

CHIHUA Fitness Co., Ltd
Stock Code: 1593
December 29, 2020



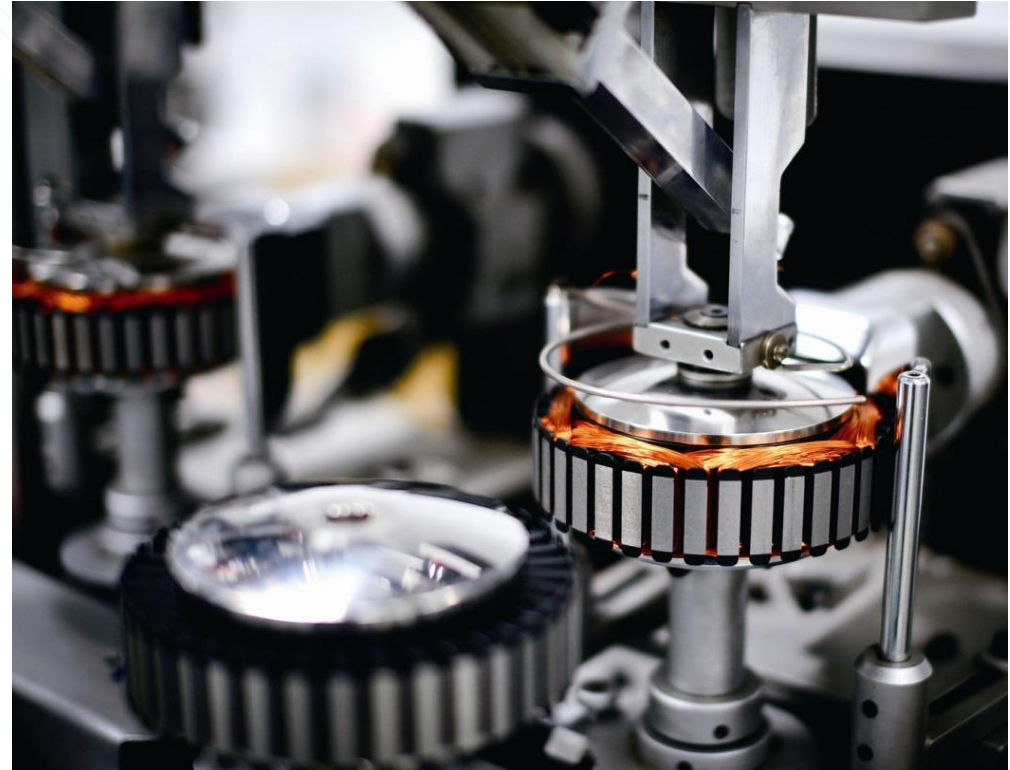
CHIHUA

| GREEN | HEALTH | INNOVATION |

CHIHUA Fitness Company



Profile



Chihua was established in March 1997, developer and manufacturer of **key parts** for fitness equipment, i.e. brakes, control board, and consoles. Our products have been sold to foreign and domestic market. Main products are generator/brake, control board and console, and motors.

Profile & Milestones

- Foundation: March, 1997
- Stock OTC listed date: June 13, 2012
- Capitalization: NT\$ 339 Million
- Chairman: Cheng Chien, HSU
- General Manager: Yin Che, LEE
- Employee: 260 (2020-11)
- Employee of Chihua Taiwan: 139(2020-11)

