

◦ **Chien Shing Stainless Steel Co., Ltd.**

2018 Investor Conference

December 27, 2018

Stock Code : 2025.TW

Disclaimer Notice

This briefing is based on information the Company obtains from various sources. Some information may be affected by future uncertainties resulting in the discrepancies in the original plan and the future prospects.

The change will be released in Market Observation Post System (MOPS).

Content

Company Profile

Operating Highlights

Financial Performance

Future Prospect

Q & A

Company Profile

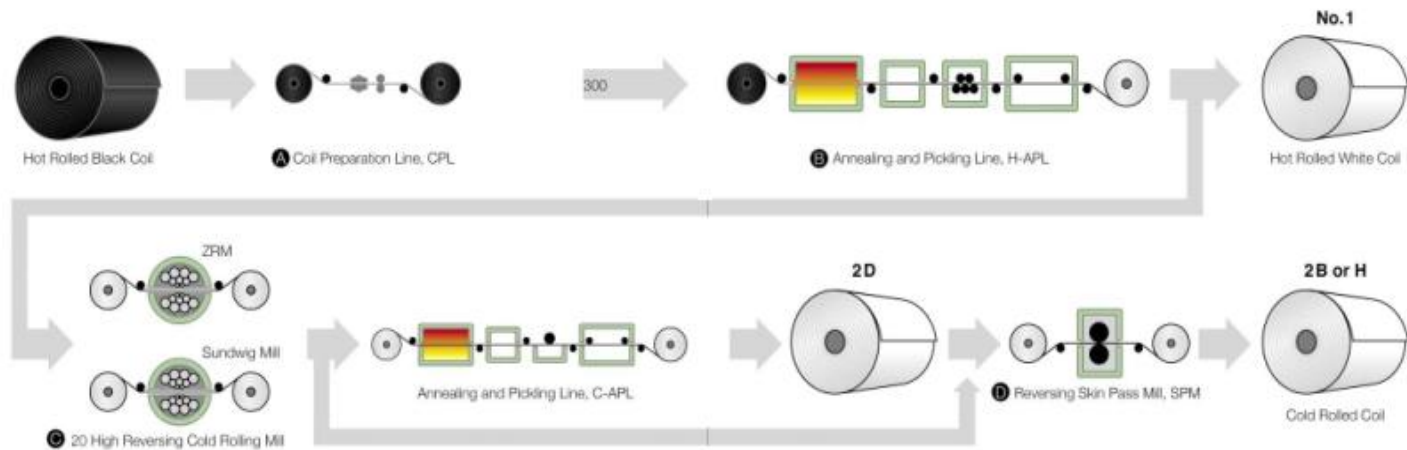
- Founded : MAY, 1972
- Capital : NT \$ 2,812 million
- Chairman : Mr. Ye Shuo Tong
- Employee : **108** people
- Stock Listing Day : February, 1996
- Main business : Stainless steel cold rolled products manufacturing, trading, and import and export business

Company History

- 1972 : Founded on May 8
- 1989 : For cash replenishment and public offering.
- 1990 : With the construction of capital increase, paid-up capital of 1.1 billion yuan.
- 1991 : Cold rolling mill began to test production, capital increased to 1.65 billion yuan.
- 1996 : The company listed on the stock, paid-up capital of 2.42 billion yuan, through the ISO9002 certification, set up a subsidiary of Chien Yin investment (shares) company.
- 2000 : The second annealing pickling line began to test, paid-up capital of 3.228 billion yuan.
- 2001 : The second cold rolling mill began to test.
- 2009 : Typhoon Morakot wind damage part of the equipment damage, has been completed within one year.
- 2012 : The company completed the development of the first electric locomotive, the Ministry of Transportation approved by the ordinary light of the machine foot pedal type safety test certification, legal listing on the road.
- 2017 : The company and three hundred percent subsidiaries on the board of directors on November 27 Resolution and corporate mergers and acquisitions law for easy merger, and in January 2018 On the 4th, the Ministry of Economic Affairs approved the merger and change registration, and the paid-up capital amount reached NT\$ 2.812 billion.

Production Technology & Process

Manufacturing Process



Raw Material:

Stainless steel 300 series hot rolled coil,
Width 1300mm, thickness 2.0 ~ 6.0mm

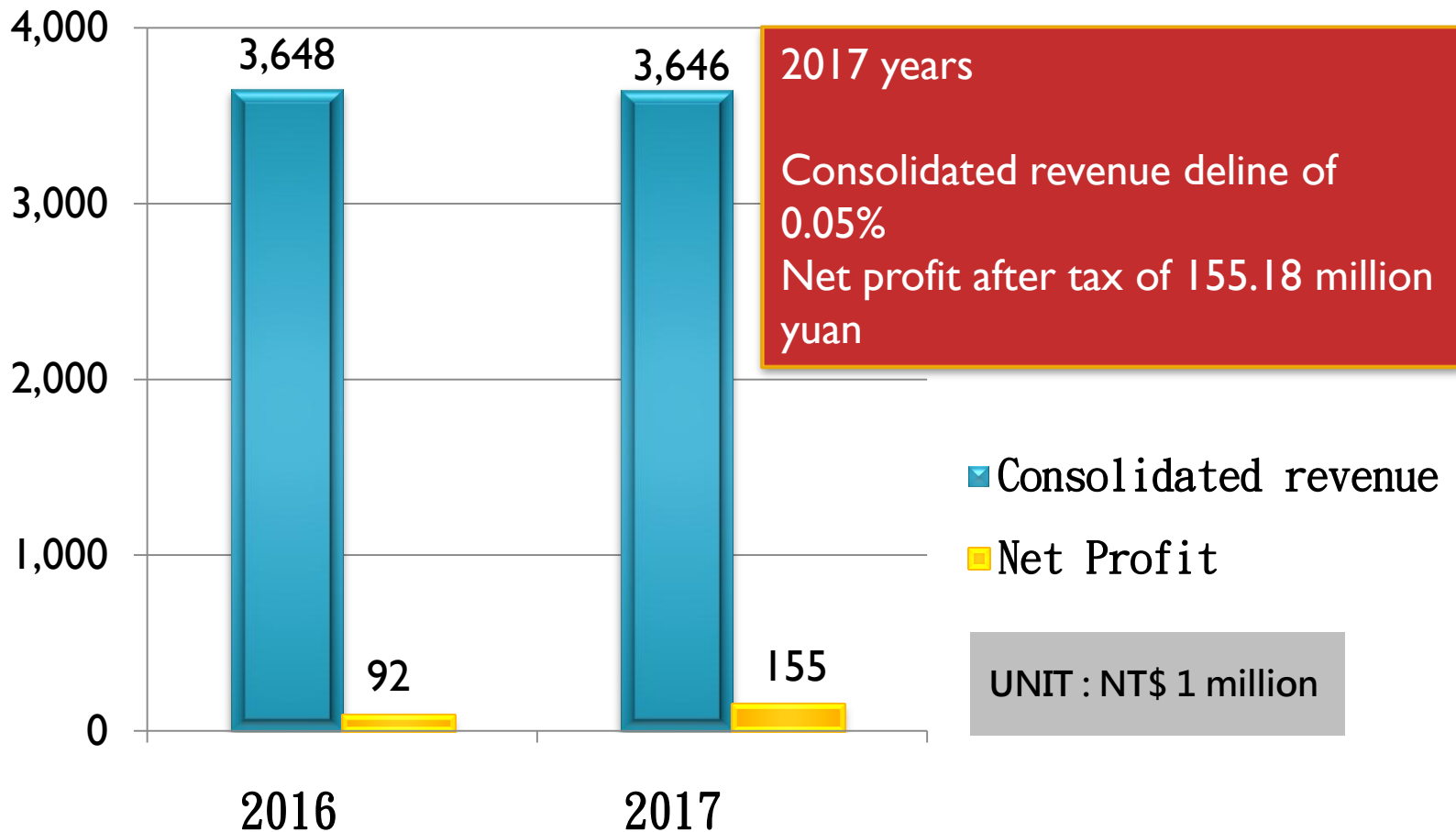
Maximum capacity 12,000 Ton / month

Cold Rolled Products:

Width: 1300mm

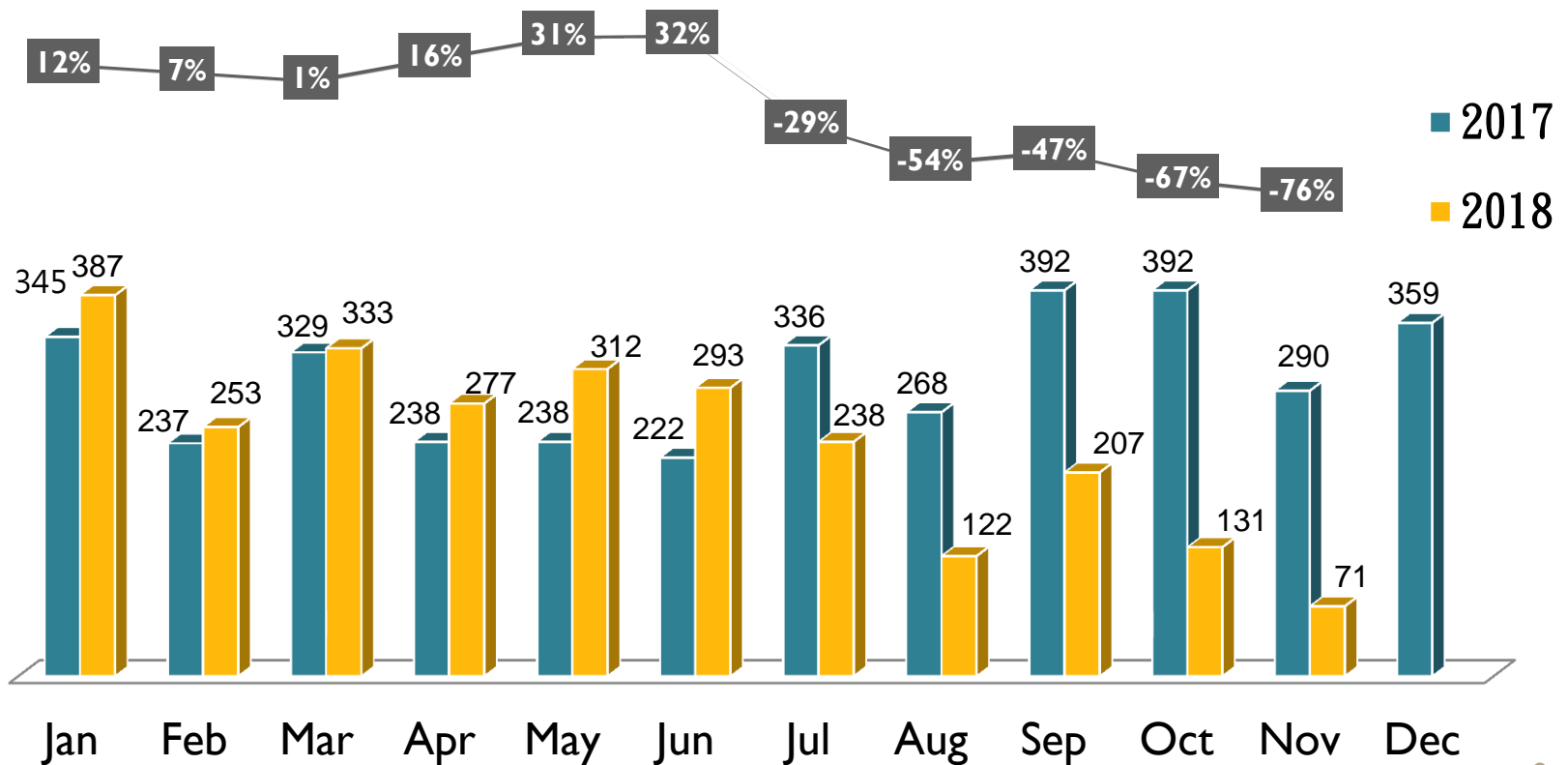
Thickness; 0.3 to 3.5 mm (cold rolled 2B steel plate)

Operating Highlights



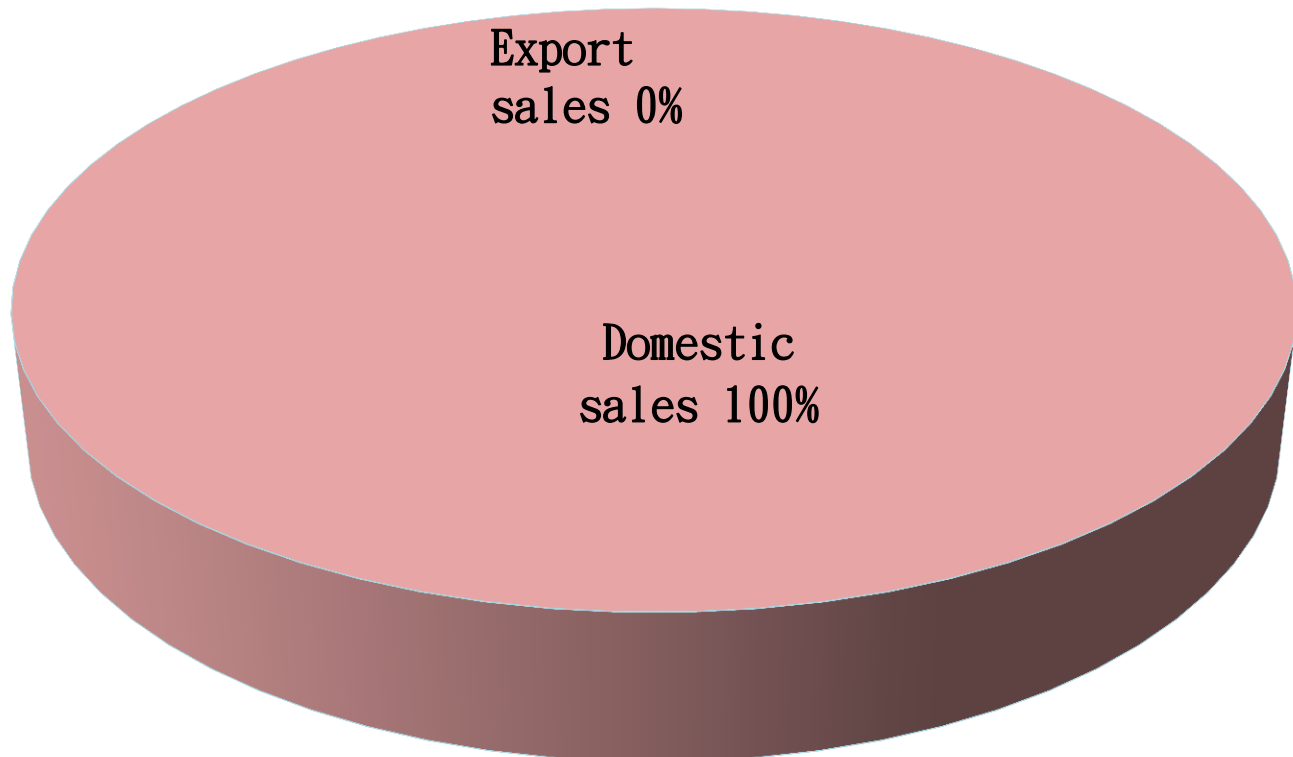
Operating Highlights - Sales Profile

UNIT : NT\$ 1 million



Operating Highlights – Sales Ratio

2018 Q3 ratio of domestic and export sales



Financial Performance – Consolidated Balance Sheets

UNIT : NT\$ 1000

	September 30, 2018 Amount	%	December 31, 2017 Amount	%	December 31, 2016 Amount	%
Current assets	1,057,506	47	960,340	44	913,837	41
Non-current assets	1,170,507	53	1,237,985	56	1,331,322	59
Total assets	2,228,013	100	2,198,325	100	2,245,159	100
Current liabilities	1,201,169	54	808,499	37	1,005,940	45
Non-current liabilities	17,512	1	17,515	1	17,761	1
Total equity	1,009,332	45	1,372,311	62	1,221,458	54
Total liabilities and equity	2,228,013	100	2,198,325	100	2,245,159	100

Financial Performance - Consolidated Statements of Comprehensive Income

UNIT : NT\$ 1000

	nine months ended September 30, 2018 Amount	%	Year ended December 31, 2017 Amount	%	Year ended December 31, 2016 Amount	%
Operating revenue	2,421,992	100	3,645,877	100	3,648,157	100
Operating costs	(2,392,839)	(99)	(3,448,090)	(95)	(3,538,115)	(97)
Net operating margin(loss)	29,153	1	197,787	5	110,042	3
Operating expenses	(36,632)	(1)	(49,891)	(1)	(55,239)	(1)
Non-operating income and expenses	(318,547)	(14)	9,195	-	38,992	1
Profit(loss) for the period	(330,953)	(14)	155,178	4	91,860	3
Earnings per share(in dollars)	(1.18)		0.55		0.33	

Financial Performance – Consolidated Statements of cash flows

UNIT : NT\$ 1000

	For the nine- month period ended September 30, 2018 Amount	For the year ended December 31, 2017 Amount	For the year ended December 31, 2016 Amount
Net cash flows from (used in) operating activities	(127,184)	649,204	399,334
Profit before tax	(327,277)	155,405	92,110
Depreciation	88,467	111,946	111,363
Net cash flows from (used in) operating activities	(43,336)	(15,195)	12,076
Cash paid for acquisition of property, plant and equipment	(44,676)	(23,006)	(5,615)
