

PVC LEATHER
PU LEATHER
PU FILM

PROCESSING
DIVERSITY



信立化學工業股份有限公司
HSIN-LI CHEMICAL INDUSTRIAL CORP.

Stock Code : 4303

Presenter : JHENG, YU-TANG

General Manager

First Corporate Briefing of 2024



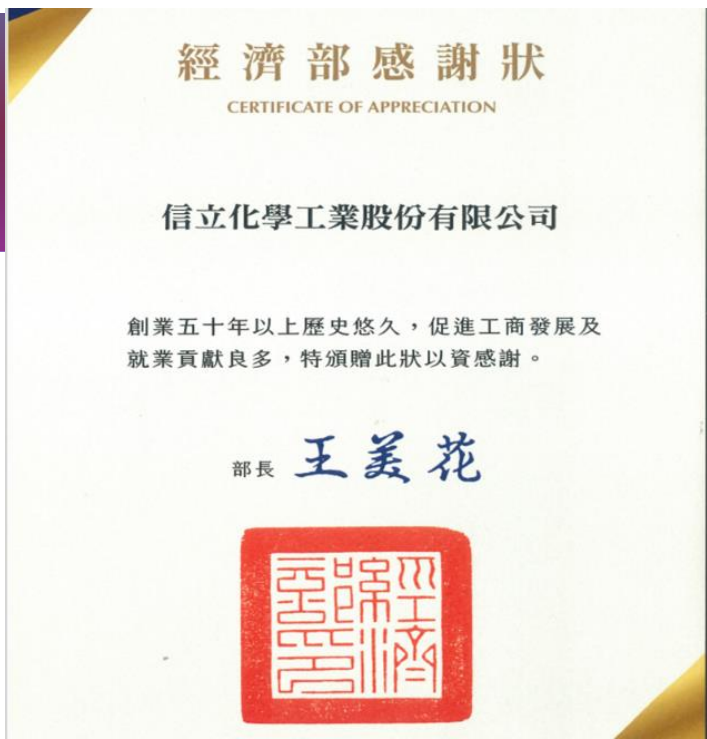
Disclaimer

Hsinli's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

Except as required by law, we undertake no obligation to update and forward-looking statement, whether as a result of new information, future events, or otherwise.



Company profile and overview



PVC leather 、 PU leather

- 01 Foundation: Jun. 22, 1973
- 02 Chairman: Chang Yu-Ming General Manager: JHENG, YU-TANG
- 03 Location of factories: PVC Tainan, PU Tainan
- 04 Capital: NTD 675 million
- 05 Total land area: 26,383 square meters

Hsinli is 100% MIT PVC leather 、 PU leather



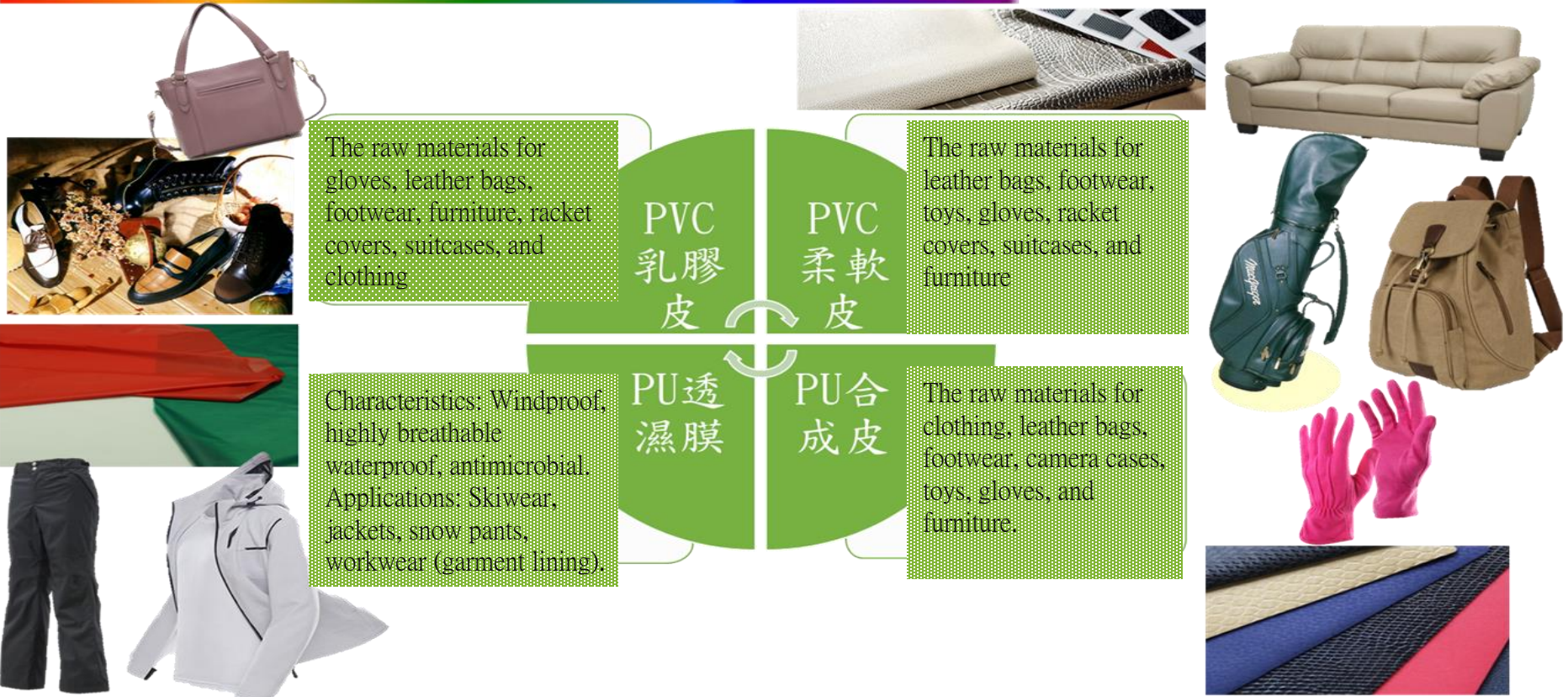
Syuejia District Factory One(Occupying 12,989 tsubo)



Syuejia District Factory Four(Occupying 13,394 tsubo)



Major Products



Major Products 1 -PVC leather

- Applied in the processing of various sofa furniture. Combining with genuine leather enhances its value, aesthetics, and versatility. It possesses functions of lifestyle fashion and practicality.
- Can be paired with various paper patterns, embossed textures, and different colored liquids, including fluorescent, pearlescent, and metallic shimmer; capable of producing products with a layered color effect, as well as products of varying thickness.



- It can also be paired with various surface treatments and prints to enhance product diversity and versatility. Additionally, different printing techniques can be applied to enrich the variety, versatility, and applicability of the products.
- The physical and chemical properties of the product must comply with both US and EU regulations, enhancing market competitiveness and safety features.

Major Products1 –PVC leather



- Applied in bicycle seats, leather bags, medical equipment, massage chairs, baby strollers, slippers, book covers, jewelry boxes, decorative panels, anti-slip gloves, headphone covers, clothing, etc.
- The product can be paired with various paper patterns and embossed processing, providing diverse patterns and a sense of depth to the surface. Additionally, printing techniques and colored liquids can be utilized to enhance the product's resemblance to genuine leather, meeting the diverse needs of different customers.
- In addition to meeting customer requirements for physical and chemical properties, various treatments or processes are further employed to replace the increasingly scarce genuine leather.

Major Products 2 –PU breathable membrane



- Featuring water resistance and high breathability, suitable for processing leisurewear with waterproof and breathable properties. It offers a comfortable texture, ease of processing, and high temperature resistance.
- Can be paired with printing processes to imprint various patterns, making the products more versatile and suitable for different seasons.
- The PU breathable membrane is thin (10um~30um) and lightweight, meeting the modern trend of slimness. It can be paired with Teflon film to emphasize high water pressure resistance, water wash resistance, and high breathability, enhancing the product's added value. Different patterns and thicknesses can also be developed for pairing.

