1810 (TWSE)



## 2024 Investor Conference Nov. 20, 2024

HOCHENG CORPORATION Reporter : Dr. Shih-Chieh Chen, President







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- II). Hocheng 's statements that are only historical and there are not any financial prediction.
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## Outline



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	Corporate Profile	4
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## Part I

## **Corporate Profile**

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## HCG

## **Corporate Profile**

HOCHENG CORPORATION



- Founded: Dec. 09, 1961 Listed in TWSE : Oct. 14, 1991 Paid- in capital : NT\$3,032,000,000
- **Total Group Employee Count : 2010**
- Main products: Sanitary Wares



- Headquarter: No.135, Houzhuang St., Bade Dist., Taoyuan City 334, Taiwan.R.O.C.
- Commercial production base : Taoyuan, Taiwan / Yingge, Taiwan / Jiangsu, China / Manila, Philippines





## Part II

## **Financial Results**

HOCHENG CORPORATION



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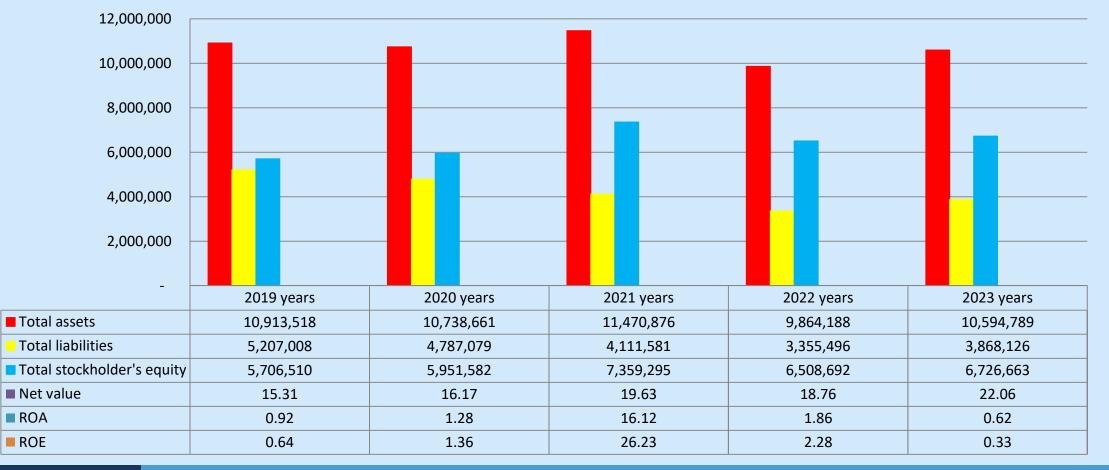
## **Financial Results**

HOCHENG CORPORATION



#### Consolidated balance sheet of past five years

(UNITS:In Thousands of New Taiwan Dollars)







#### Consolidated comprehensive income statements of past five years

6,500,000 6,000,000 5,500,000 5,000,000 4,500,000 4,000,000 3,500,000 3,000,000 2,500,000 2,000,000 1,500,000 1,000,000 500,000 -500,000 2019 years 2020 years 2021 years 2022 years 2023 years Revenue 5,526,252 5,102,207 5,313,319 5,004,444 4,870,787 Gross profit 1,388,507 1,254,786 1,357,367 1,308,655 1,200,166 Gross margin 25.13% 24.59% 25.55% 26.15% 24.64% Pretax income 78,837 185 66,675 102,533 -7.538 Pretax margin 1.43% 0.00% 1.25% 2.05% -0.15% Earnings Per Share 0.13 0.24 3.33 0.46 0.06

(In Thousands of New Taiwan Dollars)

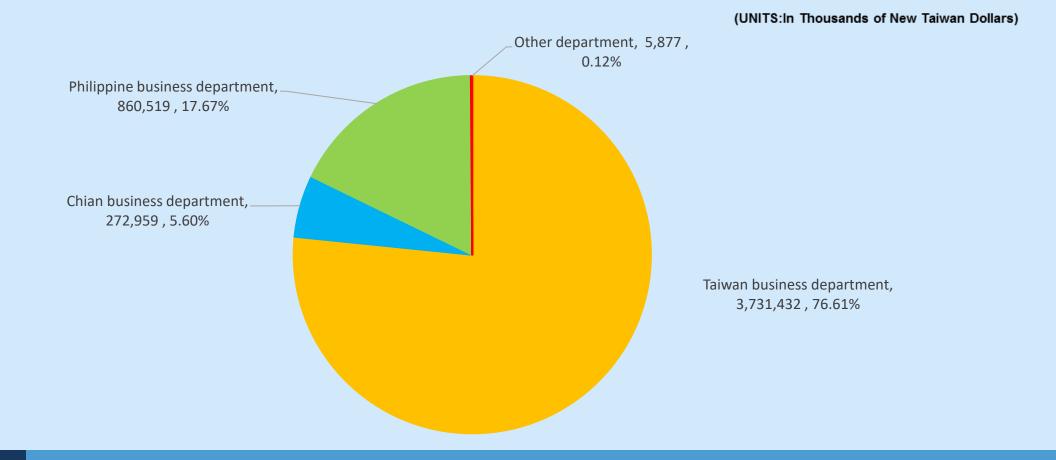
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#### YT4Q23 Sales Revenue