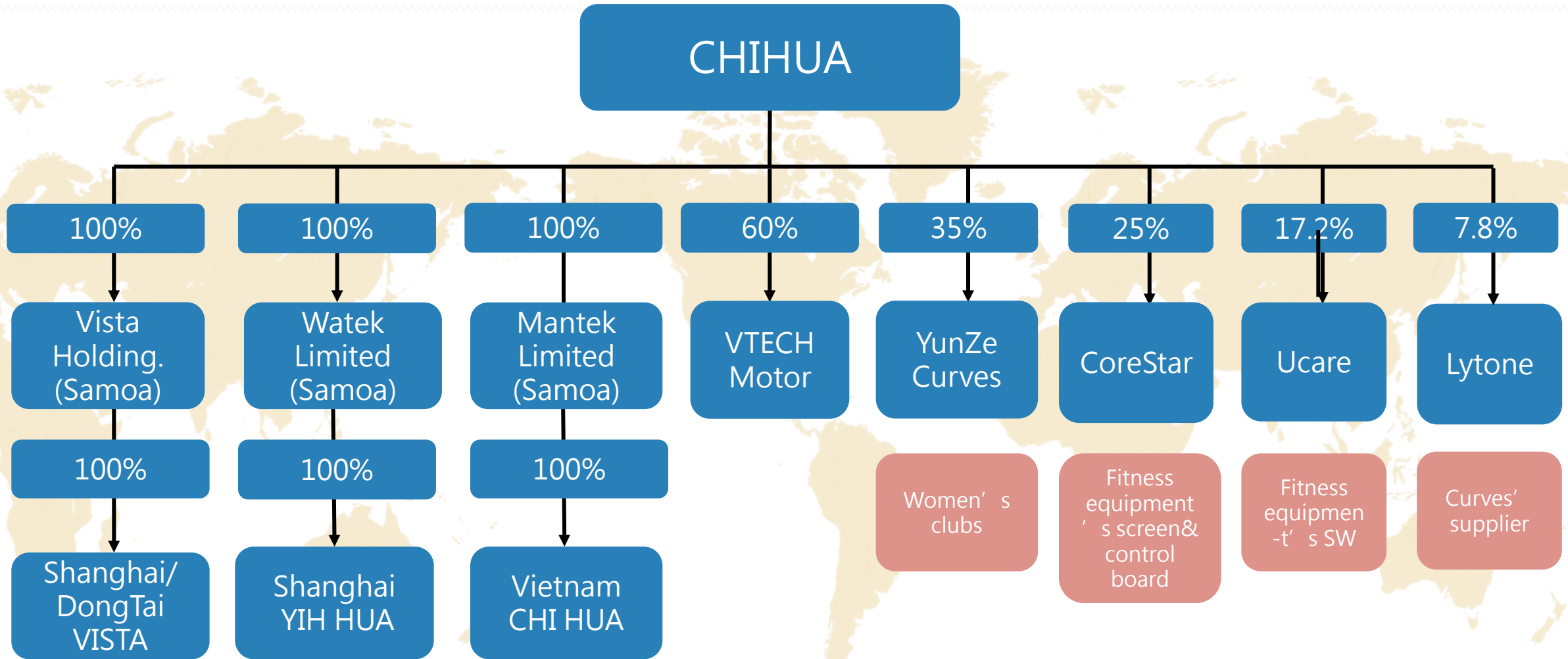
Profile & Milestones

MAR. 1997	Founded and devoted to producing the key parts for fitness equipment use, including the generator brakes, the DC motors and the magnetic brakes. The patents of the magnetic brakes were certified in USA, Germany, Taiwan and China.
NOV. 2000	Began supplying the Hybrid Generator brake to Precor USA (i.e. top brand of fitness equipment manufacturer) and its patent was certified in USA.
DEC. 2007	Merged Fitness-Tek Corp and invested VISTA Co., Ltd in Pudong Shanghai
JAN. 2008	ISO 9001 : 2000 certified
MAY	Set up Chi Hua VietNam Co., Ltd.
JUL.	Set up Shanghai YIH HUA Fitness Co., Ltd.
SEP. 2010	Launched mass production in VietNam factory

Profile & Milestones

SEP. 2011	Moved to New factory at Hukou.
JUN. 2012	IPO approved listing in Taiwan Stock Market (stock code.1593).
JAN. 2013	Invested VTECH Motor Co., Ltd.
APR. 2016	Won the top 5% Blue-chip Award in the 2nd session of the OTC Company Governance Evaluation.
FEB. 2017	difo Spinner won 2017 Taiwan Excellence.
MAR.	Invested Curves Taiwan Co.,Ltd.(BELIZE) (Franchise Chain Stores for Woman sports in Taiwan).
Oct. 2018	difo Green Air Rower won 2019 Taiwan Excellence
Oct. 2019	Invested UCARE Co., Ltd.
Jan 2020	Shanghi VISTA nvested DongTai VISTA.
Dec 2020	Invested LYTONE Co., Ltd.

