TONG-HWA SYNTHETIC FIBER CO.,LTD.

THIRD QUARTERLY FINANCIAL PERFORMANCE INVESTOR CONFERENCE

Stock code 1418

December 2020

Agenda

- Company Profile
- Product Introduction
- 3^{rd} Quarterly Financial Performance

Company Profile

Company Profile

Founded
March 2, 1970

Date of listing
February 14, 1977

Capital
568 millions

Number of employee
169 people

Product Introduction

- Acrylic fiber is the company's main product that is the artificial fiber with excellent thermal insulation effect. The product features bright dyeing and soft texture. The market demand is concentrated in Mainland China.

Product Introduction

1.Main uses

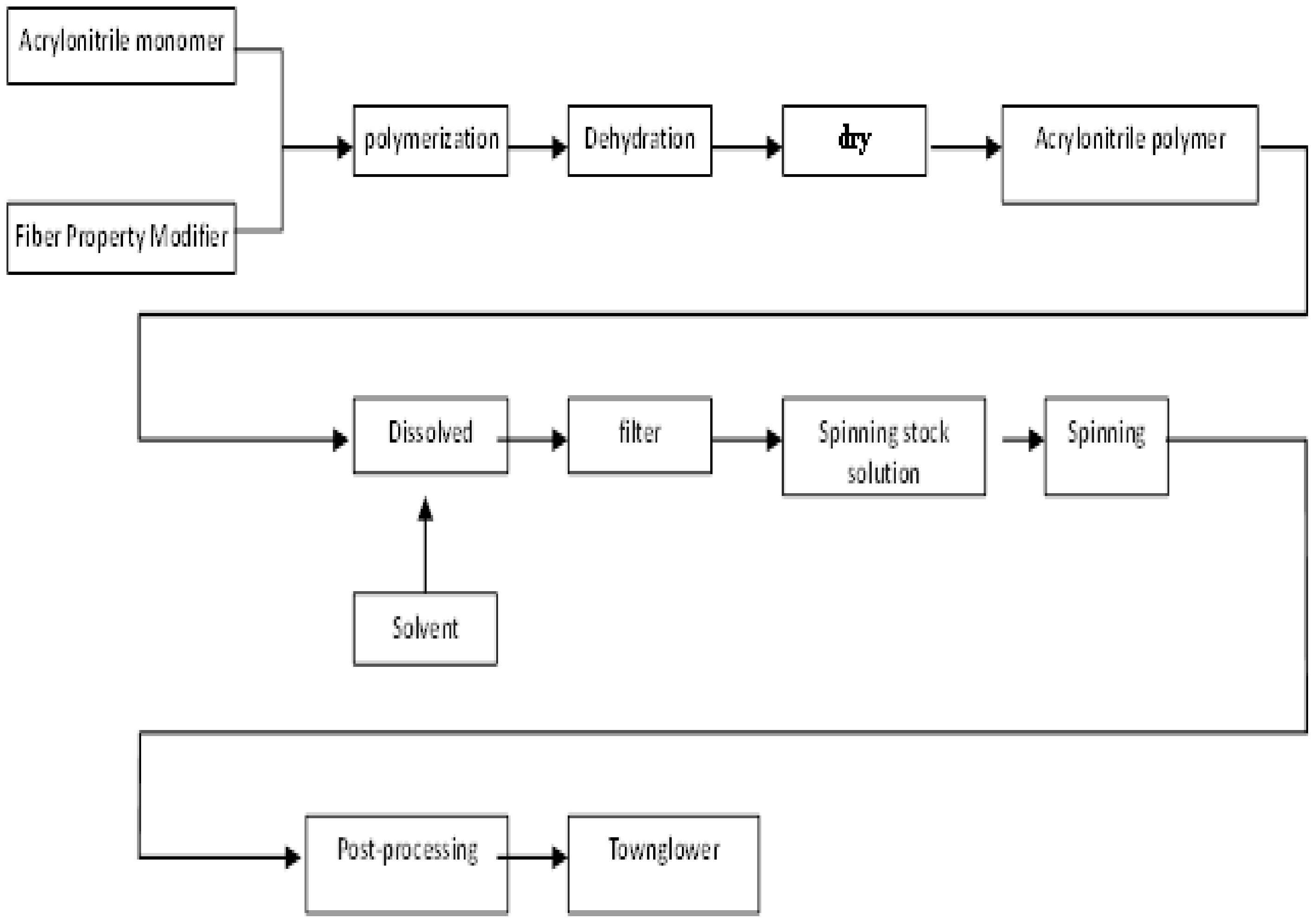
2.Production process

3.Industry status

1. Main uses

- The main use cases of acrylic fiber ranging widely among sweaters, fleece, blankets, carpets, crochet yarns, sofa covers, socks, toys, interior accessories, etc.
- The specialized fibers developed in recent years are widely applied in animal-imitating wool. And acrylic cotton and processed final products are mainly for export whose sales regions include Mainland China, Turkey, Iran, India , Middle East, etc. as major markets.

2. Production Process



3. Industry Status

- Constrained by the long-term high price of the main raw material AN (acrylonitrile), high volatility of market price, and substitution effects of other artificial fiber products such as polyester fiber, viscose fibers, etc.
- Global demand declined from 1.82 million tons in 2015 to about 1.6 million tons in 2019.
- Mainland China still ranks No.1 in terms of market size, with demand for 750,000 tons in 2019 that accounts for 47% of global demand.

3. Industry Status

- The company is 100% acrylic cotton selling and production manufacturer. It still faces many difficulties and challenges on its operation. The first is the lack of domestic market. Most downstream yarn factories have moved to Mainland China and ASEAN.
- Second, the rise of Mainland China companies in the same industry who have taken up most of the mainland's domestic market. In addition to being self-sufficient and gradually increased export sales, the import volume of acrylic cotton (tow plus spun) in Mainland China that is about 90,000 tons in 2019, has sharply dropped by 38% compared with 2018 annual import of 146,000 tons. The export volume increased by 26,000 tons in 2019, which clearly shows that Mainland China manufacturers have grown their market share.

