

China Steel Corporation
Annual General Meeting
June 19, 2013

Reports and Discussion

- (1) Report proposal: adoption of the 2012 Business Report and Financial Statements.
- (2) Report proposal: adoption of the Proposal for Distribution of 2012 Profits.
- (3) Discussion proposal: a new share issue through capitalization of earnings of 2012.
- (4) Discussion proposal: amendments to Articles of Incorporation.
- (5) Discussion proposal: to set up Procedures for Loaning of Funds to Other Parties.
- (6) Discussion proposal: amendments to Procedures for Endorsements and Guarantees.
- (7) Proposal to elect 11 directors (including 3 independent directors) and 3 supervisors for the 15th term of board of directors.
- (8) Proposal to release the restrictions on competitive activities if Mr. Su Ming-Te is elected as the supervisor for the 15th term of board of directors.

Agenda 1-proposed by the board of directors

Explanatory Note:

To adopt the report proposal of 2012 Business Report and Financial Statements.

Please refer to Attachment 1 for the financial statements for the year ended December 31st, 2012.

Resolution:

Agenda 2-proposed by the board of directors

Explanatory Note:

To adopt the report proposal for Distribution of 2012 Profits

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

Undistributed earnings from previous years	NT\$ 150,425,467.32
Add: After-tax earnings of 2012 (A)	5,811,490,295.06
Deduct: Legal reserve = (A) *10%	(581,149,030)
Add: Reverse the special reserve	2,325,000,000
Subtotal of distributable earnings	7,705,766,732.38
Distribution Items:	
Dividends for preferred shares	(53,575,200)
Dividends for common shares	(7,636,238,256)
Subtotal of distribution items	(7,689,813,456)
Undistributed earnings	NT\$ 15,953,276.38
Compensation for the Board of Directors and Supervisors	NT\$ 7,765,149
Employee Bonus	414,141,286

2. For year 2012, Compensation for the Board of Directors and Supervisors totaled NT\$7,765,149, and Employee Bonus totaled NT\$414,141,286, to be distributed entirely in cash.
3. NT\$2,325,000,000 is proposed for be reversed from the special reserve to be undistributed earnings.
4. The proposed dividend appropriation for preferred shares totaled NT\$1.4 per share, consisting of cash dividend of NT\$ 1.3 and stock dividend of NT\$0.1 per share. The proposed dividend appropriation for common shares totaled NT\$0.5 per share, consisting of cash dividend of NT\$0.4 and stock dividend of NT\$0.1 per share.
5. Upon approval of this earnings appropriation plan by resolution of the meeting of shareholders, 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 a NT dollar shall be rounded to the next NT dollar. The resulting

difference shall be recognized as a Company expense.

6. To accommodate the implementation of the combined tax rate, when calculating shareholder tax deductible amounts in accordance with Article 66-6 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 Article 66-9 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

Explanatory Note:

To discuss a new share issue through capitalization of NT\$ 1,531,074,450 (issue of 153,107,445 common shares) from earnings available for distribution in 2012.

1. For the meet the Corporation's needs for operating capital , it is proposed that NT\$ 1,531,074,450 be appropriated from earnings available for distribution in 2012 toward an increase in equity capital by issuing 153,107,445 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, stock dividend is appropriated free-of-charge to shareholders in our Shareholder Register on the dividend record date in accordance with their respective shareholding percentages. The distribution shall be 10 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. Chairman of the Board is authorized to determine the disposal of cumulative fractional shares.

Resolution:

Agenda 4 -proposed by the board of directors

Explanatory note:

Amendments to the Corporation's Articles of Incorporation are proposed.

A comparison Table of drafted clause and the amended clause is attached.

Attachment 2

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

Revised clause	Clause in force	Explanation
<p>Article 30.</p> <p>The powers of the Board of Directors are listed as follows:</p> <ol style="list-style-type: none"> 1. To increase or decrease capital; 2. To approve the Company's organization rules; 3. To establish or abolish the branch offices; 4. To review and approve the long term, mid term and annual plans; 5. To review and approve the annual operational budgets and the final audits; 6. To review and approve the project-type capital expenditure budget; 7. To review and approve the annual financial reports; 8. To appropriate the earnings or make up the loss; 9. To approve the borrowing money from domestic or foreign loans of which the amount and term are over the delegated power of the Board of Directors; 10. To approve the offering, issuance or private placement of any equity-type securities as well as the issuance of non equity-type corporate bonds; 11. To adopt or amend the handling procedures for financial or operational actions 	<p>Article 30.</p> <p>The powers of the Board of Directors are listed as follows:</p> <ol style="list-style-type: none"> 1. To increase or decrease capital; 2. To approve the Company's organization rules; 3. To establish or abolish the branch offices; 4. To review and approve the long term, mid term and annual plans; 5. To review and approve the annual operational budgets and the final audits; 6. To review and approve the project-type capital expenditure budget; 7. To review and approve the annual <u>and semi-annual</u> financial reports; 8. To appropriate the earnings or make up the loss; 9. To approve the borrowing money from domestic or foreign loans of which the amount and term are over the delegated power of the Board of Directors; 10. To approve the offering, issuance or private placement of any equity-type securities as well as the issuance of non equity-type corporate bonds; 11. To adopt or amend the handling procedures for financial or operational actions 	<ol style="list-style-type: none"> 1. Subparagraph 7 is revised due to changes in Securities and Exchange Act. Quarterly financial statements, including semi-annual financial statements are reported proposals to the board of directors, rather than discussion proposals. The text “and semi-annual ” in subparagraph 7 is therefore removed. 2. No amendment for other subparagraphs.

<p>of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others, and the internal control system as well as to approve other important by-laws;</p> <p>12. To approve the primary rights and obligation of important agreements;</p> <p>13. To approve the appointment or discharge of Vice President and higher position, and financial, accounting and internal audit officers;</p> <p>14. To approve the standards of salary for employees;</p> <p>15. To approve investments and other equity interests;</p> <p>16. To approve endorsement and guaranty within the Company's operation procedure of endorsement and guaranty; and</p> <p>17. To review and approve the authorities which are empowered by other statutes.</p>	<p>of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others, and the internal control system as well as to approve other important by-laws;</p> <p>12. To approve the primary rights and obligation of important agreements;</p> <p>13. To approve the appointment or discharge of Vice President and higher position, and financial, accounting and internal audit officers;</p> <p>14. To approve the standards of salary for employees;</p> <p>15. To approve investments and other equity interests;</p> <p>16. To approve endorsement and guaranty within the Company's operation procedure of endorsement and guaranty; and</p> <p>17. To review and approve the authorities which are empowered by other statutes.</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</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</p>	<p>To revise the date of amendment and cardinal number.</p>

<p>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 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 Jun. 21, 2007, thirty-sixthly amended on Jun. 19, 2008, thirty-seventhly amended on Jun. 19, 2009, thirty-eighthly amended on June 23, 2010, thirty-ninthly amended on June 15, 2011, fortieth amended on June 15, 2012, <u>and forty-firstly amended on June 19th, 2013.</u></p>	<p>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 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 Jun. 21, 2007, thirty-sixthly amended on Jun. 19, 2008, thirty-seventhly amended on Jun. 19, 2009, thirty-eighthly amended on June 23, 2010, thirty-ninthly amended on June 15, 2011, <u>and</u> fortieth amended on June 15th, 2012.</p>	
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Agenda 5 -proposed by the board of directors

Explanatory note:

To set up Procedures for Loaning of Funds to Other Parties.

1. To coordinate finance resources on the group perspective, increase the financial flexibility and enhance the capital efficiency so that the group is able to achieve the synergy of lowering cost of capital, the Corporation proposes to set up Procedures for Loaning of Funds to Other Parties.
2. The entity that the Corporation is extending loans to is limited to “subordinate company” as defined in Article 369 of the Company Act (subsidiaries the Corporation has control over) and is limited to companies in need of funds for a short term period financing.
3. The Procedures are set up in accordance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies as amended by the Financial Supervisory Commission dated July 6th, 2012.

Procedures for Loaning of Funds to Other Parties is as attached:

Resolution:

Attachment 3
Procedures for Loaning of Funds to Other Parties

Article 1

The Procedures for Loaning of Funds (hereinafter “the Procedures”) of China Steel Corporation (hereinafter “the Corporation”) are adopted in accordance with the provisions of “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” regulated by the Financial Supervisory Commission (hereinafter “FSC”). The Corporation shall adopt the Procedures when extending loans to others, and for any matter not set forth in the Procedures, relevant laws and the regulations promulgated by the FSC shall prevail.

Article 2

Terms in the Procedures are defined as follows:

1. The term "announce and report" refers to the process of entering data to the information reporting website designated by the FSC.
2. The term “date of occurrence” refers to the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.
3. The term “subsidiary" shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. The term "net worth of the Corporation" refers to the latest balance sheet equity attributable to the Corporation under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3

The entity that the Corporation is extending loans to shall be limited to “subordinate company” as defined in Article 369-2 of the Company Act and shall be limited to entities with short term financing necessity.

“Short term” in the preceding paragraph refers to a period of one year or less.

Article 4

The total amount of loans made by the Corporation shall not exceed 20% of the Corporation’s net worth and the amount of loans made by the Corporation for any individual subordinate company shall not exceed 10 % of the Corporation’s net worth.

Article 5

The term of each loan extended by the Corporation shall not exceed one year. The interest rate shall be determined on the basis of the Corporation's funding costs at the time of loaning and adjusted accordingly, but in no event shall it be lower than the Corporation's average short-term funding rate within the latest 30 days.

Article 6

In extending loans to other parties, the application and evaluation process are as follows:

1. The borrower, when applying for a loan from the Corporation, shall submit an application form describing in details the loan amount requested, term, purpose and collateral. The Corporation may request additional information when necessary.
2. Finance Department, after evaluating the following information, shall then propose the borrowing counterparty, line of credit, duration, calculation of interest and other conditions of the loan:
 - (1)The necessity and reasonableness of extending loans.
 - (2)Credit status and risk assessment of the borrower.
 - (3)The impact on the Corporation's operating risks, financial position and shareholder's equity.
 - (4)The necessity of obtaining collateral and appraisal of the value thereof.

Article 7

Before making a loan of funds to others, the Corporation shall carefully evaluate whether the loan is in compliance with the relevant provisions in the Company Act, the Procedures, and the provisions regulated by the FSC, and then submit, together with the result of the evaluation made as described in paragraph 2 of the preceding article and conditions of loans, to the board of directors for a resolution and approval. The board of directors may authorize the chairman, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. When extending loans to others in compliance with the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board directors' meeting.

Article 8

Follow-up controlling measures and procedures for collecting overdue loans are as follows:

1. After the loan is granted, the Finance Department shall follow and trace financial status,

business and credit status of the borrower. In case any collateral is furnished, attention shall be paid to changes of the value of the collateral. In case of material change in the value of the collateral, the Finance Department shall propose proper measures to cope with to the chairman for approval, and report to the most recent board directors' meeting.

2. Upon the occurrence of the following conditions, the borrower shall not draw down the line of credit, and all undue loans are deemed to be due. The Finance Department shall negotiate with the borrower about its repayment plan, and adopt security measures to ensure creditor's right of the Corporation:
 - (1) the borrower fails to repay the principals and interests
 - (2) the Finance Department notifies the borrower exempt from providing collateral to provide collateral within a timeframe due to the borrower's deteriorating credit status or financial position within the loaning period, and the borrower fails to do so.
3. When the loan is due, the borrower shall repay the principals and interests. If the borrower could not repay the loan on time and request for extension of the term, the borrower shall propose such request in advance. After the Finance Department confirms that none of the conditions in the preceding paragraph exists in the borrower's case, the Finance Department may propose the extension of loan repayment to the chairman for approval, and the total duration of the loan shall not exceed one year.

Article 9

The Finance Department shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, dates of approvals by the chairman to loans given in installments to a specific borrowing counterparty, lending/borrowing date, and matters to be carefully evaluated under paragraph 1 of Article 7.

The Corporation's internal auditors shall audit the Procedures for Loaning Funds to Other Parties and the implementation thereof no less frequently than monthly and prepare written records accordingly. The internal auditors shall promptly notify all the supervisors in writing of any material violation found.

Article 10

If, as a result of a change in circumstances, the borrowing counterparty to which the loan is extended does not meet the requirements of the Procedures, or the loan balance exceeds the limit, the Finance Department shall propose rectification plans and submit them to the chairman for approval. After the rectification plans are approved, such plans shall be submitted to all the supervisors, and shall be carried out according to the timeframe set out in the plan.

Article 11

The Corporation shall announce and report the loan balances in accordance with the provisions by the FSC.

Article 12

The Corporation shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 13

Where a subsidiary of the Corporation intends to extend a loan to others, and such subsidiary is a domestic public company, it shall formulate its own Procedures for Loaning of Funds to Other Parties in compliance with the regulations promulgated by the FSC. While the subsidiary of the Corporation is not a domestic public company, it shall formulate its own Procedures for Loaning of Funds to Other Parties in accordance with the Procedures and implement accordingly.

Article 14

Directors and Supervisors of any subsidiary designated by the Corporation shall monitor and supervise the subsidiary to ensure that all loans extended by the subsidiary shall comply with the provisions stipulated by the subsidiary for procedures of loaning of funds to other parties of the subsidiary.

In evaluating the appropriateness of procedures for loaning of funds to other parties of the subsidiary, which is a domestic public company, such subsidiary should provide the Corporation with an internal audit report rendered by its internal auditors; For any subsidiary that is not a domestic public company, the Corporation may designate internal auditors or request the subsidiary to appoint external auditors to audit the subsidiary in a timely manner.

Article 15

In the event where material losses are caused by the Corporation's executives and personnel in charge in violation of the Procedures, punishments will be imposed depending on the severity of their violation in accordance with the rules of “Reward and Punishment” in Charter 2, Part 4 of Personnel Management System of the Corporation.

Article 16

The Procedures, after passage by the board directors' meeting, shall be submitted to each Supervisor and to the shareholders' meeting for approval. Provided that any Director expresses dissent which is contained in the minutes or a written statement, the dissenting opinion shall be submitted to each Supervisor and to shareholders' meeting for discussion. The same as above said in this Article shall apply to any amendment to the Procedures.

Agenda 6-proposed by the board of directors

Explanatory note:

Amendments to the Corporation's Procedures for Endorsements and Guarantees.

1. The Procedures are revised in accordance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies as amended by the Financial Supervisory Commission dated July 6th, 2012.

Resolution:

Attachment 4

Comparison Table of Drafted Amendments to Procedures for Endorsements and Guarantees.

Revised clause	Clause in force	Explanation
<p>Article 1</p> <p>The Procedures for Endorsements and Guarantees (hereinafter “the Procedures”) of China Steel Corporation (hereinafter “the Corporation”) are adopted in accordance with the provisions of “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” regulated by the Financial Supervisory Commission (hereinafter “FSC”).</p>	<p>Article 1</p> <p>The Procedures for Endorsements and Guarantees (hereinafter “the Procedures”) of China Steel Corporation (hereinafter “the Corporation”) are adopted in accordance with the provisions of “Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies” regulated by the Financial Supervisory Commission (hereinafter “FSC”), <u>Executive Yuan</u>.</p>	<p>Text revised in accordance with the FSC’s reformation.</p>
<p>Article 2-1</p> <p>Terms in the Procedures are defined as follows:</p> <p>5. The term "announce and report" refers to the process of entering data to the information reporting website designated by the FSC.</p> <p>6. The term “date of occurrence” refers to the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the</p>		<ol style="list-style-type: none"> 1. Subparagraph 1 is amended from Article 4 in the existing clause. 2. Subparagraphs 2~4 are amended in accordance with the regulations amended by the FSC.

<p>counterparty and monetary amount of the transaction, whichever date is earlier.</p> <p>7. The term "subsidiary" shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>8. The term "net worth of the Corporation" refers to the latest balance sheet equity attributable to the Corporation under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>		
<p>Article 4</p> <p>Deleted.</p>	<p>Article 4</p> <p>The term "announce and report" refers the process of entering data to the information reporting Website designated by the FSC.</p>	<p>The existing clause is removed and amended as subparagraph 1 of Article 2-1 in the revised clause.</p>
<p>Article 5</p> <p>The total amount for endorsements/guarantees provided by the Corporation is limited to 40 % of its net worth; the amount of endorsements/guarantees provided by the Corporation for any individual company is limited to 30 % of its net worth.</p>	<p>Article 5</p> <p>The total amount for endorsements/guarantees provided by the Corporation is limited to 40 % of its net worth <u>as stated in its latest financial statements</u>; the amount of endorsements/guarantees provided by the Corporation for any individual company is limited to 30 % of its net worth</p>	<p>The text "as stated in its latest financial statements" is removed as definition of "the net worth" is amended in Article 2-1 of the revised clause.</p>

<p>The aggregate amount for endorsements/guarantees provided by the Corporation and its subsidiaries shall not exceed 50 % of its net worth. Unless otherwise provided in Article 3-1 of the Procedures, the aggregate amount for endorsements/guarantees provided by the Corporation and its subsidiaries for any individual company is limited to 30% of its net worth.</p>	<p><u>as stated in its latest financial statements.</u></p> <p>The aggregate amount for endorsements/guarantees provided by the Corporation and its subsidiaries shall not exceed 50 % of its net worth <u>as stated in the Corporation's latest financial statements.</u> Unless otherwise provided in Article 3-1 of the Procedures, the aggregate amount for endorsements/guarantees provided by the Corporation and its subsidiaries for any individual company is limited to 30% of its net worth <u>as stated in the Corporation's latest financial statements.</u></p>	
<p>Article 6-1</p> <p>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, detailed review procedures shall be applied in accordance with subparagraphs of Article 6 follow-up, and monitoring and control measures shall be expressly prescribed to avoid any potential risk.</p> <p><u>In the case of a subsidiary with shares having no par value or a</u></p>	<p>Article 6-1</p> <p>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, detailed review procedures shall be applied in accordance with subparagraphs of Article 6 follow-up, and monitoring and control measures shall be expressly prescribed to avoid any potential risk.</p>	<ol style="list-style-type: none"> 1. No revision for paragraph 1. 2. Paragraph 2 is amended in accordance with the regulations amended by the FSC.

<p><u>par value other than NT\$10, for the paid-in capital in the calculation of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</u></p>		
<p>Article 12</p> <p>The Corporation shall declare its and its subsidiaries' last month's balance of endorsements /guarantees before the 10th day of each month in the FSC's specific format.</p> <p>When the Corporation's balance of endorsements/guarantees reaches one of levels as specified in Paragraph 1, Article 25 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies as regulated by the FSC, the Corporation shall declare such an event in the FSC's specific format <u>within two days commencing immediately from the date of occurrence.</u></p> <p>If any subsidiary not belong to a domestic public company has any matters required to declare pursuant to FSC's regulations, the Corporation shall declare on behalf of the subsidiary.</p>	<p>Article 12</p> <p>The Corporation shall declare its and its subsidiaries' last month's balance of endorsements /guarantees before the 10th day of each month in the FSC's specific format.</p> <p>When the Corporation's balance of endorsements/guarantees reaches one of levels as specified in Paragraph 1, Article 25 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies as regulated by the FSC, the Corporation shall declare such an event in the FSC's specific format <u>within two days from its occurrence.</u></p> <p>If any subsidiary not belong to a domestic public company has any matters required to declare pursuant to FSC's regulations, the Corporation shall declare on behalf of the subsidiary.</p>	<ol style="list-style-type: none"> 1. No revision for paragraph 1 and 3. 2. Paragraph 2 is amended in accordance with the regulations amended by the FSC.
<p>Article 13</p>	<p>Article 13</p>	<p>The Corporation mainly adopts</p>

<p>The Corporation shall evaluate or record the contingent losses for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>	<p>The Corporation shall evaluate or record the contingent losses for endorsements/guarantees <u>according to the Statement of Financial Accounting Standards No. 9 declared by the Accounting Research and Development Foundation</u>, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>	<p>“Regulations Governing the Preparation of Financial Reports by Securities Issuers” for International Financial Reporting Standards in evaluating or recording the contingent losses.</p> <p>The article is amended in accordance with the regulations amended by the FSC.</p>
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Agenda 7-proposed by the board of directors

Explanatory note:

To elect 11 directors (including 3 independent directors) and 3 supervisors for the 15th term of board of directors.

Text:

1. The term of the 11 directors and 3 supervisors of the 14th board shall expire on June 22, 2013. It is planned to elect all of the 11 directors (including 3 independent directors) and 3 supervisors of the 15th term of the board, serving a term of three years from June 19, 2013 to June 18, 2016.
2. The Corporation is to adopt the candidate nomination system in election of the 15th term of board of directors. Shareholders are to elect from among the list of the candidates as follows.

Candidates of Directors of the 15th term of Board of Directors.

Name	Current Position	Major Education	Remark
Tsou, Jo-Chi	Chairman, China Steel Corporation	Ph D., Materials Science and Engineering, University of Rochester, U.S.A.	Representing Ministry of Economic Affairs R.O.C. (Y00001)
Liou, Ming-Jong	Executive Director of State-Owned Enterprise Commission, Ministry of Economic Affairs, R.O.C.	PhD., in Industrial Management, National Taiwan University of Science and Technology	Representing Ministry of Economic Affairs R.O.C. (Y00001)
Ou, Jerry J.R.	Director General of Bureau of Energy, Ministry of Economic Affairs, R.O.C.	PhD., in Engineering from Institute of Traffic and Transportation, National Chiao Tung University	Representing Ministry of Economic Affairs R.O.C. (Y00001)
Sung, Jyh-Yuh	President , China Steel Corporation	M.S. in Mechanical Engineering, National Taiwan University	Representing Ever Wealthy International Corporation
Lee, Kin-Tsau	Executive Vice President, China Steel Corporation	M.S. in Management, Massachusetts Institute of Technology, U.S.A.	Representing Gau Ruei Investment Corporation
Liu, Jih-Gang	Vice President, China Steel Corporation	B.A. in Mechanical Engineering, National	Representing Chiun Yu Investment Corporation

		Taiwan University	
Wei, Chao-Chin	President, China Steel Labor Union	Master in Electrical Engineering, National Cheng Kung University, Taiwan R.O.C.	Representing China Steel Labor Union (X00012)
Weng, Cheng- I	Honorary Professor, Department of Mechanical Engineering at National Cheng Kung University	Ph D., in Mechanical Engineering, University of Rochester, U.S.A.	Representing Hung Kao Investment Corporation (V05147)
Lee, Shen-Yi	Managing Partner Emeritus, Chien Yeh Law Offices	Ph D., in Law, Chinese Culture University, Taiwan, R.O.C.	Independent Director (W43207)
Chang, Juu-En	Professor, Environmental Engineering, National Cheng Kung University Taiwan, R.O.C.	Ph.D., Civil Engineering, Tohoku University, Japan	Independent Director (G02666)
Liang, Ting-Peng	National Chair Professor and Director of Electronic Commerce Research Center, National Sun Yat-sen University, Taiwan, R.O.C.	Ph.D., Information Management, University of Pennsylvania, U.S.A.	Independent Director (G01451)
Su, Ming-Te	Chairman of Hsin Kuang Steel Co., Ltd.	Executive Master of Business Administration, National Cheng Chi University	Supervisor Representing Hsin Kuang Steel Co., Ltd. (F13450)
Deng, Andrew	CPA of Andrew Deng & Co., CPAs	MA in Public Finance, National Cheng Chi University	Supervisor (W43208)
Cheng, I-Lin	Chairman of Zentech Material Technologies, Inc.	Ph D., Department of Material Science, University of California, Berkeley, U.S.A.	Supervisor (D35636)

Resolution:

Agenda 8-proposed by the board of directors

Explanatory note:

It is proposed to release the restrictions on competitive activities if Mr. Su Ming-Te is elected as the supervisor for the 15th term of board of directors.

1. The agenda is discussed in compliance with Paragraph 2, Article 32-2 of Articles of Incorporation of the Company: In the event that any director is engaged in any act in competition with the Company, such a director shall report to the shareholders’ meeting in advance and obtain shareholders’ approval in accordance with the provisions of Article 209 of the Company Law.

2. Mr. Su Ming-Te is holding the following positions:

Company Name	Ownership by CSC	Position	Business Relationship with CSC
Hsin Kuang Steel Co., Ltd.	None	Chairman	Steel production & trading
Hsin Ho Fa Metal Co., Ltd.	None	Chairman	Steel production & trading
Hsin Kuang Alga Engineering Co., Ltd	None	Chairman	Pot bearing & seismic isolation bearing
Century Iron and Steel Industrial Co., Ltd.	None	Independent Director	Steel structure production & trading

3. Although the Company is related to Hsin Kuang Steel Corporation in terms of operation, differences still exist in the products and services provided. Mr.Su is the Chairman and Independent Director of the above-mentioned companies and the Company will benefit from Mr.Su’s professional competence in monitoring the operation of the Company.

Resolution: