HSIN KUANG STEEL CO., LTD.

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INTRODUCTION

COMPANY PROFILE

ESTABLISHED & LISTED	• Established in 1965 • IPO in 2000
CAPITAL AMOUNT & NUMBER OF EMPLOYEES	• NTD3,098 million • Number of employees: 200
2017 REVENUE AND SALES TONNAGE	• 2017 revenue: NTD 8.35 billion • Tonnage of sales in 2017: 360,000 tons
CORPORATE HEADQUARTERS & FACTORY	• Mie Head Office + Taipei Office • Guanyin Factory + Taozhu Miao Office • Zhangbin Factory + Taichung Office • Kaohsiung Factory + Kaohsiung Office • Tainan Factory
CERTIFICATION & AWARDS	• GOLD BUSINESS AWARD • NATIONAL ROCK AWARD • ISO9001 • TIANXIA MAGAZINE IS RATED AS ONE OF THE TOP 1000

董監事成員 & 專業經理人

職稱	名稱	主要學經歷	目前其他兼任之職務	專長
Chairman / President	粟明德	政大企管中心高階管理研習班	**擔任董事長之職務：**新合發金屬、輝容慈善、前端離岸風電設備製造公司 **擔任董事：** 美生金屬、世紀鋼鐵	經營管理
Director	張添澄	添澄實業董事長	**擔任董事長：**新發製鋼、新光鋼添澄慈善基金會 **擔任董事：**金山電子、安鋼金屬、台灣鐵塔	經營管理
Director/ Vice President	曾明山		**擔任董事：**輝容慈善、前端離岸風電設備製造公司	行銷/營業管理
Director/ Vice President	余俊雄	大學	**擔任董事：**新合發金屬	行銷/營業管理
Director	粟有容	碩士	**擔任董事：**美生金屬、輝容慈善	經營管理、國貿
Director	陳世洋	大學	**擔任董事：**光耀科技、潁川管理顧問公司	會計師
Independent Director	翁榮隨	碩士	**新光鋼鐵股份有限公司：**審計及薪酬委員會主席 達航科技董事長	會計師
Independent Director	朱博湧	博士	國立交通大學管理學教授 太景醫藥研發控股獨立董事	教授及創新管理
Independent Director	黃宗英	大學	台灣鋼鐵公會理事、前中鋼營業副總、中鴻鋼鐵董事長	鋼鐵產業
Vice Administration President	許昭郎	大學	**擔任董事：**新合發金屬	行政管理
CFO	劉百慧	大學	**擔任董事：**新慶國際、美生金屬	經營管理
Vice President	高登貴		**擔任董事：**新合發金屬、輝容慈善、前端離岸風電設備製造公司	行銷/營業管理

MARKET POSITIONING

&

BUSINESS MODEL

EARLY STAGE OF GRASS CREATION - CITRUS SHOP SIZE

FAMILY BUSINESS

- **THE WAY OF FAMILY BUSINESS:**

1. STOCK IPO: **FOUNDER MR. ZHANG TIANCHENG CONFESSED TO FAMILY BUSINESS**

2. **PROMOTE 5S, TPM: IMPROVE THE EFFICIENCY OF PEOPLE, EQUIPMENT AND SITE MANAGEMENT, AND ESTABLISH COMPREHENSIVE QUALITY MANAGEMENT**

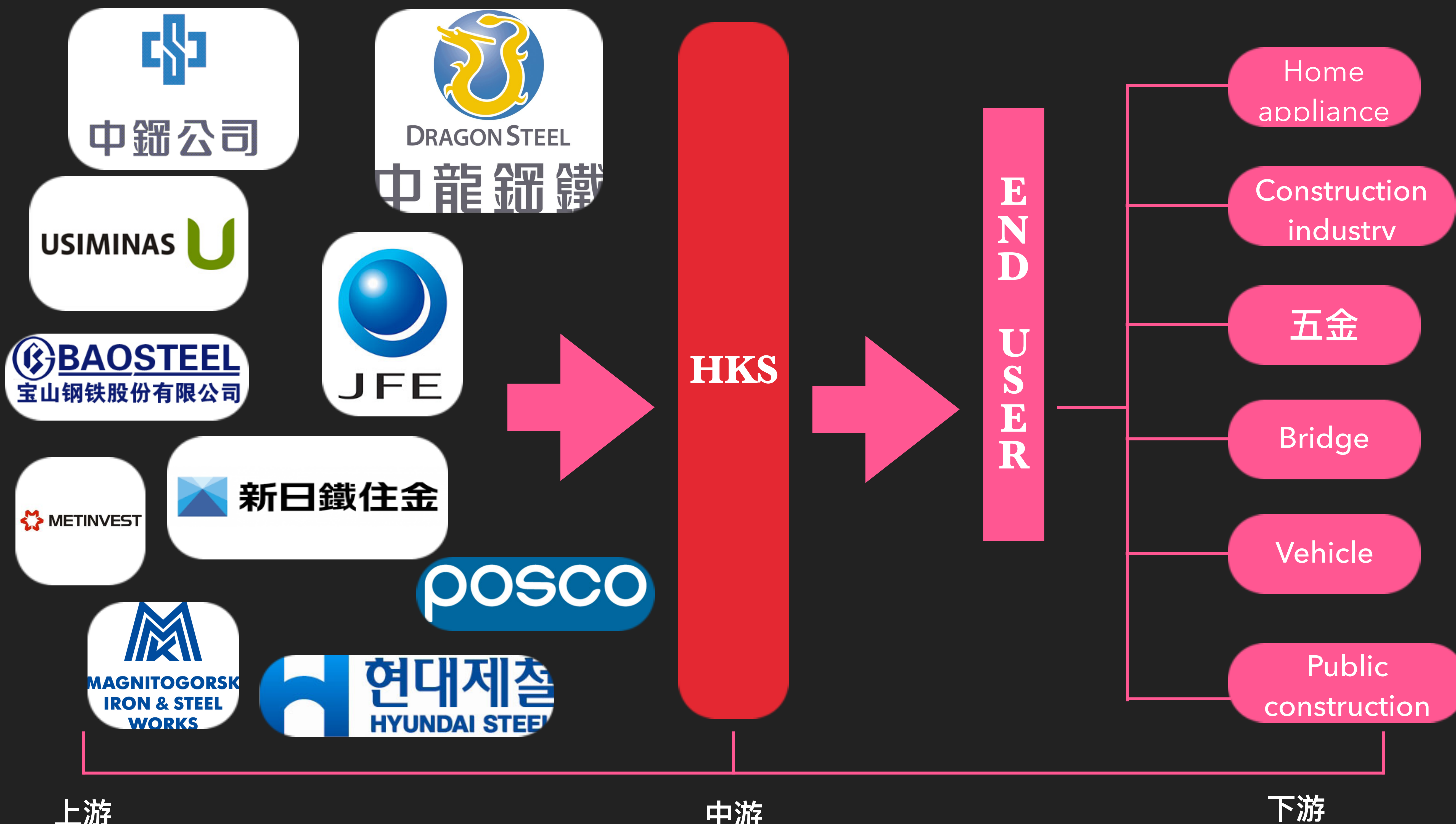
3. **ESTABLISH INTERNAL CONTROL: PROCUREMENT, SALES, PRODUCTION, INVESTMENT, FINANCING, INFORMATION**

4. **ESTABLISH CREDIT**

5. **DEVELOP "CORE FUNCTIONS" AND CREATE "SEVEN PROFIT CENTERS"**

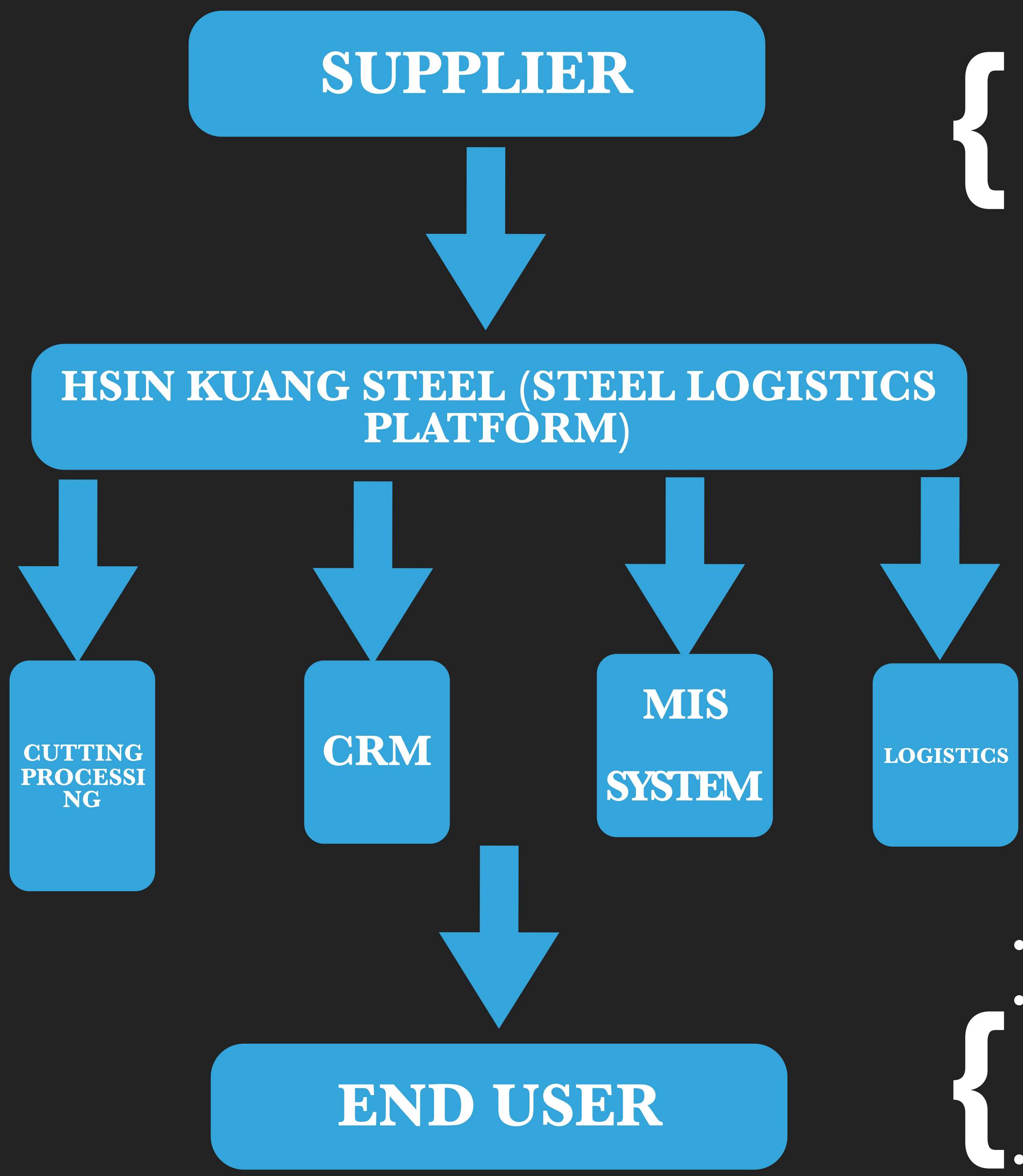
CORE COMPETENCE

市場定位: 我們是鋼鐵業裡的物流中心



global vision+Processing+Logistics+Strategic alliance

VALUE CHAIN INTEGRATION - ACCESS TO KEY RESOURCES



- Strengthening supplier management, Sinosteel, Japan
- Strategically reduce the proportion of China's steel procurement, avoid the risk of dumping tax rate and the Red Sea market
- Partner spirit
- Develop low-competition, high-quality, small-volume steel products

- Continuous development of direct users
- Develop low-competition, high-quality, low-volume customers, and use suppliers to provide customers with suitable, timely, appropriate, and high-priced steel products.
- Strengthen logistics functions, the province's layout
- Refine the path management and enhance the value chain in the path: Improve barriers to entry

PROVINCIAL LAYOUT

STEEL LOGISTICS

創立七大利潤中心

SEVEN PROFIT CENTERS

- STEEL PLATE
- HOT ROLLED STEEL COIL
- GALVANIZED STEEL COIL
- STAINLESS STEEL
- PINPLE (APEX) 2019/Q1 JOIN
- SPECIAL STEEL PLATE
- COMPONENT MANUFACTURING (STEEL STRUCTURE)
- STEEL PLATE CUTTING

