

China Steel Corporation  
Annual General Meeting  
June 15, 2011

Proposals and Discussion

- (1) Adoption of the 2010 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2010 Profits.
- (3) Proposal for a new share issue through capitalization of earnings of 2010.
- (4) Proposal for GDR issue through capital injection by new share issue.
- (5) Amendments to Articles of Incorporation.
- (6) Amendments to Procedures for Endorsements and Guarantees.
- (7) Amendments to Rules Governing Procedures for Shareholders' Meeting.
- (8) Amendments to Regulations Governing the Election of Directors and Supervisors.
- (9) Proposal of releasing the prohibition on Chairman, Mr. J.C. Tsou from holding the position of Director of China Ecotek Corporation.
- (10) Proposal of releasing the prohibition on Director, Mr. C.H. Ou from holding the same position in China Hi-ment Corporation.
- (11) Proposal of releasing the prohibition on Director, Mr. K.L. Du from holding the position of Chairman, China Ecotek Corporation.
- (12) Proposal of releasing the prohibition on Director, Mr. J.Y. Sung from holding the same positions in China Ecotek Corporation and Taiwan Rolling Stock Co.,Ltd.

Agenda 1-proposed by the board of directors

Subject:

Adoption of the 2010 Business Report and Financial Statements.

Resolution:

Agenda 2-proposed by the board of directors

Subject:

Adoption of the Proposal for Distribution of 2010 Profits

Explanation:

1. The Company’s earnings distribution, as shown below, is proposed in accordance with the provisions in Article 6 of the Company’s Articles of Incorporation:

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|---|------------------|
| Undistributed earnings from previous years              | NT\$ 64,909,504  |
| Add: After-tax earnings of 2010 (A)                     | 37,586,826,091   |
| Deduct: Legal reserve = (A) *10%                        | (3,758,682,609)  |
| Subtotal of distributable earnings                      | 33,893,052,986   |
| Distribution Items:                                     |                  |
| Dividends for preferred shares and common shares        | (33,779,760,578) |
| Undistributed earnings                                  | NT\$ 113,292,408 |
|   |                  |
| Compensation for the Board of Directors and Supervisors | NT\$ 50,611,852  |
| Employee Bonus  | 2,701,965,463    |

2. For year 2010, Compensation for the Board of Directors and Supervisors totaled NT\$50,661,852, and Employee Bonus totaled NT\$2,701,965,463, to be distributed entirely in cash.
3. The proposed dividend appropriation for preferred shares and common shares totaled NT\$2.49 per share, respectively, each consisting of cash dividend of NT\$ 1.99 per share and stock dividend of NT\$0.50 per share.
4. Upon approval of this earnings appropriation plan by resolution of the meeting of shareholders, the Chairman of the Board will be authorized to set the record date for cash dividend distribution. When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than an NT dollar shall be rounded to the next NT dollar. The resulting difference shall be recognized as a Company expense.
5. To accommodate the implementation of the combined tax rate, when calculating shareholder tax deductible amounts in accordance with Item 6, Article 66 of the Income Tax Law, priority shall be given to distribution of earnings attributable to the years 1998 and thereafter; when calculating the additional levy of 10% profitable enterprise income tax on undistributed earnings in accordance with Item 9, Article 66 of the Income Tax Law, priority shall be given to distribution of earnings from the most recent years.

Resolution:

### Agenda 3-proposed by the board of directors

#### Subject:

To approve a new share issue through capitalization of NT\$ 6,783,084,450 (issue of 678,308,445 common shares) from earnings available for distribution in 2010.

#### Explanation:

1. For the Company's long term development and meet its demand for capital , it is proposed that NT\$ 6,783,084,450 be appropriated from earnings available for distribution in 2010 toward an increase in equity capital by issuing 678,608,445 common shares, with a par value of 10 per share, in a single stock offering. The rights and obligations of the new common shares are the same as existing common shares.
2. Of this equity capital increase from earnings available for distribution, shareholder stock dividend appropriation is appropriated free-of-charge to shareholders in our Shareholder Register on the dividend record date according to their respective shareholdings percentages. The distribution shall be 50 shares for every 1,000 shares of both preferred stock and common stock. Fractional shares may be combined into one whole share by the shareholders; otherwise, pro rata cash payments shall be made for fractional shares not combined into one whole share based on its par value. Residual amounts less than one NT dollar shall be rounded to the next dollar and the difference shall be recognized as a Company expense. The Chairman of the Board is authorized to determine the disposal of cumulative fractional shares.

#### Resolution:

## Agenda 4 -proposed by the board of directors

### Subject:

To approve GDR issue through capital Injection by new share issue

### Explanation:

1. The Company's expansion plans and product upgrade strategy will be achieved through its major investment projects and capital expenditure plans in the next five years. The source of fund, after deducting the Company's own fund, if fully funded by corporate bonds or bank loans, by year 2015 the Company's expected debt ratio will reach 42%, while the Group's expected debt ratio will reach 55%. However, the potential financial risk may raise and thus may impact the credit rating for the Company's corporate bonds and thus increase the Company's costs of financing. Consequently, to improve the Company's financial structure and fund position and meet its future capital needs for operation, it is proposed that the Company issue Global Depository Receipts (GDRs) through capital injection by new share issue, with number of shares ranging from 700 to 840 million. Chairman of the Board is authorized to adjust the number of shares depending on the market situation after the approval of annual general meeting of shareholders.
2. Pricing of GDR:  
According to "Self-Regulatory Rules Governing the Offering and Issuance of Securities by Underwriters" regulated by the Taiwan Securities Association, offering price shall be no lower than 90% of one of the following:
  - (1) the closing price of the Company's common share traded in the Taiwan Stock Exchange on the pricing date.
  - (2) the simple arithmetical average closing price of the Company's common share for either one, three, or five consecutive business days before the pricing date, after adjustment for any distribution of stock dividends and cash dividends.The Company may revise the pricing mechanism in accordance with any amendment to laws and regulations, and we are of the view that abovementioned pricing mechanism is fair and reasonable. The Company authorizes both Chairman of the board and the underwriter to determine the actual offering price within the abovementioned range based on international practices, the situation of global capital market as well as bookbuilding and fixed price.
3. The abovementioned new share issue of 840 million shares, if fully subscribed, would only account for 5.6% of the outstanding shares after the capital injection, and thus will not result in significant impact on shareholder's equity. The capital collected will be used for plant expansions, increase of working capital and equity