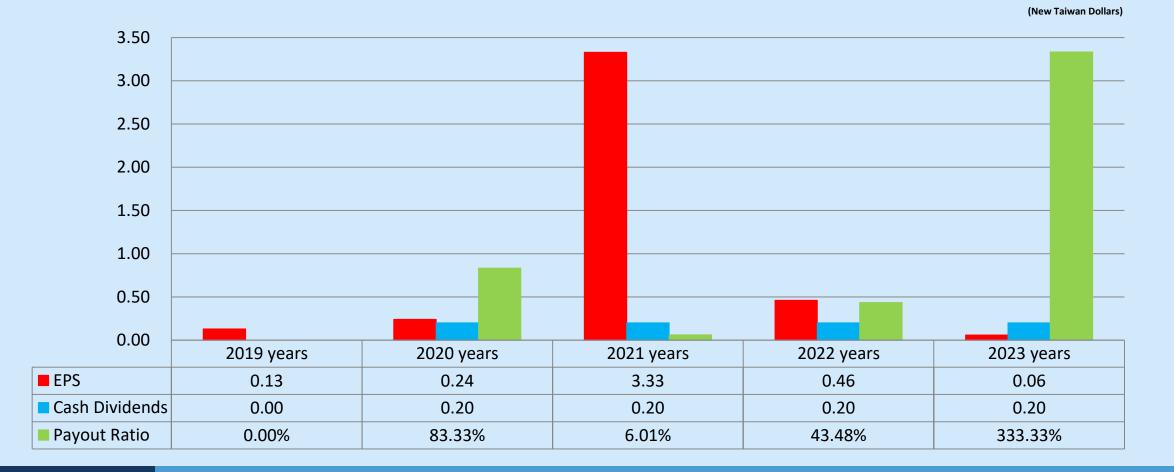








#### EPS and Dividends by 2019-2023





## **Financial Results**

HOCHENG CORPORATION



Consolidated Balance Sheet for The Third Quarter, 2024						
(NT\$Thousand)	YT3Q24	YT4Q23	Difference			
Current assets	4,491,203	4,683,997	-4.12%			
Noncurrent assets	5,914,838	5,910,792	0.07%			
Total Assets	10,406,041	10,594,789	-1.78%			
Current liabilities	3,096,626	3,358,296	-7.79%			
Noncurrent liabilities	492,115	509,830	-3.47%			
Total Liabilities	3,588,741	3,868,126	-7.22%			
Share capitas	3,023,037	3,023,037	0.00%			
Capital surplus	16,758	16,587	1.03%			
Retained earnings	3,083,429	3,017,205	2.19%			
Other equity	639,073	617,424	3.51%			
Treasury shares	-4,781	-4,781	0.00%			
non-controlling interest	59,784	57,191	4.53%			
Total Equity	6,817,300	6,726,663	1.35%			
Basic EPS (NT\$)	0.19	0.06	216.67%			
ROA(%)	0.74	0.62				
ROE(%)	0.86	0.33				



## **Financial Results**

HOCHENG CORPORATION



Consolidated Comprehensive Income For The Period Ended September 30,2024

(NT\$thousand)	YT3Q24	YT3Q23	YoY
Revenue	3,559,372	3,606,046	-1.29%
COGS	2,669,220	2,740,581	-2.60%
Gross profit	890,152	865,465	2.85%
Gross margin	25.01%	24.00%	101bps
Operation expenses	890,900	896,645	-0.64%
OpExp/revenue	25.03%	24.87%	16bps
Operation income	-748	-31,180	97.60%
Operation margin	-0.02%	-0.86%	84bps
Non-operating income	82,460	42,548	93.80%
Pretax income	81,712	11,368	618.79%
Pretax margin	2.30%	0.32%	198bps
Income taxes	23,252	27,159	-14.39%
Provision for taxes	0.65%	0.75%	-10bps
Net income attributable to paren	56,386	-17,681	418.91%
Net margin	1.58%	-0.49%	207bps
Basi EPS ( NT\$ )	0.19	-0.06	416.67%
Diluted EPS (NT\$)	0.19	-0.06	416.67%

YT3Q24 revenue totaled NT\$3,559 million, decreasing by 1.29% YoY. Net gain attributable to parent was NT\$56.39 million increasing by 418.91% YoY. EPS was NT\$0.19, increasing by 416.67% YoY.













## Part III

## Sustainable Development

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#### **ESG Report**



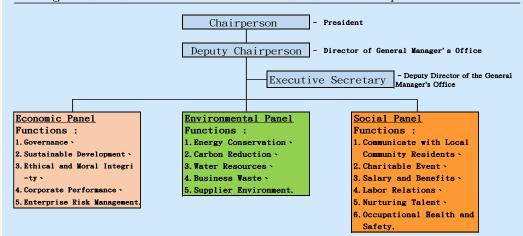
#### [ESG Report has been submitted and announced on the HCG official website as of August 10, 2024]

Organizational Structure of the Sustainable Development Committee



#### 2023 ESG Sustainability Report





#### Hocheng Corporation

#### **Publication Frequency**

This is the third voluntary ESG report released by Hocheng Corporation. In the future, Hocheng Corporation will publish a report annually to enhance transparency and accessibility of information.

The complete electronic version of the report can be downloaded from both the Public Information Observation Platform and our company website.

Hard copies will not be printed separately.

Release Date : August 2024.

Next Release Date : August 2025.

#### Feedback

If you have any comments or suggestions regarding the content of this report, please feel free to contact us. Hocheng Corporation Spokesperson : LUO, YUE-YING

Address : No. 135, Houzhuang St., Bade Dist., Taoyuan City 334003 , Taiwan (R.O.C.)

Phone : (03) 3623105

Email : monica@hcgnet.com.tw

Website : www.hcg.com.tw

The company has always adhered to the spirit of taking from society and giving back to society, and has been actively involved in and concerned about the development of Taiwan's ceramic industry and modern pottery art.

Since the establishment of the Golden Pottery Award in 1992, seven competitions have been held, each attracting hundreds of entries.