『we provide

Suitable, timely,

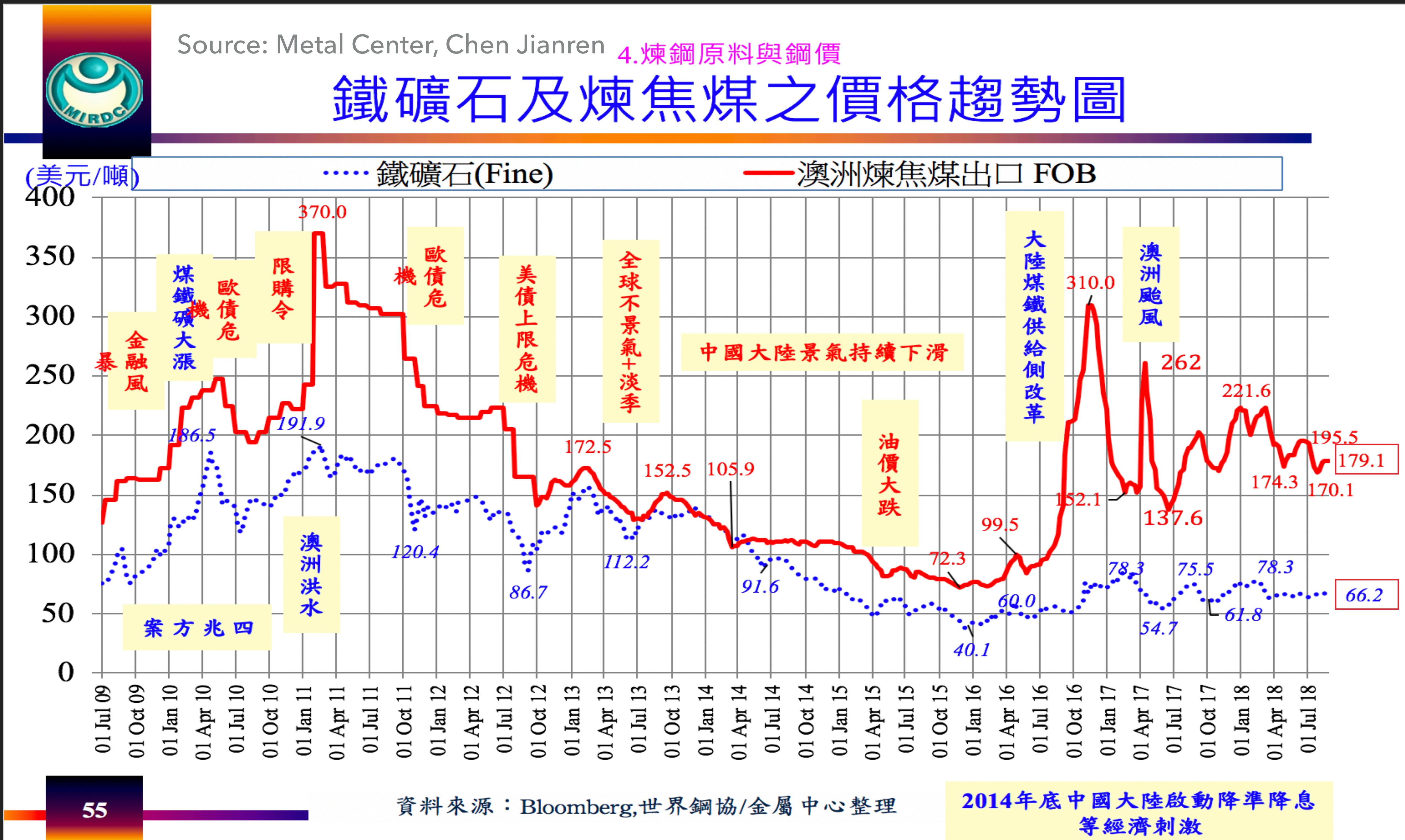
Moderate, affordable

Steel material』

INDUSTRY TREND ANALYSIS

RAW MATERIAL TREND

RAW MATERIAL TREND



Source: Metal Center, Chen Jianren

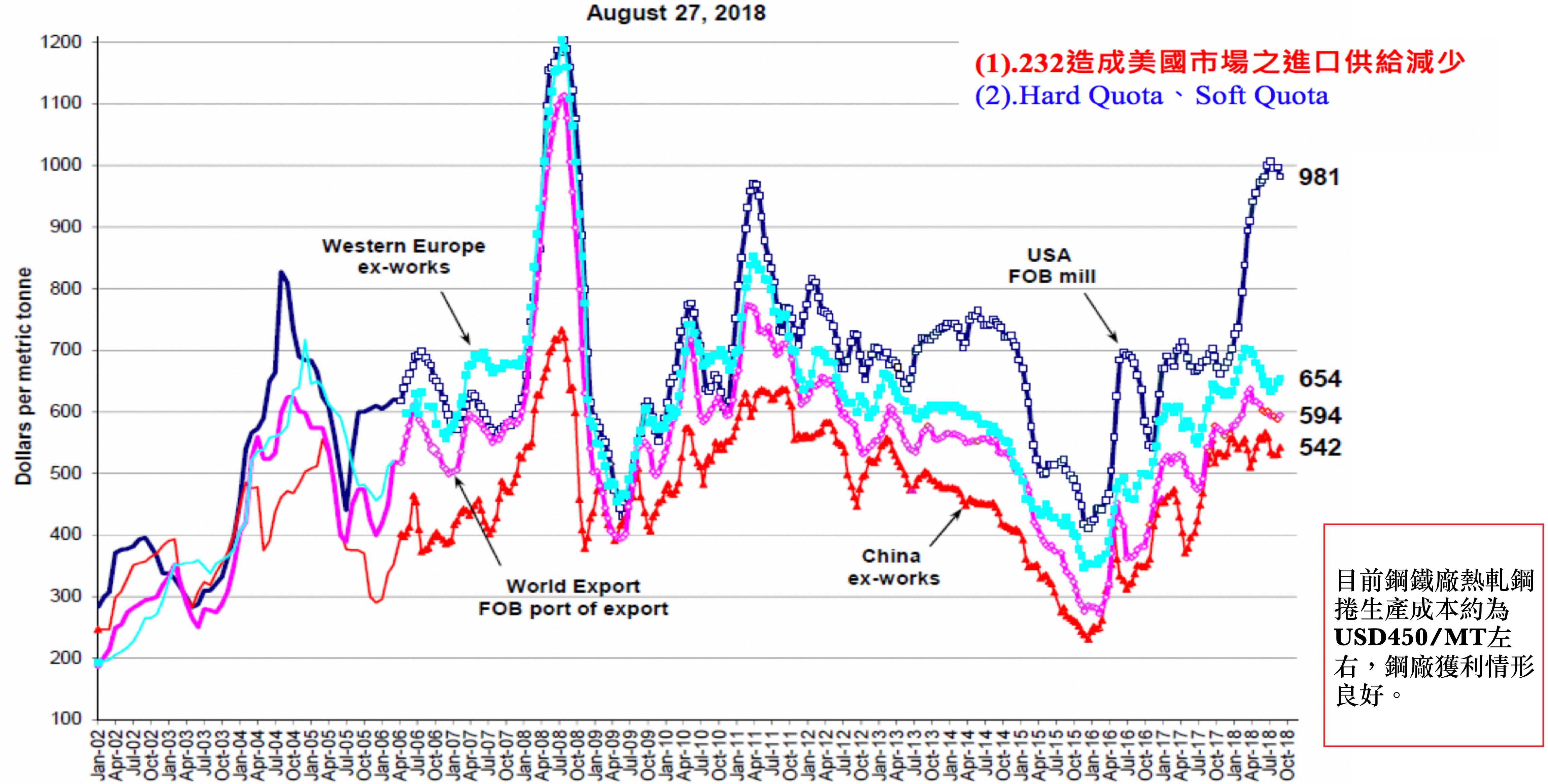
RAW MATERIAL TREND

RAW MATERIAL TREND

Source: Metal Center, Chen Jianren

4.煉鋼原料與鋼價

主要市場熱軋鋼板捲價格走勢



目前鋼鐵廠熱軋鋼捲生產成本約為**USD450/MT**左右，鋼廠獲利情形良好。

資料來源： WSD, 2018.8

SUPPLY SURFACE

Source: Metal Center, Chen Jianren

3.供給展望

全球粗鋼生產現況

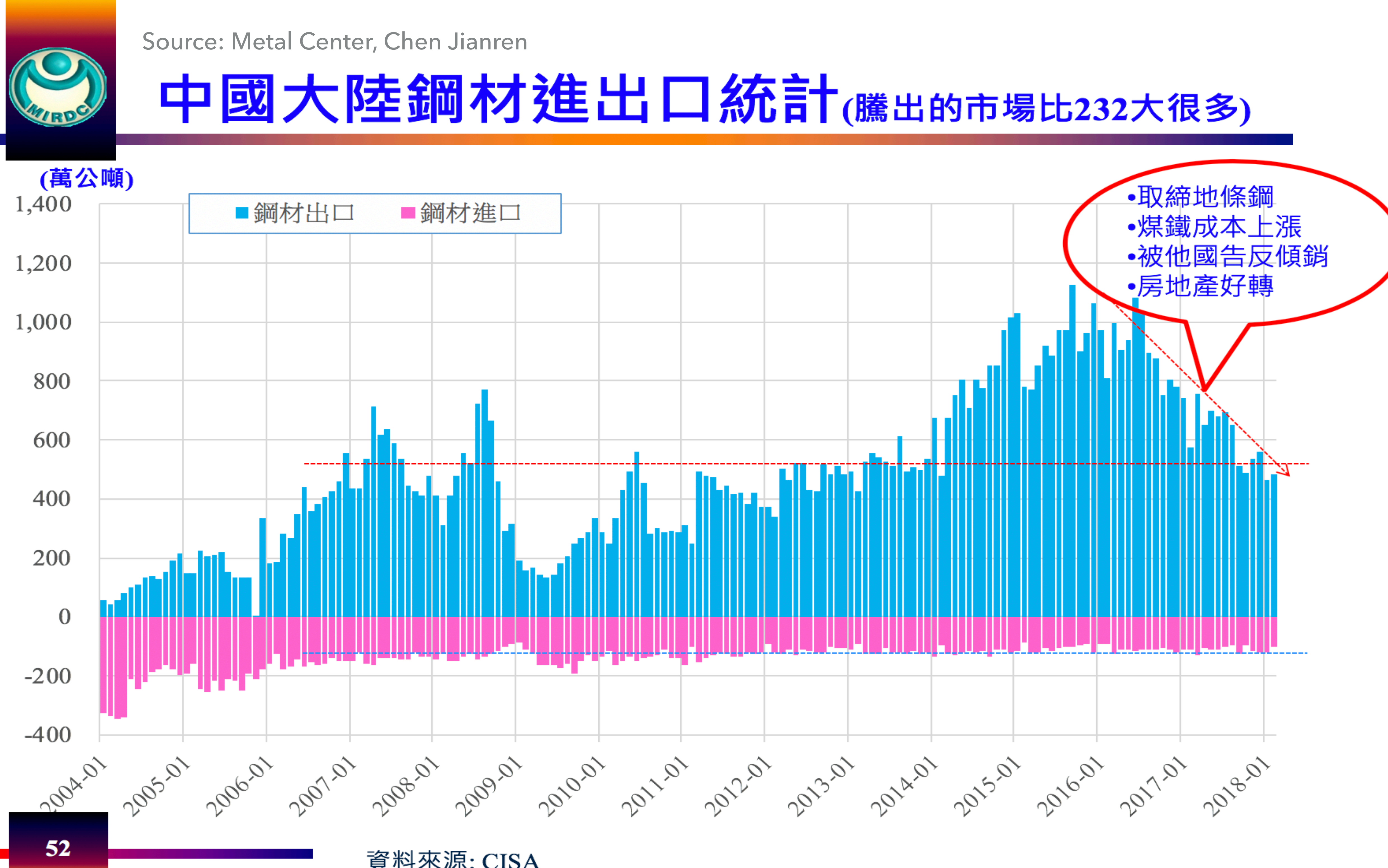
- 2018年第2季部分地區景氣復甦又逐漸升溫，如歐元區第2季GDP較第1季成長0.3%，美國在第2季經濟成長率創下近4年以來的最佳表現，故2018年第2季粗鋼供給較2017年同期**成長6.3%**，高於2017年全年成長率5.5%。
- ArcelorMittal於8月指出，2018年全球對鋼鐵需求可**成長3%**，高於原先預期的2.5%。

區域/國別	全球粗鋼產量						成品鋼材需求(f)	
	2017.Q1~Q2	2017.Q2	2018.Q1~Q2	2018.Q2	2018.Q1~Q2 同期成長率	2018.Q2 同期成長率	2018	2018 同期成長率
歐盟 (28)	8,600	4,332	8,734	4,407	1.60%	1.70%	16,560	2.00%
其他歐洲國家	1,970	1,015	2,056	1,010	4.40%	-0.50%	4,420	4.50%
獨聯體 (6)	4,955	2,468	5,054	57	2.00%	3.60%	5,400	2.30%
美洲	7,884	3,952	8,075	,019	2.40%	1.70%	18,850	3.80%
美國	4,068	2,038	4,185	2,103	2.90%	3.20%	10,030	2.70%
非洲	662	330	715	351	8.00%	6.40%	3,660	4.50%
中東	1,549	794	1,796	924	15.90%	16.40%	5,570	4.60%
亞洲及大洋洲	57,939	29,817	61,716	32,131	6.50%	7.80%	107,140	1.10%
中國大陸	41,830	21,827	44,882	23,802	7.30%	9.00%	73,680	0.00%
日本	5,233	2,610	5,298	2,657	1.20%	1.80%	6,450	0.10%
印度	5,029	2,456	5,283	2,614	5.10%	6.40%	9,200	5.50%
韓國	3,479	1,748	3,607	1,825	3.70%	4.40%	5,700	1.00%
臺灣	1,151	576	1,014	504	-11.90%	-12.50%	-	-
越南	485	243	622	352	28.20%	44.90%	-	-
64個國家總計	83,562	42,708	87,912	45,398	5.20%	6.30%	161,610	1.80%

資料來源：世界鋼協

(目前數據看，2018.10 WSA將會上調)

SUPPLY SURFACE



SUPPLY SURFACE

CHINA'S STEEL EXPORT STATISTICS

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	T otal	Average
2016Annual export volume(Ten thousand tons)	974	811	998	908	942	1,094	1,030	901	880	770	812	780	10,900	908
2017Annual export volume(Ten thousand tons)	742	575	756	649	698	681	696	652	514	498	535	567	7,563	630
2018Annual export volume(Ten thousand tons)	465	485	565	648	688	694	589						4,134	591

DEMAND SIDE

Source: Metal Center, Chen Jianren

1.需求展望

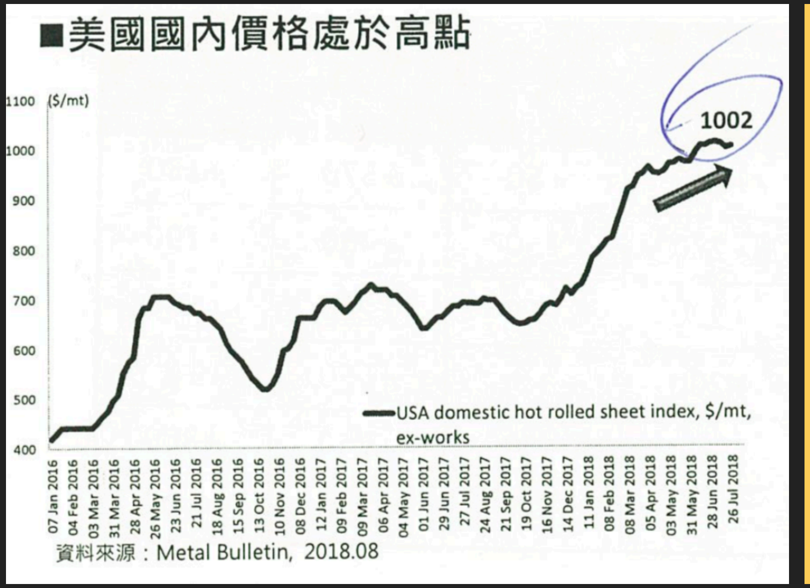
短期鋼材需求預測(2018.04 之數據)

	鋼材表面消費量(百萬噸)			鋼材表面消費年成長率(%)		
	2017	2018(f)	2019(f)	2017	2018(f)	2019(f)
歐盟(28國)	162.3	165.6	166.9	2.5	2	0.8
其他歐洲	42.3	44.2	46.1	4.1	4.5	4.4
獨立國協	52.8	54	55	6.1	2.3	1.8
北美地區	140.7	145	147.3	6.4	3	1.6
中南美洲	40.9	43.5	45.6	3.8	6.2	4.9
非洲	35.1	36.6	38.3	-6.8	4.5	4.6
中東	53.3	55.7	57.8	0.4	4.6	3.7
亞洲和大洋洲	1,060.10	1,071.40	1,069.70	5.5	1.1	-0.2
中國大陸	736.8	736.8	722.1	8.3	0.0	-2
印度	87.2	92	97.5	4.3	5.5	6
東協5國	70.3	74.9	79.8	-5.2	6.6	6.4
全世界總計	**1,587.40**	**1,616.10**	**1,626.70**	**4.7**↑	**1.8**↑	**0.7**↑
已開發經濟體	410.7	417.9	422.7	2.9	1.8	1.1
新興及開發中經濟體	1,176.70	1,198.20	1,204.00	5.4	1.8	0.5

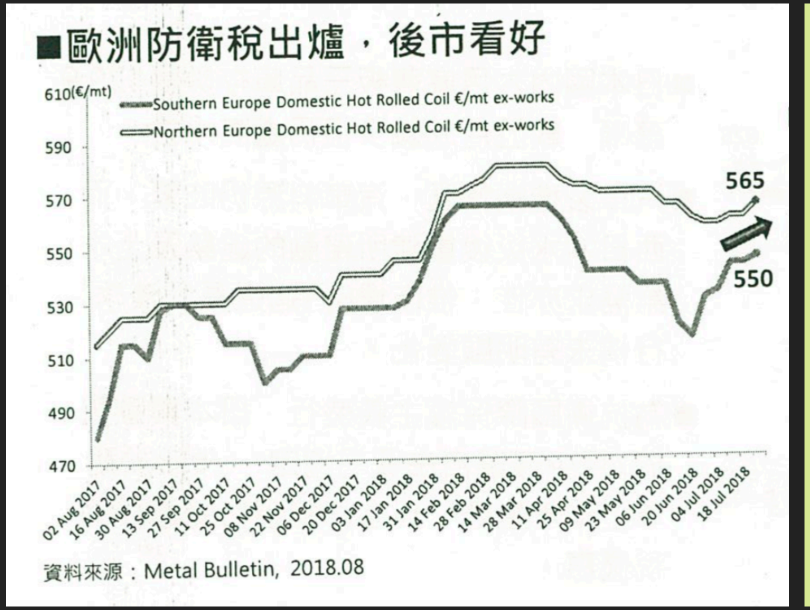
(目前數據看，2018.10 WSA 將會上調)

資料來源：worldsteel，2018.4/ 金屬中心MII整理

DEMAND SIDE



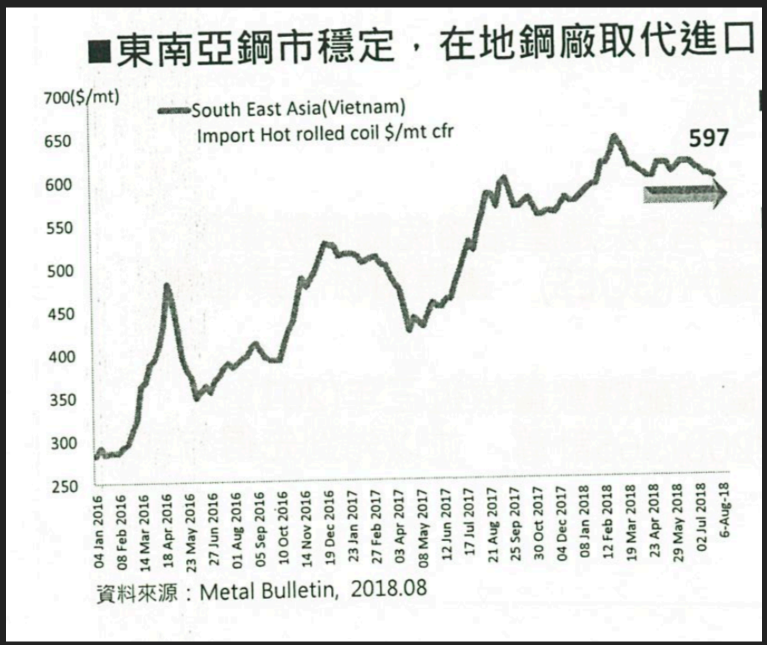
- US MARKET STATUS
- STRONG US ECONOMIC GROWTH
- DOMESTIC STEEL PRICES ARE HIGH DUE TO 232 BILLS
- IN ORDER TO OBSERVE THE TRADE WAR SITUATION



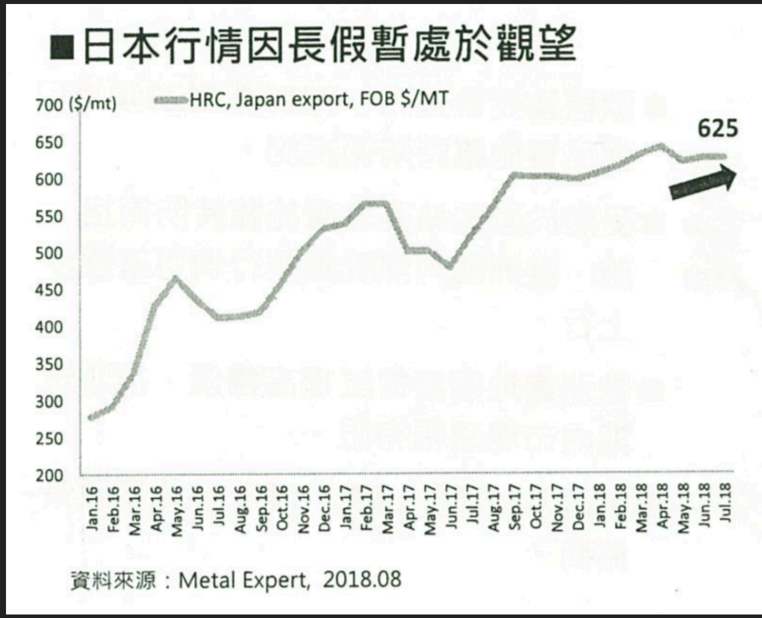
- EUROPEAN MARKET STATUS
- THE EUROPEAN COMMISSION ANNOUNCED THAT IT WILL IMPLEMENT TEMPORARY DEFENSE MEASURES AGAINST 23 IMPORTED STEEL PRODUCTS, AND THE DOMESTIC PLATE MARKET WILL GO UP.
- JULY PMI INDEX FELL TO 55.1 FROM JANUARY 60.4
- ALTHOUGH THE PMI INDEX IS LOWER, THE OVERALL ECONOMY IS STILL GROWING MODERATELY.

資料來源：中鋼鋼板買賣切割行業107.Q4產銷聯誼會

DEMAND SIDE



- SOUTHEAST ASIAN MARKET STATUS
- INDONESIA AND THAILAND GROW WITH POPULATION, DEMAND FOR STEAM LOCOMOTIVES INCREASES, AND DEMAND FOR RELATED PLATES AND FASTENERS GROWS STEADILY
- VIETNAM'S HEJING STEEL PLANT WAS PUT INTO OPERATION, REDUCING THE USE OF HOT-ROLLED STEEL IN MAINLAND CHINA AND AVOIDING ANTI-DUMPING DUTIES



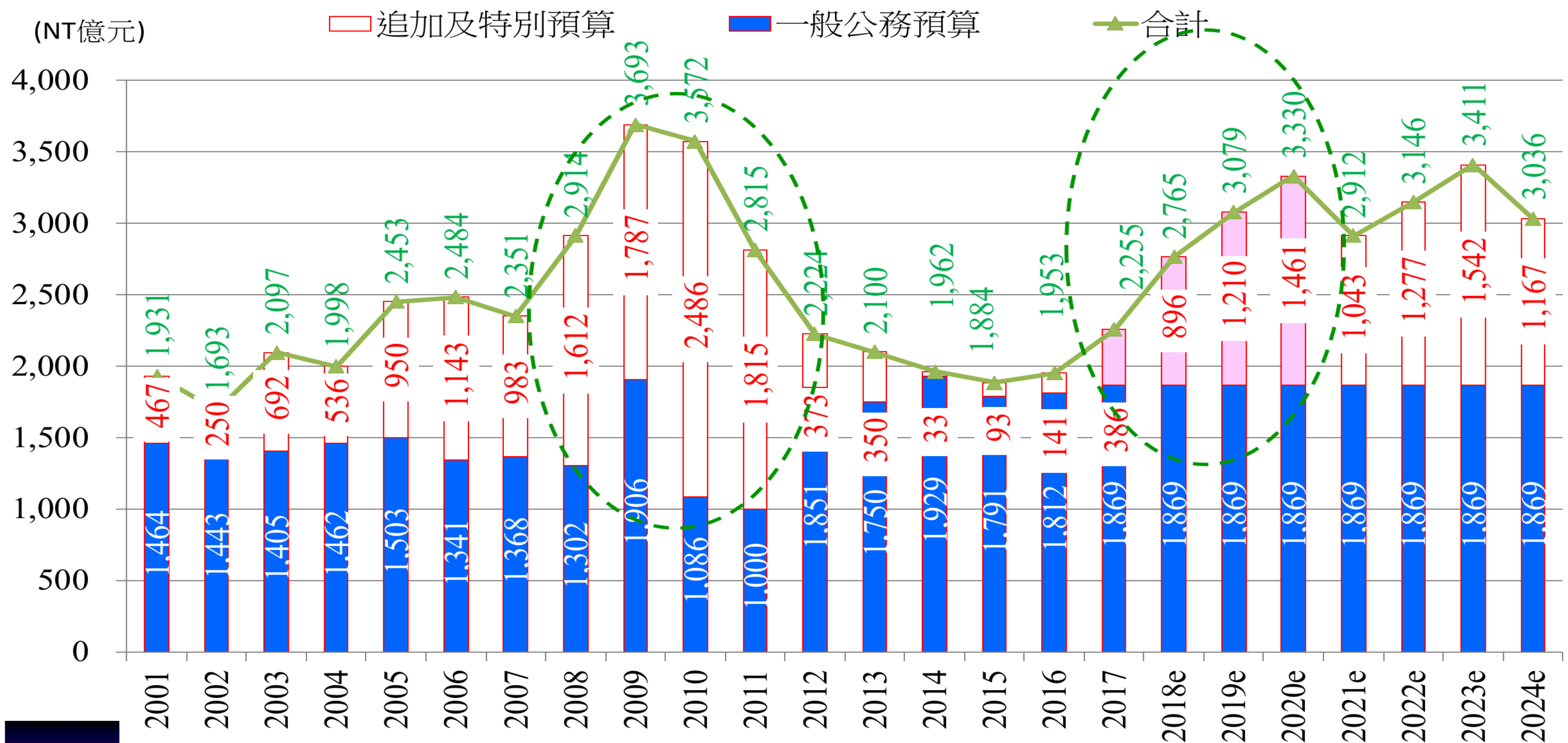
- JAPANESE MARKET STATUS
- DEMAND IN THE AUTOMOTIVE INDUSTRY IS BOOMING
- STRONG DEMAND FOR CONSTRUCTION IN 2020
- FUTURE POST-DISASTER RECONSTRUCTION NEEDS WILL ALSO DRIVE CONSTRUCTION-RELATED DEMAND

資料來源：中鋼鋼板買賣切割行業107.Q4產銷聯誼會

2001年-2024TAIWAN PUBLIC WORKS BUDGET SOURCE

Source: Metal Center, Chen Jianren

公共工程預算來源-一般v.s.追加/特別預算



資料來源：政府總預算書、行政院網站/金屬中心整理

結論

POSITIVE FACTOR

- THE PRICE OF RAW MATERIALS IS STABLE AND IS AT THE MIDDLE OF HISTORICAL STANDARDS.
- GLOBAL CRUDE STEEL PRODUCTION CAPACITY GROWS WITH DEMAND, BUT CHINA HAS IMPLEMENTED SUPPLY-SIDE REFORMS TO COMBAT STRIP STEEL, AND THE TOTAL EXPORT VOLUME HAS FALLEN SHARPLY.
- THE ECONOMIC GROWTH RATE OF COUNTRIES AROUND THE WORLD IS STILL GROWING POSITIVELY.
- TAIWAN'S MACHINE TOOL INDUSTRY EXPORTS ORDERS
- PUBLIC WORKS ADDITIONAL BUDGET GROWTH

NEGATIVE FACTORS

- STRONG DOLLAR RESTRAINS RISING PRICES OF RAW MATERIALS, SUCH AS NICKEL PRICES
- NATIONAL CURRENCIES ARE DEPRECIATING: RISING IMPORT COSTS
- THE TRADE WAR HAS COMPLICATED THE INTERNATIONAL SITUATION AND HAS MANY VARIABLES.
- IT IS NECESSARY TO CONTINUOUSLY OBSERVE THE IMPACT OF TRADE WARS ON THE GROWTH PATTERNS OF THE COUNTRIES: SHORT-TERM NEGATIVE FACTORS, AND LONG-TERM NEGATIVE FACTORS

DIVERSIFICATION AND GROWTH STRATEGY

PROFITABLE TWIN ENGINE - NEW LOOK, DIVERSIFIED OPERATION

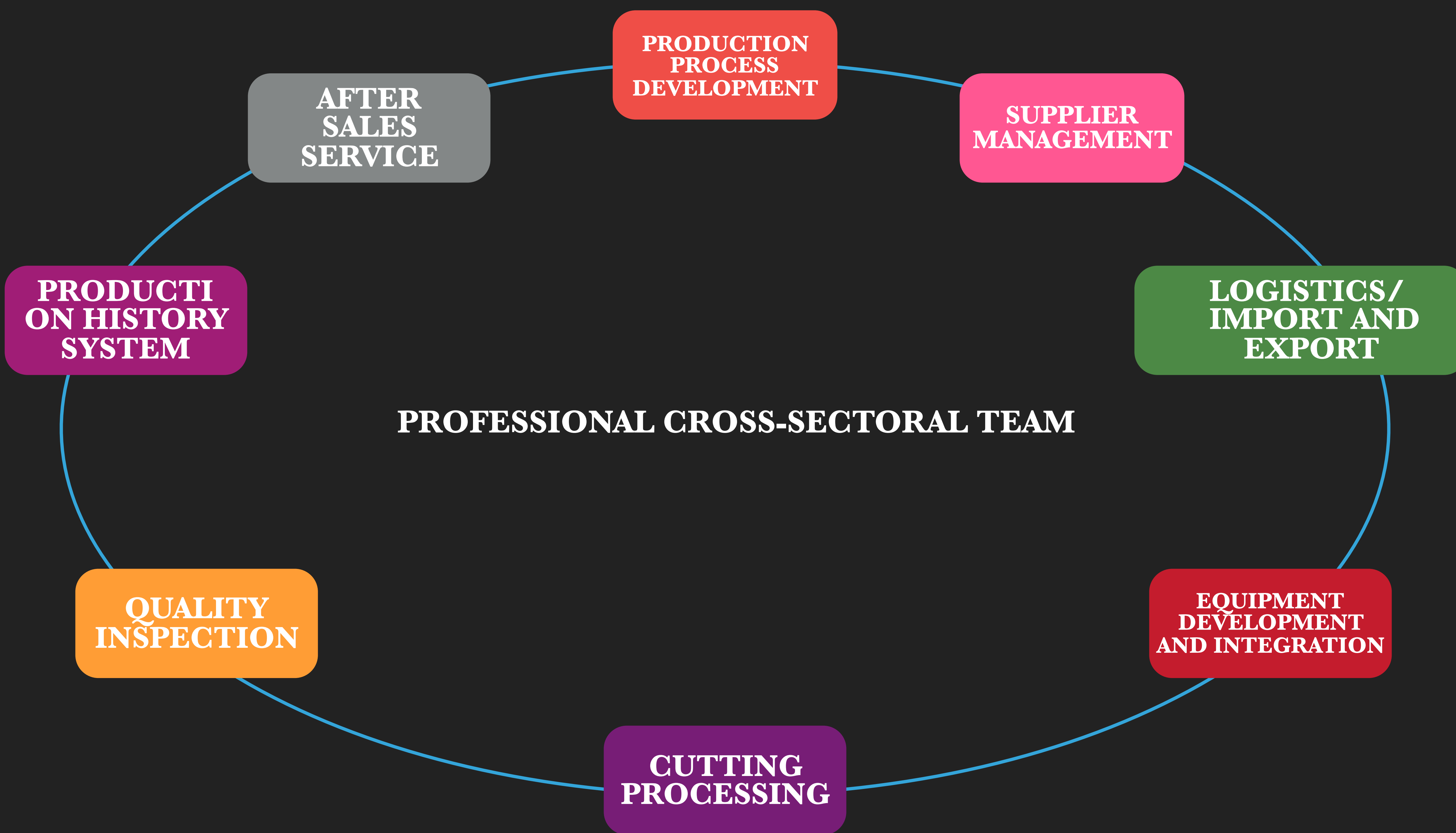
- Supply chain: investment CSC、CSVC
- Joint venture：Mason Metal (50:50 with Sumitomo)
- Strategic alliance：Century Steel、Solar material supply
- Local Investing ： APEX Wind Power Equipment Manufacturing Co., LTD.

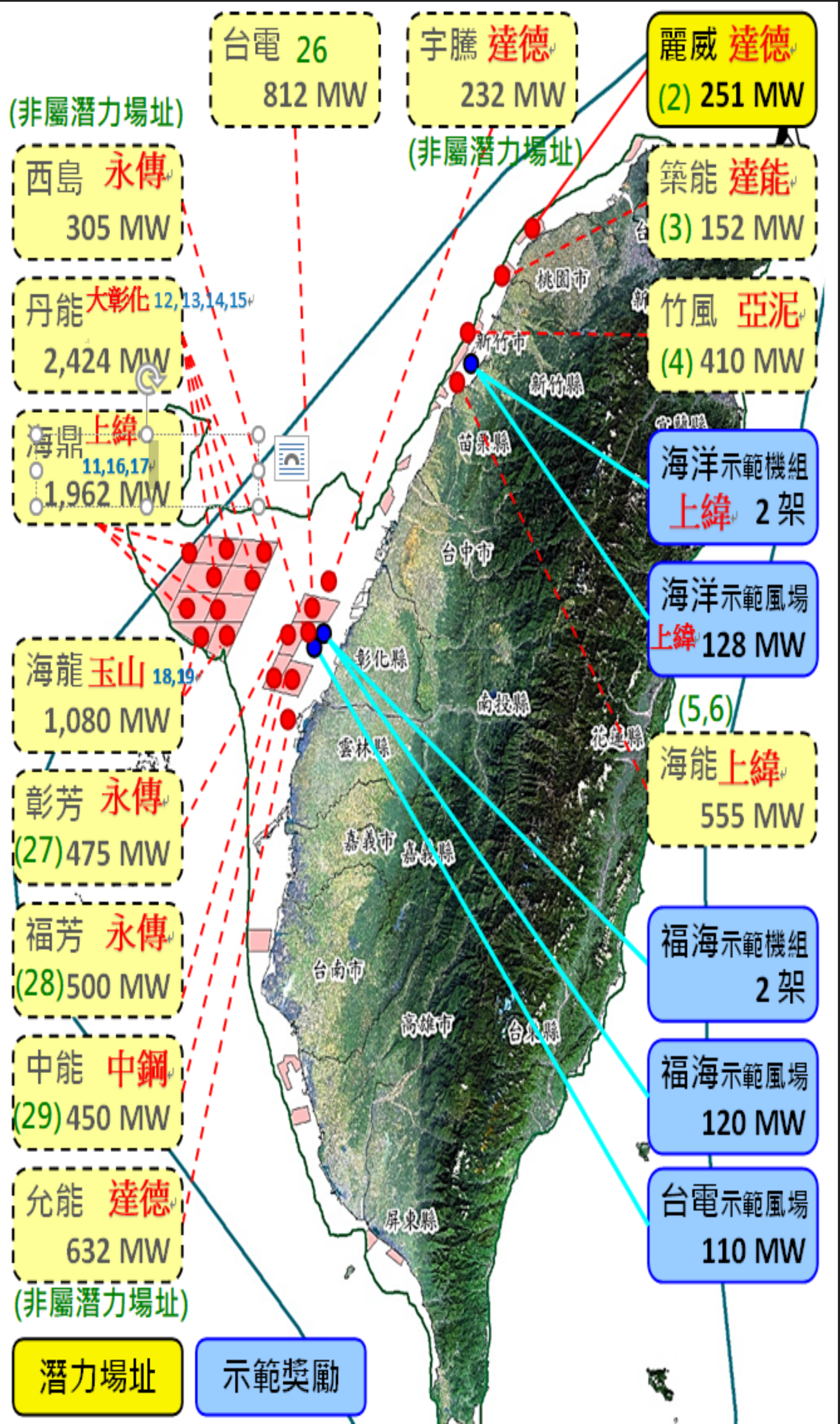
SOURCE

- Activated assets
- solar energy generation

ACTIVATED ASSETS

HIGH-TECH INDUSTRY CUTTING ORDERS (TOTAL SOLUTION)





Government Policy of Wind Power

2025 ：5.5GW

1. **APEX Wind Power Equipment Manufacturing**
2. **Offshore wind power tower equipment supply chain alliance**

OFFSHORE WIND POWER

HSIN KUANG STEEL CO.,

&

向陽優能電力股份有限公司
Sunny Rich Power Co., Ltd

Government Policy of
Solar Power
2025 ：20GW

GREEN ENERGY

SOLAR INDUSTRY LAYOUT

1.Provide high strength, corrosion resistant steel materials

2. solar energy generation

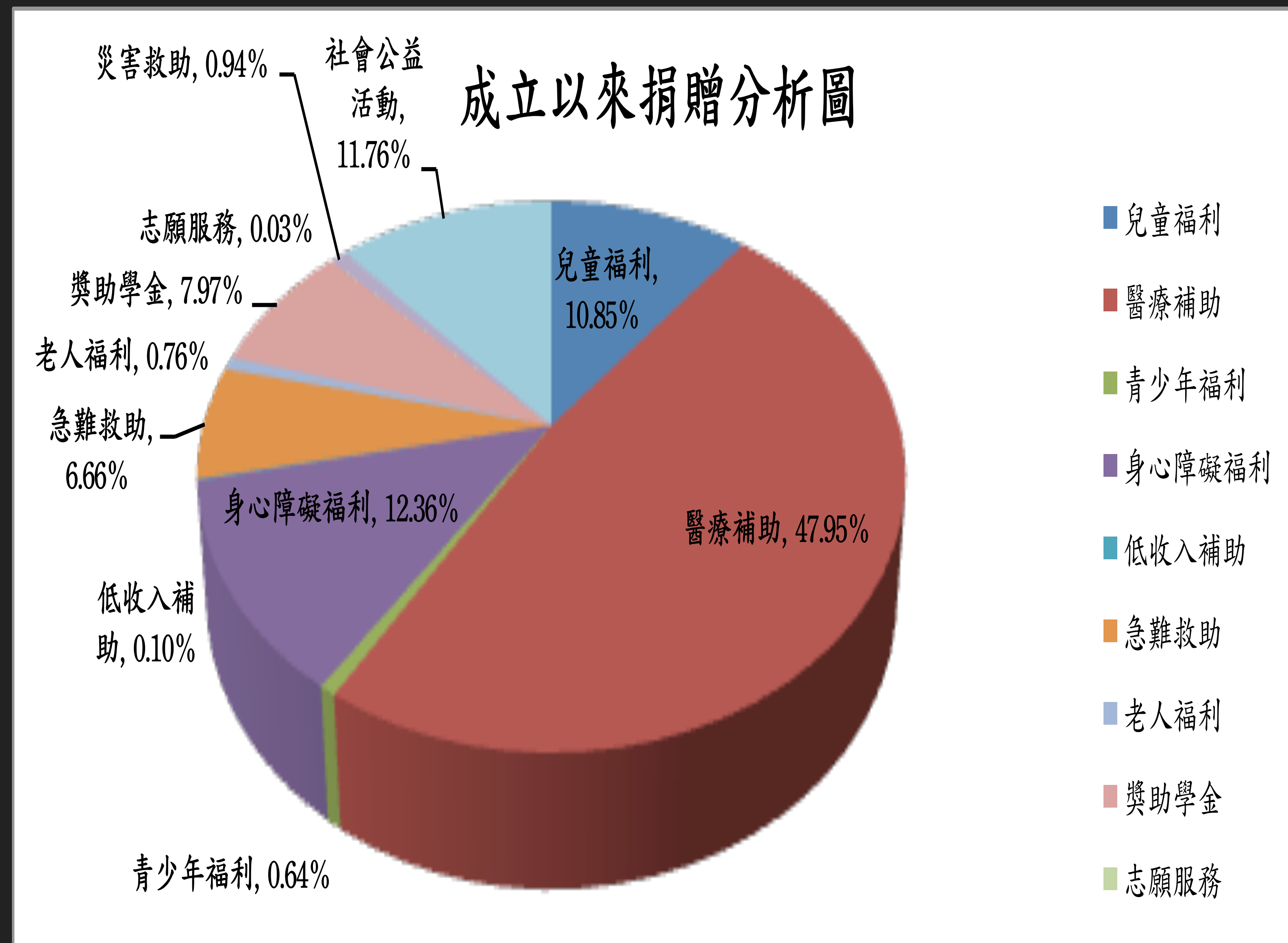
CORPORATE SOCIAL RESPONSIBILITY

財團法人輝容社會福利慈善事業基金會簡介

「輝容基金會」成立於民國92年，由粟明德先生、其胞妹粟清雲女士及輝容投資股份有限公司共同捐助現金新台幣2,000萬元成立。民國95年增加基金至新台幣3,000萬元，並持續由粟明德先生及粟有容先生共同捐助新光鋼股票及現金，使基金成長至新台幣1億2000萬元，主要從事兒童福利、老人福利、殘障福利、青少年福利、醫療福利及關懷生命…等相關活動贊助。粟明德董事長於事業較穩固時成立「輝容基金會」，用來彌補其未能及時孝養父親之憾，也希望藉此延續對其父親的思念，化為大愛，回饋給社會上有需要幫助的人，同時也能落實「取之於社會，用之於社會」的初衷。藉由「輝容基金會」的運作，粟董事長亦期許他的子女，能夠了解他們的祖父，當年創業之困苦，也能體會，為父後來守業之艱辛。期勉日後子女接掌事業時，亦能腳踏實地、兢兢業業，帶領團隊努力經營，把傳承之事業，發揚光大，則父親雖死，其猶生也。

財團法人輝容社會福利慈善事業基金會支出分析圖：

成立以來捐贈		
支出項目	金額(萬元)	百分比
兒童福利	844	0.1085
醫療補助	3,732	0.4795
青少年福利	50	0.0064
身心障礙福	962	0.1236
低收入補助	8	0.001
急難救助	518	0.0666
老人福利	59	0.0076
獎助學金	620	0.0797
志願服務	2	0.0003
災害救助	73	0.0094
社會公益活	915	0.1176
合計	7,784	1



財團法人新光鋼添澄慈善基金會

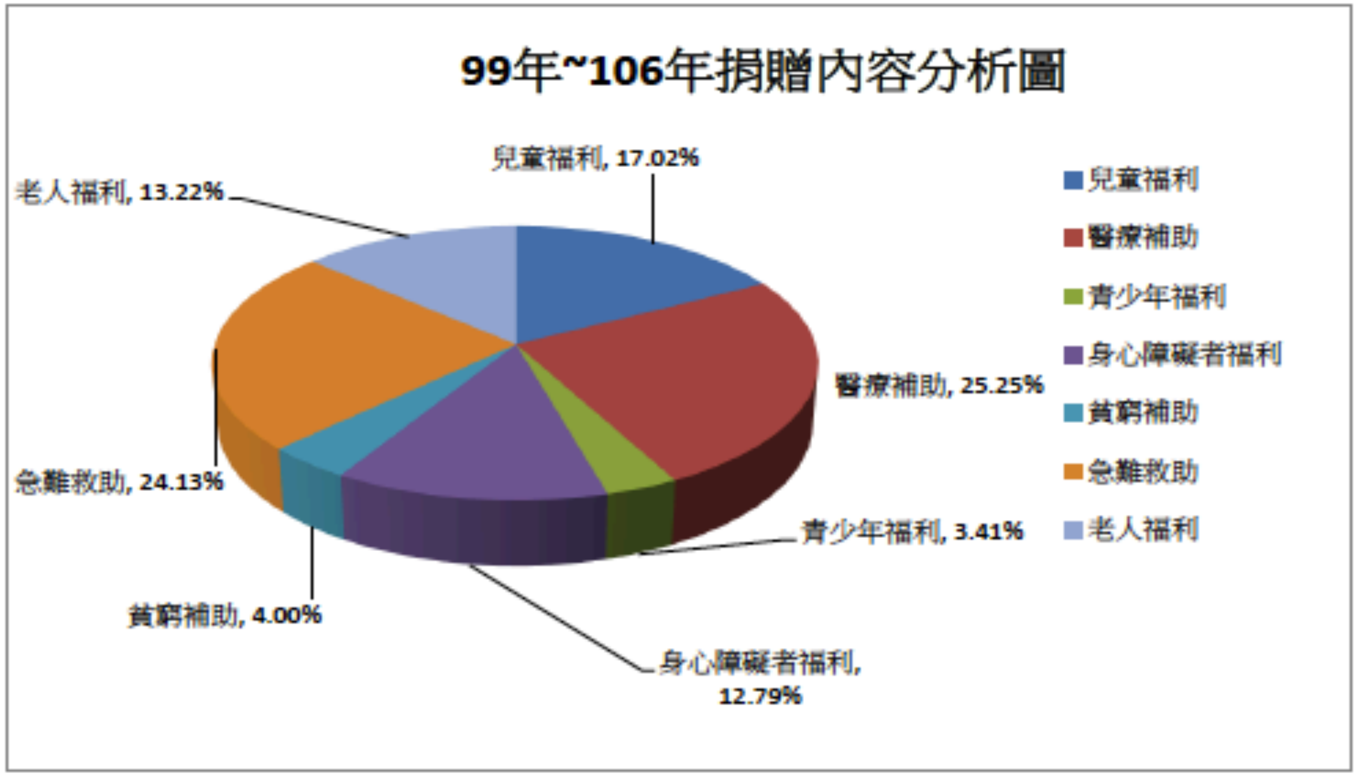
本會於民國九十八年一月二十二日完成設立登記，由新光鋼鐵股份有限公司捐助新臺幣貳仟萬元及添澄實業股份有限公司捐助新臺幣壹仟萬元，合計基金參仟萬元整。其宗旨以辦理社會福利慈善事業為主要目的，發揮資源整合效益，協助政府推動社會福利服務，提升弱勢權益新觀念，降低社會負擔成本。

本會在100年及103年，接受內政部及衛生福利部「全國性暨省級財團法人社會福利慈善事業基金會評鑑」獲評為「甲等」殊榮。

106年度截至9/28為止總捐贈$31,000,000元，106/1/1至106/9/28目前已捐出$3,132,465元。

歷年捐贈明細

項　　目	小計金額	百分比
兒童福利	5,275,000	17.02%
醫療補助	7,829,000	25.25%
青少年福利	1,056,000	3.41%
身心障礙者福利	3,965,000	12.79%
貧窮補助	1,240,000	4.00%
急難救助	7,481,000	24.13%
老人福利	4,098,195	13.22%
教育文化	55,805	0.18%
合計	31,000,000	100.00%



OPERATIONAL OVERVIEW

PERFORMANCE

Item	2018H1	2017 H1
Operating income (NTD, thousand)	4,549,348	4,438,792
Operating gross profit (NTD, thousand)	663,460	666,207
Operating profit (NTD, thousand)	477,026	587,090
Net profit before tax (NTD, thousand)	1,084,858	638,004
After-tax net profit (NTD, thousand)	947,900	526,840
After taxEPS (NTD, dollar)	3.01	1.72

90 - 107 H1 ALLOTMENT OF DIVIDENDS

Year	Operating income	Net profit after tax	Earnings per share	Paid-up capital	Net value per share	Stock dividend	Cash dividend	Dividend distribution
Unit	Billion	Billion	Dollar	Billion	Dollar	(Dollar)	(Dollar)	(Dollar)
90	27.06	0.09	0.08	11.88	11.52	0.48	0.2	0.68
91	40.82	4.1	3.59	12	15.71	1.25	1	2.25
92	52.14	5.33	3.89	14.46	17.39	1.24	1.25	2.49
93	89.05	12.86	7.62	17.05	22.24	2	1.5	3.5
94	71.03	0.06	0.03	20.55	16.99	0.51	0.5	1.01
95	74.84	5.47	2.63	21.57	18.34	0.97	1.46	2.43
96	88.14	7.96	3.5	24.21	20.06	-	1.46	1.46
97	95.28	4.57	1.74	26.83	19.37	-	0.6	0.6
98	55.37	-2.48	-0.91	27.22	20.47	-	0.6	0.6
99	89.08	7.38	2.71	27.25	22.96	-	2	2
100	72.73	1.97	0.71	27.73	20.76	-	1	1
101	73.27	-2.16	-0.78	27.74	18.73	-	0.5	0.5
102	84.08	3.31	1.2	27.69	19.66	-	1	1
103	83.84	2.31	0.83	27.88	19.47	-	1	1
104	63.74	-4.02	-1.45	27.56	14.99	-	0.6	0.6
105	62.62	7.5	2.5	29.92	18.53	-	1.8	1.8
106	81.68	10.64	3.48	30.62	20.41	-	2	2
107H1	45.49	9.48	3.01	30.98	22.66			
TOTAL	**1,250.26**	**74.37**	**34.38**			**6.45**	**18.46**	**24.91**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