



Head Office

No. 1, Chung Kang Rd., Hsiao Kang Dist., Kaohsiung City, Taiwan
Phone: 886-7-802-1111

CSC Building

No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan
Phone: 886-7-337-1111 Fax: 886-7-537-3570
<http://www.csc.com.tw>

Sustainability, our STEEL commitment
<http://www.csc.com.tw/csc/hr/csr/index.htm>



The inner pages of this publication are printed with FSC paper

Premium steel mill

 **CSC**
Stock Code: 2002

Smart Innovation Green Energy & Carbon Reduction Value Co-creation

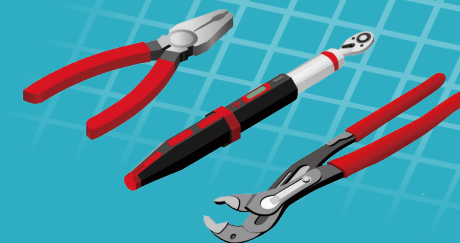
Be a Sustainable Growth Enterprise



High-Quality Forging Steels



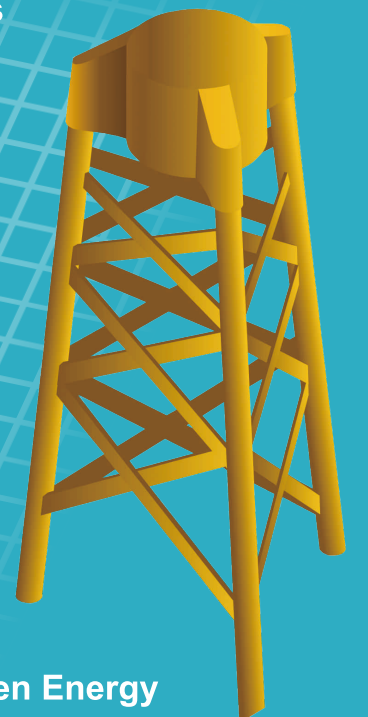
Ultra-High Efficiency Electrical Steels
Cross-Generational Automotive Steels



Superior Hand Tool Steels



Steel for Green Energy



Printed on March 31, 2023

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>
CSC Annual Report is available at: http://www.csc.com.tw/csc/ss/bd/bd_index.html
Notice to readers: This English-version annual report is a translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

2022 Annual Report

Spokesperson

Name: Chien-Chih Hwang

Title: Executive Vice President

Phone: 886-7-337-1111

Fax: 886-7-537-3570

E-mail Address: csccontact@mail.csc.com.tw

Toll-Free Number for Shareholder:

0800-746-006

Deputy Spokesperson

Name: Yueh-Kun Yang

Title: Vice President, Finance Division

Phone: 886-7-337-1023

Fax: 886-7-537-2720

E-mail Address: f1000@mail.csc.com.tw

Offices**Head Office**

Address: No. 1, Chung Kang Rd.,

Hsiao Kang Dist., Kaohsiung City, Taiwan

Phone: 886-7-802-1111

Website: <http://www.csc.com.tw>

CSC Building

Address: No. 88, Cheng Gong 2nd Rd.,

Qian Zhen Dist., Kaohsiung City, Taiwan

Phone: 886-7-337-1111

Fax: 886-7-537-3570

Taipei Liaison Office

Address: Room A, 28F, Taipei 101 Tower, No. 7, Sec. 5, Xin Yi Rd., Xin Yi Dist., Taipei City, Taiwan

Phone: 886-2-8758-0000

Fax: 886-2-8758-0007

Osaka Office

Address: 1F, Osaka U2 Building, 4-7 Uchihonmachi 2-Chome, Chuoku, Osaka 540-0026, Japan

Phone: 81-6-6910-0888

Fax: 81-6-6910-0887

Stock Transfer Agent

Name: KGI Securities Co., Ltd.

Address: 5F, No. 2, Sec. 1, Chong Qing S. Rd., Zhong Zheng Dist., Taipei City, Taiwan

Phone: 886-2-2389-2999

Website: <http://www.kgi.com>

Financial Report Auditors

Auditors: Jui-Hsuan Hsu, Jr-Shian Ke

Accounting Firm: Deloitte & Touche Taiwan

Address: 20F, No.100, Song Ren Rd., Xin Yi Dist., Taipei City, Taiwan

Phone: 886-2-2725-9988

Website: <http://www.deloitte.com.tw>

Overseas Securities Exchange

Luxembourg Stock Exchange

Disclosed information can be found at:

<https://citiadr.factsetdigitalsolutions.com/stocks/profile.idms?pageId=15&subpageID=151&cusip=Y15041125>

Table of Contents

Chapter I	Letter to Shareholders -----	4
Chapter II	Company Profile -----	13
Chapter III	Corporate Governance -----	17
I.	Organization System -----	17
II.	Information on Directors and Management Team -----	19
III.	Compensations of Directors, President and Vice Presidents -----	31
IV.	Implementation of Corporate Governance -----	37
V.	Information on CPA Fees -----	121
VI.	Replacement of Certified Public Accountant -----	121
VII.	Information on the Company's Chairman, President or Managements Having Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Year -----	122
VIII.	Shareholding Information of Directors, Managements and Major Shareholders ---	123
IX.	Relationship Information Between the 10 Largest Shareholders in Terms of Shareholding Ratio -----	124
X.	Ownership of Shares in Affiliated Companies -----	125
Chapter IV	Capital Overview -----	126
I.	Capital and Shares -----	126
II.	Status of Issuance of Corporate Bonds, Preferred Shares, Global Depository Receipts, Employee Stock Warrants, New Restricted Employee Shares and New Shares for Merger or Acquisition of Other Companies, and Implementation of Capital Utilization Plans -----	134
Chapter V	Operational Highlights -----	139
I.	Business Activities -----	139
II.	Market, Production and Sales Overview -----	146
III.	Human Resources Overview -----	155
IV.	Information on Environmental Management and Environmental Protection Expenditure -----	156
V.	Protection Measures for Working Environment and Employees' Personal Safety -	162
VI.	Labor Relations -----	165
VII.	Cybersecurity Management -----	170
VIII.	Important Contracts -----	175
Chapter VI	Financial Overview -----	180
I.	Five-Year Condensed Balance Sheet, Statement of Comprehensive Income and CPA's Audit Opinion -----	180
II.	Five-Year Financial Analysis -----	184
III.	2022 Audit Committee's Audit Report -----	188
IV.	2022 Consolidated Financial Statements -----	188
V.	2022 Standalone Financial Statements -----	188

VI.	Impact on the Financial Status of the Company Due to Financial Difficulties Experienced by the Company and Its Affiliated Companies -----	188
Chapter VII	Analysis of Financial Status and Financial Performance and Risk Management -	189
I.	Financial Status -----	189
II.	Financial Performance -----	191
III.	Cash Flow -----	193
IV.	Impact of Major Capital Expenditure on the Company's Finance and Business in 2022 -----	195
V.	Investment Policies, Main Causes for Profit or Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year -----	197
VI.	Risk Management -----	198
VII.	Other Significant Matters -----	218
Chapter VIII	Special Disclosures -----	219
I.	Information on Affiliated Companies -----	219
II.	Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report -----	260
III.	Shares of the Company Held or Disposed of by Subsidiaries -----	260
IV.	Other Supplementary Matters -----	262
Chapter IX	During 2022 and up to the publication date of this annual report, any event which significantly affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act -----	263

Note: This annual report is prepared in accordance with the Regulations Governing Information to be Published in Annual Reports of Public Companies formulated by the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.

Chapter I. Letter to Shareholders

Dear Shareholders,

2022 has witnessed a substantial up and down in the global economy. At the beginning of 2022, the economic upsurge in 2021 continued and the steel market kept an optimistic outlook. The outbreak of the Russo-Ukrainian War further exacerbated worries about the shortage of supply in the steel market and drove the steel price up. However, with the impact of multiple factors such as growing inflation, U.S. interest rate hikes, soaring energy costs in Europe, and China's zero-COVID policy, kicking in from May onwards, Taiwan's manufacturing industry began experiencing a slowdown in less than no time, which not only brought difficulties in destocking to the downstream sector, but also led to a slide in CSC's sales volume and prices of steel products. As the cost was still reflecting the surge in raw material prices to historical high due to the Russo-Ukrainian War, CSC's had encountered a serious operational challenge. In the face of such a tough external environment, CSC proactively drew up a series of initiatives to achieve various breakthroughs, including launching a plan to cope with economic downturn, stepping up efforts to reduce costs and increase profits, and expanding the sales of advanced premium steel (APS) and high-end steel. With concerted efforts from all our colleagues and enhanced labor-management collaboration during such tough times, CSC was able to withstand the pressure and achieve sustained profitability, successfully living up to shareholders' longstanding trust and support for CSC. At the same time, CSC endeavors to bolster efforts in a number of areas to strengthen the operational structure, including water resources, electricity, and the resourcezation of basic oxygen furnace (BOF) slag, as detailed below: 1. Water resources: Owing to years of hard work, reclaimed water has accounted for 49% of CSC's overall water consumption. With a commitment to implementing a diversified water resource policy, reclaimed water is projected to constitute up to 57% of CSC's overall water consumption by 2024. 2. Electric power systems: Following ongoing efforts to strengthen our electric power resilience and energy structure, CSC completed the installation of the first 1.8MWh energy storage system in 2022,

officially opening a new chapter in “energy storage” based on CSC’s comprehensive “energy conservation, energy creation, and energy storage” plan. It’s expected to have a total of 11MWh energy storage system installed by the end of 2023. 3. Resourceization of BOF slag: Following the new milestone marked by the successful land reclamation works at Taipei Port using CSC’s first truck of BOF slag in 2020, the amount of BOF slag used in land reclamation works is anticipated to grow 69% from 1.3 million tons to 2.2 million tons in 2023. With the annual BOF slag output of 1.6 million tons from CSC Group, there is still a room of 600 thousand tons per year for CSC to effectively promote the resourceization of BOF slag. Such a development is not only of huge significance to CSC, but also serves as a critical lifeline for the operation of steel mills. These works enable us to strengthen our resilience and prepare for a U-shaped recovery in steel prices and market conditions this year.

With the advent of the low-carbon era, countries around the world have been drawing up carbon reduction policies in recent years, such as the Carbon Border Adjustment Mechanism (CBAM) in the European Union and the Clean Competition Act (CCA) in the U.S. Taiwan has also introduced a carbon fee collection mechanism in the Climate Change Response Act in early 2023. In response to the relevant regulatory requirements, CSC has established a Product Carbon Intensity System based on our existing cost system to calculate the actual carbon emission from each process, production line, and product. This system can not only meet carbon reporting requirements and customers’ demand for low-carbon products, but also serve as an effective tool for CSC to select a production path with the lowest carbon footprint.

In addition, CSC has successively developed the galvanized steel products with a steel scrap proportion of 12%, 20%, and 40% or more in 2021, 2022, and March 2023, respectively, which have also obtained the UL 2809 certification. CSC has also joined forces with downstream customers to produce 150 metric tons of carbon-neutral declarable steel products in 2023, with production and relevant certification scheduled for completion by the end of 2023. This joint initiative demonstrates CSC’s determination to move towards net-zero emission together with the steel industry in the spirit of “large companies leading small

companies in carbon reduction.”

As revenues from steel products account for nearly 80% of the consolidated operating revenues of CSC Group, the global macroeconomic situation and changes in the steel market are highly related to the operations of the Group. Therefore, this letter to the shareholders primarily analyzes the steel industry.

I. Business and Financial Performance in 2022

(I) Business and Profitability Analysis

In the first half of 2022, CSC recorded a good profit performance owing to a continuous rise in steel prices across various regions driven by a tight global supply of steel products coupled with surging raw material, energy, and transportation costs. However, global economic headwinds in the second half of the year triggered severe profit compression as a consequence of weaker-than-expected steel demand. Thanks to CSC’s flexible response to drastic market changes via a series of measures including timely adjustments to export destinations, production control, and cost reduction, CSC still managed to achieve a consolidated and standalone net profit of NT\$17.995 billion and NT\$17.784 billion in 2022, respectively.

Information on the Company's consolidated and standalone financial statements are presented as follows:

1. Consolidated Financial Statements

Unit: NT\$ million/million tons

Item \ Year	Year			
	2022	2021	Change	
Operating Revenues	449,567	468,328	(18,761)	(4%)
Gross Profit	31,902	95,315	(63,413)	(67%)
Profit from Operations	18,265	79,757	(61,492)	(77%)
Non-operating Income and Expenses	4,994	4,657	337	7%
Profit before Income Tax	23,259	84,414	(61,155)	(72%)
Net Profit for the Year	17,995	68,906	(50,911)	(74%)
Sales volume of steel products	12.97	14.68	(1.71)	(12%)

2. Standalone Financial Statements

Unit: NT\$ million/million tons

Item \ Year	2022	2021	Change	
Operating Revenues	250,601	259,782	(9,181)	(4%)
Gross Profit	18,256	50,216	(31,960)	(64%)
Profit from Operations	10,882	40,404	(29,522)	(73%)
Non-operating Income and Expenses	9,485	30,647	(21,162)	(69%)
Profit before Income Tax	20,367	71,051	(50,684)	(71%)
Net Profit for the Year	17,784	62,053	(44,269)	(71%)
Sales volume of steel products	8.59	9.56	(0.97)	(10%)

(II) Research and Development (R&D)

The Company enjoyed a fruitful year in the area of R&D with a total of 30 new product development projects completed in 2022, 14 of which were classified as Advanced Premium Steel (APS). With APS and high-end steel reaching 6.84% and 55.76% of total orders respectively, CSC is making continuous efforts to enhance our competitive advantage through product differentiation. Based on the operational and developmental cores, “the high value-added steel mill” and “development of green energy industry,” CSC’s R&D strategy is to enhance core capabilities, including developing APS and establishing intelligent manufacturing technologies as well as energy saving, carbon reduction, and environmental protection technologies. Major R&D outcomes are listed as follows:

1. Development of Advanced Premium Steel

- (1) Ultra-High Efficiency Electrical Steel: In response to demand for drive motors in electric vehicles, the Company has developed ultra-thin electrical sheets, which are characterized by lower iron loss, higher magnetic flux and higher strength to meet high-efficiency motor operations with low loss and high speed. The Company has successfully made such products sourced by major electric vehicle manufacturers and has become a critical supplier of electrical sheets.
- (2) Cross-Generational Automotive Steel: To meet lightweight and safety requirements, CSC has developed a series of advanced ultra-high strength

steels with excellent functions for automotive application, and endeavors to develop steel products with higher strength and hole-expansion to fill the gap in the industry's supply chain by supplying domestic and overseas automobile brands.

- (3) Advanced Alloy Steels: In response to demand of high-quality products for mechanical hardware and automotive parts, CSC has increased the carbon content of steels and added chrome alloy and molybdenum alloy to steels with the aim of enhancing its heat treatment and hardibility. To meet the demand of customers for materials that are easy to process, the Company also actively engaged in the development of products with low hardness and high spheroidization rates, to lead the industrial upgrading and expand business opportunities in the customization segment.

2. Intelligent manufacturing technologies

- (1) Incorporation of 5G Artificial Intelligence of Things (AIoT): CSC has constructed base stations of demonstration sites, and developed application technologies, such as remote control of dangerous equipment, real-time transmission of driving videos for railway slag cars, virtual collaboration with foreign experts, and digital guide, thereby becoming the first large corporation in Taiwan to introduce 5G private networks.
- (2) Development of online real-time sinter particle size analysis technology: With large-scale sampling and real-time analysis online, this intelligent technology is able to overcome problems from manual detection, such as slow feedback and susceptibility to distortion. The Company will continue to improve its accuracy of identification.
- (3) Development of intelligent mechanical property prediction technology for Thermo Mechanical Control Process (TMCP) plates: With the integration of artificial intelligence (AI) technology for analyzing the relationships between process parameters and the mechanical properties of plates, this intelligent technology is able to predict the mechanical properties of plates and optimize the corresponding parameters, thereby successfully reducing rejection rates.

3. Energy saving, carbon reduction and environmental protection technologies

- (1) Construction of Taiwan's first pilot line for the project "Co-production of Steel

and Chemicals”: Which is to develop the carbon monoxide (CO) and carbon dioxide (CO₂) capture and purification technologies, and conduct R&D in synthetic chemical technologies in combination with the technologies owned by the Industrial Technology Research Institute. Our partners in the petrochemical industry then convert the aforesaid by-product gases into high-value chemicals. The Company is currently working with partners in the petrochemical industry to form the “Steel-Chemical Co-production Alliance” and plan the demonstration site for “Co-production of Steel and Chemicals.”

- (2) Development of low-carbon ironmaking technology in blast furnace: CSC has joined forces with 12 research institutions including National Cheng Kung University and 22 professor-level researchers on a National Science and Technology Council Forward-looking Technology Industry-Academia Collaboration Project, which was approved for implementation in 2022, with an aim of developing next-generation low-carbon ironmaking technologies that are suitable for Taiwan, including low-carbon material operation, injection of hydrogen-rich gases, and increase of reducing gas concentration through CO₂ removal of top gas for re-injection, as well as applying them to the Company’s blast furnaces.
- (3) Development of low-energy carbon capture and utilization technology: Which will involve the construction of a pilot site capable of capturing 500 tons of CO₂ each year to develop high-efficiency operations and low-energy carbon capture technology. This project can enhance the effectiveness of carbon reduction and reduce the cost.

II. 2023 Business Plan and Business Development Strategies

Looking ahead to 2023, a slowdown in global inflation, the subduing negative impact of the Russo-Ukrainian War, and the sharp decline in energy prices are expected to speed up the stabilization and recovery of European and U.S. economies and push the manufacturing industry back into an expansionary state. China’s lifting of its dynamic zero-COVID-19 policy will serve as a further boost to global economic recovery. The International Monetary Fund (IMF) also projected the global economy to grow 2.8% in 2023 compared to 2022 in April 2023.

As for the steel industry, at the beginning of this year, the global inflation peaked and the interest rate hikes slowed down because of the gradual waning of economy-related negative factors, lockdown measures around the globe were successively lifted and the negative impact from Russo-Ukrainian War on the economy was gradually converging, which drove a wave of steady rebound and recovery in the global economy, and in turn triggered demand for restocking activities in downstream steel-using industries that guided the steel market out of the bottom recorded in the second half of last year. However, weaker-than-expected demand in China throughout the 2nd quarter of the year after the lifting of COVID-19 restrictions forced the country to shift to the export market with the aim of removing its excess steel production, thus exerting heavy pressure on the international steel market over the short run. Following China's aggressive supply-side reform and strict control of crude steel production output, steel supply and demand is expected to experience an adjustment to a healthy equilibrium in the second half of the year, guiding steel production and sales onto the right track. Furthermore, the World Steel Association (worldsteel) has projected global steel demand to grow 2.3% to 1,822 million metric tons this year, up 40.8 million metric tons from the previous year. CSC Group will continue to keep close tabs on opportunities arising from the reversal in the steel market and maintain stable sales volume throughout 2023, thereby creating a niche for our operations.

With a longstanding commitment to environmental sustainability, social engagement, and corporate governance, CSC not only ranked among the top 5% companies in the 2022 Corporate Governance Evaluation published in 2023 for the 4th consecutive year, but also been selected as a constituent of the Emerging Market Index of Dow Jones Sustainability Index (DJSI) for the 11th consecutive year. In the 2022 DJSI evaluation, CSC received full scores in "Environmental Reporting" and "Social Reporting" while also achieving a high score in "Human Capital Development" thanks to our accelerated efforts to roll out AI-based smart innovation, engage in digital transformation, establish an intellectual property management system, and incorporate related knowledge and practical experience into

employee training courses. Moreover, CSC came out on top among the 7 Taiwanese companies listed in the 2022 Nature Benchmark rankings published by the World Benchmarking Alliance, fully highlighting our outstanding achievements in implementing ESG development.

With a view to keep improving based on our existing core values and capabilities, CSC's management team has developed a new vision in 2022 - "We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation," in hopes of realizing our mission of corporate excellence in a more holistic manner based on the concept of sustainable development. Under the guidance of our new vision, we have mapped out our first 10-year business development strategies (2023 to 2032), where a list of future events has been compiled to examine the major challenges CSC will confront and then draw up CSC's 4 strategic goals, 10 core strategies, and various action plans. CSC's business development strategies across this new phase primarily focus on the following areas:

1. Continuously strengthen the development of advanced premium steel (APS) and refine production equipment and manufacturing processes to enhance APS production capacity, as well as deepen APS marketing and co-create value with customers to create the premium for APS.
2. Fully integrate AI to promote smart manufacturing and build full-process intellectual steel mills.
3. Plan the schedule and supporting measures for the rollout of "three blast furnaces and one electric furnace layout."
4. Continue to develop low-carbon energy applications and carbon capture application technologies, promote project Co-production of Steel and Chemicals, and engage in businesses related to green energy and energy storage (including solar power, wind power, low-carbon raw materials, raw materials for electric vehicle motors, lithium batteries, etc.)
5. Continue to enhance corporate governance, drive organizational change, promote digital transformation, and optimize business models to bolster the quality and resilience of CSC's business operations.

In the future, CSC will no longer seek to produce more steel products, but to create greater value from steel. CSC will not only strive to turn challenges in low-carbon transition into a driving force for sustainable growth and continue to enhance our corporate resilience and lead Taiwan's steel industry chain to boost its international competitiveness with smart innovation, but also co-create value and share our achievements with all our shareholders and stakeholders.

Best regards,

Chao-Tung Wong
Chairman

Handwritten signature of Chao-Tung Wong in black ink.

Shyi-Chin Wang
President

Handwritten signature of Shyi-Chin Wang in black ink.

Chapter II. Company Profile

China Steel Corporation (CSC), located in Kaohsiung City, was founded in December 1971. With annual crude steel production of 10 million metric tonnes, CSC's main products include plates, bars, wire rods, hot and cold rolled coils, electrogalvanized coils, electrical steel coils, and hot-dip galvanized coils. The domestic market takes roughly 58.9% of CSC's production and the exports take the remaining 41.1%. CSC is the largest steel company in Taiwan with market share of more than 50% and export products mainly to Southeast Asia, Europe and Japan.

CSC is very active in innovation and has strong capability to put the innovations into practice. The Company's new vision is "We aspire to be a trustworthy steel company of global distinction that pursues growth, environmental protection, energy saving and value-innovation." CSC actively puts into practice its corporate value of "teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation", as well as its operational beliefs of "promotion of social well-being, result orientation, implementation of teamwork, and emphasis on employees' self-realization." CSC keeps deepening the roots for its core business in steel, and is devoted to integrate the related downstream industries to foster healthy development and international competitiveness of Taiwan's steel related industry.

CSC was awarded the "National Quality Award" from the Executive Yuan in 1991; the "Distinguished Innovation Accomplishment Award" from the Ministry of Economic Affairs in 2009; the only award of "Leading Company of Maintenance and Reliability KPIs Survey Project, 2013" from the World Steel Association; the World Steel Industry Leader by Dow Jones Sustainability Index (DJSI) in 2013; the inclusion in the FTSE4Good Emerging Index by FTSE Russell starting from 2017; the Gold Class Sustainability leaders in the steel industry by RebocoSAM in 2014 and 2018; the "Leader in Sustainability Award" by British Standards Institution (BSI) in 2018 and 2019; the "Outstanding Corporate Group in Sustainability Resilience Award" by BSI in 2020; the Gold Class of Sustainable Cities and Communities and the Bronze Class of Decent Work and Economic Growth in the 1st Taiwan Sustainable Action Award by Taiwan Institute for Sustainable Energy (TAISE) in 2021; 10 awards including the "The Most Prestigious Sustainability Awards- Top Ten Domestic Corporates" by Taiwan Institute for Sustainable Energy (TAISE) in 2022. These achievements signifying that CSC's accomplishments in R&D, innovation, production, maintenance, and sustainable development have long been acknowledged by the domestic and oversea industries and the public.

In order to enhance its operational synergy, CSC has diversified its businesses. Presently CSC and its 23 main subsidiaries constitute the “CSC Group” in five business areas: steel, engineering, industrial materials, logistics & investment, and green energy. Based on the operational and developmental cores of “promote to high value-added steel mill” and “developing the green energy business”, CSC strives towards its vision with concerted efforts.

On January 16, 2020, CSC declared to position itself as a steel mill that produces premium products with high value and devote itself to the development of the green energy industry as the operational and developmental cores in enhancing its competitiveness for the next 50 years; The Company has been striving to promote various strategies and action plans starting from 2021. Besides, the Company also actively addresses carbon reduction and digital transformation issues. In February 2021, “Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality” was set up under the Corporate Governance and Sustainability Committee, which will dedicate to implement and develop various energy saving and carbon reduction technologies aiming at carbon neutrality by 2050. By deepening environmental, social and corporate governance (ESG) practices, the Company would like to contribute to the sustainable development of Taiwan’s industries, economy and society; In February 2023, CSC also set up the “Task Force on Digital Transformation”, aiming to use smart innovation as the foundation to improve business structure and resilience, lead the domestic steel industry to enhance international competitiveness, and co-create value and share achievements with all stakeholders.

Company History

December 3, 1971	China Steel Corporation was officially registered, with head office located in Taipei.
September 16, 1972	Kaohsiung Plant Site Office was established.
September 1, 1974	Phase I expansion project commenced.
December 26, 1974	CSC stock was listed on Taiwan Stock Exchange.
September 15, 1975	Head office relocated to Kaohsiung. Plant Site Office closed.
July 1, 1977	CSC became a state-owned enterprise.
December 16, 1977	Phase I expansion project was completed, with capacity of 1.5Mt per year.
July 1, 1978	Phase II expansion project commenced.
June 30, 1982	Phase II expansion project was completed. Capacity reached 3.25Mt per year.
July 1, 1984	Phase III expansion project commenced.
April 30, 1988	Phase III expansion project was completed. Capacity reached 5.652Mt per year.
July 15, 1993	Phase IV expansion project commenced.
April 12, 1995	CSC was privatized.
May 31, 1997	Phase IV expansion project was completed. Capacity reached 8.054Mt per year.
June 2, 1998	CSC Group's identity system was formally introduced to the public.
April 15, 2006	Annual production capacity was officially increased to 9.86Mt owing to success in equipment renovations and improvements carried out over the years.
November 22, 2006	Groundbreaking for the China Steel Building took place.
October 6, 2008	Dragon Steel Corporation became a wholly owned subsidiary of CSC.
June 30, 2010	DSC's Stage II phase 1 expansion project was completed. CSC Group's capacity reached 13.36Mt per year.
March 5, 2013	DSC's stage II phase 2 expansion project was completed. CSC Group's capacity reached 15.86 Mt per year.
October 22, 2013	China Steel Building was inaugurated.
December 20, 2017	The Board of Directors approved the initiation of the revamping plan of coke ovens (Phase I and II).
December 31, 2018	CSC Group's operating revenues in 2018 sets the record of exceeding NT\$400 billion.
January 16, 2020	CSC positions itself as a steel mill that produces premium products with high value and devotes itself to the development of the green energy

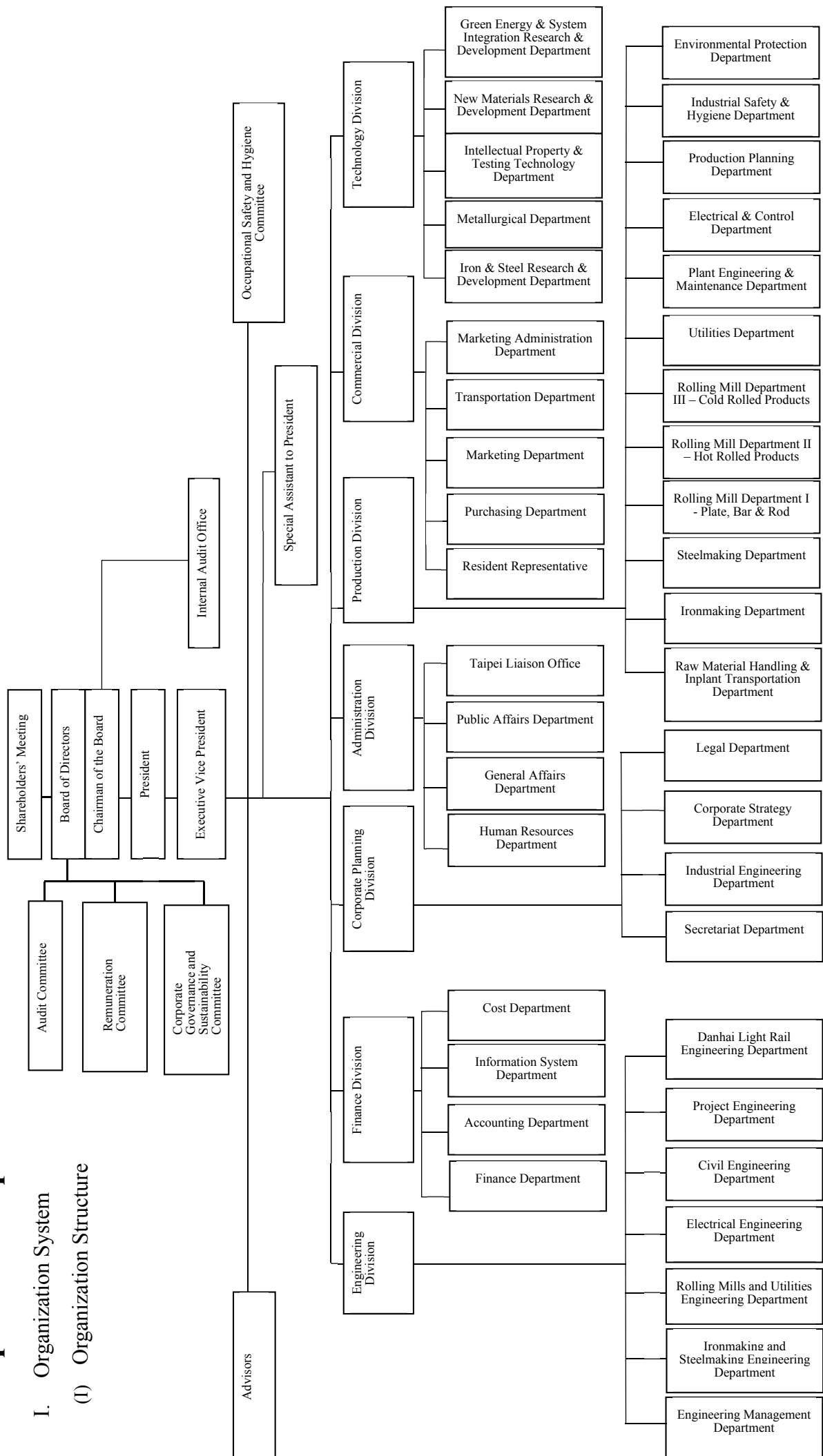
industry as the operational and developmental cores in enhancing its competitiveness for the next 50 years.

February 21, 2020	CSC sets a new milestone in its pricing system by offering monthly and quarterly prices simultaneously for the first time.
July 1, 2020	To promote the utilization of BOF Slag, CSC and TIPC jointly submit the Environmental Impact Difference Analysis Report for utilizing BOF Slag as an alternative land reclamation material in Taipei Port, approved by the Environmental Impact Assessment and Review Committee of Taiwan EPA.
November 11, 2020	The first truck of BOF aggregate is successfully utilized as land reclamation material in Taipei Port, which marks a new milestone in BOF aggregate application.
February 26, 2021	CSC commits to taking action on environmental protection and climate change by setting up a Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality.
January 1, 2023	CSC declares the company's new vision of "We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation." Based on the new vision, CSC launches its first 10-year operation and development strategy toward its promising prospects.

Chapter III. Corporate Governance

I. Organization System

(1) Organization Structure



(II) Functions of Major Divisions

1. The Production Division is responsible for the planning, execution and supervision of in-plant transportation, steel products manufacturing, utilities, automation engineering, equipment maintenance, production planning, industrial safety & hygiene, and environmental protection.
2. The Commercial Division is responsible for the planning, execution and supervision of purchasing, marketing and transportation.
3. The Technology Division is responsible for the planning, execution and supervision of research and development, quality control, metallurgical technology, green energy and system integration technology, and intellectual property and testing technology.
4. The Finance Division is responsible for the planning, execution and supervision of finance, accounting, information system and cost.
5. The Administration Division is responsible for the planning, execution and supervision of human resources, general affairs (including guard and fire brigade), public affairs and Taipei liaison business.
6. The Corporate Planning Division is responsible for the planning, execution and supervision of secretariat, industrial engineering, corporate strategy and legal affairs.
7. The Engineering Division is responsible for the planning, execution and supervision of the Company's major engineering projects, and handling contracting of external projects.

II. Information on Directors and Management Team

(I) Information on Directors

As of March 31, 2023

Title	Nationality	Name	Gender/ Age	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 6)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2022.06.17	3 years	1971.12.03	3,154,709,357	20	3,154,709,357	20	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
	Taiwan, R.O.C.	Representative: Chao-Fung Wong (Note 1)	Male/ 68	2022.06.17	3 years	Assumed office on 2016.06.23	1,000,875	0.01	1,000,875	0.01	191,355	0	0	0	PhD in Resource Engineering, National Cheng Kung University President, China Steel Corporation	Director, Taiwan High Speed Rail Corporation; Director, Chung Hung Steel Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, Dragon Steel Corporation; Director, China Steel Global Trading Corporation	None	None	None	
Director	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2022.06.17	3 years	1971.12.03	3,154,709,357	20	3,154,709,357	20	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Wen-Sheng Tseng	Male/ 53	2022.06.17	3 years	Assumed office on 2018.05.14	0	0	0	0	0	0	0	0	Bachelor of Civil Engineering, National Taiwan University Director-General of Economic Development Bureau, Kaohsiung City Government	Deputy Minister, Ministry of Economic Affairs Acting Chairman, Taiwan Power Company	None	None	None	None
Director	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2022.06.17	3 years	1971.12.03	3,154,709,357	20	3,154,709,357	20	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Ming-Jong Liou (Note 2)	Male/ 69	2022.06.17	3 years	Assumed office on 2012.11.01	588	0	588	0	0	0	0	0	PhD in Industrial Management, National Taiwan University of Science and Technology Director General, Bureau of Standards, Metrology and Inspection, M.O.E.A.	Director, State-Owned Enterprise Commission, Ministry of Economic Affairs; Director, Aerospace Industrial Development Corporation	None	None	None	None
Director	Taiwan, R.O.C.	Chiu Yu Investment Corporation	--	2022.06.17	3 years	Elected on 1997.12.30 Assumed office on 1998.05.26	1,623,289	0.01	1,623,289	0.01	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Shyi-Chin Wang (Note 3)	Male/ 65	2022.06.17	3 years	Assumed office on 2015.10.01	276,390	0	411,010	0	0	0	0	0	PhD in Materials Science, National Sun Yat-sen University Executive Vice President, China Steel Corporation	President, China Steel Corporation; Chairman, China Steel Power Holding Corporation; Chairman, China Steel Power Corporation; Chairman, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, Dragon Steel Corporation	None	None	None	None
Director	Taiwan, R.O.C.	Ever Wealthy International Corporation	--	2022.06.17	3 years	2004.06.17	4,226,265	0.03	4,226,265	0.03	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Director	Taiwan, R.O.C.	Representative: Chien-Chih Hwang (Note 4)	Male/ 63	2022.06.17	3 years	Assumed office on 2019.09.30	33,233	0	33,233	0	0	0	0	0	Bachelor of Economics, Tunghai University Vice President of Commercial Division, China Steel Corporation	Executive Vice President/Chief Information Security Officer/ Corporate Governance Officer, China Steel Corporation; Chairman, Dragon Steel Corporation; Director, China Steel Structure Co., Ltd; Director, China Steel Express Corporation; Director, China Steel Global Trading Corporation; Director, Formosa Ha Tinh (Clayman) Limited; Director, Formosa Ha Tinh Steel Corporation	None	None	None	Not applicable
	Taiwan, R.O.C.	Hung Kao Investment Corporation	--	2022.06.17	3 years	2010.06.23	1,003,980	0.01	1,003,980	0.01	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Title	Nationality	Name	Gender/ Age	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 6)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	Taiwan, R.O.C.	Representative: Cheng-I Weng (Note 5)	Male/ 78	2022.06.17	3 years	2001.05.31	9,000	0	9,000	0	0	0	0	0	PhD in Mechanical Engineering, University of Rochester, U.S.A. President, National Cheng Kung University President, Fo Guang University	Adjunct Chair Professor, Kun Shan University; Honorary Professor, Department of Mechanical Engineering, National Cheng Kung University	None	None	None	
Director	Taiwan, R.O.C.	Gau Ruei Investment Corporation	--	2022.06.17	3 years	Elected on 1997.12.30 Assumed office on 1998.05.26	1,493,318	0.01	1,493,318	0.01	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Taiwan, R.O.C.	Representative: Yueh-Kun Yang	Male/ 60	2022.06.17	3 years	Assumed office on 2018.10.31	32,427	0	32,427	0	599	0	0	0	Master of Business Management, National Sun Yat-sen University Assistant Vice President of Finance Division, China Steel Corporation	Vice President of Finance Division, China Steel Corporation; Chairman, Kaohsiung Rapid Transit Corporation; Director, C.S. Aluminium Corporation; Director, Gains Investment Corporation	None	None	None	
Director	Taiwan, R.O.C.	Labor Union of China Steel Corporation, Kaohsiung City	--	2022.06.17	3 years	2001.05.31	7,221,487	0.05	7,221,487	0.05	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Taiwan, R.O.C.	Representative: Chun-Sheng Chen	Male/ 61	2022.06.17	3 years	Assumed office on 2018.01.05	19,743	0	0	0	0	0	0	0	Electrical Engineering, National Tatung Junior College Technician, China Steel Corporation	President, Labor Union of China Steel Corporation, Kaohsiung City; Director, Kang Fu Recreation Co., Ltd.	None	None	None	
Independent Director	Taiwan, R.O.C.	Shyue-Bin Chang	Male/ 74	2022.06.17	3 years	2016.06.23	0	0	0	0	0	0	0	0	PhD in Mechanical and Aerospace Engineering, Cornell University, U.S.A.; Chair Professor and Vice President, Kao Yuan University; Chief Reviewer, Board of Science & Technology Program Executive Review Board, Executive Yuan; Director, Hua's Aero Industry Development Foundation; Chairman, Nansiang Innovation Consultant Company Limited; Director, Air Asia Company Limited; Executive Director, Ship and Ocean Industries R&D Center; Supervisor, Metal Industries Research & Development Centre; Supervisor, China Engine Corporation; Technology Consultant, Department of Industrial Technology, Ministry of Economic Affairs; Senior Vice President, International Turbine Engine Company LLC; Chief engineer, Aerospace Technology Research And Development Center of ROCAF/Aerospace Industrial Development Corporation	Independent Director, Hiwin Mikrosystem Corp. ; Independent Director, Advanced International Multitech Co., Ltd.;	None	None	None	

Title	Nationality	Name	Gender/ Age	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 6)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	Taiwan, R.O.C.	Min-Hsiung Hon	Male/ 79	2022.06.17	3 years	2016.06.23	0	0	0	0	5,000	0	0	0	PhD in Materials Science and Engineering, North Carolina State University, U.S.A.; President, Dayeh University; Professor, Department of Materials Science and Engineering, National Cheng Kung University	Emeritus Professor, Department of Materials Science and Engineering, National Cheng Kung University; Independent Director, Member of Audit Committee and Member of Remuneration Committee, INPAQ Technology Co., Ltd.	None	None	None	
Independent Director	Taiwan, R.O.C.	Lan-Feng Kao	Female/ 57	2022.06.17	3 years	2016.06.23	4,216	0	4,216	0	1,000	0	0	0	PhD in Accounting, National Cheng Kung University; Chairman, Department of Finance, National University of Kaohsiung; Member of Professional Review Committee, Taiwan Industry Innovation Platform Program Office, Industry Development Bureau, MOEA; External Member of TPEx Listing Review Committee, Taipei Exchange	Professor, Department of Finance, National University of Kaohsiung	None	None	None	Not applicable

Note 1: Mr. Chao-Tung Wong has assumed the position as Director of the Company from June 23, 2016 to date, however the juristic person he represented has changed during the period.

Note 2: Mr. Ming-Jong Liou first became a Director of the Company on November 1, 2012 until his dismissal on June 23, 2016. He resumed as a Director of the Company on November 20, 2020 to date.

Note 3: Mr. Shyi-Chin Wang has assumed the position as Director of the Company from October 1, 2015 to date, however the juristic person he represented has changed during the period.

Note 4: Mr. Chien-Chih Hwang has assumed the position as Director of the Company from September 30, 2019 to date, however the juristic person he represented has changed during the period.

Note 5: Mr. Cheng-I Weng has assumed the position as Director of the Company from May 31, 2001 to date, however the juristic person he represented has changed during the period.

Note 6: Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of the Directors shall not hold a position as employees or managements).

Table 1: Major shareholders of institutional shareholders

As of March 31, 2023

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Chiun Yu Investment Corporation	Eminence Investment Corporation 25%; China Steel Structure Co., Ltd. 35%; China Ecotek Corporation 40%
Ever Wealthy International Corporation	China Steel Chemical Corporation 100%
Hung Kao Investment Corporation	Chung Hung Steel Corporation 100%
Gau Ruei Investment Corporation	Eminence Investment Corporation 25%; China Steel Chemical Corporation 40%; CHC Resources Corporation 35%

Table 2: Major shareholders of the entities from Table 1 that are institutions

As of March 31, 2023

Institutional Shareholders	Major Shareholders of Institutional Shareholders
Eminence Investment Corporation	Gains Investment Corporation 100%
China Steel Structure Co., Ltd.	China Steel Corporation 33.24%; Yu Chuan Investment Co., Ltd. 12.50%; Taiwan Mask Corporation 7.17%; IHI Corporation 5.53%; Berlin Co., Ltd. 4.52%; Yung Chi Paint & Varnish MFG Co., Ltd. 2.50%; Dragon Steel Corporation 2.11%; Great Grandeul Steel Co., Ltd. 1.95%; Hui-Chen Wu Lai 1.85%; Transglory Investment Corporation 1.74%
China Ecotek Corporation	China Steel Corporation 44.76%; Hua Eng Wire & Cable Co., Ltd. 9.57%; Trust Asset Fund of China Ecotek Corporation under the custody of Mega International Commercial Bank Co., Ltd. 4.04%; Chun Yu Works & Co., Ltd. 3.50%; Great Grandeul Steel Co., Ltd. 3.20%; Chin Ho Fa Steel & Iron Co., Ltd. 2.92%; Bai Chien Investment Co., Ltd. 2.43%; Chun Yuan Steel Industry Co., Ltd. 2.42%; Taiwan Sugar Corporation 2.33%; C. Hao Corporation 1.36%
China Steel Chemical Corporation	China Steel Corporation 29.04%; Fubon Life Insurance Co., Ltd. 5.31%; International CSRC Investment Holdings Co., Ltd. 4.96%; Ever Wealthy International Corporation 2.01%; C.C.T. Investment Co., Ltd. 1.46%; Morgan Stanley & Co. International PLC Investment Fund under the custody of HSBC Bank (Taiwan) Limited 1.22%; Xin Yang Investment Co. Ltd. 0.93%; Chang Gung Medical Foundation 0.93%; Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.90%; Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.86%
Chung Hung Steel Corporation	China Steel Corporation 40.59%; Yuanta/P-shares Taiwan Dividend Plus ETF 4.63%; Fubon Taiwan high dividend 30 ETF 1.32%; Yung-Shun Wang 1.01%; Chun Fa Co., Ltd. 0.97%; Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.84%; Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.78%; Ting Fa Investment Co., Ltd. 0.71%; Taishin Life Insurance Co., Ltd. 0.40%; Vanguard Equity Index II Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.36%
CHC Resources Corporation	China Steel Corporation 19.83%; Taiwan Cement Corporation 12.15%; China Steel Structure Co., Ltd. 9.33%; Asia Cement Corporation 9.17%; Universal Cement Corporation 6.85%; China Steel Chemical Corporation 6.04%; Southeast Cement Corporation 5.26%; Employee's Stock Trust of CHC Resources Corporation under the custody of Mega International Commercial Bank Co., Ltd. 2.17%; Der Ching Investment Corporation 1.94%; Chia Hsin Cement Corporation 1.72%

Note: The data of Table 1 & Table 2 has been updated to the latest book closure date before the publication date of this annual report.

(II) Information on Directors' Professional Qualification and Independent Directors' Independence Criteria

Condition		Professional Qualification and Experience		Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Name				
Chairman	Chao-Tung Wong	<p>Expertise: Relevant industry experiences (Steel/Resource engineering); Corporate administration</p> <p>Education: PhD in Resource Engineering, National Cheng Kung University</p> <p>Other major current positions: Chairman of 22nd, Taiwan Steel & Iron Industries Association; Managing Director, Industrial Technology Research Institute</p> <p>Past experience: President, China Steel Corporation; Chairman, China Ecotek Corporation; Chairman and President, China Steel and Nippon Steel Vietnam Joint Stock Company</p>		0
Director	Wen-Sheng Tseng	<p>Expertise: Civil engineering</p> <p>Education: Bachelor of Civil Engineering, National Taiwan University</p> <p>Other major current positions: Deputy Minister, Ministry of Economic Affairs; Acting Chairman, Taiwan Power Company</p> <p>Past experience: Director-General of Economic Development Bureau, Kaohsiung City Government</p>		0
Director	Ming-Jong Liou	<p>Expertise: Corporate administration</p> <p>Education: PhD in Industrial Management, National Taiwan University of Science and Technology</p> <p>Other major current positions: Director, State-Owned Enterprise Commission, Ministry of Economic Affairs; Director, Aerospace Industrial Development Corporation</p> <p>Past experience: Director General, Bureau of Standards, Metrology and Inspection, M.O.E.A.</p>		0
Director	Shyi-Chin Wang	<p>Expertise: Relevant industry experiences (Steel/Materials science); Wind power industry</p> <p>Education: PhD in Materials Science, National Sun Yat-sen University</p> <p>Other major current positions: President, China Steel Corporation; Chairman, China Steel Power Holding Corporation; Chairman, China Steel Power Corporation; Executive Director of 22nd, Taiwan Steel & Iron Industries Association</p> <p>Past experience: Executive Vice President, China Steel Corporation; Chairman, Dragon Steel Corporation; Chairman of 3rd Board of Directors, Taiwan Wind Industry Association</p>		0
Director	Chien-Chih Hwang	<p>Expertise: Relevant industry experiences (Steel/Logistics and trading); Marketing</p> <p>Education: Bachelor of Economics, Tunghai University</p> <p>Other major current positions: Executive Vice President/Chief Information Security Officer/ Corporate Governance Officer, China Steel Corporation; Chairman, Dragon Steel Corporation; Director of 6th, Chinese International Economic Cooperation Association; Executive Director of 22nd, Taiwan Steel & Iron Industries Association</p> <p>Past experience: Vice President of Commercial Division, China Steel Corporation; Chairman, China Steel Global Trading Corporation; Representative of Japan Office of Chia Steel Corporation and President of CSGT Japan Co., Ltd.; Vice President of Commercial Division, China Steel and Nippon Steel Vietnam Joint Stock Company; Director of 21st Board of Directors, International Steel Management Society of Kaohsiung</p>		0
Director	Cheng-I Weng	<p>Expertise: Relevant industry experiences (Steel/Machinery); Mechanical manufacturing system; Reverse problem; Molecular dynamics simulation</p> <p>Education: PhD in Mechanical Engineering, University of Rochester, U.S.A.</p> <p>Other major current positions: Adjunct Chair Professor, Kun Shan University; Honorary Professor, Department of Mechanical Engineering, National Cheng Kung University</p> <p>Past experience: President, National Cheng Kung University; President, Fo Guang University; Chairman, Industrial Technology Research Institute; Chairman, National Science Council, Executive Yuan; Chairman, Taiwan Machinery Manufacturing Corporation</p>		0
Director	Yueh-Kun Yang	<p>Expertise: Relevant industry experiences (Steel); Finance and accounting; Tax planning; Corporate administration; Information system</p> <p>Education: Master of Business Management, National Sun Yat-sen University</p> <p>Other major current positions: Vice President of Finance Division, China Steel Corporation; Chairman, Kaohsiung Rapid Transit Corporation</p> <p>Past experience: Assistant Vice President of Finance Division, China Steel Corporation; Assistant Vice President of Administration Division, Chung Hung Steel Corporation</p>		0
Director	Chun-Sheng Chen	<p>Expertise: Union affairs; Labor rights</p> <p>Education: Electrical Engineering, National Taitung Junior College</p> <p>Other major current positions: President, Labor Union of China Steel Corporation, Kaohsiung City</p> <p>Past experience: Technician, China Steel Corporation</p>		0
Independent Director	Shyue-Bin Chang	<p>Expertise: Aviation industry; Electrical and mechanical engineering; Board member of other listed companies</p> <p>Education: PhD in Mechanical and Aerospace Engineering, Cornell University, U.S.A.</p> <p>Other major current positions: Adjunct Researcher; Board of Science & Technology Program Executive Review Board, Executive Yuan; Honorary Professor, Kao Yuan University; Member, National Defense Technology Industry Development Council, Executive Yuan; Independent Director, Hiwin Mikrosystem Corp.; Independent Director, Advanced International Multitech Co., Ltd.; Director, Hua's Aero Industry Development Foundation</p> <p>Past experience: Chair Professor and Vice President, Kao Yuan University; Member, Board of Science & Technology Program Executive Review Board, Executive Yuan; Director, Hua's Aero Industry Development Foundation; Chairman, Nansiang Innovation Consultant Company Limited; Director, Air Asia Company Limited; Executive Director, Ship and Ocean Industries R&D Center; Supervisor, Metal Industries Research & Development Centre; Supervisor, China Engine Corporation; Technology Consultant, Department of Industrial Technology, Ministry of Economic Affairs; Senior Vice President, International Turbine Engine Company LLC; Chief engineer, Aerospace Technology Research And Development Center of ROCAF/Aerospace Industrial Development Corporation</p>		2
Independent Director	Min-Hsiung Hon	<p>Expertise: Materials science; Board member of other listed companies</p> <p>Education: PhD in Materials Science and Engineering, North Carolina State University, U.S.A.</p> <p>Other major current positions: Emeritus Professor, Department of Materials Science and Engineering, National Cheng Kung University; Independent Director, Member of Audit Committee and Member of Remuneration Committee, INPAQ Technology Co., Ltd.</p> <p>Past experience: President, Dayeh Technology Co., Ltd.</p>		1
Independent Director	Lun-Feng Kao	<p>Expertise: Accounting/Finance</p> <p>Education: PhD in Accounting, National Cheng Kung University</p> <p>Other major current positions: Professor, Department of Finance, National University of Kaohsiung</p> <p>Past experience: Chairman, Department of Finance, National University of Kaohsiung; Member of Professional Review Committee, Taiwan Industry Innovation Platform Program Office, Industry Development Bureau, MOEA; External Member of TPEx Listing Review Committee, Taipei Exchange</p>		0
None of the Directors of the Company (Independent Directors included) has any conditions defined in Article 30 of the Company Act				

Criteria		Independence Criteria			
Name		Whether the person and the person's spouse as well as relatives within the second degree of relationship are not a director, supervisor, or employee of the Company or any of its affiliates.	Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders.	Whether the person is not a director, supervisor, or employee of a company or organization that has a specific relationship with the Company.	Whether the person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.
Chairman	Chao-Tung Wong	No	Yes The person: 1,000,875 shares (0.01%) Spouse: 191,355 shares (0%) Other relatives within the second degree of relationship: 5,000 shares (0%)	No	Yes: No remuneration
Director	Wen-Sheng Tseng	No	Yes The person: 0 shares (0%) Spouse and minor children: 0 shares (0%) Other relatives within the second degree of relationship: 4 shares (0%)	No	Yes: No remuneration
Director	Ming-Jong Liou	No	Yes The person: 588 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	No	Yes: No remuneration
Director	Shyi-Chin Wang	No	Yes The person: 411,010 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	No	Yes: No remuneration
Director	Chien-Chih Hwang	No	Yes The person: 33,233 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 7,000 shares (0%)	No	Yes: No remuneration
Director	Cheng-I Weng	No	Yes The person: 9,000 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	Yes	Yes: No remuneration
Director	Yueh-Kun Yang	No	Yes	No	Yes:

Criteria		Independence Criteria			
Name		Whether the person and the person's spouse as well as relatives within the second degree of relationship are not a director, supervisor, or employee of the Company or any of its affiliates.	Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders.	Whether the person is not a director, supervisor, or employee of a company or organization that has a specific relationship with the Company.	Whether the person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.
			The person: 32,427 shares (0%) Spouse: 599 shares (0%) Other relatives within the second degree of relationship: 19,583 shares (0%)		No remuneration
Director	Chun-Sheng Chen	No	Yes The person: 0 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	No	Yes: No remuneration
Independent Director	Shyue-Bin Chang	Yes	Yes The person: 0 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	Yes	Yes: No remuneration
Independent Director	Min-Hsiung Hon	Yes	Yes The person: 0 shares (0%) Spouse: 5,000 shares (0%) Other relatives within the second degree of relationship: 25,000 shares (0%)	Yes	Yes: No remuneration
Independent Director	Lan-Feng Kao	Yes	Yes The person: 4,216 shares (0%) Spouse: 1,000 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	Yes	Yes: No remuneration
The Independent Directors Shyue-Bin Chang, Min-Hsiung Hon and Lan-Feng Kao meet the independence requirements stipulated in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies in the two years prior to the date of appointment and during term of office.					

(III) Board Diversity and Independence

1. Board Diversity:

According to the Sample Template for Procedures for Election of Directors released by TWSE, the Company has incorporated the concept of diversity into the Rules Governing the Election of Directors. Two major areas, namely basic requirements and values and professional knowledge and skills (e.g., law, accounting, industry, finance, marketing or technology) should be taken into consideration during the election of Directors. Directors shall commonly possess the knowledge, skills, general capacity and disposition required to perform their duties. Furthermore, the Corporate Governance Best-Practice Principles of the Company also stipulate that the number of Directors who concurrently holds a management position at the Company shall not exceed one-third of the total number of Directors.

The Board of Directors is set up with the specific aim of appointing Directors of different gender and age and with different professional knowledge and background, consisting of at least one Director with finance or accounting background and at least one Director with management experience in the steel industry. At present, the Board of Directors is composed of 11 Directors with 3 Independent Directors, including 1 female Director, 1 Director recommended by the labor union of the Company as labor representative, and 3 Directors holding a management position, whose professional knowledge and skills cover different areas, including steel, resource engineering, civil engineering, business management, industrial management, machinery, materials, electrical engineering, aerospace, and accounting. Out of the current Directors, there are 2 with finance and accounting backgrounds and 4 with management experience in the steel industry. Hence, the Company fully implements the concept of diversity in the composition of Board of Directors, which is beneficial to its development goals, including succession planning, equipment replacement, research and development of advanced products, promotion of energy conservation and carbon reduction, construction of high-value industry chain, creation of smart production and sale, and commitment to the circular economy in the future.

Implementation of diversity policy for members of the Board of Directors:

Name of Director	Core Diversity Element	Composition							Business Management	Decision-Making	Industry Knowledge	Steel Industry Management Experience	Finance and Accounting	Marketing	Technology	Risk Management
		Gender	Employed by the Company	Ages			Tenure of Independent Directors									
				50 ~ 59	60 ~ 69	> 70	< 3yrs	4~8 yrs								
Chairman Chao-Tung Wong	Male			V					V	V	V	V		V		V
Director Wen-Sheng Tseng	Male		V						V	V	V					
Director Ming-Jong Liu	Male			V					V	V	V					
Director Shyi-Chin Wang	Male			V					V	V	V	V			V	
Director Chien-Chih Hwang	Male	V		V					V	V	V	V		V		
Director Cheng-I Weng	Male				V					V	V				V	
Director Yueh-Kun Yang	Male	V		V					V	V	V	V	V			V
Director Chun-Sheng Chen	Male	V		V					V	V	V					V
Independent Director Shyue-Bin Chang	Male				V		V		V	V	V				V	
Independent Director Min-Hsiung Hon	Male				V		V		V	V	V				V	
Independent Director Lan-Feng Kao	Fem ale		V				V				V		V			V

2. Board Independence:

The Board of Directors of the Company is composed of 11 Directors, 3 of which are Independent Directors (accounting for 27%). All independent directors maintain independence within the scope of their duties, and none of them have direct or indirect interest relationship with the Company. All independent directors also serve for Audit Committee and are responsible for overseeing matters including fair presentation of the Company's financial reports, the appointment (and dismissal), independence and performance of the Company's CPA, the effective implementation of the Company's internal control system, the Company's compliance with relevant laws and regulations, and the Company's risk management and control mechanism.

None of the Directors (including Independent Directors) has a marital relationship or falls within the second degree of relationship with each other, also Chairman and the President of the Company are held by different persons. Meanwhile in Paragraph 1,

Article 20 of Rules of Procedure for Board of Directors Meetings of the Company stipulates that "With regard to Board Meeting proposals, a Director shall explain, to the Board of Directors, the important content of interests if he/she, the corporate he/she represents or the following persons and enterprises have conflict of interests in such proposals. If there are concerns that such conflict of interests may impair the interests of the Company, the Director shall not take part in discussion and voting, nor exercise voting rights on behalf of other Directors, and shall recuse him/herself from discussion and voting." All directors of the Company have complied with the aforementioned requirements and have ensured independence on the Board.

(IV) Information on Management Team

As of March 31, 2023

Title	Nationality	Name	Gender	Date of Assumption of Office	Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Academic and Career Background	Positions Currently Held in Other Companies	Managers with spouses or relatives within the second degree of kinship			Remarks (Note 4)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	Taiwan, R.O.C.	Shyi-Chin Wang	Male	2019.09.30 2022.08.05 (Note 1)	411,010	0	0	0	0	0	Ph.D. in Materials Science, National Sun Yat-sen University Executive Vice President, China Steel Corporation	Chairman, China Steel Power Holding Corporation; Chairman, China Steel Power Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, Dragon Steel Corporation	None	None	None	
Executive Vice President/ Chief Information Security Officer/ Corporate Governance Officer	Taiwan, R.O.C.	Chien-Chih Hwang	Male	2019.09.30 (Note 2,3)	33,233	0	0	0	0	0	Bachelor of Economics, Tunghai University Vice President of Commercial Division, China Steel Corporation	Chairman, Dragon Steel Corporation; Director, China Steel Structure Co., Ltd; Director, China Steel Express Corporation; Director, China Steel Global Trading Corporation; Director, Formosa Ha Tinh (Cayman) Limited; Director, Formosa Ha Tinh Steel Corporation	None	None	None	
Vice President, Administration Division	Taiwan, R.O.C.	I-Chung Huang	Male	2021.09.24	168,827	0	13,952	0	0	0	Masters of Labor Science, Chinese Culture University Assistant Vice President of Administration Division, China Steel Corporation	Director, China Steel Express Corporation; Director, China Steel Security Corporation; Director, KHH Arena Corporation; Supervisor, Dragon Steel Corporation	None	None	None	Not applicable
Vice President, Commercial Division	Taiwan, R.O.C.	Min-Hsiung Liu	Male	2019.09.30	1,493	0	0	0	0	0	Bachelor of Business Administration, National Cheng Kung University Assistant Vice President of Commercial Division, China Steel Corporation	Chairman, China Steel Global Trading Corporation; Director, Chung Hung Steel Corporation; Director, CSC Steel Holdings Berhad Director, Dragon Steel Corporation; Director, Gains Investment Corporation Director, InfoChamp Systems Corporation;	None	None	None	
Vice President, Finance Division	Taiwan, R.O.C.	Yueh-Kun Yang	Male	2018.07.01	32,427	0	599	0	0	0	Master of Business Management, National Sun Yat-sen University Assistant Vice President of Finance Division, China Steel Corporation	Chairman, Kaohsiung Rapid Transit Corporation; Director, C.S.Aluminium Corporation; Director, Gains Investment Corporation	None	None	None	
Vice President, Technology Division	Taiwan, R.O.C.	Jih-Iau Jeng	Male	2021.05.07	50,348	0	0	0	0	0	Ph.D. in Mining, Metallurgy and Mechanical Engineering, Clausthal University of Technology Assistant Vice President, Technology Division, China Steel Corporation	Director, InfoChamp Systems Corporation; Director, Dyna Rechi Co., Ltd.; Director, Rechi Precision Co., Ltd.	None	None	None	

Title	Nationality	Name	Gender	Date of Assumption of Office	Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Academic and Career Background	Positions Currently Held in Other Companies	Managers with spouses or relatives within the second degree of kinship			Remarks (Note 4)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice President, Engineering Division	Taiwan, R.O.C.	Jui-Teng Chen	Male	2022.08.05	25,572	0	87,753	0	0	0	Masters of Industrial Engineering, National Chiao Tung University; President, China Steel Structure Co., Ltd.	Director, China Steel Structure Co., Ltd.	None	None	None	
Vice President, Production Division	Taiwan, R.O.C.	Shou-Tao Chen	Male	2021.06.18	91,064	0	1,275	0	0	0	Bachelor of Power Mechanical Engineering, National Tsing Hua University; Assistant Vice President, Production Division, China Steel Corporation	Chairman, Changzhou China Steel Precision Materials Co., Ltd.; Director, Tang Eng Iron Works Co., Ltd.; Director, Dragon Steel Corporation; Director, China Steel Express Corporation	None	None	None	
General Manager, Finance Department	Taiwan, R.O.C.	Shih-Hsin Chen	Male	2019.07.01	306	0	0	0	0	0	Master of Finance, National Chengchi University; Assistant Vice President of Finance Division, Dragon Steel Corporation	Supervisor, Wuxi Teco Electric & Machinery Co., Ltd.	None	None	None	
General Manager, Accounting Department	Taiwan, R.O.C.	Pei-Yu Lee	Female	2023.03.01	0	0	0	0	0	0	Master of Public Finance, National Chengchi University; Acting Manager of Group Accounting Section, Accounting Department, China Steel Corporation	Director, HIMAG Magnetic Corporation	None	None	None	

Note 1: Mr. Shyi-Chin Wang became President of the Company on September 30, 2019 until his mandatory retirement on May 31, 2022; the Board of Directors approved the appointment of Mr. Shyi-Chin Wang to hold a concurrent post as President of the Company while serving as one of the representatives of Juristic-person Directors on August 5, 2022.

Note 2: The Board of Directors approved the appointment of Mr. Chien-Chih Hwang, Executive Vice President, to hold a concurrent post as Chief Information Security Officer on November 4, 2022.

Note 3: The Board of Directors approved the appointment of Mr. Chien-Chih Hwang, Executive Vice President, to hold a concurrent post as Chief Corporate Governance Officer on February 24, 2023.

Note 4: Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of the Directors shall not hold a position as employees or managements).

III. Compensations of Directors, President and Vice Presidents

(1) Compensations Paid to Non-independent Directors and Independent Directors

Unit: NT\$ thousands, as of December 31, 2022

Title	Name	Compensation Paid to Directors						Compensation Received by a Director Who is Also an Employee				Sum of A, B, C, D, E, F and G/ The Sum as A Percentage of Net Income		Compensation Paid to Directors by Non- consolidated Affiliates or Parent Company				
		Base Compensation (A)		Severance Pay and Pension(B)		Remuneration to Directors(C)		Allowances (D)		Salary, Bonus and Allowance (E)		Severance Pay and Pension (F)			Remuneration to Employees (G)		The Company	Consolidated Entities
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	stock					
Chairman	Chao-Tung Wong (Representative of Ministry of Economic Affairs)																	
	Ministry of Economic Affairs																	
	Chiun Yu Investment Corporation																	
	Ever Wealthy International Corporation																	
	Hung Kao Investment Corporation																	
	Gau Ruei Investment Corporation																	
	Labor Union of China Steel Corporation, Kaohsiung City																	
	Wen-Sheng Tseng (Representative of Ministry of Economic Affairs)	0	3,213	0	0	23,719	11,860	1,016	1,672	25,453	25,453	523	523	9,456	0	60,167 0.338%	52,177 0.293%	
Director	Ming-long Liou (Representative of Ministry of Economic Affairs)																48	
	Shyi-Chin Wang (Representative of Chiun Yu Investment Corporation)																	
	Chien-Chih Hwang (Representative of Ever Wealthy International Corporation)																	
	Cheng-I Weng (Representative of Hung Kao Investment Corporation)																	
	Yueh-Kun Yang (Representative of Gau Ruei Investment Corporation)																	
	Chun-Sheng Chen (Representative of Labor Union of China Steel Corporation, Kaohsiung City)																	
Independent Director	Shyue-Bin Chang	2,160	2,160	0	0	0	0	832	832	0	0	0	0	0	0	2,992 0.017%	2,992 0.017%	
	Min-Hsiung Hon																	
	Lan-Feng Kao																	

★ Policies, system, standards and structure of compensation paid to Independent Directors and the correlation of such compensation with their reponsability, risks and time devoted to business:

- (1) The remuneration for Independent Directors is a fixed compensation. An Independent Director is entitled to a remuneration of NT\$60,000 per month and shall not receive the remuneration for Directors as set out in Article 6 of the Articles of Incorporation. The profit or loss of the Company does not affect the fixed compensation of Independent Directors.
- (2) Independent Directors shall participate in Board meetings, and the travel expenses shall be borne by the Company.
- (3) Where any Independent Director serves as a member of a functional committee, the Independent Director who participate in the meeting of the functional committee under the Board of Directors and consultation meetings for project studies of the Company, the Company shall pay attendance fee according to the actual attendance.

★ In addition to the disclosure above, compensation paid to Directors for their services (e.g. providing consulting services as a non-employee to parent company, all the consolidated entities in the financial statements, and non-consolidated affiliates): None.

Note

1. Compensation paid to Non-independent Directors and Independent Directors only include the compensations received by juristic person directors and representatives during their tenure.
2. Remuneration to Directors of the Company is fully received by juristic person directors. The travel expenses for the Ministry of Economic Affairs are shared by juristic person and its representatives in an agreed ratio, whereas the travel expenses for Labor Union of China Steel Corporation are received by juristic person.
3. Consolidated entities include the Company, however where juristic person directors of the Company are one of the consolidated entities, various types of compensations received by juristic persons shall be eliminated under the column headed "Consolidated Entities".
4. Directors of the Company (juristic persons and representatives) do not receive or contribute to severance pay and pension upon resignation or retirement. Meanwhile, for representatives of juristic person who serve as employees at the Company, the total amount of severance pay and pension contributed in 2022 according to the law was NT\$523 thousand.

Range of Compensation

Range of compensation paid to Directors of the Company	Directors' Name			
	The Company	Sum of A+B+C+D	Consolidated Entities	The Company
Under NT\$1,000,000	Chao-Tung Wong, Wen-Sheng Tseng, Ming-Jong Liou, Shyi-Chin Wang, Chien-Chih Hwang, Cheng-I Weng, Yueh-Kun Yang, Chun-Sheng Chen, Shyue-Bin Chang, Min-Hsiung Hon, and Lan-Feng Kao	Chao-Tung Wong, Wen-Sheng Tseng, Ming-Jong Liou, Chien-Chih Hwang, Yueh-Kun Yang, Chun-Sheng Chen, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Chiun Yu Investment Corporation, Ever Wealthy International Corporation, and Hung Kao Investment Corporation	Wen-Sheng Tseng, Ming-Jong Liou, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Chiun Yu Investment Corporation, Ever Wealthy International Corporation, Hung Kao Investment Corporation, and Gau Ruei Investment Corporation	Wen-Sheng Tseng, Ming-Jong Liou, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Chiun Yu Investment Corporation, Ever Wealthy International Corporation, Hung Kao Investment Corporation, and Gau Ruei Investment Corporation
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	None	Cheng-I Weng	Cheng-I Weng	Cheng-I Weng
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	Chiun Yu Investment Corporation, Ever Wealthy International Corporation, Hung Kao Investment Corporation, Gau Ruei Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Shyi-Chin Wang and Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen, Chiun Yu Investment Corporation, Ever Wealthy International Corporation, Hung Kao Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen and Labor Union of China Steel Corporation, Kaohsiung City
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	None	None	None	None
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	Ministry of Economic Affairs	Ministry of Economic Affairs	Chao-Tung Wong, Shyi-Chin Wang, Yueh-Kun Yang, and Ministry of Economic Affairs	Chao-Tung Wong, Shyi-Chin Wang, Yueh-Kun Yang, and Ministry of Economic Affairs
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	None	None	Chien-Chih Hwang	Chien-Chih Hwang
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None	None	None	None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	None	None	None	None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (not inclusive)	None	None	None	None
NT\$100,000,000 and above	None	None	None	None
Total	17	17	17	17

Note: Remuneration to Directors of the Company is fully received by juristic person directors. Compensation paid to representatives of juristic person directors who serve as employees also include salaries and remuneration to employees.

(II) Compensations Paid to President and Vice Presidents

Unit: NT\$ thousands, as of December 31, 2022

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Remuneration to Employees(D)				Sum of A, B, C and D/ The Sum as A Percentage of Net Income (%)		Compensation Paid by Non- consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities			
												Cash	Stock	
Managers	President	Shyi-Chin Wang (Note 2)												
	Executive Vice President	Chien-Chih Hwang												
		I-Chung Huang												
		Min-Hsiung Liu												
		Yueh-Kun Yang												
	Pai-Chien Huang (Note 3)	30,987	30,987	967	12,440	15,586	24,895	0	24,895	0	69,289 0.390%	72,435 0.407%	124	
	Vice President	Jih-Jau Jeng												
		Chung-Te Chen (Note 2)												
Jui-Teng Chen (Note 2)														
	Shou-Tao Chen													

Note:

- Consolidated entities include the Company.
- Compensations paid to President and Vice Presidents only include the compensations received by them during their tenure of this position in 2022. Among managers, President of the Company, Mr. Shyi-Chin Wang reached retirement age on May 31, 2022. On August 5, 2022, the Board of Directors approved the appointment of Mr. Shyi-Chin Wang to hold a concurrent post as President of the Company while serving as one of the Directors. Meanwhile, Mr. Shyi-Chin Wang only received compensations as a representative of juristic person director and did not receive salaries, bonus and remuneration from the Company. As for Vice President of Engineering Division, Mr. Chung-Te Chen, reached retirement age on June 30, 2022, whose successor Mr. Jui-Teng Chen was promoted as the Vice President of Engineering Division on August 5, 2022.
- Vice President of Corporate Planning Division, Mr. Pai-Chien Huang, reached retirement age on January 31, 2023.

Range of Compensation

Range of compensation paid to Presidents and Vice Presidents of the Company	The Company	Name of President and Vice President	Consolidated Entities
Under NT\$1,000,000	None		None
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	None		None
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	Jui-Teng Chen		Jui-Teng Chen
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	Chung-Te Chen		Chung-Te Chen
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	Shyi-Chin Wang, I-Chung Huang, Min-Hsiung Liu, Yueh-Kun Yang, Pai-Chien Huang, Jih-Jau Jeng, and Shou-Tao Chen	Shyi-Chin Wang, I-Chung Huang, Min-Hsiung Liu, Yueh-Kun Yang, Pai-Chien Huang, Jih-Jau Jeng, and Shou-Tao Chen	
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	Chien-Chih Hwang		Chien-Chih Hwang
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None		None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	None		None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (not inclusive)	None		None
NT\$100,000,000 and above	None		None
Total	10		10

(III) Employee Remuneration Distributed to Managerial Personnel and Distribution Situation

As of December 31, 2022

Unit: NT\$ thousands

	Title	Name	Amount of Stock	Amount of Cash	Total	Total Amount as A Percentage of Net Income (%)
Managerial Personnel	President	Shyi-Chin Wang (Note 1)	0	25,922	25,922	0.146
	Executive Vice President	Chien-Chih Hwang				
	Vice President	I-Chung Huang				
		Min-Hsiung Liu				
		Yueh-Kun Yang				
		Pai-Chien Huang (Note 2)				
		Jih-Jau Jeng				
		Chung-Te Chen (Note 1)				
		Jui-Teng Chen (Note 1)				
		Shou-Tao Chen				
General Manager, Finance Department		Shih-Hsin Chen				
General Manager, Accounting Department		Kai-Ching Huang (Note 2)				
Director	President of Labor Union	Chun-Sheng Chen				

Note:

- Employee remuneration paid to Managerial Personnel, General Manager of Finance Department, General Manager of Accounting Department, and President of Labor Union only include the employee remuneration distributed to them during their tenure of the aforementioned positions in 2022. Among Managerial Personnel, President of the Company, Mr. Shyi-Chin Wang reached retirement age on May 31, 2022. On August 5, 2022, the Board of Directors approved the appointment of Mr. Shyi-Chin Wang to hold a concurrent post as President of the Company while serving as one of the Directors. Meanwhile, Mr. Shyi-Chin Wang only received compensations as a representatives of juristic person directors and did not receive salaries, bonus and remuneration from the Company. As for Vice President of Engineering Division, Mr. Chung-Te Chen, reached retirement age on June 30, 2022, whose successor Mr. Jui-Teng Chen was promoted to Vice President of Engineering Division on August 5, 2022.
- Vice President of Corporate Planning Division, Mr. Pai-Chien Huang, reached retirement age on January 31, 2023. General Manager of Accounting Department, Mr. Kai-Ching Huang, was transferred to Dragon Steel Corporation on March 1, 2023.

(IV) Analysis on proportion of compensation paid to Directors, President and Vice Presidents of the Company to net income in the most recent two years; description of policies, standards and portfolios of compensation payments; procedures for determining compensation and correlation of such compensation with business performance and future risks:

- In 2022, total compensation paid to Directors, President and Vice Presidents of the Company accounted for 0.61% of the Company's net income. In 2021, total compensation paid to Directors, President and Vice Presidents of the Company constituted 0.36% of the Company's net income. Independent Directors of the Company only receive fixed compensation and are not entitled to the distribution of remuneration for Directors. The policies and standards for compensations paid by the Company to Directors, President and Vice Presidents are clearly stated in Paragraph 1, Article 6 of the Company's Articles of Incorporation, which stipulates that "If there is profit in any given fiscal year, the Company shall set aside no less than 0.1% as the remuneration in stock or cash for employees, and no more than 0.15% as the remuneration for Directors...." Also in Article 9 of Rules Governing the Performance Evaluation of the Board of Directors stated that

"The results of the performance evaluation for the Board of Directors shall be used as a reference and the basis for the election or nomination of Directors, while the results of performance evaluation for each Director (excluding Independent Directors) will also serve as a reference and the basis for determining the remuneration allocation for Directors." With regard to employee remuneration for Presidents and Vice Presidents, the Board of Directors has approved that 1.5% of the total amount of employee remuneration shall be distributed to them. Travel expenses for Directors are determined referring to the standards set by industry peers. Incentives for President and Vice Presidents are distributed according to a certain proportion of the Company's profit in the previous year.

2. The compensation paid by the Company, according to the Organization Regulations for Remuneration Committee, includes cash remuneration, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures, which is consistent with the scope of the compensation for directors and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.
3. As for the procedures for determining compensation, the Company has formulated the Rules Governing the Performance Evaluation of the Board of Directors and Performance Appraisal Rules applicable to managements and employees as the basis for performance evaluation and appraisal and as a reference for determining reasonable allocation of remuneration, which is also linked to the Company's operating performance. The evaluation criteria used to measure the performance of the Board of Directors include the level of participation in business operations and the supervision and assessment of risk management and controls. The appraisal items for managements consist of financial indicators (e.g. sales volume of steel products, order of steel products, amount of cost savings, etc.) and non-financial indicators (e.g. number of major occupational accidents, number of process improvements, and number of projects completed, etc.). Compensation paid to Directors and the remuneration for employees and incentive bonus paid to managements are determined according to the results of performance evaluation. The reasonableness of performance appraisal and remuneration is reviewed by both the Remuneration Committee and the Board of Directors on an annual basis.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

1. The Company conducted the re-election of Directors on June 17, 2022, and elected the 18th Board of Directors. In 2022, the Board of Directors convened 6 meetings (the 17th Board of Directors convened 2 meetings and the 18th Board of Directors convened 4 meetings). Attendance of Directors is listed as follows:

(January 1, 2022 to December 31, 2022)

Title	Name		Attendance in Person	Attendance by Proxy	Required Attendance	Percentage of Attendance in Person (%)	Remarks
Chairman	Representative of Ministry of Economic Affairs	Chao-Tung Wong	6	0	6	100.0%	Re-elected on June 17, 2022
Director	Representative of Ministry of Economic Affairs	Wen-Sheng Tseng	6	0	6	100.0%	Re-elected on June 17, 2022
Director	Representative of Ministry of Economic Affairs	Ming-Jong Liou	4	2	6	66.7%	Re-elected on June 17, 2022
Director	Representative of Chiun Yu Investment Corporation	Chien-Chih Hwang	2	0	2	100.0%	Re-elected on June 17, 2022 The representative was replaced by Shyi-Chin Wang
		Shyi-Chin Wang	4	0	4	100.0%	
Director	Representative of Ever Wealthy International Corporation	Shyi-Chin Wang	2	0	2	100.0%	Re-elected on June 17, 2022 The representative was replaced by Chien-Chih Hwang
		Chien-Chih Hwang	4	0	4	100.0%	
Director	Representative of Hung Kao Investment Corporation	Cheng-I Weng	6	0	6	100.0%	Re-elected on June 17, 2022
Director	Representative of Gau Ruei Investment Corporation	Yueh-Kun Yang	6	0	6	100.0%	Re-elected on June 17, 2022
Director	Representative of Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen	6	0	6	100.0%	Re-elected on June 17, 2022
Independent Director	Shyue-Bin Chang		6	0	6	100.0%	Re-elected on June 17, 2022
Independent Director	Min-Hsiung Hon		6	0	6	100.0%	Re-elected on June 17, 2022
Independent Director	Lan-Feng Kao		6	0	6	100.0%	Re-elected on June 17, 2022

Other matters to be noted:

1. If any of the following applies to the operation of Board of Directors, the date and session of Board Meetings, the content of proposals, Independent Directors' opinions, and the Company's actions in response to Independent Directors' opinions shall be stated:

(1) Items listed in Article 14-3 of the Securities and Exchange Act:

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
2022.02.25 The 19th meeting of the 17th Board of Directors	Discussion Item 2: Proposal for Distribution of 2021 Profits	No opinion.	NA
	Discussion Item 6: Proposal to subcontract Stage 7 of the Replacement of Phase I and II Coke Ovens – "Phase 3 Construction of Coke Ovens and Coke Dry Quenching Facility" out to China		

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
	Steel Machinery Corporation, China Ecotek Corporation and United Steel Engineering & Construction Corporation upon price negotiation		
	Discussion Item 8: Amendments to the Company's "Internal Control System Provisions"	No opinion.	NA
	Discussion Item 9: Proposal to provide loans totaled NT\$2.6 billion to 4 subsidiaries, including C.S.Aluminium Corporation, etc.	No opinion.	NA
	Discussion Item 10: Proposal to engage CPA, Jui-Hsuan Hsu and CPA, Jr-Shian Ke of Deloitte Taiwan as the auditors for the Company's Financial Statements	No opinion.	NA
	Discussion Item 12: The Company's "2021 Statement on Internal Control System"	No opinion.	NA
2022.05.06 The 20th meeting of the 17th Board of Directors	Discussion Item 2: Proposal to invest NT\$3,244 million in the "Installation of Straight Bar Condition Line (Phase-C) at No. 2 Bar Mill" at Rolling Mill Department I	No opinion.	NA
	Discussion Item 4: Proposal to renew the Company's lease of the land at Shihjia Section in Qianzhen District, Kaohsiung City from China Prosperity Construction Corporation after the expiration of the lease on June 30, 2022	No opinion.	NA
	Discussion Item 5: Proposal to provide endorsements/guarantees for bank facility and power purchase contract for Sakura Ferroalloys Sdn. Bhd. based on our 19% shareholding to help stabilize its operations. The guarantee for bank facility, with a maximum of US\$15.2 million (equivalent to NT\$436 million), and the guarantee for power purchase contract, with a maximum of RM14.9 million (equivalent to NT\$108 million) would last until the end of 2026	No opinion.	NA
	Discussion Item 6: Amendments to the Company's "Procedures for Acquisition or Disposal of Assets"	No opinion.	NA
	Discussion Item 9: Proposal to provide loans totaled NT\$3.6 billion to 5 subsidiaries, including C.S.Aluminium Corporation, etc.	No opinion.	NA
	Discussion Item 11: Proposal to release the prohibition on Director, Mr. Chao-Tung Wong, from holding the position of China Ecotek Corporation, Chung Hung Steel Corporation and Taiwan High Speed Rail Corporation to protect the rights and interests of the Company about its investment, provided Mr. Chao-Tung Wong is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
	Discussion Item 12: Proposal to release the prohibition on Director, Mr. Wen-Sheng Tseng, from holding the position of Taiwan Power Company, provided Mr. Wen-Sheng Tseng is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA
	Discussion Item 13: Proposal to release the prohibition on Director, Mr. Ming-Jong Liou, from holding the position of Aerospace Industrial Development Corporation, provided Mr. Ming-Jong Liou is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA
	Discussion Item 14: Proposal to release the prohibition on Director, Mr. Shyi-Chin Wang, from holding the position of China Ecotek Corporation to protect the rights and interests of the Company about its investment, provided Mr. Shyi-Chin Wang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA
	Discussion Item 15: Proposal to release the prohibition on Director, Mr. Chien-Chih Hwang, from holding the position of China Steel Structure Co., Ltd., CSBC Corporation, Taiwan, Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation to protect the rights and interests of the Company about its investment, provided Mr. Chien-Chih Hwang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA
	Discussion Item 16: Proposal to release the prohibition on Director, Mr. Yueh-Kun Yang, from holding the position of C.S.Aluminium Corporation to protect the rights and interests of the Company about its investment, provided Mr. Yueh-Kun Yang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA
	Discussion Item 17: Proposal to release the prohibition on Independent Director, Mr. Shyue-Bin Chang, from holding the position of Advanced International Multitech Co., Ltd. and Hiwin Mikrosystem Corp., provided Mr. Shyue-Bin Chang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	No opinion.	NA
2022.06.17 The 1st meeting of the 18th Board of Directors	No items as listed in Article 14-3 of the Securities and Exchange Act.		

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
2022.08.05 The 2nd meeting of the 18th Board of Directors	Discussion Item 2: Proposal to invest NT\$5,489 million in the “Equipment Upgrading and Rolling Capacity Enhancement project for No. 2 Pickling and Cold Mill (2PLCM)” at Rolling Mill Department III	No opinion.	NA
	Discussion Item 3: Proposal to subcontract the miscellaneous procurement and full-site fabrication works for Power House BTG-9/10 of “Phase 2 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10) project” out to China Ecotek Corporation upon price negotiation	No opinion.	NA
	Discussion Item 5: Proposal to provide loans totaled NT\$1.6 billion to 2 subsidiaries, Kaohsiung Rapid Transit Corporation and Sing Da Marine Structure Corporation	No opinion.	NA
	Discussion Item 7: Proposal to lease the land at Chaozhouliao 3rd Subsection, Chihkan Section in Daliao District, Kaohsiung City from CHC Resources Corporation	No opinion.	NA
2022.11.04 The 3rd meeting of the 18th Board of Directors	Discussion Item 2: Proposal to invest NT\$1,192.97 million in the “Replacement of Cranes in No.1 Steelmaking Plant”	No opinion.	NA
	Discussion Item 3: Proposal to invest NT\$439.67 million in the “Addition of Liquid Nitrogen Storage Tank and Output System at the Oxygen Plant”	No opinion.	NA
	Discussion Item 5: Proposal to increase the endorsement/guarantee for bank facility for Sakura Ferroalloys Sdn. Bhd. based on our 19% shareholding to help repay shareholder loans and establish a long-term line of credit. The additional guarantee, with a maximum of US\$3.8 million (equivalent to NT\$120 million), would last until the end of 2026	No opinion.	NA
	Discussion Item 8: Proposal to provide loans totaled NT\$3.6 billion to 5 subsidiaries, including C.S.Aluminium Corporation, etc.	No opinion.	NA
2022.12.30 The 4th meeting of the 18th Board of Directors	No items as listed in Article 14-3 of the Securities and Exchange Act.		

(2) In addition to the preceding matters, other resolutions of Board Meetings on which Independent Directors have dissenting opinions or qualified opinions, documented or issued through written statements: None.

2. Recusal of Directors due to conflict of interests (the name of the Directors, the content of proposals, reasons for recusal, and participation in voting shall be stated):
 All the Directors of the Company follow the regulation of Paragraph 1, Article 20 of the China Steel Corporation Rules of Procedure for Board of Directors Meetings, which stipulates that "With regard to Board Meeting proposals, a Director shall explain, to the Board of Directors, the important content of interests if he/she or the corporate he/she represents have conflict of interests in such proposals. If there are concerns that such conflict of interests may impair the interests of the Company, the Director shall not take part in discussion and voting, nor exercise voting rights on behalf of other Directors, and shall recuse him/herself from discussion and voting. Where the spouse or a blood relative within the second degree of kinship of a Director, or a company which has a controlling or subordinate relation with a Director, he/she shall be deemed to be an interested party with respect to that proposal."
 - (1) The 19th meeting of the 17th Board of Directors on February 25, 2022: Directors Shyi-Chin Wang, Chien-Chih Hwang, and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the 2021 Year-End Performance Evaluation of President, Executive Vice President, and Vice Presidents (From January to December).
 - (2) The 20th meeting of the 17th Board of Directors on May 6, 2022: Chairman Chao-Tung Wong recused himself according to applicable laws during the proposal regarding the renewal of land lease with China Prosperity Development Corporation.
 - (3) The 20th meeting of the 17th Board of Directors on May 6, 2022: Chairman Chao-Tung Wong and Director Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the provision of loans to five subsidiaries.
 - (4) The 20th meeting of the 17th Board of Directors on May 6, 2022: Chairman Chao-Tung Wong recused himself according to applicable laws during the proposal regarding the lifting of the non-compete clause on Director Chao-Tung Wong.
 - (5) The 2th meeting of the 18th Board of Directors on August 5, 2022: Chairman Chao-Tung Wong recused himself according to applicable laws during the proposal regarding the confirmation of related-party transaction in Phase 2 Replacement of Boiler Turbine Generators at No. 1 Power House.
 - (6) The 2th meeting of the 18th Board of Directors on August 5, 2022: Director Yueh-Kun Yang recused himself according to applicable laws during the proposal regarding the provision of loans to two subsidiaries.
 - (7) The 2th meeting of the 18th Board of Directors on August 5, 2022: Chairman Chao-Tung Wong recused himself according to applicable laws during the proposal regarding the donation to CSC Group Education Foundation 2022 operating funds.
 - (8) The 2th meeting of the 18th Board of Directors on August 5, 2022: Directors Shyi-Chin Wang recused himself according to applicable laws during the proposal regarding the appointment of President.
 - (9) The 2th meeting of the 18th Board of Directors on August 5, 2022: Directors Chien-Chih Hwang and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the 2022 Mid-Year Performance Evaluation of Executive Vice President, and Vice Presidents (From January to June).
 - (10) The 3th meeting of the 18th Board of Directors on November 4, 2022: Directors Chien-Chih Hwang recused himself according to applicable laws during the proposal regarding the appointment of the Chief Information Security Officer.
 - (11) The 3th meeting of the 18th Board of Directors on November 4, 2022: Directors Shyi-Chin Wang, Chien-Chih Hwang and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the adjustment to the upper limit of the monthly salaries of Chairman, President, and Executive Vice President.
 - (12) The 3th meeting of the 18th Board of Directors on November 4, 2022: Directors Shyi-Chin Wang, Chien-Chih Hwang and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the salary and benefit adjustment for appointed managements.
3. TWSE/TPEx listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents:
 The Company has formulated the Rules Governing the Performance Evaluation of the Board of Directors approved by the Board of Directors, which specifies that the Company shall conducts internal evaluation every year and external evaluation by an external independent professional institution or a panel of external experts and scholars at least once every three years. The scope of the performance evaluation includes Board of Directors, Board Members, and functional committees of the Board of Directors.
 - (1) External Evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Should be conducted at least once every three years	2021.01.01 ~ 2021.12.31	Board of Directors, individual board members, and functional committees under the Board of Directors	Review of the relevant documents provided by the company for evaluation, and 3 evaluation experts were appointed to the company on March 8, 2022 for on-site evaluation and interviewing the Chairman, the conveners of the functional committees of the Board of Directors, President, Corporate Governance Officer and Chief Internal Auditor, etc.	Review the operation of the Board of Directors in eight areas, including Board composition, Board direction, Board authorization, Board supervision, Board communication, internal control and risk management, Board self-regulation, and others such as Board of Directors' meetings and support system.

The results of the 2021 external performance evaluation for the Board of Directors, which have been reported to the Board of Directors on May 6, 2022, are summarized as follows:

A. Overall evaluation:

- a. With the two core themes of the Company's future business development strategies - "becoming a steel mill that produces premium products with high value" and "developing the green energy industry," independent directors and external directors were invited to discuss a number of major issues related to the business environment and industrial development facing the Company, in order to reach a consensus on the Company's future business development strategies. The Company was commended for making good use of the functions of independent directors to create corporate value.
- b. With a commitment to sustainable business operations and development, the Company not only actively fulfills CSR and addresses issues related to energy conservation and carbon reduction, but also reports the implementation status of each team to the Board of Directors each year. In addition to continuously ranking among the top 5% in the Corporate Governance Evaluation, the Company has also been selected as a constituent of the 2020 Dow Jones Sustainability Emerging Markets Index, thereby highlighting the Company's significant accomplishments in implementing the concept of corporate sustainability and fulfilling CSR.
- c. The Risk Management Team, which is responsible for establishing the Company's risk management policy and structure, has been established under the Corporate Governance and Sustainability Committee, while relevant personnel from various divisions has been tasked with drawing up and implementing follow-up risk management strategies and plans. Furthermore, the results of risk control are reported to the committee on a regular basis, while the outcomes of the implementation of risk management are also reported to the Board of Directors at the end of each year. All the aforesaid initiatives demonstrate the Company's commitment to implementing risk management.
- d. The Company respects the opinions of independent directors. The Chief Auditor not only reports audit results and the status of follow-up improvements to the Board of Directors and the Audit Committee, but also arranges closed-door meetings to communicate and hold discussions with independent directors after each Audit Committee meeting, which enables independent directors to fully realize their functions, thus ensuring the effectiveness of the Company's internal control system.

B. Recommendations:

- a. Plan the establishment of the Nomination Committee as early as possible to exemplify the Company's role as a benchmark enterprise in corporate governance.
- b. Report the meta-analysis of whistleblowing cases and handling status to the Board of Directors on a regular basis and hold communication sessions with independent directors, thereby demonstrating the Company's emphasis on ethical corporate management and moral values.
- c. Systematize existing operations in relation to assisting new directors in learning about the operations of the Company, so as to bolster relevant systems in corporate governance.

C. Response measures:

- a. The Company has planned in advance the formulation of the Nomination Committee Charter, and will

implement it in accordance with the relevant laws and regulations.

b. The Company has implemented the corresponding recommendation in the 20th meeting of the 17th Board of Directors held on May 6, 2022.

c. The Company has made plans to include the corresponding recommendation in the rules and regulations related to the operation of the Board of Directors.

(2) Internal Self-Evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Should be conducted on a yearly basis	2022.01.01 ~ 2022.12.31	Board of Directors, Board Members, and Functional Committees of the Board of Directors	Questionnaire Self-Evaluation	<p>(1) The measurement items for the performance evaluation of the Board of Directors include the following five aspects:</p> <ul style="list-style-type: none"> A. Involvement in the Company's operations B. Improvement in the quality of decision-making of the Board of Directors C. Composition and structure of the Board of Directors D. Election and continuing education of Directors E. Internal Control <p>(2) The measurement items for the performance evaluation of the Board Members include the following six aspects:</p> <ul style="list-style-type: none"> A. Alignment of the Company's goals and missions B. Awareness of the duties of the Director C. Involvement in the Company's operations D. Management of internal relations and communication E. Professionalism and continuing education of Directors F. Internal Control <p>(3) The measurement items for the performance evaluation of the Functional Committees include the following five aspects:</p> <ul style="list-style-type: none"> A. Involvement in the Company's operations B. Awareness of the duties of the functional committees C. Improvement in the quality of decision-making of the functional committees D. Composition of the functional committees, and election of its members E. Internal Control

Internal performance evaluation of the Board of Directors in 2022 comprises 20 self-evaluation indicators. The full mark for each indicator is 5. The evaluation results have been reported to the Board of Directors on February 24, 2023 and are summarized as follows:

Type of self-evaluation	Average indicator score	Average total score of the questionnaire
Board of Directors	4.9	97.91
Board Members	4.99	99.73
Audit Committee	5	100
Remuneration Committee	5	100
Corporate Governance and Sustainability Committee	5	100

- A. Performance evaluation of the Board of Directors: Most of the individual indicators were with a score between 5 (very satisfactory) to 4 (satisfactory). The Board of Directors is running well, and the operation of the Board of Directors meets the requirements of corporate governance and directors' expectations.
 - B. Performance evaluation of the Board Members: All of the individual indicators were with a score between 5 (very satisfactory) to 4 (satisfactory). The Board of Directors is running well, and the operation of the Board of Directors meets the requirements of corporate governance and directors' expectations.
 - C. Performance evaluation of each Functional Committee: All of the individual indicators were with a score of 5 (very satisfactory). Each Functional Committee is running well, and the operation of each Functional Committees meets the requirements of corporate governance.
4. Measures for strengthening the functions of Board of Directors in the current year and the most recent year, and relevant implementation assessment
 - (1) In 2023, the Company extended its business development strategies from a five-year term to a 10-year term, and compiled a list of future events to examine the major challenges the Company may encounter in the next 10 years, and thus draw up response strategies and specific plans for the next 10 years starting from 2023. In an effort to boost the Board of Directors' involvement in the Company's business development strategies, a special discussion meeting has been held with external and independent directors during the formulation of the Company's business development strategies for the new term (from 2023 to 2032) in order to seek the opinions of external and independent directors on the Company's strategic development directions for the next 10 years. The Company's business development strategies for the next 10 years have been reported to the Board of Directors in December 2022. With a view to following up the implementation of these strategies, the Company has planned to report the implementation outcomes to the Corporate Governance and Sustainability Committee on an semi-annual basis and the Board of Directors after the end of the year.
 - (2) In order to properly respond to relevant issues of concern to stakeholders and understand their reasonable expectations and needs, the Company has delegated various departments to be responsible for stakeholder communication. In addition, the Company arranges engagements between domestic and foreign investors and the Board members from time to time. CSC's Corporate Governance and Sustainability Committee reported the annual stakeholder engagement results to the Board of Directors in August 2022, and also reported topics of concern of institutional investors in the current year and their recommendations for improvement to the Board of Directors in December 30, 2022.
 - (3) The Company discloses the important resolutions of the Board Meetings on the corporate website, and maintains directors and officers (D&O) liability insurance for Directors.
 5. Operation of the Corporate Governance and Sustainability Committee
 - (1) The Corporate Governance and Sustainability Committee consists of 5 Directors, including 3 Independent Directors, whose expertise covers areas including mechanical engineering, materials science, and finance and accounting, as well as the Employee Director who concerns about labor rights and the Director with practical management experience, which meets the professional requirements for corporate governance and sustainable development of this Committee.

- (2) To implement policies on sustainable operations and fulfill the risk management, the authority of the Committee includes:
- I. Promoting and improving the corporate governance structure and systems
 - II. Promoting and implementing ethical corporate management related work
 - III. Promoting and developing policies of sustainable development and matters related to sustainable management
 - IV. Implementing and assisting in supervision of matters related to risk management
 - V. Planning and promoting matters related to energy saving & carbon reduction and carbon neutrality
 - VI. Implementing other matters resolved by the Board of Directors
- (3) Operation of the Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee convened a total of 3 meetings in 2022 (the Corporate Governance and Sustainability Committee of the 17th Board of Directors convened 1 meeting and the Corporate Governance and Sustainability Committee of the 18th Board of Directors convened 2 meetings), discussing the amendments of the rules of committee organization and the implementation of sustainable development.

(2022.01.01~2022.12.31)

The Corporate Governance and Sustainability Committee of the 17th Board of Directors:

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)
Independent Director (Convener)	Shyue-Bin Chang	1	0	100%
Independent Director	Min-Hsiung Hon	1	0	100%
Independent Director	Lan-Feng Kao	1	0	100%
Director	Shyi-Chin Wang	1	0	100%
Director	Chun-Sheng Chen	1	0	100%

The Corporate Governance and Sustainability Committee of the 18th Board of Directors:

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)
Independent Director (Convener)	Shyue-Bin Chang	2	0	100%
Independent Director	Min-Hsiung Hon	2	0	100%
Independent Director	Lan-Feng Kao	2	0	100%
Director	Chien-Chih Hwang	2	0	100%
Director	Chun-Sheng Chen	2	0	100%

(II) Operation of the Audit Committee

The Company established the Audit Committee on June 23, 2016. In 2022, the Audit Committee of the Board of Directors convened a total of 4 meetings (the Audit Committee of the 17th Board of Directors convened 2 meetings and the Audit Committee of the 18th Board of Directors convened 2 meetings). Attendance of Independent Directors is listed as follows:

(2022.01.01~2022.12.31)

The Audit Committee of the 17th Board of Directors:

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)	Remarks
Independent Director (Convener)	Shyue-Bin Chang	2	0	100%	None
Independent Director	Min-Hsiung Hon	2	0	100%	None
Independent Director	Lan-Feng Kao	2	0	100%	None

The Audit Committee of the 18th Board of Directors:

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)	Remarks
Independent Director (Convener)	Lan-Feng Kao	2	0	100%	None
Independent Director	Shyue-Bin Chang	2	0	100%	None
Independent Director	Min-Hsiung Hon	2	0	100%	None

1. Professional qualifications and experience of Audit Committee members

Title	Name	Professional qualifications and experience
Independent Director (Convener)	Lan-Feng Kao	Expertise: Accounting/Finance Education: Ph.D. in Accounting, National Cheng Kung University
Independent Director	Shyue-Bin Chang	Expertise: Aviation industry; Electrical and mechanical engineering, Board member of other listed companies. Education: Ph.D. in Mechanical and Aerospace Engineering, Cornell University, U.S.A.
Independent Director	Min-Hsiung Hon	Expertise: Materials science; Board member of other listed companies. Education: Ph.D. in Materials Science and Engineering, North Carolina State University, U.S.A.

For the experience and other current positions of Independent Directors, please refer to page 19-21 Information on Directors of this annual report.

2. Annual focus of the Audit Committee:

- (1) The Committee reviewed carbon neutrality-related issues facing the Company during its transition to APS manufacturing as well as issues related to R&D funding and budget.
- (2) The Committee reviewed the development of the steel market, as well as costs, domestic sales, and exports in the steel market throughout 2022.
- (3) The Committee paid attention to the operation of Sing Da Marine Structure Corporation and the strategies to improve competitiveness.
- (4) Following the sudden changes in the global political and economic environment in recent times, the Committee recommended including geopolitical risk into the Company's future business strategies and taking into consideration the Company's related preparedness and response.

3. Other matters to be noted:

- (1) If any of the following applies to the operation of Audit Committee, please specify the date and session of Audit Committee Meetings; the content of proposals; the content of Independent Directors' dissenting opinion, qualified opinion, or material suggestion; resolutions of the Audit Committee; and the Company's actions in response to opinions from the Audit Committee.

A. Items listed in Article 14-5 of the Securities and Exchange Act:

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions or Major Suggestions	Resolution of the Audit Committee
2022.02.23 The 17th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 1: The Company's 2021 Business Report and Financial Statements	None.	Unanimously approved by all the Committee members present.
	Discussion Item 2: Proposal for Distribution of 2021 Profits	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Proposal to engage CPA, Jui-Hsuan Hsu and CPA, Jr-Shian Ke of Deloitte Taiwan as the auditors for the Company's Financial Statements	None.	Unanimously approved by all the Committee members present.
	Discussion Item 5: Proposal to provide loans totaled NT\$2.6 billion to 4 subsidiaries, including C.S.Aluminium Corporation, etc.	None.	Unanimously approved by all the Committee members present.
	Discussion Item 7: Proposal to subcontract Stage 7 of the Replacement of Phase I and II Coke Ovens –"Phase 3 Construction of Coke Ovens and Coke Dry Quenching Facility" out to China Steel Machinery Corporation, China Ecotek Corporation and United Steel Engineering & Construction Corporation upon price negotiation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 8: The Company's "2021 Statement on Internal Control System"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 9: Amendments to the Company's "Internal Control System Provisions"	None.	Unanimously approved by all the Committee members present.
2022.05.04 The 18th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 2: Proposal to provide loans totaled NT\$3.6 billion to 5 subsidiaries, including C.S.Aluminium Corporation, etc.	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Amendments to the Company's "Procedures for Acquisition or Disposal of Assets"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 4: Proposal to invest NT\$3,244 million in the "Installation of Straight Bar Condition Line (Phase-C) at No. 2 Bar Mill" at Rolling Mill Department I	None.	Unanimously approved by all the Committee members present.
	Discussion Item 5: Proposal to renew the Company's lease of the land at Shihjia Section in Qianzhen District, Kaohsiung City from China Prosperity Construction Corporation after the expiration of the lease on June 30, 2022	None.	Unanimously approved by all the Committee members present.
	Discussion Item 6: Proposal to provide endorsements/guarantees for bank facility and power purchase contract for Sakura Ferroalloys Sdn. Bhd. based on our 19% shareholding to help stabilize its operations. The guarantee for bank facility, with a maximum of US\$15.2 million (equivalent to NT\$436 million), and the guarantee for power purchase contract, with a maximum of RM14.9 million (equivalent to NT\$108 million)	None.	Unanimously approved by all the Committee members present.

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions or Major Suggestions	Resolution of the Audit Committee
	would last until the end of 2026		
	Discussion Item 7: Proposal to release the prohibition on Director, Mr. Chao-Tung Wong, from holding the position of China Ecotek Corporation, Chung Hung Steel Corporation and Taiwan High Speed Rail Corporation to protect the rights and interests of the Company about its investment, provided Mr. Chao-Tung Wong is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	None.	Unanimously approved by all the Committee members present.
	Discussion Item 8: Proposal to release the prohibition on Director, Mr. Wen-Sheng Tseng, from holding the position of Taiwan Power Company, provided Mr. Wen-Sheng Tseng is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	None.	Unanimously approved by all the Committee members present.
	Discussion Item 9: Proposal to release the prohibition on Director, Mr. Ming-Jong Liou, from holding the position of Aerospace Industrial Development Corporation, provided Mr. Ming-Jong Liou is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	None.	Unanimously approved by all the Committee members present.
	Discussion Item 10: Proposal to release the prohibition on Director, Mr. Shyi-Chin Wang, from holding the position of China Ecotek Corporation to protect the rights and interests of the Company about its investment, provided Mr. Shyi-Chin Wang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	None.	Unanimously approved by all the Committee members present.
	Discussion Item 11: Proposal to release the prohibition on Director, Mr. Chien-Chih Hwang, from holding the position of China Steel Structure Co., Ltd., CSBC Corporation, Taiwan, Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation to protect the rights and interests of the Company about its investment, provided Mr. Chien-Chih Hwang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	None.	Unanimously approved by all the Committee members present.
	Discussion Item 12: Proposal to release the prohibition on Director, Mr. Yueh-Kun Yang, from holding the position of C.S.Aluminium Corporation to protect the rights and interests of the Company about its investment, provided Mr. Yueh-Kun Yang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting	None.	Unanimously approved by all the Committee members present.
	Discussion Item 13: Proposal to release the prohibition on Independent Director,	None.	Unanimously approved by all the Committee members

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions or Major Suggestions	Resolution of the Audit Committee
	Mr. Shyue-Bin Chang, from holding the position of Advanced International Multitech Co., Ltd. and Hiwin Mikrosystem Corp., provided Mr. Shyue-Bin Chang is elected as a member of the 18 th Board of Directors at the Shareholders' meeting		present.
2022.08.03 The 1st meeting of the Audit Committee of the 18th Board of Directors	Discussion Item 1: The Company's 2022 2nd quarter Financial Statements	None.	Unanimously approved by all the Committee members present.
	Discussion Item 2: Proposal to provide loans totaled NT\$1.6 billion to 2 subsidiaries, Kaohsiung Rapid Transit Corporation and Sing Da Marine Structure Corporation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Proposal to invest NT\$5,489 million in the "Equipment Upgrading and Rolling Capacity Enhancement project for No. 2 Pickling and Cold Mill (2PLCM)" at Rolling Mill Department III	None.	Unanimously approved by all the Committee members present.
	Discussion Item 4: Proposal to subcontract the miscellaneous procurement and full-site fabrication works for Power House BTG-9/10 of "Phase 2 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10) project" out to China Ecotek Corporation upon price negotiation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 5: Proposal to lease the land at Chaozhouliao 3rd Subsection, Chihkan Section in Daliao District, Kaohsiung City from CHC Resources Corporation	None.	Unanimously approved by all the Committee members present.
2022.11.02 The 2nd meeting of the Audit Committee of the 18th Board of Directors	Discussion Item 2: Proposal to provide loans totaled NT\$3.6 billion to 5 subsidiaries, including C.S.Aluminium Corporation, etc.	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Proposal to invest NT\$1,192.97 million in the "Replacement of Cranes in No.1 Steelmaking Plant"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 4: Proposal to invest NT\$439.67 million in the "Addition of Liquid Nitrogen Storage Tank and Output System at the Oxygen Plant"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 6: Proposal to increase the endorsement/guarantee for bank facility for Sakura Ferroalloys Sdn. Bhd. based on our 19% shareholding to help repay shareholder loans and establish a long-term line of credit. The additional guarantee, with a maximum of US\$3.8 million (equivalent to NT\$120 million), would last until the end of 2026	Suggestions: Independent Director Lan-Feng Kao noted that CSC has no substantial control over Sakura Ferroalloys Sdn. Bhd. but only has a 19% stake in it. Therefore, she recommended that in the future, CSC should evaluate the reasonableness of jointly providing endorsements/guarantees	Unanimously approved by all the Committee members present.

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions or Major Suggestions	Resolution of the Audit Committee
		to investee companies which the Company has no substantial control with other shareholders in proportion to their shareholdings in these companies.	
The Company's actions in response to opinions from the Audit Committee: The proposals above were approved by the majority of the members of the Audit Committee. Suggestions have been implemented accordingly.			

- B. Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None.
- (2) Recusal of Independent Directors due to conflict of interests (the name of the Independent Directors, the content of proposals, reasons for recusal, and participation in voting shall be stated): None.
- (3) Communication between Independent Directors, Chief Auditor, and CPAs
- A. Communication between Independent Directors and Chief Auditor:
- Apart from attending the Board Meetings and the Audit Committee meetings, the Company's Chief Auditor also communicates with Independent Directors individually and fully through interviews in respect of the implementation of internal audit work, including audit content, internal control deficiencies found, and the improvement and follow-up on anomalies. The Internal Audit Office submits audit reports and follow-up reports to Independent Directors on a monthly and quarterly basis, and Chief Internal Auditor also directly communicates with Independent Directors via e-mails, phone calls, or meetings in person as needed.
- Communication between Independent Directors and Chief Internal Auditor in 2022 is listed as follows:

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2022.02.23 The 17th meeting of the Audit Committee of the 17th Board of Directors	The "2021 Statement on Internal Control System" of the Company	Unanimously approved.	Not applicable
Date and Session of Communication with Independent Directors	Key Points	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2022.02.23 The 1st communication between Independent Directors and Chief Internal Auditor in 2022	Audit implementation from October 2021 to January 2022	<ol style="list-style-type: none"> 1. Considering that the management system at overseas subsidiaries remains unsound, the Company should actively seek improvements in this regard and specify the relevant management systems. 2. Does the Internal Audit Office exchange views with audit units at other group enterprises? The Independent Directors recommended that the Internal Audit Office 	<ol style="list-style-type: none"> 1. The Company endeavors to propose positive improvements in terms of internal control and system during auditing for subsidiaries in the future as such moves are of greater help to overseas subsidiaries.

		exchange views with audit units at other large group enterprises in order to propose structural recommendations to CSC Group. The feasibility of this initiative can be discussed with the Chairman.	2. The Internal Audit Office has exchanged views and practices on various issues, such as the establishment of company and group audit organizations, areas of audit work, and computer audits, with audit departments at other large manufacturing corporations in Taiwan, such as TSMC, Hon Hai, and CPDC, in May and June 2022.
2022.05.04 The 2nd communication between Independent Directors and Chief Internal Auditor in 2022	Audit implementation from February to March 2022	<ol style="list-style-type: none"> 1. Considering that trade secrets are more abstract than patents and intellectual property, does the Company face any difficulty in implementing internal control over trade secrets? 2. Does the Company have rules and regulations in place with regards to reasonable considerations for the licensing of patents by the Technology Division to subsidiaries? Is it required by law or by the Company's own rules and regulations? 	<ol style="list-style-type: none"> 1. Since the second half of 2021, the Company has not only been promoting the importance of this issue, but also set out a clear definition for trade secrets and appropriate protective measures that are specific and feasible. In the future, the Internal Audit Office will include protection of the Company's trade secrets as the focus of audit work in each business cycle. 2. The Company has rules and regulations in place for technology licensing which are set with reference to relevant government laws and regulations.
2022.08.03 The 3rd communication between Independent Directors and Chief Internal Auditor in 2022	Audit implementation from April to June 2022	Due to the large-scale of CSC Group, it is difficult for the Group to cover all the bases management-wise. However, all the companies under CSC Group should strictly comply with government regulations and their own rules and standard operating procedures to instill regulatory compliance.	Should any deficiencies of internal control be identified during auditing, the Internal Audit Office will require the business unit involved to make the necessary improvements in accordance with the relevant regulations.
2022.11.02 The 4th communication between Independent Directors and Chief Internal Auditor in 2022	Audit implementation from July to September 2022	<ol style="list-style-type: none"> 1. Is the Chairman of China Steel Chemical Corporation (CSCC) currently appointed by the Company? 2. The Independent Directors expressed their utmost gratitude to the Internal Audit Office for proposing a host of recommendations for improvement for each subsidiary. Compared to other 	1. The current Chairman of CSCC is appointed by the Company and elected by CSCC's Board of Directors, whereas the President of CSCC is recommended by the

		companies, the workload and efforts of the Company's Internal Audit Office were admirable. The Independent Directors specifically reminded the Company to be extra careful as there are often many irregularities in the businesses of joint ventures in China, which are difficult to manage.	Company and appointed by CSCC's Board of Directors. 2. Despite conducting business audits on overseas subsidiaries via remote systems and in writing due to the COVID-19 pandemic over the past three years, the Internal Audit Office never compromised on data acquisition and the depth of audit work. Moreover, the Internal Audit Office maintained communication with the Company's subsidiaries and carried out audit work with the aim of helping them refine their management of internal controls.
--	--	--	---

B. Communication between Independent Directors and CPAs:

The CPAs of the Company sit in on regular Audit Committee meetings and Board Meetings each quarter to communicate and discuss matters related to financial statements. Based on their professional judgement, the CPAs of the Company may request to communicate through Audit Committee meetings or one-on-one meetings with Independent Directors.

Communication between Independent Directors and CPAs in 2022 is listed as follows:

Date and Session of Board Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2022.02.25 The 19th meeting of the 17th Board of Directors	Discussion and communication on the 2021 Consolidated Financial Statements and Standalone Financial Statements	1. No opinion. 2. Unanimously approved the financial statements.	Not applicable
2022.05.06 The 20th meeting of the 17th Board of Directors	Reporting and communication on the 2022 1st quarter Consolidated Financial Statements and Standalone Financial Statements	1. No opinion. 2. Unanimously approved the financial statements.	Not applicable
2022.08.05 The 2nd meeting of the 18th Board of Directors	1. Reporting and communication between CPAs and the managements 2. Reporting and communication on the 2022 2nd quarter Consolidated Financial Statements and Standalone Financial Statements	1. No opinion. 2. Unanimously approved the financial statements.	Not applicable
2022.11.04 The 3rd meeting of the 18th Board of Directors	Reporting and communication on the 2022 3rd quarter Consolidated Financial Statements and Standalone Financial Statements	1. No opinion. 2. Unanimously approved the financial statements.	Not applicable

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2022.02.23 The 17th meeting of the Audit Committee of the 17th Board of Directors	1. Report on communication between the CPAs and those charged with governance 2. Discussion and communication on the 2021 Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed. 2. Unanimously approved the financial statements.	The questions raised by Independent Directors were answered.
2022.05.04 The 18th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2022 1st quarter Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed. 2. Unanimously approved the financial statements.	The questions raised by Independent Directors were answered.
2022.08.03 The 1st meeting of the Audit Committee of the 18th Board of Directors	1. Report on communication between the CPAs and those charged with governance 2. Reporting and communication on the 2022 2nd quarter Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed. 2. Unanimously approved the financial statements.	The questions raised by Independent Directors were answered.
2022.11.02 The 2nd meeting of the Audit Committee of the 18th Board of Directors	Reporting and communication on the 2022 3rd quarter Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed. 2. Unanimously approved the financial statements.	The questions raised by Independent Directors were answered.
Date and Session of Other Meeting	Key Points	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2022.11.02 Communication between CPAs and those charged with governance	Communication of key audit matters in the 2022 CPAs' audit report	Raised questions and discussed	The Company did not send any representative to participate in this meeting as it was a one-on-one meeting between CPAs and Independent Directors.
2022.11.04 Communication between CPAs and the managements	Communication of key audit matters in the 2022 CPAs' audit report	No opinion	Not applicable

(III) Implementation of corporate governance, its deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	Yes		In March 2017, the Company formulated the Corporate Governance Best-Practice Principles. The third amendment to these principles took effect upon approval by the Board of Directors on February 25, 2022. The Corporate Governance Best-Practice Principles of the Company is currently disclosed on the Market Observation Post System and the corporate website. All the listed subsidiaries of CSC Group have established their own Corporate Governance Best-Practice Principles approved by the Board of Directors and disclosed the Principles on their own corporate websites and the Market Observation Post System.
II. Shareholding Structure and Shareholders' Rights			No significant difference
(I) Has the Company formulated internal operating procedures to handle shareholders' recommendations, questions, disputes, and litigations, and implemented these measures accordingly?	(I) Yes		(I) The Company and the listed subsidiaries of CSC Group have formulated regulations for internal operations such as the spokesperson system so that personnel can carry out their duties accordingly. If shareholders want to convey any recommendation or dispute associated with stock-related affairs, dedicated personnel and stock transfer agents have been appointed to handle related matters.
(II) Does the Company possess the list of its major shareholders and the beneficial owners of these major shareholders?	(II) Yes		(II) The Company was originally a state-owned enterprise. After undergoing privatization in 1995, the shareholding percentage of the Ministry of Economic Affairs (MOEA) has gradually declined to 20% until today. Besides, the Chairman of the Company has been appointed by MOEA. The Legislative Yuan has decided that the government should maintain its shareholding percentage in the Company at 20% and above; thus, MOEA remains the largest shareholder of the Company. In addition, the Company has the list of remaining major shareholders.
(III) Has the Company established and executed risk management and firewall system between the Company and its affiliated companies?	(III) Yes		Listed subsidiaries of CSC Group also have the list of their major shareholders, while the appointed stock transfer agents help to manage such matters.
(IV) Has the Company formulated internal regulations to prohibit insider trading?	(IV) Yes		(III) The Company has formulated regulations for monitoring its subsidiaries in accordance with Chapter IV of the "Regulations Governing Establishment of Internal Control Systems by Public

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>Companies" set forth by the Financial Supervisory Commission (FSC), urged its subsidiaries to establish internal control systems, and regularly analyzed and reviewed the operating performance of its subsidiaries. Moreover, the Company has set up a dedicated department to take charge of the development and management of its investment businesses. This department regularly monitors the operation and financial status of subsidiaries to ensure that the responsible persons of subsidiaries exercise the due care of a good administrator. Furthermore, this department is also responsible for coordinating operations between the Company and affiliates. Listed subsidiaries of CSC Group have formulated regulations for transactions such as loaning of funds and endorsements and guarantees with affiliates, or procedures governing transactions with related parties, specific companies, and companies of the Group. In addition, regulations governing internal control and internal audit of subsidiaries have also been formulated to control risks. China Steel Chemical and CHC Resources have also set up a dedicated unit in charge of managing their investment businesses.</p> <p>(IV) The Company has formulated the "Procedures for Handling Material Internal Information and Guidelines for Establishment of Spokesperson as well as Deputy Spokespersons" to prevent improper disclosure of information. With a view to setting out clear and comprehensive internal regulations for the prevention of insider trading, the Company has also formulated the "Regulations Governing Prevention of Insider Trading," which not only prohibits any personnel from trading securities through utilizing information not disclosed to the market, but also specifies the stock trading control measures, where Directors and the management are prohibited from trading stocks during the closed period prior to the publication of financial statements. Furthermore, the "Codes of Ethics for Directors," the "Codes of Ethics for First Echelon Supervisors and Executives" (refer to Page 70-74 in this annual report for more details), and the "Guidelines for Recusal Due to Conflict of Interests" of the</p>

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			Company all stipulate the regulations prohibiting insider trading. Listed subsidiaries of CSC Group have also established rules and regulations, including the Codes of Ethics for Directors and Senior Executives, the Guidelines for Recusal Due to Conflict of Interests, the Procedures for Handling Material Internal Information and Regulations Governing Prevention of Insider Trading to prohibit any personnel from trading securities through utilizing information not disclosed to the market.	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors drawn up diversity policy and specific management target, and implement it accordingly?</p> <p>(II) Other than the remuneration committee and audit committee required by the law, has the Company voluntarily established other functional committees?</p> <p>(III) Has the Company formulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and renomination of individual directors?</p> <p>(IV) Does the Company regularly evaluate the independence of CPAs?</p>	<p>(I) Yes</p> <p>(II) Yes</p> <p>(III) Yes</p> <p>(IV) Yes</p>		<p>(I) According to the Sample Template for Procedures for Election of Directors released by TWSE, the Company has incorporated the concept of diversity into the Rules Governing the Election of Directors. Two major areas, namely basic requirements and values and professional knowledge and skills (e.g., law, accounting, industry, finance, marketing or technology) should be taken into consideration during the election of Directors. Directors shall commonly possess the knowledge, skills, general capacity and disposition required to perform their duties. Furthermore, the Corporate Governance Best-Practice Principles of the Company also stipulate that the number of Directors who concurrently hold a management position at the Company shall not exceed one-third of the total number of Directors.</p> <p>The Board of Directors is set up with the specific aim of appointing Directors of different gender and age and with different professional knowledge and background, consisting of at least one Director with finance or accounting background and at least one Director with management experience in the steel industry. At present, the Board of Directors is composed of 11 Directors with 3 Independent Directors, including 1 female Director, 1 Director recommended by the labor union of the Company as labor representative, and 3 Directors holding a management position, whose professional knowledge and skills cover different areas, including steel, resource engineering, civil engineering, business management, industrial management, machinery, materials, electrical engineering, aerospace, and</p>	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>accounting. Out of the current Directors, the numbers of those with finance and accounting backgrounds and management experience in the steel industry are 2 and 4 respectively. Hence, the Company fully implements the concept of diversity in the composition of Board of Directors, which is beneficial to its development goals, including succession planning, equipment replacement, research and development of advanced products, promotion of energy saving and carbon reduction, construction of high-value industry chain, creation of smart production and sale, and commitment to the circular economy in the future.</p> <p>With the diversity policy included in the Corporate Governance Best-Practice Principles established by listed subsidiaries of CSC Group, the Board of Directors at each of these subsidiaries is currently composed of a diverse range of members with different professional backgrounds, of different genders or in different areas of work while possessing the knowledge, skills, and qualities required to perform their duties. With a view to enhancing gender diversity in the Board of Directors, listed subsidiaries of CSC Group have set the specific target of either increasing the proportion of female Directors in the Board of Directors or electing at least one female Director, which most of these subsidiaries have achieved.</p> <p>(II) The Company and listed subsidiaries of CSC Group have established the Audit Committee and the Remuneration Committee (which are composed by 3 Independent Directors each) as required by the law. In addition, the Company established the "Corporate Governance and Sustainability Committee" in 2019, which is comprised of 5 Directors with 3 Independent Directors to promote corporate governance and implement the sustainable development. Meanwhile, China Steel Chemical has also set up its Corporate Governance and Sustainability Committee under its Board of Directors. CHC Resources, China Steel Structure, and China Ecotek have voluntarily set up the committees regarding sustainable development.</p>	

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			<p>(III) The Company has formulated the Rules Governing the Performance Evaluation of the Board of Directors, and regularly conducts performance evaluation every year. For details on the method and content of evaluation, please refer to Page 41-43 of this annual report. In an effort to enhance the independence and effectiveness of performance evaluation for the Board of Directors, the Rules stipulate that an external performance evaluation of the Board of Directors shall be conducted at least once every three years by external professional and independent institutions or experts.</p> <p>In 2022, the Company appointed the Taiwan Corporate Governance Association (TCGA), an independent institution that has no business dealings with the Company, to conduct an external performance evaluation of the Board of Directors for 2021. The result of this external evaluation has been reported to the Board of Directors on May 6, 2022 and disclosed on the corporate website. On the other hand, the internal performance evaluation of the Board of Directors for 2022 was conducted with the questionnaire method. The evaluation result was compiled by the Secretariat Department of the Company and reported to the Board of Directors on February 24, 2023 as the basis for review and improvement. For more details on the result of the performance evaluation, please refer to Page 43-44 of this annual report.</p> <p>The results of the performance evaluation for the Board of Directors will be used as a reference and the basis for the election or nomination of Director, while the results of performance evaluation for each Director (excluding Independent Directors) will also serve as a reference and the basis for determining the remuneration allocation for Directors in the future.</p> <p>Listed subsidiaries of CSC Group have also formulated the Rules for Evaluating the Performance of the Board of Directors, conducted performance evaluation according thereto, and further reported the results of performance evaluation to the Board of Directors. The results of the performance evaluation</p>	

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>will serve as a reference and the basis for the remuneration for Directors and nomination of candidates for the re-election of Directors. Explanations and improvement plans are also proposed for items requiring improvement. In addition, listed subsidiaries of CSC Group have all appointed TCGA in 2021 or 2022 to conduct an external performance evaluation of the Board of Directors, with the relevant evaluation results, recommendations and improvement plans for the companies disclosed on their corporate websites or in their annual reports.</p> <p>(IV) To ensure the reliability of the Company's financial statements, the Board of Directors reviews the CPA independence assessment questionnaire at the beginning of each year, and requires CPAs to provide a declaration of independence to ensure that CPAs do not have other financial interests and business relationships with the Company, other than fees associated with attestation and taxation, and that CPAs, their spouses, their dependent children and relatives do not violate the independence requirements. Outcomes of the assessment in the most recent two years have been reported to the Board Meeting on February 25, 2022 and February 24, 2023 respectively. Furthermore, the Company has begun carrying out assessments on the independence and suitability of CPAs from 2023 according to the Audit Quality Indicators (AQIs) issued by the FSC, which encompass 5 scopes, including profession, independence, quality control, monitoring, and creativity, and 13 indicators. The content includes information at both the "firm level" and the "audit case level." The results of these assessments have also been reported to the Board Meeting on February 24, 2023. Meanwhile, according to the International Code of Ethics for Professional Accountants, communication with the Audit Committee is completed before any non-audit service is provided by accounting firms and alliance members starting from 2023 to ensure the independence of audit results. Listed subsidiaries of CSC Group assess the independence of CPAs every year, and report the assessment to the Board of Directors to ensure that CPAs do not have other financial</p>

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			interests and business relationships with these subsidiaries, other than fees associated with attestation and taxation, and their spouses and dependent children and relatives do not violate the independence requirement. Also, Chung Hung Steel, China Steel Chemical, China Ecotek, and CHC Resources have begun carrying out assessments on the independence and suitability of CPAs according to the AQIs from 2023, with the results of the assessments reported to the Board of Directors.	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a Corporate Governance Officer in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' meetings)?	Yes		<p>The position of Corporate Governance Officer at the Company was concurrently held by Pai-Chien Huang, the Vice President of the Corporate Planning Division (retired at the end of January 2023). On February 24, 2023, the Board of Directors passed the resolution to appoint Chien-Chih Hwang, the Executive Vice President to concurrently serve as the Corporate Governance Officer. The main duties of Corporate Governance Officer is supervising the corporate governance-related matters of the Company. According to the duties and responsibilities of Legal Department, Secretariat Department, and Finance Department, the Company have an adequate number of corporate governance personnel with appropriate qualifications in charge of the execution of corporate governance affairs. The aforementioned affairs include preparing meeting minutes and handling matters related to Board meetings and shareholders' meetings, assisting Directors in onboarding and continuing education, providing Directors with information required for business execution, assisting Directors in legal compliance and other matters stipulated in the Articles of Incorporation or contracts, and regularly reporting to the Corporate Governance and Sustainability Committee. For more details regarding continuing education of Corporate Governance Officer, please refer to Page 68.</p> <p>Listed subsidiaries of CSC Group have set up their Corporate Governance Officer, which is concurrently held by various senior</p>	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			executives, including Vice President and General Manager. The main duties of this position are handling corporate governance affairs, including shareholders' meetings, board meetings, and directors related matters. Additionally, the Corporate Governance Officer of each listed subsidiaries have completed continuing education according to the required training hours, with related details disclosed on the corporate website or in the annual report.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholders section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	Yes		<p>Respecting the rights and interests of stakeholders, the Company identifies stakeholders and learns about their expectations and needs through appropriate communications and engagements. Besides, the Company responds appropriately to material CSR issues which are of concern to stakeholders. Various divisions are responsible for stakeholder communication, and the Corporate Governance and Sustainability Committee is in charge of reporting annual stakeholder communication results to the Board Meeting. The most recent report was proposed on August 5, 2022:</p> <p>(I) Shareholders</p> <ol style="list-style-type: none"> 1. Annual General Meeting is convened in the 2nd quarter of each year. Each proposal is voted on a case-by-case basis. Shareholders can exercise their voting rights by electronic means, allowing them to fully participate in the voting process. 2. Publish Chinese and English version of annual report every year for investors' reference. 3. Disclose consolidated revenues, revenues breakdown and preliminary results on MOPS and corporate website monthly. 4. Shareholders can communicate with the Company through our toll-free telephone line and email address for shareholders. 5. Communicate with domestic and foreign institutional investors, and attends investor conferences held by domestic and foreign brokers. 	No significant difference

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>(II) Employees Collective agreement (amended every three years); labor-management meeting (every month); regular factory (department) communication meeting (every two to three months); appointment of labor union representatives as Directors; Employee Welfare Committee meeting (every two months); Stock-holding Trustees Committee meeting (every six months); Occupational Safety and Hygiene Committee meeting (every two months); Human Resources Development Committee meetings (every year); Retirement Reserve Fund Supervisory Committee meeting (every quarter); Rewards and Punishments Review Committee meeting (aperiodically).</p> <p>(III) Local Communities Visit and negotiate with local communities, legislators, councilors, and opinion leaders through the Public Affairs Department, the Labor Union, the CSC Group Education Foundation, and CSC employee clubs.</p> <p>(IV) Customers 1. Production-sales meeting (every quarter, where such meetings are to be held in other forms, such as smaller-scale exchange meetings with industry opinion leaders, in line with COVID-19 prevention policies in due course) and customer satisfaction survey (every year). 2. Obtain feedback from customers through customer briefings, R&D alliances, professional training, market surveys, visits and customer interviews. 3. Provide total solution for customers' businesses through electronic supply chain and e-Sales system. 4. Expand customer services through integration of the marketing resources of CSC Group. 5. Enhance technical services, actively engage in technical marketing, respond real-time to customer needs, and provide customized specifications. 6. Understand customers' needs and assist customers with process improvement and materials use, and keep improving the quality of products and services.</p>

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>7. Hold technical seminars and high-level business management seminars in order to improve the flexibility of steel supply chain in Taiwan to trends.</p> <p>8. Conduct surveys on demands for development of new products, and improvement of quality, and trends of materials use of different steel-using industries.</p> <p>In addition to the stakeholder communication channels mentioned above, the Company regularly discloses information on corporate governance, environmental management, and commitment to social harmony in the annual report and corporate website.</p> <p>CSC has set up stakeholders and CSR sections on corporate website, and publishes the sustainability report (formerly known as CSR report) annually. The Company also started to publish the ESG Insight since 2022 as an important channel to disclose information and respond to issues of concern to stakeholders.</p> <p>Listed subsidiaries of CSC Group maintain smooth communication channels with stakeholders via various business units based on their scope of authority and responsibility. To properly respond to important issues of concern to stakeholders, listed subsidiaries of CSC Group have also set up the stakeholders section on their corporate websites and reported their stakeholder communication results to the Board of Directors.</p>	
VI. Does the Company commission a professional stock transfer agent to handle shareholders' meetings related affairs?	Yes		The Company and listed subsidiaries of CSC Group have entrusted stock transfer agents to assist them in handling matters related to Shareholders' Meetings. The Company have appointed KGI Securities as the stock transfer agent.	No significant difference
VII. Information Disclosure (I) Has the Company established a website to disclose information on financials, business and corporate governance? (II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	(I) Yes (II) Yes		<p>(I) The Company and listed subsidiaries of CSC Group have established various sections including "Stockholder Service", "Customer Service" and "Corporate Governance" on their own corporate website to fully disclose information on financials, business and corporate governance.</p> <p>(II) The Company and listed subsidiaries of CSC Group have set up corporate websites in both Chinese and English, appointed dedicated personnel to collect and disclose company information, implemented the spokesperson system, and posted information about investor conferences on the corporate</p>	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(III) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	(III) Yes		<p>websites:</p> <ol style="list-style-type: none"> 1. The Company has set up multi-language websites (including traditional Chinese, simplified Chinese and English), which are updated simultaneously during any announcements. For example, the Company's revenues breakdown and preliminary results are updated on all the websites simultaneously every month so that domestic and foreign investors can obtain the latest information. 2. The Company and listed subsidiaries of CSC Group have established a public information online filing system in accordance with the Guidelines for Online Filing of Public Information by Public Companies, and has appointed dedicated personnel to carry out the disclosure of various data and material information. In addition, the spokesperson system is adopted, where investors can express their opinions via a variety of channels, such as spokesperson's phone number, e-mail address or fax number, and thus learn about the business status of these companies. <p>(III) In order to enhance the timeliness of information disclosure, the Company and listed subsidiaries of CSC Group announce and file financial reports within two months after the end of the fiscal year, and also announce and file financial reports for the 1st, 2nd, and 3rd quarters, as well as monthly operating status before the specified deadline.</p>	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education for directors and supervisors, implementation of risk Management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	Yes		Related information is summarized as follows.	No significant difference

(I) Continuing education for Directors of the 18th Board of Directors							As of March 31, 2023	
Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours	
			From	to				
Director	Chao-Tung Wong	2022/06/17	2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0	
			2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0	
			2022/10/28	2022/10/28	Securities and Futures Institute	Advanced Seminar on Practices for Directors and Supervisors - External Innovation and Sustainability	4.0	
Director	Wen-Sheng Tseng	2022/06/17	2022/10/28	2022/10/28	Taiwan Corporate Governance Association	Final Piece of the Sustainability Puzzle - Opportunities and Tools for Impact Investing	2.0	
			2022/07/07	2022/07/07	Taiwan Corporate Governance Association	How Directors and Supervisors Can Help Companies Face Risks and Manage Crises	2.0	
			2022/11/11	2022/11/11	Taiwan Corporate Governance Association	Practices for Trade Secret Protection and Fraud Detection and Prevention	3.0	
Director	Ming-Jong Liu	2022/06/17	2022/02/18	2022/02/18	Taiwan Corporate Governance Association	Unlocking the Key Passwords in Financial Statements	3.0	
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0	
Director	Shyi-Chin Wang	2022/06/17	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0	
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0	
Director	Chien-Chih Hwang	2022/06/17	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0	
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0	
			2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0	
Director	Cheng-I Weng	2022/06/17	2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0	
			2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0	

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours
			From	to			
Director	Yueh-Kun Yang	2022/06/17	2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0
			2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0
Director	Chun-Sheng Chen	2022/06/17	2022/08/15	2022/08/15	Ministry of Labor	2022 Professional Competency Training Program for Labor Directors	8.0
			2023/02/15	2023/02/15	Taipei Foundation of Finance	Corporate Governance-Sustainable Governance- Trends in Sustainable Development and Sustainable Governance	3.0
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0
			2022/08/11	2022/08/11	Securities and Futures Institute	Trends in Carbon Management Towards Net-Zero and Corresponding Countermeasures	3.0
Independent Director	Shyue-Bin Chang	2022/06/17	2022/08/10	2022/08/10	Taiwan Corporate Governance Association	Corporate Governance 3.0 - Sustainable Development Roadmap	3.0
			2022/07/07	2022/07/07	Taiwan Stock Exchange and Taipei Exchange	Briefing Session on Sustainable Development Pathways of Industries	2.0
			2022/04/22	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 2030 Net Zero Summit - Transform to Net Zero	3.0
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies	3.0
			2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0
			2022/05/12	2022/05/12	Taiwan Stock Exchange and Alliance Advisors	International Twin Summit Forum	2.0
Independent Director	Lan-Feng Kao	2022/06/17	2022/04/22	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 2030 Net Zero Summit - Transform to Net Zero	3.0
			2022/02/10	2022/02/10	Taiwan Institute for Sustainable Energy	The 27th Session of the CEO Forum and Keynote Speech	2.0
The above mentioned only discloses the courses attended by members of the 18th Board of Directors from 2022 to March 31, 2023.							

(II) The Company and listed subsidiaries of CSC Group have formulated the Codes of Ethics for Directors, which clearly specify the Directors' duty of loyalty, and its scope includes: ① transactions with the Company, ② utilization of company assets, information and opportunities, ③ competition with the Company. If Directors wish to be exempted from the applicability of such duty, Directors shall fully disclose, to the Board of Directors, the interested persons or enterprises and the interest of each legal act, and the reasons why this is not detrimental to the Company and it conforms to regular business practice, and shall seek approval from the Board of Directors.

(III) Continuing education and training related to corporate governance participated by managements

1. Course title: Sustainability Risks and Opportunities for Businesses

(1) Date: August 8, 2022

(2) Training hours: 3 hours

(3) Participants: Personnel designated as directors and supervisors of invested companies, and managers of subsidiaries, including senior executives and vice presidents of the Company.

Information on the participants of this training course is as follows:

Name	Title
Shyi-Chin Wang	President
Chien-Chih Hwang	Executive Vice President (concurrently served as the Chief Information Security Officer since November 4, 2022; concurrently served as the Corporate Governance Officer since February 24, 2023)
Min-Hsiung Liu	Vice President, Commercial Division
Ming-Yuan Chen	Assistant Vice President, Commercial Division
Wen-Chou Li	Assistant Vice President, Commercial Division
Yueh-Kun Yang	Vice President, Finance Division
Hung-Tai Chou	Assistant Vice President, Finance Division
Pai-Chien Huang	Vice President, Corporate Planning Division; concurrently served as the Corporate Governance Officer (retired on January 31, 2023)
Chen Yang	Assistant Vice President, Engineering Division
Shou-Tao Chen	Vice President, Production Division

2. Course title: Important Civil and Criminal Liabilities of Directors and Supervisors and Analysis of Case Studies

(1) Date: November 8, 2022

(2) Training hours: 3 hours

(3) Participants: Personnel designated as directors and supervisors of invested companies, and managers of subsidiaries, including senior executives and vice presidents of the Company.

Information on the participants of this training course is as follows:

Name	Title
Shyi-Chin Wang	President
Chien-Chih Hwang	Executive Vice President; concurrently served as the Chief Information Security Officer (concurrently served as the Corporate Governance Officer since February 24, 2023)
Min-Hsiung Liu	Vice President, Commercial Division
Ming-Yuan Chen	Assistant Vice President, Commercial Division
Wen-Chou Li	Assistant Vice President, Commercial Division

Yueh-Kun Yang	Vice President, Finance Division
Hung-Tai Chou	Assistant Vice President, Finance Division
Pai-Chien Huang	Vice President, Corporate Planning Division; concurrently served as the Corporate Governance Officer (retired on January 31, 2023)
Jih-Jau Jeng	Vice President, Technology Division
Hong-Yih Liou	Assistant Vice President, Technology Division
Rong-Yuan Hsieh	Assistant Vice President, Technology Division
Chen Yang	Assistant Vice President, Engineering Division
Shou-Tao Chen	Vice President, Production Division
Hung-Ta Lin	Assistant Vice President, Production Division
Shih-Hsin Chen	General Manager, Finance Department
Kai-Chin Huang	General Manager, Accounting Department (assigned to a subsidiary on March 1, 2023)

(IV) Continuing education and training for Corporate Governance Officer

Name	Date of Assumption of Duty	Date of Training	Organizer	Course Title	Training Hours
Chien-Chih Hwang	2023/02/24	2023/03/15	Greater China Financial and Economic Development Association	Challenges and Opportunities of AI and Big Data	3.0
Pai-Chien Huang	2019/03/25 (retired on 2023/01/31)	2022/10/07	Taiwan Stock Exchange and Taipei Exchange	Release of the 2022 Guidelines on Exercise of Powers for Independent Directors and Audit Committee at Listed Companies and Briefing Session for Directors and Supervisors	3.0
		2022/10/05	Securities and Futures Institute	2022 Briefing Session on Compliance with Insider Trading Regulations	3.0
		2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3.0
		2022/07/07	Taiwan Stock Exchange and Taipei Exchange	Briefing Session on Sustainable Development Pathways of Industries	2.0
		2022/05/12	Taiwan Stock Exchange and Alliance Advisors	International Twin Summit Forum	2.0

(V) Succession plan of Directors and significant managements and its execution

1. Directors

The Company adopts the candidate nomination system for Directors; the term of each session shall be three years. Unless otherwise required by laws and regulations or the Articles of Incorporation, the election of Directors shall be in compliance with the Company's Rules Governing the Election of Directors.

The election of the Directors shall take diversity into consideration, such as basic requirements and values (including gender, age, nationality, culture, etc.), professional knowledge and skills (including professional background, professional skills, and industry experiences). Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, general capacity and disposition required for performing its duties. The Board of Directors shall

encompass the following abilities: I. Judgment of business operations; II. Accounting and financial analysis; III. Operational management; IV. Crisis management; V. Industrial knowledge; VI. International market outlook; VII. Leadership skills; and VIII. Decision making.

The Company conducts the succession plan of its Directors according to the following approaches: I. Adequate candidates recommended by the current Directors.

II. Director candidates recommended by shareholders. III. Refer to the results of performance evaluation of the Board of Directors for the nomination of the Directors' re-appointment.

To reinforce the efficacy for Directors to exercise their powers and functions, the Company will keep up with the trend and arrange annual training programs with reference to the changes in internal and external environmental conditions and the development demand, so as to improve the professional know-how for our Directors.

2. Significant managements

With a view to meeting the needs of business operations and human resource development and enhancing overall operational efficiency, the Company has set up the Human Resources Development Committee, which regularly convenes meetings to review matters such as the strategic objectives of human resource management, organizational development and manpower utilization, and major human resource management systems.

Furthermore, the Company reviews its succession plan every year. When planning for successors, the Company considers whether the successors are well equipped with professional and management skills, and whether the successors share the same operation concepts as the Company and possess personality traits such as integrity, down-to-earthness, innovation, and entrepreneurship. In order to comprehensively develop decision-making skill in the role of senior management, training for management successors includes not only internal training related to management competencies but also job rotation and assignment to subsidiaries. For external training programs, the Company has cooperated with top universities in Taiwan to conduct the business management program, which were attended by 90% of senior management successors in 2022.

(VI) Other important information on corporate governance at listed subsidiaries of CSC Group

1. Continuing education for directors: Please refer to the annual report published by each subsidiary.
2. Implementation of diversity policy for members of the Board of Directors: Please refer to the annual report published by each subsidiary.
3. Relevant certifications obtained by finance, accounting, and internal audit personnel: Please refer to Page 112 of this annual report.

IX. Improvements made in the most recent year in response to the results of Corporate Governance Evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:

The status of improvements proposed for the results of the 8th (2021) Corporate Governance Evaluation announced in April 2022 are as follows:

1. The Company:

#2.24 Has the Company established a cybersecurity risk management framework, set out the cybersecurity policy, specific management solutions and resources for cybersecurity management, and disclosed such information on its corporate website or in its annual report?

The Company has established its cybersecurity risk management framework and instituted its cybersecurity policy and related management solutions. In addition, the Company has incorporated the ISO 27001 Information Security Management Systems and obtained the certification in 2022.
2. Listed subsidiaries of CSC Group:

Improvements made on evaluation indicators: 1. Listed subsidiaries of CSC Group have all formulated risk management policies and procedures, and disclosed their scope and organizational structure in risk management and the corresponding implementation status; 2. Listed subsidiaries of CSC Group have all uploaded the English version of their meeting handbooks, annual reports, and annual financial reports prior to the deadline set by their Shareholders' Meetings; 3. China Steel Chemical, CHC Resources, China Steel Structure, and China Ecotek have successfully incorporated the Taiwan Intellectual Property Management System (TIPS) upon third-party verification. In addition, ongoing improvements will be made as follows: 1. Disclose information on climate-related risks and opportunities based on the framework from Recommendations of the Task Force of Climate-related Financial Disclosures (TCFD); 2. Publishing the English version of financial reports within two months after the filing period for the Chinese version of financial reports for the 1st, 2nd, and 3rd quarters; and 3. Establish a cybersecurity risk management framework and incorporate the standards of cybersecurity management system.

China Steel Corporation Codes of Ethics for Directors

Established on December 20, 2005

Amended on August 3, 2020

Chapter 1 General Provisions

- Article 1 This Code has been especially formulated for Directors to promote honest and ethical conduct and to establish sound corporate governance.

Chapter 2 Standards of Ethical Conduct

- Article 2 When performing their duties, Directors shall comply with the following basic principles:
- I. Safeguarding the rights and interests of shareholders.
 - II. Enhancing the authority of the Board of Directors.
 - III. Respecting the rights and interests of stakeholders.
 - IV. Improving information transparency.
- Article 3 While performing their duties, Directors shall have the pursuit of the Company's overall benefits as their objective, and must not harm the Company's rights and interests for the benefit of a specific individual or specific group. Moreover, when performing their duties they shall treat all shareholders fairly.
- Article 4 Directors shall exercise the due care of a good administrator, emphasize the principles of integrity and fairness, maintain a high degree of self-discipline and adhere to the law, the Company's Articles of Incorporation and the resolutions of the Shareholders' Meeting.
- Article 5 Directors shall faithfully perform their duties for the best interests of all shareholders. In the event that their own personal interests conflict with the interests of the Company, they shall give priority to interests of the Company, and shall avoid using their authority to enable the following personnel or enterprises to receive improper benefits:
- I. The person him/herself, his/her spouse, parents, children or relatives within the third degrees of relationship
 - II. Enterprises in which the persons in the preceding paragraph who directly or indirectly enjoy significant financial interests.
 - III. Enterprises in which the person him/herself serves as Chairman, Executive Director or Senior Executive.
- The Company shall pay particular attention to lending of funds, material asset transactions, purchase (sales) relationships, or the making of guarantees to the persons or enterprises listed in the preceding paragraph.
- Article 6 To maintain the interests of the Company, Directors shall give priority to providing the Company any opportunity regarding procurement, supply, cooperation, strategic alliances, mergers and acquisitions or other business opportunities or profit-making opportunity of which they are aware due to performance of their duties, and must not take advantage of such opportunities to seek personal gains for themselves or the third party.
- Article 7 If a Director engages in competition with the Company, he/she shall report to the Shareholders' Meeting in advance and obtain approval in accordance with Paragraph 1, Article 209 of the Company Act.

- Article 8 Directors shall assume the obligation to maintain the confidentiality of the Company's classified information except when disclosure is authorized or legally required, and must not use the aforementioned classified information to seek personal gain for themselves or the third party.
- Article 9 Directors shall maintain the rights and interests of shareholders, and shall respect the rights and interests of stakeholders including banks with which the Company has business dealings, creditors, employees, consumers, suppliers, subsidiaries and communities.
- Article 10 Directors shall comply with the laws concerning the prevention of insider trading and other securities laws concerning equity trading and handling of confidential business information. Directors who are in possession of material undisclosed information must not engage in trading of related securities.
- Article 11 If any proposal at a Board Meeting involves a Director him/herself or the interested parties set forth in Articles 5 and 6 where there are concerns about impairing the interests of the Company, the Director shall immediately and voluntarily recuse him/herself, and take no part in voting, nor exercise the voting right as proxy for another Director.

Chapter 3 Supplementary Rules

- Article 12 Natural persons appointed by juristic person directors to perform their duties shall comply with this Code.
- The provisions of this Code shall apply mutatis mutandis to the juristic person directors represented.
- Article 13 If a Director wishes to be exempted from the applicability of Article 5, he/she shall fully disclose, to the Board of Directors, the persons or enterprises listed in Article 5 and the interest of each legal act, and the reasons why this is not detrimental to the Company and it conforms to regular business practice, and shall seek approval from the Board of Directors. However, if such an instance falls under the legal acts between a Director and the Company as stipulated in Article 223 of the Company Act, the convener of the Audit Committee shall serve as the representative of the Company.
- If a Director wishes to be exempted from the applicability of Article 6, he/she shall explain, to the Board of Directors, the specific details of such opportunity and the reasons why there are no conflicts with or no effects on the interests of the Company, and shall seek approval from the Board of Directors.
- Upon approval by a resolution of the Board of Directors of exemption from applicability as provided in the preceding two paragraphs, the Company shall immediately disclose information including the titles and names of the personnel exempted, the date when the exemption is approved by the Board of Directors, objections or reservations of Independent Directors, the term of exemption from applicability, the reasons for exemption from applicability, and the standard(s) for exemption from applicability on the Market Observation Post System.
- Article 14 The Company shall disclose the Code it has adopted, as well as any amendments to it, on its corporate website, in its annual reports and prospectuses and on the Market Observation Post System.
- Article 15 The Code, as well as any amendments to it shall enter into force after it has been adopted by the Board of Directors and reported to the Shareholders' Meeting.

China Steel Corporation Codes of Ethics for First Echelon Supervisors and Executives

Established on December 20, 2005

Amended on March 25, 2019

Chapter 1 General Provisions

- Article 1 This Code has been specifically formulated to guide the conduct of first echelon supervisors and executives at the Company so that it conforms to ethical standards, to prevent illegal conducts, and to enable the stakeholders of the Company to better understand the Company's ethical standards.
- Article 2 First echelon supervisors and executives as referred to in this Code include President, Executive Vice President, Vice Presidents at each division, the Special Assistant to President, Assistant Vice Presidents, first echelon supervisors and salaried advisors at each unit, Sr. Engineering Experts, Sr. Administration Experts, Sr. Fellow and Fellows.

Chapter 2 Standards of Ethical Conduct

- Article 3 **Honest and Ethical Conduct:**
- First echelon supervisors and executives shall perform their duties with an honest and non-deceptive attitude and conduct that adheres to professional standards, including the handling of actual or obvious personal conflicts of interest against their duties in an impartial manner.
- Article 4 **Prevention of Conflicts of Interest:**
- First echelon supervisors and executives shall engage in businesses in an objective and efficient manner, and avoid using the positions they hold at the Company to enable the following personnel or enterprises to receive improper benefits:
- I. The person him/herself, his/her spouse, parents, children or relatives within the third-degree of relationship.
 - II. Enterprises in which the persons in the preceding paragraph who directly or indirectly enjoy significant financial interests.
 - III. Enterprises in which the person him/herself serves as Chairman, Executive Director or Senior Executive.
- The Company shall pay particular attention to lending of funds, material asset transactions, purchase (sales) relationships, or the making of guarantees to the persons or enterprises listed in the preceding paragraph.
- Article 5 **Avoidance of Opportunities for Personal Gain:**
- When the Company has an opportunity to gain profit, first echelon supervisors and executives have the responsibility to preserve and increase the legitimate profit that the Company is able to obtain, and shall avoid the following conduct:
- I. Opportunities for seeking personal gain for themselves or the third party through the use of the Company's property or information or by taking advantages of one's position.
 - II. Use of the company's property or information or taking advantages of one's position to obtain personal gain for themselves or the third party.
 - III. Engaging in competition with the company.
- Article 6 **Keeping Business Secrets:**
- First echelon supervisors and executives shall be bound by the obligation to maintain the

confidentiality of any undisclosed information regarding the Company itself, its suppliers or customers, except when authorized or legally required. Confidential information includes any undisclosed information that might be exploited by competitors or could result in damage to the Company, suppliers or customers once let out.

Article 7 Engagement in Fair Trade:

The Company is dedicated to market competition based on superior management and high-quality products and service, and does not achieve results by illegal or unethical methods. First echelon supervisors and executives shall treat all customers, suppliers, competitors and employees fairly, and must not obtain improper benefits through manipulation, concealment, or abuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 Protection and Legitimate Use of Company Assets:

The Company's assets shall be protected and shall be effectively used only for the Company's legal commercial purposes. First echelon supervisors and executives have the responsibility to safeguard company assets, to ensure that they can be effectively and legally used for business purposes, and to avoid any theft, negligence in care, or waste of the assets that directly impact the Company's profitability.

Article 9 Compliance with Laws and Regulations:

First echelon supervisors and executives shall observe and promote the Securities and Exchange Act and other laws and regulations which standardize corporate activities, and must not intentionally violate any laws, engage in conduct to intentionally mislead, manipulate or unfairly obtain advantages from the Company's customers or suppliers, or make untrue statements regarding the Company's products or services.

Article 10 Compliance with regulations in Prevention of Insider Trading:

First echelon supervisors and executives shall observe laws concerning the prevention of insider trading and other securities laws concerning equity trading and handling of confidential business information. First echelon supervisors and executives who are in possession of important undisclosed information must not engage in trading of related securities. Insider trading is both illegal and unethical, and the Company will resolutely intervene to deal with such incidents.

Article 11 Encouraging the reporting of any conduct that is illegal or that violates the Code of Ethical Conduct:

The Company shall raise awareness of ethics internally and encourage employees to report to the Chief Auditor or other appropriate individual upon suspicion or discovery of any activity in violation of a law, regulation or the Code of Ethical Conduct. The company shall keep informants' identities confidential and ensure their safety at its best to protect them from reprisals and threat.

Chapter 3 Supplementary Rules

Article 12 Procedures for Exemption from Applicability:

If a first echelon supervisor or executive wishes to be exempted from the applicability of Article 4, he/she shall fully disclose, to the Board of Directors, the persons or enterprises listed in Article 4 and the interest of each legal act, and the reasons why this is not detrimental to the Company

and it conforms to regular business practice, and shall seek approval from the Board of Directors. If a first echelon supervisor or executive wishes to be exempted from the applicability of Article 5, he/she shall explain, to the Board of Directors, the specific details of the opportunity information or competition with the Company, and the reasons why there are no conflicts with or no effects on the Company's interests, and shall seek approval from the Board of Directors. Upon approval by a resolution of the Board of Directors of exemption from applicability as provided in the preceding two paragraphs, the Company shall immediately disclose information including the titles and names of the personnel exempted, the date when the exemption is approved by the Board of Directors, the term of exemption from applicability, the reasons for exemption from applicability, and the standard(s) for exemption from applicability on the Market Observation Post System.

Article 13 Disciplinary Measures:

If a first echelon supervisor or executive violates the Code, he/she shall be disciplined directly in accordance with the rewards and punishments set forth in Part 4, Chapter 2 of the Personnel Management System, with the exception of serious cases required be reported to the Board of Directors for deliberation.

If the disciplined personnel in the preceding paragraph considers the Company's disposition to be improper and it infringes on his/her legal interests, he/she may submit an appeal through the administrative system in accordance with the provisions for handling an appeal in Part 7, Chapter 4 of the Personnel Management System, to seek remedy.

Article 14 The Standards of Ethical Conduct which first echelon supervisors and executives shall observe includes the provisions of the Code and other relevant regulations of the Company.

Article 15 The Company shall disclose the Code it has adopted, as well as any amendments to it, in its annual reports and prospectuses and on the Market Observation Post System.

Article 16 The Code, as well as any amendments to it shall enter into force after it has been adopted by the Board of Directors and submitted to the Shareholders' Meeting.

(IV) Remuneration Committee

The Company approved the formulation of the Organization Regulations for Remuneration Committee in the 8th meeting of the 14th Board of Directors held on August 23, 2011 in accordance with Paragraph 1, Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The Remuneration Committee is mainly responsible for formulating performance evaluation policies for Directors and Management Team, reviewing the performance of each personnel, as well as formulating and regularly assessing the remuneration of Directors and Management Team and the structure and system of remuneration.

1. Information on Remuneration Committee

Title	Criteria	Professional Qualification and Experience	Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member
	Name		
Independent Director (Convener)	Min-Hsiung Hon	Date of initial appointment (Years of service): June 23, 2016 (7 years) Expertise: Materials science; Board member of other OTC companies. Education: PhD in Materials Science and Engineering, North Carolina State University, U.S.A.	1
Independent Director	Shyue-Bin Chang	Date of initial appointment (Years of service): June 23, 2016 (7 years) Expertise: Aviation industry; Electrical and mechanical engineering; Board member of other listed companies. Education: PhD in Mechanical and Aerospace Engineering, Cornell University, U.S.A.	2
Independent Director	Lan-Feng Kao	Date of initial appointment (Years of service): June 23, 2016 (7 years) Expertise: Accounting/Finance Education: PhD in Accounting, National Cheng Kung University	0
For the experience and other current positions of Independent Directors, please refer to page 19-21 Information on Directors of this annual report.			

Title	Criteria	Independence Criteria			
		Whether the person and the person's spouse as well as relatives within the second degree of relationship are not a director, supervisor, or employee of the Company or any of its affiliates.	Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders.	Whether the person is not a director, supervisor, or employee of a company or organization that has a specific relationship with the Company.	Whether the person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.
		Name			
Independent Director (Convener)	Min-Hsiung Hon	Yes	Yes The person: 0 shares (0%) Spouse: 5,000 shares (0%) Other relatives within the second degree of relationship: 25,000 shares (0%)	Yes	Yes: No remuneration

Independent Director	Shyue-Bin Chang	Yes	Yes The person: 0 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	Yes	Yes: No remuneration
Independent Director	Lan-Feng Kao	Yes	Yes The person: 4,216 shares (0%) Spouse: 1,000 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	Yes	Yes: No remuneration
The Independent Directors Min-Hsiung Hon, Shyue-Bin Chang and Lan-Feng Kao meet the independence requirements stipulated in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies in the two years prior to the date of appointment and during term of office.					

2. Operation of Remuneration Committee

- (1) The Remuneration Committee of the Company is composed of three members.
- (2) Tenure of the Remuneration Committee members of the 17th Board of Directors started from June 19, 2019 to June 16, 2022. Tenure of the Remuneration Committee members of the 18th Board of Directors started from June 17, 2022 to June 16, 2025. In the most recent year, the Remuneration Committee of the 17th and 18th Board of Directors convened a total of 3 meetings. The qualification and attendance of members are listed as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)	Remarks
The Remuneration Committee of the 17th Board of Directors					Scope of Authority: Discuss and resolve on matters related to the performance evaluation and remuneration of the Company's Directors and managements, and submit proposals and recommendations to the Board of Directors.
Convener	Shyue-Bin Chang	1	0	100%	
Committee Members	Min-Hsiung Hon	1	0	100%	
	Lan-Feng Kao	1	0	100%	
The Remuneration Committee of the 18th Board of Directors					
Convener	Min-Hsiung Hon	2	0	100%	
Committee Members	Shyue-Bin Chang	2	0	100%	
	Lan-Feng Kao	2	0	100%	
Other matters to be noted:					
I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, session, the content of proposals, resolutions of Board Meetings and the Company's action in response to opinions from the Remuneration Committee shall be specified (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be specified): None.					
II. If any member of the Remuneration Committee has dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date, session, the content of proposals, all the members' opinions of the meeting of the Remuneration Committee, and the action in response to these opinions shall be specified: None.					

(V) Implementation of Sustainable Development, its deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary
I. Has the Company established a sustainable development governance structure supervised by the Board of Directors and an exclusively (or concurrently) dedicated unit under supervision of senior management authorized by the Board of Directors to promote sustainable development?	Yes		<p>1. The Company has established the "Corporate Governance and Sustainability Committee" approved by the Board of Directors on November 11, 2019, which is responsible for promoting sustainable development, implementing sustainable management concepts, and supervising matters related to risk management. This committee shall convene at least two meetings a year. The powers of this committee are listed as follows:</p> <p>(1) Promote and strengthen corporate governance organization and system.</p> <p>(2) Promote and implement ethical corporate management-related work.</p> <p>(3) Promote and fulfill sustainable development policies and matters related to sustainable management.</p> <p>(4) Implement and assist in supervising matters related to risk management.</p> <p>(5) Plan and promote matters related to energy saving & carbon reduction and carbon neutrality.</p> <p>(6) Plan and promote matters related to digital transformation.</p> <p>(7) Implement other matters adopted by resolution of the Board of Directors.</p> <p>In order to ensure the implementation of sustainable management policies and sound risk control, this committee has established four execution teams, including "Corporate Governance and Ethical Corporate Management," "Sustainable Environment Development," "Employee Care and Social Engagement," and "Risk Management," which are led by the Vice Presidents of relevant units. In addition, the Company also established a "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality," headed by the Chairman, to carry out practical actions against climate change. In February 2023, the Board of Directors passed a resolution to establish the "Task Force on Digital Transformation" under the committee, which is chaired by the President, with the aim of rolling out initiatives to ensure that the Company progresses towards intelligent steel plants. Each team is responsible for the operation and promotion of relevant matters and the implementation of the Committee's resolutions. The Committee reported the implementation status of each team in 2022 and the plan for the next year to the Board of Directors on December 30, 2022.</p> <p>2. Implementation results in 2022: (1) continued to promote the formulation of ESG goals among listed subsidiaries of CSC Group, (2) passed the ISO 27001</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>certification, (3) the ongoing efforts to have suppliers sign the “Supplier Code of Conduct”, (4) built a pilot plant for co-production of steel and chemicals, which is projected to yield an annual carbon reduction of 4,900 tons, (5) continued to increase the use of recycled water and adopt air pollution reduction measures, (6) the ongoing staff caring activities and steel and environmental protection related educational training, (7) rolled out low-carbon initiatives across CSC Group and conducted training programs related to carbon neutrality, GHG inventory, and product carbon footprint aimed at first echelon supervisors and executives to enhance their understanding of carbon neutrality, (8) Carried out a total of 221 carbon reduction action plans in 2022, which led to a reduction of 626,476 tons of CO₂e per year, a level exceeding the Company’s carbon reduction targets. The implementation results above have been disclosed in “Committees of the Board - Corporate Governance and Sustainability Committee” under the “Investor Relations” section on the Company’s website.</p> <p>3. In addition to reporting the implementation status at the year-end meeting of the Board of Directors, the report will also include ESG targets set up for 2023, 2025 and 2030/2032 and the communication with stakeholders. The Board of Directors regularly reviews the progress of the Company’s strategies and objectives and, where necessary, urges the Company to adjust its direction to meet stakeholders’ expectations and align itself with international standards.</p> <p>4. Listed subsidiaries of CSC Group have established exclusively or concurrently dedicated units in charge of corporate sustainable development and report to the Board on the promotion and implementation results of related work on a regular basis. CSCC established the Corporate Governance and Sustainability Committee under the Board of Directors, which is composed of directors. At CHS, the administration division concurrently promotes sustainable development while the vice president of the administration division reports the implementation of sustainable development to the Board of Directors. Meanwhile, CHC Resources, CSSC, and CEC have established Sustainable Development Committee chaired by the chairman, which regularly convenes meetings and reports the implementation status to the board of directors.</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
II. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to corporate operations and formulated relevant risk management policies or strategies based on materiality principle?	Yes	No	No significant difference
<p>Having established the material issues analysis process in compliance with the 2021 edition of the GRI Universal Standards and stakeholder engagement standards, the Company and listed subsidiaries of CSC Group identified major topics in the area of sustainable development and the corresponding risks, as well as formulated relevant management strategies through a series of procedures including collection and review, ranking and identification, and verification.</p> <p>The Company's sustainability report is prepared by the Sustainable Environment Development Team under the Corporate Governance and Sustainability Committee. The report discloses the analysis of risk assessment for material topics and related risk management policies or strategies, and the reporting boundary mainly covers the Company. The key points are summarized as follows:</p> <p>1. Material environmental issues:</p> <p>The Company has identified the risks of climate change, such as the physical risks of water shortage in the dry season and power rationing in summer caused by climate change, and assessed the relevant response measures against climate change. The Company has also formulated risk management procedures for water and electricity consumption, including rules for water rationing and water supply interruption management, and the operating standards for emergency priority of power supply. In addition, in response to transition risks such as R&D cost incurred by low-carbon technology and increased operating costs caused by carbon fees collected, the Company will continue to develop low-carbon steelmaking technologies through industry-academia collaboration program, and expand the potential sales market for low-carbon steel in the future.</p> <p>2. Material social issues:</p> <p>The Company has listed "improving occupational safety and health management" as a key item in the social issues. In 2022, the Company has acquired the certification for the ISO 45001 (Occupational Safety and Health Management Systems) and TOSHMS (Taiwan Occupational Safety and Health Management System) certified by the British Standards Institution (BSI). The Company's management policies related to occupational safety and health include bolstering employees' attitude, awareness, and skills related to safety and health through training and promotion, as well as</p>			

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>carrying out routine inspections on the conduct and working environment of employees and personnel of subcontractors by on-site supervisors at all levels. In 2022, supervisors conducted safety observation and inspection (including patrols) for a total of 89,334 times.</p> <p>3. Material corporate governance issues:</p> <p>In order to prevent risks arising from the internal operating procedures not responding to external regulation updates immediately, the Company has established a regulation identification management system that can track domestic regulatory changes, and the overseas production sites also follow the Company's management system in order to effectively implement, integrate, and respond to regulatory changes.</p>
<p>III. Environmental Issues</p> <p>(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?</p> <p>(II) Is the Company committed to improving energy utilization efficiency and to the use of renewable materials with low environmental impact?</p> <p>(III) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures?</p> <p>(IV) Has the Company collected statistics of emissions of greenhouse gas (GHG), the usage of water, and the total weight of waste in the past two years; and formulated GHG reduction, water saving, and other waste management policies?</p>	<p>(I) Yes</p> <p>(II) Yes</p> <p>(III) Yes</p> <p>(IV) Yes</p>		<p>(I) Since the establishment of the Environmental Management System (EMS) in 1996, the Company has identified all the environmental impact arising from activities and operations through identification of environmental aspects.</p> <p>In 2022, the Company's ISO 14001:2015 environmental management system was externally audited by the British Standards Institution (BSI) Taiwan Branch and successfully passed the verification to maintain the effectiveness of the system. The scope of ISO 14001 encompasses the R&D and manufacture of plates, bars, wire rods, hot-rolled and cold-rolled coils, commercial slabs, and pig iron. In addition, the Company proposes and implements countermeasures based on the type and degree of environmental impact and risk level from medium to high, and reduces the environmental impact using the PDCA cycle for continuous improvement. Besides, the Company also actively participates in meetings related to the development and amendment of environmental protection regulations, provides opinions on amendments, and masters the trend of regulations, so that the Company can develop countermeasures in advance to effectively control environmental risks.</p> <p>CSC conducted the first GHG inventory operation in accordance with international standards (ISO 14064) in 2006. CSC also commissions a third-party verification agency to verify the Company's GHG inventory data, obtains a declaration of verification, and registers the relevant information on the National Greenhouse Gas Registry.</p> <p>All the listed subsidiaries of CSC Group have not only established</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>dedicated units to assist in the promotion, planning and implementation of environmental protection works, but also set up a sound environmental management system and passed the verification for ISO 14001 Environmental Management Systems. Meanwhile, CHS has established the Environmental Management and Energy Management Committee, which regularly reports environmental and energy management performance to the President.</p> <p>(II) 1.To maintain energy balance and make the best use of it, CSC implements ISO 50001 energy management system. In response to the new ISO 50001:2018 standard, an external audit was conducted in 2019 and CSC successfully passed the transition. In addition, the Energy Saving Committee has been established across departments and plants to promote energy saving and carbon reduction work at the plants, and regular meetings are held to review the achievement of the energy targets. At present, the Company is in the process of implementing the 4th phase (2021-2025) of energy-saving action plan and have saved a total of 2,174,657 GJ of energy from 2021 to 2022, with a target achievement rate of 82%. Besides, the Company has also set a power saving target and reached an average annual power saving rate of 1.89% from 2015 to 2022, which exceeded the target set by the Energy Bureau of the Ministry of Economic Affairs that "average annual power saving rate for energy users from 2015 to 2024 should be more than 1%."</p> <p>2.To reduce the load on the environment caused by our operations, the Company is committed to the development of various resourceization technologies for waste generated in manufacturing processes based on the life cycle of steel and simultaneously integrates the links between internal and external resourceization in Linhai Industrial Park to implement proper resourceization of industrial waste. After years of hard work and close cooperation with academia, the Company has achieved significant results in various areas, such as reduction of process residues, on-site recycling, and off-site resourceization. In 2022, 4.744 million tons of by-products (wet basis) were generated from manufacturing processes, where on-site recycling and off-site resourceization accounted for 13% and 87% of the total amount of by-products generated, respectively. Besides, in line with the government's circular economy policy, the</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>Company has promoted the use of basic oxygen furnace slag powder, mineral fines, coal-sludge mixtures, and old refractory materials as cement raw materials and supplied around 402 thousand tons to cement plants in 2022, achieving the target set at 360 thousand tons. The application can replace limestone and iron slag, thereby reducing load on the environment caused by natural ore mining in the cement industry. With the Company's proactive efforts to engage in the application of BOF slag in land reclamation, 1.299 million tons of BOF slag were used in the logistics and storage area at Port of Taipei in 2022, thereby implementing the circular economy policy while steadily engaging in land development across Taiwan. For the resourceization of blast furnace slag, it can be water-quenched as raw materials for producing blast furnace slag powder or air cooled as materials for various types of engineering. In 2022, approximately 2.719 million tons of blast furnace slag were used for resourceization.</p> <p>3. Listed subsidiaries of CSC Group are also committed to reducing load on the environment and adopt the following methods. For example, strengthening waste management measures, continuous reducing resource and energy consumption during production, increasing resource reuse ratio, giving priority to the procurement of green mark certified products, producing green products, and developing eco-friendly technologies. Furthermore, CHS, CSCC, CHC Resources, and CSSC acquired ISO 50001 certification.</p> <p>(III) Starting in 2020, CSC has not only introduced the TCFD (Task Force on Climate-related Financial Disclosures) reporting to review risks and opportunities related to climate change through cross-departmental discussions, but also referenced three scenarios, including Shared Socioeconomic Pathway 5-8.5 (SSP5-8.5) proposed by the Intergovernmental Panel on Climate Change (IPCC), as well as Net Zero Emissions (NZE) and Announced Pledges Scenario (APS) studied by the International Energy Agency (IEA), to examine the impact of various climate risks and opportunities under different scenarios, including identifying physical risks due to extreme weather (e.g., water shortages and damage to assets in low-lying areas caused by rising sea levels), transition risks due to changes in laws and policies, (e.g., increased costs caused by</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary
			<p>carbon fee collection and low-carbon transition), and opportunities such as providing low-carbon products and materials related to the green energy and electric vehicle industries. Countermeasures have been planned based on the results, including continuously working on GHG reduction measures and developing low-carbon manufacturing processes and low-carbon products.</p> <p>Listed subsidiaries of CSC Group include climate change as one of the factors influencing operating activities and carry out identification of climate risks. Specifically, CHS, CSCC, CHC Resources, and CEC not only identify potential risks and opportunities for companies from climate change at present and in the future, but also plan and formulate response measures for climate-related issues.</p> <p>(IV) 1. Statistics on greenhouse gas (GHG) emissions and related management policies:</p> <p>(1) The Company has carried out GHG inventory audit on an annual basis. Scope 1 and 2 inventories cover the Company's domestic factories and overseas offices, and has obtained a declaration from a third-party verification agency accredited by the Environmental Protection Department (EPA). The relevant information has also been registered on the EPA's National Greenhouse Gas Registry in compliance with the prevailing regulations. In addition, the Company has taken the initiative to conduct scope 3 inventory, and has commissioned a third-party verification agency to verify four categories of its Scope 3 inventory according to the strength of supporting documents, namely "business travel," "waste generated in operations," "upstream transportation and distribution," and "fuel and energy-related activities." The four categories has obtained a verification statement and the content of inventory will be refined continuously.</p> <p>(2) Details of the GHG emissions of the Company in 2021 and 2022 are as follows:</p> <ul style="list-style-type: none"> • In 2021, Scope 1 and Scope 2 emissions were 20,940 and 1,357 thousand tons of CO₂e respectively, with a total emission of 22,297 thousand tons of CO₂e and an emission intensity of 2.301 tons of CO₂e/ton of slab; Scope 3 emissions were 12,056 thousand tons of

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>CO₂e.</p> <ul style="list-style-type: none"> In 2022, Scope 1 and Scope 2 emissions were 18,249 and 1,412 thousand tons of CO₂e respectively, with a total emission of 19,661 thousand tons of CO₂e and an emission intensity of 2.330 tons of CO₂e /ton of slab; Scope 3 emissions were 11,216 thousand tons of CO₂e. <p>(3) CSC is committed to acting against climate change. Short, medium and long-term GHG reduction targets have been set against 2018 base year emissions (Scope 1: 20,806 thousand tons of CO₂e; Scope 2: 1,295 thousand tons of CO₂e). It is expected to achieve a 7% reduction in carbon emissions by 2025 (short-term) and a 22% reduction in carbon emissions by 2030 (mid-term) respectively as compared to base year, and the ultimate goal of carbon neutrality by 2050 (long-term). Owing to the Company's ongoing efforts to implement carbon reduction action plans such as refining its blast furnace operation technology, introducing the use of reduced iron pellets in blast furnaces, and upgrading heating furnaces at hot rolling mills in 2022, the Company recorded an 11% reduction in GHG emissions in 2022 compared to the base year of 2018, which was higher than the set target (i.e., a reduction of 884 thousand tons of carbon emissions or 4% in 2022 compared to 2018), indicating that the Company's rollout of carbon reduction initiatives has yielded positive results (where the 2022 data were calculated based on the 2021 electricity carbon emission factor published by the Bureau of Energy).</p> <p>2.Statistics on water consumption and related management policies: The Company determined water consumption strategies for multiple water sources in 2012 and has actively cooperated with the government in developing the urban polluted water recycling policies. With the Construction and Planning Agency under the Ministry of the Interior, as well as the Water Resources Agency and the Industrial Development Bureau under the Ministry of Economic Affairs actively pulling the strings, Taiwan's first public sewage treatment plant for recycling the wastewater, i.e. the Fengshan Creek Reclaimed Water Plant, was born, where CSC and C.S.Aluminium Corporation in Linhai Industrial Park has incorporated the use of reclaimed water as industrial water in</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>manufacturing processes.</p> <p>Urban Polluted Water Recycling Demonstration Plan: Since August 2018 when Fengshan Creek reclaimed water was adopted, currently 41 thousand tons of reclaimed water is being used every day. On December 9, 2021, Linhai reclaimed water was officially adopted, with 20 thousand tons of reclaimed water used every day. In 2022, a total of 21.514 million tons of reclaimed water were used, accounting for 49.8% of total water consumption. This has reached the goal of reducing 46.9% of raw water used in 2022 (against the base year 2017 when reclaimed water hadn't been adopted.)</p> <p>The water consumption data of the Company is mainly based on the premises of the Company's factories, the Hsiao Kang Plant, and is disclosed in the Sustainability Report of the Company. The third-party verification was obtained from British Standards Institution (BSI).</p> <p>Water consumption in 2021 and 2022 were 27.84 and 21.56 million tons respectively, and the reclaimed water usage were 16.205 and 21.514 million tons respectively. The water consumption per ton of slab was 4.32 and 4.86 tons respectively. In 2022, the reclaimed water from Fengshan Creek and Linhai, together with the recovery of water used in manufacturing processes, have significantly reduced raw water consumption by approximately 22% compared to the previous year. CSC's daily raw water consumption has declined to approximately 59 thousand tons in 2022.</p> <p>3. Statistics on waste and management policies:</p> <p>With respect to waste management targets, the Company aims to achieve a resourceization rate of more than 90% and zero solidification landfill.</p> <p>The waste disposal data of the Company is mainly based on the premises of the Company's factories, the Hsiao Kang Plant, and the data disclosed in the Sustainability Report of the Company is also certified by British Standards Institution (BSI).</p> <p>The amount of waste disposal in 2021 and 2022 were 567,927 and 559,807 tons respectively, with each ton of slab generating 58.60 and 66.35 kg respectively. Among which, the general industrial waste disposal in 2021 and 2022 were 567,881 and 559,748 tons respectively, with a resourceization rate of 94.9% and 94.7%; 46 tons and 58 tons of</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			hazardous industrial waste were disposed, with a resourceization rate of 100%. 4. Listed subsidiaries of CSC Group, such as CHS, CHC Resources, CSCC, and CSSC, have completed the GHG inventory audit and recorded the statistics on water usage and the total weight of waste. These companies have also formulated various management solutions to effectively improve energy performance and achieved resource recycling and waste reduction. CHS, CHC Resources, CSCC, CSSC, and partial factories of CEC have further received verification of GHG emission data.
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights? (II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration? (III) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees? (IV) Has the Company established effective career development training programs for its employees? (V) Does the Company comply with relevant laws and international standards in issues such as health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer or client rights	(I) Yes (II) Yes (III) Yes (IV) Yes (V) Yes		(I) Complying with the principles and spirits of the "Universal Declaration of Human Rights," the "International Covenant on Economic, Social and Cultural Rights," the "International Covenant on Civil and Political Rights," the "United Nations Global Compact," the "Declaration on Fundamental Principles and Rights at Work" adopted by the International Labor Organization (ILO), and other international codes on human rights, the Company and listed subsidiaries of CSC Group have been treating and respecting all current employees and personnel of business partners equally, as well as eradicating any infringement and violation of human rights. The specific action includes incorporating the policies and specific management solutions for safeguarding human rights into the Company's personnel management system, introducing various rules and regulations such as directions on occupational safety and health management and environmental protection management for subcontractors, and enhancing employees' understanding of human rights protection through education and training. The relevant policies and their implementation are listed as follows: 1. Formulate labor conditions in accordance with government labor laws and regulations. 2. Provide equal employment opportunities to all job seekers in accordance with the Employment Service Act, where no violation of human rights or discrimination occurred during employee recruitment in 2022. 3. Establish the "Rewards and Punishments Review Committee," with the purpose of reviewing major rewards and punishments for employees, in accordance with the "Guidelines for Establishing Rewards and Punishments Review Committee."

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>protection policies and appeals procedures?</p> <p>(VI) Has the Company established supplier management policies, requesting suppliers to comply with relevant regulations on issues regarding environmental protection, occupational safety and hygiene, or labor rights, and disclosed the implementation?</p>	<p>(VI) Yes</p>		<p>4. In order to create a quality workplace and provide a work and service environment free of sexual harassment, the Company establishes channels of appeal for sexual harassment incidents, adopts appropriate measures such as prevention, correction, punishment and remedies, and formulates the "Workplace Sexual Harassment Prevention, Grievance, and Disciplinary Action Regulations" in accordance with Article 13 of the "Act of Gender Equality in Employment," Article 2 of the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace," Article 7 of the "Sexual Harassment Prevention Act," and "Regulations of Sexual Harassment Prevention". The Company has also established complaint channels in accordance with the "Guidelines for Handling Complaints," with the purpose of protecting the human rights of employees and providing employees with the relevant channels when their legal rights have been infringed or improperly handled and such incidents cannot be resolved reasonably.</p> <p>5. All new employees receive courses on human rights during induction training, and all the senior employees have received the same training as well. In 2022, the Company provided 1,539 hours of training on human rights, while a total of 513 employees received the training, and also held meetings for communication and information dissemination, with a total of 10,769 hours.</p> <p>6. In 2022, a company-wide "Human Rights Due Diligence Survey" was conducted, encompassing five issues, including elimination of unlawful discrimination to ensure employment opportunities, prohibition of child labor, prohibition of forced labor, freedom of association and collective bargaining, and provision of a safe and healthy work environment. Improvement measures were proposed based on the results of this survey in hopes of minimizing the likelihood of human rights risks.</p> <p>(II) 1. The Company has established the "Salary Management" section in the "Personnel Management System," which specifies that employee salary standards is formulated based on duties and responsibilities with reference to the salary market conditions, the Company's financial status and organizational structure.</p> <p>Pay from the Company is determined without gender-based differences.</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>and the basic salary paid to women and men of the same position and level is the same. However, the pay grade of the same position may vary due to difference in seniority because of the link between salary and tenure. For employees of the same position and the same tenure, pay is the same regardless of gender. The Company has been dedicated to creating a diverse workplace, and the percentage of female employees increases year by year. By the end of 2022, the percentage of female employees was 3.56%. The employees from non-production unit, including administration, finance and corporate planning divisions, totaled 370 and 108 of which were female employees, accounting for 29%. Female supervisors accounted for 1.66% of the total number of supervisors (including managements).</p> <p>2.The main items for employee remuneration are basic salary (including three items, such as base pay, food allowance, and special environment allowance/special maintenance allowance/special allowance for operating bridge crane at basic oxygen furnace), year-end bonus, and surplus bonus for production and sales.</p> <p>3.Furthermore, the Company has established regulations governing employee remuneration, incentives, and bonuses to reflect the Company's operating performance and results in the current year on the salary and compensation of employee, which also links to the performance appraisal for individual employees.</p> <p>4.The Company has established a working environment with great benefits to enhance the well-being of employees, and has set up welfare facilities such as the cooperative store, restaurant, the CSC Group Hall, single employee dormitories, gymnasium, and kindergarten to meet employees' welfare needs. Besides, the Company organizes activities every year, such as team-building activities and factory celebrations, to maintain relationships between employees and their families and enhance employees' sense of belonging to the Company. In addition, the Company has set up many requirements for leave application that are better than those stipulated in the Labor Standards Act and the Act of Gender Equality in Employment, such as marriage leave and pregnancy checkup leave, so as to emphasize work-life balance. For more details, please refer to VI. Labor Relations under Chapter V. Operational Highlights in this</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>annual report.</p> <p>5. Listed subsidiaries of CSC Group have established their own regulations for employee compensation and employee welfare measures, and indicated in their articles of incorporation the percentage of contribution to employee remuneration if there is a profit, so as to appropriately reflect their operating performance or achievements on employee compensation.</p> <p>(III) The Company has acquired ISO 45001 certification and passed the verification every year, with the scope covering R&D and manufacture of plates, bars, wire rods, hot-rolled and cold-rolled coils, commercial slabs, and pig iron. The Company conducts training and education on occupational safety and health to promote workplace safety every year, and have a computerized safety and health training management system in place, which allows instant updates of data and online enquiries. The Company also regularly organizes relevant industrial safety training and invites medical professionals from time to time to give a talk about health-related issues to employees. For detailed information on workplace safety and healthy work environment for employees, please refer to V. Protection Measures for Working Environment and Employees' Personal Safety under Chapter V. Operational Highlights in this annual report.</p> <p>The Company achieved the target of zero major occupational accident in 2022. Specifically, the Company recorded 1 disabling injury accident (i.e., temporary absence from work for more than one day) involving 1 person, which accounted for 0.01% of the total number of employees at the end of 2022, while the disabling injury frequency rate was 0.05, which was lower than the statutory rate of 0.18 and the industry average rate of 2.76 (based on the latest statistics in 2021 provided by the Occupational Safety and Health Administration). The employee involved in the accident was provided with proper health care and support, and has now returned to work. The Company will continue to refine its implementation of workplace safety. After self-inspection and review, the Company proposed various safety and health management measures, and formulated the three main themes, namely "cognitive ability", "effective audit" and "due diligence" to strengthen occupational safety, with the hope of continuously strengthening safety and health management, as well as enhancing safety awareness and establishing a sound occupational safety culture to achieve</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>the ultimate goal of zero disaster.</p> <p>Listed subsidiaries of CSC Group have all acquired ISO 45001 certification and passed the verification every year. The subsidiaries provide employees with a safe and healthy work environment in compliance with or better than the standard set in the Occupational Safety and Health Act by conducting safety and health training and organizing regular health examinations and additional health examination items for employees every year.</p> <p>(IV) The continuous growth and improvement of employees are the fundamental driver for a company's growth. In order to strengthen employee training, improve career professional skills needed for employees and enhance corporate competitiveness, the Company has designed modular training with 6 major sections and constructed a "CSC talent cultivation and development structure" for actively promoting talent cultivation, including induction training, managements training, expatriate training, general education and training, professional skill training, as well as quality management and EHS training. Total training hours in 2022 were 258,431 hours, while average training hours per employee are 26.6 hours.</p> <p>In addition, the Company reviews each employee's career development plan while conducting employee performance appraisal every six months. All positions are provided with relevant competency training. Through the implementation of training programs, employees can effectively develop professional skills in their current positions and future career paths.</p> <p>Each year, listed subsidiaries of CSC Group formulate training plans according to their needs, and arrange appropriate courses for newcomers, professional personnel, and supervisors so that employees can acquire the skills required for career development.</p> <p>(V) 1. The Company has established a complete pricing system. After setting domestic prices, the Company will announce the price change in the corporate website, ensuring fairness in acquiring price information through fully disclosure to customers. In addition, the Company sets up the Technical Service Section-Metallurgy to specifically provide technical consultation and quality complaint services before, during, and after sales. Besides, the Marketing Administration Department is in charge of customer service email. Customers can protect their rights through the complaint system established by the Company.</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>Furthermore, the Company has expanded customer services by integrating marketing resources in CSC Group.</p> <p>2.The Company commissions academic institutions to conduct customer satisfaction survey every year and identifies, corrects, and improves the unsatisfied items accordingly to maintain excellence service quality.</p> <p>3.The Company complies with the provisions of the Personal Data Protection Act and strictly requires employees to exercise their duty to protect the trade secrets, and to respect customers' privacy. The Company would like to instill the spirit of compliance through educational trainings and public announcements.</p> <p>4.The Company provides products and services in accordance with contracts to protect the rights and interests of customers, as well as to avoid leakage of personal information. The control measures are as follows:</p> <p>(1) All computers in the Company are equipped with legal antivirus software to prevent being exploited to spread computer viruses in e-commerce system.</p> <p>(2) Information search and operations in e-commerce must be carried out after logging in to the account with a password. The person who is not a customer or fails to identity verification is not allowed to make a search. At the same time, SSL encryption is employed to ensure the security of information transformation.</p> <p>(3) The Company has established rules for managing digital certificates in e-commerce systems, where expired certificates have to be renewed or extended for further use.</p> <p>5.The major products sold by the Company are plates, bars, wire rods, hot-rolled products, cold-rolled products, electro-galvanized products, hot-dip galvanized products and electrical steel. The Company manufactures, packs, and labels products in compliance with relevant international product standards (such as CNS, JIS, ASTM, EN, etc.) or the specifications agreed by both parties. The steel products sold by the Company also meet the requirements of international environmental regulations such as EU RoHS(Restriction of Hazardous Substances), REACH-SVHCs (Registration, Evaluation, Authorization and Restriction of Chemicals-Substances of Very High Concern), packaging</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>regulations, AIPS GS PAHs (Polycyclic Aromatic Hydrocarbons), etc, which are also set out in the “Basic Business Rules for the Marketing Department” as the standard operating procedures for sales and marketing.</p> <p>6. Listed subsidiaries of CSC Group have established procedures to protect consumer rights and customer privacy, such as setting up a specific complaint channel, conducting customer satisfaction surveys regularly, or establishing strict privacy control countermeasures. In addition, the products of subsidiaries in the steel industry under CSC Group also comply with relevant international product specifications and are labeled in accordance with the relevant regulations.</p> <p>(V) 1. The Company requires coal and iron suppliers to comply with the relevant ESG terms and clauses formulated in the procurement contracts. In 2022, the Company instituted the “Supplier Code of Conduct” as a guideline for suppliers to comply with issues on ethics, labor and human rights, health and safety, environmental standards, and management systems, in hopes of achieving various sustainability goals together with suppliers, such as practicing environmental sustainability, respecting labor and human rights, and complying with ethical standards.</p> <p>2. In order to implement the Environmental, Health and Safety (EHS) policies established by the Company, the Company has formulated the “Rules for Safety and Hygiene and Pollution Prevention Management for Procurement, Contracting and Outsourcing” to manage the procurement, contracting and outsourcing of raw materials and equipment that may lead to issues related to safety and hygiene, environmental pollution, energy saving, and carbon reduction. Moreover, in-plant subcontractors are regularly audited. If any violation of workplace safety, environmental or human rights regulation is found, disciplinary actions, such as fines or termination of contract, will be taken against those involved depending on the circumstance. In addition, pursuant to the “CSC Subcontractor Management Guidelines for the Operation, Construction and Environmental Protection”, the subcontractors shall be assessed. If the annual assessment score is lower than 70, the subcontractor will be disqualified for the next term of contract renewal. At the same time, educational training, occupational safety promotion and annual health</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>examination are held from time to time to ensure the safety and health of subcontractor employees.</p> <p>3. Listed subsidiaries of CSC Group have also formulated the relevant management regulations. For instance, CSC and CHS have established supplier management policies with specific measures such as including environmental protection, labor conditions, human rights, and social issues as core items in supplier assessment to bolster supply chain management. In addition, CHC Resources, CHS, and CEC have termination clauses in procurement contracts, requests for quotation or price lists that allow them to terminate or rescind the contract at any time if suppliers or contractors violate CSR or sustainable development policies and cause significant environmental and social impact. Apart from specifying terms and clauses in contracts, CHC Resources also requires suppliers to sign the CSR Commitment Letter.</p>
V. Has the Company adopted internationally recognized standards or guidelines to prepare non-financial reports such as sustainability reports? Has the Company obtained a third-party assurance or verification for such reports?	Yes		<p>The 2021 Sustainability Report of the Company published in 2022 was prepared in accordance with the Global Reporting Initiative (GRI) Standards and verified by the third-party, British Standards Institution (BSI), in accordance with Type 1 of AA1000 Assurance Standard v3 (AA1000AS v3), with part of the data in the report (waste resourceization, air pollutant, water resource, and occupational safety) verified in accordance with Type 2 of AA1000AS v3.</p> <p>The Sustainability reports of listed subsidiaries and main subsidiaries have been prepared in accordance with the GRI Standards. The reports of CEC, CHS, CHC Resources, DSC, and CSAC have passed the verification conducted by BSI, while the reports of CSE and CSCC have passed the verification conducted by Lloyd's Register Quality Assurance (LRQA) or completed assurance process from Ernst & Young Taiwan respectively.</p>
V.I. If the Company has formulated its own Sustainable Development Code of Practice in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and its discrepancies between the Principles: The Company has formulated the Sustainable Development Code of Practice in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed it on MOPS and the corporate website. All the implementation complies with the Sustainable Development Code of Practice.			No significant difference
V.II. Other important information to facilitate a better understanding of the Company's practices of promoting sustainable development: (1) Environmental protection and energy saving: The Company is committed to not only the reduction of traditional pollutants, but also reducing the temperature of the Earth and energy saving & carbon reduction. In 1997, the Company obtained ISO 14001 - Environmental Management System (EMS) certification and received registration approval which required renewal every three years. The 14001:2015 version of the Company's environmental management system was externally audited by the British Standards Institute (BSI) Taiwan Branch in 2022, where no			

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			Summary
<p>deficiencies were found, and successfully passed the certification process. By upholding the spirit of continuous improvement, the Company gradually improved environmental management performance in all operations. Besides, the Company conducts internal and external audits every year to ensure that all the operations comply with the ISO 14001 standard. In 2011, the Company successfully obtained the ISO 50001 - Energy Management System, as the first steel company in Taiwan to obtain this certification. In 2019, the Company successfully passed the verification process for migration to the ISO 50001:2018 standard. In 2022, the Company underwent the renewal of this certification conducted by the British Standards Institution (BSI) and successfully passed the verification process. At the same time, the Company also requires companies under CSC Group to pass the verification process for ISO 50001 so as to ensure the energy saving performance of CSC Group.</p> <p>The Company continues to develop high-grade, high-strength, low-carbon green steel and provide them to steel-using industries to reduce the carbon footprint of steel products. The Company not only continuously reduces water used in production, but also actively recycles industrial and urban wastewater to reduce the use of raw water, thereby decreasing water footprint.</p> <p>The Company's vision on energy and the environment is "To be a trustworthy steel company of global distinction that pursues growth, environmental protection, energy saving, and value innovation." The Company has established cross-departmental "Energy Conservation Committee" and the "Environmental, Health and Safety (EHS) Management Committee" to enhance communication and coordination, thereby improving the overall effectiveness of environmental protection and energy saving.</p> <p>CSC Group's investments in energy-saving equipment and the green energy industry in 2022 are listed as follows:</p>			
Item	Investment amount (NT\$ millions)	Content of investment and specific benefits (Quantitative data)	
Replacement of Phase I and II coking ovens	8,095	Upon gradual completion of each stage in this project, the amount of electricity generated can be increased by 273 million kWh every year by turning the recycled waste heat from production processes into electric energy. In addition, this project can reduce volatile organic compounds (VOCs) emissions (percentage) by 73 metric tons (around 65%), reduce particulate matters (PMs) by 41 metric tons (around 56%), reduce energy consumption by 214 million cal/metric ton coke (around 10%), and reduce CO ₂ e emissions by 139 thousand metric tons per year.	
Replacement of turbine blowers for No.1 Power House	460	This project involves the replacement of turbine blowers at No. 1 Power House with motor-driven blowers, with the fuel originally used in boilers transferred to high-efficiency boiler turbine generators. This can increase power generation by 7 MW, which in turn reduces the use of purchased electricity, thereby realizing a reduction in greenhouse gas emissions (equivalent to 38 thousand tons of CO ₂ e per year).	
Replacement of boiler turbine generators for No. 1 Power House (BTG-9/10)	993	This project involves the replacement of Phase I and II boiler turbine generators at No. 1 Power House as these generators have reached the age for replacement. The enhanced efficiency of turbine generators upon replacement will lead to an increase of 32.8 MW in power generation, which can then increase the proportion of self-generated electricity and boost production stability.	
Energy saving projects	1,245	In 2022, the Company completed a total of 234 energy saving projects, which not only conserved 1.317 million GJ of energy and reduced 86 thousand metric tons of CO ₂ e, but also saved NT\$417 million in energy costs. The Company's main energy saving projects were "Upgrading of No. 3 Heating Furnace at	

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			Summary
			No. 1 Hot Strip Mill to Regenerative Furnace” and “Improvement of Fuel Consumption Control for No. 2 Heating Furnace at No. 1 Hot Strip Mill” at Rolling Mill Department II and “Optimization of Combustion Air Discharge Valve for Heating Furnaces at Billet Mills to Improve Energy Consumption in Heating Furnaces” at Rolling Mill Department I.
CSC Solar Corporation (A company in which CSC directly and indirectly has a 100% stake)	Capital expenditure on CSC Solar Corporation: 248		CSC Solar Corporation has been tasked with installing solar photovoltaics on the rooftop of factories under CSC Group. In 2022, the company added new solar photovoltaics with an installed capacity of 5.1 MW. As of the end of 2022, the installed capacity of solar photovoltaics at CSC Group has reached 92.4 MW, which is capable of generating 105 million kWh of electricity each year.
China Steel Power Corporation (A company in which CSC indirectly has a 51% stake)	Capital expenditure on China Steel Power Corporation: 11,834		China Steel Power Corporation is tasked with the construction of the Zhong Neng Offshore Wind Farm (#29) off Changhua coast, which is scheduled for completion at the end of 2024. Upon completion of construction, this 298 MW wind farm can generate up to 1.1 billion kWh of electricity in total each year.
(II) Community involvement and social welfare:			
1. Provides sponsorships to schools in Hsiao Kang District for the renewal of teaching equipment and assist them in greening and landscaping works. 2. Sets up a merit scholarship for schools in Hsiao Kang District and distributes scholarships for schoolchildren and aids at major festivals to low-income families in Hsiao Kang District, as well as organizes the “Award Ceremony for Filial Exemplar Commendation and Scholarships for Outstanding Students” to celebrate Mother’s Day and promote the virtue of filial piety in Hsiao Kang District. 3. Organizes the “Steel Journey” field trip for graduating students at elementary schools in Hsiao Kang District to enhance students’ environmental and scientific literacy. And assists schools in Hsiao Kang District in organizing various teaching activities. 4. Participates and assists in organizing various local festivals for the elderly, farmers and fishermen, folk festivals during Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival, as well as charity events, charity meetups and outdoor activities. 5. Organizes arts and cultural activities over the long run in collaboration with the city government, with a view to contributing to efforts in expanding the international visibility of port City, Kaohsiung. 6. Donates used notebook computers to schoolchildren in rural areas and from low-income families or disadvantaged groups.			
(III) CSC Group Education foundation:			
To further fulfill corporate social responsibility and enhance the international image of CSC Group, the Company approved the establishment of the “CSC Group Education Foundation” in the 11th meeting of the 12th Board of Directors in 2006. The Foundation began operations on January 1, 2007, and is funded through donations made by the Company and subsidiaries of the CSC Group. The Foundation is composed of 9 directors, 6 of which are representatives from the Management Team of the Company and subsidiaries of CSC Group, whereas the 3 remaining seats comprise external experts and scholars. The Foundation has an executive director who is concurrently assumed by Assistant Vice President of Administration Division of the Company, a vice executive director, an executive secretary and an accountant. As a non-profit organization (NPO), the Foundation is a national foundation, whose competent authority is the Ministry of Education. The goals of the Foundation are to promote steel-related education and talent cultivation, express concerns about ecology conservation, enhance the spirit of humanity, and pursue sustainable development. The services launched by the Foundation in 2022 are as follows:			

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>1. Organized the Steel Talent Scholarship and conducted special courses on steel manufacturing process at top 5 universities in Taiwan; organized technical seminars on steel and environmental protection; carried out a series of activities, such as online CSC "Steel Journey," workshops titled "Basic Oxygen Furnace Slag and the Circular Economy," EWeek popular science education; and promoted the development of female talents in the field of natural science and technology, aimed at fostering steel education and facilitating talent cultivation.</p> <p>2. Promoted environmental education by making the Company's environmental efforts into teaching tools, using environmental education tour buses, and setting up an environmental classroom to share its achievements with community.</p> <p>3. Adopted green lands to provide local residents with recreational spaces, and promoted environmental greening.</p> <p>4. Organized a host of charity concerts, such as the Wheelchairs Concert, rural music concerts, the KRTC Charity Concert, and The Bleinders concert; assisted in the preservation of local Taiwanese music and artistic performances by the Kaohsiung Symphony Orchestra and Chinese Orchestra; and offered tickets to employees of CSC Group and their families to enjoy high-quality concerts, with a view to enhancing artistic literacy.</p> <p>5. Humanities lecture series: Organized 2 sessions of parent-child exploration course during the Literary Salon at Steel City, 1 CSC citizen lecture session, and 6 campus lecture sessions.</p> <p>6. Promotion of arts and cultural activities: Assisted in promoting artistic and cultural heritage through a series of activities, such as online workshops and activities on shadow puppetry, the Hakka indigo-dyeing craft, and the Hakka farming experience.</p> <p>(IV) Consumer rights:</p> <p>1. Enhance customer service quality</p> <p>The Company provides multi-phase services for before, during, and after sale and supplies steel products in the right quality and quantity and at the right time. The Company makes proper use of outward service workforce, in-plant technical support, and R&D experts to fulfill customers' needs and assist them in solving product use and technical problems to promote the growth of steel-using industries.</p> <p>With the vision of winning customers' trusts and helping them succeed, the Metallurgical Technical Service Section of Metallurgical Department which is responsible for providing technical services to customers aims to assist customers in technical advancement and promote steel industry upgrade. Customer service engineers are representatives of customers internally to request for development and supply of products, while acting on behalf of CSC externally to provide application knowledge and problem solving in product use.</p> <p>(1) Strengthen and realize customer service: The Technical Service Section-Metallurgy has set clear targets and reviews performances every month.</p> <p>(2) CSC's customer service performance in 2022 is as follows:</p> <ul style="list-style-type: none"> Conducted 9 cases of market quality feedback, 88 cases of technical exchange for key customers, as well as 215 cases of process technology improvement, and 7 of which are related to product safety; Completed 9 cases of industrial material usage trend surveys, and 9 new product demand surveys and quality function deployments; Expanded the market for automotive steel, completed 6 automotive steel verifications, with accumulated 268 verifications acquired from 27 automobile manufacturers, and obtained the necessary threshold conditions for incorporating the use of such steel products in automobile factories. <p>2. Customer satisfaction</p> <p>The Company commissions academic institutions to conduct satisfaction survey on domestic and foreign customers every year. The issues of concern, including quantity and billing, product price, R&D, quality, response to customer claim, customer service, communication, delivery period, shipping and e-commerce service, are reviewed as an important reference for developing operational guidelines. In 2022, the Company received a satisfaction score of 79.6 points from domestic customers and 77.5 points from overseas customers. Specifically, The top three high satisfaction items for domestic customers are salesperson's service attitude, interaction with customers, and</p>			

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>understanding of the operation of the Company's supply chain management (SCM) system, while the top three high satisfaction items for foreign customers are salesperson's service attitude, interaction with customers, and understanding of developments in customers' industry.</p> <p>For issues raised by domestic and foreign customers and items with the lowest three satisfaction scores, responsible units are required to propose and implement corrective action plans, specify the status of implementation in the "Improvement Report for Customer Suggestions in Customer Satisfaction Survey," and discuss the implementation at the "Steel Product System Management Review Meeting" to track the effectiveness. After compiling customer suggestions in the satisfaction survey, improvement results of the relevant units, and policy descriptions, the information will be published on the e-commerce system and sent to customers with the survey questionnaire for the following year at the same time. Such a feedback measure demonstrates our utmost respect and attention to customers and eliminates customers' concerns, thereby enhancing consensus and mutual understanding and trust. In addition, the Company has set up a customer service mailbox for customers to submit their problems immediately. After receiving a customer's problem, dedicated personnel will be assigned to respond to and handle the problem as soon as possible.</p> <p>(V) Build a Healthy and Green Life:</p> <ol style="list-style-type: none"> 1. Encourage the use of mass transit systems and provide subsidies for transportation vehicles and the Group's metro cards, promoting green living. In 2022, the total number of people who top up the Group's metro cards was 2,652 and the average number of people who commute to and from the KRTC red line R3 station was 5,437 each month. 2. Increase the proportion of rented hybrid vehicles (increases by an average of 6.97% each year) year by year, with the long-term goal of completely renting hybrid vehicles. In 2022, the proportion of hybrid vehicles accounted for 45.16% of the total rented vehicles, representing an increase by 16.21% from around 28.95% in 2020. 3. Continue to promote tree planting and maintenance to create a diversified ecological environment. In 2022, the amount of regular maintenance of green landscaping was NT\$51,710 thousand and that of replanting/removal/fixing was NT\$13,971 thousand, totaling NT\$65,681 thousand; In addition, a butterfly ecological landscape area of 206.8 square metres was completed on the northern side of the second administrative building at Hsiao Kang Plant, maintaining approximately 5,100 host and nectar plants to attract butterflies. 4. Employees are encouraged to order veggie food box and purchase local ingredients. 230,306 veggie food boxes were ordered by CSC employees in 2022, accounting for 10.72% of total food boxes. <p>(VI) Other Major Performances:</p> <p>Adopt a new pricing system that is innovative, flexible, and closely aligned with market trends: The Company used to adopt a quarterly pricing system. Due to rising volatility in global steel market, the quarterly system can no longer reflect the rapid changes in the market, which in turn posed risks to the orders taken by downstream customers as domestic steel prices are unable to stay aligned with the international market. In an effort to drive the development of the whole industry and connect with the global steel pricing system, the Company is gradually adjusting its pricing system from a quarterly pricing system to a "quarterly-monthly parallel pricing" system, where the Company is temporarily maintaining the quarterly pricing system for specific products such as plates, bar and wire rods in consideration of the stability of material supply for long-term orders and adopting the monthly pricing system for hot- and cold-rolled products that are tightly connected to the international market, so as to quickly reflect market conditions, minimize lead time, optimize product sales, and improve overall services, thereby enhancing customers' competitiveness.</p> <p>In the future, the Company will continue to uphold the belief of "Giving back to society what society gave us," show our utmost care and concern for the society, the community and the disadvantaged, and take practical actions in various aspects such as engaging in environmental protection, community care services, and charity activities. For detailed information on the operation of sustainable development, please refer to the Sustainability Report of the Company or the CSR section on the corporate website. For more details on the operation of CSR at listed subsidiaries of CSC Group as well as DSC, CSE, CSAC, CSMC, ICSC, HIMAG, CSS, TTMC, CSC Steel, CSVSC, CSCL, CSCT, and SDMS, please refer to the sustainability reports of these companies and the CSR/sustainability section on their corporate websites.</p>			

(VI) Implementation of Ethical Corporate Management, deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviations- CSC and Subsidiaries

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>I. Formulation of Ethical Corporate Management Policies and Programs</p> <p>(I) Has the Company formulated ethical corporate management policies approved by the Board of Directors and specified its ethical corporate management policies, measures, and the commitment of Board of Directors and the senior management on active implementation of such policies in its regulations and external documents?</p> <p>(II) Has the Company established a risk assessment mechanism against unethical behavior, periodically analyzed and assessed operating activities with higher risk of unethical behavior within its business scope, and established prevention programs accordingly which at least include precautions against behaviors stipulated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE /TPEX Listed Companies?</p> <p>(III) Has the Company specified operating procedures, guidelines for conduct, disciplinary and appeal system in its programs to prevent unethical behavior, implemented them accordingly and regularly reviewed those programs?</p>	<p>(I) Yes</p> <p>(II) Yes</p> <p>(III) Yes</p>		<p>No Significant Difference</p> <p>1. The Company's Board of Directors has approved the formulation of the "Ethical Corporate Management Best Practice Principles," and established the "Procedures for Ethical Management and Guidelines for Conduct" accordingly, specifying matters that should be noted by all employees of the Company and companies of CSC Group while performing duties.</p> <p>2. The Company promotes moral values and ethics, as well as compliance with discipline and company regulations through internal publications, and implements corporate culture concepts and practices focusing on teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation, thereby encouraging employees to speak and act conscientiously and create an honest and upright atmosphere. When promoting the Taiwan Intellectual Property Management System (TIPS) certification, the Company also requires employees to simultaneously sign the "Statement and Commitment to Employee Code of Conduct" so that they understand and undertake that they shall neither directly nor indirectly provide, accept, promise, or demand any improper benefits, or engage in other behaviors that are in breach of integrity, laws and regulations or fiduciary duty when performing their duties.</p> <p>3. Ethical corporate management policies are publicized on the Company's website, promotional materials or external activities, so that managements, employees, suppliers, customers or other business-related institutions and personnel can understand the Company's ethical corporate management philosophy and regulations.</p> <p>4. Listed subsidiaries of CSC Group have all formulated the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct," and disclosed on corporate websites and MOPS. In addition, policies related to ethical corporate management, such as the Codes of Ethics for Directors and Senior Executives, Integrity and Ethics Directions for Employees have been formulated, meanwhile ethical corporate management philosophy or values and ethics have also been regularly promoted through internal website, meetings or education and training.</p>

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>(II)</p> <ol style="list-style-type: none"> 1. The Company plans internal organization, structure, and functions, and establishes mutual supervised check-and-balance mechanisms for business activities with higher risk of being involved in an unethical conduct within the business scope. 2. The Company has formulated the "Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making An Intercession" to fulfill good corporate culture and maintain company image, thereby serving as a basis for employees while handling acceptance of valued gifts, invitations to banquets and requests for making an intercession. In the event that an employee receives a valued gift from persons related to his/her position, the employee shall refuse or return the gift, unless otherwise specified. When the gift cannot be returned, the employee shall fill out the "Report on Handling Acceptance of Valued Gifts", and submit the form to a first echelon supervisor for review. The employee shall also deliver the valued gift to the General Affairs Department for subsequent processing. 3. The Company has formulated the "Guidelines on Hosting Business Banquets", where any employee at the Company who has to host banquets to develop business relationships shall comply with these guidelines. 4. Listed subsidiaries of CSC Group have formulated the following regulations: the Employee Code of Ethics, the Codes of Ethics for Directors or Senior Executives, the Guidelines for Recusal Due to Conflict of Interests, and the Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making an Intercession, etc. Besides, China Steel Chemical, China Ecotek, CHC Resources, and China Steel Structure have successfully obtained the TIPS certification and established relevant management regulations and procedures to bolster the protection of intellectual property rights. <p>(III)</p> <ol style="list-style-type: none"> 1. The Company has formulated provisions related to the prevention of unethical conduct in various regulations, including the "Codes of Ethics for Directors," the "Codes of Ethics for First Echelon Supervisors and Executives" (refer to Page 70-74 of this annual report), and the "Integrity and Ethics Directions for Employees of CSC Group," as well as the "Internal Control System Provisions" and some sections of the human

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>resource management system, meanwhile reviews and amends related provisions at appropriate times in line with amendments to the law. In addition, the Company has also clearly specified provisions related to eradicating bribery or kickbacks in various engineering, procurement and subcontractor contracts. Furthermore, the Company has set up the Complaint Committee and the Rewards and Punishments Review Committee to implement the appeal system and punishment for violations.</p> <p>2. Upon approval of the suggestions for improvement proposed by the Internal Audit Office, the suggestions are keyed into the Company's "Audit Management System," and are controlled and managed electronically to continuously track the progress of related improvements. After completing the improvement measure for each audit item, the result is reported to Independent Directors for review in accordance with applicable regulations. This is an important mechanism for the Board of Directors to supervise the implementation of the Company's ethical corporate management policy.</p> <p>3. Listed subsidiaries of CSC Group have formulated appropriate management regulations governing operating activities with higher risk of being involved in an unethical conduct within its business scope, as well as regulations governing appeal or punishment for violations in order to prevent unethical conduct. The Internal Audit Office regularly audits the implementation of ethical corporate management and reports to the Board of Directors.</p>	
II. Implementation of Ethical Corporate Management (I) Does the Company evaluate the ethical records of counterparties and specify ethical conduct clauses in business contracts? (II) Does the Company establish an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management and report its ethical corporate management policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a	(I) Yes (II) Yes		<p>(I) The Company assesses the ethical record of counterparties in accordance with the "Guidelines for Handling Business Partners in Violation of Ethical Principles at the Purchasing Department," to enhance the management of business partners. Ethic clauses are included in the terms of transaction stipulated in sales contracts. In case of violations by customers, there are relevant penalties stipulated, including confiscation of guarantee payments and termination of discounts, or even considering temporarily suspension of material supply under severe circumstances. For construction contracts, the Company conducts credit investigation of qualified business partners registered in the most recent 3 years quarterly. For subcontractor agreements, the ethical corporate management related policies are specified in the universal conditions.</p> <p>After the Company successfully obtained the Authorized Economic</p>	No Significant Difference

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>year)?</p> <p>(III) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly?</p> <p>(IV) Has the Company established effective accounting and internal control systems for ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA?</p> <p>(V) Does the Company regularly hold internal and external trainings on ethical corporate management?</p>	<p>(III) Yes</p> <p>(IV) Yes</p> <p>(V) Yes</p>		<p>Operator (AEO) certification in March 2012, all subcontractors, with which the Company has dealings, have been included as audit targets and were audited regularly. The audit content covers a wide range including ethical conduct and the regulation for those who violate is subject to punishment for withdrawal of certification.</p> <p>In 2022, there were no records of penalty imposed on transportation business partners due to violation of ethics clauses at the Company. However, in the first, second, third and fourth quarters of 2022, the Company has halted business dealings with 6, 2, 1, and 1 companies in violation of ethical principles, respectively. Also, 1 engineering business partner was suspended and reported to the relevant unit after it was found to have records of dishonored bills upon inspection.</p> <p>If a business partner is involved in any of the following circumstances, the Purchasing Department and the Engineering Management Department may permanently blacklist such partner upon approval by Vice President:</p> <ol style="list-style-type: none"> 1. The business partner commits breach of contract, causing significant detriment to the rights and interests of the Company. 2. The business partner intentionally causes an employee of the Company or the Company to receive penal or disciplinary punishment by falsely accusing the employee or the Company to a competent public official. 3. The business partner is found engaging in illegal conducts such as manipulation and collusion upon investigation. 4. The business partner is found offering bribes, gifts, commissions, remuneration, appreciation or other improper benefits to the executives, employees, part-time employees at the Company or their spouses and lineal relatives, or consultants and business partners providing design and planning services, upon investigation; or, the project contracting by a business partner is identified as unqualified in a performance appraisal conducted by the project organizer after a contract project is officially inspected and accepted. <p>Listed subsidiaries of CSC Group have included ethical records as an important condition for screening business partners, which is implemented using the following methods:</p> <ol style="list-style-type: none"> 1. Specify ethical conduct clauses in contracts. 2. Permanently blacklist or request payment of punitive damages from business partners which are found engaging in unlawful conduct such

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>as breach of contract or violation of ethical principles upon investigation.</p> <p>3. Formulate regulations such as the "Regulations Governing Evaluation of Contractors and Suppliers", and the "Regulations Governing Customer Credit Management."</p> <p>(II) To ensure sound ethical corporate management, the Company has established the "Corporate Governance and Sustainability Committee," under the Board of Directors. One of the main duties of this committee is to promote and carry out ethical corporate management related work. In addition, this committee is responsible for reporting the implementation of ethical corporate management to the Board of Directors every year. The committee has established the "Corporate Governance and Ethical Corporate Management Team," in which the Legal Department and the Human Resources Department are responsible for formulating ethical corporate management policies and prevention plans, as well as promoting and implementing ethical corporate management. On top of that, the annual audit plan submitted by the Internal Audit Office to the Board of Directors for approval each year has included the status of ethical corporate management and compliance in various operating activities as key inspection items, aimed at reviewing whether precautionary measures for ethical corporate management designed for each business are running effectively and whether the policies and precautionary plans are revised in a timely manner according to changes in both the internal and external environments. The status of ethical corporate management and compliance is also assessed based on the relevant business execution process and results, and reported to the Board of Directors.</p> <p>Among listed subsidiaries, Chung Hung Steel, CHC Resources, China Steel Chemical, and China Steel Structure have set up the ethical corporate management promotion unit, in which the Administration Division or the Management Division is responsible for formulating ethical corporate management related regulations to ensure the implementation of ethical corporate management. The ethical corporate management promotion units are responsible for reporting the operation and implementation of ethical corporate management to the Board of Directors once a year. For China Ecotek, the Management Division is responsible for formulating related regulations while other units are obliged to perform their respective duties</p>

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>to ensure the implementation of ethical corporate management, and the audit unit is responsible for regularly reporting the results of ethical corporate management audit to the Board of Directors every year.</p> <p>(III)</p> <ol style="list-style-type: none"> 1. The Company has formulated the following regulations: (1) Codes of Ethics for Directors (refer to Page 70-71 of this annual report): Directors shall faithfully perform their duties for the best interests of all shareholders. Article 11 of the Codes of Ethics for Directors specifies that "If any proposal at a Board Meeting involves a Director him/herself or the interested parties set forth in Articles 5 and 6 where there are concerns about impairing the interests of the Company, the Director shall immediately and voluntarily recuse him/herself, and take no part in voting, nor exercise the voting right as proxy for another Director." (2) Codes of Ethics for First Echelon Supervisors and Executives (refer to Page 72-74 of this annual report): To prevent first echelon supervisors and executives up to the position of President from using their positions at the Company to seek improper gains. Article 4 of the Codes of Ethics for First Echelon Supervisors and Executives specifies provisions related to the prevention of conflict of interests. (3) Directions for Recusal Due to Conflict of Interests in Chapter 6, Part 4 of the Human Resource Management System: To prevent employees from using their powers or their identities or news they obtain due to their positions at the Company to seek personal gains. (4) Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making An Intercession: To fulfill excellent corporate culture, maintain company image, and serve as a basis for employees while handling acceptance of valued gifts, invitations to banquets and requests for making an intercession. (5) Guidelines on Hosting Business Banquets: Any employee at the Company who has to host banquets to develop business relationships shall comply with these guidelines. 2. The Company plans internal organization, structure, and functions, and establishes mutual supervised check-and-balance mechanisms for business activities with higher risk of being involved in an unethical

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			<p>conduct within the business scope. The Internal Audit Office assists the Board of Directors and the Management Team in examining and assessing whether the implementation of the check-and-balance mechanism is effective. Besides, the Company regularly assesses relevant business processes compliance with the standards, and reports the results to the Board of Directors.</p> <p>3. For more details on reporting channels, refer to Item 3 - "Implementation of Whistleblowing System" in this form.</p> <p>4. Listed subsidiaries of CSC Group have established the Directions for Recusal Due to Conflict of Interests. In the event of conflict of interests involving a director him/herself and his/her relatives, the director shall recuse him/herself, and is encouraged to report any conduct that is illegal or that violates the Codes of Ethics. In addition, the listed subsidiaries have also formulated regulations including the Employee Code of Ethics, the Codes of Ethics for Directors or Senior Executives, etc, as well as rules and regulations related to handling appeals and reporting ethical violations, with the audit unit tasked with accepting and handling related cases. At the same time, it is encouraged to report any illegal or unethical conduct.</p> <p>(IV) Accounting system:</p> <p>1. The Company formulates our accounting system based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers published by Financial Supervisory Commission (FSC), the Business Entity Accounting Act, the Regulations on Business Entity Accounting Handling and other relevant regulations. Taking into consideration the Company's operating policies, actual business conditions and development, and actual management needs, as well as coordinating with information systems, the Company expects to fully utilize accounting in assisting corporate management, enhance the operating efficiency of the Company, and achieve a fair presentation of the Company's financial status, operating results and cash flows.</p> <p>2. The Company's accounting system includes procedures for 13 items, including general accounting, cash, notes and financial asset accounting, materials accounting, long-term equity investment accounting under equity method, capital expenditure accounting, fixed asset accounting, long-term and short-term financing and equity</p>	

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>accounting, operating income accounting, operating expense accounting, payroll accounting, profit-seeking enterprise income tax accounting, consolidated financial statement accounting, and reconciliation of transactions with affiliates. Besides, the Company has also formulated a cost system.</p> <p>3. The Company's accounting system mainly governs the Company's accounting standards, procedures, accounting items and accounts, accounting documents, accounting books, as well as the types and methods of preparing and using accounting reports, in order to protect the Company's property security, prevent errors and fraud, clarify work procedures and responsibilities, provide relevant and objective financial accounting information, serve as the basis for establishing a comprehensive information system, and to comply with the International Financial Reporting Standards (IFRSs). In addition, the Company supervises the formulation of subsidiaries' accounting systems that comply with IFRSs in accordance with Paragraph 2, Article 2 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers stipulates: "The accounting system referred to in the preceding paragraph shall separately provide items based on the nature of the issuer's business operations, and in a way that meets the needs of preparation of the consolidated financial reports and consistency of the accounting policies of the issuer and its subsidiaries".</p> <p>4. The accounting affairs of each division at the Company are handled in accordance with the provisions of this accounting system, and are reviewed by the responsible managers.</p> <p>Internal control system:</p> <p>1. Establish an effective internal control system:</p> <p>(1) The Company formulates the "Internal Control System Provisions" as the basis for all units and personnel to implement the internal control system upon approval by the Board of Directors.</p> <p>(2) The Company formulates the "Internal Control System Self-Assessment Procedures" to implement self-assessment of internal control. Before the end of January each year, each first echelon unit shall conduct self-review of its management status, and submit the factory (department) management review report to the Internal Audit Office for review upon approval of the Vice President of its</p>

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>division.</p> <p>2. Fully implement internal audit:</p> <p>(1) Subordinated to the Board of Directors, the Internal Audit Office assesses whether the Company's various plans, organizations and supervision procedures can effectively achieve the Company's goals, examine whether supervisors at all levels set operating standards to balance the economic nature and effectiveness of various resources, including human resource, equipment and materials, and evaluate whether to analyze the reasons and adopt improvement measures with regard to personnel with low efficiency and equipment and materials with low utilization rates.</p> <p>(2) The Internal Audit Office formulated the "2022 Audit Plan" and conducted the audit work accordingly after the plan was approved by the Board of Directors. In 2022, the Internal Audit Office implemented internal audit and completed a total of 45 audit reports, including 25 internal operation items at the Company, and 20 field surveys at subsidiaries under CSC Group. In the aforementioned reports, a total of 553 suggestions for improvement were made with regard to deficiencies and abnormal items.</p> <p>(3) After the suggestions for improvement listed in the audit report were approved, the suggestions were keyed into the Company's "Audit Management System," and was controlled and management electronically to continuously track the progress of related improvements till they are completed. The tracking report was prepared and then submitted to each Independent Director for reference at least every quarter in accordance with the regulations.</p> <p>In addition, listed subsidiaries of CSC Group have established appropriate accounting systems in accordance with regulations such as Business Entity Accounting Act and Regulations Governing the Preparation of Financial Reports by Securities Issuers. These companies have also established and implemented an internal control system in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, according to which the internal audit formulates audit plan and reports the internal control audit result to the Board of Directors.</p> <p>(V)</p> <p>1. The Company promotes moral values and ethics, as well as compliance</p>

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>with discipline and company regulations through internal publications, and implements corporate culture concepts and practices focusing on teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation, thereby encouraging employees to speak and act conscientiously and create an honest and upright atmosphere.</p> <p>2. During induction training for new employees, the Company conducts various courses covering company rules and regulations, corporate culture, and intellectual property while raising awareness of the importance of ethics among employees with contents on various topics, such as "holding concurrent positions," "accepting improper benefits," "use of information," and "trade secrets." In 2022, the Company held a total of 13 new employee seminars, which were attended by 514 trainees in total. For all current employees, the Company continues to conduct internal training related to ethical corporate management (including courses related to the corporate culture, quality system, intellectual property, internal auditor training, etc.), with a total of 5,817 people attended (18,567 man-hours) in 2022. In addition, for the purpose of enhancing the professional knowledge and legal literacy of directors and supervisors of CSC Group companies, the Company regularly holds at least two sessions of continuing education and training related to corporate governance every year, which targets not only senior managements of the Company but also related personnel of subsidiaries.</p> <p>3. Listed subsidiaries of CSC Group regularly organize training courses related to ethical corporate management to ensure that employees fully understand and truly comply with regulations related to ethical corporate management.</p>	
III. Implementation of Whistleblowing System (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related	(I) Yes (II) Yes		(I) 1. The "Employee Work Rules" and the "Integrity and Ethics Directions for Employees of CSC Group" specify the following matters: (1) Employees shall live in harmony, help and care for each other. However, to maintain the overall interests of the Company, employees shall assume the responsibility of reporting any graft and fraud. (2) Informant shall report the unlawful conduct through a proper channel, at least provide information such as informant's name, contact information and describe specific evidence. It's forbidden to	No Significant Difference

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>confidentiality mechanisms?</p> <p>(III) Does the Company adopt measures to protect whistleblowers?</p>	(III) Yes		<p>intend somebody being punished by defaming, forging or framing-up.</p> <p>2. The Internal Audit Office is in charge of accepting appeals regarding improper conduct such as seeking private gains, fraud, impairing the interests of the Company, and violation of company regulations. The Company has set up the following appeals channels: Tel.: 07-8021111 ext 2191; Fax: 07-8010736; Mailbox: P.O. Box 47-13 Kaohsiung; Email: IA00@mail.csc.com.tw.</p> <p>3. The Company also clearly specifies the appeals channels above for reporting fraud, bribery, and deception in the quotation notice section of the procurement inquiry form (in the e-commerce system).</p> <p>4. The Internal Audit Office designates personnel to accept whistleblowing complaints. After accepting a complaint, a case shall be filed and the "Record of Appeal" shall be filled.</p> <p>5. In 2022, the Company handled a total of 21 appeals (reports), which were handled properly by the relevant units upon duly investigation. No non-compliance with operational regulations, such as material corruption, was found in such investigations.</p> <p>6. Listed subsidiaries of CSC Group have established the whistleblowing system and set up accessible appeals channels, including appeal hotline, email and reporting system on website. Also, audit unit is designated to accept and handle appeals, while some companies further formulate regulation on rewards for whistleblowers.</p> <p>(II)</p> <p>1. The personnel at the Internal Audit Office will fill the form of the "Record of Appeal" after an appeal (report) is accepted.</p> <p>2. An appeal will be passed on to relevant unit for further handling after accepted and duly investigated by the Internal Audit Office. The unit will report the result to its Vice President and send it to the Internal Audit Office for review.</p> <p>3. The Internal Audit Office regularly reports the number of appeals to the Board of Directors.</p> <p>4. If a whistleblowing case shows that a Director or senior management is involved, the Audit Committee shall be notified.</p> <p>5. When handling a whistleblowing case or an appeal, unless otherwise provided by law, appropriate measures shall be taken in accordance</p>

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>with laws and regulations to not only protect the personal data and privacy of the whistleblower and stakeholders, but also avoid infringing upon the rights and interests of the whistleblower and stakeholders. However, this shall not apply to acts of whistleblowing aimed at defamation, forgery or framing others.</p> <p>6. Subsidiaries of CSC Group handle the reporting materials in a confidential manner during the whole process while handling a whistleblowing case.</p> <p>(III)</p> <p>The Company and listed subsidiaries of CSC Group fully maintain the absolute confidentiality of whistleblowers, protecting them from retaliatory action for filing an appeal.</p>
IV. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on corporate website and MOPS?	Yes		No Significant Difference
			<p>The Company discloses information on ethical corporate management in the "Corporate Governance" section under "Investor Relations" on corporate website, www.csc.com.tw, and on MOPS, including "Codes of Ethics," "Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct" in the "Corporate Governance Regulations." The Company's "Corporate Governance and Sustainability Committee" regularly reports the results of implementation of ethical corporate management to the Board of Directors, and the relevant operation status will be disclosed in the "Ethical Corporate Management" subsection under the "Corporate Governance" section on the Company's website. Besides, the Internal Audit Office is responsible for monitoring the implementation and regularly reporting the relevant results to the Board of Directors. The implementation is disclosed in the "Internal Auditing" section on the corporate website.</p> <p>The implementation of ethical corporate management for listed subsidiaries of CSC Group is disclosed on their corporate websites, MOPS, annual reports or sustainability reports respectively.</p>
V. If the Company has formulated its own Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and its discrepancies with the Principles: The Company has formulated the Ethical Corporate Management Best Practice Principles. All Directors, managements, employees, mandatories, or persons having substantial control over the Company shall comply with the Principles and related regulations. There is no discrepancies between the implementation of ethical corporate management and the Principles.			Ethical Corporate Management Best Practice
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management practices (e.g. reviews and amends its Ethical Corporate Management Best Practice Principles).			

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>1. The Company's General Penal Provisions for Subcontractors stipulate the following:</p> <p>(1) Subcontractors and personnel related to contracts are executives, employees, part-time employees of the Company or their spouses and lineal relatives, or consultants and business partners providing design and planning services, but the responsible units are not notified in writing.</p> <p>(2) Subcontractors offer bribes, gifts, commissions, remuneration, appreciation or other improper benefits to executives, employees, part-time employees of the Company or their spouses and lineal relatives, or consultants and business partners providing design and planning services.</p> <p>(3) For the violations mentioned above, the Company may terminate or rescind the relevant contract in part or in whole without notice based on the reason that the subcontractor has violated the warranty, and may seek compensation for all the losses suffered by the Company. In the event of serious violations by a subcontractor, the Company could terminate or rescind other contracts signed with the subcontractor.</p> <p>2. The Company's domestic procurement agreement stipulates that "The seller may not offer any commission or similar gift to personnel on the buyer side. If the buyer finds that the seller violates the provisions of this paragraph, the commission or similar gift is treated as an equivalent allowance provided to the buyer or deducted an equivalent amount from the payment of goods to be paid by the buyer, while anything illegal regarding such violations shall be handled in accordance with the law. Any seller violation of the provisions above shall be deemed as a breach of contract, the buyer may terminate or rescind the contract from the date when such violations are found and may permanently blacklist the seller. For the items or quantity purchased but yet to be delivered according to the Contract, the buyer may cancel the order, and at the same time unconditionally terminate or rescind other contracts signed with the seller without notice. The Company's foreign procurement agreement stipulates the following content: "TERMS AND CONDITIONS OF CONTRACT(WARRANTY AGAINST CONTINGENT FEES ` OFFICIALS AND EMPLOYEES NOT TO BENEFIT)"</p>			

(VII) Access and Search Method of the Corporate Governance Best-Practice Principles and Related Regulations

1. Corporate Governance Principles and Related Regulations:

(1) Articles of Incorporation, (2) Procedures for Acquisition or Disposal of Assets, (3) Procedures for Endorsements and Guarantees, (4) Procedures for Loaning of Funds, (5) Rules of Procedure for Board of Directors Meetings (it specifies the matters to be performed by the Chairman and Management Team as authorized by the Board of Directors, and stipulates the level of authority for the Board of Directors and Management Team and the delegation of authority between the Board of Directors, Chairman, and President), (6) Organization Regulations for Remuneration Committee, (7) Organization Regulations for Audit Committee, (8) Organization Regulations for Corporate Governance and Sustainability Committee, (9) Risk Management Policies and Procedures, (10) Rules Governing Procedures for Shareholders' Meeting, (11) Code of Ethics for Directors, (12) Code of Ethics for First Echelon Supervisors and Executives, (13) Rules Governing the Election of Directors, (14) Guidelines for Related Party Transactions, (15) Ethical Corporate Management Best Practice Principles, (16) Procedures for Ethical Management and Guidelines for Conduct, (17) Corporate Governance Best-Practice Principles, (18) Procedures for Trading Halt and Suspension and (19) Sustainable Development Code of Practice (previously the Corporate Social Responsibility Code of Practice), (20) Rules Governing the Performance Evaluation of the Board of Directors, (21) Procedures for Handling Material Internal Information and Guidelines for Establishment of Spokesperson as well as Deputy Spokespersons, and (22) Rules Governing the Prevention of Insider Trading.

2. Search methods:

(1) Listed companies of CSC Group: These rules and regulations can be downloaded from "Rules and Regulations Related to Corporate Governance" under the "Corporate Governance" section on MOPS (<http://mops.twse.com.tw/mops/web/index>).

(2) The Company's official website (<http://www.csc.com.tw/index.html>):

These rules and regulations can be downloaded from the "Investor Relations" section → "Corporate Governance" → "Corporate Governance Regulations".

(VIII) Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company:

Domestic and foreign certifications obtained by finance, accounting, internal audit, and information security personnel in companies under CSC Group:

Name of Company	Number of Persons Obtaining Certifications
China Steel Corporation	(1) Domestic certifications: Certified Public Accountant (CPA) - 21 persons; Certified Internal Auditor - 2 persons; Certified Securities Investment Analyst - 4 persons; ISO 27001 Information Security Management Systems Lead Auditor - 7 persons (2) International certifications: US Certified Public Accountant (US CPA) - 4 persons; Financial Risk Manager (FRM) - 1 person; Certified Practising Accountant (CPA) Australia - 1 person
Dragon Steel Corporation	Domestic certifications: Certified Public Accountant - 5 persons; ISO 27001 Information Security Management Systems Lead Auditor - 3 persons
Chung Hung Steel Corporation	Domestic certifications: ISO 27001 Information Security Management Systems Lead Auditor - 1 person
China Ecotek Corporation	Domestic certifications: Certified Internal Auditor - 1 person; ISO 27001 Information Security Management Systems Lead Auditor - 2 persons
China Steel Chemical Corporation	Domestic certifications: ISO 27001 Information Security Management Systems Lead Auditor - 1 person
CHC Resources Corporation	Domestic certifications: Certified Public Accountant - 4 persons; Certified Internal Auditor - 2 persons; ISO 27001 Information Security Management Systems Lead Auditor - 1 person
China Steel Structure Co., Ltd.	Domestic certifications: ISO 27001 Information Security Management Systems Lead Auditor - 1 person

(IX) Implementation of Internal Control System

1. Statement on Internal Control System

China Steel Corporation Statement on Internal Control System

Date: February 24, 2023

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2022:

- I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining adequate internal control system. The objectives of this system are to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws, and regulations.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems contain self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes a number of items. Refer to the Regulations for more information on the abovementioned items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. The Statement shall become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was passed by the Board of Directors on February 24, 2023, with none of the eleven attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

China Steel Corporation

Chairman *Chao-Tung Wong* 

President *Shyi-Chin Wang* 

Note: The Company has not entrusted CPAs to review our internal control system; therefore, there is no CPA review report.

- (X) Specify the Content, Major Deficiencies and Status of Improvements Made on Penalties Imposed on the Company and Its Internal Staff or Penalties Imposed on Its Internal Staff by the Company for Violation of Internal Control Regulations, where Such Penalties May Have Significant Impact on Shareholders' Rights or Securities Price, in the Most Recent Year up to the Publication Date of this Annual Report: None.
- (XI) Significant Resolutions Adopted by the Shareholders' Meeting and the Board of Directors in the Most Recent Year up to the Publication Date of this Annual Report:
- ◎ Material resolutions of the Board of Directors
- Material resolutions in the 5th meeting of the 18th Board of Directors (February 24, 2023):
The 5th meeting of the 18th Board of Directors of the Company was held in the morning of February 24, 2023. Major resolutions were:
 1. Proposal for Distribution of 2022 Profits
The meeting proposed to appropriate NT\$1.4 per share in cash for the dividend of preferred stocks; NT\$1 per share in cash for the bonus of common stocks. The above proposal will be submitted to the 2023 Annual General Meeting of Shareholders for adoption.
 2. Date and venue for 2023 Annual General Meeting of Shareholders and the time and place for accepting shareholders' proposals
 - (1) The Company's 2023 Annual General Meeting of Shareholders:
Date: 9.00 am, June 16, 2023(Friday)
Venue: No. 1, Chung-Kang Rd., Hsiao Kang Dist., Kaohsiung City, Taiwan
 - (2) Time and place for accepting shareholders' proposals:
Date: April 10, 2023 to April 19, 2023
Place: CSC Building (No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan)
 3. Appointment of Corporate Governance Officer
The appointment of Executive Vice President, Mr. Chien-Chih Hwang to concurrently serve as Corporate Governance Officer was approved, and the appointment would take effect on February 24, 2023.
 - Material resolutions in the 4th meeting of the 18th Board of Directors (December 30, 2022):
The 4th meeting of the 18th Board of Directors of the Company was held in the morning of December 30, 2022. The Board reported the Company's new vision - "We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation", in hopes that the Company is able to become an outstanding enterprise that realizes the concept of ESG and sustainability in response to various issues, including intense changes in the industrial environment, green energy and carbon reduction, and carbon neutrality. At the same time, the Company has also extended its business development strategies from a five-year period to a 10-year period for the first time in order to plan the future of the Company, so that the Company is able to realize its operational and developmental cores of "becoming a high value-added steel mill" and "developing the green energy industry" with concerted efforts. In particular, the Company is actively developing and expanding the sales of advanced premium steel, whose proportions in both its products and gross profit are anticipated to increase from 8.1% and 21% in 2023 to 21% and 40% in 2032, respectively. As for smart production lines, the Company aims to complete 46 and 76 related

projects within 5 years and 10 years, respectively. The Group also plans to increase its green power generation capacity from 110 million kWh in 2023 to 1,232 million kWh in 2032. The Company will strive to not only bolster the quality and resilience of its business operations and lead Taiwan's steel industry to enhance its international competitiveness through smart innovation, but also co-create value and share its achievements with all stakeholders.

- Material resolutions in the 3th meeting of the 18th Board of Directors (November 4, 2022):

The 3th meeting of the 18th Board of Directors of the Company was held in the morning of November 4, 2022. Major resolutions were:

1. Revamping of the Cranes in the No.1 Steelmaking Plant

With the aim of minimizing the risk of major accidents or shutdowns caused by old equipment and safeguarding personnel and equipment safety, the Board of Directors approved the investment in the replacement of Cranes at the No.1 Steelmaking Plant totaling NT\$1,192.97 million. Upon completion of this project, the new cranes will not only be able to reduce the number of maintenance hours and lower maintenance costs, but also realize energy conservation and carbon reduction thanks to its variable voltage and frequency electronic control. This project is scheduled to last for 5 years and 7 months from January 1, 2023 to July 31, 2028.

2. Addition of Liquid Nitrogen Storage Tank and Output System at the Oxygen Plant

In an effort to increase the safe storage capacity of liquid nitrogen storage tank and bolster the resilience of nitrogen supply with the ability to provide emergency support and maintain the continuity of liquid nitrogen supply during power outages, CSC will invest NT\$439.67 million to launch the project of Addition of Liquid Nitrogen Storage Tank and Output System at the Oxygen Plant, which is expected to yield a total of NT\$79.8 million in annual electricity and carbon emission savings due to production scheduling of the air separation unit upon completion of this project. This project is scheduled to last for 2 years and 11 months from December 1, 2022 to October 31, 2025.

3. Appointment of Chief Information Security Officer

The appointment of Executive Vice President, Mr. Chien-Chih Hwang to concurrently serve as Chief Information Security Officer was approved, and the appointment would take effect on November 4, 2022.

- Material resolutions in the 2th meeting of the 18th Board of Directors (August 5, 2022):

The 2th meeting of the 18th Board of Directors of the Company was held in the morning of August 5, 2022. Major resolutions were:

1. CSC will invest NT\$5,489 million in the "Equipment Upgrading and Rolling Capacity Enhancement project for No. 2 Pickling and Cold Mill (2PLCM)" at Rolling Mill Department III. This project is scheduled to last for 3 years and 4 months from September 1, 2022 to December 31, 2025.

This project will be carried out by means of innovative modification and equipment replacement in parallel, and involve the development of production technology for warm-rolled thin gauge electrical sheets using continuous rolling machines based on the Company's successful experience in moving from re-rolling to continuous rolling. In addition, this project endeavors to establish high-quality warm continuous rolling capabilities with a series of advantages such as high technology, high quality, high productivity, low cost, and short

delivery time in combination with the Group's existing production lines and advanced equipment, so as to maximize production capacity for thin gauge electrical sheets without adding new production lines.

Upon completion of this project, the Company's continuous rolling capabilities can be enhanced in an effective manner, which will allow the Company to produce 200 thousand metric tons of warm-rolled thin gauge electrical sheets and 100 thousand metric tons of medium and high-carbon steel sheets and ultra-high strength automotive steel each year. As a result, the Company will not only be able to enhance its capability of winning orders, but also maintain its technological leadership in the EV materials supply market. Furthermore, the Company can reduce 5,071 metric tons of carbon emissions from its internal operations each year, and 866 thousand metric tons of carbon emissions from the production of eco-friendly products such as high-efficiency motors using thin gauge electrical sheets outside the Company each year, the total of which is equivalent to the annual carbon absorption of 2,239 Da'an Park.

2. Appointment of President

The appointment of Director, Mr. Shyi-Chin Wang to concurrently serve as President was approved, and the appointment would take effect from August 5, 2022 to May 31, 2023.

Mr. Shyi-Chin Wang retired on May 31, 2022 in accordance with the Company's personnel management regulations. However, Mr. Wang has played an integral role in energy conservation, carbon reduction, and offshore wind power. In the wake of the government's vigorous efforts to promote green energy and net-zero emission, the Company is also rolling out a series of initiatives related to sustainability and carbon neutrality, the development of the offshore wind power industry, and the localization of parts and components aiming at consolidating the accumulation and transfer of technological experience at the Company. As a result, the Company still has to rely on Mr. Wang's extensive experience and expertise in R&D, carbon reduction, and green energy in order to lay a solid foundation for its competitiveness over the next 50 years. Mr. Wang, who concurrently serves as a legal-person director at Chiun Yu Investment Corporation and the President of the Company, will only receive remuneration during his tenure as a director at Chiun Yu Investment Corporation but will not receive pay, bonuses or employee compensation from the Company.

3. Appointment of Vice President of Engineering Division

The former Assistant Vice President of Engineering Division, Mr. Jui-Teng Chen (currently the President of China Steel Structure Co., Ltd.), would be promoted as the Vice President of Engineering Division effective from August 5, 2022.

● Material resolutions in the 1th meeting of the 18th Board of Directors (June 17, 2022):

The 1th meeting of the 18th Board of Directors of the Company was held in the afternoon of June 17, 2022. Chao-Tung Wong, the Representative of the Ministry of Economic Affairs, was re-elected as the Chairman of the 18th Board of Directors.

● Material resolutions in the 20th meeting of the 17th Board of Directors (May 6, 2022):

The 20th meeting of the 17th Board of Directors of the Company was held in the morning of May 6, 2022, in which the investment of NT\$3,244 million in the "New Straight bar finishing line (Phase-C) project of NO.2 bar mill" at Rolling Mill Department I was approved.

The purpose of this project is to build an intelligent production line at the Company's bar mill

in line with its commitment to developing high value-added premium products and driving digital transformation. Upon completion of this project, this production line will be able to improve the quality and efficiency of straight bar production, and it is projected to boost the overall production capacity of the Company's bar mill by approximately 4,000 metric tons per month, thereby meeting market demand and increasing the Company's profits. This project is scheduled to last for 3 years and 5 months from June 1, 2022 to October 31, 2025.

● Material resolutions in the 19th meeting of the 17th Board of Directors (February 25, 2022):

The 19th meeting of the 17th Board of Directors of the Company was held in the morning of February 25, 2022. Major resolutions were:

1. Proposal for Distribution of 2021 Profits

The meeting proposed to appropriate NT\$1.4 and NT\$1.7 per share in cash for the dividend and bonus of preferred stocks, a total of NT\$3.1 per share in cash; NT\$3.1 per share in cash for the bonus of common stocks. The above proposal will be submitted to the 2022 Annual General Meeting of Shareholders for adoption.

2. Date and venue for 2022 Annual General Meeting of Shareholders

(1) The Company's 2022 Annual General Meeting of Shareholders:

Date: 9.00 am, June 17, 2022(Friday)

Venue: CSC Auditorium (No. 1, Chung-Kang Rd., Hsiao Kang Dist., Kaohsiung City, Taiwan)

(2) Time and place for accepting shareholders' proposals and director nomination:

Date: April 11, 2022 to April 20, 2022

Place: CSC Building (No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan)

◎ Material resolutions in the Annual General Meeting of Shareholders

● Material resolutions in the 2022 Annual General Meeting of Shareholders (June 17, 2022):

1. Vote to adopt 2021 Business Report and Financial Statements

2. Vote to adopt distribution of 2021 profits:

(1) The Company's earnings distribution of 2021 is proposed in accordance with the provisions in Article 6 of the Articles of Incorporation of the Company.

(2) The proposed dividend appropriation for preferred shares was NT\$1.4 and NT\$1.7 per share in cash for the dividend and bonus, totaled NT\$3.1 per share in cash. The proposed dividend appropriation for common shares totaled NT\$3.1 per share in cash.

(3) Upon approval of this earnings distribution plan by resolution of the Shareholders' Meeting, the Chairman would 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 NT\$1 dollar shall be rounded up to the next NT dollar. The resulting difference shall be recognized as a Company expense.

3. Vote to approve amendments to the Procedures for Acquisition or Disposal of Assets.

4. Vote to elect 11 Directors (including 3 Independent Directors) of the 18th Board of Directors.

The list of elected directors is as follows:

Representative of Ministry of Economic Affairs	Chao-Tung Wong
Representative of Ministry of Economic Affairs	Wen-Sheng Tseng
Representative of Ministry of Economic Affairs	Ming-Jong Liou
Representative of Chiun Yu Investment Corporation	Shyi-Chin Wang
Representative of Ever Wealthy International Corporation	Chien-Chih Hwang
Representative of Hung Kao Investment Corporation	Cheng-I Weng
Representative of Gau Ruei Investment Corporation	Yueh-Kun Yang
Representative of Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen
Independent Director	Shyue-Bin Chang
Independent Director	Min-Hsiung Hon
Independent Director	Lan-Feng Kao

5. Vote to approve releasing the prohibition on Director, Mr. Chao-Tung Wong, from holding the positions of Director of China Ecotek Corporation, Chung-Hung Steel Corporation and Taiwan High Speed Rail Corporation.
6. Vote to approve releasing the prohibition on Director, Mr. Wen-Sheng Tseng, from holding the position of Director of Taiwan Power Company.
7. Vote to approve releasing the prohibition on Director, Mr. Ming-Jong Liou, from holding the position of Director of Aerospace Industrial Development Corporation.
8. Vote to approve releasing the prohibition on Director, Mr. Shyi-Chin Wang, from holding the position of Director of China Ecotek Corporation.
9. Vote to approve releasing the prohibition on Director, Mr. Chien-Chih Hwang, from holding the positions of Director of China Steel Structure Co., Ltd., CSBC Corporation Taiwan, Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation.
10. Vote to approve releasing the prohibition on Director, Mr. Yueh-Kun Yang, from holding the position of Director of C.S.Aluminium Corporation.
11. Vote to approve releasing the prohibition on Independent Director, Mr. Shyue-Bin Chang, from holding the positions of Independent Director of Advanced International Multitech Co., Ltd. and HIWIN Mikrosystem Corp..

(XII) Implementation of Resolutions in the 2022 Annual General Meeting of Shareholders

1. 2021 Business Report and Financial Statements was adopted.
2. Distribution of 2021 profit was adopted, the record date for cash dividend was set on August 1, 2022, while the payment date was set on August 26, 2022 (where a total of NT\$3.1 per share for preferred stocks, including a cash dividend of NT\$1.4 per share and a cash bonus of NT\$1.7 per share, as well as a cash dividend of NT\$3.1 per share for common stocks were distributed).
3. Amendments to the Procedures for Acquisition or Disposal of Assets approved was announced on the corporate website, and will be complied accordingly.
4. Vote to elect 11 Directors (including 3 Independent Directors) of the 18th Board of Directors. The list of elected Directors was approved to register by the Ministry of Economic Affairs on July 8, 2022 and announced on the corporate website.

The list of elected directors is as follows:

Representative of Ministry of Economic Affairs	Chao-Tung Wong
Representative of Ministry of Economic Affairs	Wen-Sheng Tseng
Representative of Ministry of Economic Affairs	Ming-Jong Liou
Representative of Chiun Yu Investment Corporation	Shyi-Chin Wang
Representative of Ever Wealthy International Corporation	Chien-Chih Hwang
Representative of Hung Kao Investment Corporation	Cheng-I Weng
Representative of Gau Ruei Investment Corporation	Yueh-Kun Yang
Representative of Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen
Independent Director	Shyue-Bin Chang
Independent Director	Min-Hsiung Hon
Independent Director	Lan-Feng Kao

5. Approval of releasing the prohibition on Director, Mr. Chao-Tung Wong, from holding the positions of Director of China Ecotek Corporation, Chung-Hung Steel Corporation and Taiwan High Speed Rail Corporation has been fully implemented.
6. Approval of releasing the prohibition on Director, Mr. Wen-Sheng Tseng, from holding the position of Director of Taiwan Power Company has been fully implemented.
7. Approval of releasing the prohibition on Director, Mr. Ming-Jong Liou, from holding the position of Director of Aerospace Industrial Development Corporation has been fully implemented.
8. Approval of releasing the prohibition on Director, Mr. Shyi-Chin Wang, from holding the position of Director of China Ecotek Corporation has been fully implemented.
9. Approval of releasing the prohibition on Director, Mr. Chien-Chih Hwang, from holding the positions of Director of China Steel Structure Co., Ltd., CSBC Corporation Taiwan, Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation has been fully implemented.
10. Approval of releasing the prohibition on Director, Mr. Yueh-Kun Yang, from holding the position of Director of C.S.Aluminium Corporation has been fully implemented.
11. Approval of releasing the prohibition on Independent Director, Mr. Shyue-Bin Chang, from holding the positions of Independent Director of Advanced International Multitech Co., Ltd. and HIWIN Mikrosystem Corp. has been fully implemented.

(XIII) Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors Which are Made by Directors and are Documented or Issued through Written Statements, in the Most Recent Year up to the Publication Date of This Annual Report: None

(XIV) Summary of Resignation and Dismissal of Related Personnel

January 1, 2022 to March 31, 2023

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Discharge
President	Shyi-Chin Wang	2019.09.30	2022.05.31	Mandatory Retirement Age
Vice President, Engineering Division	Chung-Te Chen	2020.01.31	2022.06.30	Mandatory Retirement Age
Vice President, Corporate Planning Division / Corporate Governance Officer	Pai-Chien Huang	2018.11.12	2023.01.31	Mandatory Retirement Age
General Manager, Accounting Department	Kai-Ching Huang	2018.01.01	2023.03.01	Transfer to Dragon Steel Corporation

V. Information on CPA Fees

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA		CPA Audit Period	Audit Fees	Non-Audit Fees	Total	Remark
Deloitte Taiwan	Jui-Hsuan Hsu	Jr-Shian Ke	2022.01 ~ 2022.12	20,218	5,071	25,289	None

Non-Audit Service Items:

1. Transfer pricing documentation report	2,825
2. Tax attestation	1,152
3. Consulting	840
4. Others	254
Total	5,071

Note: This year, there were no circumstances listed in Subparagraph 1, Paragraph 5, Article 10 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

VI. Replacement of Certified Public Accountants

(I) Regarding the Former CPA

Replacement Date	Approved by the Board of Directors on February 25, 2022		
Replacement Reasons and Explanations	The original CPAs of the Company were Jui-Hsuan Hsu and Cheng-Hung Kuo from Deloitte Taiwan. Due to internal transfer at Deloitte Taiwan, the CPAs of the Company were changed to Jui-Hsuan Hsu and Jr-Shian Ke, beginning the first quarter of 2022.		
Describe whether the Company Terminated or the CPA Did Not Accept the Appointment	<div>Parties</div> <div>Status</div>	CPA	The Company
	Termination of appointment	Not applicable	
	No longer accepted (continued) appointment		
Other Issues (Except for Unqualified Issues) in the Audit Reports within the Last Two Years	Not applicable		
Differences with the Company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	✓	
	Remarks	Not applicable	
Other Disclosed Matters	None		

(II) Regarding the Successor CPA

Name of Accounting Firm	Deloitte Taiwan
Name of CPA	Jr-Shian Ke
Date of Appointment	Approved by the Board of Directors on February 25, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not applicable
Successor CPA's written opinion of disagreement toward the former CPA	Not applicable

(III) The reply letter from the former CPA regarding matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

VII. Information on the Company's Chairman, President or Managements Having Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Year: None.

VIII.Shareholding Information of Directors, Managements and Major Shareholders

(I) Changes in equity of directors, managements and major shareholders

Title	Name	Change in Equity in 2022		As of March 31, 2023		Remark
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	
Juristic-person Director	Ministry of Economic Affairs	0	0	0	0	None
Juristic-person Director	Chiun Yu Investment Corporation	0	0	0	0	None
Juristic-person Director	Ever Wealthy International Corporation	0	0	0	0	None
Juristic-person Director	Hung Kao Investment Corporation	0	0	0	0	None
Juristic-person Director	Gau Ruei Investment Corporation	0	0	0	0	None
Juristic-person Director	Labor Union of China Steel Corporation, Kaohsiung City	0	0	0	0	None
Director	Chao-Tung Wong	0	0	0	0	None
Director	Wen-Sheng Tseng	0	0	0	0	None
Director	Ming-Jong Liou	0	0	0	0	None
Director	Shyi-Chin Wang	134,620	0	0	0	None
Director	Chien-Chih Hwang	0	0	0	0	None
Director	Cheng-I Weng	0	0	0	0	None
Director	Yueh-Kun Yang	0	0	0	0	None
Director	Chun-Sheng Chen	257	0	(20,000)	0	None
Independent Director	Shyue-Bin Chang	0	0	0	0	None
Independent Director	Min-Hsiung Hon	0	0	0	0	None
Independent Director	Lan-Feng Kao	0	0	0	0	None
Manager	Shyi-Chin Wang	134,620	0	0	0	Dismissed on May 31, 2022 Newly appointed on August 5, 2022
Manager	Chien-Chih Hwang	0	0	0	0	None
Manager	I-Chung Huang	0	0	0	0	None
Manager	Min-Hsiung Liu	0	0	0	0	None
Manager	Yueh-Kun Yang	0	0	0	0	None
Manager	Pai-Chien Huang	0	0	0	0	Dismissed on January 31, 2023
Manager	Jih-Jau Jeng	0	0	0	0	None
Manager	Chung-Te Chen	0	0	Not applicable	Not applicable	Dismissed on June 30, 2022
Manager	Jui-Teng Chen	0	0	0	0	Newly appointed on August 5, 2022
Manager	Shou-Tao Chen	0	0	0	0	None
Manager	Shih-Hsin Chen	0	0	0	0	None
Manager	Kai-Ching Huang	0	0	0	0	Dismissed on March 1, 2023
Manager	Pei-Yu Lee	Not applicable	Not applicable	0	0	Newly appointed on March 1, 2023
Major shareholder	Ministry of Economic Affairs	0	0	0	0	None

Note 1: The shareholding of dismissed directors and managers at the end of the period refers to the shareholding thereof during the month when they were dismissed. The shareholding of newly appointed directors and managers at the beginning of the period refers to the shareholding thereof during the month when they were appointed.

Note 2: The information above listed the changes in common stock, while transferee and transferor involved are all non-related parties.

IX. Relationship Information Between the Top 10 Shareholders in Terms of Shareholding Ratio

As of December 31, 2022

Unit: shares; %

Name	Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Relationship		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Ministry of Economic Affairs	3,154,709,357	20.00%	Not applicable	Not applicable	0	0%	None	None	None
Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd.	353,350,886	2.24%	Not applicable	Not applicable	0	0%	None	None	None
Transglory Investment Corporation	256,765,331	1.63%	Not applicable	Not applicable	0	0%	Winning Investment Corporation	Sister Company	None
Representative of Transglory Investment Corporation: Chien-Chih Hwang	33,233	0.00%	0	0%	0	0%	None	None	None
Fubon Life Insurance Co., Ltd.	250,000,000	1.58%	Not applicable	Not applicable	0	0%	None	None	None
Representative of Fubon Life Insurance Co., Ltd.: Ming-Hsing Tsai	0	0.00%	0	0%	0	0%	None	None	None
Labor Retirement Fund	175,952,134	1.12%	Not applicable	Not applicable	0	0%	None	None	None
Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	172,471,308	1.09%	Not applicable	Not applicable	0	0%	None	None	None
Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	162,188,247	1.03%	Not applicable	Not applicable	0	0%	None	None	None
Winning Investment Corporation	159,606,339	1.01%	Not applicable	Not applicable	0	0%	Transglory Investment Corporation	Sister Company	None
Representative of Winning Investment Corporation: Chun-Hui Wu	120,095	0.00%	0	0%	0	0%	None	None	None
Labor Pension Fund	150,798,249	0.96%	Not applicable	Not applicable	0	0%	None	None	None
Yuanta/P-shares Taiwan Dividend Plus ETF	146,676,771	0.93%	Not applicable	Not applicable	0	0%	None	None	None

X. Ownership of Shares in Affiliated Companies

As of December 31, 2022

Unit: shares; %

Affiliated Companies	Ownership by the Company		Ownership by Directors, Supervisors, Managers, and Directly/ Indirectly Controlled Entities		Total Ownership	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chung Hung Steel Corporation	582,673,153	40.59%	0	0.00%	582,673,153	40.59%
China Steel Chemical Corporation	68,787,183	29.04%	948,440	0.40%	69,735,623	29.44%
China Steel Structure Co., Ltd.	66,487,844	33.24%	7,487,861	3.75%	73,975,705	36.99%
CHC Resources Corporation	49,289,597	19.83%	39,227,299	15.78%	88,516,896	35.61%
China Ecotek Corporation	55,393,138	44.76%	1,302,521	1.06%	56,695,659	45.82%
Dragon Steel Corporation	8,612,586,123	100.00%	0	0.00%	8,612,586,123	100.00%
CSC Steel Australia Holdings Pty Ltd	594,638	100.00%	0	0.00%	594,638	100.00%
China Steel Express Corporation	422,545,250	100.00%	0	0.00%	422,545,250	100.00%
C.S.Aluminium Corporation	840,122,049	99.98%	0	0.00%	840,122,049	99.98%
Gains Investment Corporation	559,375,112	100.00%	0	0.00%	559,375,112	100.00%
China Steel and Nippon Steel Vietnam Joint Stock Company	514,304,000	56.00%	0	0.00%	514,304,000	56.00%
China Prosperity Development Corporation	509,802,912	100.00%	0	0.00%	509,802,912	100.00%
China Steel Asia Pacific Holdings Pte Ltd	178,878,002	100.00%	0	0.00%	178,878,002	100.00%
China Steel Power Holding Corporation	377,349,000	51.00%	0	0.00%	377,349,000	51.00%
China Steel Global Trading Corporation	78,827,362	100.00%	0	0.00%	78,827,362	100.00%
CSCI Steel Corporation India Pvt. Ltd.	253,567,202	100.00%	0	0.00%	253,567,202	100.00%
Kaohsiung Rapid Transit Corporation	120,799,811	43.36%	21,443,595	7.70%	142,243,406	51.06%
CSC Solar Corporation	95,920,000	55.00%	78,480,000	45.00%	174,400,000	100.00%
China Steel Resources Corporation	98,112,000	100.00%	0	0.00%	98,112,000	100.00%
Sing Da Marine Structure Corporation	122,695,000	46.71%	40,000,000	15.22%	162,695,000	61.93%
InfoChamp Systems Corporation	41,465,634	99.99%	0	0.00%	41,465,634	99.99%
China Steel Machinery Corporation	100,066,400	73.97%	35,204,170	26.02%	135,270,570	99.99%
HIMAG Magnetic Corporation	19,183,286	69.49%	5,010,203	18.15%	24,193,489	87.64%
China Steel Security Corporation	25,036,986	99.96%	0	0.00%	25,036,986	99.96%
ChinaSteel Management Consulting Corporaion	999,993	100.00%	0	0.00%	999,993	100.00%
China Steel Power Corporation	10	0.00%	739,299,990	100.00%	739,300,000	100.00%
Taiwan Rolling Stock Co., Ltd.	95,527,811	47.76%	0	0.00%	95,527,811	47.76%
Kaohsiung Arena Development Corporation	45,000,000	18.00%	27,500,000	11.00%	72,500,000	29.00%
Hsin Hsin Cement Enterprise Corporation	28,658,729	30.80%	9,298,583	10.00%	37,957,312	40.80%
Eminent II Venture Capital Corporation	30,000,000	46.25%	0	0.00%	30,000,000	46.25%
Dyna Rechi Co.,Ltd	24,635,680	23.45%	0	0.00%	24,635,680	23.45%
Honley Auto. Parts Co., Ltd.	35,751,427	35.14%	14,911,983	14.66%	50,663,410	49.80%
Overseas Investment & Development Corporation	5,000,000	5.56%	14,000,000	15.56%	19,000,000	21.12%
TaiAn Technologies Corporation	1,666,700	16.67%	499,998	5.00%	2,166,698	21.67%

Chapter IV. Capital Overview

I. Capital and Shares

(I) Sources of Share Capital

As of March 31, 2023

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Preferred Shares	38,267,999	None	38,267,999	None
Common shares	15,734,860,997	1,226,871,004	16,961,732,001	None

Note: Shares issued by the Company are publicly traded on TWSE.

Year / Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousands)	Number of Shares (thousand shares)	Amount (NT\$ thousands)	Source of Share Capital	Capital Increase by Assets Other than Cash	Others
1998.1	10	9,500,000	95,000,000	8,197,099	81,970,995	Capital increase of 750,425,410 shares by retained earnings	None	None
1999.6	10	9,900,000	99,000,000	8,610,902	86,109,028	Capital increase of 413,803,375 shares by retained earnings	None	None
2000.9	10	9,900,000	99,000,000	8,796,140	87,961,396	Capital increase of 185,236,697 shares by retained earnings	None	None
2001.7	10	10,600,000	106,000,000	9,108,936	91,089,364	Capital increase of 312,796,806 shares by retained earnings	None	None
2002.7	10	10,600,000	106,000,000	9,315,761	93,157,609	Capital increase of 206,824,544 shares by retained earnings	None	None
2003.7	10	10,600,000	106,000,000	9,500,086	95,000,858	Capital increase of 184,324,830 shares by retained earnings	None	None
2004.7	10	10,600,000	106,000,000	9,931,114	99,311,138	Capital increase of 431,028,007 shares by retained earnings	None	None
2005.8	10	10,600,000	106,000,000	10,586,672	105,866,716	Capital increase of 655,557,824 shares by retained earnings	None	None
2006.8	10	12,000,000	120,000,000	11,094,452	110,944,516	Capital increase of 507,779,985 shares by retained earnings	None	None
2007.8	10	12,000,000	120,000,000	11,535,291	115,352,910	Capital increase of 440,839,437 shares by retained earnings	None	None

Year / Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousands)	Number of Shares (thousand shares)	Amount (NT\$ thousands)	Source of Share Capital	Capital Increase by Assets Other than Cash	Others
2008.8	10	14,000,000	140,000,000	12,019,820	120,198,200	Capital increase of 484,528,973 shares by retained earnings	None	None
2008.10	10	14,000,000	140,000,000	12,595,811	125,958,111	Capital increase of 575,991,075 shares from conversion of shares by Dragon Steel Corporation	None	None
2009.8	10	14,000,000	140,000,000	13,132,787	131,327,869	Capital increase of 536,975,875 shares by retained earnings	None	None
2010.8	10	14,000,000	140,000,000	13,566,169	135,661,689	Capital increase of 433,381,968 shares by retained earnings	None	None
2011.7	10	17,000,000	170,000,000	14,244,477	142,444,774	Capital increase of 678,308,445 shares by retained earnings	None	None
2011.8	10	17,000,000	170,000,000	15,084,477	150,844,774	Capital increase of 840,000,000 shares by cash	None	None
2012.8	10	17,000,000	170,000,000	15,310,745	153,107,445	Capital increase of 226,267,160 shares by retained earnings	None	None
2013.8	10	17,000,000	170,000,000	15,463,852	154,638,520	Capital increase of 153,107,445 shares by retained earnings	None	None
2014.8	10	17,000,000	170,000,000	15,773,129	157,731,290	Capital increase of 309,277,039 shares by retained earnings	None	None

Information on shelf registration for the issuance of securities: Not applicable

(II) Shareholder Structure

As of December 31, 2022

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	15	44	2,069	1,206,606	1,902	1,210,636
Number of Shares Held	3,170,959,871	973,249,648	2,695,328,863	6,239,538,342	2,694,052,272	15,773,128,996
Shareholding Percentage	20.10%	6.17%	17.09%	39.56%	17.08%	100%

Note: The Company is not a foreign issuer; therefore disclosing shares held by Chinese investors is not required.

(III) Distribution of Equity Ownership

1. Common Shares

As of December 31, 2022

Range of Shares Held	Number of Shareholders	Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	367,124	30.36%	61,356,742	0.39%
1,000 to 5,000	611,116	50.54%	1,237,115,428	7.86%
5,001 to 10,000	114,670	9.48%	842,274,072	5.35%
10,001 to 15,000	42,260	3.50%	512,971,573	3.26%
15,001 to 20,000	22,702	1.88%	407,028,270	2.59%
20,001 to 30,000	19,932	1.65%	489,252,816	3.11%
30,001 to 40,000	9,029	0.75%	313,280,817	1.99%
40,001 to 50,000	5,361	0.44%	243,908,595	1.55%
50,001 to 100,000	9,262	0.77%	644,491,815	4.10%
100,001 to 200,000	4,178	0.35%	573,340,381	3.64%
200,001 to 400,000	2,099	0.17%	576,382,699	3.66%
400,001 to 600,000	563	0.05%	270,890,917	1.72%
600,001 to 800,000	160	0.01%	109,499,365	0.70%
800,001 to 1,000,000	95	0.01%	84,409,259	0.54%
1,000,001 and above	496	0.04%	9,368,658,248	59.54%
Total	1,209,047	100.00%	15,734,860,997	100.00%

2. Preferred Shares

As of December 31, 2022

Range of Shares Held	Number of Shareholders	Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	405	7.66%	50,771	0.13%
1,000 to 5,000	4,160	78.65%	7,304,190	19.09%
5,001 to 10,000	339	6.41%	2,714,542	7.09%
10,001 to 15,000	100	1.89%	1,287,560	3.36%
15,001 to 20,000	75	1.42%	1,382,818	3.61%
20,001 to 30,000	56	1.06%	1,426,123	3.73%
30,001 to 40,000	28	0.53%	988,000	2.58%
40,001 to 50,000	23	0.43%	1,077,094	2.82%
50,001 to 100,000	54	1.02%	4,096,778	10.71%
100,001 to 200,000	29	0.55%	4,229,225	11.05%
200,001 to 400,000	10	0.19%	2,832,898	7.40%
400,001 to 600,000	3	0.06%	1,468,000	3.84%
600,001 to 800,000	2	0.04%	1,346,000	3.52%
800,001 to 1,000,000	1	0.02%	999,000	2.61%
1,000,001 and above	4	0.07%	7,065,000	18.46%
Total	5,289	100.00%	38,267,999	100.00%

(IV) List of Major Shareholders

As of December 31, 2022

Rank	Name of Shareholders	Number of Shares Held	Shareholding Percentage
1	Ministry of Economic Affairs (MOEA)	3,154,709,357	20.00%
2	Employee's Stock Ownership Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd.	353,350,886	2.24%
3	Transglory Investment Corporation	256,765,331	1.63%
4	Fubon Life Insurance Co., Ltd.	250,000,000	1.58%
5	Labor Retirement Fund	175,952,134	1.12%
6	Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	172,471,308	1.09%
7	Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	162,188,247	1.03%
8	Winning Investment Corporation	159,606,339	1.01%
9	Labor Pension Fund	150,798,249	0.96%
10	Yuanta/P-shares Taiwan Dividend Plus ETF	146,676,771	0.93%

Major Shareholders of Corporate Shareholders

As of December 31, 2022

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
Transglory Investment Corporation	China Steel Express Corporation 49.89%; Chung Hung Steel Corporation 40.91%; China Steel Chemical Corporation 9.20%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. 100%
Winning Investment Corporation	Gains Investment Corporation 49.00%; Maruichi Steel Tube Ltd. 42.00%; Transglory Investment Corporation 9.00%

Note: Other than the companies listed above, the remaining corporate shareholders are government agencies, funds and trusts.

(V) Market price, Net Worth, Earnings, Dividends per share

Item \ Year		2021	2022	Current Year up to March 31, 2023 (Note 8)
Market Price Per Share (Note 1)	Highest	46.75	40.25	32.30
	Lowest	22.95	26.20	29.50
	Average (Trading value/Trading volume)	36.19	32.80	31.14
	Average Closing Price (A)	33.25	31.94	31.12
Net Worth per Share (Note 2)	Before Distribution	22.16	20.31	20.27
	After Distribution	19.05	19.30 (Note 9)	N/A
Earnings Per Share	Weighted Average Shares (thousand shares)	15,414,564	15,414,702	15,414,702
	Earnings Per Share (Note 3) (B)	4.02	1.15	(0.05)
Dividends per Share	Cash Dividends (C)		3.10(Preferred shares) 3.10(Common shares)	1.40(Preferred shares) 1.00(Common shares)
	Stock Dividends	From Retained Earnings	0	0
		From Capital Surplus	0	0
	Accumulated Unpaid Dividend (Note 4)		0	0
Return on Investment	Price/Earnings Ratio (A/B) (Note 5)		8.27	27.77
	Price/Dividend Ratio (A/C) (Note 6)		10.73	31.94
	Cash Dividend Yield (C/A) (Note 7)		0.0932	0.0313

* If retained earnings or capital surplus are used for capital increase, market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: Please list the market share prices, including the highest, lowest and average of common stock for the year, and the average market price should be calculated based on trading value and volume for each year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution resolved by the Board of Directors or shareholders' meeting held in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/earnings Ratio = Average closing price per share /Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share /Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share.

Note 8: Net worth and earnings per share shall be disclosed based on latest audited quarterly results up to the publication date of this annual report. For all other columns, Please fill the information as of the publication date of this annual report.

Note 9: The amounts after distribution were calculated based on the distribution resolved by the Board of Directors, while the distribution of profits is subject to the approval of Shareholders' Meeting.

(VI) Dividend Policy and Implementation

1. Dividend Policy

In case of any earnings earned in any given fiscal year being reported from the Company's final annual accounting, the Company shall appropriate or reverse a special reserve firstly after taxes, losses and legal reserves have been paid, made up and set aside respectively. Secondly, a preferred share dividend shall be distributed at 14% of the par value, and a common share bonus shall be distributed at no more than 14% of the par value. In case the account still remains any distributable earnings, additional bonuses shall be distributed according to the percentage of shares held by each shareholder of preferred and common shares. When necessary, the Company may, upon a resolution by a shareholders' meeting, set aside special reserved earnings surplus or retained earnings first after distribution of dividends for preferred shares. In case of no earnings in a given year or in the event that the earnings are insufficient to cover the distribution of dividends for preferred shares, the outstanding dividends for distributable preferred shares shall accrue and be made up firstly when there are earnings in any subsequent year.

When distributing the annual earnings, the Company may first consider the financial status and other operational factors of the Company, and may allocate partial or all of the reserves in accordance with laws and regulations.

The Company's business life cycle is in the stage of steady growth. Pursuant to the distribution of the dividends and shareholders' bonuses provided in the preceding paragraph, cash distributed shall be no less than 75% and shares distributed no more than 25%.

The priority and proportions for distributing the remaining company properties for preferred shares shall be the same as those for common shares.

Shareholders of preferred shares shall have no right to vote for members of the Boards of Directors, and their other rights and obligations shall be the same as those of shareholders of common shares.

Preferred shares issued by the Company may be redeemable. Shareholders of preferred shares may request a conversion of preferred shares into common shares.

Dividend policy for the coming year will follow the dividend policy mentioned above.

2. Distribution of dividend proposed in the current shareholders' meeting

- (1) The Company's 2022 earnings distribution, as shown below, is proposed in accordance with the provisions in Article 6 of the Articles of Incorporation of the Company.
- (2) The proposed dividend appropriation for preferred shares totaled NT\$1.4 per share in cash. The proposed dividend appropriation for common shares totaled NT\$1.0 per share in cash.
- (3) Upon approval of this earnings appropriation plan by resolution of Shareholders' Meeting, 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 up to the next NT dollar. The resulting difference shall be recognized as a Company expense.

China Steel Corporation	
2022	
Earnings Distribution Table	Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	16,535,437,312.39
After-tax earnings of 2022	17,783,774,673.70
Reverse of special reserve: disposal of fixed assets	1,443,091.00
Actuarial gains (losses) from defined benefit pension plans (included in retained earnings)	1,033,994,477.00
Effects resulting from changes in long-term equity investment	354,082,320.00
Amount to be included in undistributed earnings by adding up after-tax earnings of 2022 and other items (A)	19,173,294,561.70
Deduct : Legal reserve=(A)* 10%	(1,917,329,456.00)
Subtotal of distributable earnings	33,791,402,418.09
Distribution of preferred dividends - 38,267,999 preferred shares at NT\$1.4 per share (NT\$1.4 in cash)	53,575,199.00
Distribution of ordinary dividends - 15,734,860,997 common shares at NT\$1.0 per share (NT\$1.0 in cash)	15,734,860,997.00
Subtotal of distribution items	(15,788,436,196.00)
Undistributed earnings at the end of the period	18,002,966,222.09

Chairman:



Manager:
President:



Vice President,
Finance
Division:



Accounting
Manager:



(VII) Impact on Business Performance and EPS Due to Stock Dividend Distribution Proposed in the Current Shareholders' Meeting: Not applicable.

(VIII) Remuneration of Employees and Directors

1. Percentage or range of remuneration to employees and directors as stipulated in the Company's Articles of Incorporation:

If there is profit in any given fiscal year, the Company shall set aside no less than 0.1% as the remuneration in stock or cash for employees, and no more than 0.15% as the remuneration for Directors under the resolution of the Meeting of the Board of Directors and shall be reported in the shareholders' meeting. Nevertheless, accumulated losses shall be offset in advance.

2. Basis for estimating the amount of employee and director remuneration, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

The Company shall distribute remuneration of employees and directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting remuneration of employees and directors. The Board of Directors shall decide to distribute the remuneration either in the form of shares or cash. The estimated remunerations of employees and directors for 2022 have been estimated based on this principle.

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in accounting estimate and will be recognized in the following year.

3. Information on proposal of remunerations distribution of employees and directors

approved by the Board of Directors (February 24, 2023):

(1) Amount of employees' remunerations: NT\$1,265,029,602.

(2) Amount of directors' remunerations: NT\$23,719,305.

(3) All the amounts above shall be paid in cash.

4. Actual Distribution of 2021 Earnings in 2022

Unit: NT\$

	Actual Distribution in 2022	Amount Recognized in 2021	Difference
Remuneration for Employees	4,525,463,982	4,525,463,982	0
Remuneration for Directors	84,852,450	84,852,450	0

(IX) Buyback of the Treasury Shares

1. Buyback of the Treasury Shares (Executed)

As of March 31, 2023

Implementation of Buybacks	1	2	3
Purpose of Buyback	Transfer to employees	Transfer to employees	Transfer to employees
Buyback Period	2001.09.03~2001.11.02	2005.12.21~2006.02.20	2008.10.08~2008.12.07
Price Range of Buyback	NT\$8.4 ~ NT\$19	NT\$16.8 ~ NT\$37.9	NT\$21.18 ~ NT\$52.67
Class and Quantity of Shares Bought Back	150,000,000 common shares	1,600,000 common shares	108,000,000 common shares
Amount of Shares Bought Back	NT\$1,904,383,700	NT\$39,525,000	NT\$2,509,544,050
Percentage of Actual to Planned Number of Shares Bought Back (%)	100	0.8	36
Shares Retired and Transferred	150,000,000 common shares	1,600,000 common shares	108,000,000 common shares
Accumulated Number of Company Shares Held	0 share	0 share	0 share
Percentage of Accumulated Number of Company Shares Held to Total Number of Shares Issued (%)	0	0	0

2. Buyback of the Treasury Shares (Executing): None.

II. Status of Issuance of Corporate Bonds, Preferred Shares, Global Depository Receipts, Employee Stock Warrants, New Restricted Employee Shares, New Shares for Merger and Acquisition of Other Companies, and Implementation of Capital Utilization Plans

(I) Issuance of Corporate Bonds

As of March 31, 2023

Type of Corporate Bonds	1 st Unsecured Corporate Bond B in 2012	1 st Unsecured Corporate Bond B in 2013	1 st Unsecured Corporate Bond C in 2013	1 st Unsecured Corporate Bond B in 2014
Issue Date	August 3, 2012 to August 3, 2022	July 12, 2013 to July 12, 2023	July 12, 2013 to July 12, 2028	January 23, 2014 to January 23, 2024
Par Value	NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Issue Price	At par value	At par value	At par value	At par value
Total Amount	NT\$15.0 billion	NT\$9.7 billion	NT\$3.6 billion	NT\$7.0 billion
Coupon Rate	1.50% per annum	1.60% per annum	1.88% per annum	1.95% per annum
Maturity	10 years	10 years	15 years	10 years
Trustee	Trust Department, Taipei Fubon Commercial Bank	Trust Department, Mega International Commercial Bank	Trust Department, Mega International Commercial Bank	Trust Department, Taipei Fubon Commercial Bank
Underwriter	None	None	None	None
Certified Lawyer	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices
Certified Public Accountant	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan
Repayment	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 30%, 30% and 40% of the principal will be paid at the end of the 13th, 14th and 15th years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.
Outstanding Principal Balance	NT\$0 billion	NT\$4.85 billion	NT\$3.6 billion	NT\$3.5 billion
Terms of Redemption or Early Repayment	None	None	None	None
Restrictive Terms	None	None	None	None
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings	twAA given by Taiwan Ratings Corporation on July 4, 2012 (Note 1)	twAA-given by Taiwan Ratings Corporation on April 30, 2013	twAA- given by Taiwan Ratings Corporation on April 30, 2013	twAA- given by Taiwan Ratings Corporation on August 27, 2013 (Note 2)
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None	None	None
	Terms of Issuance and Conversion or Option of Shares	None	None	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders		None	None	None
Custodian		None	None	None

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <https://www.taiwanratings.com/portal/front/listCorporate> or <https://www.fitchratings.com/entity/china-steel-corporation-96577857>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

Type of Corporate Bonds		1 st Unsecured Corporate Bond C in 2014	1 st Unsecured Corporate Bond in 2018	2 nd Unsecured Corporate Bond in 2018	3 rd Unsecured Corporate Bond A in 2018
Issue Date		January 23, 2014 to January 23, 2029	May 28, 2018 to May 28, 2025	August 8, 2018 to August 8, 2028	October 9, 2018 to October 9, 2025
Par Value		NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Issue Price		At par value	At par value	At par value	At par value
Total Amount		NT\$9.0 billion	NT\$6.0 billion	NT\$5.6 billion	NT\$4.15 billion
Coupon Rate		2.15% per annum	0.95% per annum	1.10% per annum	0.90% per annum
Maturity		15 years	7 years	10 years	7 years
Trustee		Trust Department, Taipei Fubon Commercial Bank	Hua Nan Bank Co., Ltd.	Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank
Underwriter		None	8 underwriters, like Capital Securities Corporation, etc.	12 underwriters, like KGI securities Corporation, etc.	11 underwriters, like Capital Securities Corporation, etc.
Certified Lawyer		Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices
Certified Public Accountant		Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan
Repayment		From the issue date, interest will be paid once a year based on the coupon rate, while 30%, 30% and 40% of the principal will be paid at the end of the 13th, 14th and 15th years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the sixth and seventh years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 25% and 75% of the principal will be paid at the end of the sixth and seventh years, respectively.
Outstanding Principal Balance		NT\$9.0 billion	NT\$6.0 billion	NT\$5.6 billion	NT\$4.15 billion
Terms of Redemption or Early Repayment		None	None	None	None
Restrictive Covenants		None	None	None	None
Name of Credit Rating Agency, Rating Date and Corporate Bond Ratings		twAA- given by Taiwan Ratings Corporation on August 27, 2013 (Note 2)	twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note1, Note2)	twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note1, Note2)	twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note1, Note2)
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None	None	None	None
	Terms of Issuance and Conversion or Option of Shares	None	None	None	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders		None	None	None	None
Custodian		None	None	None	None

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <https://www.taiwanratings.com/portal/front/listCorporate> or <https://www.fitchratings.com/entity/china-steel-corporation-96577857>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

Type of Corporate Bonds		3 rd Unsecured Corporate Bond B in 2018	1 st Unsecured Corporate Bond A in 2020	1 st Unsecured Corporate Bond B in 2020
Issue Date		October 9, 2018 to October 9, 2028	December 28, 2020 to December 28, 2025	December 28, 2020 to December 28, 2027
Par Value		NT\$1 million	NT\$1 million	NT\$1 million
Issue Price		At par value	At par value	At par value
Total Amount		NT\$2.25 billion	NT\$1.6 billion	NT\$4.2 billion
Coupon Rate		1.05% per annum	0.39% per annum	0.43% per annum
Maturity		10 years	5 years	7 years
Trustee		Trust Department, Taipei Fubon Commercial Bank	Mega International Commercial Bank	Mega International Commercial Bank
Underwriter		8 underwriters, like Capital Securities Corporation, etc.	4 underwriters, like Yuanta Securities Co., Ltd., etc.	6 underwriters, like Yuanta Securities Co., Ltd., etc.
Certified Lawyer		Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices
Certified Public Accountant		Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan
Repayment		From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the fourth and fifth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 70% and 30% of the principal will be paid at the end of the sixth and seventh years, respectively.
Outstanding Principal Balance		NT\$2.25 billion	NT\$1.6 billion	NT\$4.2 billion
Terms of Redemption or Early Repayment		None	None	None
Restrictive Covenants		None	None	None
Name of Credit Rating Agency, Rating Date and Corporate Bond Ratings		twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note1, Note2)	twAA- given by Taiwan Ratings Corporation on April 16, 2020 AA-(tw) given by Fitch Ratings Inc. on December 5, 2019 (Note1, Note2)	twAA- given by Taiwan Ratings Corporation on April 16, 2020 AA-(tw) given by Fitch Ratings Inc. on December 5, 2019 (Note1, Note2)
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None	None	None
	Terms of Issuance and Conversion or Option of Shares	None	None	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders		None	None	None
Custodian		None	None	None

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <https://www.taiwanratings.com/portal/front/listCorporate> or <https://www.fitchratings.com/entity/china-steel-corporation-96577857>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

(II) Issuance of Preferred Shares

Issue Date		November 18, 1974	January 31, 1980	November 30, 1980	December 31, 1981
Item					
Par Value		NT\$10	NT\$10	NT\$10	NT\$10
Issue Price		NT\$10	NT\$10	NT\$10	NT\$10
Number of Shares		50,000,000 shares	21,887,000 shares	797,000 shares	4,006,000 shares
Total Amount		NT\$500,000,000	NT\$218,870,000	NT\$7,970,000	NT\$40,060,000
Rights and Obligations	Distribution of Dividends and Bonuses	In case of any earnings earned in any given fiscal year being reported from the Company's final annual accounting, the Company shall appropriate or reverse a special reserve firstly after taxes, losses and legal reserves have been paid, made up and set aside respectively. Secondly, a preferred share dividend shall be distributed at 14% of the par value, and a common share bonus shall be distributed at no more than 14% of the par value. In case the account still remains any distributable earnings, additional bonuses shall be distributed according to the percentage of shares held by each shareholder of preferred and common shares. In case of no earnings in a given year or in the event that the earnings are insufficient to cover the distribution of dividends for preferred shares, the outstanding dividends for distributable preferred shares shall accrue and be made up firstly when there are earnings in any subsequent year.			
	Distribution of Residual Property	Same as common shares			
	Exercise of voting rights	No right to elect directors			
	Others	Same as other rights and obligations for common shares			
Outstanding Preferred Shares	Number of Shares Recovered or Converted	0 share (2022 and up to March 31, 2023)			
	Number of Shares not Recovered or Converted	38,267,999 shares (as of March 31, 2023)			
	Terms for Recovery or Conversion	Preferred shares issued by the Company may be redeemable. Preferred shareholders may request to convert their preferred shares to common shares.			
Market Price per Preferred Share	2019	Highest	55.40		
		Lowest	43.15		
		Average	48.27		
	2020	Highest	55.50		
		Lowest	47.35		
		Average	52.92		
	2021	Highest	53.10		
		Lowest	50.40		
		Average	51.61		
	2022	Highest	53.40		
		Lowest	44.10		
		Average	49.67		
	As of March 31, 2023	Highest	46.80		
		Lowest	45.35		
		Average	46.22		
Other Rights Attached	Amount of Shares Converted or Subscribed as of March 31, 2023	NT\$0			
	Terms of Issuance and Conversion or Option of Shares	Preferred shares issued by the Company may be redeemable. Preferred shareholders may request to convert their preferred shares to ordinary shares.			
The Impact of Issuance Terms on the Equities of Preferred Shareholders, the Possible Dilution of Equities, and Equities of Current Shareholders		None			

(III) Issuance of Global Depository Receipts

Issue Date		May 28, 1992	February 10, 1997	October 22, 2003	August 1, 2011
Item					
Issuance and Listing Location		Major regions in Europe, America and Asia	Major regions in Europe, America and Asia	Major regions in Europe, America and Asia	Major regions in Europe, America and Asia
Total Amount Issued		US\$327,600,000	US\$186,607,572.50	US\$936,086,488	US\$751,067,478
Issue Price per unit		US\$18.2/1 unit	US\$18.35/1 unit	US\$15.56/1 unit	US\$19.67/1 unit
Total Number of Units Issued		18,000,000 units	10,169,350 units	60,159,800 units	38,183,400 units
Source of Securities Represented		Common shares of China Steel Corporation	Common shares of China Steel Corporation	Common shares of China Steel Corporation	Common shares of China Steel Corporation
Amount of Securities Represented		360,000,000	203,387,000	1,203,196,000	763,668,000
Rights and Obligations of Depository Receipt Holders		Dividend distribution for depository receipts is the same as that of the Company's common shares, while other rights and obligations shall follow the content of the depository contract.			
Trustee		None	None	None	None
Depository Institution		Citibank, New York Branch	Citibank, New York Branch	Citibank, New York Branch	Citibank, New York Branch
Custodian		Citibank, Taipei Branch	Citibank, Taipei Branch	Citibank, Taipei Branch	Citibank, Taipei Branch
Outstanding Balance		13,659,810 shares (as of March 31, 2023)			
Apportionment of Expenses for Issuance and Maintenance		Issuance costs were borne by the Ministry of Economic Affairs	Issuance costs were borne by the Ministry of Economic Affairs	Issuance costs were borne by the Ministry of Economic Affairs	Issuance costs were borne by the Company
Terms and Conditions in the Deposit Agreement & Custody Agreement		Omitted	Omitted	Omitted	Omitted
Market Price per Unit	2022	Highest	US\$ 28.77		
		Lowest	US\$ 16.59		
		Average	US\$ 21.71		
	Current year up to March 31, 2023	Highest	US\$ 21.51		
		Lowest	US\$ 19.50		
		Average	US\$ 20.48		

(IV) Issuance of Employee Stock Warrants and New Restricted Employee Shares: None

(V) Issuance of New Shares for Merger or Acquisition of Other Companies: None

(VI) Implementation of Capital Utilization Plan: The Company does not have any security issuance that was incomplete or completed over the past three years but not fully yielded the planned benefits.

Chapter V Operational Highlights

I. Business Activities

(I) Business Scope

1. CA01010 Iron and Steel Refining
2. CA01030 Steel Casting
3. CA01020 Iron and Steel Rolls over Extends and Crowding
4. CA01050 Iron and Steel Rolling, Drawing, and Extruding
5. CA02080 Metal Forging Industry
6. CA03010 Metal Heat Treating
7. CA04010 Metal Surface Treating
8. E103101 Environmental Protection Construction
9. E602011 Refrigeration and Air Conditioning Engineering
10. CB01010 Machinery and Equipment Manufacturing
11. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
12. E604010 Machinery Installation Construction
13. ZZ99999 Any other businesses that are not prohibited or restricted by law, except for businesses requiring special approvals.

Please refer to Page 149 for more details on the Company's current products. Please refer to Page 203-207 for more details on new products to be developed.

Main business scope of CSC Group:

1. Steel industry - includes China Steel Corporation, Dragon Steel Corporation, Chung Hung Steel Corporation, CSC Steel Sdn. Bhd., China Steel and Nippon Steel Vietnam Joint Stock Company, and China Steel Corporation India Pvt. Ltd., which mainly engages in the manufacture and sales of steel products.
2. The remaining business scope of CSC Group includes the following: Manufacture of coal chemistry and specialty chemicals as well as production and sale of anode materials and carbon materials; environmental electromechanical engineering and agent; production and sales of granulated blast furnace slag (GBFS) powder and cement, reutilization of resources; manufacture and sales of steel structure; raw material shipping services and ship leasing; manufacture and sales of aluminum, titanium, nickel and non-ferrous metals; ERP systems automation control systems service; general investment; sales agent and trading of steel products; contracting and management of civil engineering project; manufacture and sales of sputtering targets, magnetic materials, electronic ceramics and mechanical equipments; real estate development and leasing; mass rapid transit system operations; solar energy generation; manufacture of offshore wind power substructure; offshore wind power generation, etc.

(II) Revenue Breakdown
Standalone

Unit: NT\$ thousands

Item	2022		2021	
	Amount	%	Amount	%
Revenue from sales of goods	244,865,758	97.71	254,290,694	97.89
Revenue from construction contracts, rendering of services, and others	5,734,871	2.29	5,491,777	2.11
Operating revenues	250,600,629	100.00	259,782,471	100.00

Consolidated

Unit: NT\$ thousands

Item	2022		2021	
	Amount	%	Amount	%
Revenue from sales of goods	419,868,253	93.39	441,129,034	94.19
Revenue from construction contracts, rendering of services, and others	29,699,235	6.61	27,198,467	5.81
Operating revenues	449,567,488	100.00	468,327,501	100.00

(III) Industry Overview

In 2022, revenues from steel products account for nearly 80% of the consolidated operating revenues of CSC Group. Therefore, the following industry overview mainly revolves around the steel industry:

1. Current situation and development of the industry

In 2022, the global economy has been affected by a series of negative factors, including the Russo-Ukrainian War, the European energy crisis, inflation-triggered interest rate hikes, and China's strict COVID-19 restrictions, which in turn led to end-user consumption squeeze and ultimately a slowdown in the global manufacturing industry, while trade momentum was impeded by a strong U.S. dollar and soaring interest rates. With inflation across the globe anticipated to peak at the end of the year, the U.S. Federal Reserve (Fed) slowed the pace of interest rate hikes, prompting the U.S. Dollar Index to fall from its high point. Such a development not only triggered the return of capital flow into financial and trade markets, but also halted the decline in international commodity prices and stabilized their prices in the process. Following the consensus to “invigorate the economy” reached by global leaders after the G20 Summit, coupled with China's full lifting of COVID-19 restrictions, countries around the world have also rolled out a host of economic stimulus measures and infrastructure projects, helping the global economy and manufacturing industry to return to the path of growth at a faster pace.

Looking ahead, steel demand should heat up thanks to rising coking coal and iron prices alongside growing restocking demand in 2023 after steel supply and demand bottomed out amid the destocking activities in 2022H2. With Taiwan's public

construction projects to cost more than NT\$600 billion, supplemented by the tax cuts for commodities and continued subsidies for energy-saving appliance and electric vehicle purchases, the International Monetary Fund (IMF) has projected in April 2023 the global economy to maintain steady growth at 2.8% in 2023 and 3% in 2024, confirming the positive signal of an upward trajectory in the global economy.

2. Relevance between the upstream, midstream, and downstream sectors of the industry

The structure of the steel industry in Taiwan is well developed and comprised of complete upstream, midstream, and downstream systems. Ironmaking raw materials (e.g., coking coal, iron ore, and scrap) mainly rely on imports. The midstream steel rolling industry is mainly composed of re-rollers, so semi-finished products such as billets and slabs rely on imports. The downstream is finely divided and comprised of numerous metal processing industries that are distributed throughout the country.

Upstream manufacturers can be divided, according to crude steel production method, into steel making by blast furnace and electric arc furnace. The Company and Dragon Steel Corporation, as integrated steel mills, use main raw materials, such as coking coal and iron ore. The raw materials are processed through iron making in blast furnaces to steel making in basic oxygen furnaces, and are eventually rolled into various types of steel materials (e.g., plates, hot-rolled and cold-rolled coils, coated products, and bar and wire rods). Electric arc furnace major operators, Feng Hsin Steel Co., Ltd. and Dragon Steel Corporation (with one electric arc furnace), use steel scrap as main raw material and produce steel mainly for construction application.

Midstream manufacturers refer to re-rollers and coil centers, which purchase billets, slabs or hot-rolled products from upstream manufacturers, and process them into various types of cold-rolled or long products.

Major downstream steel-using industries include construction, transportation (ships, automobiles, motorcycles and bicycles), metal products (bolts and nuts, hand tools, hardware and furniture), industrial machinery and equipment, electrical and electronic machinery (home appliances, motors, personal computers, and electronic components), chemical engineering, telecommunications and other industries.

3. Product development trends and competition

Except for a few types of steel products made of special materials, Taiwan experiences an oversupply of most types of steel products due to the limited absorption of the Taiwan market. Although not many Taiwanese manufacturers produce certain steel products, these products can still be imported; thus, there are many competitors in the market. The thin market in Taiwan has further intensified competition.

Despite having an export advantage due to its superior geographical location in the center of East Asia, Taiwan is susceptible to the export competition pressure from major steel-producing countries such as Mainland China, Russia, Japan, South Korea, Vietnam, and India. In recent years, the situation that low-price products from these exporting countries to interfere with external markets has slightly been suppressed as the result of the prevailing international trade protectionism. However, in the face of cutthroat competition in the global common-grade steel market, it is an inevitable trend for Taiwan's steel industry progresses toward the development of high-end and high value-added steel products.

(IV) Technology and Research & Development Overview

Research and development (R&D) expenditure in 2022 and the 1st quarter of 2023 are listed as follows:

Unit: NT\$ thousands	Standalone	Consolidated
2022	2,148,436	2,155,001
First Quarter of 2023	583,348	588,889

R&D status in 2022:

The Company enjoyed a fruitful year in the area of R&D with a total of 30 new product development projects completed in 2022, 14 of which were classified as new Advanced Premium Steel (APS). The proportion of orders for APS and high-end steel reached 6.84% and 55.76% respectively. The Company will continue the efforts towards enhancing competitive advantage through product differentiation.

Based on the Company's new vision "We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation," the current R&D strategy of the Company is to enhance core capabilities, including developing APS and establishing intelligent manufacturing technologies as well as energy saving, carbon reduction, and environmental protection technologies. R&D resources are mainly invested in key research projects, in the hope of cultivating technologies and achieving sustainable development.

In 2022, the Company accomplished outstanding R&D results in various areas, including products, manufacturing processes, as well as energy saving, carbon reduction and environmental protection technologies. The major R&D outcomes are listed as follows:

1. Development of Advanced Premium Steel

- (1) Ultra-High Efficiency Electrical Steel: In response to demand for drive motors in electric vehicles, the Company keeps developing ultra-thin sheets with low iron loss and high strength to meet high-efficiency motor operations with low loss and high speed. Through the establishment of key technologies, the Company has developed ultra-thin electrical sheets, such as 20CS1200FY, 25CS1200FY, and 25CS1150AFY, which are characterized by lower iron loss, higher magnetic flux and higher strength for drive motors in electric vehicles. The Company has successfully made such products sourced by major electric vehicle manufacturers and has become a critical supplier of electrical sheets.
- (2) Cross-Generational Automotive Steel: To meet lightweight and safety requirements, advanced high-strength steel has become the most important technology development trend of vehicle structural components. Aside from developing a series of advanced ultra-high strength steels with excellent functions for automotive application, such as ultra-high strength cold-rolled CSC CR1300T cold working auto steel, hot-rolled 80 kg hole-expansion steel, and hot-rolled CP780 complex-phase steel, the Company also endeavors to develop steel products with higher strength and hole-expansion to fill the gap in the industry's supply chain by supplying domestic and overseas automobile brands.
- (3) Advanced Alloy Steels: In response to demand of high-quality products for mechanical hardware and automotive parts, the Company has increased the carbon

content of steels and added chrome alloy and molybdenum alloy to steels with the aim of enhancing its heat treatment and hardability. To meet the demand of customers for materials that are easy to process, the Company also actively engaged in the development of differentiated products with low hardness and high spheroidization rates, such as SK85 and SK95 high-carbon tool steels, chrome-molybdenum steel, 6150 chrome-vanadium steel, high-alloy chain steel, and fine-blanked steel with high dimensional accuracy, which is to keep leading the industrial upgrading and expanding business opportunities in the customization segment.

2. Intelligent manufacturing technologies

- (1) In addition to completing the construction of 11 base stations at outdoor and indoor 5G Artificial Intelligence of Things (AIoT) demonstration sites, the Company has also developed nine 5G AIoT application technologies, including remote control of dangerous equipment, real-time transmission of driving videos for railway slag cars, virtual collaboration with foreign experts, and immersive AR digital guide, thereby becoming the first large corporation in Taiwan to introduce 5G private networks. The Company will expand the domains for 5G AIoT application and develop more application technologies to speed up the growth of intelligent manufacturing and digital transformation.
- (2) The Company has completed the development of online real-time sinter particle size analysis technology, which applies deep learning-based object detection technology and computer vision algorithms to realize intelligent analysis of sinter particle size. With large-scale sampling and real-time analysis online, this intelligent technology is able to overcome various problems with manual detection conducted every 4 hours, such as slow feedback and susceptibility to distortion. In addition, it can also provide a wide range of particle size data such as size distribution and ratios for operator's reference. Upon testing, the average sinter particle size identified by the intelligent model is found to be about 8.6% different from manual measurement results. The Company will officially introduce the intelligent model, continue to improve its accuracy of identification and expand it to other sinter plant.
- (3) The Company has completed the development of intelligent mechanical property prediction technology for Thermo Mechanical Control Process (TMCP) plates, which combines physical metallurgy theory and artificial intelligence (AI) technology to analyze the relationships between process parameters and the mechanical properties of plates. From the composition of incoming materials in the upstream sector to the tempering and rectification of abnormal plates in the final stage, the Company has established four intelligent technologies, which are able to predict the mechanical properties of TMCP plates and optimize the corresponding parameters according to different compositions and variations in the environment. By dynamically adjusting the process parameters, the rejection rate for plates due to non-compliance of mechanical properties has been successfully reduced from 0.87% to 0.37%.

3. Energy saving, carbon reduction and environmental protection technologies

- (1) The Company has completed the construction of Taiwan's first pilot line for the

project “Co-production of Steel and Chemicals,” which can not only be used for the development of production technologies in “Co-production of Steel and Chemicals,” such as BF & BOF gas pressure swing adsorption technology for CO and CO₂ capture and key adsorbent development and process prediction models, but also serve as a platform for technical cooperation with the Industrial Technology Research Institute (ITRI) and collaboration with partners in the petrochemical industry. The Company is currently working with partners in the petrochemical industry to form the “Steel-Chemical Co-production Alliance” and plan the demonstration site for “Co-production of Steel and Chemicals.”

- (2) In an effort to implement a diverse range of carbon reduction pathways, the Company has collaborated with National Cheng Kung University on the National Science and Technology Council’s Forward-looking Technology Industry-Academia Collaboration Project titled “Development of Low-carbon Ironmaking Technology in Blast Furnace,” which was approved for implementation in November 2022. Aimed at gathering domestic R&D capabilities of the industry, academia, and research institutions to develop next-generation low-carbon ironmaking technologies that are suitable for Taiwan, this project plans to develop three categories of technology: (1) low-carbon material operation, (2) injection of hydrogen-rich gases, (3) increase of reducing gas concentration through CO₂ removal of top gas for re-injection, and apply them to the Company’s blast furnaces to realize the benefits of carbon reduction.
- (3) The Company has completed the filing of the Innovation Program titled “Development of Low-energy Carbon Capture and Utilization Technology,” which will involve the construction of a pilot site capable of capturing 500 tons of CO₂ each year as a R&D platform to develop high-efficiency operations and low-energy carbon capture technology. This project can not only reduce energy consumption and carbon emissions, enhance the effectiveness of carbon reduction, and reduce the cost of carbon capture on the basis of existing commercial carbon capture processes, but also ensure that the CO₂ produced can meet carbon storage requirements.

In the face of business challenges, the Company will continue to enhance our differentiation advantage in terms of cost, product, energy saving and environmental protection, and customer service to improve the Company's overall competitiveness. To achieve the goal of continuous growth, we combine the research capabilities of the industry, the government and the academia in developing products and technology for downstream applications.

(V) Short-Term and Long-Term Business Development Plans

“Being customer service oriented, we truly understand customers' needs, and supply steel materials with appropriate quality in appropriate quantities at appropriate times through multi-stage and multi-level of services before, during and after sales. In addition, we assist customers in solving problems related to material use and technologies to improve service quality, turning quality assurance into usage assurance.” Based on these principles, the Company’s short-term and long-term business development plans can be divided into the following:

1. Short-term business development plans

- (1) Enhance manufacturing process technology capabilities, improve the competitiveness of production lines, and increase the production of high-end and high value-added steel.
 - (2) Strengthen the marketing capabilities of overseas production bases, coil centers, and sales bases, and master the changes in sales channels and the international market.
 - (3) Actively participate in important meetings of international organizations and grasp the dynamic and strategic thinking of major global steel mills.
 - (4) Integrate the Group's and invested resources, for example the Company, Chung Hung Steel Corporation, Dragon Steel Corporation, etc. can provide mutual support with their hot-rolled products and slabs to expand the regional sales foundation in Southeast Asia, Europe, America, and Japan.
 - (5) Promote environmental protection and energy-saving, accelerate the implementation of equipment replacement, and uplift production and energy efficiency of the equipment.
 - (6) Guide downstream customers towards carbon neutrality and assist Taiwan's steel-using industries in building up their ability to cope with carbon control using the existing Industry Service Team based on the idea of "large companies leading small companies in carbon reduction."
 - (7) Develop green steel that can be declared carbon neutral in collaboration with the downstream sector and engage in active pursuit of international certifications for such products.
2. Long-term business development plans
- (1) Develop peripheral businesses around the steel industry, and intervene in industries relevant to the steel industry in terms of sales, technology and process.
 - (2) Use extensive experience and capabilities in business management, plant construction and engineering, and information integration to provide technology consulting services for steel-using industries.
 - (3) Develop target products with high added value and high competitiveness to enhance the competitiveness of the steel-using industry.
 - (4) Strengthen environmental protection and social services aimed at green energy and carbon reduction in line with international trends.
 - (5) Improve talent cultivation, technology and experience inheritance, and achieve the long-term goal of sustainable development.
 - (6) Promote intelligent production and sales and smart manufacturing through artificial AI innovation with a view to realizing the Company's operational and developmental cores of becoming a high value-added steel mill and developing the green energy industry.
 - (7) Make timely adjustments to the Company's strategic layout of overseas production and sales locations in response to the consolidation of economic and trade blocks around the world.
 - (8) In response to the trend towards carbon neutrality, develop next-generation low-carbon ironmaking technologies that are suitable for Taiwan, with the ultimate goal of carbon neutrality by 2050.

II. Market, Production and Sales Overview

(I) Domestic and Export Sales Breakdown for Steel Products

2022 Domestic and Export Sales Breakdown by Region - Standalone

Sales Target	Amount (metric ton)	Percentage (%)
Taiwan	5,058,396	58.89%
Southeast Asia	1,027,989	11.97%
Japan	497,238	5.79%
Mainland China (including Hong Kong)	453,590	5.28%
Others	1,552,349	18.07%
Total	8,589,562	100.00%

2022 Domestic and Export Sales Breakdown by Region- Consolidated

Sales Target	Amount (metric ton)	Percentage (%)
Taiwan	7,185,586	55.40%
Southeast Asia	1,957,567	15.09%
Mainland China (including Hong Kong)	785,891	6.06%
Japan	516,861	3.98%
Others	2,525,229	19.47%
Total	12,971,134	100.00%

(II) Market Supply and Demand Outlook

Looking ahead to market conditions in 2023, the World Steel Association (worldsteel) projected in April 2023 that global steel demand will grow 40.8 million tons at 2.3% to 1,822 million tons in 2023 compared to 2022, and grow 31.7 million tons at 1.7% to 1,854 million tons in 2024 compared to 2023, indicating a continuous upward trend of steel using demand.

On the supply side, major steel mills in Europe, the U.S., and Asia continued to expand their production cuts, where steel mills in Europe have shut down 40% of their overall crude steel production capacity in the second half of 2022 and China also continues its policy on cutting the crude steel output. With World Steel Dynamics (WSD) forecasting global crude steel production to be 1,822 million tons in 2023, down 1.5% from 2022, global steel supply is anticipated to remain tight throughout 2023.

In 2022, the domestic market share of the Company's main steel products were 72% for plates, 56% for bar and wire rods, 24% for hot-rolled coils, 42% for cold-rolled coils, 77% for electrical sheets, 28% for hot-dip galvanized steels and 75% for electrogalvanized steels, respectively. (The joint market share of hot-rolled coils produced by the Company, Dragon Steel Corporation and Chung Hung Steel Corporation was 83%, while the market share of cold-rolled coils produced by the Company and Chung Hung Steel Corporation was 55%)

(III) Business Objectives

In 2023, the Company plans to sell a total of 8.88 million tons of steel products, including domestic sales of 5.13 million tons and export sales of 3.75 million tons. The Steel Division of CSC Group is targeting sales of 12.89 million tons, including domestic sales of 8.28 million tons and export sales of 4.61 million tons.

In the future, the Company will continue to optimize the production and marketing mechanism of monthly pricing and establish effective flexible measures to quickly acquire orders and maintain smooth shipments; to enhance customer relationship management, play well the role of a high value-added steel mill, and promote the supply of high-end and strategic steel products; to actively establish marketing channels and expand overseas business opportunities to build a solid supply chain for domestic and international sales and achieve the goal of sales growth.

(IV) Development Prospects and Favorable and Unfavorable Factors Thereof

1. Development prospects

Owing to surging energy and food prices caused by the Russo-Ukrainian War along with developed nations' interest hike against inflation, the International Monetary Fund (IMF) revised upward global economy growth in 2023 from 2.7% projected in October 2022 to 2.9% in January 2023. On the other hand, the Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan revised downward Taiwan's economic growth to 2.12% in February 2023. The overall economic outlook remains highly uncertain in the light of the persistent inflation effect and the ongoing Russo-Ukrainian War.

As far as the international steel market is concerned, worldsteel projected in April 2023 that global steel demand will reach 1,822 million metric tons in 2023, up 2% from 2022, suggesting that although the growth momentum of international steel demand had slowed down in 2022 because of the weakened consumption caused by the energy crisis in Europe and the slowdown in the Chinese economy, steel demand in 2023 is still expected to grow further upwards and rise moderately with the full lifting of COVID-19 restrictions in Mainland China and the gradually dissipating negative impact from Russo-Ukrainian War.

In the wake of the aforesaid challenges in both internal and external environments, the Company aims to develop steel products with high technical content and high value based on its operational and developmental cores of "becoming a high value-added steel mill" and "developing the green energy industry." In line with the trend of Industry 4.0, the Company strives to boost production efficiency, reduce costs, and shorten delivery lead time with the help of various techniques, including smart factory, smart manufacturing, cloud computing, and big data. At the same time, the Company endeavors to optimize transportation scheduling to reduce logistics costs using AI technology and improve overall customer services to create a niche. In addition, the Company also keeps abreast of global trends and developments in carbon reduction to develop green steel products with external energy saving and carbon reduction benefits on an ongoing basis. With the goal of improving customer services experience, the Company will try our best to meet customers' potential needs and pay more attention to the overall long-term development of the steel industry.

2. Favorable and unfavorable factors

Favorable factors:

- (1) Governments in Europe, the U.S., India, and Southeast Asia continue to promote infrastructure projects, thereby driving international steel demand.
- (2) Mainland China's production restriction policy directions remain unchanged. The stabilized steel production capacity, expanding infrastructure, reducing steel

exports, and implementing reserve requirement ratio and interest rate cuts are conducive for stable sales and prices in the Asian steel market.

- (3) The Taiwanese government continues to strengthen the policies of investing in public construction and stimulating domestic demand, which, coupled with the return of overseas Taiwanese businesses and the effect of transfer orders from US-China trade war, will drive the steel industry to rise steadily.
- (4) The industrial chain moves toward high-end applications and the downstream industries have strong international competitiveness, high industry intensity, division of labor based on specialization, and rapid responsiveness, which are beneficial to the expansion of overseas markets.

Unfavorable factors:

- (1) Protectionism in global trade still exists and restricts the export market expansion. The efforts of Taiwan to join relevant regional economic cooperation organizations are subject to international political and economic objective conditions, leading to higher tariff barriers than competing countries.
- (2) A 25% tariff on imported steel was imposed by the U.S. since 2018. Recently, the European Union, Japan, and the U.K. have reached a tariff agreement with the U.S. If Taiwan and the U.S. fail to speed up progress on this front, Taiwan's downstream steel makers will be less competitive comparing with their counterparts from other countries for the products sold to the U.S., such as coated products, steel pipes, and cold-rolled products, in the future.
- (3) The continuation or escalation of the ongoing Russo-Ukrainian War is feared to have detrimental effects on regional economic development, which in turn will drag down global economic and trade momentum.
- (4) Considering the volatile geopolitics in Southeast Asia and other regions, few steel mills may undersell steel when the steel market faces an adjusted period, which may cause short-term regional steel market fluctuations and operational risks.
- (5) The operating costs may increase because of the need to pay carbon fee in line with new laws and regulations related to carbon neutrality (e.g., the Carbon Border Adjustment Mechanism (CBAM) in the European Union and the Clean Competition Act (CCA) in the U.S.) and the need for upgrading the energy and resource efficiency of various assets (e.g., replacing equipment with higher-efficiency).

3. The Company's countermeasures

The Company's countermeasures in response to problems and challenges in the steel industry are as follows: (1) Consolidate the market: File anti-dumping charges against the unfair competition caused by low-priced imports; grasp development trends of related industries to expand the scope of product supply; for tariffs imposed by various countries, strive for tariff exemption or quota with help from the government or develop cooperation with downstream enterprises in response; (2) Enhance the added value of products: Actively develop high value-added new products such as advanced premium steel (APS) and high-end steel, increase their percentage, and develop green steel with benefit of carbon reduction in line with the international trend towards carbon neutrality; (3) Improve process flexibility: Develop dynamic metallurgical process models to improve product quality, shorten delivery time, and reduce costs;

(4) Improve productivity: Reduce production costs by running lean organizations, lowering costs of raw material, saving energy, simplifying production processes, and improving yield rate and production efficiency; (5) Strengthen supply chain services: Provide customers and suppliers with a more efficient production and sales mechanism, such as optimizing the management efficiency of monthly pricing system to improve flexibility and adaptability; (6) Adopt flexible sales strategies: Stay in line with market needs in real time, obtain orders quickly through diversified sales strategies, and maintain operational momentum while the steel market is undergoing structural changes.

(V) Uses and Production Process of Major Products

Plates: Shipbuilding, bridges, steel structures, oil country tubular goods (OCTGs), storage tanks, boilers, pressure vessels, truck chassis, wind power, general structural components, etc.

Bars: Bolts and nuts, hand tools, loudspeaker parts, automobile and motorcycle parts, machinery parts, etc.

Wire rods: Bolts and nuts, steel wires and ropes, hand tools, welding electrodes, tire cords, umbrella ribs, chains, etc.

Hot-rolled steels: Steel pipes and tubes, vehicle parts, containers, pressure vessels, jacks, cold-rolled and galvanized steels, light steel frame and formed processed products, etc.

Cold-rolled steels: Steel pipes and tubes, steel furniture, home appliances, drum material, automobile panels, galvanized steels, general hardware, etc.

Electro-galvanized steels: Computer cases/parts and accessories, home appliance panels/parts and accessories, automobile panels, construction materials, furniture hardware, etc.

Hot-dip galvanized steels: Automobile and home appliance parts and components, computer cases/parts and accessories, PPGI, construction materials, etc.

Electrical steels: Motors, transformers, ballasts, etc.

The main manufacturing processes for the Company's products comprise raw material processing, ironmaking, steelmaking, rolling and surface treatment:

Raw material processing: Imported coking coal, iron ore and limestone are unloaded to the raw material storage yard. Coking coal is then transported to coke oven plants to produce coke, while iron ore and limestone are transferred to the sinter plants to produce sinter.

Ironmaking: Iron ore, sinter, pellet, coke and flux are charged to blast furnaces to produce molten iron (hot metal), which is then transported by torpedo cars to basic oxygen furnaces for steelmaking.

Steelmaking: Hot metal and steel scrap are poured into basic oxygen furnaces to be processed into liquid steel, most of which are further processed at secondary refining stations before being cast into blooms and slabs.

Rolling: Blooms are fed into the billet mill to be shaped into billets and further processed into bars or wire rod products in the bar or rod mills. Slabs are fed into the plate mill to be rolled into plates or processed into hot rolled bands in the hot strip mills. Hot rolled bands can be further processed into hot rolled products in the finishing mill or to produce cold rolled products in the cold rolling mills.

Surface treatment: To enhance the special functions of cold-rolled coils, special treatment is made on the surface of these products, such as applying a thin insulating coating on

electrical sheet to improve its electromagnetic performance. Galvanized steel sheets are made through coating cold-rolled coils with a layer of zinc by hot-dipped galvanizing or electrogalvanizing to achieve aesthetic and anti-corrosion effects. The surface of galvanized steel sheet is even applied with anti-fingerprint coating to improve its corrosion resistance and painting properties.

(VI) Supply of Major Raw Materials

A. Sources of Coking Coal (January 1, 2022 to December 31, 2022)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Australia	560	80.46%	Australia	335	88.86%
Canada	111	15.95%	Canada	40	10.61%
Others	25	3.59%	Others	2	0.53%
Total	696	100.00%	Total	377	100.00%

B. Sources of Iron Ore (January 1, 2022 to December 31, 2022)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Australia	1,103	79.35%	Australia	576	69.06%
Brazil	203	14.61%	Brazil	204	24.46%
Canada	84	6.04%	Canada	54	6.48%
Total	1,390	100.00%	Total	834	100.00%

C. Sources of Limestone (January 1, 2022 to December 31, 2022)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Japan	134	52.14%	Japan	82	54.67%
Taiwan	46	17.90%	Philippines	20	13.33%
Philippines	28	10.90%	Vietnam	18	12.00%
Vietnam	23	8.95%	Taiwan	15	10.00%
Thailand	18	7.00%	Thailand	8	5.33%
Others	8	3.11%	Others	7	4.67%
Total	257	100.00%	Total	150	100.00%

Note: CSC Group mainly engages in the steel industry and only the Company and Dragon Steel Corporation are integrated steel manufacturers, so here we only provide the sources of main raw materials, namely coking coal, iron ore and limestone.

(VII) Information on suppliers/customers accounting for more than 10 percent of the total purchases (sales) of goods in any of the most recent two years:

1. The Company does not have any customers accounting for more than 10 percent of the total standalone sales of goods.
2. Information on suppliers accounting for more than 10 percent of the total purchases of goods at the Company:

Year	Name	Amount (NT\$ thousands)	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
2021	Dragon Steel Corporation	26,146,725	16.17	Wholly-owned subsidiary
	Company A	23,824,563	14.74	Supplier
	Others	111,688,143	69.09	N/A
	Net purchases	161,659,431	100.00	N/A
2022	Dragon Steel Corporation	20,842,445	12.66	Wholly-owned subsidiary
	Others	143,777,069	87.34	N/A
	Net purchases	164,619,514	100.00	N/A
As of the previous quarter in 2023	Information for the previous quarter prior to the publication date of this annual report is the information for 2022. Hence, the information is as above.			

Note on increase or decrease: The decreased purchase amount of Dragon Steel Corporation and Company A in 2022 was mainly due to the decrease in unit price and volume of products purchased.

3. The Company and our subsidiaries do not have any customers accounting for more than 10 percent of the total consolidated sales of goods.
4. Information on suppliers accounting for more than 10 percent of the total purchases of goods at the Company and our subsidiaries:

Year	Name	Amount (NT\$ thousands)	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
2021	Company A	39,669,474	13.63	Supplier
	Others	251,423,533	86.37	N/A
	Net purchases	291,093,007	100.00	N/A
2022	Company A	31,132,701	10.37	Supplier
	Others	268,967,897	89.63	N/A
	Net purchases	300,100,598	100.00	N/A
As of the previous quarter in 2023	Information for the previous quarter prior to the publication date of this annual report is the information for 2022. Hence, the information is as above.			

Note on increase or decrease: The increased purchase amount of Company A in 2022 was mainly due to the decrease in unit price and volume of products purchased.

(VIII) Breakdown of production and sales volume and value of steel products in the most recent two years

Standalone - Breakdown of production volume and value

Unit: Production capacity/volume - metric ton; Production value - NT\$ thousands

Major Product	Year	2022			2021		
		Production Capacity (Note 1)	Production Volume	Production Value	Production Capacity (Note 1)	Production Volume	Production Value
Plates		1,000,000	921,432	23,809,240	1,000,000	924,068	19,307,287
Bars and wire rods		2,005,000	1,664,864	43,944,994	2,005,000	1,964,274	42,622,474
Hot-rolled products		2,360,000	2,153,086	49,156,082	2,360,000	2,398,086	43,094,566
Cold-rolled products		3,395,000	2,828,060	81,423,439	3,395,000	3,448,682	79,607,714
Other steel products		NA	393,669	7,661,559	-	376,749	5,986,013
Total (Steel products)		8,760,000	7,961,111	205,995,314	8,760,000	9,111,859	190,618,054
Others (Non-steel products and by-products)		NA	NA	3,960,852	NA	NA	4,014,363
Total		NA	NA	209,956,166	NA	NA	194,632,417

Note: 1. In order to promote the advanced premium steels (APS), the Company has adjusted the allocation of production capacity of each production line accordingly.

2. Other steel products refer to pig iron, commercial slabs, commercial billets, etc.

Standalone - Breakdown of sales volume and value

Unit: Sales volume - metric ton; Sales value - NT\$ thousands

Major Product	Year	2022				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plates		861,928	25,031,448	49,374	1,428,846	904,706	23,384,152	30,333	653,429
Bars and wire rods		1,727,506	51,195,650	177,764	4,981,224	2,034,024	55,712,031	164,692	4,112,468
Hot-rolled products		1,016,049	24,682,590	1,554,674	36,656,888	1,412,611	34,296,317	1,266,836	29,315,158
Cold-rolled products		1,106,513	34,399,033	1,749,354	52,535,957	1,486,942	43,709,548	1,865,004	50,200,409
Other steel products		346,400	6,848,841	-	-	394,803	6,994,762	-	-
Others (Non-steel products and by-products)		NA	7,105,281	NA	-	NA	5,912,420	NA	-
Total		5,058,396	149,262,843	3,531,166	95,602,915	6,233,086	170,009,230	3,326,865	84,281,464

Consolidated – Breakdown of production volume and value

Unit: Production capacity/volume - metric ton; Production value - NT\$ thousands

Major Product	Year Production Volume and Value	2022			2021		
		Production Capacity (Note 1)	Production Volume	Production Value	Production Capacity (Note 1)	Production Volume	Production Value
Plates		1,000,000	921,432	23,809,240	1,000,000	924,068	19,307,287
Bars and wire rods		2,005,000	1,664,864	43,944,994	1,626,000	1,964,274	42,622,474
Hot-rolled products		8,560,000	6,817,965	154,492,748	9,925,000	7,883,355	147,361,047
Cold-rolled products (including cold-rolled and coated products)		5,435,000	4,011,585	117,919,544	4,479,000	5,052,277	121,478,314
Steel pipes		90,667	80,074	2,480,139	90,667	43,837	1,192,722
H-beams		600,000	424,924	11,077,845	600,000	529,922	11,017,524
Narrow plates			23,323	652,431		52,720	1,114,395
Steel frames		160,000	122,396	9,774,799	200,000	152,032	9,419,067
Other steel products		NA	1,985,426	40,855,527	NA	1,925,588	32,347,245
Total (Steel products)		17,850,667	16,051,989	405,007,267	17,920,667	18,528,073	385,860,075
Others (Non-steel products and by-products)		NA	NA	38,322,818	NA	NA	21,339,229
Total		NA	NA	443,330,085	NA	NA	407,199,304

Note: 1. In order to promote the advanced premium steels (APS), the Company has adjusted the allocation of production capacity of each production line accordingly.

2. Other steel products refer to pig iron, commercial slabs, commercial billets, etc.

Consolidated – Breakdown of sales volume and value

Unit: Sales volume - metric ton; Sales value - NT\$ thousands

Major Product	Year	2022				2021			
	Sales Volume and Value	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plates		788,661	22,858,767	49,271	1,425,680	805,880	20,771,865	30,054	648,185
Bars and wire rods		1,725,465	51,156,618	177,764	4,981,208	2,031,208	55,664,624	164,713	4,115,264
Hot-rolled products		2,913,119	70,117,803	2,751,882	63,000,587	3,937,465	95,692,518	2,215,017	50,692,271
Cold-rolled products		1,262,623	38,776,119	2,648,665	82,304,598	1,708,981	50,141,221	3,048,006	84,865,109
Steel pipes		7,802	272,551	77,185	2,930,072	11,016	454,205	28,262	793,018
H-beams		341,124	9,752,311	52,718	1,348,375	435,971	11,052,036	40,677	962,080
Narrow plates		19,374	584,637	-	-	48,939	1,156,488	-	-
Other steel products		127,418	2,097,898	28,063	360,928	147,201	2,530,343	26,056	313,001
Others (Non-steel products and by-products)		NA	1,471,997	NA	64,556	NA	1,068,282	NA	87,400
Total		7,185,586	197,088,701	5,785,548	156,416,004	9,126,661	238,531,582	5,552,785	142,476,328

III. Human Resources Overview

- (I) Number of employees, average age, years of service and distribution of academic qualification at the Company in the most recent two years up to the publication date of this annual report (March 31, 2023):

Year		2021	2022	2023.03.31
Number of Employees		9,802	9,677	9,699
Average Age		43.47	42.52	42.47
Average Years of Service		13.22	14.68	14.56
Distribution of Academic Qualifications (%)	PhD	2.01	2.05	2.11
	Master's degree	19.78	20.43	20.46
	Bachelor's degree	54.19	57.48	57.88
	High school	23.51	19.89	19.47
	Below high school	0.51	0.15	0.08

Note: Years of service were recalculated when the Company was privatized on April 12, 1995.

- (II) Number of employees, average age, years of service and distribution of academic qualification at CSC Group in the most recent two years up to the publication date of this annual report (March 31, 2023):

Year		2021	2022	2023.03.31
Number of Employees		28,153	27,765	27,712
Average Age		41.14	41.31	41.51
Average Years of Service		11.25	12.14	12.20
Distribution of Academic Qualifications (%)	PhD	0.87	0.89	0.92
	Master's degree	15.32	15.70	15.73
	Bachelor's degree	54.81	56.94	56.98
	High school	23.36	22.57	22.43
	Below high school	5.64	3.90	3.94

2022	CSC	CSC and DSC
Crude steel production (metric ton)	8,803,592	13,964,630
Revenues (NT\$ thousands)	250,600,629	361,329,540
Average number of workers (persons)	9,686	12,950
Average annual crude steel production per capita (metric ton)	909	1,078
Average annual revenues per capita (NT\$ thousands)	25,872	27,902
Working hours per ton of crude steel (hour/ton)	2.25	1.92

Note: In CSC Group, only China Steel Corporation and Dragon Steel Corporation are integrated steel manufacturers. Therefore, the information above is provided as CSC's and DSC's standalone data.

IV. Information on Environmental Management and Environmental Protection Expenditure

In 1997, the Company obtained ISO 14001 - Environmental Management System (EMS) certification and received registration approval which required renewal every three years. In 2022, the Company was externally audited by the British Standards Institution (BSI) Taiwan Branch for the 2015 edition of the certification, where no deficiencies were found, and successfully passed the certification. By upholding the spirit of continuous improvement demonstrated by ISO 14001 - Environmental Management System, the Company gradually improved environmental management performance in all operations. Besides, the Company conducts internal and external audits every year to ensure that all the operations comply with the ISO 14001 standard. The Company also continues to promote works related to environmental protection with a computerized Environmental, Health and Safety (EHS) Management System.

In terms of environmental ecology, the Company continues to enhance greening of the entire factory based on the concept of "environmental greening." With regard to environmental impact assessment (EIA), the Company handles various EIA documents and submits declaration based on company needs, as well as conducts environmental load analysis, in order to fully keep track of the change of pollutions from the Company's planned capital expenditure.

As regards toxic and concerned chemical substance control, the Company reports the monthly handling quantity and annual release quantity in accordance with the law. Besides, in order to prevent and respond to the toxic chemical disaster, the Company has formulated the "Toxic Chemical Substance Emergency Response, Detection and Alarm Equipment Plan" and the "Toxic Chemical Substance Hazard Prevention and Emergency Response Plan," and regularly conducts toxic chemical disaster drills. For the manufacturing and input of new chemical substances and existing chemical substances, the Company registers the information according to applicable laws and reports the amount of the previous year every year.

According to the ISO 14001 environmental management system, the Company promotes air pollutant reduction goals, incorporates the best available control technology (BACT) and conducts rolling review year by year, as well as promote reduction plans to reduce air pollution emissions and air pollution fees, aiming to realize low-pollution, green, and sustainable steel mills.

In terms of air pollution management, the Company strengthen the management of air pollution-related laws and regulations to comply with the requirements of various laws and regulations and reduce abnormal situations related to air pollution, meanwhile plan response measures for poor air quality in autumn and winter, as well as medium- and long-term air pollution improvement plans in line with the government's air quality improvement policy.

While ensuring the normal operation of various environmental monitoring equipment (Continuous Emission Monitoring System (CEMS), environmental condition monitoring system (CCTV), Ambient Air Quality Monitoring System (AAQMS)), the Company has completed the inspection and declaration of pollutants including particles (Par.), sulfur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOCs), and dioxins (DXNs), etc. in all chimneys, and has applied for stationary pollution source installation, modification, alteration and extension permits in accordance with the law. The Company will continuously strengthens in-plant inspections, reviews the implementation of pollution prevention, and plans reduction and improvement measures in line with the "Air Pollution Prevention and

Control Plan" formulated by the Executive Yuan and the Air Pollution Control Act set forth by the Environmental Protection Administration (EPA).

With regard to greenhouse gas management, in order to properly manage and reduce greenhouse gas emissions, the Company completed the 2021 organizational-level inventory audit (scope 1:20,939,573 tons/CO_{2e}, scope 2:1,357,456 tons/CO_{2e}, total emissions:22,297,029 tons/CO_{2e}), and 2022 organizational-level inventory audit (scope 1:18,248,901 tons/CO_{2e}, scope 2: 1,412,524 tons/CO_{2e}, total emission:19,661,425 tons/CO_{2e}), passed the verification process conducted by third-party verification agencies for both years, and registered the Company's emission data annually in line with the regulation on GHG Emission Reporting System. In addition, the Company continues to manage the amount of greenhouse gas reduction, including reduction credit earned from GHG Early Action Project and GHG Offset Project, where a balance of 4,517,228 tons/CO_{2e} was recorded at the end of March 2023. The Climate Change Response Act, which was officially promulgated by the Office of the President of the Republic of China (Taiwan) on February 15, 2023, consisted of key amendments such as the inclusion of the 2050 net-zero emission target, carbon fee collection, and performance standards. With the Environmental Protection Administration (EPA) planning to propose a draft of important sub-laws by the end of 2023, the Company will continuously work with various parties such as the Industrial Development Bureau, the Ministry of Economic Affairs, and the Taiwan Steel & Iron Industries Association to learn about the direction of the EPA's amendments to sub-laws and participate in such amendments, so as to ensure the reasonableness and feasibility of the policy and thus mitigate the impact of carbon control on the Company.

The Company recycles, processes, and reuses rainwater to reduce the contaminant level of discharge and decreases load to adjacent water bodies through interception stations and runoff wastewater treatment facilities set up in material yards and rainwater drainage systems. In 2022, the amount of wastewater discharged at the Company averaged approximately 44.6 thousand tons/day, while the contaminant concentration discharged fully complied with standards for discharged water.

Complying with the government's "zero waste" policy, the Company continues to uphold the principles of "100 percent resourceization" and "zero solidification landfill." Pursuing appropriate technologies with existing equipment in its factory, the Company converts waste into raw materials that can be used in its factory with excellent management techniques based on the principle of making the best of materials and improving their value.

As regards the application of by-products, the Company has completed the manuals related to the application of basic oxygen furnace slag and desulfurization slag according to the principle of gradual and orderly promotion instructed by the Executive Yuan, as well as audited and approved by third-party organizations since 2017. In addition to on-site recycling, desulfurization slag can be used in cement raw materials in cement mills, while basic oxygen furnace slag can also be used in asphalt concrete for roads, land reclamation and cement raw materials in cement mills. Following the new milestone marked by the successful land reclamation works at Taipei Port using the Company's first shipment of BOF slag in 2020, the amount of BOF slag used in land reclamation works grew from 1.3 million tons to 2.2 million tons in 2023. With a BOF slag output of 1.6 million tons each year, there is still a 600 thousand tons of room each year for the Company to promote the resourceization of BOF slag.

Moreover, to assist the companies of CSC Group in resourceization of industrial wastes, the Company

continues to reutilize sludge from China Steel Chemical Corporation, waste oil from China Steel Express Corporation, sludge from Chung Hung Steel Corporation, oily wastewater from C.S.Aluminium Corporation, calcium carbonate crystals from China Ecotek Corporation, as well as waste acid from the production processes at companies such as China Steel Machinery Corporation and Chung Hung Steel Corporation.

Based on the off-site resources chain established in the past, the Company has expanded the industrial ecology network within and outside Kaohsiung Linhai Industrial Park in cooperation with the Environmental Protection Administration and the Industrial Development Bureau, so that waste between industries can be effectively reused. In 2022, the industrial ecology network centered on the Company comprised 27 enterprises mainly from traditional industries, and links resources including water-quenched blast furnace slag, air-cooled blast furnace slag, desulfurization slag, basic oxygen furnace slag, sludge mixture, coal tar, waste pickling liquor and spent refractory.

To fully understand the quality of soil and groundwater and to implement soil and groundwater pollution prevention work, the Company has set up 13 groundwater monitoring wells in the entire factory to regularly carry out sampling and testing. Furthermore, the Company also investigates soil and groundwater pollution before leasing or purchasing lands to clarify the liability for land contamination of related parties, ensuring no pollution disputes and preventing subsequent risks of pollution remediation and damage liability, thus protecting the Company's interests.

(I) Losses caused by pollution in the most recent year up to the publication date of this annual report (March 31, 2023)

- 1.The Company and listed subsidiaries of CSC Group, Chung Hung Steel Corporation and China Steel Structure Co., Ltd., did not receive any penalty due to pollution in 2022 up to the publication date of this annual report (March 31, 2023).
- 2.Other subsidiaries of CSC Group, i.e. China Ecotek Corporation (CEC), China Steel Chemical Corporation (CSCC), CHC Resources Corporation (CHC Resources) and the important subsidiary, i.e. Dragon Steel Corporation (DSC)

		2022		January to March 2023
CEC	Date of Punishment (Date of Violation)	2022.03.14(2022.02.09)	2022.03.14(2022.02.09)	None
	Punishment Letter No.	Fine Notification No. 40-111-030006	Fine Notification No. 40-111-030007	None
	Regulations Violated	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act	None
	Content of Regulations Violated	Failure to present an industrial waste cleanup plan	Failure to report the flow of waste online	None
	Content of Punishment	A fine of NT\$6,000 and 1-hour environmental seminar	A fine of NT\$6,000 and 1-hour environmental seminar	None

		2022		January to March 2023
CSCC	Date of Punishment (Date of Violation)	2022.12.09(2022.10.05)		2023.01.06 (2022.07.20)
	Punishment Letter No.	Fine Notification No. 20-111-120007		Fine Notification No. 20-112-010010
	Regulations Violated	Paragraph 1, Article 20 of the Air Pollution Control Act		Paragraph 4, Article 34 of the Air Pollution Control Act
	Content of Regulations Violated	VOC emissions exceeded the control standards		Personnel at the unit in charge of air pollution control concurrently served as occupational safety and health management personnel
	Content of Punishment	A fine of NT\$675,000 and 2-hour environmental seminar		A fine of NT\$200,000 improvement within the given duration, and 2-hour environmental seminar
CHC Resources	Date of Punishment (Date of Violation)	2022.12.30(2021.12.08)	2022.12.30(2021.12.08)	None
	Punishment Letter No.	Fine Notification No. 40-111-070027 from Environmental Protection Bureau, Kaohsiung City	Fine Notification No. 40-111-070028 from Environmental Protection Bureau, Kaohsiung City	None
	Regulations Violated	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act	None
	Content of Regulations Violated	The amount of non-hazardous waste collection ash or its mixture (Code: D-1099) entering the landfill on December 8, 2021 was 0.68 metric tons. The results of the sample analysis showed that the total amount of selenium in the sample was 1.92 mg/L, which exceeded the standard of 1.0 mg/L for the total amount of selenium in hazardous industrial waste. In addition, the results above did not match the reported amount of D-1099 and the actual total amount of C-0109 (selenium and its compounds(Total selenium)). However, the company continued the operation without changing its industrial waste cleanup plan.	The amount of non-hazardous waste collection ash or its mixture (Code: D-1099) entering the landfill on December 8, 2021 was 0.68 metric tons. The results of the sample analysis showed that the total amount of selenium in the sample was 1.92 mg/L, which exceeded the standard of 1.0 mg/L for the total amount of selenium in hazardous industrial waste. In addition, the results above did not match the reported amount of D-1099 and the actual total amount of C-0109 (selenium and its compounds(Total selenium)).	None

		2022		January to March 2023
	Content of Punishment	A fine of NT\$60,000 and 2-hour environmental seminar	A fine of NT\$60,000 and 2-hour environmental seminar	None
	Date of Punishment (Date of Violation)	2022.12.30(2021.12.08)	2022.12.30(2022.02.01)	None
	Punishment Letter No.	Fine Notification No. 40-111-070029 from Environmental Protection Bureau, Kaohsiung City	Fine Notification No. 40-111-070030 from Environmental Protection Bureau, Kaohsiung City	None
	Regulations Violated	Paragraph 1, Article 43 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste, and Paragraph 1, Article 36 of the Waste Disposal Act	Subparagraph 2, Paragraph 1, Article 7 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste, and Paragraph 1, Article 36 of the Waste Disposal Act	None
	Content of Regulations Violated	The amount of non-hazardous waste collection ash or its mixture (Code: D-1099) entering the landfill on December 8, 2021 was 0.68 metric tons. The results of the sample analysis showed that the total amount of selenium in the sample was 1.92 mg/L, which exceeded the standard of 1.0 mg/L for the total amount of selenium in hazardous industrial waste. In addition, CHC Resources Corporation failed to sign a written contract with the commissioned waste clearance and disposal service provider prior to the removal of C-0109 (selenium and its compounds(Total selenium)).	The amount of non-hazardous waste collection ash or its mixture (Code: D-1099) entering the landfill on December 8, 2021 was 0.68 metric tons. The results of the sample analysis showed that the total amount of selenium in the sample was 1.92 mg/L, which exceeded the standard of 1.0 mg/L for the total amount of selenium in hazardous industrial waste. After the return of the industrial waste on December 29, 2021, the Environmental Protection Bureau sent its personnel to conduct an inspection on May 31, 2022 and found that the location for storing C-0109 (selenium and its compounds(Total selenium)) did not indicate records for the C-0109 storage date and quantity reported in February and March 2022.	None
	Content of Punishment	A fine of NT\$180,000 and 2-hour environmental seminar	A fine of NT\$60,000 and 2-hour environmental seminar	None

		2022	January to March 2023
DSC	Date of Punishment (Date of Violation)	2022.06.22(2022.01.17)	None
	Punishment Letter No.	Fine Notification No. 20-111-060016	None
	Regulations Violated	Paragraph 1, Article 23 of the Air Pollution Control Act	None
	Content of Regulations Violated	During a site inspection jointly conducted by the Central Branch of the Bureau of Environmental Inspection under the EPA and the Environmental Protection Bureau on January 17, 2022, an exhaust gas leak was found to have occurred due to a hole on the pipeline transporting exhaust gas from No. 1 Sintering Desulfurization Equipment (AE02) at M17 to the gate and pipe of the denitrification/dioxin removal equipment (AE03), which led to ineffective collection of exhaust gas.	None
	Content of Punishment	A fine of NT\$225,000 and 2-hour environmental seminar	None

(II) Countermeasures

1. Improvements proposed

(1) Improvement plans

Over the years, CSC Group has devoted a great deal of manpower, material, and financial resources on environmental protection works, in hopes of achieving international benchmark levels. To properly prevent pollution incidents, the Company not only requires all factories (departments) to enhance self-management to prevent human errors and implement economically feasible environmental management solutions, but also assists all factories (departments) in enhancing self-administration through internal audit. In addition, the Company inflicts punishment for human errors that cause major pollution and rewards units with outstanding performance in accordance with the "Directions Governing Reward and Punishment in Environmental Management."

Besides, China Ecotek Corporation, China Steel Chemical Corporation, CHC Resources Corporation, and Dragon Steel Corporation have not only immediately made improvements and repaired relevant equipment in response to the aforesaid deficiencies, but also taken various improvement measures, such as expediting equipment upgrading and replacement, increasing the frequency of inspection, revising the Audit Guidance for Environmental Inspection, and conducting training on environmental protection-related laws and regulations.

(2) Expected environmental investments in the next two years

To reduce air pollution emissions, the projects including "Revamping Plan of Coke Ovens" are expected to be invested in the next two years, with an investment amount of NT\$8,717,856 thousand and NT\$6,780,352 thousand in 2023 and 2024 respectively.

(3) Effects after improvement

Profitability: Improve environmental protection, reduce CO₂ and PM emissions, avoid penalties for violations of environmental protection regulations and reduce the impact of the increase in operating costs caused by carbon fee collected in the future.

Competitiveness: Follow the international trend of energy saving and carbon reduction and maintain the Company's green competitiveness among its peers in the global steel industry.

V. Protection Measures for Working Environment and Employees' Personal Safety

The Company adopts the Plan–Do–Check & Correction–Act (PDCA) management cycle to continuously improve and implement comprehensive safety and health management, so as to create a healthy work environment. To realize effective discussion and solution to practical issues, the Company has set up the Occupational Safety & Hygiene Committee, in which the President and the Executive Vice President concurrently serve as the Chairman and the Vice Chairman of the committee, respectively. At the same time, the committee also comprises 15 labor union representatives (where labor union representatives exceeds one-third of the total committee members). The Occupational Safety & Hygiene Committee meets once every two months and reports the Company's annual safety and health management performance in the annual report for public inspection.

(I) Important Tasks in Safety and Hygiene Management

1. Workplace safety and risk control

As the occupational safety and hygiene management system is operated based on risk management, the Company has successfully passed the follow-up verification for the ISO 45001 (Occupational Health and Safety Management Systems) and TOSHMS (Taiwan Occupational Safety and Health Management Systems) certifications conducted by the British Standards Institution (BSI) in 2022. Meanwhile, the Company carries out hazard identification and risk assessment on all processes and engineering construction projects, and classifies assessment results into five risk levels, namely negligible, low, moderate, high, and significant. For moderate risks and above, subsequent measures should be taken to reduce risks. Furthermore, the Company regularly conducts emergency response drills and personnel training to bolster emergency response capabilities with a view to preventing personal injuries, property losses, and environmental impacts arising from accidents.

2. Safety and health education and training

Training, as the foundation of safety, enables personnel to acquire safety-related knowledge and develop safety-related awareness to avoid accidents arising from negligence. In 2022, the Company conducted 15 types of courses related to on-the-job licensing training regarding safety and hygiene regulations for 67 batches of personnel, with up to 2,106 employees trained in total, as well as 3 types of courses related to physical safety training for 41 batches of personnel, with up to 460 employees trained in total. In an effort to enhance safety knowledge among employees, the Company organized a series of workplace safety training courses and seminars in line with existing laws and regulations as well as current trends, including “Advanced Training on Process Safety Management (PSM),” “Briefing Session on Explosion-proof Safety Practices,” “Safety and Health Knowledge and Competency Enhancement Program for First-line Supervisors,” “Provisions on Contractor Management in Articles 26 and 27 of the Occupational Safety and Health Act,” “Safety and Health Responsibilities of People Responsible for the Workplaces and Supervisors at All Levels,” and “Regulations and Inspection Practices for Hazardous Machine and Equipment.”

3. Health care

(1) In order to keep track of employees' actual working environment and assess employees' exposure situation, employees are required to undergo general and special health examinations on a regular basis, and carry out health management

and protection according to examination results. In addition, the Company implements tiered management and hosts on-site visits from occupational medicine specialists.

For the special health examination for employees working in special work-sites, test items cover high temperature, noise, radioactivity, lead, dust, as well as organic and special chemicals. A total of 3,676 examinations were conducted among these employees in 2022. Specifically, a total of 7 employees working in noisy environments were listed under Level 4 management, the noise exposure levels of whose workplaces have been confirmed to comply with the relevant laws and regulations. The Company has stepped up efforts on the training of wearing hearing protection devices and keep track of these employees' hearing status regularly; thus, no work adjustment was required. The remaining personnel working in special worksites were not listed in Level 4 health management.

- (2) In 2022, the Company organized 11 health promotion activities (health lecture, nutrition consultation, physical fitness guidance, influenza vaccination, self-paid advanced health screening, mammography, papanicolaou test, female breast ultrasound examination, gynecological ultrasound examination, body fat test and physical fitness test) with a total of 6,857 counts of attendance.
- (3) In 2022, the Company's maternity protection program comprised a total of 12 maternal health promotion cases, which were all classified as Level 1 management upon assessment by occupational medicine specialists; thus, no work adjustment was required. All high-risk individuals in the overload prevention program completed the assessment interview conducted by these doctors, and were regularly tracked by the health management system.

4. Workplace safety enhancement measures

- (1) Revamped version of on-site safety observation

The Company regularly organizes workplace safety observation activities, with the Vice President of the Production Division in charge of convening these activities and leading the members of the Occupational Safety & Hygiene Committee, factory (department) supervisors, and labor union representatives to conduct the observations and discussions. In 2022 the Company revamped the way of its on-site observation. Employees are encouraged to produce cases of workplace safety highlights, where employees whose cases are adopted will be rewarded, while other employees are also encouraged to read the winning cases. This initiative is aimed at boosting employees' positive attitude towards workplace safety management, establishing a shared database for workplace safety highlights and shaping the atmosphere of "workplace safety equals disaster prevention." In 2022, a total of 3 observation activities were carried out while 6 second echelon units were selected as "Outstanding Units in Workplace Safety Management."

- (2) Enhance workplace safety awareness among safety and hygiene supervisory personnel from contractors

The Company has launched a program for supervisory and management personnel in high-risk operations (including a two-day physical safety training course) to improve their capabilities of on-site workplace safety supervision.

(3) Introduction of virtual reality (VR) traffic safety module

The Company uses VR teaching aids to simulate possible traffic conditions in its plants and determine whether the trainees' driving behavior is appropriate according to their operation, with the aim of improving compliance with traffic rules and inculcating the concept of defensive driving among all road users.

(II) Labor and Equipment Management Audit

1. Inspections of dangerous machinery, equipment, and workplace

Dangerous machinery and equipment have passed periodic inspections in accordance with the law. At the same time, all the operators have obtained professional licenses, and also receive on-the-job training on a regular basis. In 2022, the Company carried out and completed a total of 1,043 regular inspections of dangerous machinery and equipment, as well as a total of 17 modifications and final inspections on dangerous machinery and equipment. Moreover, the Company conducted workplace hazard risk assessment on 5 Class C dangerous workplaces, whose process safety is reassessed every five years in accordance with the law, aimed at ensuring safe operations in these workplaces.

2. Safety and hygiene audit

With a view to establishing an effective project for improving patrols and inspections, the Industrial Safety & Hygiene Department has formed an audit team with workplace safety auditing personnel from other departments. The team, split into several groups, conducts daily inspection at key venues in the factories (departments) while the supervisor of the Industrial Safety & Hygiene Department reviews the inspection results. These efforts contribute positively to the maintenance of operation safety at the Company's factories.

VI. Labor Relations

(I) Employee benefit plans, continuing education & training, retirement systems, important labor-management agreements and measures for preserving employees' rights and interests

1. Employee welfare measures

To take care of the daily life of our people, the Company not only provides a safe and healthy working environment, but also launches various types of benefits and welfare, and organizes various types of activities so that employees can relieve stress, relax their body and mind, and lead a more fulfilling life, thereby promoting harmonious labor relations.