Through the Golden Pottery Award, we aim to encourage outstanding artistic talent and stimulate the advancement of the ceramic industry.

In 2023, the company opened the HCG Gallery, showcasing outstanding ceramic artworks from both domestic and international Golden Pottery Award competitions.

We hope that this exhibition space will give artists a sense of honor and encourage the nurturing of more innovative and traditional craftsmanship skills, allowing the beauty of Taiwanese pottery to continue to shine.

Finally, we hope that all employees can continue to grow with the company, adhere to the concept of sustainable development, constantly seek innovation, and adapt to the rapidly changing trends in economic development in the future.

With the efforts of all our colleagues, we believe that we can strive for excellence and make Hocheng Corporation a long-lasting enterprise committed to sustainable development. Finally, I wish all shareholders good health and all the best in everything. Thank you, everyone!







HOCHENG CORPORATION



#### **Greenhouse Gas Inventory**



Taiwan Climate Adaptation Strategy - Target and Regulations Check

#### FSC Officially Launches the 'Sustainable Development Roadmap for Listed Companies' on March 3, 2022

In response to the impact of climate change and global attention to sustainability issues, to assist businesses in our country in early preparations to set their carbon reduction goals, the Financial Supervisory Commission (FSC) held a press conference on January 13, 2022, announcing the phased implementation of the 'Sustainable Development Roadmap for Listed Companies' plan. It requires all listed companies to complete their greenhouse gas inventory by 2027 and undergo verification of the greenhouse gas inventory by 2029. The plan is now officially launched."



#### [Scope of Greenhouse Gas Inventory for HCG Group]

Item	Department	Address	Remark
1	Hocheng Corporation	13 units organized.	(parent company)
2	Hocheng(CHINA) Co ., Ltd.	3 units organized.	(Subsidiary)
3	Hocheng Philippines Corporation	5 units organized.	(Subsidiary)
4	Bade Factory (Advanced Ceramic Production Department)	1 units organized.	(Subsidiary)
5	Taipei Branch Office	1 units organized.	(Subsidiary)
6	Hocheng Service Co.,Ltd.	9 units organized.	(Subsidiary)
7	Baolong Corporation	9 units organized.	(Subsidiary)

[Group Greenhouse Gas Inventory] During Execution : From January 1, 2024, to December 1, 2025 Scheduled Progress :

----- : project timeline

年份		113 年			114 年			
項目	第一季	第二季	第三季	第四季	第一季	第二季	第三季	第四季
計畫啟動與教育訓練								
協助活動數據收集								
協助計算組織碳排放量								
協助產出報告 (內部查證演練)								

HOCHENG CORPORATION



#### CSR — HCG Gallary opened [2023.12.15]

In 1931, Mr.Chiu Hocheng founded Hocheng Company and began to engage in the production of bathroom ceramics. In 1991, he established the "Chiu Hocheng Cultural and Educational Foundation" to promote and sponsor activities related to art, culture, technology, sports, etc. At the same time, a working group was formally established to actively engage in the preparations for the "Golden Ceramics Award". The "First Ceramics Golden Ceramics Award" will finally be presented to the public as expected.



▲ Collection of ceramic works and paintings from previous Golden Ceramic Awards.

#### Memorabilia of Previous Ceramics Golden Ceramics Awards .:



▲ The main entrance of the HCG Gallary on the third floor of Hocheng No.3 Factory The first session in 1992 : In the first session, only the student group could participate, divided into "traditional innovation" and "shape innovation".

The 2nd session in 1993 :Added social categories and divided them into two categories: "traditional innovation" and "shape innovation".

The 3rd session in 1994: The participants have been expanded to all ages, and even gentlemen in their eighties participated. The 4th session in 1995 and the 5th session in 1996 : The director's review responsibilities were added, and ceramic art professionals and media reporters were invited to witness.

The 6th session in 2000 : Entries came from 52 countries on five continents around the world, with a total of 759 works received. A Taiwanese ceramic artist won the first prize.

The 7th session in 2014 : Since the 6th International Golden Ceramics Awards, the ceramics competition has been suspended for many years. A lot of attention has been paid to the development of Taiwan's ceramic industry and modern ceramics. Corporate responsibility and spirit are based on With the positive attitude of taking from the society and using it for the society, the 7th Taiwan Golden Ceramics Award Competition was finally held as scheduled after two years of preparation and planning with corporate surplus allocation budget.



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CSR — Donate a special vehicle for wildlife conservation [2024.01.30]

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#### CSR — Industry-Academic Cooperation Project [NTHU Racing 2024.05.21]



HEG

NTHU Racing - 清大賽車工廠 5月28日· ③

#### 【 | 贊助商感謝 | — #HCG和成欣業股份有限公司 】

非常感謝 #和成欣業 在本賽季持續大力支持清大賽車工廠,提供製作空力套件端板及鎖點所需的 # 碳纖板,使 #空力套件 和車體能有更高的強度及更輕的重量,大幅提升了空力性能的表現。除此之 外,和成也提供真空成型用的 #熱壓釜 來製作車體和相關零配件,使其在高溫高壓的製程下有更優 異的結構和重量表現。再次感謝和成多年以來的協助,特別是 #陳總經理 給予清大賽車工廠的強力 支持,使我們能更加專注地投入賽車的研發和打造!

#和成欣業股份有限公司創立於1931年,是衛浴、廚具、給水銅器製造的頂尖企業,更涉足了建築、精密陶瓷、爐具及住宅設備等領域。和成在國內外獲獎無數,並在國際間受到多項認證肯定, 產品品質有口皆碑。為了提升人民生活水準,和成長期投入大量資源在發展研究創新實力,致力於 高科技產品與材料的開發,展現其科技化以及現代化的一面,近年來更是國內 #複合材料領域的領 先廠商。此外,和成對於社會關懷更是義不容辭,積極投入社會公益活動,並回饋社會,善盡企業 社會責任。







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#### CSR — The 1st HCG Anterior Teeth Aesthetics Case Competition in 2024 [2024.05.26]



活動地點: M 楝主講堂

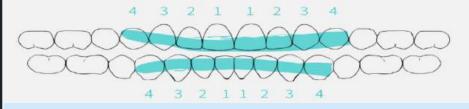


The first HCG Anterior Teeth Aesthetics Case Competition in 2024 has successfully concluded. Among the many outstanding entries and carefully selected by the jury, each piece is a masterpiece of unique craftsmanship.

Ceremony location :

2024. 05. 26 (Sunday) p.m. 05:00 Nangang Bottle Cap Factory (Building M Main Lecture Hall) holds the award ceremony.

Have you heard of the 8-tooth smile ?





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CSR — Ronald McDonald House Charities, Kaohsiung, Taiwan. [2024.05.28]

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CSR — THE 54<sup>th</sup> NATIONAL SKILLS COMPETITION 【2024.07.17】

HCG





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#### CSR — Tree planting operation in Kaohsiung Qieding Wetland [2024.09.27]



We are working with a number of companies on tree planting projects to plant environmentally beneficial species - trees and corals - on land and under the sea, based on the concept of sustainable mountains and seas.

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#### HCG(Taiwan) — Taiwan Exhibition Center

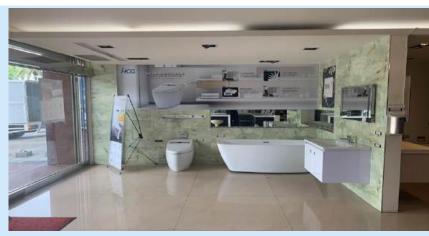


▲ Taiwan Exhibition Center in Taipei





#### ▲ Taiwan Exhibition Center in HCG 3rd Factory



#### ▲ Taiwan Exhibition Center in Tainan



▲ Taiwan Exhibition Center in Taichung



**Taiwan Exhibition Center in HCG 3rd Factory** 



▲ Taiwan Exhibition Center in Kaohsiung

(https://www.hcg.com.tw)

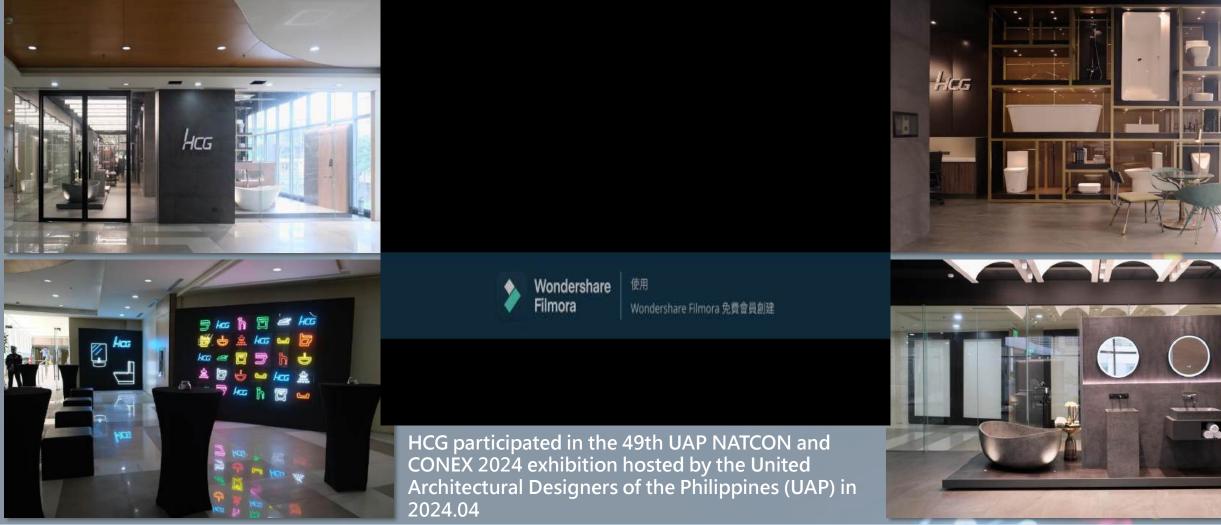




#### HCG(Philippines) -



S) — Philippines Flagship Exhibition Center(Manila) / HCG Philippines CONEX2024



(https://www.hcg.com.ph)





### 2024 Taiwan International Interior Expo — Exhibition Highlights Review [2024.06.13]



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HCG participated in the [2024 Taiwan International Interior Design Expo] co-sponsored by the "National Federation of Interior Design and Decoration Business Associations of the Republic of China and other units" in 2024.06 °



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#### Senior care space

ALL

#### σιαπά συσταπιασιπτή

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#### 2024 Taiwan International Interior Expo — Design your bathroom space [2024.06.13]