Investments



Group attributes

Fitness Equipment
Components

Vietnam CHI HUA
Shanghai /DongTai
VISTA
Shanghai YIH HUA

Fitness club

Curves Taiwan

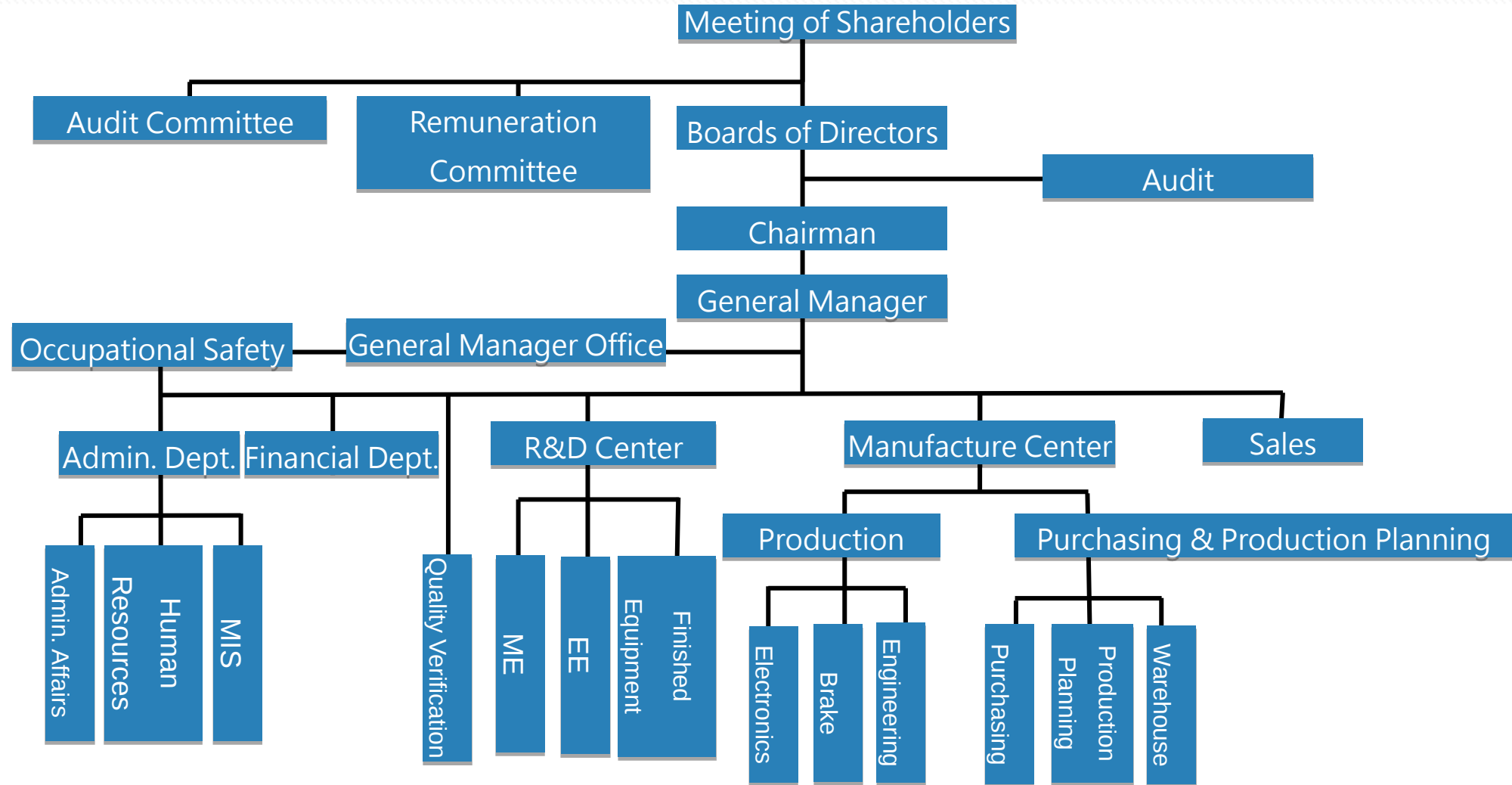
Fitness Equipment
SW

CoreStar
Ucare

Car&Motorcycle
Components

VTECH Motor

Organization Chart



Y2019-Y2020 Product



Commercial Brake 59%-46%

Home Use Brake 22%-34%



Console 2%-4%



**Control Board
5.5%-4%**

**Accessory
9%-10%**



Motor 2%-3%



Fitness Equipment 0.5%

Brake

- Elliptical, Indoor Exercise Bike



Eddy Current Brake



Hybrid Generator Brake



Pure Generator



Field Coil
Eddy Current Brake



Brake

-Bike Trainer



Eddy Current Brake



Hybrid Generator Brake



Pure Generator



Field Coil
Eddy Current Brake



Brake

-Rowing Machine



Eddy Current Brake



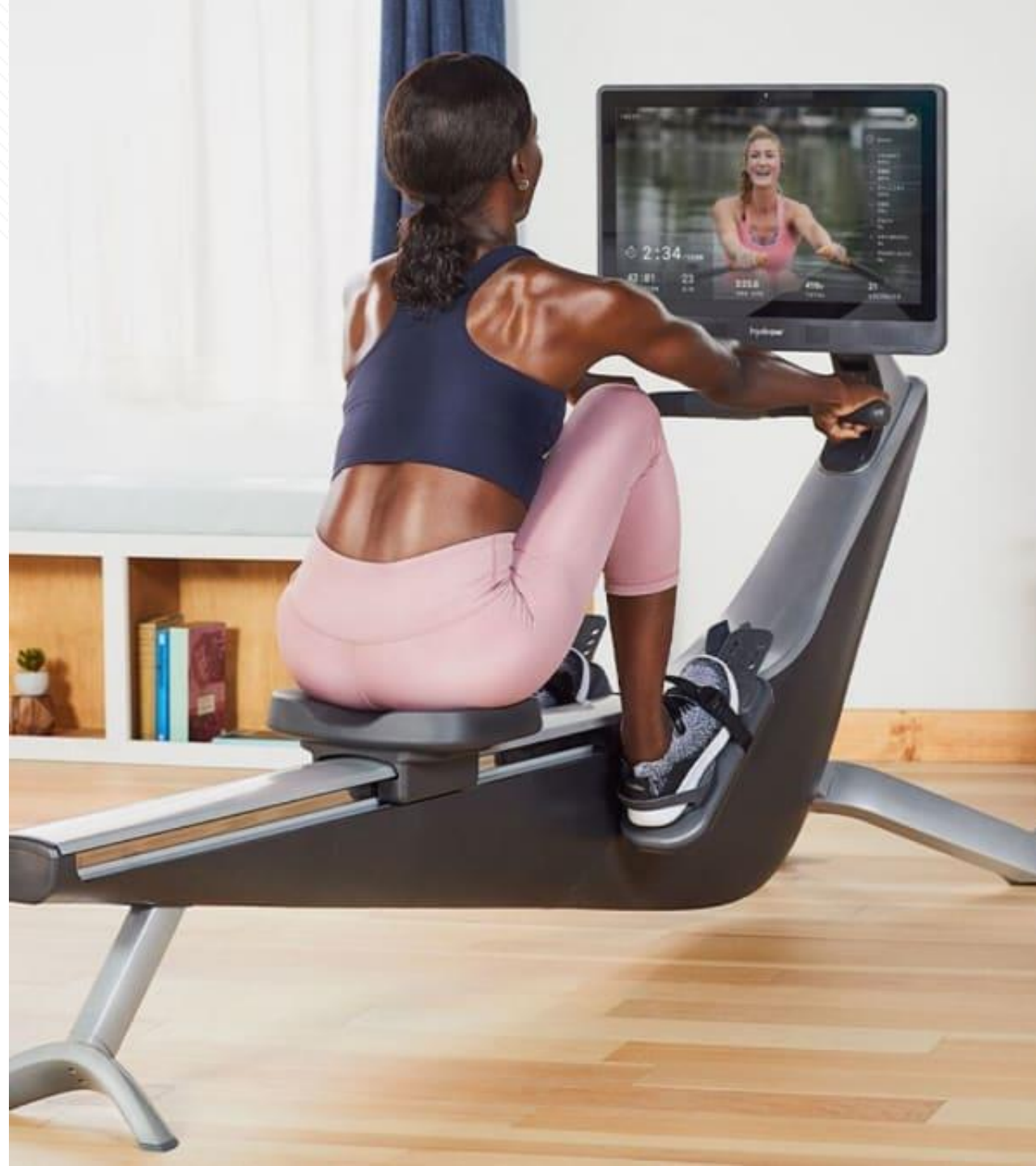
Hybrid Generator Brake



Pure Generator



Field Coil
Eddy Current Brake

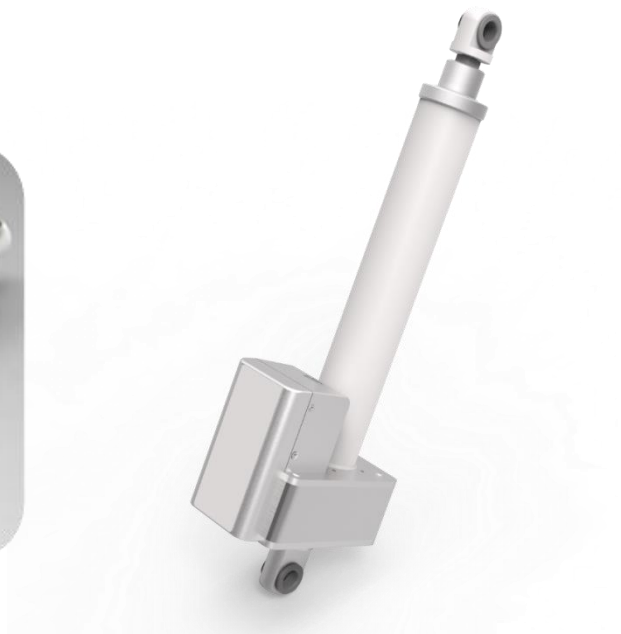


Linear Eddy Current Brake(L-ECB)

replacing the cylinder filled with hydraulic oil



Force fixed



Force adjustable



Motor for Treadmill



2HP/3HP



3HP Outer Rotor



Brushless



0.5 HP



Console

For Fitness Equipment & Medical Rehabilitation



Control Board and Accessories

Accessories : Heart Rate receiver, Hand grip sensor, Gear Motor



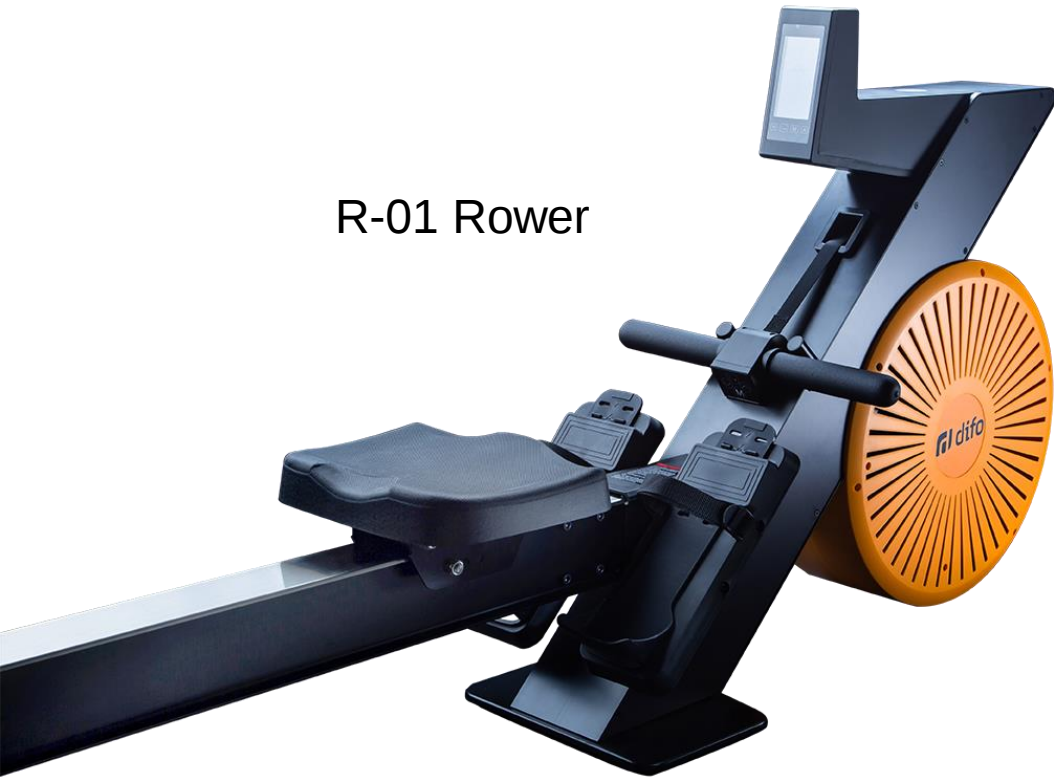
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Difo Fitness Equipment

Main feature: FIIT Equipment

R-01 Rower



S-01 Spinner





Competitive Advantages

-  Strong R&D capacity and patent portfolio
-  Extensive production network & Full product line
-  High level of customization capability
-  Sound management team and financial structure

Customer Bases



Global Top 3 Brands



New Brand For Home Fitness

CORE
HEALTH & FITNESS

hydrow

Leading Brand for Bike Trainer



Top 1 in Europe



BIODEX

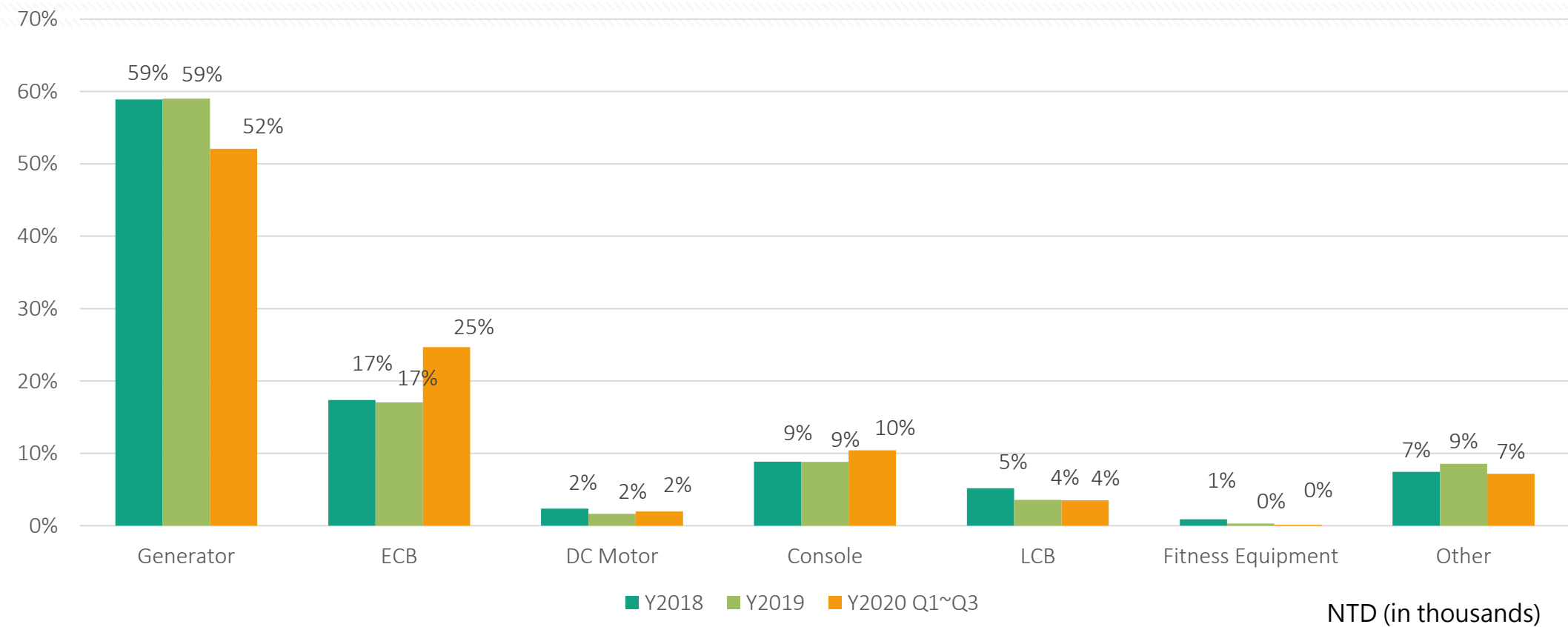
Leading brand in Wellness



expect different



Net Sales by Products



	Generator	ECB	DC Motor	Console	LCB	Fitness Equipment	Other	Total
Y2018	464,196	139,420	18,949	71,125	41,644	7,090	59,637	802,061
Y2019	480,661	138,735	13,542	71,999	37,316	2,469	69,795	814,516
Y2020 Q1~Q3	306,003	145,097	11,561	61,275	20,621	924	42,227	587,708

Balance Sheet

NTD (In Thousands)

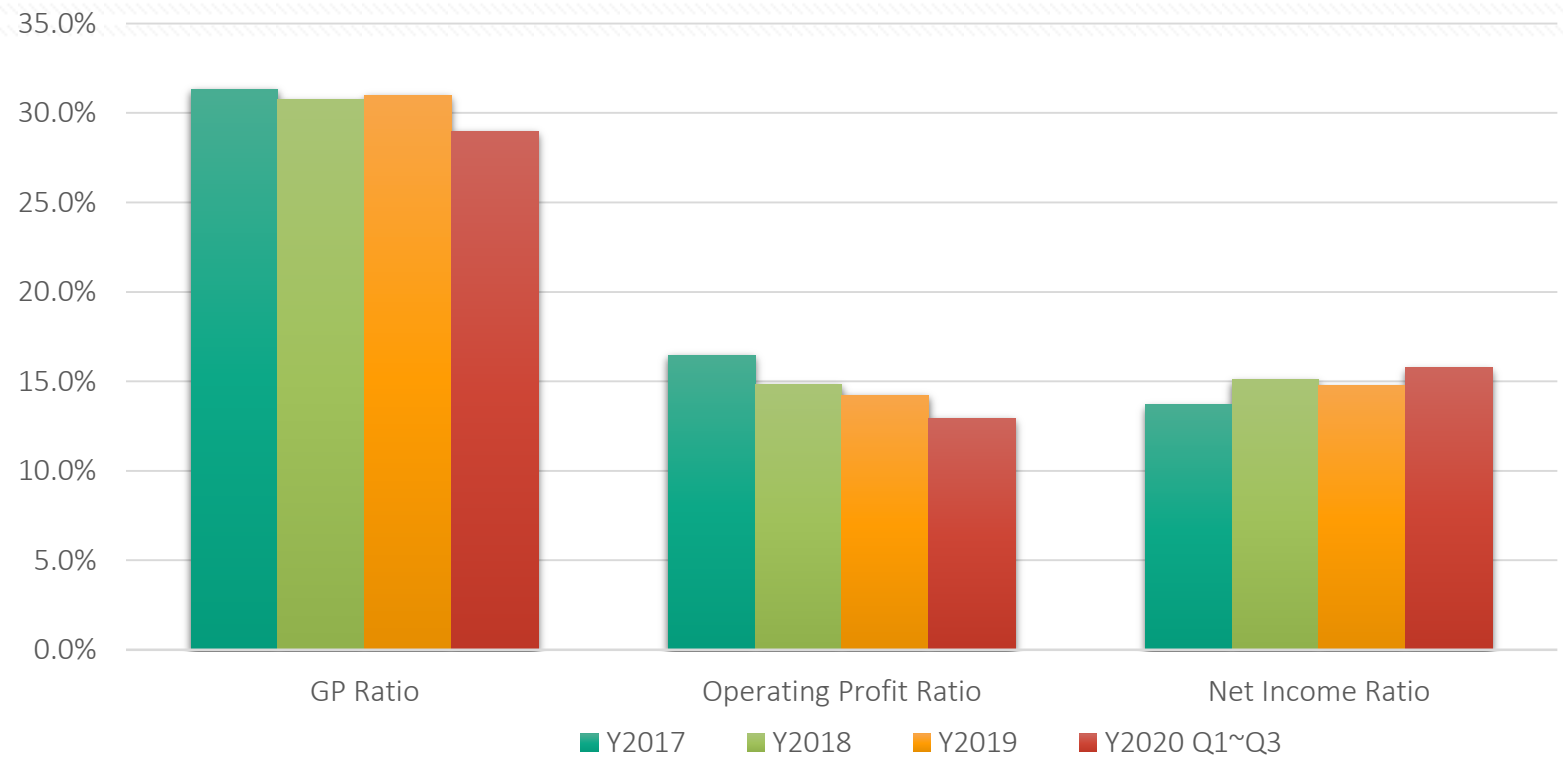
ITEM \ YEAR	2017	2018	2019	2020.09.30
Current Asset	720,793	754,474	698,418	797,865
Noncurrent Asset	332,101	339,004	354,969	347,650
Total	1,052,894	1,093,478	1,053,387	1,145,515
Current Liabilities	239,486	187,425	170,401	289,091
Noncurrent Liabilities	7,807	7,192	6,514	5,105
Total Liabilities	247,293	194,617	176,915	294,196
Liabilities Ratio	23%	18%	17%	26%
Capital Stock	304,320	319,484	319,484	319,484
Capital Surplus	263,239	285,787	285,787	285,787
Retained Earnings	271,194	305,767	296,993	286,670
Other	(38,964)	(18,660)	(33,069)	(48,056)
Noncontrolling Interests	5,812	6,483	7,277	7,434
Total Equity	805,601	898,861	876,472	851,319
Total	1,052,894	1,093,478	1,053,387	1,145,515

Income Statement

NTD (In Thousands)

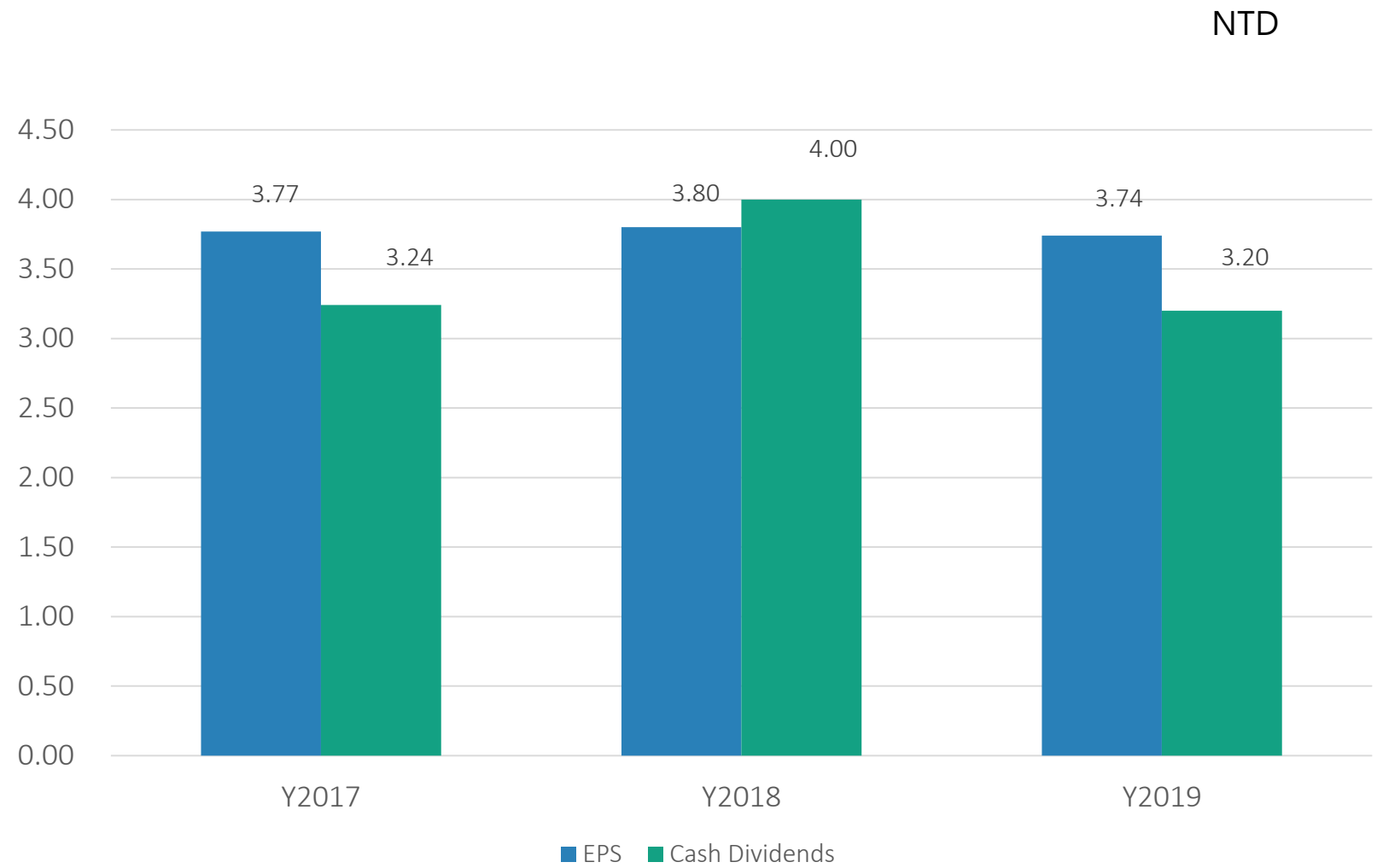
ITEM	2017	2018	2019	2020Q1~Q3
NET REVENUE	834,492	802,061	814,516	587,708
COST OF REVENUE	573,094	555,430	562,241	417,472
GROSS PROFIT	261,398	246,631	252,275	170,236
GP Ratio	31.3%	30.7%	31.0%	29.0%
OPERATING EXPENSES	124,059	127,755	136,424	94,163
OPERATING INCOME	137,339	118,876	115,851	76,073
INCOME FROM EXPENSES Ratio	16.5%	14.8%	14.2%	12.9%
OTHER-OPERATING INCOME AND EXPENSES	2,789	26,183	27,955	30,581
NET INCOME	114,295	120,959	120,191	92,566
EPS	3.77	3.80	3.74	2.88

Income Ratio



Item	Y2017	Y2018	Y2019	Y2020 Q1~Q3
GP Ratio	31.3%	30.7%	31.0%	29.0%
Operating Profit Ratio	16.5%	14.8%	14.2%	12.9%
Net Income Ratio	13.7%	15.1%	14.8%	15.8%

EPS & Cash Dividends



Future Perspectives

- 1 Customer-driven innovation to diversify business in more industries.
- 2 Expand Vietnam plant in 2020-2021.
- 3 Development of high end home use products.
- 4 Development of motor related products in fitness.
- 5 Cooperation with other industries to speed up the development of new products.



Chihua Vietnam

Location

Chihua Vietnam is located in Tan Troung Industrial Zone, Cam Giang District, Hai Duong Province at the 41km of No. 5th Road from Hanoi to Haiphong, No. 5th Road is total 100 km.



Plant

- Chihua Vietnam covers an area of 30,000 square meters.
- Office Building: 2,880 square meters, includes office, electronics production, and staff dormitory.
- Machining factory: 5,330 square meters, includes CNC, motor, winding, baked painting and assembling department.



Profile

- Established in 2008
- Manufacturer of parts for fitness equipment and medical rehab system.
- Capital: NT\$30 million
- Employee: 53
- Chairman: Yin Che, LEE
- General Manager: Tzu Jui, Lee

Mainly supply Chihua to reduce their production cost.

Future Perspectives

- 1 Johnson Vietnam has done trial for mass production. Replicating Chihua Taiwan' s business model to expand other customers under the supply chain driven by Johnson.
- 2 Procedure improvement and new machines purchase to expand production capacity
- 3 Investment of sand casting factory
- 4 Cooperation with foreign motor company



Vista/Yihua

Location

Locate in Pudong Xinhou , 30min by car,
60 km from Shanghai Pudong
International Airport.



- Rent plant, total 7450m², 4500m² for Vista/Yihua, the rest for the suppliers.
- 1st floor for electro-mechanic manufacturing, 2nd floor for office and electronics production.



Profile

- Yihua Capital: US\$500 thousand
- Vista Capital: US\$200 thousand
- Employee: 71
- Chairman: Yu Hung, Liu
- General Manager: Alan Wang

Both Yihua and Vista are registered in Shanghai. Their contact is Vista since 2016, for customers to know the advantage of integrated electronics and mechanics production.

Product

1. Brakes: ECB, EMS, generator
 2. Electronics: Motor, console, control board, timer, anion generator, LED module, TFT display
- For fitness equipment, display, and resistance adjustment
 - Anion generator in air purifiers
 - LED module in diving flash light
 - TFT display in Android system, to make APP, create network, especially in commercial models to have fun and full-featured sound effects.



Future Prospective

- 1 Improve quality, determine market position, focus in domestic market.
- 2 Alliance with foundries: Stabilize the price of raw material, encourage the plants to introduce automatic equipment
- 3 Increase electronic product types, not only for fitness equipment, and cooperate with outsourcing software and hardware design companies to make up for the shortage of R&D personnel



Vtechmotor

Profile

- Established: Nov., 2003
- Capital: NT\$ 15 million
- Chairman & General Manager: Antony Chang
- Chihua owns 60% share
- Product: Gasoline pump assembly for cars and motorcycles

Customer-Export Market

- * BRP (Light aircraft & snowmobile & ATV & motor tricycle & motorcycle) OEM- (20%)
- * Middle East: Saudi Arabia(15%)/Syria/Yemen
- * West Asia: Iran/Iraq(14%)
- * North Africa: Libya(12%)
- * Indonesia Daihatsu OES Parts Supply System(9%)
- * Replacement of Harley-Davidson Motorcycle Motor assembly
- * Japan Mori Denki/ Honest RAP
- * South Asia: Pakistan
- * Southeast Asia: Vietnam/Thailand (HONDA)



Customer-Domestic Market

- * Toyota- Hotai Motor(Carmax)- (5%)
- * HerChee(OEM)-ATV :(3%)
- * Ford Motor OES parts system
- * Mazda OES parts system
- * Yulon Molife+ Ching-Tong Motor repair parts
- * Nakamoto
- * TYC
- * AEON (OEM)- Sample and assembly test
- * SMC- Sample and endurance test(ATV)
- * Sunworld- Fuel pump for motorcycle
- * Hartford Motors (OEM)
 - Fuel pump assembly for motorcycle



Product features and advantages

- Price: Local assembly and testing, meet the target price and cost reduction
- Quality: OEM with foreign company, product features and endurance meet customers' needs
- L/T: Both car assembly factor and Vtech is in Taiwan, L/T meets customer's need.
- Service & problem solving: Most of the oil pumps assembly are imported, higher efficiency after Vtech's introduction.





宇康醫電科技股份有限公司



Profile

01

HEALTHCARE

- Rehabilitation Training System.
- Exercise Prescription Execution System & Service.
- Serious Game Development.

VISION

Building a better way to wellness.



02

FITNESS

- Smart Sensor for Fitness Application.
- Smart Gym Application.
- AI for Fitness Application.

Home Fitness Related-1

App

uGym Live System

Member

Send the emojis to coach

Pose Change

HR View

Leaderboard



Sukhmeet Gorae Distance: 21.2 RPM: 90 HR: 165	Yogarasa Gandhi Distance: 20.9 RPM: 90 HR: 155	Erin Green Distance: 18.2 RPM: 90 HR: 128	Dina Glenn Distance: 15.4 RPM: 60 HR: 108
Yogarasa Gandhi Distance: 20.9 RPM: 90 HR: 155	Lisandro Matos Distance: -- RPM: -- HR: --	Sukhmeet Gorae Distance: 21.2 RPM: 90 HR: 165	Yogarasa Gandhi Distance: 20.9 RPM: 90 HR: 155
Pablo Cambeiro Distance: 21.2 RPM: 90 HR: 165	Mahnaz Farzin Distance: 20.9 RPM: 90 HR: 155	Roman Kutevov Distance: 20.9 RPM: 90 HR: 155	Torsten Paulson Distance: 18.2 RPM: 90 HR: 128
Carlota Monteiro Distance: 15.4 RPM: 60 HR: 108	Marama Petera Distance: 21.2 RPM: 90 HR: 165	Corabelle Durrad Distance: 14.3 RPM: 60 HR: 115	Somun Ae-Ri Distance: 20.9 RPM: 90 HR: 90

LEADERBOARD			YOUR RANK	
1 st	Jesús Moruga	24.6 KM	12	
2 nd	Tsutsui Ichiha	23.9 KM		
3 rd	Amelia Cabal	23.5 KM		
4.	Erin Green	22.9 KM		
5.	Dontae Little	22.0 KM		
6.	Fyodor Dyuzhenkov	21.3 KM		
7.	Francisco Maia	20.4 KM		
8.	Vincent Luyckx	19.4 KM		
			20.3 Distance(KM)	135 AVG. BPM
			322 Calorie	90 AVG. RPM
			72 AVG. FTP(%)	89 AVG. Watts

Elderly Exercise Training System







Profile

Electronics and control board design for fitness equipment

- Jan., 2011 Established in Taichung, capital NT\$4 million
- Jan., 2019 Chihua invest 25% stock, capital increased to NT1.6 million

Corporate core value— Two advantages

Soft power - ODM service in fitness equipment industry for nearly 20 years

Hard power - Circuit design and software program are developed by Corestar; cooperate with customers from product development to mass production with certification

Major Customer and Brand



Largest e-commerce brand in North America



Cooperate with customer to develop Johnny G Spirit Commercial Spinner



High end home use spinner with 21.5" HD screen



Yunze-Curves Taiwan

A photograph of a Curves gym interior. Several women are using purple exercise machines. A woman in a black shirt is assisting a woman in a purple shirt on a machine. In the background, other women are working out, and a woman in a light blue shirt stands near a purple wall. The gym has a modern feel with colorful artwork on the walls and a row of pink lockers on the right.

Curves
Amaze Yourself.™

Sports for women only, and has been proven effective

Strength, aerobic, stretching exercise
→ Having 3 component at once.

Safe and easy, suitable for all women

Free one-on-one tailored interview,
know the workout result

No charge switch between hundreds of branches,
super convenient for exercise

Free one-on-one tailored interview, to know the workout effect

Free InBody

1. Equipment for medical institution
2. Accurate measurement, rapid analysis
3. Graphical Information, easy to understand



Free one-on-one interview

1. Assist to set the goal
2. Monthly exercise tracking
3. Know the training goal

Profile

Established in Feb., 2017

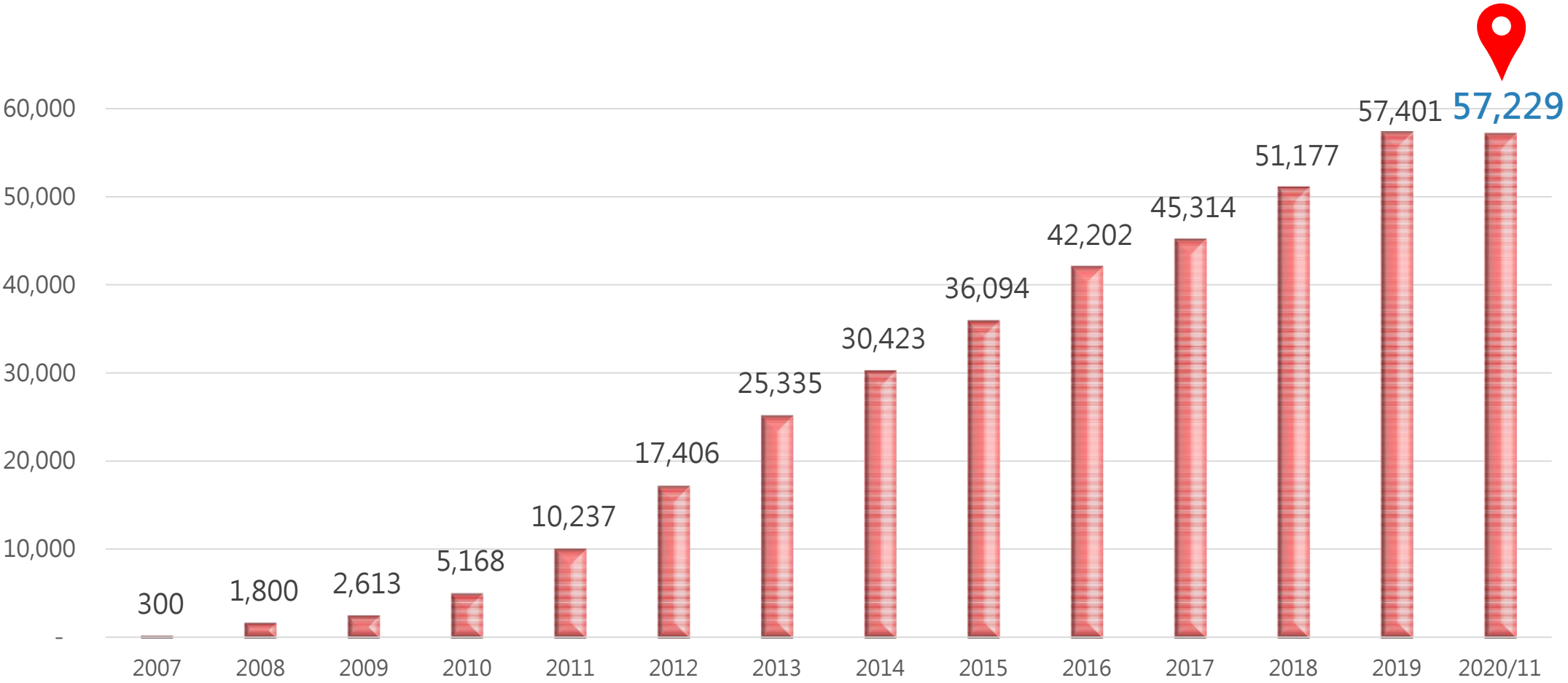
Capital: NT\$ 16 Million

Chairman: Conny Lee

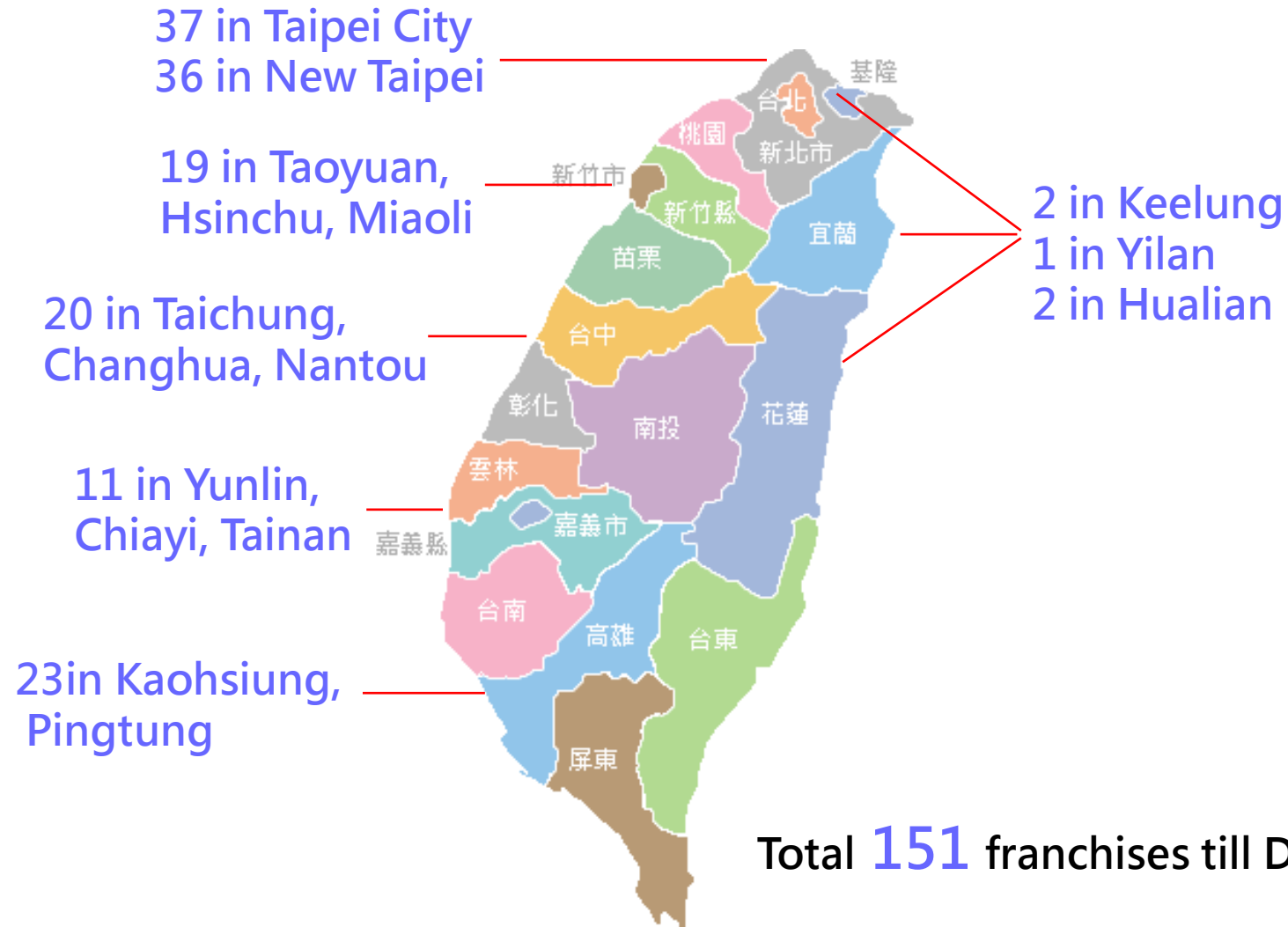
General Manager: Eric Lin

Employee: 46

Total Membership



Franchise in Taiwan



Newly opened/ year	2021 Goal
Newly opened	10
Total franchise	161

Total **151** franchises till Dec., 2020

Other income

Whey Protein: Continuing developing new products



Curves-brand clothing



Membership management system



Future Prospective

- 1 Continue adjusting each club, reduce membership cancel rate, and increase members
- 2 Expand new stores 10 clubs/year
- 3 Brand consistency-Store remodeling and expansion
- 4 Continue to introduce Icoach membership management system in 2021
- 5 Strengthen cooperation in medical field