3. Industry Status

- In order to survive and grow, each acrylic cotton manufacturer is pursuing the development of specialized fibers (differentiated fibers). As a result, specialized fiber has developed rapidly, and the ratio of specialized fibers of most enterprises can reach more than 40%.
- In recent years, the market's requirements for the use and quality of acrylic cotton kept increased. The company grasps the trend and responds to market demand by continuously investment in research and development , and simultaneously launches a variety of specialized items, which have been widely receiving positive response from customers.
- Both anti-pilling fibers, micro denier spun and tow, and flat fibers become the main sales items, accounting for 80% of total sales in 2019. The company will continue to develop functional specialized fibers.

CONSOLIDATED BALANCE SHEETS

Reviewed

September 30,2020

Amount: NT$ thousand

	Amount	%
Current assets	208,202	9%
Noncurrent assets	2,018,569	91%
Total assets	2,226,771	100%
Current liabilities	79,308	4%
Noncurrent liabilities	1,700,425	76%
Total liabilities	1,779,733	80%
Capital	568,343	26%
Capital reserve	8,005	0%
Retained earnings	(635,764)	-28%
Others	587,419	26%
Treasury stocks	(80,969)	-4%
Total equity attributable to owners of parent company	447,034	20%
Non-controlling interests	4	0%
Total equity	447,038	20%
Net per share (NT$)	8.23	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Reviewed

For the Nine Months Ended September 30, 2020

	Amount: NT$ thousand	
	Amount	%
NET REVENUE	71,665	100%
COST OF REVENUE	201,606	281%
GROSS PROFIT	(129,941)	-181%
OPERATING EXPENSES	46,364	65%
OTHER OPERATING INCOME AND EXPENSES,	-	
INCOME FROM OPERATIONS	(176,305)	-246%
NON-OPERATING INCOME AND EXPENSES	(10,526)	-15%
INCOME BEFORE INCOME TAX	(186,831)	-261%
INCOME TAX EXPENSE	85	0%
NET INCOME	(186,916)	-261%
OTHER COMPREHENSIVE INCOME (LOSS)	(1,314)	-2%
TOTAL COMPREHENSIVE INCOME FOR THE	(188,230)	-263%
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of the parent	(186,900)	-261%
Noncontrolling interests	(16)	0%
	(186,916)	-261%
TOTAL COMPREHENSIVE INCOME		
Shareholders of the parent	(188,214)	-263%
Noncontrolling interests	(16)	0%
	(188,230)	-263%
EARNINGS PER SHARE (NT$)	(3.44)	

Thank You !!