

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
China Steel Corporation			
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Heng I Lai	886-7-802-1111 Ext 3950	153908@mail.csc.com.tw	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
1 Chung Kang Road, Hsiao Kang		Kaohsiung 81233, Taiwan, ROC	
<b>8</b> Date of action		<b>9</b> Classification and description	
September 19, 2012		Global Depository Shares ("GDSs")	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
Y15041125/169417102			

**Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.**

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On July 3, 2012, the Company announced a stock distribution whereby holders of Common Shares (the "Shares") would receive 15 new Shares for every 1000 existing Shares held as of the applicable record date and holders of GDSs would receive 1.5 new GDSs for every 100 existing GDSs held as of the applicable record date. The record date for holders of Shares was July 27, 2012. The record date for holders of GDSs was July 26, 2012. The effective date for holders of Shares was September 12, 2012 while the effective date for holders of GDSs was September 19, 2012.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ As required by Code Section 307(a), and the U.S. Treasury regulations thereunder, the U.S. tax basis of the Shares previously held by each U.S. holder of Shares (or GDSs) should be allocated between the holder's existing Shares (or GDSs) and the new Shares (or GDSs) received in the distribution based on their respective fair market. The Company has determined that the fair market value of each GDSs as \$18.125 on the GDS effective date. Each holder of Shares (or holders of GDSs) should allocate 98.5222% of its basis in each existing Shares (or GDSs) to each (or GDSs) received in the distribution.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ \_\_\_\_\_  
 Please refer to item 15.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ \_\_\_\_\_  
Please refer to item 15.

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18 Can any resulting loss be recognized? ▶ For U.S. federal income tax purposes, the Organization Action will not result in any tax loss for any holders of Shares or GDSs.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable taxable year is 2012.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶  Date ▶ Oct. 08, 2012  
Print your name ▶ Chung-Yi, Lin Title ▶ Vice President, Finance Division

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.