investment. The Company and the Group will be more competitive by lowering the debt ratio, and shareholder's equity will therefore be enhanced.

4. Except for the 10% of the newly issued shares that should be reserved for employee subscription as regulated in Article 267 of the Company Act, the remaining newly issued shares may be, according to Paragraph 1, Article 28 of the Securities and Exchange Act, fully subscribed as the offering shares for GDRs upon the approval of shareholder's meeting. If any employee fails to fully subscribe for new shares, his right shall be forfeited and the shares thereof shall be merged into the offering shares for GDRs.
5. Other matters:
  - (1) If any revision or adjustment has to be made due to amendment to the laws and regulations or due to the competent authorities' instruction, change in market condition, or change in evaluation for the environment, the board of directors has authorized Chairman of the board with full power and authority to handle all related matters, including the offering price, number of shares, plan items, capital raised, and the progress of fund usage as well as the resulted benefits,
  - (2) After filing the statements with competent authorities and obtain approval, Chairman of the board will be authorized to handle all related matters with new share offering pursuant to the related laws and regulations.
  - (3) It is proposed that the shareholders' meeting authorize the Chairman or the designated persons to represent the Company and handle all necessary procedures and required matters for GDR issue, including signature of document required by the GDR offering and all related matters.
6. Shareholders' meeting authorizes the Chairman with full power and authority deal with any matters not set forth in the preceding paragraphs.

Agenda 5 -proposed by the board of directors

Subject:

Amendment to the Company's Articles of Incorporation.

Explanation:

The amendment to the Company's Articles of Incorporation is as attached:

Resolution:

## Attachment 1

### Comparison Table of Drafted Amendments to Articles of Incorporation of China Steel Corporation

| Revised clause  | Clause in force  | Explanation  |
|---|--|--|
| <p>Article 2</p> <p>The scope of the business engaged in by the Company is as follows:</p> <ol style="list-style-type: none"> <li>1. CA01010 Iron and steel refining;</li> <li>2. CA01030 Steel casting;</li> <li>3. CA01020 Steel rolling and extruding;</li> <li>4. CA01050 Secondary processing of steel materials;</li> <li>5. CA02080 Metal forging;</li> <li>6. CA03010 Heat treatment;</li> <li>7. CA04010 Surface treatment;</li> <li>8. E103101 Environmental protection construction ;</li> <li>9. E602011 Refrigeration and air conditioning engineering;</li> <li>10. <u>ZZ99999</u> Any other businesses that are not prohibited or restricted by laws, except for businesses requiring special approvals</li> </ol> | <p>Article 2</p> <p>The scope of the business engaged in by the Company is as follows:</p> <ol style="list-style-type: none"> <li>1. CA01010 Iron and steel refining;</li> <li>2. CA01030 Steel casting;</li> <li>3. CA01020 Steel rolling and extruding;</li> <li>4. CA01050 Secondary processing of steel materials;</li> <li>5. CA02080 Metal forging;</li> <li>6. CA03010 Heat treatment;</li> <li>7. CA04010 Surface treatment;</li> <li>8. E103101 Environmental protection construction ;</li> <li>9. E602011 Refrigeration and air conditioning engineering;</li> <li>10. Any other businesses that are not prohibited or restricted by laws, except for businesses requiring special approvals</li> </ol> | <p>Addition of the Code of Item 10, Article 2 in conformity with the Company’s Corporate Amendment Registration Card.</p>  |
| <p>Article 22</p> <p>The Company shall have nine to fifteen Directors, who shall be nominated as candidates and elected by shareholders from a list of candidates.</p> <p>When Directors are elected at a shareholders’ meeting, the number of votes exercisable per share shall be the same as the number of Directors to be elected. Such votes</p>   | <p>Article 22</p> <p>The Company shall have nine to fifteen Directors, who shall be nominated as candidates and elected by shareholders from a list of candidates. <u>The aggregate minimum percentage of shares held by all Directors shall be governed by applicable provisions of the securities-related laws.</u></p> <p>When Directors are elected at a shareholders’ meeting, the number of votes exercisable per share shall be the same as the number of Directors to be elected. Such votes</p>   | <ol style="list-style-type: none"> <li>1. Regarding rules governing the aggregate minimum percentage of shares by the Financial Supervisory Commission (FSC), after the deletion of fines for Article 178 of the Securities and Exchange Act, the Company revised the related content accordingly.</li> <li>2. No revision for Paragraph 2 and the succeeding paragraphs.</li> </ol> |



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| <p>may be cast collectively to elect one person or allocated to elect several persons, and the person(s) who receive(s) ballots representing a plurality of votes shall be elected as Directors.</p> <p>The number of Independent Directors among the number of Directors to be elected in each term in accordance with the paragraph 1 of this article shall be no less than two and no less than one-fifth of the number of persons to be elected.</p> <p>The professional qualifications, restriction on the number of shares held and simultaneous positions served, the determination of independence, the methods of nomination, and other matters to be observed by the Independent Directors shall be governed by applicable provisions of the securities-related laws.</p> <p>Independent Directors and non-Independent Directors shall be separately nominated and elected together, and the number of Directors elected shall be calculated separately.</p> | <p>may be cast collectively to elect one person or allocated to elect several persons, and the person(s) who receive(s) ballots representing a plurality of votes shall be elected as Directors.</p> <p>The number of Independent Directors among the number of Directors to be elected in each term in accordance with the paragraph 1 of this article shall be no less than two and no less than one-fifth of the number of persons to be elected.</p> <p>The professional qualifications, restriction on the number of shares held and simultaneous positions served, the determination of independence, the methods of nomination, and other matters to be observed by the Independent Directors shall be governed by applicable provisions of the securities-related laws.</p> <p>Independent Directors and non-Independent Directors shall be separately nominated and elected together, and the number of Directors elected shall be calculated separately.</p> |  |
| <p>Article 25.</p> <p>Except for the first meeting of a newly elected Board of Directors, which shall be convened by the Director who has won votes representing the largest number of the voting power at a shareholders' meeting, meetings of the Board of Directors shall be convened by the</p>  | <p>Article 25.</p> <p>Except for the first meeting of a newly elected Board of Directors, which shall be convened by the Director who has won votes representing the largest number of the voting power at a shareholders' meeting, meetings of the Board of Directors shall be convened by the</p>  | <ol style="list-style-type: none"> <li>1. Addition of the text "comprehensive pre-meeting materials" in compliance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" by the FSC</li> <li>2. No revision for Paragraph 1 and 3.</li> </ol> |

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| <p>Chairman of the Board of Directors.</p> <p>Meetings of the Board of Directors shall be convened once every quarter, and members of the Board of Directors and Supervisors shall be notified in writing of the date, location, <u>agenda, and comprehensive pre-meeting materials</u> of the meeting 7 days in advance; however, in the event of an emergency, such a meeting may be convened and notified at any time in writing or by any other appropriate means.</p> <p>Any member of the Board of Directors and Supervisors may declare a waiver of the notice in the preceding paragraph in writing prior or subsequent to a meeting.</p> | <p>Chairman of the Board of Directors.</p> <p>Meetings of the Board of Directors shall be convened once every quarter, and members of the Board of Directors and Supervisors shall be notified in writing of the date, location, <u>and agenda</u> of the meeting 7 days in advance; however, in the event of an emergency, such a meeting may be convened and notified at any time in writing or by any other appropriate means.</p> <p>Any member of the Board of Directors and Supervisors may declare a waiver of the notice in the preceding paragraph in writing prior or subsequent to a meeting.</p> |   |
| <p>Article 31</p> <p>The Company shall have three to five Supervisors, who shall be elected by the shareholders' meeting from the competent persons.</p> <p>The provisions of paragraph 2 of Article 22 shall apply mutatis mutandis to the election of Supervisors.</p>  | <p>Article 30-1</p> <p>The Company shall have three to five Supervisors, who shall be elected by the shareholders' meeting from the competent persons. <u>The aggregate minimum percentage of shares collectively held by the entire group of Supervisors shall be governed by applicable provisions of securities-related laws.</u></p> <p>The provisions of paragraph 2 of Article 22 shall apply mutatis mutandis to the election of Supervisors.</p>   | <p>1. Regarding rules governing the aggregate minimum percentage of shares by the Financial Supervisory Commission (FSC), after the deletion of fines for Article 178 of the Securities and Exchange Act, the Company revised the related content accordingly.</p> <p>2. No revision for Paragraph 2.</p> |

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| <p>Article 33</p> <p>The Company shall have one President, one Executive Vice President, and several Vice Presidents.</p> <p>The appointment, discharge and remuneration of managerial personnel as enumerated in the <u>preceding paragraph</u> shall be pursuant to the Article 29 of the Company Law.</p> <p>The Directors may concurrently act as managerial personnel as enumerated in the <u>first paragraph</u>.</p> | <p>Article 33.</p> <p>The Company shall have one President, one Executive Vice President, and several Vice Presidents.</p> <p><u>The Company may have a Chief Executive Officer (CEO) approved by the Board of Directors in consideration of the need of organizational functions. According to the resolutions of the Board of Directors, CEO leads managerial personnel as enumerated in preceding paragraph, as well as is responsible for making significant decisions for the Company and all its associated businesses.</u></p> <p>The appointment, discharge and remuneration of managerial personnel as enumerated in the <u>preceding two paragraphs</u> shall be pursuant to the Article 29 of the Company Law.</p> <p>The Directors may concurrently act as managerial personnel as enumerated in the <u>preceding first and second paragraphs</u>.</p> | <ol style="list-style-type: none"> <li>1. No revision for Paragraph 1.</li> <li>2. The structure for the Chairman to concurrently act as the CEO is setup in reference for the U.S. law However, according to the Company Act, Chairman of the board is a statutory, mandatory, and permanent position that represents the Company in conducting its business, while the position of CEO is an auxiliary position regulated only in the Articles of Incorporation. To avoid overlapping, Paragraph 2 is deleted in compliance with the Company Act.</li> <li>3. Paragraph 3 and 4 are revised as Paragraph 2 and 3 in accordance the deletion. Text is revised accordingly.</li> </ol> |
| <p>Article 34</p> <p>President manages the execution of the Company's all businesses in accordance with the resolutions of the Board of Directors and has the right of signature for the Company. Executive Vice President and Vice Presidents have their respective rights of signature for the Company within the scope of the Company's rules or written authorization</p>   | <p>Article 34.</p> <p>President manages the execution of the Company's all businesses in accordance with the resolutions of the Board of Directors <u>and the CEO's instructions if the Company has the position, as well as</u> has the right of signature for the Company. Executive Vice President and Vice Presidents have their respective rights of signature for the Company</p>  | <p>Deletion for rules regarding the position of Chief Executive Officer.</p>   |

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| approved by President.   | within the scope of the Company's rules or written authorization approved by President.  |  |
| <p>Article 42.</p> <p>This Articles of Incorporation are agreed and signed on Nov. 2, 1971, firstly amended on Dec. 28, 1973, secondly amended on Jun. 25, 1974, thirdly amended on Oct. 5, 1974, fourthly amended on Jun. 28, 1975, fifthly amended on Jun. 6, 1976, sixthly amended on Jun. 25, 1977, seventhly amended on Oct. 14, 1978, eighthly amended on Oct. 20, 1977, ninthly amended on Sep. 20, 1980, tenthly amended on Sep. 26, 1981, eleventh amended on Nov. 20, 1982, twelfth amended on Sep. 22, 1984, thirteenth amended on Feb. 16, 1985, fourteenth amended on Nov. 23, 1985, fifteenth amended on Dec. 20, 1986, sixteenth amended on Sep. 17, 1988, eighteenth amended on Sep. 27, 1990, nineteenth amended on Sep. 26, 1991, twentieth amended on Sep. 25, 1992, twenty-firstly amended on Sep. 24, 1993, twenty-secondly amended on Sep. 22, 1994, twenty-thirdly amended on May 26, 1995, twenty-fourthly amended on Oct. 20, 1995, twenty-fifthly amended on Nov. 6, 1996, twenty-sixthly amended on Dec. 30, 1997, twenty-seventhly amended on Apr. 30, 1999, twenty-eighthly amended on Jun. 8, 2000, twenty-ninthly amended on May 31, 2001, thirtieth amended on</p> | <p>Article 42.</p> <p>This Articles of Incorporation are agreed and signed on Nov. 2, 1971, firstly amended on Dec. 28, 1973, secondly amended on Jun. 25, 1974, thirdly amended on Oct. 5, 1974, fourthly amended on Jun. 28, 1975, fifthly amended on Jun. 6, 1976, sixthly amended on Jun. 25, 1977, seventhly amended on Oct. 14, 1978, eighthly amended on Oct. 20, 1977, ninthly amended on Sep. 20, 1980, tenthly amended on Sep. 26, 1981, eleventh amended on Nov. 20, 1982, twelfth amended on Sep. 22, 1984, thirteenth amended on Feb. 16, 1985, fourteenth amended on Nov. 23, 1985, fifteenth amended on Dec. 20, 1986, sixteenth amended on Sep. 17, 1988, eighteenth amended on Sep. 27, 1990, nineteenth amended on Sep. 26, 1991, twentieth amended on Sep. 25, 1992, twenty-firstly amended on Sep. 24, 1993, twenty-secondly amended on Sep. 22, 1994, twenty-thirdly amended on May 26, 1995, twenty-fourthly amended on Oct. 20, 1995, twenty-fifthly amended on Nov. 6, 1996, twenty-sixthly amended on Dec. 30, 1997, twenty-seventhly amended on Apr. 30, 1999, twenty-eighthly amended on Jun. 8, 2000, twenty-ninthly amended on May 31, 2001, thirtieth amended on</p> | <p>The date of amendment and cardinal number of amendment have been revised.</p> |

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| <p>Jun. 20, 2002, thirty-firstly amended on Jun. 18, 2003, thirty-secondly amended on Jun. 17, 2004, thirty-thirdly amended on Jun. 14, 2005, thirty-fourthly amended on Jun. 15, 2006, thirty-fifthly amended on June 21, 2007, thirty-sixthly amended on June 19, 2008, thirty-seventhly amended on June 19, 2009, thirty-eighthly amended on June 23, 2010, <u>and thirty-ninth amended on June 15, 2011.</u></p> | <p>Jun. 20, 2002, thirty-firstly amended on Jun. 18, 2003, thirty-secondly amended on Jun. 17, 2004, thirty-thirdly amended on Jun. 14, 2005, thirty-fourthly amended on Jun. 15, 2006, thirty-fifthly amended on June 21, 2007, thirty-sixthly amended on June 19, 2008, thirty-seventhly amended on June 19, 2009, and thirty-eighthly amended on June 23, 2010.</p> |  |
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Agenda 6-proposed by the board of directors

Subject:

Amendment to the Company's Procedures for Endorsements and Guarantees

Explanation:

Revised in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" as regulated by the Financial Supervisory Commission dated March 22<sup>nd</sup>, 2010.

Resolution:

Attachment 2

Comparison Table of Drafted Amendments to Procedures for Endorsements and Guarantees

| Revised clause   | Clause in force   | Explanation  |
|--|---|--|
| <p>Article 2</p> <p>The term "endorsements/guarantees" used here in the Procedures refers to the followings:</p> <p>(1) Factorings of Accounts Receivables: Where the Company makes endorsements for promissory notes it acquires for business purposes, and the notes are thereby purchased by bills finance companies at the agreed discount rate.</p> <p>(2) "Guaranty" as defined under Section 24, Part II "Obligations" of the Civil Code.</p> <p>Any creation by the Company <u>or its subsidiary as defined in Article 3-1</u> of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.</p> | <p>Article 2</p> <p>The term "endorsements/guarantees" used here in the Procedures refers to the followings:</p> <p>(1) Factorings of Accounts Receivables: Where the Company makes endorsements for promissory notes it acquires for business purposes, and the notes are thereby purchased by bills finance companies at the agreed discount rate.</p> <p>(2) "Guaranty" as defined under Section 24, Part II "Obligations" of the Civil Code.</p> <p>Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.</p> | <p>Revised in accordance with Paragraph 2, Article 3-1.</p>  |
| <p><u>Article 3-1</u></p> <p><u>Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution. The amount of endorsements/guarantees may not</u></p>  |   | <p>Revised in accordance Paragraph 2, Article 5 and Paragraph 2, Article 17 of the Procedures.</p> |

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| <p><u>exceed 10% of the net worth of the Company.</u></p> <p><u>This restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</u></p>  |   |   |
| <p>Article 5</p> <p>The total amount for endorsements/guarantees provided by the Company is limited to <u>40</u> percent of its net worth as stated in its latest financial statement; the amount of endorsements/guarantees provided by the Company for any individual <u>entity</u> is limited to <u>30</u> percent of its net worth as stated in its latest financial statements.</p> <p><u>The ceiling on the integrated amounts that the Company and its subsidiaries are permitted to make in endorsements/guarantees shall not exceed 50% of the Company's net worth as stated in its latest financial statements. Except those set forth in Article 3-1, the integrated amount of endorsements/guarantees made for any individual entity by the Company and its subsidiaries shall not exceed 30% of the Company's net worth as stated in its latest financial statements.</u></p> | <p>Article 5</p> <p>The total <u>dollar</u> amount for endorsements/guarantees provided by the Company is limited to <u>30</u> percent of its net worth as stated in its latest financial statement; the amount of endorsements/guarantees provided by the Company for any individual <u>company</u> is limited to <u>10</u> percent of its net worth as stated in its latest financial statements.</p> | <ol style="list-style-type: none"> <li>1. The Company provides performance guarantees of raw material procurement for its 100%-owned subsidiary Dragon Steel Corporation. Due to the increasing raw material cost, the original limit for guarantees in Paragraph 1 of the Article is adjusted and the text is revised accordingly.</li> <li>2. Addition of Paragraph 2 in compliance with Subparagraph 3, Article 12 of the Procedures.</li> </ol> |



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| <p>Article 6</p> <p>The Company <u>and its subsidiaries as defined in Article 3-1</u> shall evaluate the following matters before make any endorsement/guarantee:</p> <p>(1) The necessity of and reasonableness of the endorsement/guarantee.</p> <p>(2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.</p> <p>(3) The impact on the Company's business operations, financial condition, and shareholders' equity.</p> <p>(4) Whether collateral and appraisal of the value thereof must be obtained.</p> | <p>Article 6</p> <p>The Company shall evaluate the following matters before make any endorsement/guarantee:</p> <p>(1) The necessity of and reasonableness of the endorsement/guarantee.</p> <p>(2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.</p> <p>(3) The impact on the Company's business operations, financial condition, and shareholders' equity.</p> <p>(4) Whether collateral and appraisal of the value thereof must be obtained.</p> | <p>Revised in accordance with Article 3-1.</p>                                    |
| <p><u>Article 6-1</u></p> <p><u>For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed to keep any potential risk under control.</u></p>   |  | <p>Addition in compliance with Subparagraph 11, Article 12 of the Procedures.</p> |
| <p>Article 7</p> <p>Before making an endorsement/guarantee for others, the Company <u>and its subsidiaries as defined in Article 3-1</u> shall carefully</p>   | <p><u>Article 7</u></p> <p>Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the</p>   | <p>Revision for change of text.</p>   |

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| <p>evaluate whether the endorsement/guarantee is in compliance with the Procedures and other regulations promulgated by the FSC. The Company may make an endorsement/guarantee only after the evaluation results pursuant to <u>Article 6</u> have been submitted to and resolved upon by the Board of Directors, or approved by Chairman of the Board, empowered by the Board of Directors to grant endorsements/guarantees within a specific limit, which is followed by subsequent submission to and ratification of the next meeting of the Board of Directors.</p> <p>When the Board of Directors resolves or ratifies endorsements/guarantees for others in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinion; independent directors' opinion specifically expressing assent or dissent and his/her reason for dissent shall be included in the minutes of the Board of Directors' meeting.</p> | <p>endorsement/guarantee is in compliance with the Procedures and other regulations promulgated by the FSC. The Company may make an endorsement/guarantee only after the evaluation results pursuant to <u>the preceding article</u> have been submitted to and resolved upon by the Board of Directors, or approved by Chairman of the Board, empowered by the Board of Directors to grant endorsements/guarantees within a specific limit, which is followed by subsequent submission to and ratification of the next meeting of the Board of Directors.</p> <p>When the Board of Directors resolves or ratifies endorsements/guarantees for others in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinion; independent directors' opinion specifically expressing assent or dissent and his/her reason for dissent shall be included in the minutes of the Board of Directors' meeting.</p> |  |
| <p>Article 9<br/>The Finance Department of the Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information: the entity for which the endorsement/guarantee is made, the</p>  | <p>Article 9<br/>The Finance Department of the Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information: the entity for which the endorsement/guarantee is made, the</p>   | <p>Revised due to an error in number of the Article.</p> |

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| <p>amount, the date of passage by the Board of Directors or authorization by Chairman of the board, the date when the endorsement/guarantee is made, and the matters to be carefully evaluated under <u>Article 6</u> of the Procedures.</p>             | <p>amount, the date of passage by the Board of Directors or authorization by Chairman of the board, the date when the endorsement/guarantee is made, and the matters to be carefully evaluated under <u>Paragraph 1, Article 7</u> of the Procedures.</p> |   |
| <p>Article 11<br/>Where its loan balance exceeds the limit as a result of changes of condition, the Company shall adopt rectification plans, submit the rectification plans to all the supervisors, and complete the rectification plans as planned.</p> | <p>Article 11<br/>Where its loan balance exceeds the limit as a result of changes of condition, the Company shall adopt rectification plans, submit the rectification plans to all the supervisors, and complete the rectification plans as planned.</p>  | <p>Revision of Chinese text; no revision for text in English.</p> |

Agenda 7-proposed by the board of directors

Subject:

Amendments to Rules Governing Procedures for Shareholders' Meetings

Explanation:

Paragraph 2 and Paragraph 3, Article 2 and Article 2-1 are revised in accordance with "Rules Governing Procedures for Shareholders' Meetings" revised by the Taiwan Stock Exchange Corporation dated November 10th, 2010.

Resolution:

Attachment 3

Comparison Table of Drafted Amendments to Rules Governing Procedures for Shareholders' Meeting of China Steel Corporation

| Revised clause  | Clause in force   | Explanation   |
|---|---|---|
| <p>Article 2<br/>Unless relevant laws and regulations provide otherwise, the Company's Shareholders' Meeting shall be convened by the Board of Directors.</p> <p><u>Reasons for convening the annual general meeting or extraordinary general meeting shall be specified in the notice and announcement given to the shareholders at least thirty days or fifteen days prior to the meeting day. The notice may be given by means of electronic communication if the Company obtains prior consent by the recipients. The announcement for shareholders who own less than 1,000 shares of nominal stocks may be made as referred to the next Paragraph of this Article.</u></p> <p><u>Thirty days before a company convenes a regular shareholders' meeting or 15 days before a special shareholders' meeting, the company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the Market Observation Post System.</u></p> <p>Where there are proposals relating to election or discharge of</p> | <p>Article 2<br/>Unless relevant laws and regulations provide otherwise, the Company's Shareholders' Meeting shall be convened by the Board of Directors.</p> <p><u>At least thirty days prior notice shall be given for an annual general meeting. At least thirty days prior notice shall be given for an annual general meeting to shareholders who own less than 1,000 shares of nominal stocks in the form of announcement in the Market Observation Post System.</u></p> <p><u>At least fifteen days prior notice shall be given for an extraordinary general meeting. At least fifteen days prior notice shall be given for an extraordinary general meeting to shareholders who own less than 1,000 shares of nominal stocks in the form of announcement in the Market Observation Post System.</u></p> <p><u>Reasons for convening the meeting shall be specified in the notice and announcement given to the shareholders. The notice may be given by means of electronic communication if the Company obtains prior consent by the recipients.</u></p> <p>Where there are proposals relating to election or discharge of</p> | <ol style="list-style-type: none"> <li>1. No revision for Paragraph 1.</li> <li>2. Combine Paragraph 2 and Paragraph 3. The text is revised.</li> <li>3. Paragraph 3 is added in accordance with Paragraph 2, Article 3 of "Rules Governing Procedures for Shareholders' Meetings" revised by the Taiwan Stock Exchange Corporation.</li> <li>4. No revision for Paragraph 4 to 8.</li> </ol> |

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| <p>directors/supervisors, amendments to the Articles, dissolution, merger or spin-off of the Company, or relating to Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities Exchange Act, proposals for the meeting shall be enumerated and extraordinary motions for such proposals shall be prohibited.</p> <p>Shareholders holding one percent or more of the total number of outstanding shares may propose in writing to the Company a proposal for discussion at an annual general meeting, provided only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Proposals that are under the circumstances as specified in Paragraph 4, Article 172-1 of the Company Act shall not be included in the agenda in the board meetings.</p> <p>Prior to the date on which share transfer registration is suspended before convening the shareholders' meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting. The period for accepting such proposals shall be no less than ten days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred, and any proposal containing more than three hundred words shall not be included in the agenda of the shareholders' meeting.</p> | <p>directors/supervisors, amendments to the Articles, dissolution, merger or spin-off of the Company, or relating to Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities Exchange Act, proposals for the meeting shall be enumerated and extraordinary motions for such proposals shall be prohibited.</p> <p>Shareholders holding one percent or more of the total number of outstanding shares may propose in writing to the Company a proposal for discussion at an annual general meeting, provided only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Proposals that are under the circumstances as specified in Paragraph 4, Article 172-1 of the Company Act shall not be included in the agenda in the board meetings.</p> <p>Prior to the date on which share transfer registration is suspended before convening the shareholders' meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting. The period for accepting such proposals shall be no less than ten days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred, and any proposal containing more than three hundred words shall not be included in the agenda of the shareholders' meeting.</p> |  |
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| <p>The shareholder who has submitted a proposal shall attend, in person or by proxy, the shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.</p> <p>The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.</p> | <p>The shareholder who has submitted a proposal shall attend, in person or by proxy, the shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.</p> <p>The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.</p> |   |
| <p>Article 2-1<br/>The Company shall prepare the agenda handbook for the shareholder's meeting in compliance with the rules by the competent authorities.<br/><u>Twenty-one days before the Company is to convene an ordinary shareholders' meeting, or 15 days before it convenes an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the Market Observation Post System.</u><br/><u>Fifteen days before the Company is</u></p>  | <p>Article 2-1<br/>The Company shall prepare the agenda handbook for the shareholder's meeting in compliance with the rules by the competent authorities <u>and publicly announce the agenda handbook and other related meeting materials.</u></p>   | <p>Revised in accordance with "Rules Governing Procedures for Shareholders' Meetings" revised by the Taiwan Stock Exchange Corporation.</p> |

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| <p><u>to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its stock registrar and transfer agent, and distributed on-site at the meeting.</u></p> |  |  |
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Agenda 8-proposed by the board of directors

Subject:

Amendment to the Company's Regulations Governing the Election of Directors and Supervisors.

Explanation:

Article 1-1, Article1-2, and Article 2 of the Regulations are revised in accordance with "Procedures for the Election of Directors and Supervisors" revised by the Taiwan Stock Exchange Corporation dated November 10th, 2010.

Resolution:

Attachment 4

Comparison Table of Drafted Amendments to Regulations Governing the Election of Directors and Supervisors of China Steel Corporation

| Revised clause  | Clause in force   | Explanation   |
|---|---|---|
| <p>Article 1-1<br/>The Directors of the board shall demonstrate the following abilities:</p> <ol style="list-style-type: none"> <li>1. Judgment for operation;</li> <li>2. Accounting and financial analysis;</li> <li>3. Business management;</li> <li>4. Crisis management;</li> <li>5. Knowledge for the industry;</li> <li>6. International outlook for the market;</li> <li>7. Leadership;</li> <li>8. Decision making.</li> </ol> <p><u>More than half of the Directors are not within a relationship of a spouse or relatives within the second degree of kinship.</u></p>   | <p>Article 1-1<br/>The Directors of the board shall demonstrate the following abilities:</p> <ol style="list-style-type: none"> <li>1. Judgment for operation;</li> <li>2. Accounting and financial analysis;</li> <li>3. Business management;</li> <li>4. Crisis management;</li> <li>5. Knowledge for the industry;</li> <li>6. International outlook for the market;</li> <li>7. Leadership;</li> <li>8. Decision making.</li> </ol>                                       | <ol style="list-style-type: none"> <li>1. No revision for Paragraph 1.</li> <li>2. Addition of Paragraph 2 in accordance with "Procedures for the Election of Directors and Supervisors of the Company " revised by the Taiwan Stock Exchange Corporation dated November 10th, 2010.</li> </ol> |
| <p>Article 1-2<br/>The Supervisors of the Company shall demonstrate the following characteristics :</p> <ol style="list-style-type: none"> <li>1. Integrity;</li> <li>2. Objective judgment;</li> <li>3. Professional knowledge;</li> <li>4. Abundant experience;</li> <li>5. Financial statement reading abilities.</li> </ol> <p>In addition to the above requirements, at least one of the Supervisors of the Company must be an accounting or financial professional.</p> <p><u>The appointment of Supervisors shall be in compliance with the criteria of independence as defined in "Regulations Governing Appointment of Independent Directors and Compliance Matter</u></p> | <p>Article 1-2<br/>The Supervisors of the Company shall demonstrate the following characteristics :</p> <ol style="list-style-type: none"> <li>1. Integrity;</li> <li>2. Objective judgment;</li> <li>3. Professional knowledge;</li> <li>4. Abundant experience;</li> <li>5. Financial statement reading abilities.</li> </ol> <p>In addition to the above requirements, at least one of the Supervisors of the Company must be an accounting or financial professional.</p> | <ol style="list-style-type: none"> <li>1. No revision for Paragraph 1 and 2.</li> <li>2. Addition of Paragraph 3, 4 and 5 in accordance with "Procedures for the Election of Directors and Supervisors of the Company ".</li> </ol>   |

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| <p>for <u>Public Companies</u>".<br/> <u>Independent Directors shall be set to enhance the risk management and the control of finance and operation of the Company.</u></p> <p><u>More than one of the Supervisors , or more than one of the Supervisors and Directors, are not within a relationship of a spouse or relatives within the second degree of kinship.</u></p> <p><u>Supervisors of the Company shall not serve concurrently as the Directors, executive officers, or employees of the Company, and shall have a domicile in the Republic of China in order to effectively monitor the Company.</u></p>  |   |   |
| <p>Article 2</p> <p>In election of board of directors, the Company adopts candidate nomination system in compliance with Article 192-1 of the Company Act. Independent directors and non-independent directors must be nominated separately, and shareholders shall elect the directors from among the nominees listed in the rosters of director and independent director candidates.</p> <p>Any rules specially stipulated in Article 5 of "Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies" shall also apply to the nomination of independent directors <u>of the Company.</u></p> <p>An independent director <u>of the Company</u> shall meet the qualifications requirements pursuant to Article 2, 3, and 4</p> | <p>Article 2</p> <p>In election of board of directors, the Company adopts candidate nomination system in compliance with Article 192-1 of the Company Act. Independent directors and non-independent directors must be nominated separately, and shareholders shall elect the directors from among the nominees listed in the rosters of director and independent director candidates.</p> <p>Any rules specially stipulated in Article 5 of "Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies" shall also apply to the nomination of independent directors.</p> <p>An independent director shall meet the qualifications requirements pursuant to Article 2, 3, and 4 of "Regulations Governing</p> | <ol style="list-style-type: none"> <li>1. No revision for Paragraph 1.</li> <li>2. Revision for Paragraph 2, 3, and 4 for consistency of the terms.</li> <li>3. Addition of Paragraph 5, 6, and 8 in accordance with "Procedures for the Election of Directors and Supervisors of the Company".</li> <li>4. Paragraph 5 is revised as Paragraph 7.</li> </ol> |

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| <p>of "Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies."</p> <p>Independent directors and non-independent directors <u>of the Company</u> must be elected at the same time but the ballots must be tallied separately.</p> <p><u>When a director is dismissed for any reason, resulting in a number of directors lower than that required under the Company's Articles of Incorporation, a by-election for director shall be held at the next following shareholders meeting. When more than one-third of the directors have been dismissed, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.</u></p> <p><u>When an independent director is dismissed for any reason, resulting in a number of directors lower than that required under the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election for independent director shall be held at the next following shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.</u></p> <p>A candidate nomination system is not adopted for the election of Supervisors of the Company. Supervisors shall be elected from among the shareholders with disposing capability.</p> <p><u>When a supervisor is dismissed for any reason, resulting in a number of directors lower than that required</u></p> | <p>Appointment of Independent Directors and Compliance Matter for Public Companies."</p> <p>Independent directors and non-independent directors must be elected at the same time but the ballots must be tallied separately.</p> <p>A candidate nomination system is not adopted for the election of Supervisors of the Company. Supervisors shall be elected from among the shareholders with disposing capability.</p> |  |
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| <p><u>under the Company's Articles of Incorporation, a by-election for supervisor shall be held at the next following shareholders meeting. When all supervisors have been dismissed, the Company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.</u></p> |  |  |
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Agenda 9-proposed by the board of directors

Subject:

To discuss the proposal of releasing the prohibition on Chairman, Mr. J.C. Tsou from holding the position of Director of China Ecotek Corporation.

Explanation:

For the best interest of the Company, it is proposed that the Company’s Chairman of the Board, Mr.J.C. Tsou, shall be allowed to serve at China Ecotek Corporation.

Text:

- 1. The agenda is proposed in compliance with Paragraph1, Article 209 of the Company Act : A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- 2. Mr.J.C. Tsou, Chairman of the Board, plans to serve on the Board of China Ecotek Corporation. Information of China Ecotek Corporation is as follows:

| Invested Company         | Shareholding by CSC | Position to be held concurrently | Business with CSC  |
|--------------------------|---------------------|----------------------------------|--|
| China Ecotek Corporation | 49.00%              | Director                         | engineering of environmental protection and steel construction |

- 3. Although the Company is related to China Ecotek Corporation in part of the business, differences still exist in the products and services provided by the two companies. The Company may benefit from Mr.J.C. Tsou’s serving in the board of China Ecotek Corporation by participating in important operating decisions and monitor the execution of business strategies. This would lead to better protection of shareholder’s rights.

Resolution:

Agenda 10-proposed by the board of directors

Subject:

Proposal of releasing the prohibition on Director, Mr. C.H, Ou from holding the same position in China Hi-ment Corporation

Explanation:

For the best interest of the Company, it is proposed that the Company’s Director, Mr.C.H. Ou, shall be allowed to serve at China Hi-ment Corporation.

Text:

- 1. The agenda is proposed in compliance with Paragraph1, Article 209 of the Company Act : A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- 2. Mr. C.H. Ou, Director of the Board, plans to serve on the Board of China Hi-ment Corporation. Information of China Hi-ment Corporation is as follows:

| Invested Company          | Shareholding by CSC | Position to be held concurrently | Business with CSC                       |
|---------------------------|---------------------|----------------------------------|---|
| China Hi-ment Corporation | 19.83%              | Director                         | engineering of environmental protection |

- 3. Although the Company is related to China Hi-ment Corporation in part of the business, differences still exist in the products and services provided by the two companies. The Company may benefit from Mr.C.H. Ou’s serving in the board of China Hi-ment Corporation by participating in important operating decisions and monitor the execution of business strategies. This would lead to better protection of shareholder’s rights.

Resolution:

Agenda 11-proposed by the board of directors

Subject:

Proposal of releasing the prohibition on Director, Mr. K.L. Du from holding the position of Chairman, China Ecotek Corporation.

Explanation:

For the best interest of the Company, it is proposed that the Company’s Director, Mr.K.L. Du, shall be allowed to serve the position of Chairman, China Ecotek Corporation.

Text:

- 1. The agenda is proposed in compliance with Paragraph1, Article 209 of the Company Act : A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- 2. Mr. K.L. Du, Director of the Board, plans to serve on the Board of China Ecotek Corporation. Information of China Ecotek Corporation is as follows:

| Invested Company         | Shareholding by CSC | Position to be held concurrently | Business with CSC  |
|--------------------------|---------------------|----------------------------------|--|
| China Ecotek Corporation | 49.00%              | Chairman of the board            | engineering of environmental protection and steel construction |

- 3. Although the Company is related to China Ecotek Corporation in part of the business, differences still exist in the products and services provided by the two companies. The Company may benefit from Mr. K.L. Du’s serving as Chairman of the board, China Ecotek Corporation by participating in important operating decisions and monitor the execution of business strategies. This would lead to better protection of shareholder’s rights.

Resolution:



Agenda 12-proposed by the board of directors

Subject:

Proposal of releasing the prohibition on Director, Mr. J.Y. Sung from holding the same positions in China Ecotek Corporation and Taiwan Rolling Stock Co.,Ltd.

Explanation:

For the best interest of the Company, it is proposed that the Company’s Director, Mr.J.Y. Sung, shall be allowed to serve at China Ecotek Corporation and Taiwan Rolling Stock Co.,Ltd.

Text:

- 1. The agenda is proposed in compliance with Paragraph1, Article 209 of the Company Act : A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- 2. Mr.J.Y. Sung, Director of the Board, plans to serve on the Board of China Ecotek Corporation and Taiwan Rolling Stock Co.,Ltd. Information of the two companies is as follows:

| Invested Company              | Shareholding by CSC | Position to be held concurrently | Business with CSC  |
|-------------------------------|---------------------|----------------------------------|--|
| China Ecotek Corporation      | 49.00%              | Director                         | engineering of environmental protection and steel construction |
| Taiwan Rolling Stock Co.,Ltd. | 18.66%              | Director                         | rolling stock and components                                   |

- 3. Although the Company’s business is related to the abovementioned companies, differences still exist in the products and services provided by these companies. The Company may benefit from Mr.J.Y. Sung’s serving in the board of these companies by participating in important operating decisions and monitor the execution of business strategies. This would lead to better protection of shareholder’s rights.

Resolution: