Welcome To Linetek Huizhou Co., Ltd





1. Aerial Scope of Huizhou, China



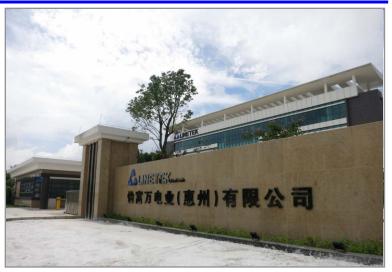
Floor Space: 145,000 m²





2. Huizhou, China

- Establishment :
 - **✓ 2013**
- Land:
 - ✓ **145,200** m²
- Floor Space :
 - ✓ **102,775** m²
- Employee :
 - **√** 5,000
- Main Products :
 - ✓ AC Power Cord
 - ✓ DC Cable Assemblies
 - ✓ Wire & Cable
- Monthly Capacity :
 - ✓ AC: 15 Mil.
 - ✓ DC: 10 Mil.
- Certificate :
 - ✓ ISO 9001
 - ✓ ISO 14001
 - ✓ OHSAS 18001
 - ✓ QC080000
 - ✓ EICC







3. Administrative / R&D Center

Area of structure: 6,000 m²

1F: Hall of administration, coffee shop, VIP room, conference room, meeting room, administrative dept., information center, training room.

2F: Offices of logistic support for ENG, QA, PM, PU etc.

3F: Offices of business for CEO, GM, sales, finance, customs affairs etc.

4F: Office of R&D center



The building of administrative/R&D



Hall of administration



Office area



Training room



4. AC Production Plant

Area of structure: 16,384 m²

Brand new production equipments with air-conditioned

1F: Ware house

2F: 13* Standard assembly line

3F: 6* Standard assembly line

8* Automatic continued production line

4F: 25* Work station production line

5F: Special production line for halogen-fee products,

dockhead and connectors.

Monthly capacity: 15 million meters



The building of AC production



Assembly line



Brand new injection molding machines



Automatic continued production line





5. DC Production Plant

Area of structure: 16,384 m²

Brand new production equipments with air-conditioned

1F: Ware house

2F~4F: 36* Standard assembly line

5F: Special production line for halogen-fee and

Type-C related products.

Monthly capacity: 10 million meters



The building of DC production



Assembly line - 1



Assembly line - 2



Brand new injection molding machines CONFIDENTIAL





6. ACW/DCW Production Plant

Area of structure: 15,360 m²
Brand new production equipments with air-conditioned

For all kinds of core wire extrusion, core wire, copper wire stranded, winding, tape, etc.

Special production line for wire / cable for halogen-fee and Type-C related products.



The building of ACW/DCW production









Extrusion for jacket Extrusion for core wire

Wire stranding

Wire twining CONFIDENTIAL



7. Warehouse Center

Area of structure: 8,192 m²

Area of the square of shipping dock: 8,000 m²

Brand new 3-storey loading shelf, automatic left platform, setup warehouses for AC finished product, DC finished product, raw materials, halogen-free material, special material etc. It can be stored up to 7M finished products.

Physics and Chemistry Laboratories are also equipped in the center.



The building of warehouse



The square of shipping dock



Warehouse for finished products



Warehouse for raw materials

CONFIDENTIAL



8. Staff Leisure Center-1

Area of structure: 8,000 m²

Brand new facility equipped with air-condition.

1F~2F: Dining area for 5,000 people. Equipped with automatic dish washing machine, table-ware disinfection, refrigerator etc.. to ensure the sanitary safety of foods in place.

3F: Leisure and medical area equipped with clinic, emergency center, resident doctor, gym, table tennis, billiard, KTV, cinema, audio-visual room, library, Internet cafe.

4F: Stage of activities for such as Mid Autumn Festival party, Lantern Festival party equipped with a large stage, audio, stereo equipment, and badminton field.



The building of leisure center



Dining area



Food supply area



Table-ware disinfection



8. Staff Leisure Center-2







Billiard



KTV



Cinema



Library



Activity stage & badminton CONFIDENTIAL





9. Dormitory & Store

Area of structure for dormitory: 22,268 m²
Area of structure for stores: 4,500 m²

1F: Commercial street built by EF with total 28 shops, providing supermarkets, coffee and tea, all kinds of restaurants, snack, communication, internet cafes, shopping, laundry, barber and other services.

2F~6F: Dormitory, 30 m² space of each room, 6 persons for employee and 2 persons for leader, equipped with air-condition, independent wardrobe, desk and chair, bed, balcony, bathroom, restroom.



The building of dormitory



Room for leader



Room for staff



Everfull business street



10. Major Equipment For Energy And Carbon Reduction -1





Intelligent environmental protection ice continuous cooling air conditioning system



Intelligent environmental protection ice making system





Solar panel power recovery system



Generation energy efficiency kanban CONFIDENTIAL



10. Major Equipment For Energy And Carbon Reduction -2





Intelligent environmental protection variable frequency air compressor system

Air pressure system control panel





Environmental protection circulating water system



Air pressure efficiency kanban



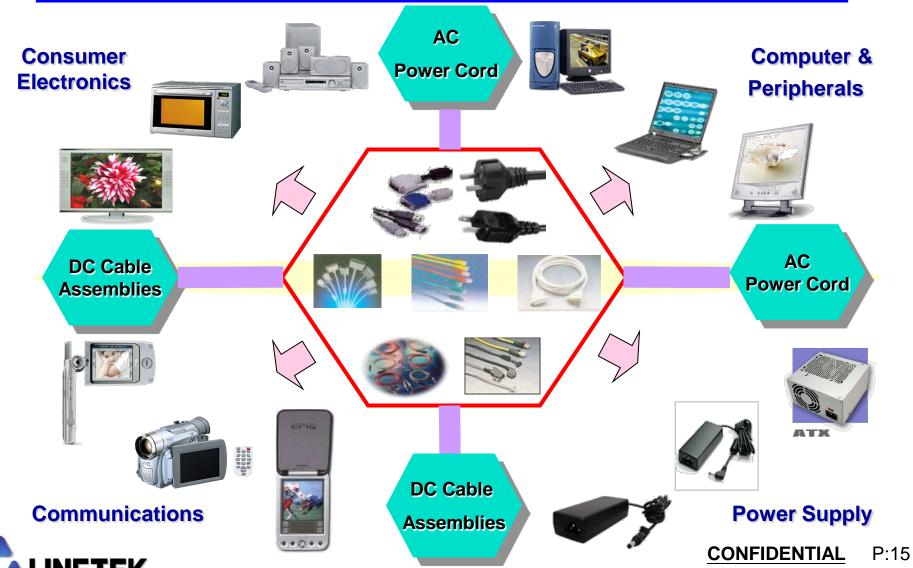
11. 2nd & 3rd Expansion Plan of Huizhou Facility

| | Land (M²) | Employee | Project |
|-----------------------|-----------------------|-----------------------------|--|
| | _ | | Administrative / R&D Center AC/DC production plant ACW/DCW wire & cable production plant |
| 1 st Stage | 51,555 M ² | 51,555 M ² 3,500 | Warehouse center 1st stage of dormitory, leisure center, commercial street |
| 2 nd Stage | 40,240 M² | 1,500 | PVC plastic production plant CW copper extension processing plant Precision molds, connectors, metal stamping, |
| | | | plastic injection zone. 2 nd stage of dormitory, basketball court and leisure garden |
| 3 rd Stage | 51,555 M ² | Planning | Planning |



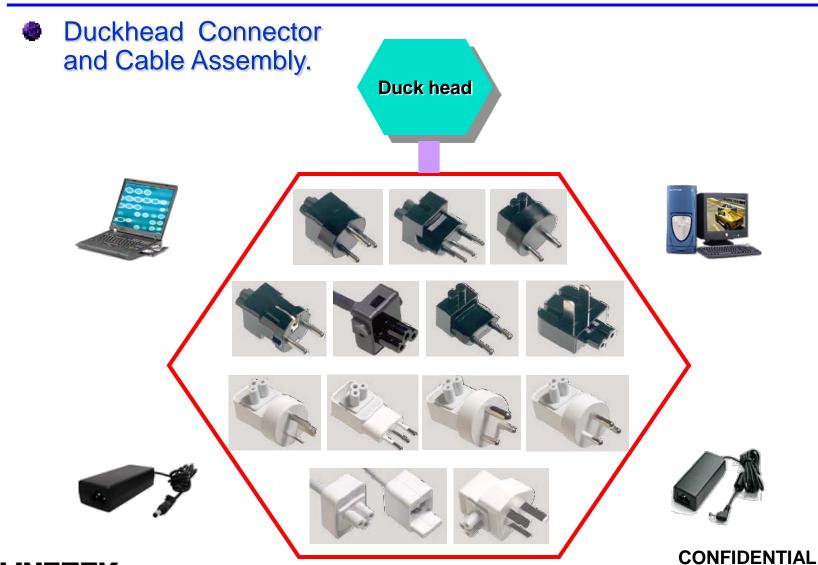


12. Product Roadmap for Huizhou Facility-1/5





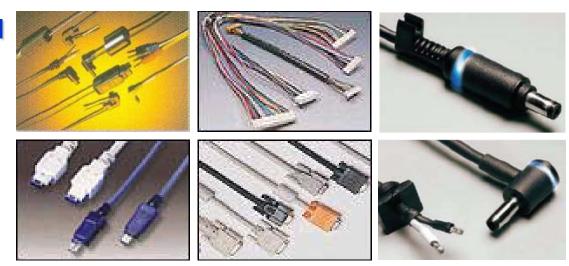
12. Product Roadmap for Huizhou Facility-2/5





12. Product Roadmap for Huizhou Facility-3/5

Computer and Peripheral Cables...



Telecommunication Cables...



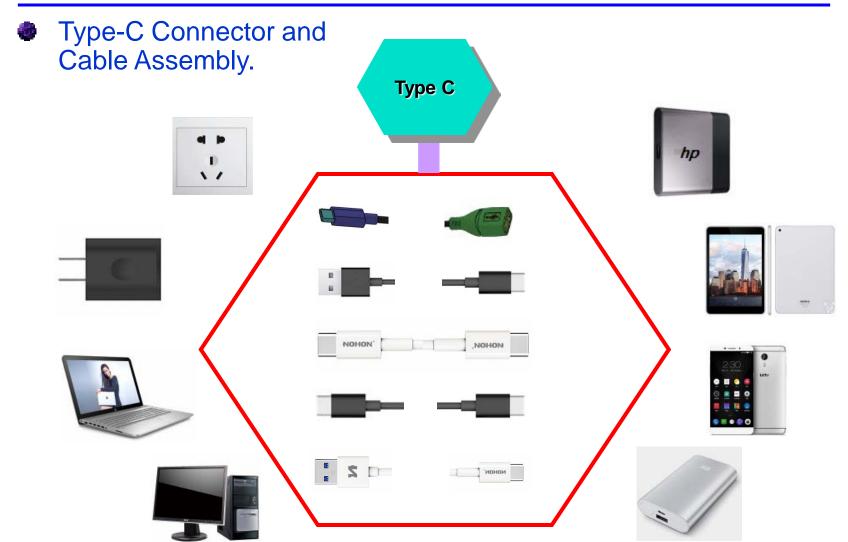








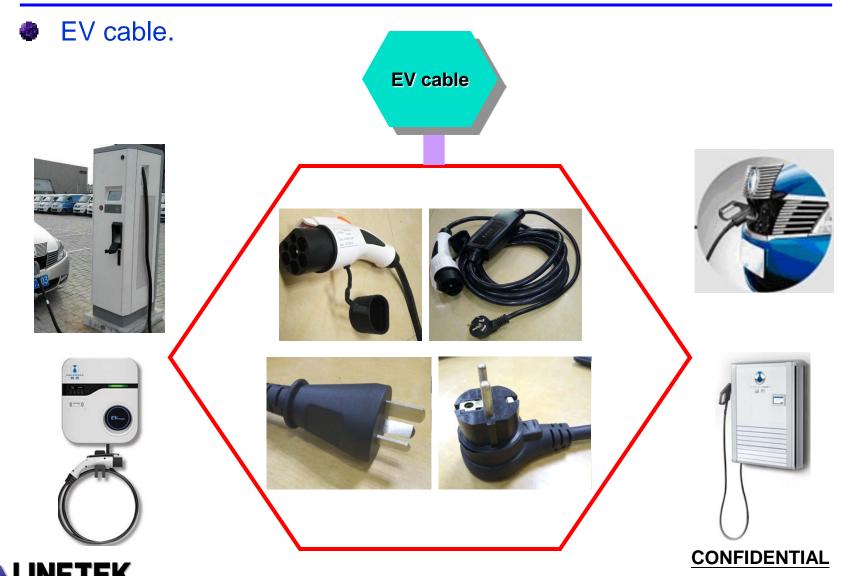
12. Product Roadmap for Huizhou Facility-4/5







12. Product Roadmap for Huizhou Facility-5/5



P:19



Product line and personnel planning



| | | AC | DC | total | Product ion capacit y Marriag e rate | PEOPLE |
|------|---------------------------------|---------|---------|---------|--------------------------------------|--------|
| 2019 | Planning production line (line) | 35 | 56 | 91 | 90% | 4200人 |
| | Planning capacity (million) | 185. 64 | 147. 89 | 333. 53 | 3 U/0 | |





Automation equipment planning

Capital expenditure in 2019: more than RMB 12 million

AC automatic line, Q2 completed in 2019, put into mass production

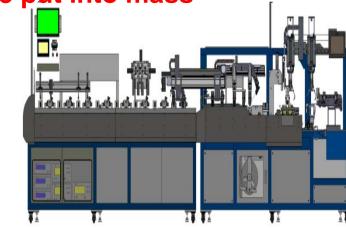
DC semi-automatic production line (three lines), Q1 put into mass production in 2019

成型

DC fully automated production line, Q3 put into mass



自動送線/鉚壓/組裝/檢測



自動化測試/貼標/掃瞄/繞線





New product development direction

| 1 | Adapter / connector / cable assembly |
|---|--------------------------------------|
| 2 | Type-C |
| 3 | Electric vehicle cable |
| 4 | Wifi LINE |
| 5 | Customized products |

IATF 16949:

The IATF 16949 certification application was planned in Q1 2019 to meet the increasing market demand for power supply wiring in the automotive industry. It is expected to be certified in Q1 in 2020. Customized products





全球主要客户



Panasonic



Canon



















ELECTRONICS















PEGATRON









FLEXTRONICS



















Industry overview





Power line new generation

With the application of AI, Internet of Things, smart home, the quality of the power line application......

Al smart speakers are definitely an important trend for smart homes in the future, becoming the entrance to smart home control



Al development allows the power line to build a WIFI chip module, making home appliances smarter; The rise of TYPE-C is the development trend of the next generation

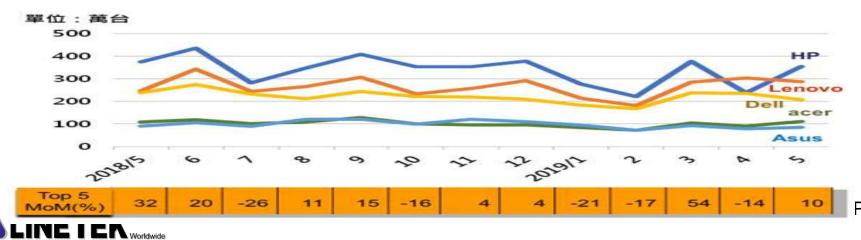




Industry Overview and Growth Momentum - Electronics



Gartner predicts that PC shipments in 2019 will be 257 million units, a decrease of 1% from 2018. The overall industry Q3, although still prosperous, must be aware that if China and the United States continue to deteriorate, increase operational risks.





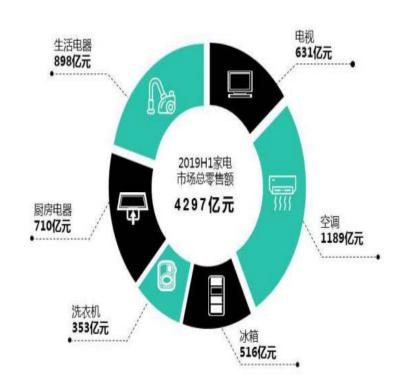
Industry Overview and Growth Momentum - Home Appliance Industry

The Chinese home appliance market is saturated and the competition is fierce

Small household appliances market hat great potential
With the improvement of living standards, the functional requirements for home appliances are becoming mor and more refined, and various new types of small household appliances are constantly appearing. There are many business opportunities in the field of small household appliances

At present, the number of small household appliances per capita is stil low compared with the mature market. New products such as rice cookers, dishwashers, vacuum cleaners, and microwave ovens are growing faster.

2019上半年中国家电市场零售总额





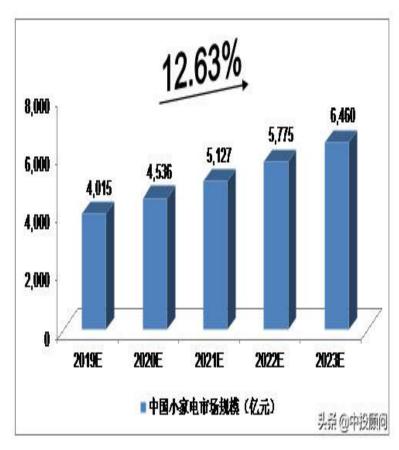


Industry Overview and Growth Momentum - Home Appliance Industry

Advantages of China's small household appliances in 2019-2023

- (1) The consumer market is growing rapidly (II) Concentration of brands and stable growth
- (II) Concentration of brands and stable growth of the industry
- (3) The trend of small household appliances innovation is obvious
 - (4) The development of small household appliances e-commerce market is fast

China's small household appliance market scale predicts that the size of the small household appliance market in 2017 will be 315.5 billion yuan. It is estimated that the size of the small household appliance market will reach 401.5 billion yuan in 2019, and the compound annual growth rate in the next five years (2019-2023) will be about 12.63%, and will reach 646 billion yuan in 2023.



中投顧問對2019-2023年中國小家電市場規模預測





Industry Overview and Growth Momentum - Smart Speaker

Market Analytics announced that the global sales of smart speakers in the second quarter continued to soar, reaching 30.3 million units, an annual increase of 95.8%, and future demand will continue to grow.

Amazon maintained its leading position in the second quarter with a market share of 21.9%, with shipments of 6.6 million units, an annual increase of 47%. It is the world's largest smart speaker brand player.

Google smart speaker stays in second place





| 品牌 | 2019第2季出貨量 (萬台) | 2019第2季 市占率(%) | 出貨量年增率(%) |
|--------|--------------------|-------------------|-----------|
| 亞馬遜 | 660 | 21.9 | 47 |
| Google | 560 | 18.5 | 74 |
| 百度 | 470 | 15.3 | 3,775 |
| 阿里巴巴 | 430 | 14.1 | 57 |
| 小米 | 340 | 11.1 | 68 |
| 蘋果 | 140 | 4.7 | 81 |



Industry Overview and Growth Momentum - Game Industry

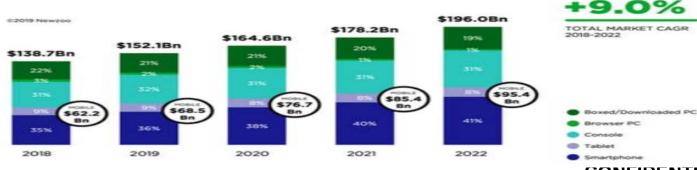
In 2019, the global game market revenue will reach 152.1 billion US dollars, an annual increase of 9.6%. In the future, the game market of each platform will show a growing trend.

The improved version of Nintendo Switch was launched on August 30; Nintendo's global sales in the last quarter increased 13.2% year-on-year to 2.13



2018-2022 GLOBAL GAMES MARKET

FORECAST PER SEGMENT TOWARD 2022







Industry Overview and Growth Momentum - Electric Vehicle Cable

The new model of electric vehicle special cable has been delivered in the second quarter of this year; in order to develop more automotive cable that meets customer needs, the company is applying for 16949





Industry Overview and Growth Momentum - Domestic Market

Individual industries we care about: large companies with Chinese manufacturing and brands



Focus on smart hardware and smart home products.



Focus on the products of Chinese ousehold appliances; in addition to increasing the output of its electrical appliances, its ODM and its own brand of "Smart Microwave" are key growth projects in this year and tomorrow.

The world's largest personal computer manufacturer, the company mainly focuses on notebook computers and other products.



The world's largest manufacturer of telecommunications equipment, among other products, the relevant wire of 5G routers has been delivered in the second quarter of this year, and is also a key growth project in this year





and tomorrow.



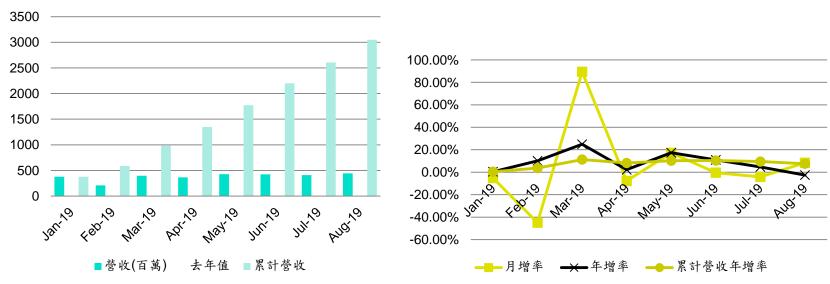
Company operating results and financial report





Revenue Operation Analysis Report





| 月份 | 營收(百萬) | 月增率 | 去年值 | 年增率 | 累計營收 | 累計營收年增率 |
|--------|--------|---------|--------|--------|----------|---------|
| Aug-19 | 441.73 | 8.39% | 453.34 | -2.56% | 3,048.38 | 7.55% |
| Jul-19 | 407.55 | -4.20% | 389.27 | 4.69% | 2,606.66 | 9.47% |
| Jun-19 | 425.41 | -0.40% | 383.28 | 10.99% | 2,199.11 | 10.40% |
| May-19 | 427.10 | 17.24% | 364.04 | 17.32% | 1,773.70 | 10.26% |
| Apr-19 | 364.28 | -7.77% | 356.47 | 2.19% | 1,346.60 | 8.19% |
| Mar-19 | 394.97 | 89.39% | 316.25 | 24.89% | 982.32 | 11.28% |
| Feb-19 | 208.55 | -44.94% | 189.37 | 10.13% | 587.35 | 3.69% |
| Jan-19 | 378.80 | -5.20% | 377.10 | 0.45% | 378.80 | 0.45% |





Individual product line sales

| | Domestic sales | Export | Transfer factory | 1~7TOTAL | |
|--------------|----------------|--------------|---------------------|--------------|--|
| | Sales volume | Sales volume | Sales volume | Sales volume | |
| Total(K PCS) | 22, 816 | 83, 407 | 7, 466 | 113, 689 | |

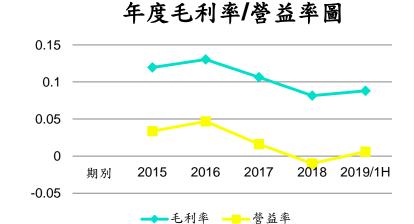




Annual operating report







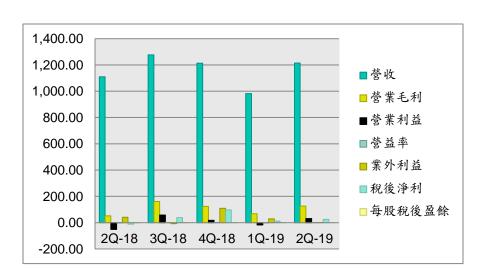
| 期別 | 營收 | 營業毛利 | 營業利益 | 稅後淨利 |
|---------|----------|--------|--------|--------|
| 2019/1H | 2,196.26 | 193.39 | 13.21 | 36.32 |
| 2018 | 4,481.85 | 365.57 | -44.25 | 11.27 |
| 2017 | 4,424.27 | 470.94 | 71.05 | 30.44 |
| 2016 | 4,217.08 | 549.81 | 197.26 | 150.17 |
| 2015 | 4,169.76 | 498.68 | 140.05 | 176.24 |
| 2014 | 4,496.15 | 513.87 | 115.06 | 151.03 |

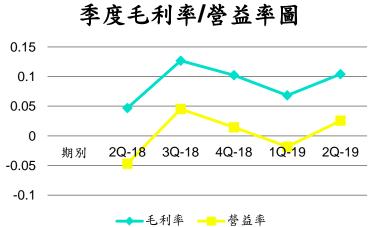
| 期別 | 毛利率 | 營益率 | 每股稅後盈餘 | 每股淨值 |
|---------|--------|--------|--------|-------|
| 2019/1H | 8.81% | 0.60% | 0.25 | 17.77 |
| 2018 | 8.16% | -0.99% | 0.08 | 17.93 |
| 2017 | 10.64% | 1.61% | 0.21 | 18.22 |
| 2016 | 13.04% | 4.68% | 1.2 | 18.93 |
| 2015 | 11.96% | 3.36% | 1.67 | 20.63 |

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Quarterly operational analysis report





| 期別 | 營收 | 營業毛利 | 毛利率 | 營業利益 | 營益率 | 業外利益 | 稅後淨利 | 每股稅後 盈餘 |
|-------|----------|--------|--------|--------|--------|--------|--------|------------|
| 2Q-19 | 1,213.94 | 126.31 | 10.40% | 31.16 | 2.57% | 0.64 | 25.17 | 0.18 |
| 1Q-19 | 982.32 | 67.08 | 6.83% | -17.94 | -1.83% | 28.56 | 11.15 | 0.08 |
| 4Q-18 | 1,212.79 | 123.95 | 10.22% | 17.43 | 1.44% | 108.57 | 96.57 | 0.68 |
| 3Q-18 | 1,277.12 | 161.67 | 12.66% | 57.84 | 4.53% | -7.62 | 38.43 | 0.27 |
| 2Q-18 | 1,109.23 | 52.04 | 4.69% | -51.89 | -4.68% | 40.56 | -11.26 | -0.08 |



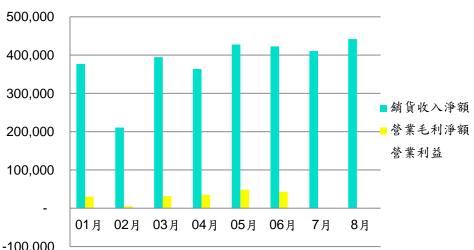


Monthly operation analysis report

營業毛利率/利益率圖



月銷貨收入/毛利/營業利益淨額圖



| 項 | 1 | 01月 | 02月 | 03月 | 04月 | 05月 | 06月 | 7月 | 8月 |
|-------|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| 銷貨收入沒 | 爭額 | 377,112 | 210,656 | 394,556 | 363,818 | 427,566 | 422,551 | 410,401 | 441,720 |
| 營業毛利沒 | 爭額 | 30,324 | 4,934 | 31,825 | 34,607 | 48,774 | 42,801 | | |
| 營業毛利 | 率 | 8.04% | 2.34% | 8.07% | 9.51% | 11.41% | 10.13% | | |
| 營業利益 | <u>K</u> | 335 | (20,385) | 2,107 | 3,235 | 13,733 | 14,197 | | |
| 營業利益 | .率 | 0.09% | -9.68% | 0.53% | 0.89% | 3.21% | 3.36% | | |





Financial Statement - Balance Sheet

| SINCE 1978 | | | | | | | |
|------------|---------------|----------------|-----------------|----------------|--|--|--|
| 資產負債表 | | | | | | | |
| 代號 | 會計項目 | 2019年 6月30日 | 2018年 12月31日 | 2018年 6月30日 | | | |
| | 資產 | | | | | | |
| | 流動資產 | | | | | | |
| 1170 | 應收帳款淨額 | 1,674,743 | 1,920,581 | 1,592,163 | | | |
| 130X | 存貨 | 644,959 | 694,694 | 720,260 | | | |
| 11XX | 流動資產合計 | 3,177,844 | 3,259,047 | 3,131,967 | | | |
| | 非流動資產 | | | | | | |
| 1600 | 不動產、廠房及 設備 | 1,065,283 | 1,062,935 | 1,090,810 | | | |
| 1755 | 使用權資產 | 242,252 | 0 | 0 | | | |
| 1760 | 投資性不動產淨 額 | 110,036 | 110,875 | 111,712 | | | |
| 15XX | 非流動資產合計 | 1,667,718 | 1,650,972 | 1,725,772 | | | |
| 1XXX | 資產總計 | 4,845,562 | 4,910,019 | 4,857,739 | | | |

| • | 資產負債表 | | | | | | |
|------|-------------------|----------------|-----------------|----------------|--|--|--|
| 代號 | 會計項目 | 2019年 6月30日 | 2018年 12月31日 | 2018年 6月30日 | | | |
| | 負債及權益 | | | | | | |
| | 負債 | | | | | | |
| | 流動負債 | | | | | | |
| 2100 | 短期借款 | 557,161 | 534,440 | 484,910 | | | |
| 2170 | 應付帳款 | 581,440 | 720,941 | 703,650 | | | |
| 2200 | 其他應付款 | 556,855 | 369,597 | 457,927 | | | |
| 2300 | 其他流動負債 | 261,448 | 199,860 | 289,977 | | | |
| 21XX | 流動負債合計 | 1,978,955 | 1,862,937 | 1,947,701 | | | |
| | 非流動負債 | | | | | | |
| 2540 | 長期借款 | 185,263 | 352,347 | 287,165 | | | |
| 2570 | 遞延所得稅負債 | 120,187 | 127,626 | 124,131 | | | |
| 25XX | 非流動負債合計 | 334,227 | 492,138 | 421,071 | | | |
| 2XXX | 負債總計 | 2,313,182 | 2,355,075 | 2,368,772 | | | |
| | 權益 | | | | | | |
| | 歸屬於母公司業主之權益 | | | | | | |
| | 股本 | | | | | | |
| 3110 | 普通股股本 | 1,424,846 | 1,424,846 | 1,424,846 | | | |
| | 資本公積 | | | | | | |
| 3200 | 資本公積合計 | 272,212 | 271,776 | 271,776 | | | |
| | 保留盈餘 | | | | | | |
| 3310 | 法定盈餘公積 | 301,209 | 300,082 | 300,082 | | | |
| 3320 | 特別盈餘公積 | 196,878 | 121,714 | 121,714 | | | |
| 3350 | 未分配盈餘(或待 彌補虧損) | 474,436 | 585,650 | 450,962 | | | |
| 3300 | 保留盈餘合計 | 972,523 | 1,007,446 | 872,758 | | | |
| | 其他權益 | | | | | | |
| 3400 | 其他權益合計 | -137,201 | -149,124 | -80,413 | | | |
| 31XX | 歸屬於母公司業主之 權益合計 | 2,532,380 | 2,554,944 | 2,488,967 | | | |
| 3XXX | 權益總計 | 2,532,380 | 2,554,944 | 2,488,967 | | | |
| 3X2X | 負債及權益總計 | 4,845,562 | 4,910,019 | 4,857,739 | | | |





Financial Report - Profit and Loss Statement

| 會計項目 | 0040 / 4 17 4 17 | | | |
|-------------------|---|--|---|---|
| H -1 // -1 | 2019年4月1日 至6月30日 | 2018年4月1日 至6月30日 | 2019年1月1日 至6月30日 | 2018年1月1日 至6月30日 |
| 營業收入合計 | 1,213,937 | 1,109,230 | 2,196,260 | 1,991,947 |
| 營業成本合計 | 1,087,627 | 1,057,190 | 2,002,866 | 1,912,001 |
| | 126,310 | 52,040 | 193,394 | 79,946 |
| 營業費用 | | | | |
| | , | · | , | 75,789 |
| 1 1 | , | • | · | 103,202 |
| 1 = 11 1 1 1 1 | | • | · | 20,525 |
| | | , | | 199,464 |
| | | • | • | -119,518 |
| | | , | , | 4,485 |
| | , | , | , | -115,033 |
| 所得稅費用(利益)合計 | 6,624 | -76 | 6,086 | 8,693 |
| 繼續營業單位本期淨利(淨損) | 25,169 | -11,256 | 36,319 | -123,726 |
| 後續可能重分類至損益之項目 | | | | |
| 國外營運機構財務報表換算之兌換差額 | -14,726 | -242 | 15,152 | 18,102 |
| 與可能重分類之項目相關之所得稅 | , , | -49 | 3,031 | 1,042 |
| | · | -193 | · | 17,060 |
| 其他綜合損益(淨額) | -10,473 | -193 | 11,923 | 16,905 |
| 本期綜合損益總額 | 14,696 | -11,449 | 48,242 | -106,821 |
| 淨利(損)歸屬於: | | | | |
| 母公司業主(淨利/損) | 25,169 | -11,256 | 36,319 | -123,726 |
| 綜合損益總額歸屬於: | | | | |
| 母公司業主(綜合損益) | 14,696 | -11,449 | 48,242 | -106,821 |
| 基本每股盈餘 | | | | |
| 繼續營業單位淨利(淨損) | 0.18 | -0.08 | 0.25 | -0.87 |
| | 營業 美 養業 毛損)淨額 營業 毛損)淨額 營業 毛損 一個 一個 一個 一個 一個 一個 一個 一個 一個 一個 | 營業收入合計 1,213,937 營業元利(毛損)淨額 126,310 營業費用 40,942 管理費用 49,830 研究發展費用 4,432 營業利益(損失) 31,156 營業外收入及支出合計 637 繼續營業單位稅前淨利(淨損) 31,793 所得稅費用(利益)合計 6,624 繼續營業單位本期淨利(淨損) 25,169 後續可能重分類至損益之項目 -14,726 與可能重分類至損益之項目總額 -11,781 其他綜合損益(淨額) -10,473 本期綜合損益總額 14,696 爭利(損)歸屬於: 25,169 綜合損益總額歸屬於: 25,169 综合損益總額歸屬於: 25,169 综合損益總額歸屬於: 31,696 基本每股盈餘 14,696 | 営業收入合計 1,213,937 1,109,230 営業人人を計 1,087,627 1,057,190 営業日 126,310 52,040 営業費用 40,942 40,789 管理費用 49,830 55,167 研究發展費用 4,432 8,208 營業利益(損失) 31,156 -51,894 營業外收入及支出合計 637 40,562 繼續營業單位稅前淨利(淨損) 31,793 -11,332 所得稅費用(利益)合計 6,624 -76 繼續營業單位本期淨利(淨損) 25,169 -11,256 後續可能重分類至損益之項目 -14,726 -242 與可能重分類至損益之項目總額 -11,781 -193 其他綜合損益(淨額) -11,781 -193 本期綜合損益總額 14,696 -11,449 爭利(損)歸屬於: 25,169 -11,256 綜合損益總額歸屬於: 25,169 -11,256 綜合損益總額歸屬於: 25,169 -11,256 综合損益總額歸屬於: -14,696 -11,449 基本每股盈餘 -14,696 -11,449 | 警業收入合計 1,213,937 1,109,230 2,196,260 營業之利(毛損)淨額 126,310 52,040 193,394 營業費用 40,942 40,789 76,280 管理費用 49,830 55,167 95,201 研究發展費用 4,432 8,208 8,876 營業費用合計 95,154 103,934 180,181 營業外收入及支出合計 637 40,562 29,192 繼續營業單位稅前淨利(淨損) 31,793 -11,332 42,405 所得稅費用(利益)合計 6,624 -76 6,086 繼續營業單位本期淨利(淨損) 25,169 -11,256 36,319 後續可能重分類至損益之項目 -14,726 -242 15,152 與可能重分類至損益之項目相關之所得稅 -2,945 -49 3,031 後續可能重分類至損益之項目相關之所得稅 -2,945 -49 3,031 後續可能重分類至損益之項目相關之所得稅 -11,781 -193 12,121 其他綜合損益總額 14,696 -11,449 48,242 爭利(損) 歸屬於: 日本 -11,256 36,319 综合損益總額歸屬於: -14,696 -11,449 48,242 |



Operation report-1

Affect the gross profit factor for the first half of 2019:

In the traditional off-season, fixed cost amortization remains unchanged

China's labor costs are also rising

The recruitment of employees in the past year has been greatly improved; but it takes time to train excellent employees.

Suzhou factory shuts down the factory and other expenses

The impact of raw materials is high in copper and PVC





Operation report-2

The growth momentum of the first half of operation in 2019 is mainly from

Stable production capacity

1-7 sales amount in 2019

Annual growth rate of

Unfavorable factors for employee turnover have been reduced, and per capita and yield have improved significantly in the first half of the year.

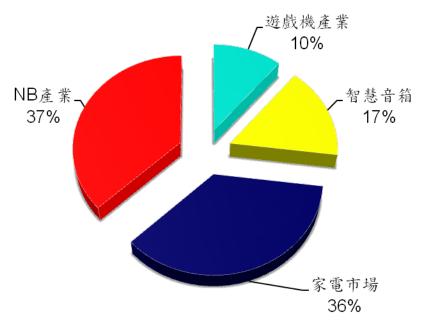
Adjusting the proportion of internal and external sales is not affected by Sino-US trade disputes

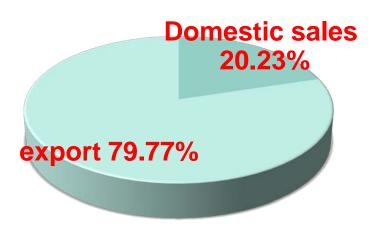
In the sales distribution of the industry, after the adjustment of 2017-2018 has achieved the effect of decentralized market

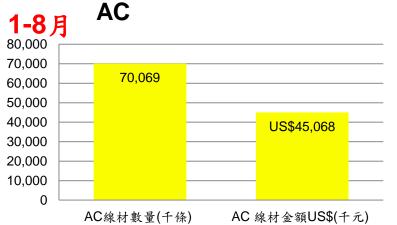


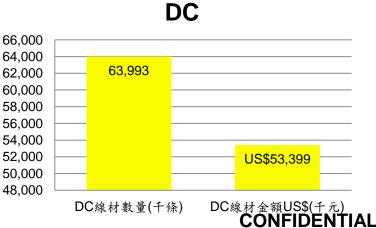


Product distribution map... push up overall profit margin



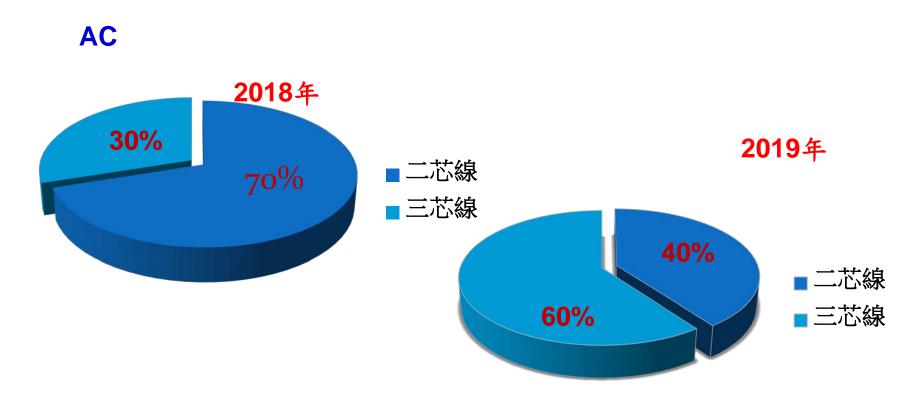








Product distribution map... push up overall profit margin



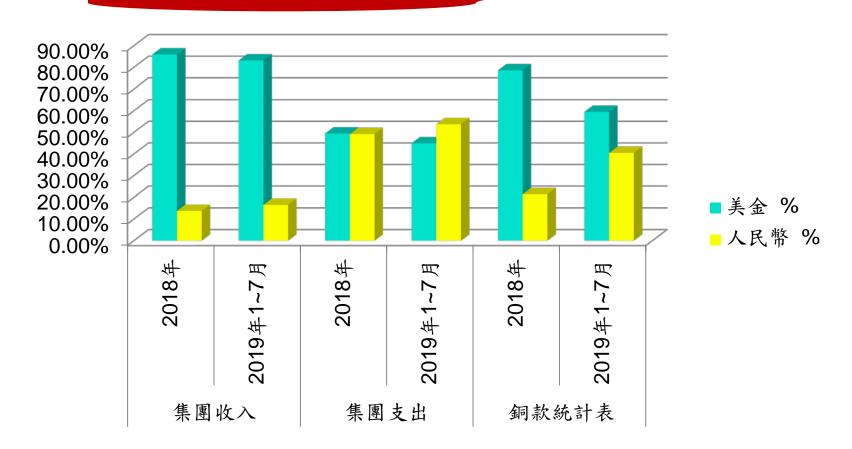
EX:DIRECT TV The two-core AC line drops 13% to 3% per month.





Product distribution map... push up overall profit margin

Expanding renminbi-denominated expenditures







Core competitiveness advantage -1

Accelerate equipment automation to improve yield and capacity, capital expenditure will double this year

Overall supply chain management and cost control to enhance industrial competitiveness

Cut into the niche field, revenue has continued to grow this year. With economies of scale and factory transformation, the gross profit margin and profitability rate will gradually improve, and profit will return to the track.

China's domestic demand market has a strong growth potential, and the domestic market share is expected to exceed 30%.

Game consoles, smart speakers and expanding domestic market The growth of orders in these three fields is the source of growth in 2019.





Core competitiveness advantage-2

In addition to strengthening smart speakers and game console products, new product development and mass production

| | customer | production | line | |
|---|----------------------|---|-------------|--|
| 1 | Nvidia | Shield TV -4K | AC CORD | |
| 2 | Midea / Amazon | wifi cable modular | AC UL / CCC | |
| 3 | Peloton | Sports equipment on the tablet | AC UL/UK/EU | |
| 4 | Amazon | Amazon Echo | DC UL | |
| 5 | Electric car project | Charged first aid kit attached to the car | AC RVV | |

2020 performance and profit growth momentum:
Microwave WIFI cable, Nvidia/Shield TV, sports equipment, electric car, the speciality of the product materials, high unit price and good Maori





Shield TV 2019

, shows, games, and music you could ask for. Cut the cord with live sports and DVR, play Chromecast apps, even show off your Google Photos.

Nvidia





Core competitiveness advantage-3

The goal of the Group's future development:

Al smart speaker is definitely an important trend for smart homes in the future. It will become the entrance of smart home voice control and strengthen the development of TYPE-C and smart products.

Is the future the main goal.

The world's leading smart speaker, currently updated for a new generation of products

The world's leading new generation game console, full range of charging cables with a new generation of TypeC connectors Newly joined the smart game TV launched by the graphics chip manufacturer

Cut into the well-known brand intelligent products, the first supply in Q18 in 2018, and exclusive supply of its US market and Indian market

Safety certificate has the advantage



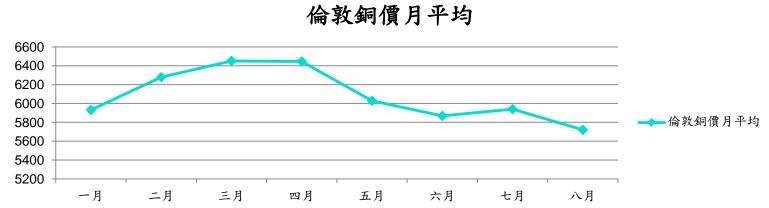


Outlook-

Copper prices of major raw materials fell, PVC prices remained stable, and the cost structure improved and gross profit margin increased;

This year, we will also begin to plan the miniaturization of AC products, which will be carried out with a high priority and reduce costs.

Suzhou Fengmao Factory: Relocating to Huizhou Plant to reduce costs and expenses; reducing losses by about 3-4 million per month







Outlook_

The company is positioned in the all-round development of the smart field. This year, the field of artificial intelligence and home appliances (including wisdom) will be the main source of growth.

The decline in the exchange rate of the New Taiwan Dollar and the decline in major raw materials will help improve the cost structure and increase the gross profit margin. The operating and profit schedules in the second half of the year are expected to exceed the first half of the year.

After 2018 organizational transformation and product adjustment, we are confident that this year and tomorrow will be a year of growth.

High-priced, high-margin, niche-type products make the Group's revenue figures bright.

Gross profit margin and operating profit ratio are expected to exceed the **past**





annex





不動產

The company currently excludes Taiwanese real estate from its own office building:

There are currently three pens in the mainland:

Huizhou Plant: Construction of the plant, the first phase of land use: 52,800 square meters, there are still 92,400 square meters of land available; currently the company's main production base

Suzhou Plant: Building area: 6,000 square meters, Suzhou Fengmao Factory moved to Huizhou Plant for cost management and cost reduction due to cost relationship; Suzhou Plant Property Rights is Suzhou Taifeng Technology Co., Ltd., the company holds 45%, currently 65 % of the land plant is leased to a third party, and the rent income is RMB 1.17 million per month. The rest of the land is currently being planned.

Shenzhen Guanlan Factory: At present, production has been stopped. The urban renewal unit plan has been approved. It is already in preparation for planning. The part of the company that contains residential and commercial parts should be allocated more than about 20% of the estimated area. Still need to be based on reality)





深圳示範區建設啟動,大灣區紅利再釋放





In August/18, it announced the construction of opinions on the construction of the pioneering demonstration zone for socialism with Chinese characteristics, covering economic, cultural, social, political and ecological construction. The goal is to create Shenzhen into a modern, international and innovative city in 2025. Actively develop new industries and new industries such as smart economy and health industry, and build a pilot zone for digital economic innovation and development



It is estimated that the progress of real estate in Guanlan Avenue of Longhua New District will be obtained.

time:

Longhua District Urban Renewal and Land Development Bureau announced on July 26, 2019

http://www.szlhq.gov.cn/bmxxgk/csgxj/dtxx_124501/tzgg_124502/201907/t20190726_18082937.htm

Project declaration: Shenzhen Citizen Real Estate Development Co., Ltd.

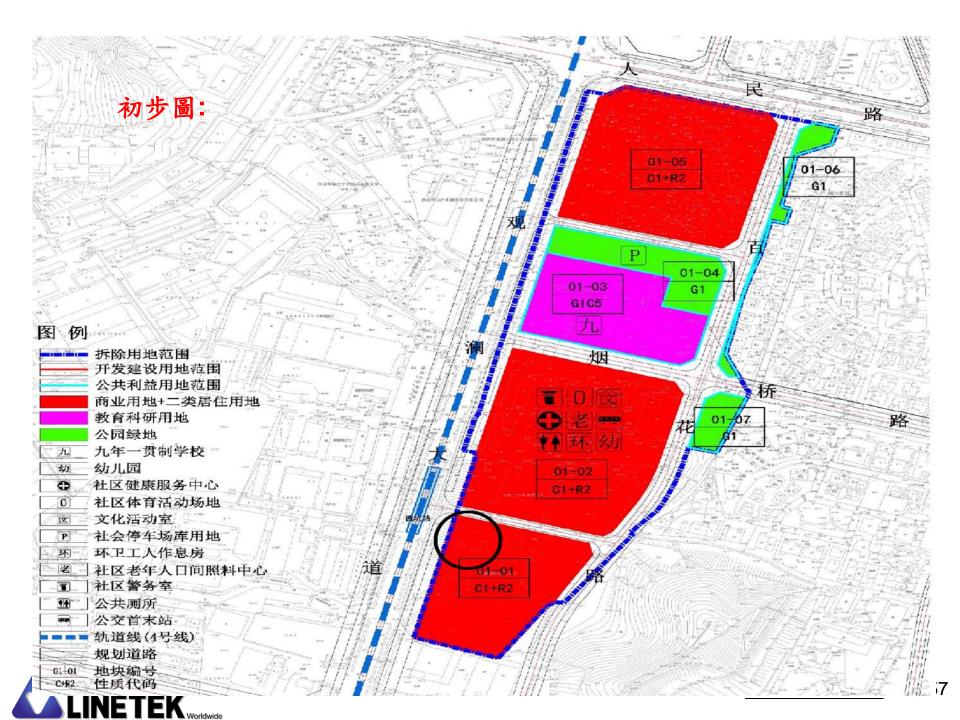




Venue: East side of Guanlan Avenue, Fucheng Street, Longhua, south side of Guanlan Renmin Road

The project is located at the exit of the Hangkeng Station of Shenzhen Metro Line 4. Shenzhen Metro Line 4 is expected to be open to traffic at the end of 2020, and the subway will







Progress and planning:

Process:

The first stage: (current stage) and Longhua District discuss the city update unit, planning, preparation and project implementation body confirmation and other plans and details

The second stage: planning and delivery, the initial time is about 6-12 months

Phase III: Estimated 2020/6 to obtain building permit and start construction

planning:

Is a residential, commercial land allocation ratio of about 4:6

The residential building allocated by the company is mainly sold in principle, and the commercial building has another plan.

Questions and Answers

Thank you for your time!