Major Products 2 – PU leather 、 PU laminate



PU laminated products :

- Embossed products: capable of giving products various patterns and different tactile sensations on the surface. Printing processing: products are highly tactile and versatile.
- Dry PU, characterized by its lightweight and flexibility, can also be combined with surface treatments.
- The Crazy Horse leather series emphasizes an oily wax finish, rich suede texture, and features reminiscent of genuine leather and vintage style.
- Non-slip leather: Excellent anti-slip effect, used in skiing gloves and other anti-slip processing applications, can also be treated for conductivity, making the leather conductive. Can be used in the development of gloves to enable the use of touch-sensitive products such as smartphones.

PU leather products :

- According to customer demands, we can produce wet PU with various paper patterns or embossed textures; further paired with different treatments or processes to replace the increasingly scarce genuine leather. These can be applied in footwear, sports equipment, clothing, bags, gloves, headphones, and more.

core competitive advantage

(EXCELLENT QUALITY)

INSPECTION EQUIPMENT



紫外線耐燃試驗機



耐磨試驗機



紅外線耐燃試驗機



耐磨測試機



曲折測試機



水壓測試機



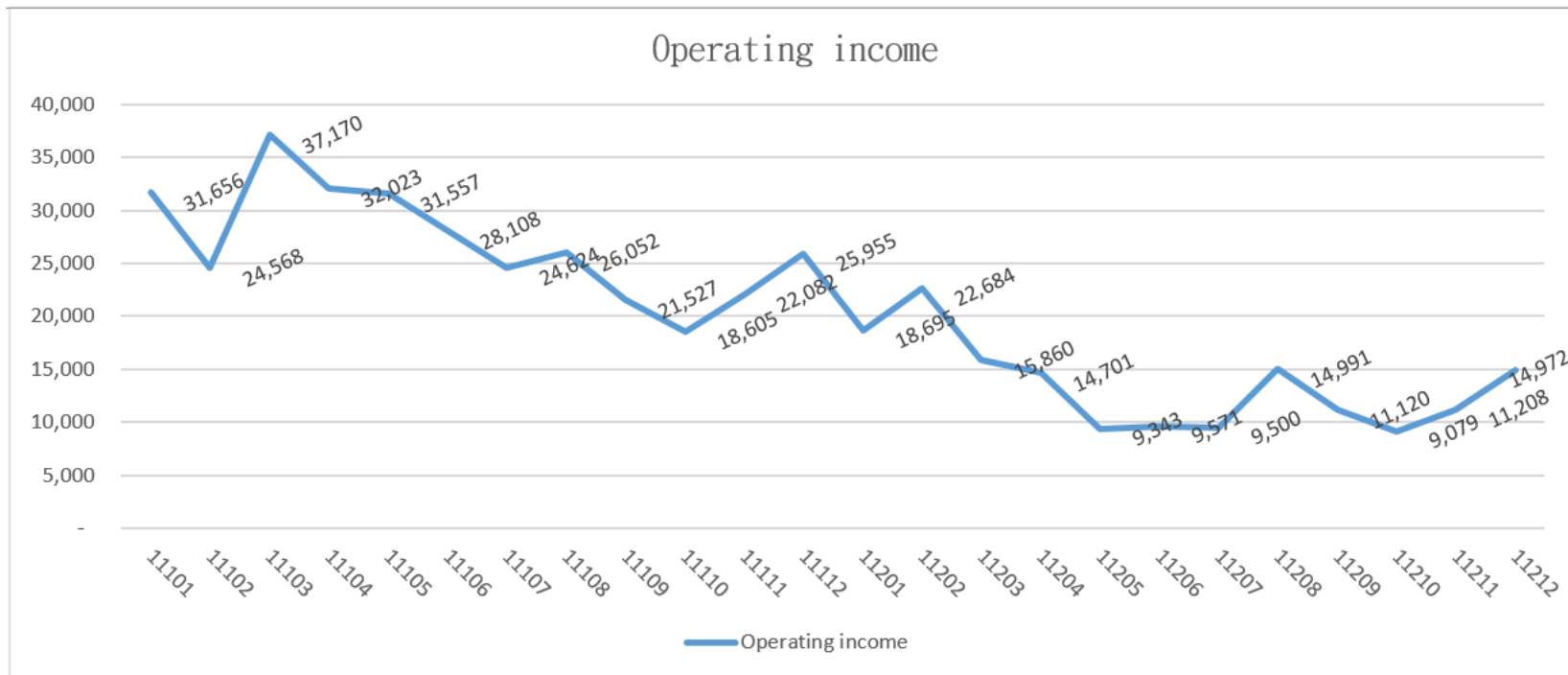
含水率測試機



恆溫恆濕機

Operational Status Analysis - Gradual Recovery in the Fourth Quarter of Last Year

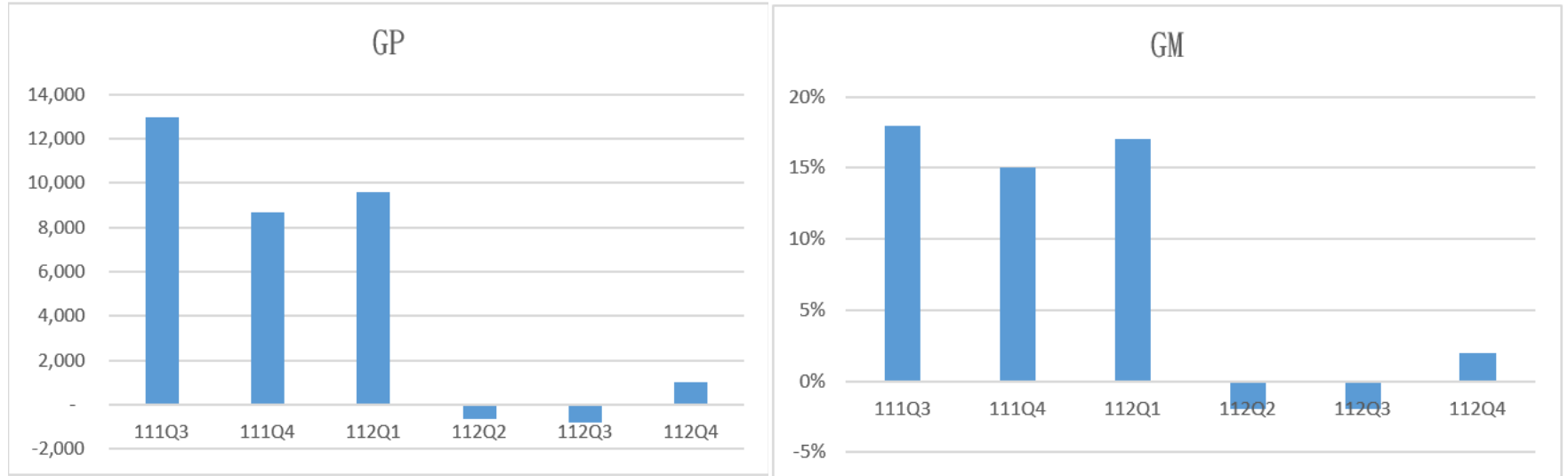
Unit: Thousand



Operational Status Analysis - Gross Profit Margin Trends

The quarterly gross profit and gross profit margin have both declined compared to the previous year, primarily due to a decrease in customer orders.

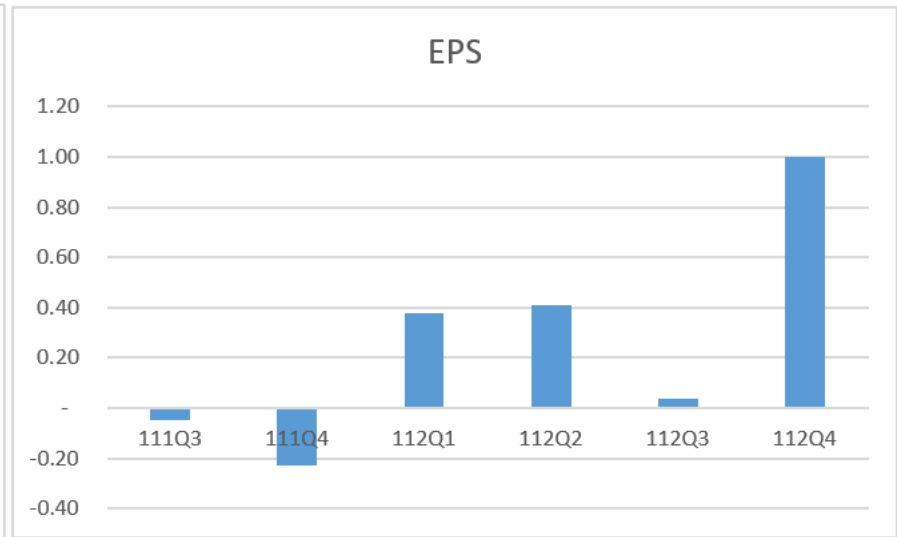
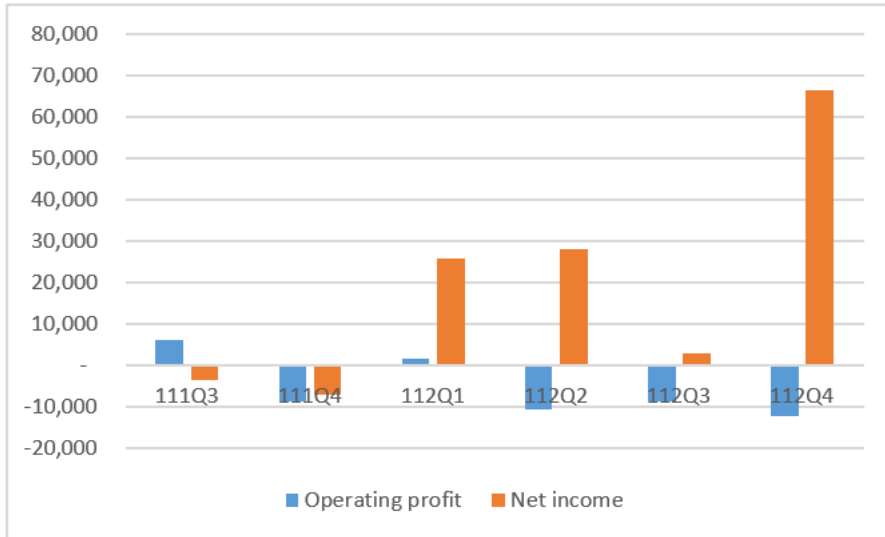
Unit: Thousand



Operational Status Analysis - Profit Trend

Although the overall performance of the core business was in a loss due to insufficient orders in 2023, the net profit for the current period increased from the first quarter to the fourth quarter due to the recognition of unrealized gains on investment securities.

Unit: Thousand



Operational Status Analysis - Comprehensive Income Statement

OVERVIEW DETAILS TO MOPS

Unit: Thousand	112	111	YOY
Operating income	161,724	325,363	-50.29%
Operating cost	152,605	263,655	-42.12%
Gross Profit (or Loss)	9,119	61,708	-85.22%
Gross margin	6%	19%	
Operating expenses	39,240	44,458	-11.74%
Operating profit (or Loss)	(30,121)	17,250	
Non-operating income and expenses	154,815	(55,204)	
Income before Tax (or Loss)	124,694	(37,954)	
Income tax expense (or benefit)	1,235	3,244	-61.93%
Net Income (Loss)	123,459	(41,198)	
Basic earnings per share (NT Dollar)	1.83	(0.61)	

Operational Status Analysis - Balance Sheet

OVERVIEW DETAILS TO MOPS

Unit : Thousand	112/12/31	111/12/31
Current assets	406,543	347,404
Non-current assets	1,142,765	1,094,539
Total assets	1,549,308	1,441,943
Current liabilities	512,256	257,586
Non-current liabilities	83,713	355,104
Total liabilities	595,969	612,690
Capital stock	675,000	675,000
Additional paid-in capital	9,252	9,252
Retained earnings	269,042	144,956
Other equity interest	45	45
Treasury stock	0	0
Total equity	953,339	829,253
Net Asset Value per Share(NTD)	14.12	12.29
Current ratio	79.36%	134.87%
Debt ratio	38.47%	42.49%

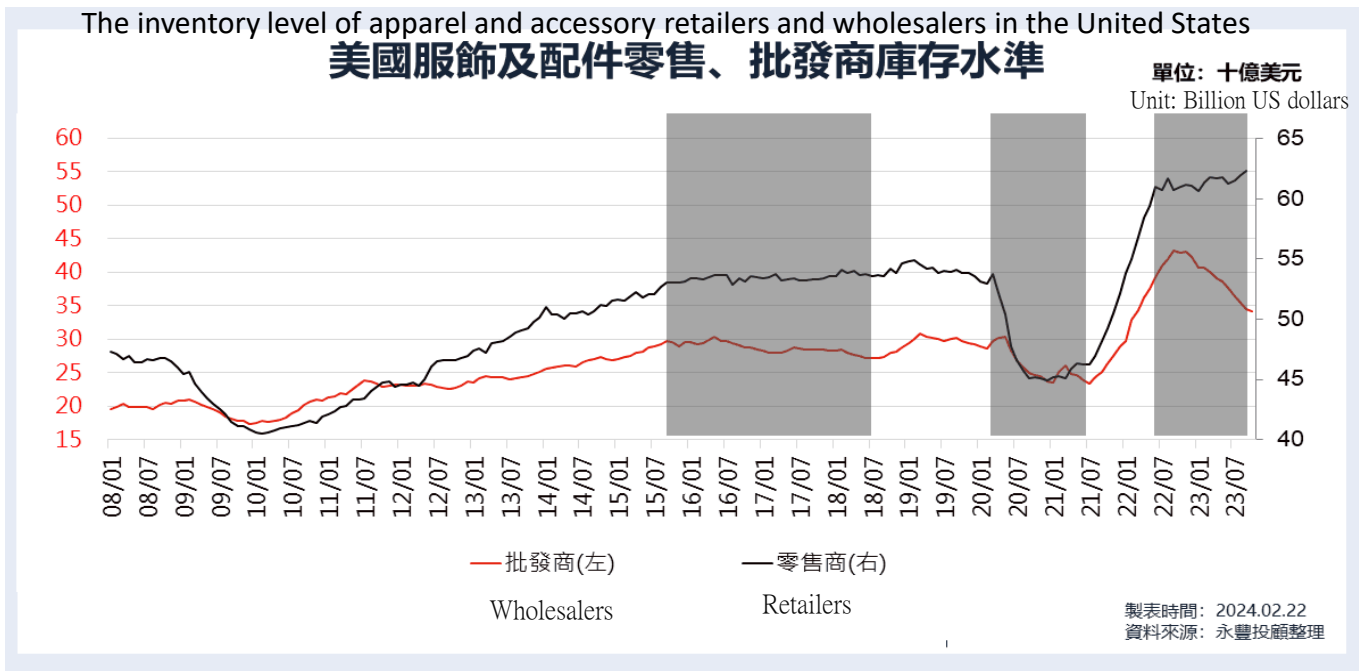
Future Product Outlook - Comparative Analysis of Various Types of Polymer Films' Physical and Chemical Properties

Comparison of Physical Properties Using RPVB Material and Other Post-Processing Techniques for Same Specification (1680D Packaging Material)						
Testing Items	Testing Methods	PVB Process	PVC Process	TPE Process	TPU Process	PU Process
Tensile Strength	ASTM D5034	318 LBS	200 LBS	186 LBS	237 LBS	163 LBS
Tear Strength	ASTM D5587	43.8 LBS	28.2 LBS	22.6 LBS	32.7 LBS	18 LBS
Seam Strength	ASTM D1683(#20 Nylon thread)	210 LBS	143 LBS	135 LBS	164 LBS	127 LBS
Adhesive Bottom Wear Resistance	ASTM D3884 CS17 Grinding head1000G	2800	2000	2200	1600	1500
Convex Mold Strength	ASTM D2210	96 LBS	64 LBS	53 LBS	82 LBS	86 LBS

Item	RPVB(VAC)	PVC	Wet PU	TPU	
Chemical properties	Chemical composition	Polyvinyl Alcohol Polybutyraldehyde	Polyvinyl chloride	Polyurethane	Thermoplastic polyurethane
	Weather resistance	Chemically stable	Chemical stability	Prone to hydrolysis reaction, not suitable for outdoor use	Prone to hydrolysis reaction, not suitable for outdoor use
	Yellowing resistance	5	5	3	4
Machinability	Main manufacturing process	Lamination	Lamination	Solution coating	Extrusion coating
	High-frequency processability	Yes	Yes	Yes	Yes
	Printability	Yes	Yes	Yes	Yes
Physical properties	Physical properties	4	4	4	5
	Bend resistance	3	4	4	5
	Flexibility	5	4	5	3
	Scratch resistance	5	4	4	5
Environmental friendliness	Dioxin contamination	No	Source of contamination	No	No
	DMF content	No	No	Trace	No
	Raw material recyclability	More than 80%	More than 80%	Not recyclable	Less than 10%
	Inspection grade	REACH	High cost to comply with REACH	High cost to comply with REACH	REACH

Future Market Outlook - The U.S. Apparel and Accessories Market Gradually Rebounding

Looking ahead to 2024, inventory levels for both spring/summer and fall/winter apparel have normalized, with brands and retailers returning to previous ordering patterns (short-term orders gradually increasing, order visibility extending). Taiwanese garment factories' revenue momentum is expected to benefit from inventory replenishment, leading to increased orders. However, the order momentum for the fall/winter 2024 collection still requires observation to see if the U.S. economy can achieve the expected soft landing



U.S. apparel retailers have returned to normal inventory turnover rates, while wholesale distributors are gradually reducing their inventory month by month

Future Outlook - Installation of solar panels on factory roofs for transformation and upgrade

- ◆ Location for Installation : Syuejia District Factory Four
- ◆ Installation Area : 2000 square meters
- ◆ Installed Power Generation Capacity : 1999.88KWh
- ◆ Grid Connection Time : December 9, 2022



Contribution to Social Responsibility (Annual):

環境效益



Reduction in carbon dioxide emissions

二氧化碳排放減少：

1,326,288 公斤



Equivalent to the number of trees planted

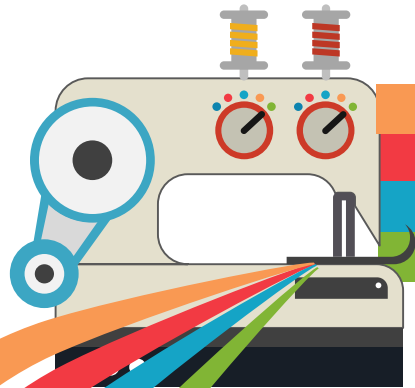
相當於種植樹木的數量

39,585.64

資料來源:<https://monitoring.solaredge.com>

- ♥ Reduce car (annual) carbon emissions: 230 cars
(Toyota Camry 2.4 V6)
- ♥ Reduce individual (annual) carbon emissions: 110 persons

未來發展方向



01. Deepen roots in Taiwan, align with international standards, and strengthen fundamentals.

Enhance collaboration with existing customers, aiming to obtain GRS international certification for products in the second half of the year, to strengthen the fundamental aspects of our products.

02. Explore new customers and Environmentally friendly products.

1. Develop environmentally friendly solvent-free products and utilize 1. recycled materials as substrates, aiming towards the development of green composite products.

2. Responding to government policies on reducing plastic usage, introduce RPVB (Recycled Polyvinyl Butyral) products without plasticizers. Small-scale trial production has been completed, with high hopes of replacing certain PVC products. Expansion to customers is planned for the second half of the year.

3. Moving towards the goal of solvent-free production, we are actively researching RPVB+PU (Polyurethane) high-solid solvent-free fabric composite products. Samples have been produced for customer feedback, and there is a high level of anticipation from customers. Bright prospects lie ahead.

03. Upstream and downstream integration, Contributing to the growth of company.

1. Extend and expand the market based on existing products, strengthen upstream and downstream integration, and establish momentum for company growth.

2. U-BEST collaborates to develop water-based environmentally friendly high-foaming PU, aiming to replace wet separation leather. It is estimated to significantly reduce solvent usage, environmental pollution, environmental protection costs, and overall costs, thereby enhancing competitiveness.

04. Building Roof PV Systems , Transformation and Upgrade.

Upgrade the solar power generation system, obtain an electricity industry license, enhance added value, and respond to government environmental and green energy policies. Implement ESG (Environmental, Social, and Governance) practices and strengthen corporate governance.



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General Manager

Thank You
Q&A

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