## 整體衛浴



HCG



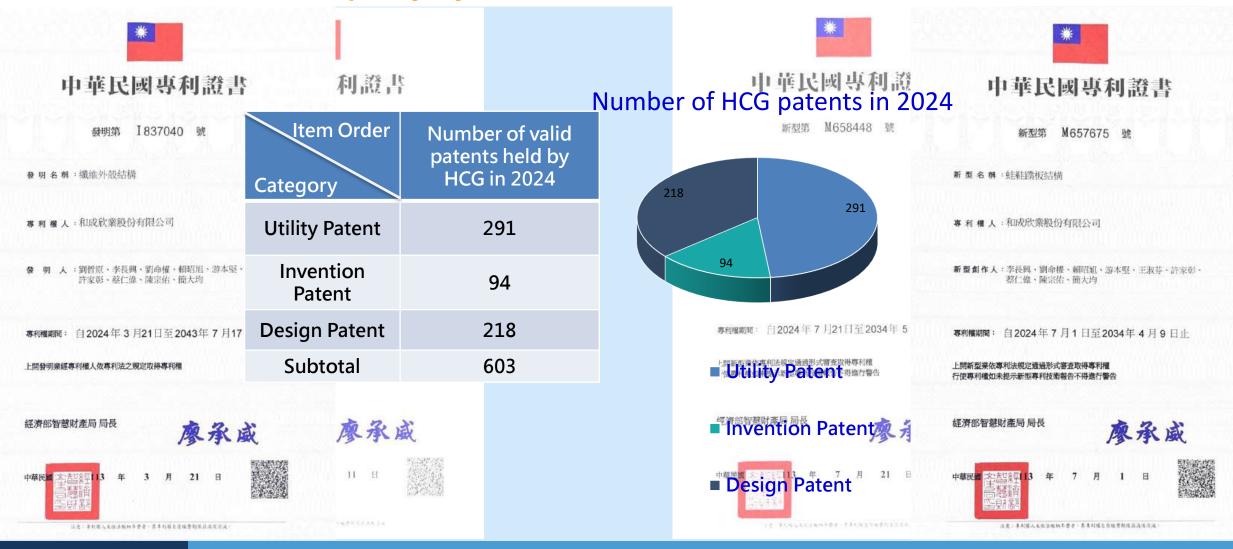
**Unit Bathroom** 

## Sustainable Innovation

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#### HCG Intellectual Property System — Number of HCG patents in 2024



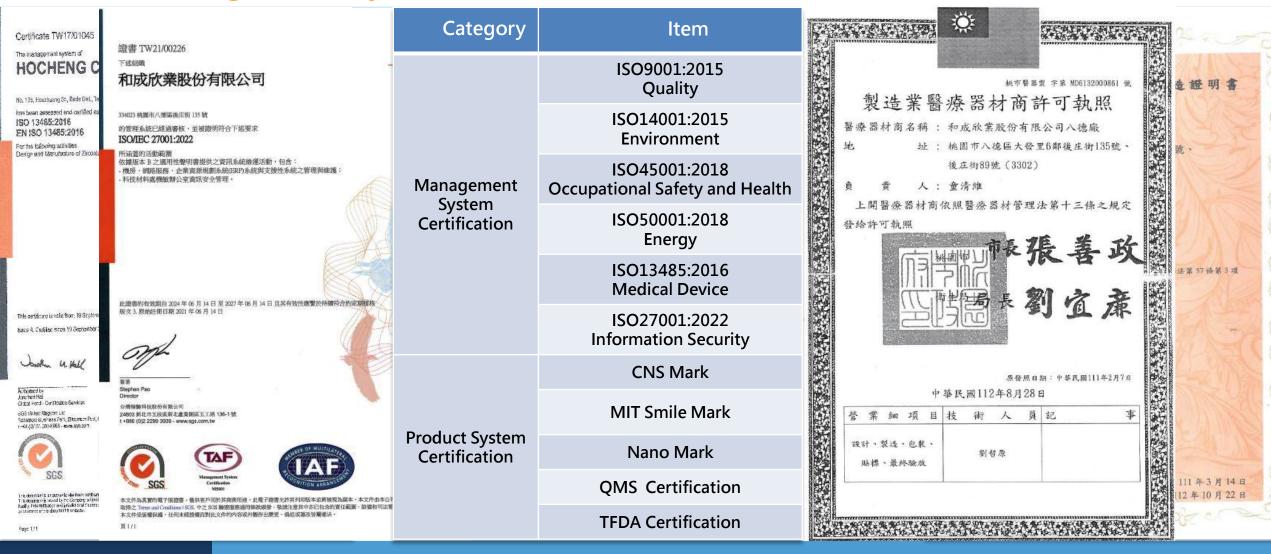
## HCG



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#### **HCG management system** — Number of quality certifications in 2024





## **Sustainable Manufacturing**

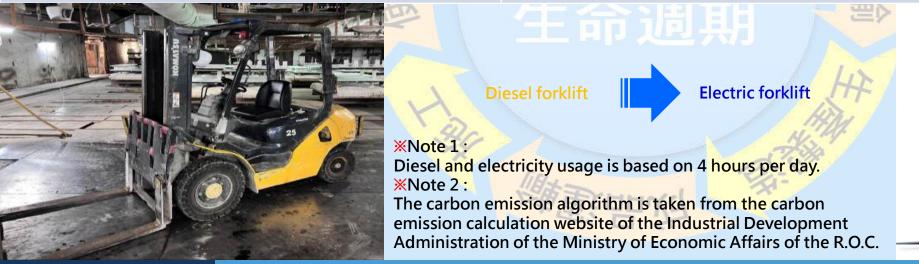
HOCHENG CORPORATION



#### Sustainable Investment — Ceramic Manufacturing Process

Independent investment in energy-saving and consumption-reducing equipment	Instructions before improvement	Explain the benefits after improvement
Discol forklift(11 units)	1. Oil consumption/year of diesel stackers in the whole plant: 11 units * 4L/hr * 4hr/day * 365 day/year = 64,240L/year (64.24 tons/year).	1. Electricity consumption/year of electric stacker: 11 units*10(kw)*4(hr/day)*365(day/year)=160,600 kw/year (160.60 kilowatt-hour/year).
Diesel forklift(11 units) Electric forklift (Replacement frequency: 1 unit/year)	2. Carbon emissions of diesel forklifts: 64.24 (metric tons/year) * 2.606 (kg-CO2e/liter) = 167.4094 (metric tons CO2e/year).	2. Carbon emissions from electric stackers: 160.60 (kilowatt-hours/year)*0.509 (metric tons CO2e/kilowatt-hours)=81.7454 (metric tons CO2e/year).

This improvement plan plans to reduce carbon emissions: (167.4094-81.7454) (metric tons CO2e/year) = 85.6640 (metric tons CO2e/year).



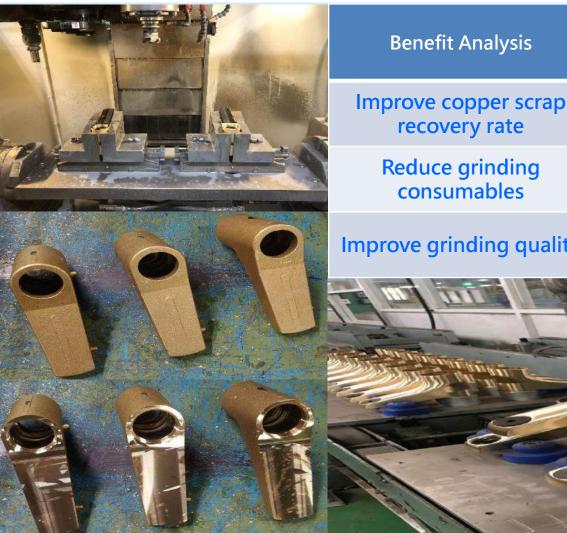




## **Sustainable Manufacturing**

#### HOCHENG CORPORATION

#### Sustainable Investment — Copperware Manufacturing Process



Benefit Analysis	Traditional Processing Machine	CNC Thinning Processing	
Improve copper scrap recovery rate	None	<b>Excellent</b> (Increase copper chip recycling value by 226%)	HEE
Reduce grinding consumables	None	<b>Excellent</b> (Reduce grinding processing costs by 20%)	
Improve grinding quality	None	<b>Excellent</b> (Optimized performance of planes and ridges)	

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## **Sustainable Manufacturing**



#### HOCHENG CORPORATION

#### Sustainable Investment — Treatment of Electroplating Effluent





Analysis of Electroplating Wastewater Quality						
Project	<b>照</b> 米	Water Tempera ture	Ni	Cr	Cu	
EPA Standard Value	6.0~9.0	Below	0.7 or	0.35 or	1.5 or	
(From January 1, 2021)	0.0~9.0	35 °C	less	less	less	
General values for 2021	7.96	27	0.39	0.22	0.29	
Average from 2022 to						
2024	7.13	24.5	0.2	0.05	ND	
Project	Zn	COD	SS	<b>Total Cr</b>	В	
EPA Standard Value	3.5 or less	100 or	30 or	1.5 or	10 or	
(From January 1, 2021)	5.5 OF less	less	less	less	less	
General values for 2021	0.37	27	11	0.45		
Average from 2022 to	N N N			HILL I		
2024	0.2	5	ND	ND	2	

XThe detection values of electroplating wastewater equipment dropped after installation, and all met the specification requirements.

## Cost of electroplating wastewater treatment solution

General values for 2021	155,000 (TWD/Month)
Average from 2022 to 2024	52,000 (TWD/Month)







All equipment is designed to be acid and alkali resistant, easy to manage on the ground, environmentally friendly and pollution-free.



Before

Construction

## **Sustainable Manufacturing**



After

Construction

HOCHENG CORPORATION

#### Sustainable Investment — Grinding Dust Collector Noise Reduction Treatment Equipment

HCG and Cost are members of the global village. During the manufacturing process, we independently invest in energy-saving and noise-reducing processing equipment, create a friendly environment, and fulfill our corporate responsibilities.

Add a Silencer to The Exhaust Port







**}**灣精品-

### HCG GORFIN AFC6695 微波智慧馬桶 / PURO 薄型系列龍頭

## Proud Winner of the Taiwan Excellence Award

#### GORFIN AFC6695智慧型超級馬桶

全新解構設計、工廠技術改良,達到輕量化及 更佳的環保性能,提升了生產效率及產品機 能。融合微波感應及空氣混合水洗技術,引領 現代衛浴新潮流。

#### GORFIN AFC6695智慧型超級馬桶

全新解構設計、工廠技術改良,達到輕量化及 更佳的環保性能,提升了生產效率及產品機 能。融合微波感應及空氣混合水洗技術,引領 現代衛浴新潮流。 ACG和成榮獲2025年台灣精品獎!
今年HCG和成以AFC6695智慧型超級馬桶和PURO薄型系列龍頭
雙雙榮獲台灣精品獎,這不僅肯定了產品設計與環保理念的創新
價值,更彰顯了HCG和成在實踐企業社會責任上的持續投入。讓
我們攜手共創永續的未來!

PURO 薄型系列龍頭

以簡潔美觀的設計和符合人體工學的薄型把手, 適應各種衛浴風格並操作方便。隱藏式整流器與 不外露設計,為生活增添質感與便利。







## **Product Sustainability**

HOCHENG CORPORATION

# Taiwan Excellence Award – HCG GORFIN AFC6695 Toilet & PURO Faucet Series Proud Winner of the Taiwan Excellence Award



**Extreme Artistic Realm GORFIN AFC6695 Microwave Smart Toilet** 

## PURO SLIM FAUCET SERIES







## **Product Sustainability**

HOCHENG CORPORATION

Taiwan Excellence Award — [HCG GORFIN AFC6695 Microwave Smart Toilet]



pleasure.

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### Taiwan Excellence Award – 【HCG GORFIN AFC6695 Microwave Smart Toilet】





Automatic sensor opening lid



Top SPA massage water column



Automatic sensor opening lid Three-function flushing power Top SPA massage water column

Three-function flushing power

Make every trip to the toilet an ultimate pleasure.





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HOCHENG CORPORATION

Taiwan Excellence Award — Thin faucet series 【Round Tube】 (for PURO)





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Taiwan Excellence Award — Thin faucet series [Round Tube] (for PURO)





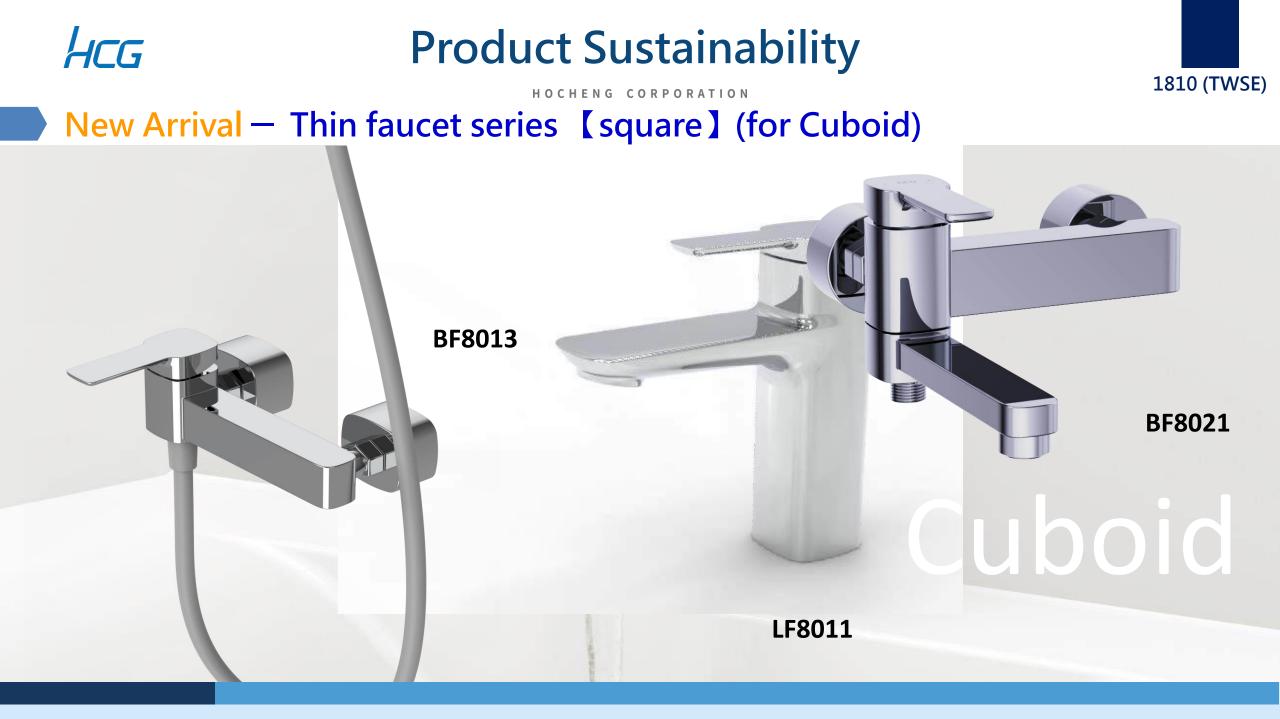
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**New Arrival** – Thin faucet series 【Round Tube】 (for Kitchen)

HCG









HOCHENG CORPORATION

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**New Arrival** – Thin faucet series 【Round Tube】 (for Basin)

HCG







HOCHENG CORPORATION

#### **New Products in 2024 – Summary Table**



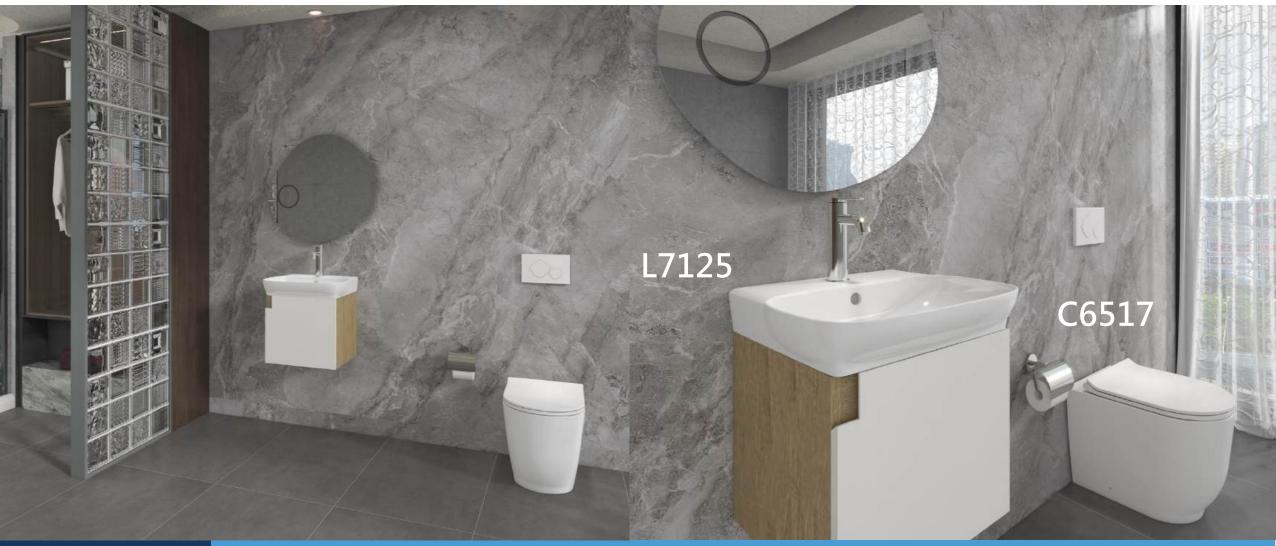






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#### New Products in 2024 – BADEN 2.0 【L7125 / C6517 】



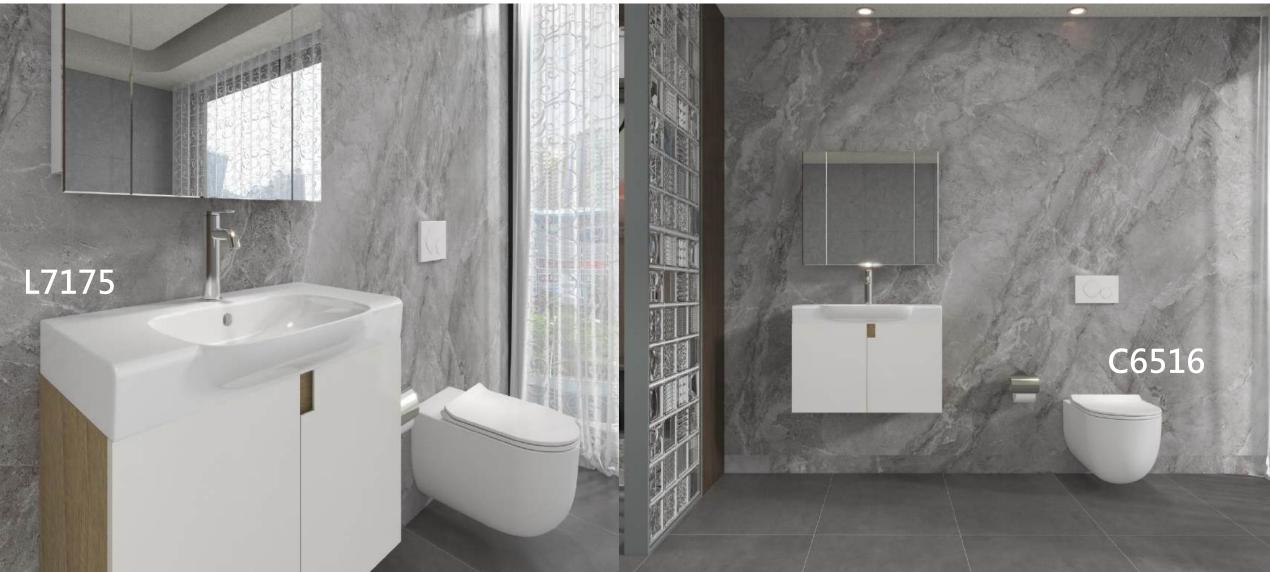




HOCHENG CORPORATION

#### New Products in 2024 - BADEN 2.0 [L7175 / C6516 ]

HCG







HOCHENG CORPORATION

#### New Products to be Launched in 2024 — LAZULI New Style of Fins [New Definition]

### **Artisan-level**

#### craftsmanship

LAZULI uses 100% carbon fiber to create fins that look like handicrafts. From the materials to the manufacturing process, they are strictly controlled.



100% INSISTENCE MADE IN TAIWAN







HOCHENG CORPORATION

New Products to be Launched in 2024 — LAZULI New Style of Fins [New Definition]



HOCHENG CORPORATION

#### New Products to be Launched in 2024 — [Protective Cover Made of Carbon Fiber]

## **Carbon Fiber Exhaust Pipe Cover**



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Carbon Fiber Prepreg Material



HOCHENG CORPORATION

**Operational projects in 2024** — [OEM Projects]

**Cooling Water Tower Components** 

Carbon fiber wheel hub set Carbon fiber blade holder

Corrosion resistant : Up to 30% weight loss benefit

> Fan BaseCarbon fFber Wheel Grain Set

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**Operational projects in 2024** — [OEM Projects]

#### Application (Carbon Fiber BMC)

#### Carbon Fiber Fan Blade Holder

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## HCG

**Track Insulation Pad** 

Schematic diagram of

the combination of

cement base and track

base insulation board

## **Product Sustainability**

HOCHENG CORPORATION

**Operational projects in 2024** – **[OEM Projects]** 

High speed rail

brake polisher

#### Rail Industry Related Products

High speed rail track Insulation Pad High speed rail brake polisher High-speed rail pantograph contact piece High-speed rail pantograph contact piece

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#### Sustainability of Customer Satisfaction HCG

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HCG is With You — [Free Safety Checks on All Products]

113.06.

在每一個關鍵時刻

HCG

HCG為您加油 天佑台灣 HCG幫您一起為災區整修家園

Taiwan has recently been affected by a severe earthquake, causing serious disasters in many areas. In the spirit of caring for humanity and giving back to HCG consumers, HCG has organized a health checkup event to send love to disaster areas to maintain product

# 地震防災注意安全

今日地震頻繁, HCG 提醒各位朋友注意安全當 心餘震,地震後也要記得巡邏檢查住家狀態。

臉盆器皿及瓷柱腳是否鬆動或者出現裂縫。

馬桶瓷器是否出現裂縫或者漏水。

五斯爐熱水器的瓦斯管線是否出現任何損壞或者鬆脫。

若產品有任何異常情況,請暫停使用,並撥打維修 服務專線0800-087-089進行檢查修復。

協助災區衛浴、三機爐具 免費安全檢查活動 (限花蓮地區)

HCG為您加油

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safety□ .

安檢專線:(03)834-3118







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## Part IV



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# Thank you for attention

Reform and Innovation