Net cash flows from (used in)financial activities	589,124	(728,911)	(405,171)
Cash and cash equivalents at end of period	456,675	38,071	132,973

Financial report - reservations opinion

1. The company has been suspected of burying the business waste, etc. And allegedly violating the waste disposal law, and then deriving the waste disposal and disposal cost mentioned above can be assessed for fines.
2. As of the date of the Tainan District Inspection Office is still dealing with the process of investigation. It is unable to obtain the waste disposal verification result of expert appraisal or the competent authority.

Financial report - reservations opinion

3. According to the Taiwan Tainan District Procuratorate in the Republic of China in 107 years, the press release issued in July, with its preliminary calculation estimated weight and type of buried business waste calculate the processing fee as a settlement the best estimate of the expenditure required for the obligation.
4. The company was in the year of the Republic Era from January 1 to September 30, the aforementioned waste disposal treatment as estimated by the financial report, the fee is NT\$350 million.
5. This estimate is required to settle this obligation best estimate of expenditure and possible fines not sure yet, the company's visa accounting can not adopt the necessary review procedures.

Future Prospect

1. In the steel part, with the fluctuations in raw material prices and China steel production capacity control policy, it will support the international steel prices rising slowly and stainless steel business prospects can be expected to be better than last year.
2. Recently Global market has been changing quickly, especially China stainless steel market changes the most. CSSSC' s operation must be well prepared to adapt the changes by working out the forecast plan with strategy to make the business grow stably.

◦ **Chien Shing Stainless Steel Co., Ltd.**

Q & A

Thank you !