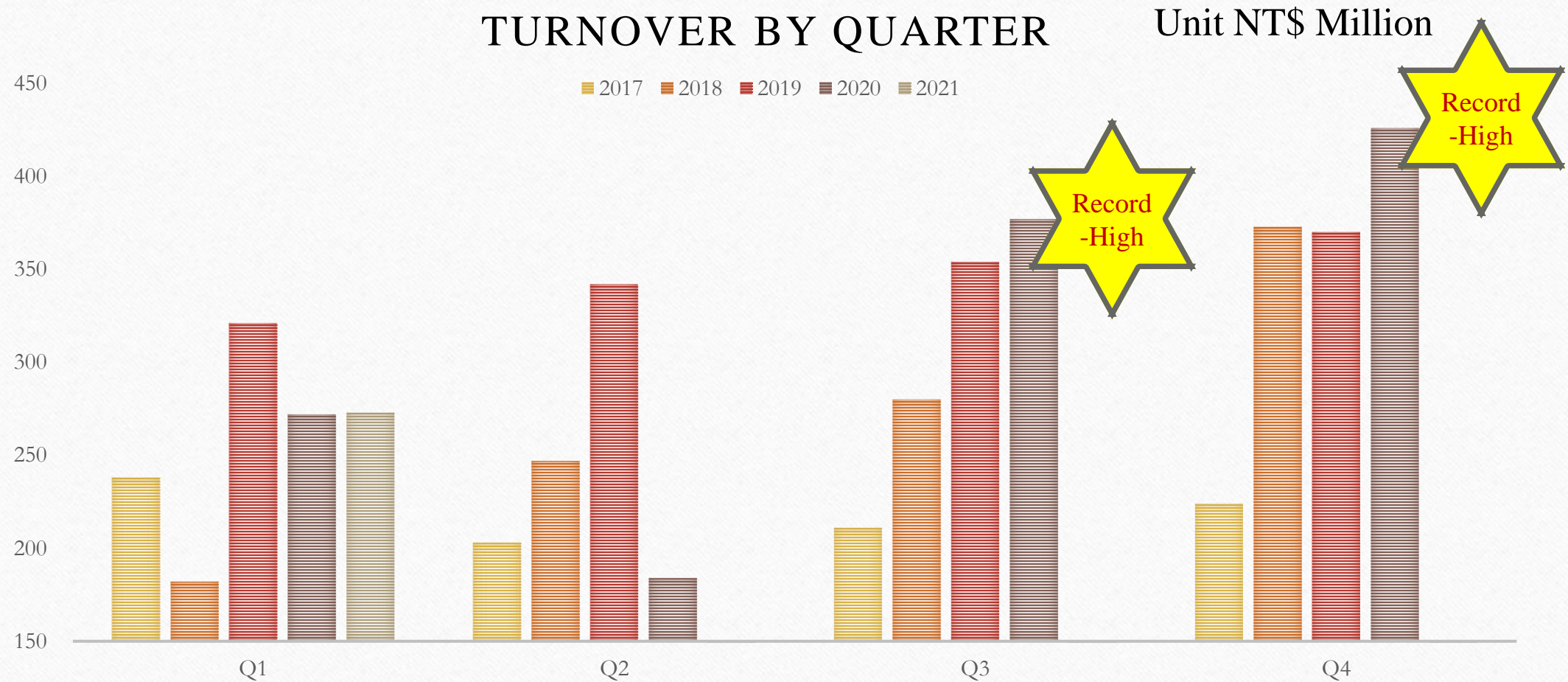
Company's revenue overview of most recent years



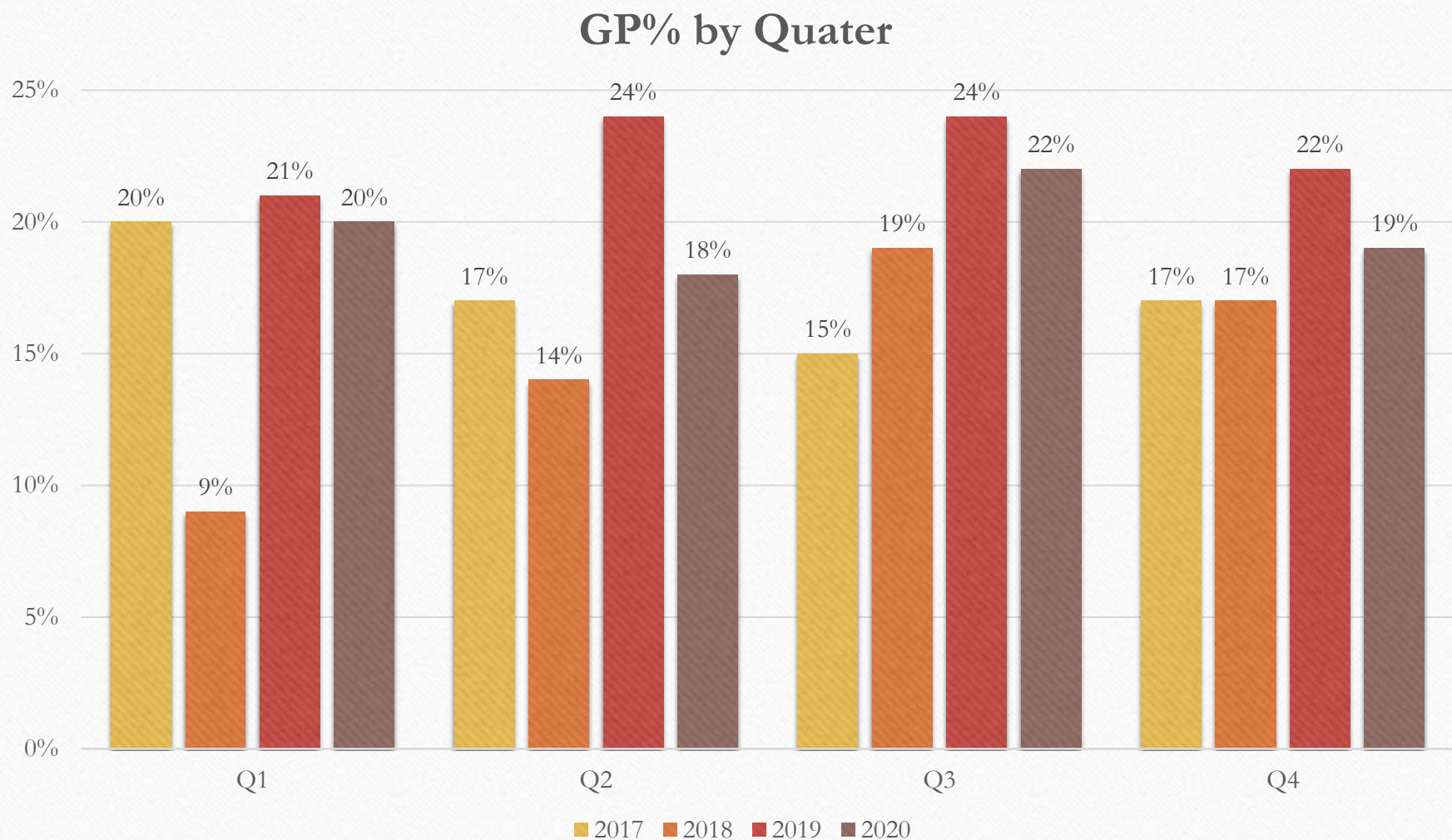
Company's EPS of most recent years



Company's quarterly revenue of most recent years



Company's quarterly GP% performance in recent years



Product sales status of TC

Products	2020 Q1-Q4 (MYR thousand)	Revenue ratio	2019 Q1-Q4 (MYR thousand)	Revenue ratio	Y2020 Compared with last year's revenue
Finishing	122,580	74.79%	129,732	83.71%	-5.51%
PU	39,553	24.13%	25,247	16.29%	56.66%
Others	1,773	1.08%	-	-	-
Subtotal	163,906	100%	154,979	100%	5.76%

Products	2020 Q4 (MYR thousand)	Revenue ratio	2019 Q4 (MYR thousand)	Revenue ratio	Y2020 Compared with last year's revenue
Finishing	40,020	69.68%	33,507	79.34%	19.44%
PU	16,651	28.99%	8,727	20.66%	90.80%
Others	766	1.33%	-	-	-
Subtotal	57,437	100%	42,234	100%	36.00%

Techcential KY-Dividend distribution over the years

Year	EPS	Cash dividend distributed
2017	1.44	NT\$1 per share
2018	1.57	NT\$1 per share
First half of 2019	1.80	NT\$0.8 per share
Second half of 2019	3.90	NT\$2.2 per share
First half of 2020	0.44	No distribution (Note 1)
Second half of 2020	2.60	NT\$2 per share (Note 2)

EPS NT\$3.9 in 2019,
Cash dividend distributed
NTD 3 per share

EPS NT\$2.6 in 2020,
Cash dividend distributed
NTD 2 per share

Note 1: The first half of 2020 coincided with the impact of the COVID-19 Pandemic on the economies of various countries, and Malaysia imposed a Movement Control Order (MCO) that caused the company to suspend business for 1.5 months. The board of directors decided not to distribute surplus in the first half of 2020, in order to retain sufficient funds for future business expansion.

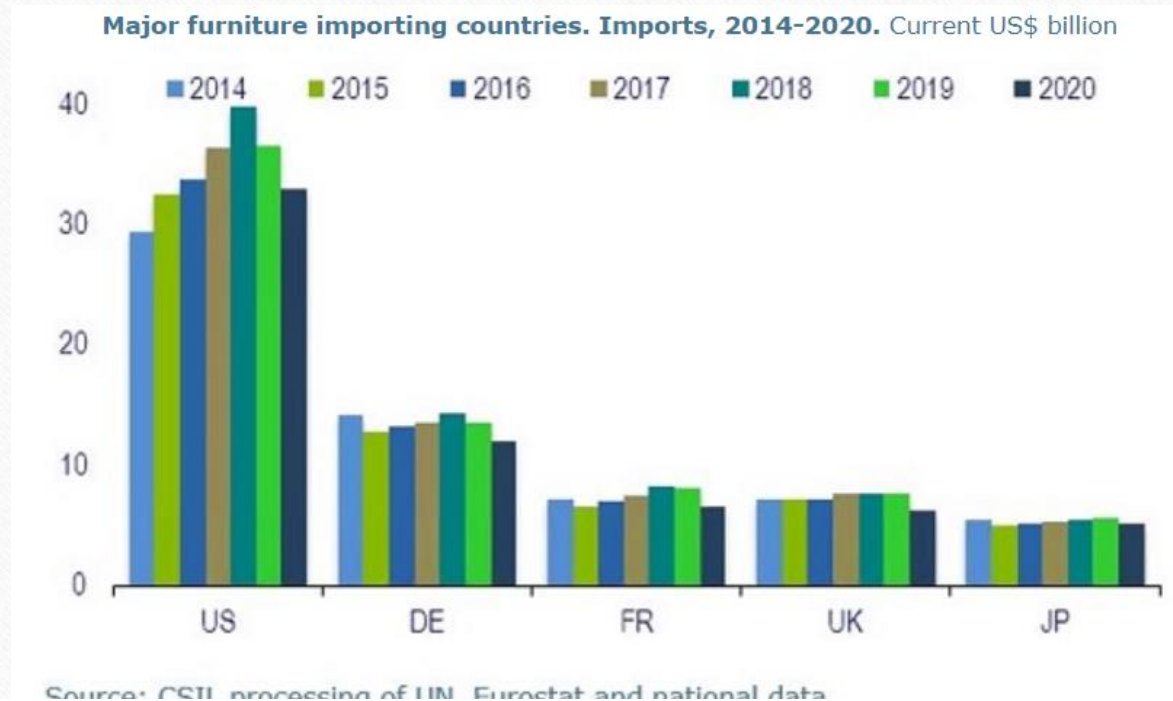
Note 2: It will be submitted to the shareholders meeting for voting on June 29, 2021, after discussion and approval by the board of directors on March 22, 2021.

The company's fundraising situation in recent years

- In 2019, Techcential International issued the first convertible corporate bond and the projects are as follows, and the funds have been used up.
 - Repayment of bank loans*
 - Reinvestment in subsidiary EHL*
 - Enrich working capital*
- In 2021, Techcential International propose to increase share capital by issuing new shares and issue the 2nd CB.
 - *1st CB holders might execute the right of sale on Dec 2021, which resulted in capital needs.*
 - *plans to purchase industrial land, Repayment of bank loans or enrich working capital to support future orders and performance growth*

Market development overview

Global Major Furniture Importing Country

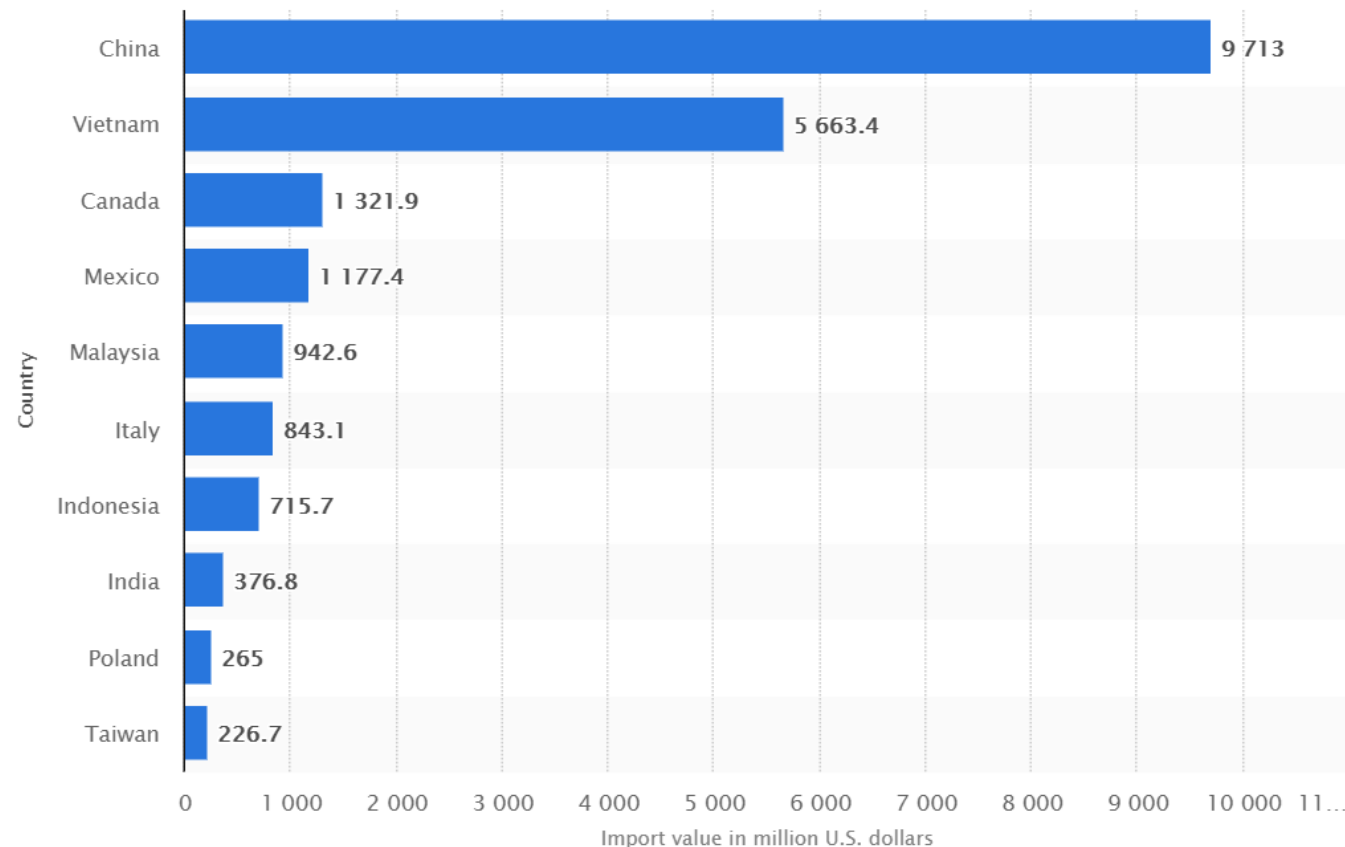


- CSIL preliminary data for 2020 show substantial decreases in furniture imports for all the major countries.
- In the last ten years, the international trade of furniture has consistently amounted to about 1% of the international trade of manufactures.
- After the major contraction in 2020, growth will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

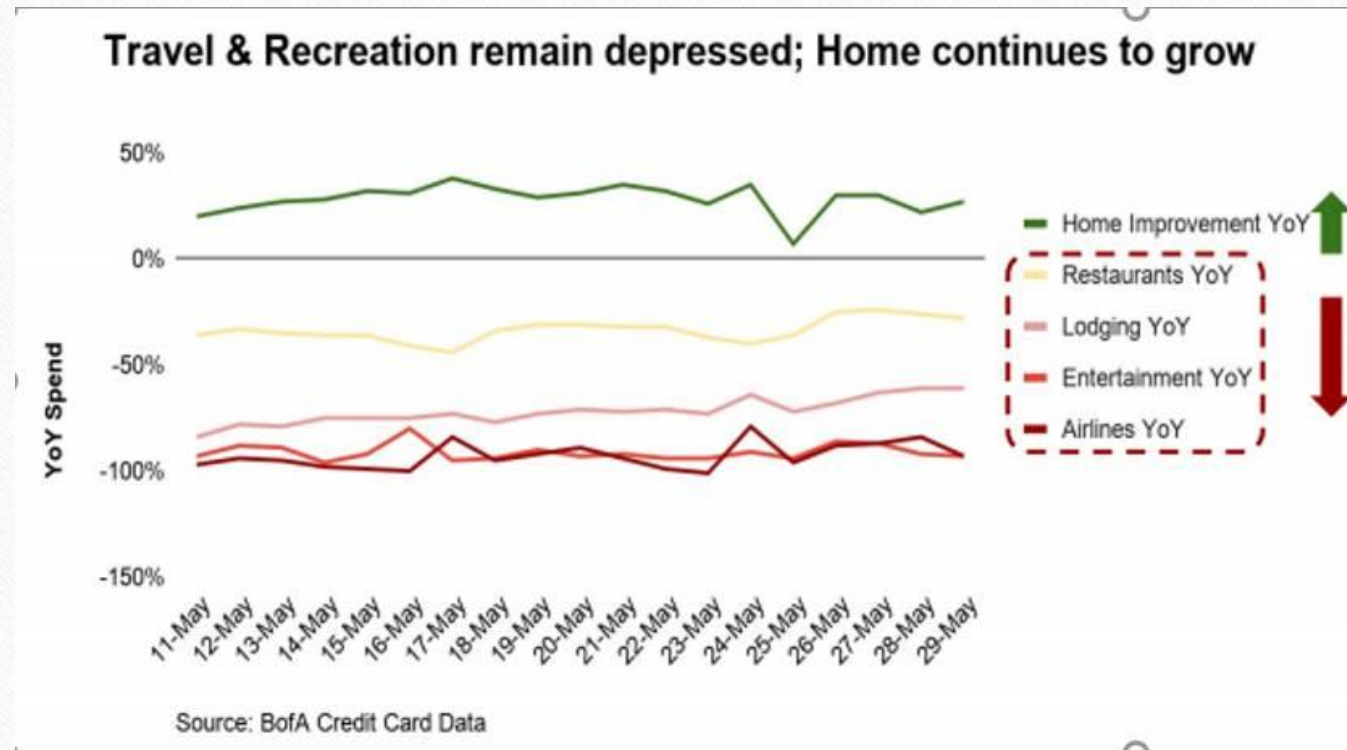
Top 10 countries of household furniture imports in U.S. 2019

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 on their home at high level than normal. This is driving the sales of Home Furnishing exceeding its expectation.

The housing market stands at a tipping point after a stunningly successful year during the pandemic

CNBC , 2021-03-12 7:00AM;Diana Olick :

- 🏠 Home prices are overheated, mortgage rates are rising, the supply of homes for sale is anemic and consumer confidence in the housing market is falling. Pandemic-related mortgage bailouts are set to expire this summer.
- 🏠 A year ago, home sales ground to a halt. No one wanted to buy or sell or even enter a home, given all the physical and economic uncertainty that Covid-19 brought. But just a few months later, housing hit the gas pedal, and prices followed.
- 🏠 After plunging nearly 18% from March to April and another 10% from April to May, sales of existing homes shot back up nearly 21% in June, according to the National Association of Realtors.

疫情持續經濟衰退， 美國房市為何逆勢飆升？

澎湃新聞；2021-02-07 11:33；編輯：江南；節錄段落如下：

- ✎ 新罕布什爾房地產經紀人湯普森的觀察符合2020年房地產市場的整體數據：新冠雖使美國陷入衰退，但在這場危機中，房地產市場非常繁榮。由於過去一年需求激增，加上住房供應達到歷史低點，導致購房者陷入搶房大戰，導致房價飆升。
- ✎ 全美房地產經紀人協會（NAR）公佈，美國9月成屋銷售飆升至逾14年未見的水平，全美獨棟住宅價格第三季度上漲12%，為七年來最大年度漲幅。
- ✎ 這巨大的增長，背後有幾個因素。首先，人們呆在家裡的時間越來越多，刺激了人們對更大生活空間的需求，這些空間通常位於大城市之外。Redfin的首席經濟學家達里爾·費爾韋瑟（Daryl Fairweather）撰文分析說，她認為房價的上漲主要是由於需求的緣故：抵押貸款利率直線下降，使得購房成本大大降低，人們爭相利用這一機會。

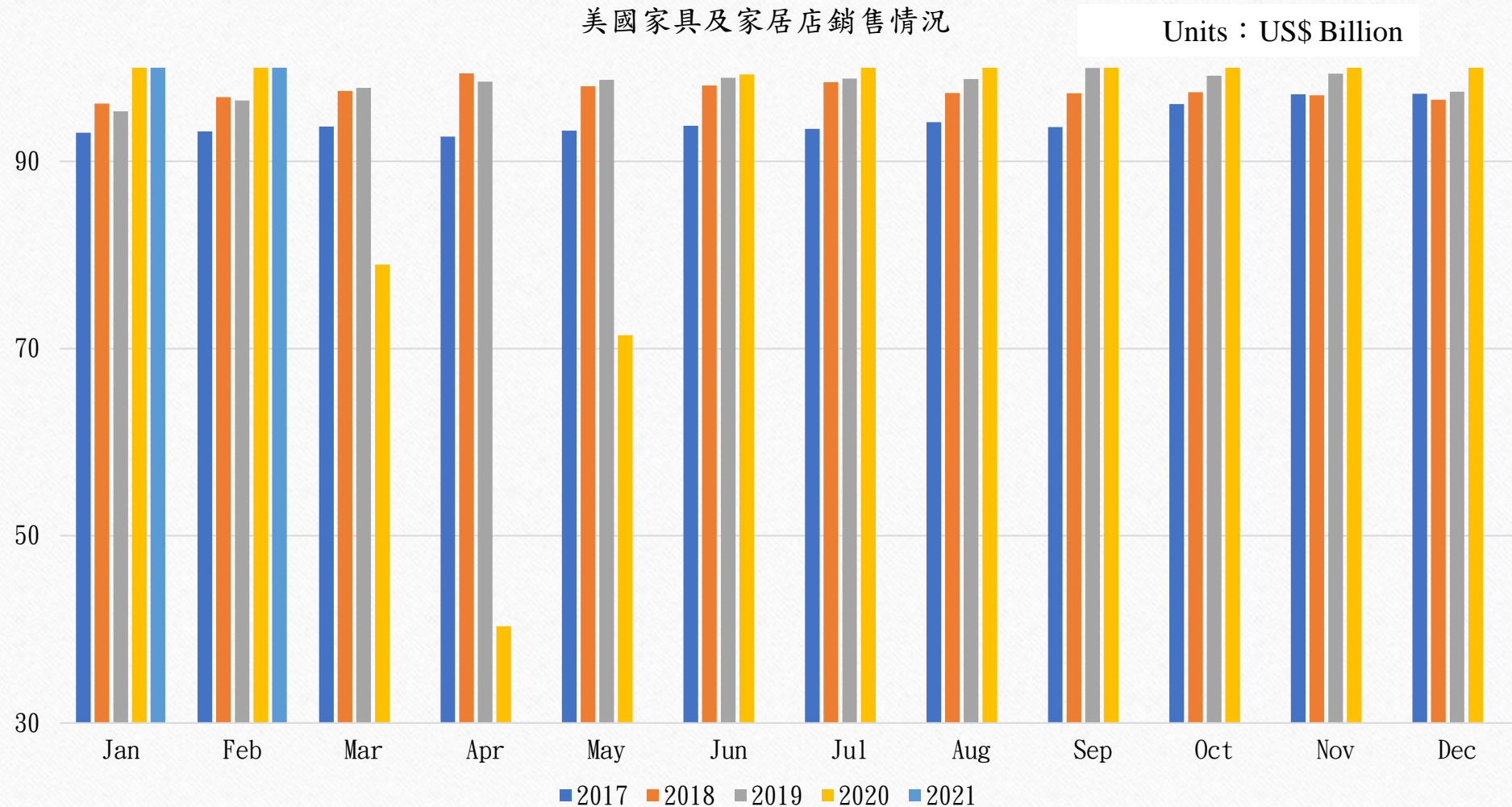
December furniture sales see increase, but overall sales in 2020 fall



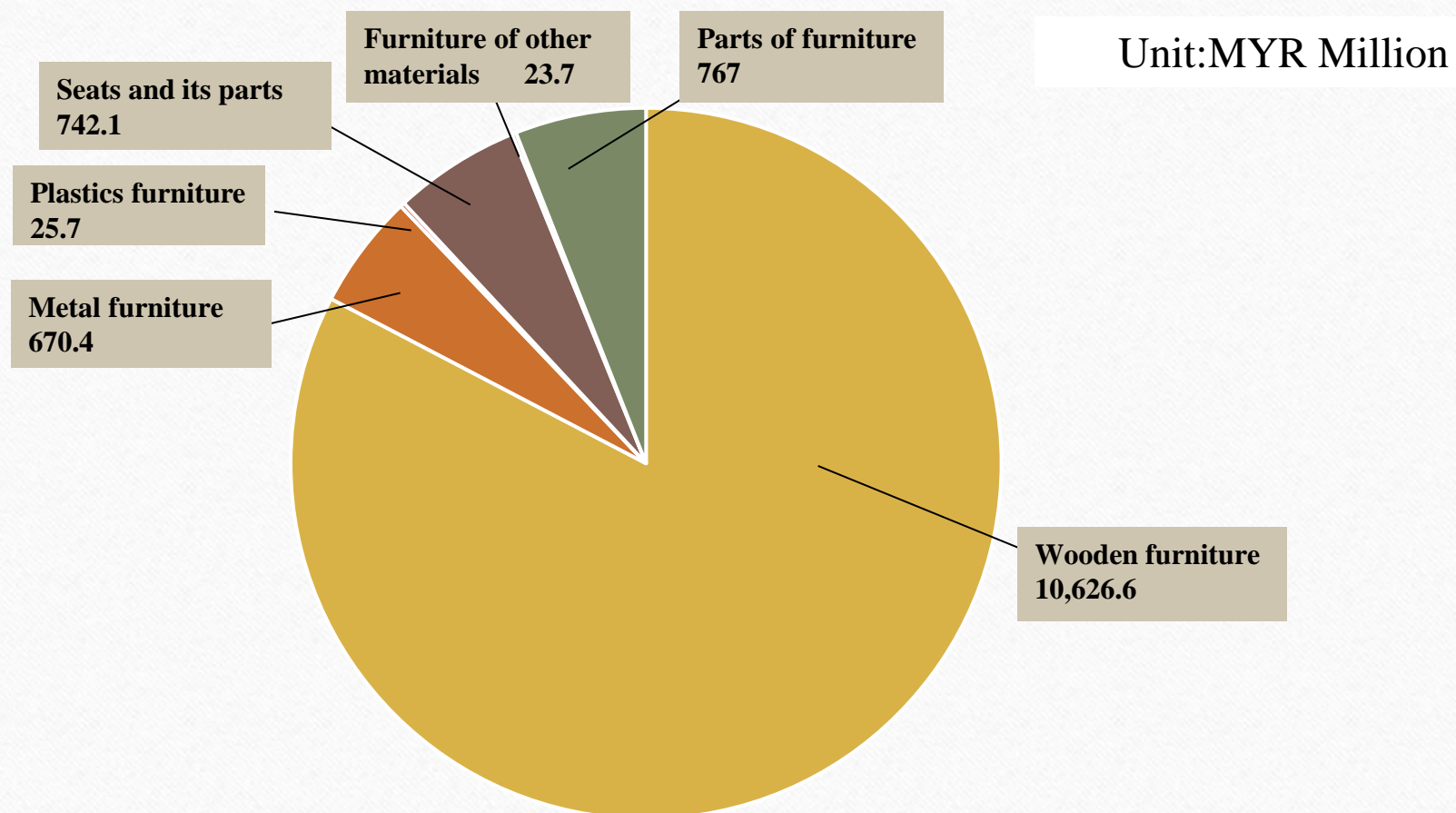
Adelaide Elliott // Associate Editor • January 15, 2021

- Æ WASHINGTON – Falling slightly below November levels, furniture sales continued its year-over-year climb in December 2020, up for the month for the fifth month in a row, closing out the year with strong sales, although the sector's sales for the entire year were down.
- Æ The slight dip in furniture and home furnishings sales month to month could be attributed to consumer holiday shopping trends.
- Æ Additionally, many retailers have said that customers are more likely to shop when bolstered with coronavirus stimulus money, and the latest roll out of that began at the end of December and continues into January.
- Æ The year-over-year growth may reflect ongoing consumer demand in the category and interest in home-related projects as people spend more time at home, also seen in the continued year-over-year growth of sectors like building material and gardening equipment.

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



Malaysia furniture exports in 2020

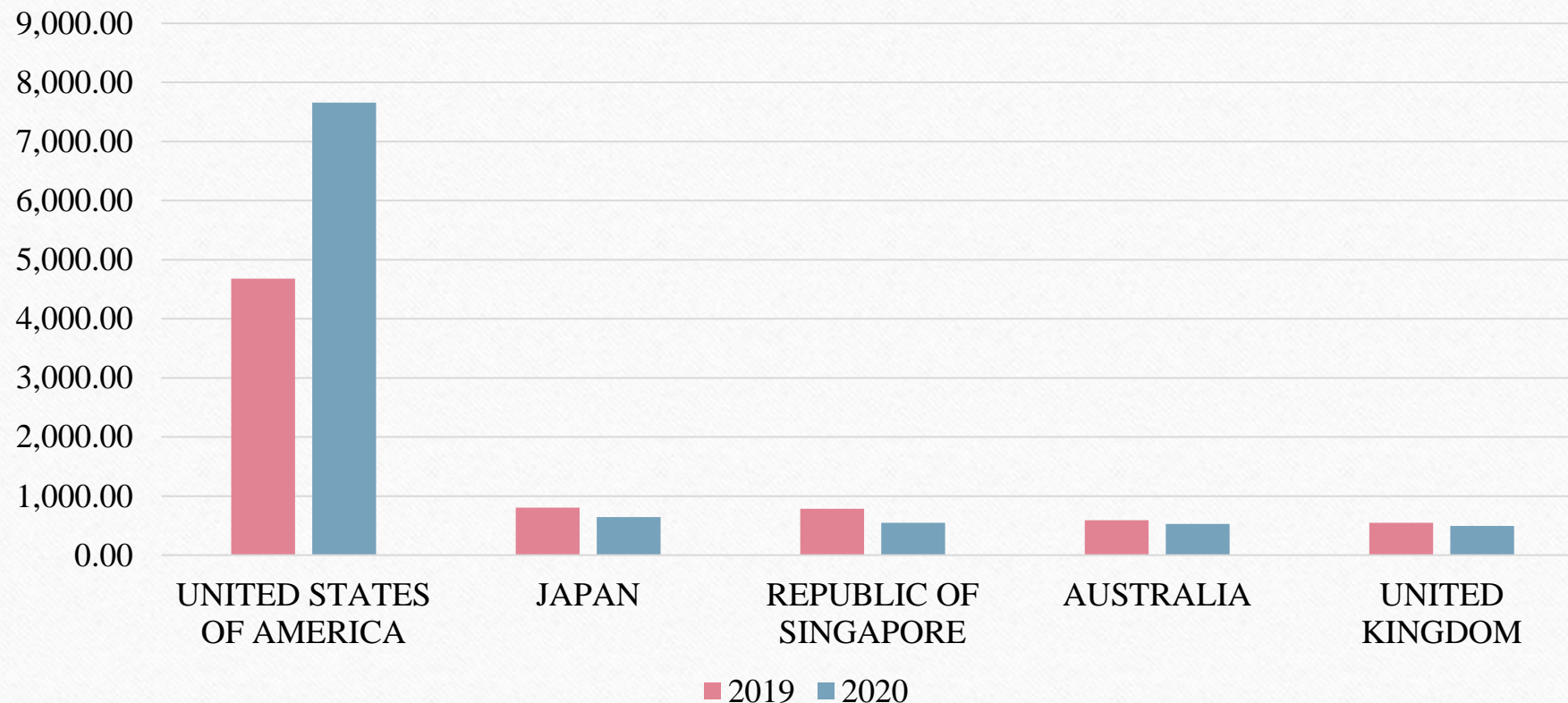


- Malaysia's furniture exports reached 128.55 billion MYR in 2020, an increase of 15% from 2019 (111.38 billion MYR).

Malaysia's exports of furniture in 2020

Malaysia's furniture exports reached MYR 128 billion in 2020. This is an increase of 15% over last year. The total value of furniture exports to the United States increased by 63.6% over last year.

MALAYSIA'S EXPORTS OF FURNITURE
(Top 5 countries)



Malaysia Movement Control Order (MCO)-2020

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 .

Employee infected with COVID-19

Subsidiary TC received “Temporary Suspension Notice”

29/12/2021	-TC received an employee infected with COVID-19. The company immediately suspends work autonomously and conducts disinfection on December 30 and 31. During this period, we arrange all employees for an inspection.
02/01/2021	-TC received a “Temporary Suspension Notice” for 7 days from the Ministry of Health of Malaysia.
13/01/2021	-Johor State implements a Movement Control Order (MCO) until January 26. (TIL subsidiaries can operate as usual)
13/01/2021	-TC Local’s employees resumed work.
14/01/2021	-Malaysia entered an “Emergency State” until the end of August. (Business activities will continue as usual)
15/01/2021	-Foreign workers resumed work, prioritize inventory shipments. Fully operation by end of January.

2021 Business Development Plan

2021 business development plan

-Keep improving and increase profit

Focus on the research and development of 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

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

Furniture sales start strong in 2021 with double digit growth



Adelaide Elliott // Associate Editor

February 17, 2021

Furniture Today , 2021-02-17 ; Reporter: Adelaide Elliott.

- ✈ Bringing in a total of \$11.35 billion in January, according advance estimates from the Department of Commerce's monthly report on retail sales, **furniture and home furnishings store sales totals were up 12% from December 2020's adjusted \$10.14 billion total, which was originally set at \$10.11 billion in last month's report, and up 11.7% from January 2020.**
- ✈ Year-over-year growth in the furniture and home furnishings store category may reflect ongoing consumer demand in the category and interest in home-related projects as people spend more time at home.
- ✈ Looking at top performing sectors for January, furniture and home furnishings store sales took home the third largest month-over-month increase.

\$1,400 stimulus checks are included in Congress' new relief package. Here's the latest on what we know about those payments



Lorie Konish
@LORIEKONISH

CNBC ; 2021-03-08 :

- ✧ The Senate has passed a \$1.9 trillion coronavirus relief bill, helping to clear the way for millions of Americans to potentially receive \$1,400 stimulus checks.
- ✧ Full \$1,400 payments are slated to go to those with adjusted gross incomes of up to \$75,000 for individuals, \$112,500 for heads of household and \$150,000 for married couples filing jointly.
- ✧ Under those terms, the payments will be capped for individuals earning \$80,000 in income, heads of household with \$120,000 and married couples with \$160,000.

NRF chief economist: Economy ‘has come a long way’

新聞鏈結/來源： Furniture Today Staff // Staff Editors • April 2, 2021

節錄段落如下：

- WASHINGTON — National Retail Federation Chief Economist Jack Kleinhenz said in this month’s Monthly Economic Review that the economy has made dramatic progress since it was at a near-standstill this time last year.
- “The economy has come a long way compared with a year ago,” Kleinhenz said. “Both monetary policy set by the Federal Reserve and fiscal policy set by Congress and the White House have responded with swift and overwhelming force to support the economy. NRF is optimistic that the recovery is accelerating and the needed rebuilding of the economy is underway. The rate of vaccinations is ramping up, and the numbers paint an increasingly encouraging picture.”
- While some economists have expressed concern that the quickly growing economy could lead to inflation, Kleinhenz said he agreed with Federal Reserve officials who believe higher prices are unlikely to be sustainable. Supply will catch up with demand, the labor market is keeping wages in check and competitive ecommerce is limiting sellers’ pricing power, he said.
- NRF has **forecast** that **2021 retail sales** — excluding automobile dealers, gasoline stations and restaurants — **will grow between 6.5% and 8.2% over 2020 to between \$4.33 trillion and \$4.4 trillion, topping 2020’s record growth, despite the pandemic.**

Global container shortage!

International freight rates have soared by 3 to 10 times, and 1 container is still hard to find-Free Finance

6Park News En ; 2021-03-06 16:44 ; by 6Park NewsDesk :

- ❖ The global pandemic of COVID-19)disrupted the normal rhythm of the international shipping market. **Container supply and demand problems and freight rates soared.**
- ❖ China media reported that the current freight rates of **some international routes have tripled to 10 times compared with the same period in 2020**, and foreign trade companies have difficulty booking **one container**. Not only that, the problem of tight shipping capacity on routes continues to intensify.
- ❖ It is reported that some foreign trade companies have been afraid to accept long-term orders due to the extension of the shipping cycle and the increase in prices, so as to avoid the risk of default when the shipment is not timely.
- ❖ Why is it difficult to alleviate the above-mentioned problem of the shortage of international capacity in one cabinet? The Chinese media pointed out that there are three main reasons, namely, **“the epidemic has caused a decline in port operation rates, and a large number of containers have been stranded”, “the price of chartered ships has soared, and the willingness of international shipping companies to expand capacity is insufficient.” “The company has the right to bargain”**.

運河阻塞影響 歐美線運價恐再大漲

航貿周刊；工商時報；張珮芬；2021-04-01；節錄段落如下：

- ✪ 因為蘇伊士運河阻塞事件，全球最大貨櫃船公司馬士基31日通知客戶，相關航線船隻預計延遲到港20天，該公司Spot艙位預定系統暫停線上訂艙；中國遠洋則宣布紅海線取消三個航班，4月份無法接受訂艙。
- ✪ 大型海運承攬業者指出，歐洲線已應聲出現1,700美元「買艙費」、美東線要3,000美元，甚至有託運人以每大箱（40呎櫃）1萬美元搶美東線艙位。
- ✪ 實際上，目前美西線的買艙費一直都還存在，因美國西岸碼頭壅塞並未舒緩，託運人開始把貨運疏散到美國西北岸，靠近美東的美國內陸貨則轉由紐約運進，現在因蘇伊士運河阻塞事件讓市場大亂，船期延誤造成船隻周轉率降低，就像馬士基運力減了三成，很多貨積壓在港裝不上船，歐美線運價恐將再全面大漲一波。

【独家】每月增30% 排期至明年 家具外销爆单

e南洋-財經新聞；2021-01-23；独家报道：苏韵鸽；節錄段落如下：

- 在在疫情攻城下，各行各业几乎坐困愁城，不过大马的家具业却出乎意料地突破重围，外销订单不止全线“爆满”，甚至有一些夸张到排期至2022年才能出货。
- 根据业者透露，他们的订单每个月都增加20至30%，大部分是出口到美国、日本及欧洲国家。
- 根据马来西亚家具总会对家具出口的调查显示，去年首11个月，大马家具整体出口总值114亿9400万令吉，当中，出口到美国的达68亿4350万令吉，占出口比率59.5%。
- 2019年同期，大马家具整体出口总值是99亿7110万令吉，而出口到美国的家具达40亿9100万令吉，占出口比率41%；相对而言，去年明显有所增长。
- 不过，基于外劳人力冻结以及海运费高涨甚至出现“抢货柜”的情况，影响生产和出口，业者喊苦。

Line ID : til6616



TECHCENTIAL

INTERNATIONAL LTD

特昇國際

Thanks for your attention
Keep in touch

Company Website : www.techcential-international.com