Hiroca Holdings Ltd. (1338)
廣華控股有限公司

Presented by

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PresentationPoint

Executive Summary I

- Hiroca Holdings Ltd. is a tier 2 supplier owning the most diverse automobile plastic interior decoration technologies (including **surface painting, cubic printing, IMD, real wood, real aluminum, laser engraving, and plating**) and processing crafts (including spare-part modules, leather/velvet coating, and infrared/vibration/ultrasound welding)
- Engaged in automotive industry with high barriers to entry, Hiroca provides **one-stop vertical and horizontal manufacturing services** to its clients through a strategy emphasizing stable quality, competitive cost and prompt delivery (QCD).
- To provide production and delivery near our clients, Hiroca has already set up subsidiaries in several regions in China and has been planning to set up a factory in Mexico **to serve the emerging American markets**, **to form a strategic partnership with the big three Japanese and the big three U.S. automakers**, and **to develop a platform for local production and global shipping.**

Executive Summary II

- New cars sales of the big three Japanese automakers in China has been slightly lower than expected since Aug, 2014. However, based on clients' production plans and the launch of new global shipping car model, we still anticipate to have stable sales and profitability in Q4.
- Our management team always strives to provide customers with complete product lines and good services and is confident in continued stable growth in sales revenues and profitability in the future.

I. General Introduction

Introduction

- Established date: Dec. 8, 2009

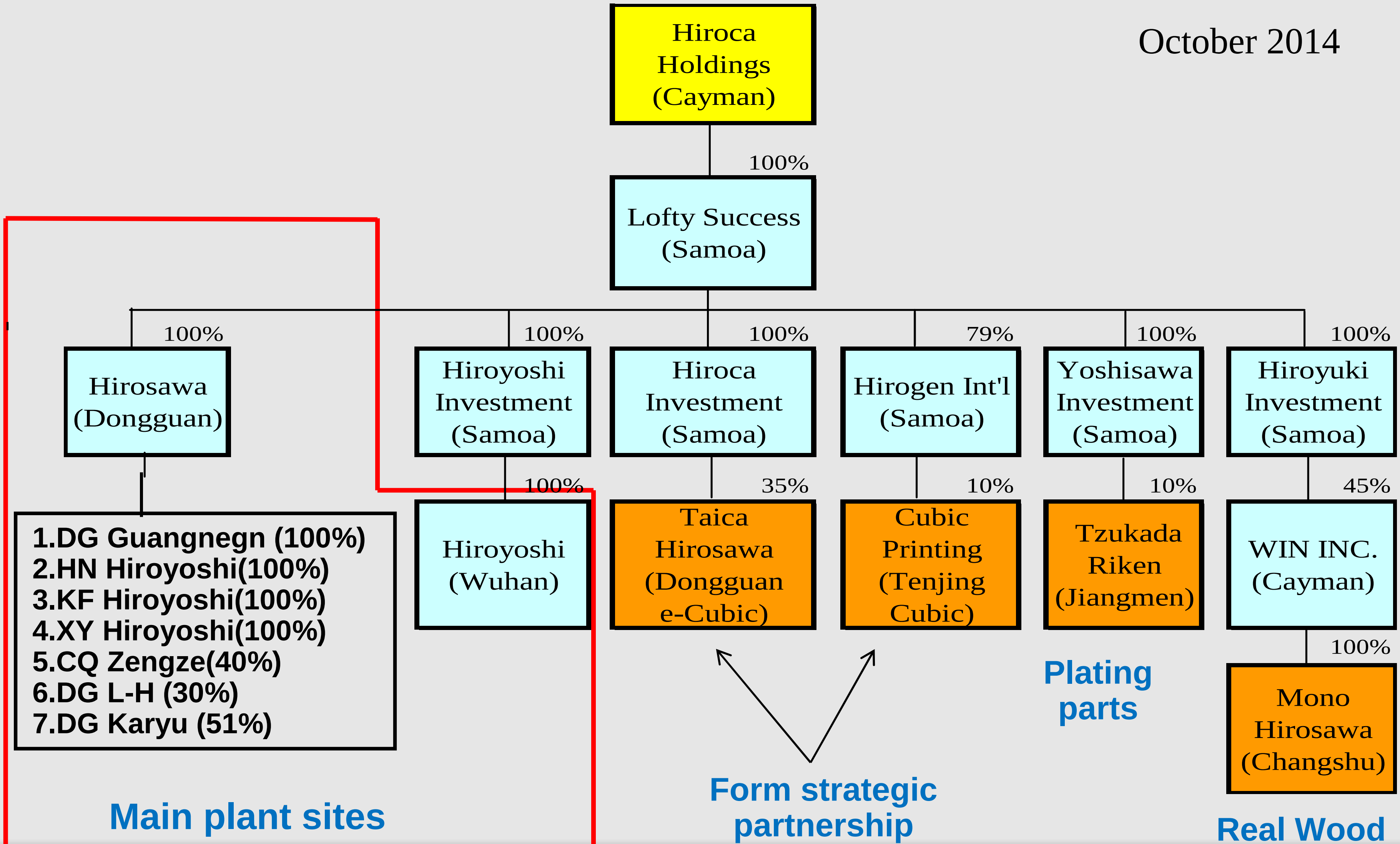
  (Dongguan Hirosawa Automotive Trim Co., Ltd. Established on Dec. 20, 2002)
- Chairman of the Board : Mr. Yu, Che-Ming
- Paid-in Capital：NTD850,000,000
- Headquarter：Dongguan City, Guangdong Province, China
- Main Operation Sites：
  - Dongguan-Hirosawa Automotive Trim Co., Ltd. (2002)
  - Wuhan-Wuhan Hiroyoshi Automotive Trim Co., Ltd. (2010)
- Business Scope：OEM manufacturer of automotive plastic trim parts, mold design and manufacturing, trading, etc.
- Main Customers：Tier 1 suppliers of three top Japanese car makers in China

Milestones

2002	Dongguan Hirosawa established Cubic Printing Technology licensed by Taica Corporation
2004	Awarded ISO/TS16949
2009	Hiroca Holdings Ltd. established
2010	Wuhan Hiroyoshi established
2011	A joint venture with Tsukada Riken (plastic plating parts) A join venture with Mono Group (real wood parts)
2012	IPO on the TWSE on Dec. 19, 2012
2013	Chongqing Zhengze established
2014	A joint venture with Trinity (Tri-D3eco technology) and a joint venture with Losang (mold marking)

Holdings chart

October 2014



Main Plant Sites(I)

Plant site	Product	Share holding ratio	End Customer	Remark
DG Hirosawa	Plastic auto trim parts	100%	DF-Nissan、GZ-Toyota GZ-Honda、CA-Ford Chrysler(NA)、GM(NA) GZ Auto	The company is our main source of sales revenue and profitability.
WH Hiroyoshi			DF-Nissan、DPCA DF-Honda、CA-Ford SH-GM、DF-Renault (FAW-VW)	Started operations from Sept. 2012
DG Guangnegn			CAPSA	
HN Hiroyoshi			GZ-Fiat、GZ-Chrysler GZ-Mitsubishi	To provide production and delivery near our clients
KF Hiroyoshi			ZZ-Nissan	
XY Hiroyoshi			DF-Nissan	

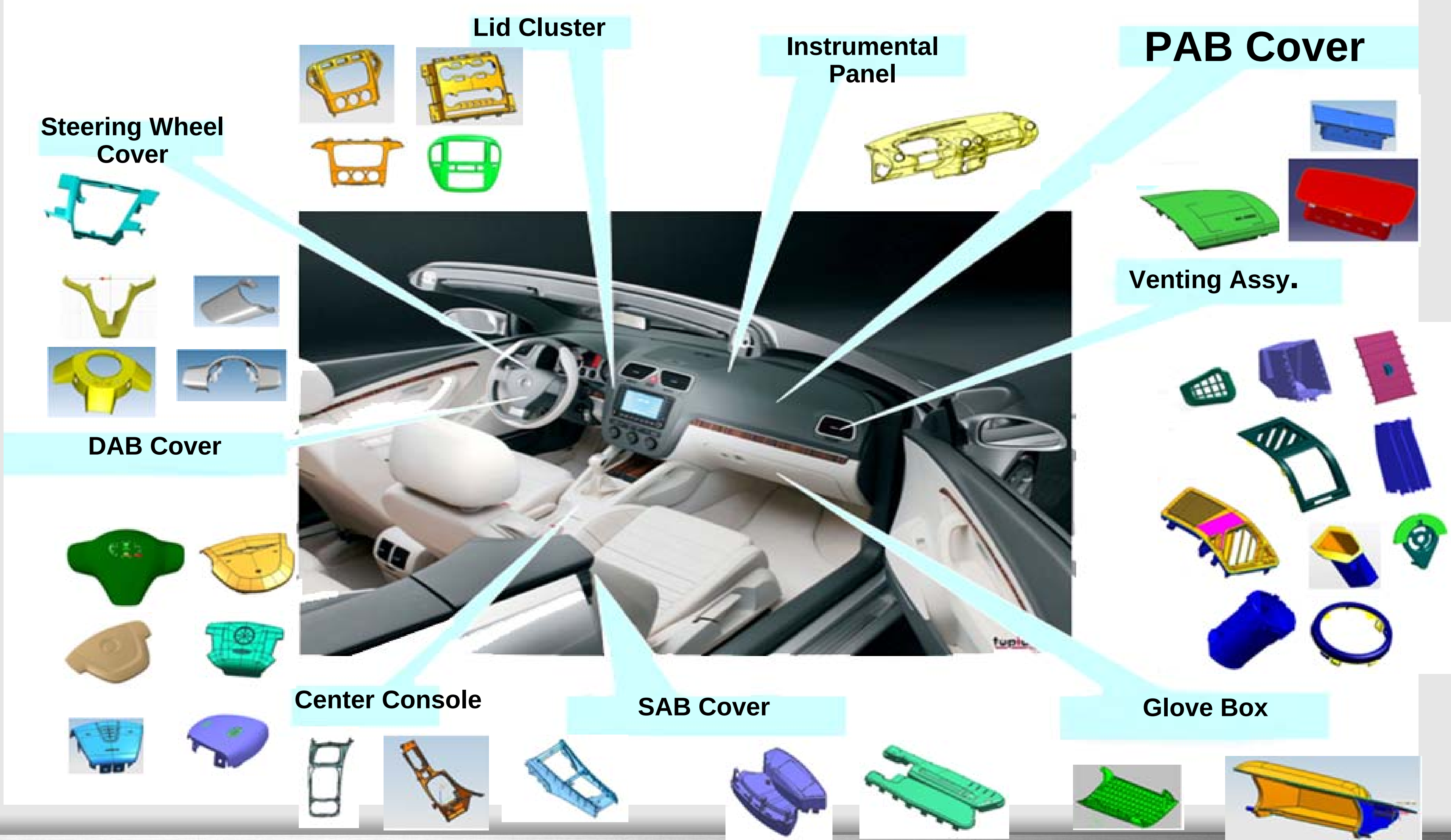
Main Plant Sites(II)

Plant site	Product	Share holding ratio	End Customer	Remark
DG L-H	Mold marking	30%		Mold making operation is branched out to form this joint venture with a professional maker. We still hold the capability to design, develop, and repair the molds.
CQ Zengze	Plastic auto trim and seat parts	40%	CA-Ford、CA-Susuki CAA	This joint venture is set up for the penetration into the car market in Southwestern China.
DG Karyu	Tir-D3eco	51%		This join venture is set up to get access to surface processing technology

II. Our Products and Production Processes

Our Products I

Our Products II



Our Products III

Nissan Teana

Our Products IV

Toyota Camry

Our Products V

Honda Accord

Horizontal and Vertical Integration

Integrated Production Provides Best Services

Design/Engineering
（設計/工程）

↓

Tooling & Gauge
（模具開發）

↓

Injection
（注塑）

↓

Decoration（裝飾）

Painting	Cubic/e-Cubic	IMD/IMS	Real Wood	Plating	Laser Etching	Tri-D3eco
（塗裝）	（水轉印）	（模內轉印）	（真木）	（電鍍）	（雷射雕刻）	

↓

Assembly（組裝）

Vibration Welding	Ultrasonic Welding	Leather Wrapping
（震動熔接）	（超音波熔接）	（皮革包覆）

III. Operation Results

Consolidated Financial Statements

Unit：NTD’000，EPS:NTD1

Item	2011		2012		2013		2014 Q1~Q3	
	Amount	%	Amount	%	Amount	%	Amount	%
Sales	4,666,981	100%	5,153,960	100%	7,313,090	100%	6,094,019	100%
Cost of Goods Sold	3,382,003	73%	3,971,018	77%	5,702,739	78%	4,718,689	77%
Gross Profit	1,284,978	27%	1,182,942	23%	1,610,351	22%	1,375,330	23%
Operating Expenses	555,487	12%	838,676	16%	1,097,627	15%	748,526	12%
Operating Income	729,491	15%	344,266	7%	512,724	7%	626,804	10%
Non-Operating Income	71,421	1%	86,559	1%	131,009	2%	16,952	0%
Non-Operating Expenses	30,397	0%	22,526	0%	30,814	0%	37,830	1%
Pre-Tax Income	770,515	16%	408,299	8%	612,919	8%	605,926	10%
Income Tax Expenses	189,218	4%	91,538	2%	152,777	2%	163,502	3%
Net Income	**578,360**	12%	**316,761**	6%	**458,391**	6%	**441,807**	7%
EPS(adjusted)	**9.18**		**4.96**		**5.87**		**5.50**	

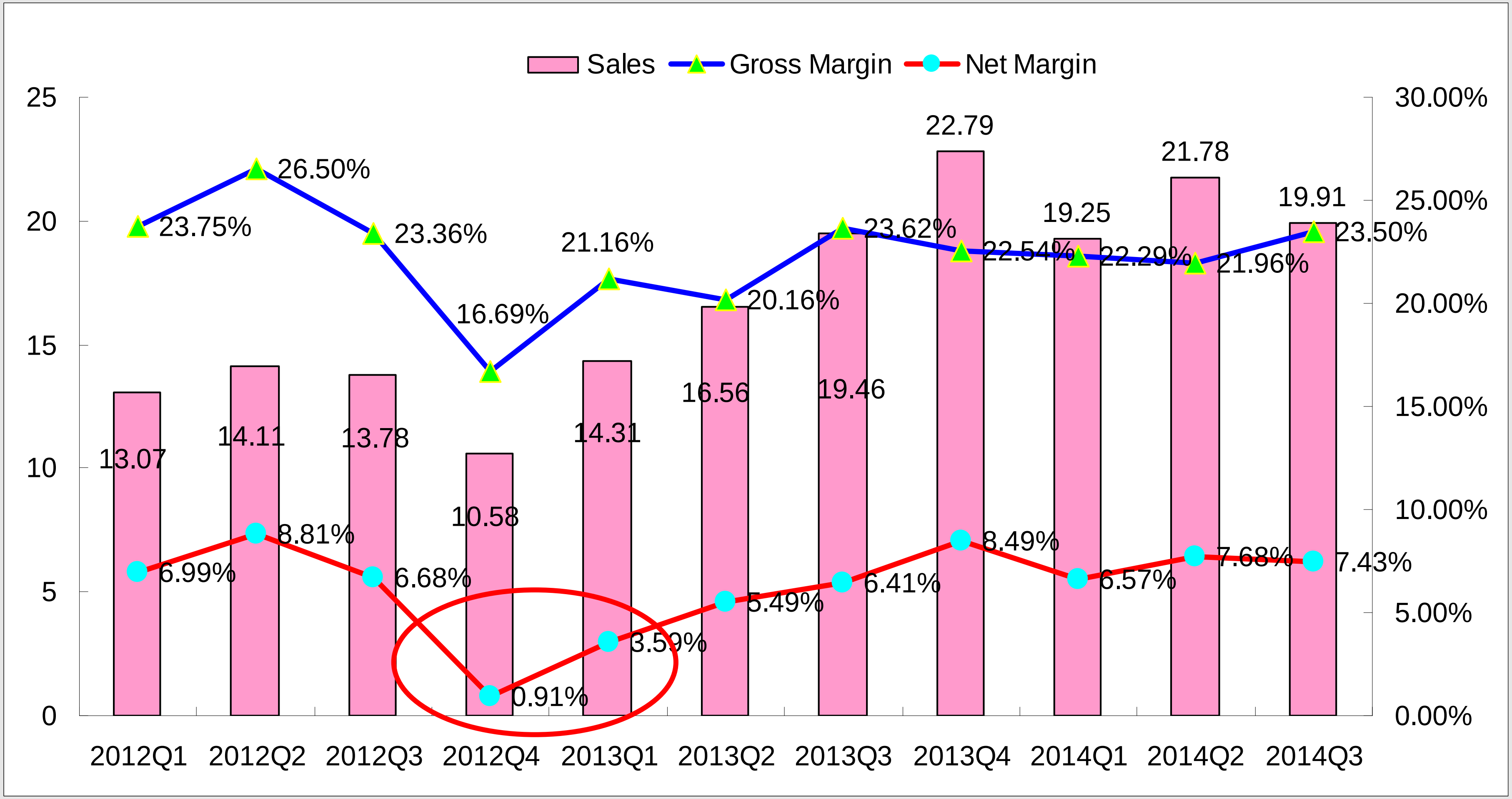
2013 ~2014 Sales by Quarter (I)

Unit：NTD'000，EPS:NTD1

Item	2013 Q1		Q2		Q3		Q4		2014 Q1		Q2		Q3	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Sales	1,430,571	100%	1,656,499	100%	1,946,565	100%	2,279,455	100%	1,924,954	100%	2,177,667	100.00%	1,991,398	100.00%
Cost of Goods Sold	1,127,837	78.84%	1,322,542	79.84%	1,486,783	76.38%	1,765,577	77.46%	1,495,845	77.71%	1,699,465	78.04%	1,523,379	76.50%
Gross Profit	302,734	21.16%	333,957	20.16%	459,782	23.62%	513,878	22.54%	429,109	22.29%	478,202	21.96%	468,019	23.50%
Operating Expenses	255,181	17.84%	261,993	15.82%	298,576	15.34%	281,877	12.37%	252,971	13.14%	243,319	11.17%	252,236	12.67%
Operating Income	47,553	3.32%	71,964	4.34%	161,206	8.28%	232,001	10.18%	176,138	9.15%	234,883	10.79%	215,783	10.84%
Non-Operating Income	24,774	1.73%	45,441	2.74%	7,237	0.37%	53,557	2.35%	15,810	0.82%	18,990	0.87%	7,025	0.35%
Non-Operating Expenses	5,174	0.36%	9,319	0.56%	7,158	0.37%	9,163	0.40%	22,411	1.16%	21,494	0.99%	18,798	0.94%
Pre-Tax Income	67,153	4.69%	108,086	6.52%	161,285	8.29%	276,395	12.13%	169,537	8.81%	232,379	10.67%	204,010	10.24%
Income Tax Expenses	16,145	1.13%	17,170	1.04%	36,605	1.88%	82,857	3.63%	42,954	2.23%	64,543	2.96%	56,005	2.81%
Net Income	**51,015**	3.57%	**89,140**	5.38%	**124,680**	6.41%	**193,556**	8.49%	**126,565**	6.57%	**167,230**	7.68%	**148,012**	7.43%
EPS(adjusted)	**0.72**		**1.14**		**1.60**		**2.48**		**1.62**		**2.14**		**1.75**	

2012 & 2014 Sales by Quarter (II)

Unit:NTD100m

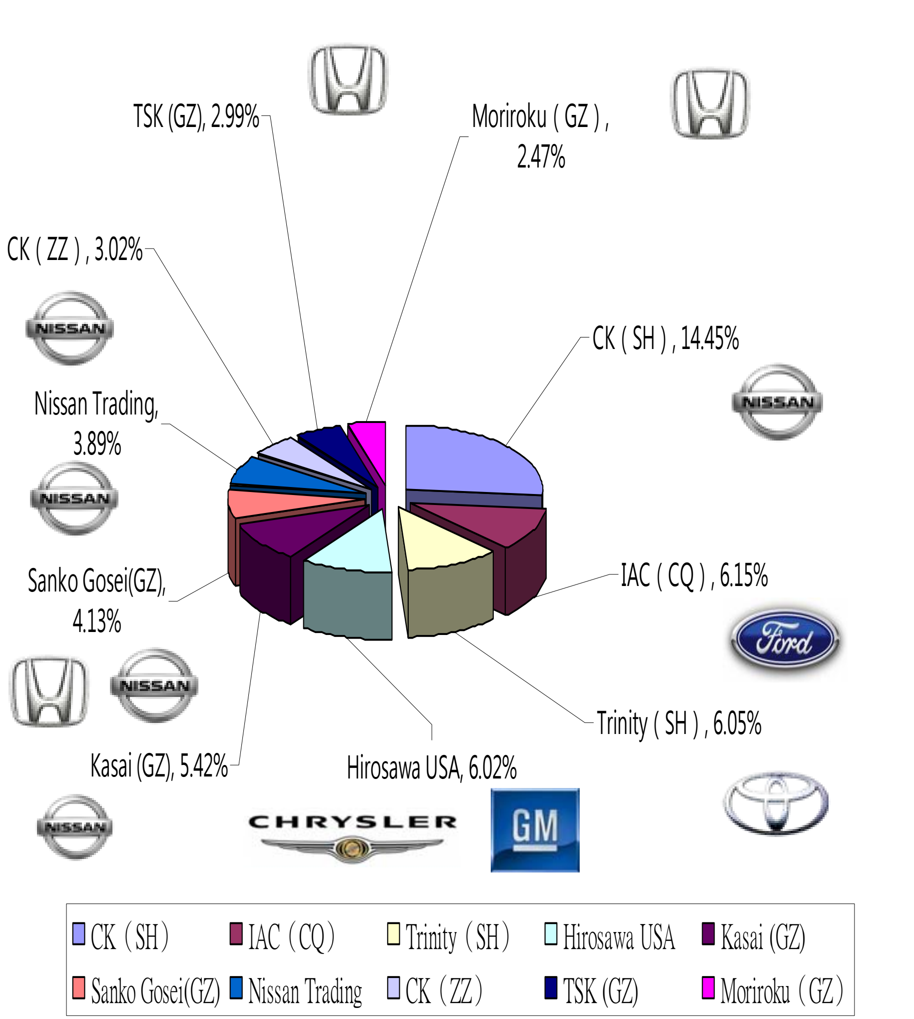


Key Financial Ratios

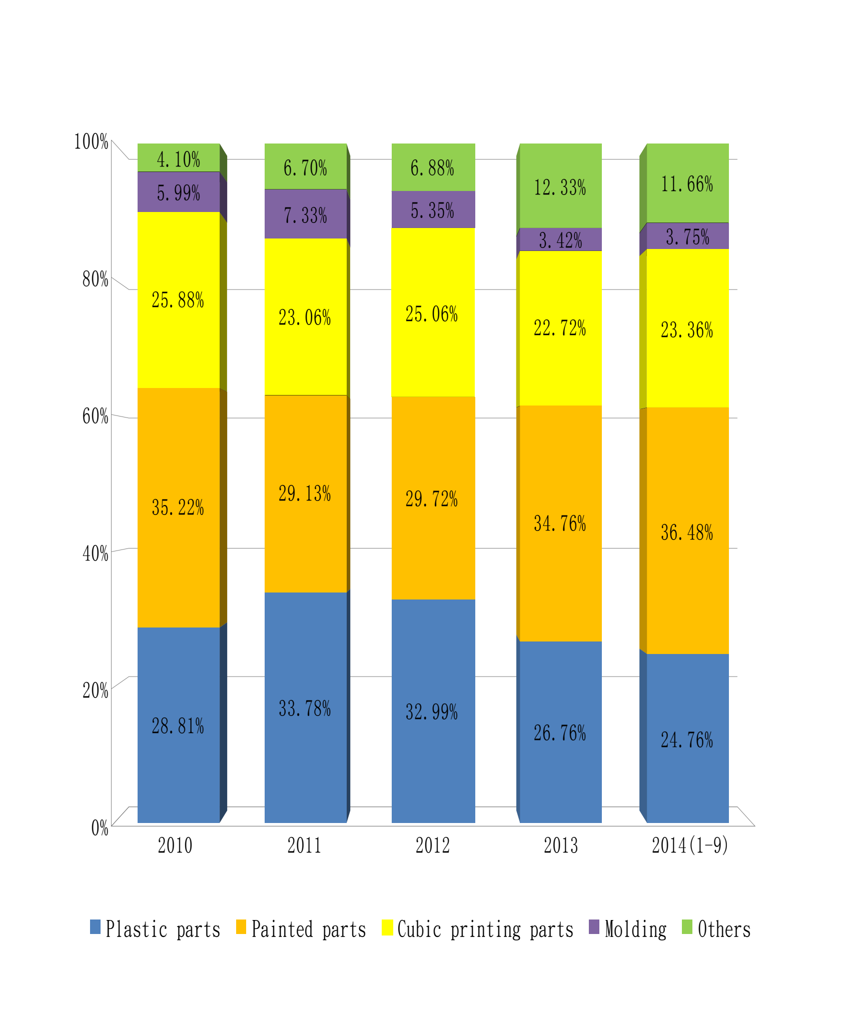
		2011	2012	2013	2014 Q3
Return on investment analysis	Gross margin ratio	27%	23%	22%	23%
	Operating income ratio	15.0%	7%	7%	11%
	Pre-tax income ratio	16.0%	8%	8%	10%
	Net income ratio	12.0%	6%	6%	7%
Liquisity analysis	Current ratio	194%	181%	158%	233%
	Quick ratio	167%	148%	132%	196%
	Debt ratio	34%	34%	42%	27%
	Interest coverage ratio	144.73	32.24	28.41	26.44
Operating performance analysis	Average collection turnover (times)	3.79	3.65	3.58	3.21
	Average inventory turnover (times)	8.19	7.50	7.61	7.91
	Average paybles turnover (times)	4.71	4.45	4.28	3.91
Cash Converation Cycle (days)		63	67	65	68

Highlights for Q3 in 2014

Top 10 Customers (by sales)



Sales Proportion (by product)

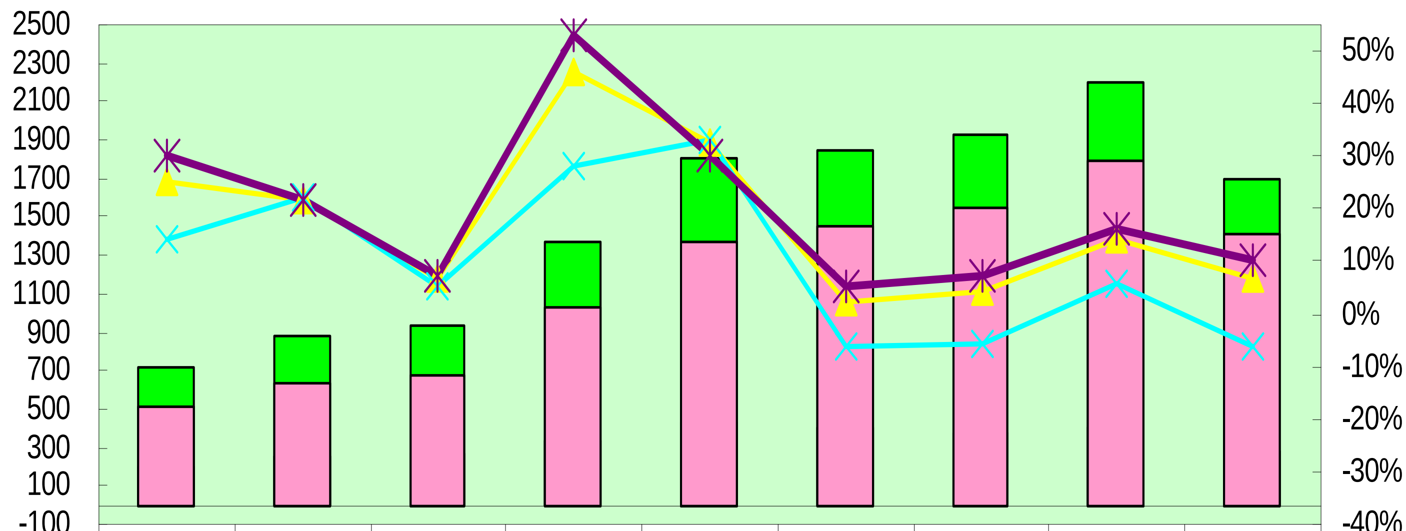


IV. China Automobile Market Introduction

China Automobile Market Introduction(I)

China automobile sales from 2006 to 2014

Unit:10,000units

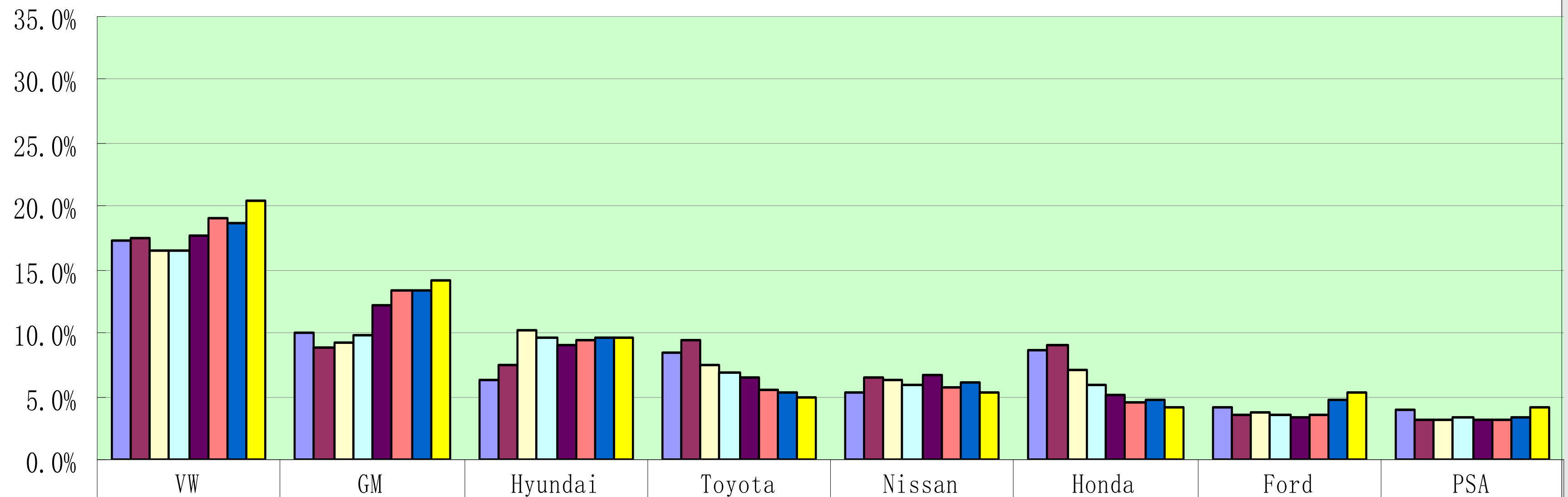


	2006	2007	2008	2009	2010	2011	2012	2013	2014(1-9)
Car Sales	721.6	879.2	938.1	1364.5	1806.0	1851.0	1931.0	2198.0	1700.0
Commercial vehicle	204.0	249.4	262.5	331.3	430.0	403.0	381.0	406.0	285.0
Passenger car	517.6	629.8	675.6	1033.1	1376.0	1447.0	1550.0	1793.0	1416.0
Growth rate for car sales	25.3%	21.8%	6.7%	46.2%	32.4%	2.5%	4.3%	14.0%	7.0%
Growth rate for Commercial	14.0%	22.3%	5.3%	28.4%	33.2%	-6.3%	-5.5%	6.0%	-6.0%
Growth rate for Passenger	30.0%	21.7%	7.3%	52.9%	29.9%	5.2%	7.1%	16.0%	10.0%

Source：CAAM

China Automobile Market Introduction

Market share for Foreign-origin brands in China (Sedan+MPV+SUV)



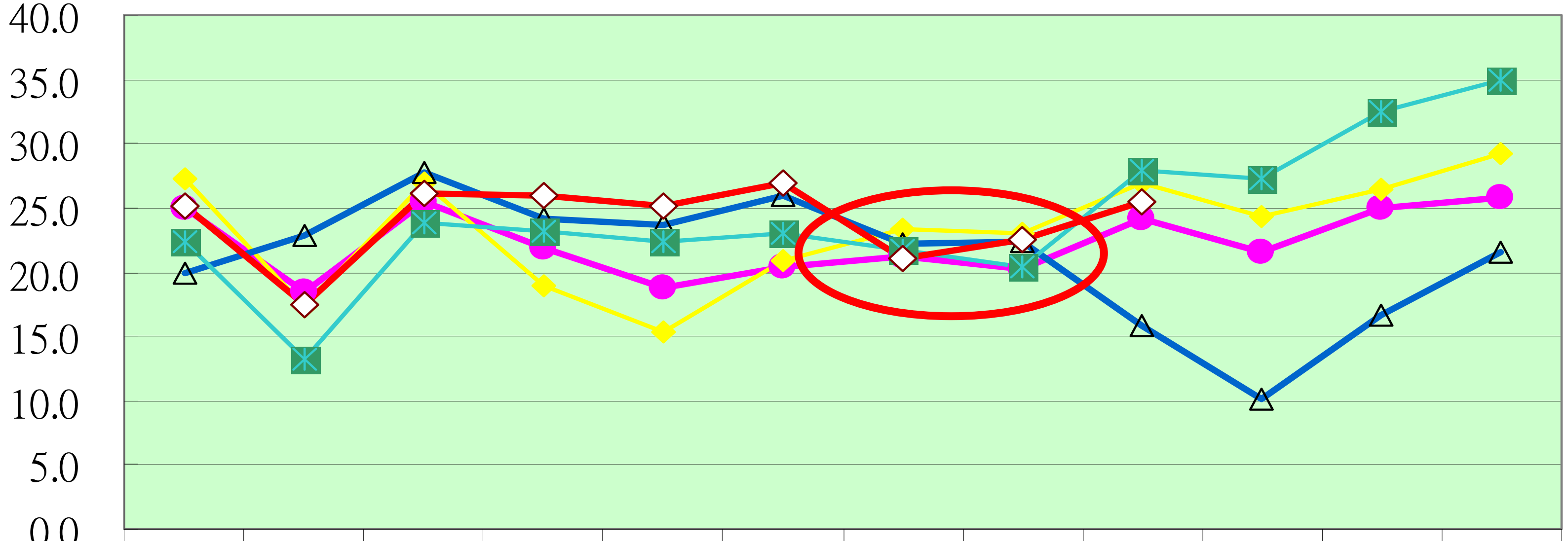
	VW	GM	Hyundai	Toyota	Nissan	Honda	Ford	PSA
2007	17.3%	10.0%	6.2%	8.5%	5.3%	8.7%	4.1%	3.9%
2008	17.5%	8.8%	7.5%	9.5%	6.4%	9.1%	3.6%	3.2%
2009	16.6%	9.3%	10.2%	7.4%	6.2%	7.2%	3.7%	3.2%
2010	16.5%	9.9%	9.6%	6.8%	6.0%	5.9%	3.6%	3.3%
2011	17.6%	12.2%	9.1%	6.4%	6.6%	5.1%	3.3%	3.2%
2012	19.1%	13.3%	9.4%	5.5%	5.8%	4.6%	3.6%	3.2%
2013	18.6%	13.3%	9.7%	5.3%	6.0%	4.8%	4.8%	3.4%
2014(1-9)	20.5%	14.2%	9.7%	5.0%	5.3%	4.1%	5.4%	4.1%

Source：CAAM

China Automobile Market Introduction

Japanese brands Car Sales in China (Sedan+MPV+SUV)

Unit:10,000units

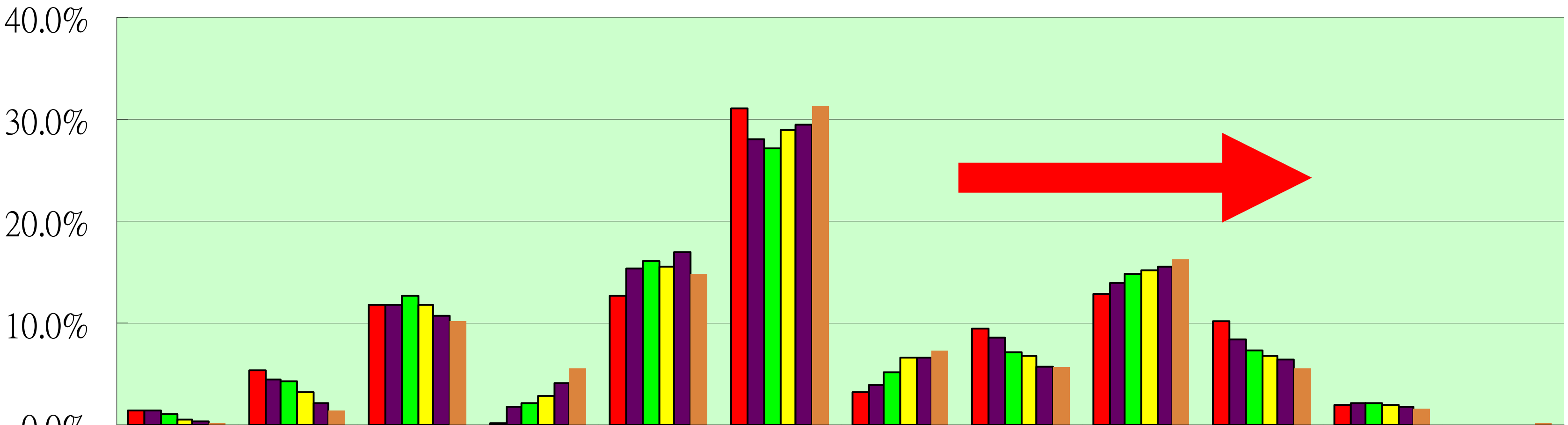


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2010	24.9	18.5	25.5	21.9	18.7	20.4	21.3	20.3	24.1	21.6	24.9	25.8
2011	27.2	17.3	26.9	18.9	15.4	20.9	23.4	23.0	27.0	24.3	26.5	29.2
2012	19.9	22.9	27.7	24.2	23.7	25.9	22.2	22.4	15.9	10.2	16.7	21.5
2013	22.4	13.3	23.8	23.2	22.4	23.1	21.7	20.4	27.9	27.3	32.5	34.9
2014(1-8)	25.2	17.5	26.2	26.0	25.2	26.9	21.0	22.6	25.5			

Source：CAAM

China Automobile Market Introduction

Market share of Sedan+MPV+SUV in China by engine size



	0.8-0.9L	1.0-1.1L	1.3-1.4L	1.4L-1.6T	1.5L	1.6L	1.8L-2T	1.8L	2.0L	2.3-2.5L	2.5L and above	EV
2009	1.4%	5.3%	11.8%	0.2%	12.7%	31.1%	3.2%	9.4%	12.8%	10.1%	1.9%	0.00%
2010	1.4%	4.5%	11.8%	1.8%	15.3%	28.1%	4.0%	8.5%	14.0%	8.4%	2.2%	0.00%
2011	1.0%	4.2%	12.7%	2.1%	16.0%	27.1%	5.2%	7.2%	14.8%	7.4%	2.2%	0.02%
2012	0.6%	3.2%	11.7%	2.8%	15.5%	28.9%	6.6%	6.7%	15.1%	6.8%	2.0%	0.05%
2013	0.34%	2.2%	10.7%	4.1%	17.0%	29.4%	6.6%	5.8%	15.6%	6.5%	1.8%	0.06%
2014(1-9)	0.2%	1.5%	10.1%	5.6%	14.8%	31.3%	7.4%	5.7%	16.2%	5.6%	1.6%	0.10%

Source：CAAM

V. Development Niches

Set Foothold on Chinese Market

- China has been the world's largest auto market for five years in a row. There were 21.98 million vehicles sold in 2013. Good growth is expected for the future, especially in higher-grade passenger cars, which is the main market of Hiroca.

- Hiroca has been actively expanding its production capacity and exploring new customers. It is thus expected that Hiroca’s growth rate will be much higher than that of the overall market in China.

- As the Chinese enjoys higher and higher income, their need for high-class automotive interior decoration also increases substantially. It is a consumer trend that Hiroca’s interior products match exactly with. Thus, we anticipate not only a higher demand but also a better price for each car trim, and our sales revenue and profitability will improve as well.

Set Eyes on Export to North American Market

- Hiroca has been exporting its high value-added interior decoration parts to GM and Chrysler in North America since 2008. Export to North America accounted for about 10% of our total sales revenue in 2003 and is expected to grow at a certain rate every year.

- Invited by our long-time partners and customers who appreciate our good product technology, stable quality, and on-time delivery, Hiroca has been actively assessing the feasibility to set up a factory in Mexico to supply parts to the North American market.

- The United States is the world's second largest auto market. In 2013, 15.6 million vehicles were sold in the USA, 1.74 million vehicles in Canada, and 1.06 million in Mexico. The NAFTA market in North America saw a total of 18.4 million vehicles sold last year. If Hiroca can successfully enter this market, its growth will accelerate sharply, a plan full of strategic significance.

We Provide One-stop Full Scope Services

- **Hiroca provides one-stop and full-scope services, including product design, mold development, product molding, surface decoration (cubic printing, in-mold transfer, painting, real wood, real aluminum, plating, laser engraving, etc.) as well as assembly, leather/velvet coating, and infrared/vibration/ultrasound welding.**

- **Hiroca is able to provide the most complete vertical and horizontal manufacturing services in automobile interior surface decoration. We are considered as the number 1 supplier in Greater China.**

We Own Solid Technology and Partnership

- Hiroca uses patented surface treatment technologies (such as cubic printing, IMD, precision electroplating, special glue-processing for real wood/composite materials, etc.) to produce interior decoration products. The processes are very complex. Product quality is very demanding. It takes very long time to develop partnership with automakers and for them to accept and certify the products. Moreover, a certain degree of economies of scale must be reached to remain cost competitive. It is a trade with high barriers to entry.

- Hiroca has been cooperating with tier-1 customers for more than ten years. Our relationship is very close and solid.

- In mainland China, Hiroca is well reputed for its good products and services. When developing new types of vehicles, automakers always take the initiative to discuss their plans with us for a secure parts supply. We are considered a manufacturer under the category of “self brand / channel concept”.

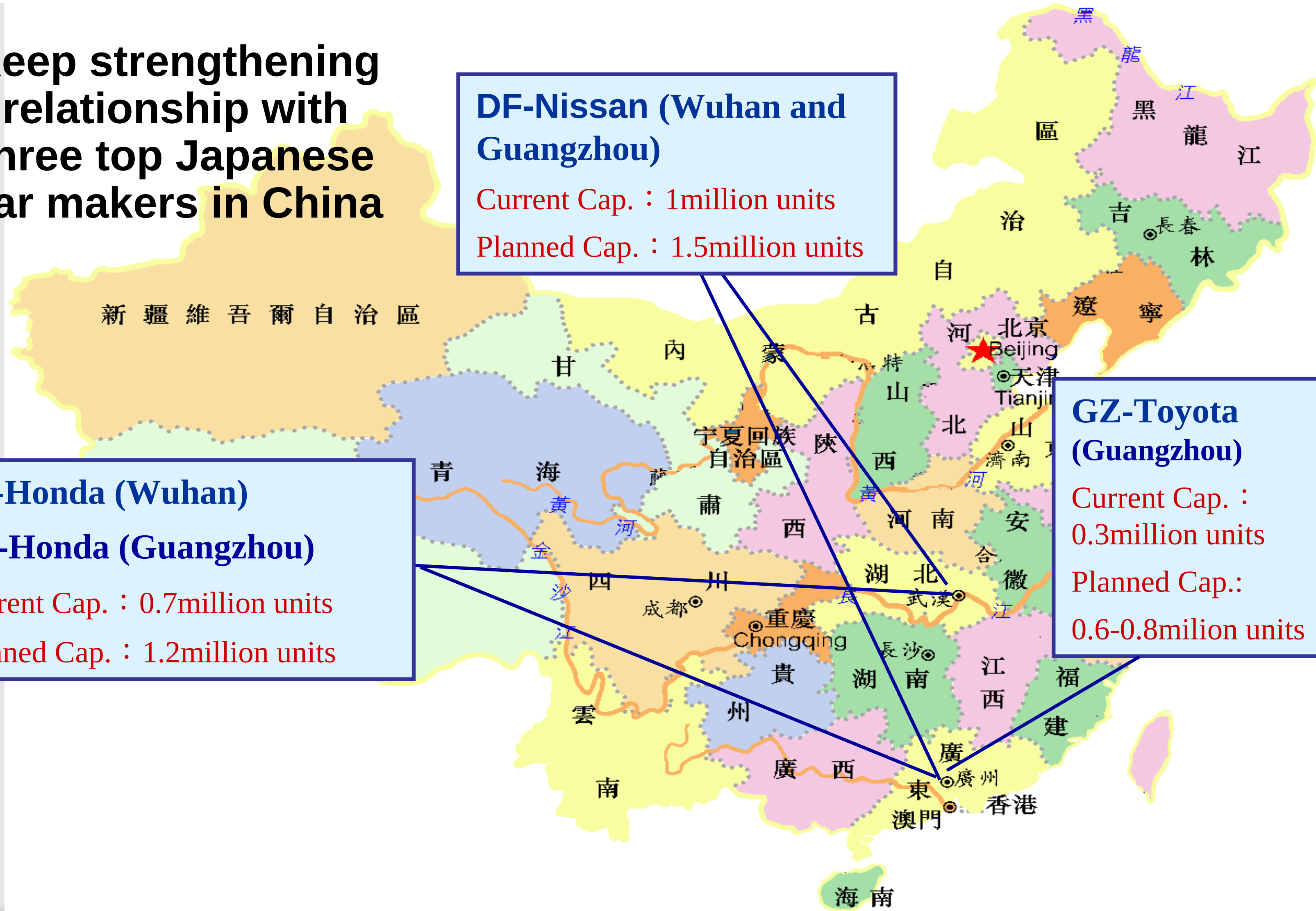
VI. Objectives and Business Strategy

Objectives and Business Strategy

- **Solidify customer relationships with existing Japanese automakers**
  - Form strategic partnerships with them
  - Match their plant expansion plans
  - Join hands with them to develop a global platform
- **Explore global automakers**
  - Provide one-stop manufacturing services to them
  - Join hands with them to develop a global platform
- **Diversify product mix and pricing portfolio to enhance competitiveness**
- **Get access to technology and cut into new markets through joint ventures**
  - Dongguan Jia Li - Laser engraving and surface decoration technology
  - Chongqing Cheng Ze – Penetration into the southwest China's auto markets in Chongqing and Chengdu areas

Future Strategies

Keep strengthening relationship with three top Japanese car makers in China



DF-Nissan (Wuhan and Guangzhou)

Current Cap.：1million units

Planned Cap.：1.5million units

- **DF-Honda (Wuhan)**
- **GZ-Honda (Guangzhou)**

Current Cap.：0.7million units

Planned Cap.：1.2million units

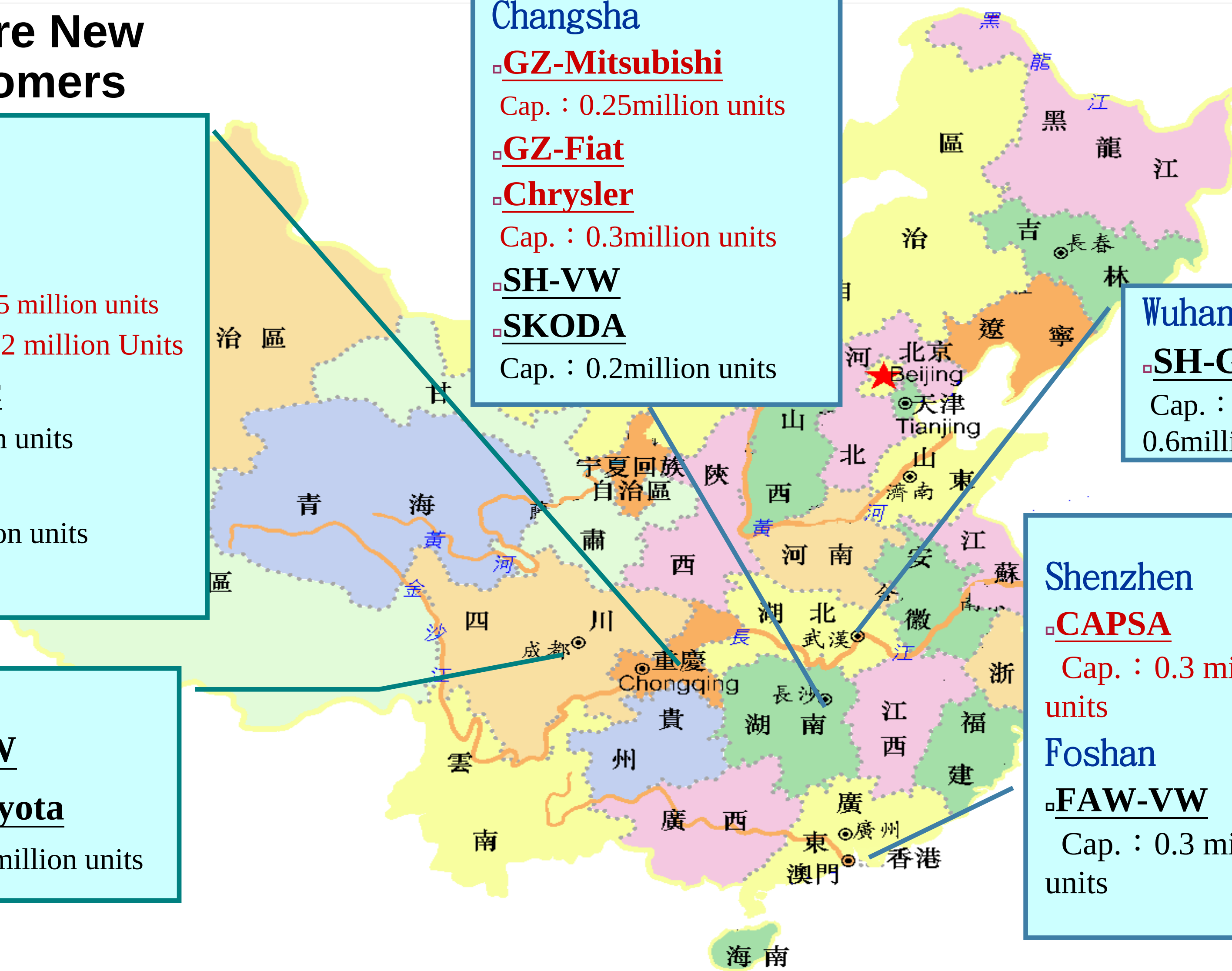
GZ-Toyota (Guangzhou)

Current Cap.：0.3million units

Planned Cap.: 0.6-0.8milion units

Future Strategies

Explore New Customers



Chongqing

- **CA-Ford**
  Current Cap.： 0.5 million units
  Planned Cap.: 1.2 million Units
- **CA-Domestic**
  Cap.：2 million units
- **CA-Suzuki**
  Cap.：0.7million units

Changsha

- **GZ-Mitsubishi**
  Cap.：0.25million units
- **GZ-Fiat**
- **Chrysler**
  Cap.：0.3million units
- **SH-VW**
- **SKODA**
  Cap.：0.2million units

Wuhan

- **SH-GM**
  Cap.：0.6million units

Chengdu

- **FAW-VW**
- **FAW-Toyota**
  Cap.：0.7million units

Shenzhen

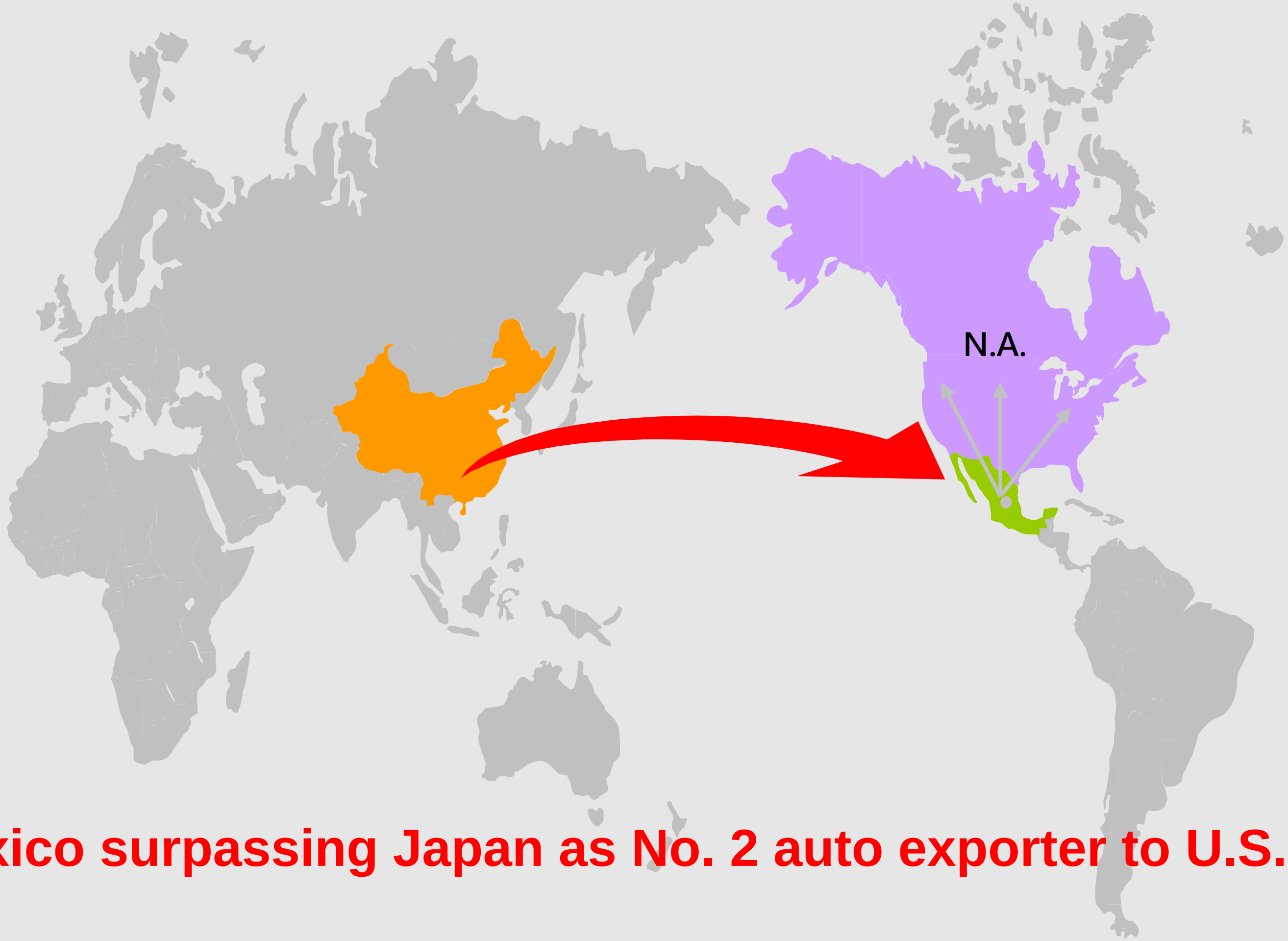
- **CAPSA**
  Cap.：0.3 million units

Foshan

- **FAW-VW**
  Cap.：0.3 million units

Set Eyes to North American Market

•**Evaluating the possibility of establishing a new plant in Mexico**



Mexico surpassing Japan as No. 2 auto exporter to U.S.

Thank you!