Employee benefits of the Company include the following:

- (1) Offers cash allowance for four major festivals, including Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival and Labor Day; club activities; education subsidies for members' children; emergency and disaster relief; marriage subsidies; domestic and overseas trips; flexible welfare points; childbirth and birthday cash gifts, etc.
- (2) Established a cafeteria, providing meal boxes and group meals; set up convenience stores, food court and gymnasium in CSC Group Hall, providing complete amenities for daily living.
- (3) Regularly organizes large-scale self-improvement activities for employees and family members, as well as various events including CSC Group marriage event, year-end lottery, and factory celebrations.
- (4) Provides movies watching for the neighborhood, rental subsidies for transport bus, as well as book and newspaper borrowing and reading in the reading room.
- (5) Offers comprehensive group insurance under the employee welfare committee.
- (6) Sets up single employee dormitories, gymnasium, the CSC Group Hall and kindergarten.
- (7) Accepts applications for consumer loans, interest-free emergency loans, as well as marriage, funeral and festive supplies.

2. Retirement system

According to the Company's personnel management system, an employee, who is involved in any of the following situation, should be required to retire immediately:

- (1) Those who aged 65 years old and above
- (2) Those with mental disorders or physical disabilities that prevent them from working.

With the implementation of the Labor Pension Act starting from July 1, 2005, employees are required to choose between the previous and new labor pension systems within five years from the date above. However, the new labor pension system applies to all employees who joined the Company starting from July 1, 2005. As of December 2022, a total of 7,559 employees applies to the new labor pension system, while a total of 2,109 employees remained with the previous labor pension system.

Based on the labor pension system under the "Labor Pension Act" applicable to the Company and domestic subsidiaries, employers shall contribute 6 percent of employees' monthly salaries as labor pension to individual accounts of labor pension at the Bureau of Labor Insurance. In addition, overseas subsidiaries shall contribute labor pensions in accordance with local laws and regulations.

Based on the labor pension system under the "Labor Standard Act" applicable to the Company and domestic subsidiaries, employees' labor pension shall be calculated based on years of service and average salary for the 6 months before the approved retirement date. The Company and domestic subsidiaries contribute a certain percentage of employees' monthly salaries to an employee pension fund, which is deposited into a special account in Bank of Taiwan by the Labor Retirement Reserve Fund Supervisory Committee in the name of the committee.

The Company and some subsidiaries have also established the Pension Fund Management Committee, which is responsible for reviewing, supervising and inspecting pension fund-related contributions, deposits and expenditures for appointed management personnel. This pension fund is deposited in the name of the management committee.

3. Other important agreements

To promote harmonious labor relations, the Company signed a three-year collective agreement starting from April 2, 1997 with labor union on February 14, 1997 according to the Collective Agreement Act. The current collective agreement is the fifth edition, which signed on August 15, 2019 and took effect on the next day. The agreement totaled 79 articles and comprises 10 chapters, including general principles, labor union activities, human resources, working hours, rest and annual leave, compensation and bonuses, human resource development, benefits and welfare, safety and hygiene, labor-management meetings, collective bargaining and handling of labor disputes, and supplementary provisions.

To enhance employees' sense of belonging to the Company and increase business partners awareness that employees are also shareholders, the Company implemented the Employee Stock Ownership Trust system in July 1998 in hopes of connecting employees' work performance with company growth and providing better protection for employees after retirement. In this system, each participant can freely choose the monthly contribution amount within the 10% limit of his/her basic salary; however, it is limited to 12 bases only, where each base is NT\$1,000. Meanwhile, the Company contributes additional 20% of participating employees' monthly deposit amount as incentives. The Company has commissioned a financial institution to manage this trust and to purchase shares of the Company using all deposits in the name of a special account. Participating employees will receive shares from the trust upon leaving the Company.

4. Employee communication

Labor-management meetings must be held once every three months as required by law. As the Company attaches great importance to labor relations, the Company convenes labor-management meetings on a monthly basis (a total of 12 meetings convened in 2022). Besides, according to the implementation directions for communication forums for plants (and departments), each plant (and department) shall conduct a forum every two to three months to communicate with employees, as well as strengthen exchange of opinions internally, so as to enhance employees' sense of belonging. A total of 212 communication forums (participated by approximately 3,938 people) were held across all plants (and departments) in 2022. In addition to labor-management meetings and communication forums held in plants (and departments),

employees can express their opinions through the following channels:

- (1) Labor Union: Employees who are members of the labor union can submit their appeals to the labor union through proper channels.
 - (2) Employee Welfare Committee: This committee handles employees' welfare-related matters.
 - (3) Occupational Safety & Hygiene Committee: This committee handles matters related to safety, hygiene, and environmental protection.
 - (4) Labor Retirement Reserve Fund Supervisory Committee: This committee handles matters related to depositing, using, and managing the retirement reserve fund.
 - (5) Appeals system/appeals hotline: Employees, who suffer from infringement of legal rights, improper treatment, or difficulties at work, and is unable to resolve reasonably after raising them through the administrative system, may lodge complaints.
 - (6) Sexual Harassment Complaint Committee: The committee is responsible for handling appeals related to sexual harassment in the workplace, in order to provide a work and service environment free of sexual harassment.
5. Employee code of conduct and ethics

In order to promote an honest and upright atmosphere, ensuring that employees become self-driven and self-motivated and implement four major spirits that is teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation while performing duties, the CSC Group Employee Code of Ethics was formulated in accordance with the "Ethics Guidelines for Civil Servants" and related regulations. All employees shall fully comply with this code to pass down the Company's excellent corporate culture.

In addition, the "Service Rules" chapter in the Company's work rules and the Company's "Guidelines for Recusal Due to Conflict of Interests" also specify employee code of conduct and ethics.

While celebrating the Company's 50th anniversary in 2021, a consulting firm was engaged to carry out the "Corporate Culture Revamp" project. In this project, a consensus was reached by the management team on the Company's corporate culture via interviews with top executives and vice presidents of each division to not only reshape the definition of the Company's four corporate values, namely teamwork, entrepreneurial approach, down-to-earthness, and pursuit of innovation, but also identify the elements that represent each of the aforesaid values. Furthermore, employee conduct and behavior were also described in detail to ensure that all employees share a common concept and understanding of the Company's culture and specifically demonstrate them in daily work. With a view to ensuring that supervisors at all levels understand the definition of values and behaviors after the corporate culture revamp exercise, identify whether employees have demonstrated behaviors corresponding to the aforesaid four corporate values, and carry out appropriate performance evaluation for truly inculcating these values in employees' behavior and shaping the Company's common values. In March 2023, the Company launched the corporate culture implementation project by organizing a seed instructor training program for the Cultural Consensus Camp and the Cultural Consensus Camp for senior supervisors.

6. Employee training and talent development

Enhancing training and talent management, promoting excellent corporate culture, and advancing leadership skills and passing down of technologies have always been the Company's annual business policies and benchmarks. In the face of current wave of retirement, the Company not only has actively recruited outstanding talents to join the CSC team in recent years, but also focuses on efforts to effectively pass down our extensive experience in steel production, operations and management over these years. Therefore, talent development, knowledge management, corporate culture and succession plans are currently the key tasks that have to be undertaken immediately by CSC Group.

The Company has established the Manpower Development Section subordinated to the Human Resources Department. This team is responsible for the formulation of rules and regulations governing human resources development, mapping out and implementing training plans and budgets, and planning and promoting management skills development, knowledge management and e-Learning.

To nurture talents required for the development of the Company's businesses, the Company has established the "Education and Training Manual", and the Regulations Governing Training and Continuing Education, in order to specify the education and training system as well as the training and development framework for talents of CSC Group. The Company maps out annual training plans based on business conditions, and conducts training based on these plans in order to enhance employees' knowledge and skills. Through the talent development system, the Company enhances management skills development and technical know-how, develops future management and professional talents, and encourages all employees to pursue continuing education to improve themselves.

Education and training courses held by the Company in 2022 primarily covered AI training, management, languages, specialized training (e.g., technology and quality management), computer, environment safety and hygiene, induction training for new employees, management training for supervisors, as well as general education and training. In 2022, the Company spent NT\$49,187 thousand in education and training, with an average 26.6 hours training per employee throughout the year. Intelligentization is currently one of the key policies at the Company. In an effort to bolster the development of AI talents, the Company has set up a Production and Marketing of Intelligent development Committee (PMIC) in 2016, and rolled out related works using 3T strategies - building a hybrid cloud intelligence platform (Technology), planning and assisting in AI training for employees of CSC Group (Talent), and comprehensively promoting intelligent solutions (Team). Moreover, a series of training courses for AI talents are conducted for the purpose of cultivating key AI skills among them. A total of 766 people attended training courses for AI talents in 2022.

(II) Losses caused by labor disputes in the most recent year up to the publication date of this annual report:

1. No losses caused by labor disputes were reported at China Steel Corporation and listed subsidiaries of CSC Group (i.e., Chung Hung Steel Corporation, China Ecotek

Corporation, China Steel Chemical Corporation, CHC Resources Corporation, and China Steel Structure Co., Ltd.) in 2022 up to the publication date of this annual report (March 31, 2023).

2. Important subsidiary (i.e., Dragon Steel Corporation)

	2022	January to March 2023
Date of Punishment (Date of Violation)	2022.12.20(2022.08.23)	None
Punishment Letter No.	Punishment Letter No. 1110337315 from the Labor Affairs Bureau, Taichung City Government	None
Regulations Violated	Article 24 of the Labor Standards Act	None
Content of Regulations Violated	Failure to pay wages for extended working hours in accordance with the law	None
Content of Punishment	A fine of NT\$50,000	None
Response and Improvement Measures	1. Dragon Steel Corporation has paid the fine on January 5, 2023. 2. Dragon Steel Corporation has revised the basis for calculating extended working hours as suggested by the Labor Affairs Bureau in compliance with the Labor Standards Act.	None

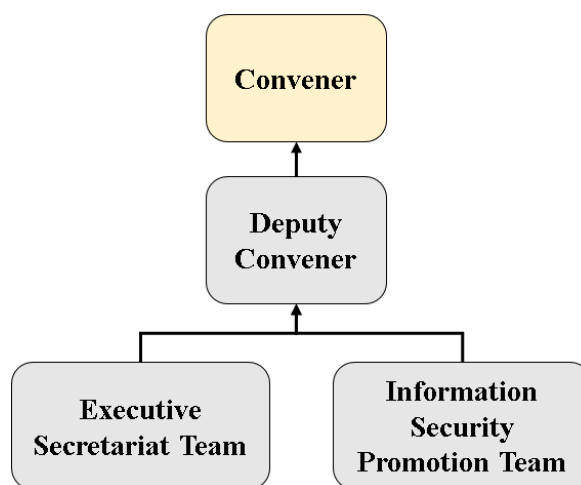
VII. Cybersecurity Management

(I) Cybersecurity Risk Management Framework

1. Information Security Governance Organization

The Company established the Information Security Committee in December 2020. The Executive Vice President Chien-Chih Hwang serves as Chief Information Security Officer and convener of the committee, the Assistant Vice Presidents of the Finance Division and Production Division serve as deputy conveners, and experts from the Information System Department, the Electrical & Control Department, the Human Resources Department, the Legal Department, the Green Energy & System Integration Research & Development Department, and the Utilities Department serve as committee members. At the same time, the executive secretariat team and the information security promotion team were set up under the committee. In addition to convening meetings on a quarterly basis, the committee is tasked with overseeing the formulation and implementation of information security-related policies, risk management, and compliance inspection, as well as reviewing and approving information security and information protection approaches and policies to realize the effectiveness of information security management measures. In order to strengthen the risk management of cybersecurity, the overall implementation of information security is reported to the Board of Directors through the Corporate Governance and Sustainability Committee every year to ensure the suitability and effectiveness of the operation and implement the supervision of information security.

2. Structure and Reporting Process of the Information Security Committee



(II) Cybersecurity Policy

1. Information Security Goals

- (1) Ensure the confidentiality, integrity, and availability of the Company's business-related information to safeguard information security at the Company.
- (2) Improve information security protection capabilities to achieve the goal of business continuity.

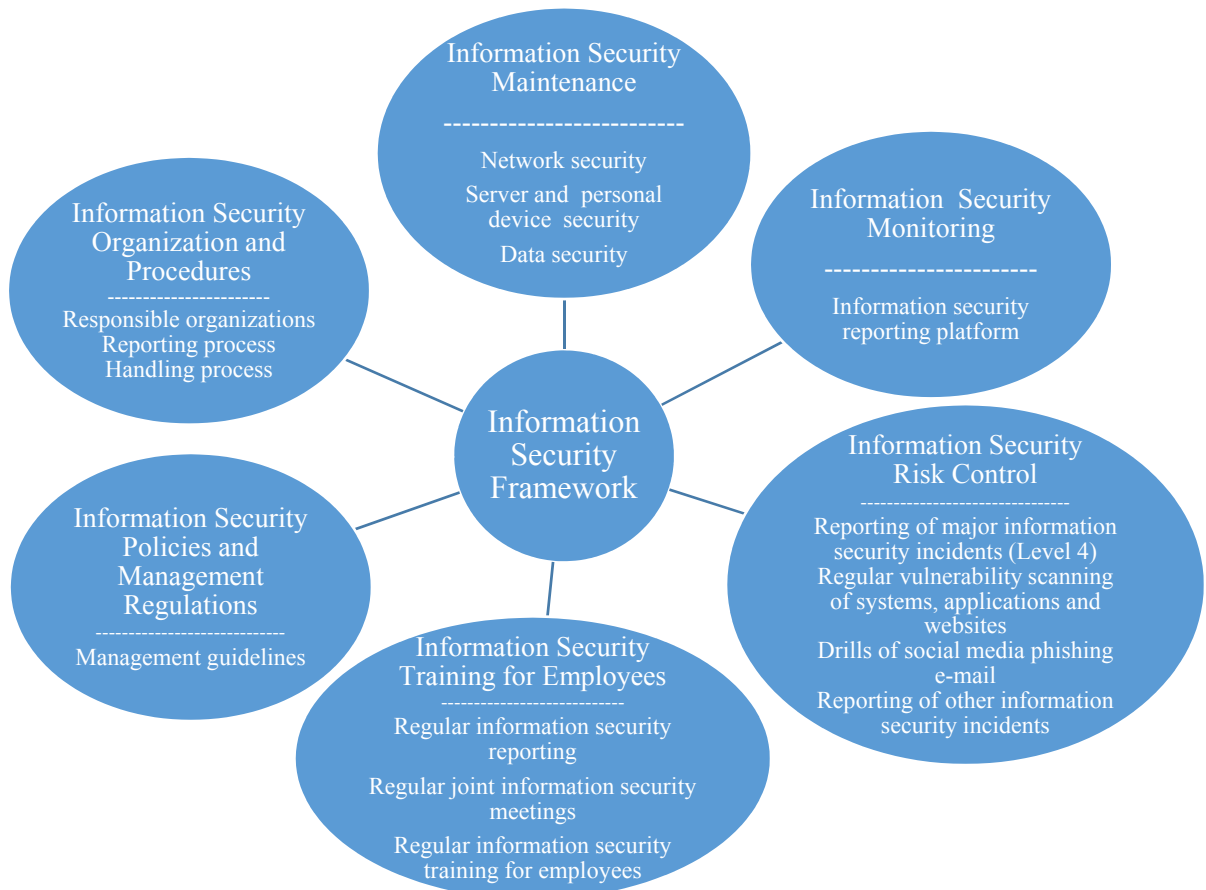
2. Information Security Strategies

For the purpose of effectively implementing information security management, the Information Security Committee reviews the applicability of the Company's information security policies and related protection measures based on the Plan-Do-

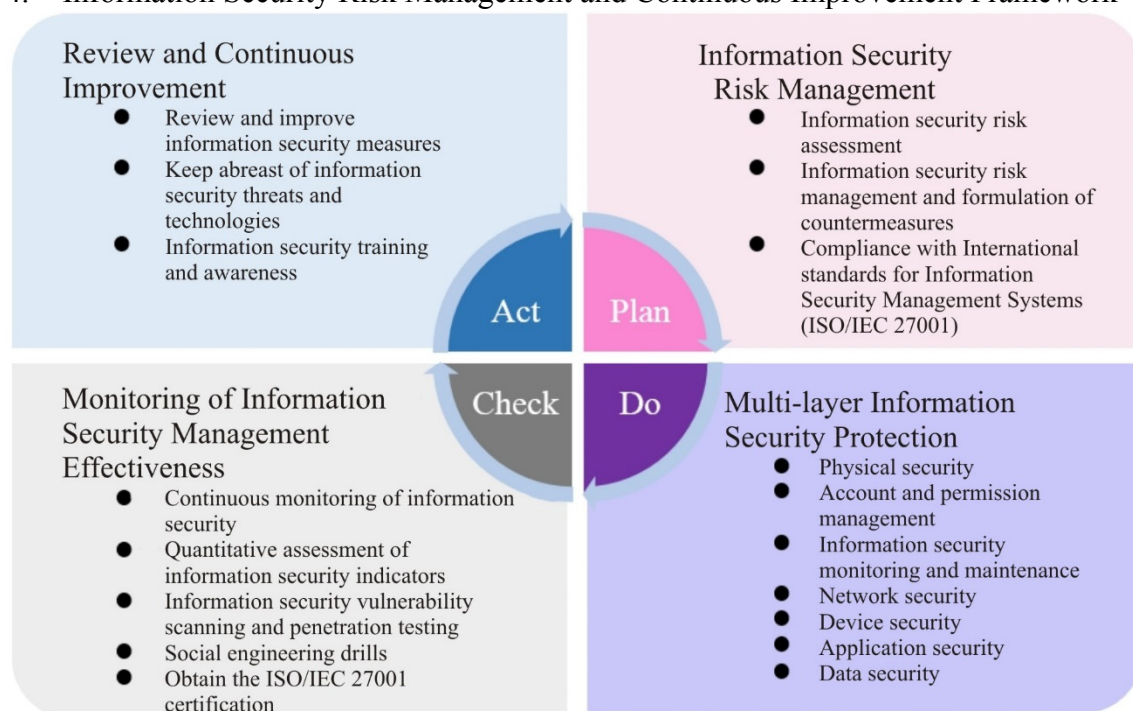
Check–Act (PDCA) management cycle, and introduces a number of information security strategies as listed below:

- (1) Assess requirements for information operations security to draw up related procedures and develop strategies, management framework, and standards, with the aim of ensuring the confidentiality, integrity, and availability of information assets.
- (2) Establish the Company's information security organization and delegation of duties and responsibilities to facilitate the implementation of information security operations.
- (3) Formulate guidelines for assessing the level of information security incidents at the Company to facilitate the implementation of various related tasks.
- (4) Set up the information security incident reporting and response mechanism to ensure that information security incidents are properly responded to, controlled, and dealt with as soon as possible, and reduce the scope of impact and losses caused by such incidents.
- (5) Enhance information security awareness among employees on a regular basis to minimize man-made information security disasters.

3. Information Security Framework



4. Information Security Risk Management and Continuous Improvement Framework



(III) Specific Management Solutions

Multi-layer Information Security Protection	
Network Security	<ul style="list-style-type: none"> ● Incorporate advanced technology to perform computer scans as well as system and software updates. ● Enhance network firewall and control to prevent the spread of computer viruses.
Device Security	<ul style="list-style-type: none"> ● Establish endpoint antivirus measures according to computer and business type to reinforce detection of malware behavior. ● All new computers must be installed with protection software and undergo virus scans in the quarantine zone before they can be deployed.
Application Security	<ul style="list-style-type: none"> ● Continuously enhance the control mechanism of application code and integrate it into the development process and platform. ● Build an application security testing mechanism and integrate it into the development process and platform.
Data Security	<ul style="list-style-type: none"> ● USB storage media control ● E-mail control
Review and Continuous Improvement	
Education and Training	<ul style="list-style-type: none"> ● Raise employees' vigilance against e-mail social engineering attacks and perform defense and detection of phishing e-mails. ● Conduct information security training for employees on a regular basis to enhance employees' information security awareness.

(IV) Resources for Cybersecurity Management

Achievements in promoting and implementing information security measures in 2022 are as follows:

Policy	Certification
Maintained 24 information security rules and regulations.	Passed the ISO/IEC 27001 Information Security Management System review in 2022 and remained the validity of the certification.
Training/Awareness	
1. Conducted information security training for new employees of 2022, with a total of 513 people trained, all of whom have completed the training and passed the examination. 2. Completed Computer Hacking Forensic Investigator (CHFI) training in 2022, with a total of 9 people trained.	Organized one information security awareness session each month (12 sessions in total), covering updates on information security, vulnerability remediation, and important lessons on information security.
Information Security Testing	
Conducted penetration testing and vulnerability scanning testing at 135 stations.	
Organized one e-mail social engineering and phishing e-mail drill each year, with 1,000 people sampled for the drill.	

(V) Information Technology Security Risk and Management Measures

CSC has drawn up five major information security management measures based on the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework.



1. Identify

Review the information environment, key resources, systems, and services, develop risk management strategies in line with daily operations, including information asset

inventory and risk assessment, and conduct internal and external audits to identify potential risks and make improvements.

2. Protect

Establish corresponding defensive measures, including identity and access management, endpoint/antivirus protection, and firewall, aimed at ensuring that key resources, systems, and services are not affected by information security incidents.

3. Detect

Build a real-time detection and warning mechanism for information security incident, including spam management system, intrusion detection system, and security operations center (SOC).

4. Respond

Set up the reporting and response management for cybersecurity incident to quickly complete the damage control or recovery operations and minimize the impact of information security incidents on the Company when an incident occurs.

5. Recover

Build a high availability architecture and draw up a data backup plan, so that normal operations can be resumed in the shortest possible time when an information security incident occurs.

(VI) Losses caused by major information security incidents, their possible effects, and relevant response measures in the most recent year up to the publication date of this annual report:

No losses caused by major information security incidents were reported at China Steel Corporation, listed subsidiaries of CSC Group (Chung Hung Steel Corporation, China Ecotek Corporation, China Steel Chemical Corporation, CHC Resources Corporation, and China Steel Structure Co., Ltd.), and the important subsidiary (Dragon Steel Corporation) in 2022 up to the publication date of this annual report (March 31, 2023).

VIII.Important Contracts

1. China Steel Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Procurement contract	Hamersley Iron Pty. Ltd. (Australia)	2017.04.01~2022.03.31	Iron ore	None
		2022.04.01~2025.03.31		
Procurement contract	Vale S.A. (Brazil)	2020.04.01~2023.03.31	Iron ore	None
Procurement contract	BHP Billiton Marketing AG (Australia)	2021.04.01~2024.03.31	Iron ore	None
Procurement contract	Teck Coal Limited (Canada)	2021.04.01~2024.03.31	Coking coal	None
Procurement contract	BM Alliance Coal Marketing Pty Ltd (Australia)	2021.04.01~2022.03.31	Coking coal	None
		2022.04.01~2023.03.31		
Procurement contract	Nippon Steel Corporation	2020.04.01~2025.06.30	Supply of slabs	None
Procurement contract	Paul Wurth Italia S.p.A. (Italy)	2020.11.24~2024.06.30	New Phase I and II coke ovens, coke transport cars, and coal chemical equipment	None
Procurement contract	Fuji Electric Co., Ltd. (Japan)	2021.10.19~2025.03.15	Turbine generator and ancillary equipment at No. 1 Power House	None
Procurement contract	Mitsubishi Power, Ltd. (Japan)	2022.06.20~2025.01.28	Installation of No. 13 and No. 14 Boilers and other ancillary equipment at No. 1 Power House	None
Long-term borrowing	Chang Hwa Bank	2019.08~2022.07	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	MUFG Bank	2022.01~2024.09	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Bank of Taiwan	2022.08~2025.08	New Taiwan dollar loan with a revolving credit line	Credit utilization rate
Long-term borrowing	Mizuho Bank	2022.10~2024.10	Comprehensive loan with a revolving credit line	None
Long-term borrowing	CTBC Bank	2020.04~2024.04	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate
Long-term borrowing	Cathay United Bank	2022.12~2026.12	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate
Long-term borrowing	Taishin International Bank	2023.01~2026.01	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Long-term borrowing	China Bills Finance Corporation	2023.03~2026.03	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate
Engineering contract	China Ecotek Corporation	2022.05~2024.12	Construction of coking ovens in replacement project of Phase I and II coking ovens	None
Engineering contract	China Ecotek Corporation	2022.10~2026.03	Miscellaneous procurement and full-site fabrication in the expansion of TG-9/10 for Power House	None
Contracting agreement	Kaohsiung City Government	2016.10~2025.04	Turnkey project for the (Phase 2) construction of Kaohsiung Circular Light Rail	None
Contracting agreement	Department of Rapid Transit Systems, New Taipei City	2017.05~2024.01	Turnkey project for the electromechanical system of Ankeng LRT Transportation System Project	None

2. Dragon Steel Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Procurement contract	Port of Taichung, Taiwan International Ports Corporation, Ltd. Taichung City Government	To expire 15 years from the date of commencement of operation	Contract for effluent recycling and reuse at Futian Water Resource Recycling Center in Taichung City	Annual guaranteed water consumption: Dragon Steel's daily water consumption multiplied by 350 calendar days (20.3 million cubic meters per year)
Procurement contract	ShinChang Natural Gas Co., Ltd.	2019.11.10~2022.10.31 2022.11.01~2025.10.31	Natural gas procurement contract	None
Engineering contract	China Steel Structure Co., Ltd.	2016.03~2023.12	Construction of steel structure for the efficiency enhancing project for windproof and dustproof walls of Raw Material Storage Yard at Dragon Steel Corporation	None
Long-term borrowing	Sumitomo Mitsui Banking Corporation	2022.06~2024.06	New Taiwan dollar loan with a revolving credit line	Shareholding ratio
Long-term borrowing	Taiwan Cooperative Bank	2022.07~2024.07	New Taiwan dollar loan with a revolving credit line	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Long-term borrowing	Bank of Taiwan	2022.09~ 2024.09	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Mizuho Bank	2022.09~ 2024.09	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	CTBC Bank	2020.04~ 2023.04	New Taiwan dollar nonguaranteed commercial paper	None
Long-term borrowing	Cathay United Bank	2022.08~ 2026.08	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate
Long-term borrowing	Mega Bills Finance Co., Ltd.	2022.10~ 2024.10	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate
Long-term borrowing	Mega Bills Finance Co., Ltd.	2022.12~ 2025.06	New Taiwan dollar nonguaranteed commercial paper	Credit utilization rate

3. Chung Hung Steel Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Procurement contract	Nippon Steel Corporation	2020.04.01~ 2025.06.30	Supply of slabs	None
Procurement contract	Shinhsiung Natural Gas Inc.	2015.01.01~ 2024.12.31	Supply of fuel for the production of heating stoves at hot rolling mills	None

4. China Ecotek Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	Polyplastics Taiwan Co., Ltd.	2022.04~ 2024.04	Construction of liquid-crystal polymer (LCP) plant for Polyplastics Taiwan Co., Ltd.	None
Engineering contract	China Steel Corporation	2022.05~ 2024.12	Construction of coking ovens in the replacement project of Phase I and II coking ovens	None
Engineering contract	China Steel Corporation	2022.10~ 2026.03	Miscellaneous procurement and full-site fabrication in the expansion of TG-9/10 for Power House	None

5. China Steel Chemical Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Sales contract	Koppers Carbon Materials & Chemicals Pty Ltd (Australia)	2018.01.01~ 2027.12.31	85°C Soft pitch sales contract	None
Sales contract	Taiwan Prosperity Chemical Corporation	2022.01.01~ 2022.12.31 2023.01.01~ 2023.12.31	Benzene sales contract	None
Sales contract	Formosan Union Chemical Corp.	2022.01.01~ 2022.12.31 2023.01.01~ 2023.12.31	Benzene sales contract	None
Sales contract	Taiwan Styrene Monomer Corporation	2022.01.01~ 2022.12.31 2023.01.01~ 2023.12.31	Benzene sales contract	None
Sales contract	Tokai Carbon Co., Ltd. (Japan)	2022.01.01~ 2022.12.31 2023.01.01~ 2023.12.31	Creosote oil sales contract	None
Sales contract	Dalian Shengyuan Chemical Co., Ltd.	2022.01.01~ 2022.12.31 2023.01.01~ 2023.12.31	Creosote oil sales contract	None
Sales contract	Linyuan Advanced Materials Technology Co., Ltd.	2022.01.01~ 2022.12.31 2023.01.01~ 2023.12.31	Creosote oil sales contract	None

6. CHC Resources Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	China Steel Express Corporation	2020.11.01~ 2023.12.31	Cooperation project on maritime transportation	None
Engineering contract	Earth Power Construction Co., Ltd.	2020.11.02~ 2023.12.31	Cooperation project on transportation and reclamation for Port of Taipei	None

7. China Steel Structure Co., Ltd.

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	Dragon Steel Corporation	2016.03~ 2023.12	Construction of steel structure for the efficiency enhancing project for windproof and dustproof walls of Raw Material Storage Yard at Dragon Steel Corporation	None
Engineering contract	RSEA Engineering Corporation	2019.01~ 2022.12	Construction project on Land No. 15 along Jingmao Section in Nangang District for Taiwan Life Insurance Co., Ltd.	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	Continental Engineering Corporation	2020.08~ 2022.08	Construction of steel structure for CMP Midtown	None
Engineering contract	Taiwan Semiconductor Manufacturing Co., Ltd.	2021.11~ 2022.01	Construction of F18P7A at Southern Taiwan Science Park for Taiwan Semiconductor Manufacturing Co., Ltd.	None
Engineering contract	Taiwan Semiconductor Manufacturing Co., Ltd.	2023.03~ 2023.05	Construction of F22P1-FAB-A for Taiwan Semiconductor Manufacturing Co., Ltd.	None
Engineering contract	Taiwan Semiconductor Manufacturing Co., Ltd.	2023.05~ 2023.07	Construction of F22P1-FAB-B for Taiwan Semiconductor Manufacturing Co., Ltd.	None

Chapter VI. Financial Overview

I. Five-Year Condensed Balance Sheet, Statement of Comprehensive Income and CPA's Audit Opinion

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet - Consolidated

Unit: NT\$ thousands

Year		Five-Year Financial Information (Note 1)				
		End of 2022 (Note 2 & 3)	End of 2021	End of 2020	End of 2019	End of 2018
Item						
Current assets		210,365,094	210,015,348	141,337,884	164,629,375	174,307,744
Property, plant and equipment		370,248,034	370,663,701	384,332,644	390,063,303	398,733,684
Intangible assets		1,343,993	1,478,279	1,654,972	1,677,536	1,850,508
Other assets		101,812,276	105,837,641	108,757,197	110,261,767	99,634,660
Total assets		683,769,397	687,994,969	636,082,697	666,631,981	674,526,596
Current liabilities	Before distribution	166,446,346	161,930,745	135,326,553	152,276,308	155,338,705
	After distribution	182,234,782	210,827,445	140,100,586	160,197,313	171,127,141
Noncurrent liabilities		160,477,607	139,109,204	177,649,163	182,141,163	176,390,173
Total liabilities	Before distribution	326,923,953	301,039,949	312,975,716	334,417,471	331,728,878
	After distribution	342,712,389	349,936,649	317,749,749	342,338,476	347,517,314
Equity attributable to owners of the Company		319,902,227	349,028,765	293,298,945	302,558,533	312,908,037
Share capital		157,731,290	157,731,290	157,731,290	157,731,290	157,731,290
Capital surplus		40,275,115	39,238,636	39,077,456	38,877,269	38,545,884
Retained earnings	Before distribution	135,389,363	165,114,212	108,342,066	115,476,131	122,682,396
	After distribution	119,600,927	116,217,512	103,568,033	107,555,126	106,893,960
Other equity		(4,844,120)	(4,405,952)	(3,187,669)	(861,959)	2,595,167
Treasury shares		(8,649,421)	(8,649,421)	(8,664,198)	(8,664,198)	(8,646,700)
Non-controlling interests		36,943,217	37,926,255	29,808,036	29,655,977	29,889,681
Total equity	Before distribution	356,845,444	386,955,020	323,106,981	332,214,510	342,797,718
	After distribution	341,057,008	338,058,320	318,332,948	324,293,505	327,009,282

Note 1: Financial information from 2018 to 2022 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2023, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2022.

Note 3: The amounts after distribution in 2022 were calculated based on the distribution resolved by the Board of Directors, while the distribution of profits is subject to the approval of Shareholders' Meeting.

2. Condensed Balance Sheet – Standalone

Unit: NT\$ thousands

Year Item		Five-Year Financial Information (Note 1)				
		End of 2022 (Note 2 & 3)	End of 2021	End of 2020	End of 2019	End of 2018
Current assets		92,342,583	97,729,725	61,576,209	82,799,286	85,311,954
Property, plant and equipment		144,919,933	147,119,445	148,160,443	146,141,153	155,897,997
Intangible assets		-	4,978	14,934	24,890	34,847
Other assets		241,859,891	255,126,238	233,166,821	237,113,859	239,837,379
Total assets		479,122,407	499,980,386	442,918,407	466,079,188	481,082,177
Current liabilities	Before distribution	78,161,983	77,901,128	56,431,956	68,415,109	68,011,905
	After distribution	93,950,419	126,797,828	61,205,989	76,336,114	83,800,341
Noncurrent liabilities		81,058,197	73,050,493	93,187,506	95,105,546	100,162,235
Total liabilities	Before distribution	159,220,180	150,951,621	149,619,462	163,520,655	168,174,140
	After distribution	175,008,616	199,848,321	154,393,495	171,441,660	183,962,576
Share capital		157,731,290	157,731,290	157,731,290	157,731,290	157,731,290
Capital surplus		40,275,115	39,238,636	39,077,456	38,877,269	38,545,884
Retained earnings	Before distribution	135,389,363	165,114,212	108,342,066	115,476,131	122,682,396
	After distribution	119,600,927	116,217,512	103,568,033	107,555,126	106,893,960
Other equity		(4,844,120)	(4,405,952)	(3,187,669)	(861,959)	2,595,167
Treasury shares		(8,649,421)	(8,649,421)	(8,664,198)	(8,664,198)	(8,646,700)
Total equity	Before distribution	319,902,227	349,028,765	293,298,945	302,558,533	312,908,037
	After distribution	304,113,791	300,132,065	288,524,912	294,637,528	297,119,601

Note 1: Financial information from 2018 to 2022 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2023, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2022.

Note 3: The amounts after distribution in 2022 were calculated based on the distribution resolved by the Board of Directors, while the distribution of profits is subject to the approval of Shareholders' Meeting.

3. Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Information (Note 1)				
	2022 (Note 2)	2021	2020	2019	2018
Operating revenues	449,567,488	468,327,501	314,783,301	366,240,735	400,665,057
Gross profit	31,902,463	95,314,611	15,117,520	27,827,888	48,838,402
Profit (loss) from operations	18,265,353	79,757,273	2,296,237	12,578,230	33,579,011
Non-operating income and expenses	4,993,243	4,656,375	471,925	223,325	(1,657,266)
Profit before income tax	23,258,596	84,413,648	2,768,162	12,801,555	31,921,745
Net profit from continuing operations	17,995,059	68,906,072	2,257,833	10,330,458	27,886,609
Loss from discontinued operations	-	-	-	-	-
Net profit	17,995,059	68,906,072	2,257,833	10,330,458	27,886,609
Other comprehensive income (net of income tax)	2,779,778	(1,972,283)	(2,893,683)	(3,589,807)	(1,218,335)
Total comprehensive income for the period	20,774,837	66,933,789	(635,850)	6,740,651	26,668,274
Net profit attributable to owners of the Company	17,783,775	62,053,033	885,865	8,809,555	24,454,152
Net profit attributable to non-controlling interests	211,284	6,853,039	1,371,968	1,520,903	3,432,457
Total comprehensive income attributable to owners of the Company	18,802,851	60,327,896	(1,538,770)	5,125,045	23,004,013
Total comprehensive income attributable to non-controlling interests	1,971,986	6,605,893	902,920	1,615,606	3,664,261
Basic earnings per share (NT\$) (Note 3)	1.15	4.02	0.05	0.57	1.58
Retrospective basic earnings per share (NT\$) (Note 4)	-	4.02	0.05	0.57	1.58

Note 1: Financial information from 2018 to 2022 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2023, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2022.

Note 3: Basic earnings per share is calculated based on the weighted average of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration and convertible preferred shares.

4. Condensed Statement of Comprehensive Income - Standalone

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Information (Note 1)				
	2022 (Note 2)	2021	2020	2019	2018
Operating revenues	250,600,629	259,782,471	183,841,526	207,297,533	235,403,151
Gross profit	18,256,491	50,216,234	8,226,737	12,706,144	24,972,208
Profit (loss) from operations	10,881,622	40,404,273	597,227	4,586,901	16,316,631
Non-operating income and expenses	9,484,947	30,647,074	410,149	5,448,207	10,080,759
Profit before income tax	20,366,569	71,051,347	1,007,376	10,035,108	26,397,390
Net profit from continuing operations	17,783,775	62,053,033	885,865	8,809,555	24,454,152
Loss from discontinued operations	-	-	-	-	-
Net profit	17,783,775	62,053,033	885,865	8,809,555	24,454,152
Other comprehensive income (net of income tax)	1,019,076	(1,725,137)	(2,424,635)	(3,684,510)	(1,450,139)
Total comprehensive income for the period	18,802,851	60,327,896	(1,538,770)	5,125,045	23,004,013
Basic earnings per share (NT\$) (Note 3)	1.15	4.02	0.05	0.57	1.58
Retrospective basic earnings per share (NT\$) (Note 4)	-	4.02	0.05	0.57	1.58

Note 1: Financial information from 2018 to 2022 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2023, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2022.

Note 3: Basic earnings per share is calculated based on the weighted average of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration, and convertible preferred shares.

(II) Names and opinions of CPAs for the most recent five years

Item \ Year	2022	2021	2020	2019	2018
	2022	2021	2020	2019	2018
Name of CPAs	Jui-Hsuan Hsu Jr-Shian Ke	Jui-Hsuan Hsu Cheng-Hung Kuo	Jui-Hsuan Hsu Cheng-Hung Kuo	Jui-Hsuan Hsu Cheng-Hung Kuo	Lee-Yuan Kuo Cheng-Hung Kuo
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unmodified opinion with emphasis of matter and other matter paragraphs (Note 1)

Note 1: Emphasis of Matter: The Company has applied the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC starting from 2018.

Other Matter: Certain investments accounted for using the equity method in the Company's financial statements were based on financial statements audited by other independent auditors.

II. Five-Year Financial Analysis

(I) Financial Analysis - Consolidated

Item \ Year		Five-Year Financial Analysis (Note 1)					Difference Comparison between 2022 and 2021	Difference Analysis > 20%
		2022 (Note 2)	2021	2020	2019	2018		
Capital Structure	Debt-to-asset ratio (%)	48	44	49	50	49	9	
	Long-term fund to property, plant and equipment ratio (%)	140	142	130	132	130	(1)	
Solvency	Current ratio (%)	126	130	104	108	112	(3)	
	Quick ratio (%)	34	36	33	29	32	(6)	
	Interest coverage ratio	10	49	2	5	11	(80)	1
Operating Ability	Accounts receivable turnover (times)	26	28	22	21	21	(7)	
	Average collection days	14	13	17	17	17	8	
	Inventory turnover (times)	3	3	3	3	3	-	
	Accounts payable turnover (times)	18	15	15	15	17	20	2
	Average inventory turnover days	144	129	137	128	115	12	
	Property, plant and equipment turnover (times)	1	1	1	1	1	-	
	Total asset turnover (times)	0.61	0.67	0.44	0.49	0.55	(9)	
Profitability	Return on assets (%)	3	11	1	2	5	(73)	3
	Return on equity (%)	5	19	1	3	8	(74)	4
	Pre-tax income to paid-in capital ratio (%)	15	54	2	8	20	(72)	5
	Net margin (%)	4	16	1	3	8	(75)	6
	Basic earnings per share (NT\$) (Note 3)	1.15	4.02	0.05	0.57	1.58	(71)	7
	Retrospective basic earnings per share (NT\$) (Note 4)	-	4.02	0.05	0.57	1.58	-	
Cash Flow	Cash flow ratio (%)	15	44	47	26	42	(66)	8
	Cash flow adequacy ratio (%)	89	116	135	124	138	(23)	9
	Cash flow reinvestment ratio (%)	(2)	6	5	2	5	(133)	10
Leverage	Operating leverage	5	2	30	7	3	150	11
	Financial leverage	1	1	(14)	1	1	-	

Reasons for differences in financial ratios in the most recent two years (comparison between 2022 and 2021):

1. Interest coverage ratio decreased by 80% from the previous year, mainly due to the decrease in earnings before interests and income tax.
2. Accounts payable turnover increased by 20% from the previous year, mainly due to the increase in cost of goods sold.
3. Return on assets decreased by 73% from the previous year, mainly due to the decrease in net profit.
4. Return on equity decreased by 74% from the previous year, mainly due to the decrease in net profit.
5. Pre-tax income to paid-in capital ratio decreased by 72% from the previous year, mainly due to the decrease in profit before income tax.
6. Net margin decreased by 75% from the previous year, mainly due to the decrease in net profit.
7. Basic earnings per share decreased by 71% from the previous year, mainly due to the decrease in net profit.
8. Cash flow ratio decreased by 66% from the previous year, mainly due to the decrease in net cash generated from operating activities.
9. Cash flow adequacy ratio decreased by 23% from the previous year, mainly due to the decrease in net cash generated from operating activities and the increase in cash dividends paid.
10. Cash flow reinvestment ratio decreased by 133% from the previous year, mainly due to the decrease in net cash generated from operating activities, which is also less than cash dividends paid.
11. Operating leverage increased by 150% from the previous year, mainly due to the decrease in profit from operations.

Note 1: Financial information from 2018 to 2022 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2023, the most recent financial information audited or reviewed by CPAs is the financial information at the end of 2022.

Note 3: Basic earnings per share is calculated based on the weighted average number of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration, and convertible preferred shares.

The formulas for financial analysis are listed as follows:

1. Capital Structure
 - (1) Debt-to-asset ratio = Total liabilities / Total assets.
 - (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities.
 - (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense.
3. Operating Ability
 - (1) Accounts receivable turnover = Net sales / Average accounts receivable
 - (2) Average collection days = 365 / Receivables turnover.
 - (3) Inventory turnover = Cost of goods sold / Average inventory.
 - (4) Average payment turnover = Cost of goods sold / Average accounts payables.
 - (5) Average inventory turnover days = 365 / Inventory turnover.
 - (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment.
 - (7) Total asset turnover = Net sales / Average total assets.
4. Profitability
 - (1) Return on assets = [Net profit + Interest expense (1 – Tax rate)] / Average total assets.
 - (2) Return on equity = Net profit / Average total equity.
 - (3) Net margin = Net profit / Net sales.
 - (4) Earnings per share = (Net profit (loss) attributable to owners of the Company – Preferred share dividends) / Weighted average of shares outstanding.
5. Cash Flow
 - (1) Cash flow ratio = Net cash generated from operating activities / Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash generated from operating activities / Five-year sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash flow reinvestment ratio = (Net cash generated from operating activities – Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
 - (1) Operating leverage = (Net sales – Variable expenses) / Profit from operations.
 - (2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

(II) Financial Analysis - Standalone

Year Item		Financial Analysis in the Most Recent Five Years (Note 1)					Difference Comparison between 2022 and 2021	Difference Analysis > 20%
		2022 (Note 2)	2021	2020	2019	2018		
Capital Structure	Debt-to-asset ratio (%)	33	30	34	35	35	10	
	Long-term fund to property, plant and equipment ratio (%)	277	287	261	272	265	(3)	
Solvency	Current ratio (%)	118	125	109	121	125	(6)	
	Quick ratio (%)	22	27	26	30	39	(19)	
	Interest coverage ratio	21	90	2	9	17	(77)	1
Operating Ability	Accounts receivable turnover (times)	44	42	40	42	40	5	
	Average collection days	8	9	9	9	9	(11)	
	Inventory turnover (times)	3	4	3	3	4	(25)	2
	Accounts payable turnover (times)	30	27	29	24	26	11	
	Average inventory turnover days	117	104	111	112	95	13	
	Property, plant and equipment turnover (times)	2	2	1	1	1	-	
	Total asset turnover (times)	0.50	0.54	0.39	0.43	0.48	(7)	
Profitability	Return on assets (%)	4	13	0.4	2	5	(69)	3
	Return on equity (%)	5	19	0.3	3	8	(74)	4
	Pre-tax income to paid-in capital ratio (%)	13	45	1	6	17	(71)	5
	Net margin (%)	7	24	1	4	11	(71)	6
	Basic earnings per share (NT\$) (Note 3)	1.15	4.02	0.05	0.57	1.58	(71)	7
	Retrospective basic earnings per share (NT\$) (Note 4)	-	4.02	0.05	0.57	1.58	-	
Cash Flow	Cash flow ratio (%)	13	49	57	10	57	(73)	8
	Cash flow adequacy ratio (%)	65	86	100	93	122	(24)	9
	Cash flow reinvestment ratio (%)	(5)	4	3	(1)	3	(225)	10
Leverage	Operating leverage	4	2	55	9	3	100	11
	Financial leverage	1	1	(1)	1	1	-	

Reasons for differences in financial ratios in the most recent two years (comparison between 2022 and 2021):

1. Interest coverage ratio decreased by 77% from the previous year, mainly due to the decrease in earnings before interests and income tax.
2. Inventory turnover decreased by 25% from the previous year, mainly because the increase in cost of goods sold was less than the increase in average total inventory.
3. Return on assets decreased by 69% from the previous year, mainly due to the decrease in net profit.
4. Return on equity decreased by 74% from the previous year, mainly due to the decrease in net profit.
5. Pre-tax income to paid-in capital ratio decreased by 71% from the previous year, mainly due to the decrease in profit before income tax.
6. Net margin decreased by 71% from the previous year, mainly due to the decrease in net profit.
7. Basic earnings per share decreased by 71% from the previous year, mainly due to the decrease in net profit.
8. Cash flow ratio decreased by 73% from the previous year, mainly due to the decrease in net cash generated from operating activities.
9. Cash flow adequacy ratio decreased by 24% from the previous year, mainly due to the decrease in net cash generated from operating activities and the increase in cash dividends paid.
10. Cash flow reinvestment ratio decreased by 225% from the previous year, mainly due to the decrease in net cash generated from operating activities, which is also less than cash dividends paid.
11. Operating leverage increased by 100% from the previous year, mainly due to the decrease in profit from operations.

Note 1: Financial information from 2018 to 2022 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2023, the most recent financial information audited or reviewed by CPAs is the financial information at the end of 2022.

Note 3: Basic earnings per share is calculated based on the weighted average number of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration, and convertible preferred shares.

Refer to Page 185 for the formulas used in financial analysis.

III. 2022 Audit Committee's Audit Report

China Steel Corporation

Audit Committee's Audit Report

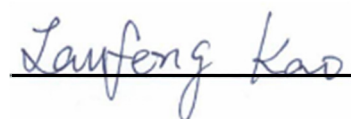
The Board of Directors has prepared the Company's 2022 Financial Statements audited by Deloitte & Touche Taiwan, earnings distribution plan and business report. The Audit Committee has reviewed the aforementioned financial statements and documents, and concluded all information is presented fairly. We hereby submit this report pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2023 Annual General Shareholders' Meeting

China Steel Corporation

Convener of the Audit Committee:



Lan-Feng Kao

February 24, 2023

IV. 2022 Consolidated Financial Statements

Please refer to page 1-153 of the Annex: Financial Statements.

V. 2022 Standalone Financial Statements

Please refer to page 154-227 of the Annex: Financial Statements.

VI. Impact on the Financial Status of the Company Due to Financial Difficulties Experienced by the Company and Its Affiliated Companies in the Most Recent Year up to the Publication Date of this Annual Report: None

Chapter VII. Analysis of Financial Status and Financial Performance and Risk Management

I. Financial Status

(I) Comparative Analysis of Financial Status - Consolidated

Unit: NT\$ thousands

Item \ Year	End of 2022	End of 2021	Difference	
			Amount	%
Current assets	210,365,094	210,015,348	349,746	-
Property, plant and equipment	370,248,034	370,663,701	(415,667)	-
Other noncurrent assets	103,156,269	107,315,920	(4,159,651)	(4)
Total assets	683,769,397	687,994,969	(4,225,572)	(1)
Current liabilities	166,446,346	161,930,745	4,515,601	3
Noncurrent liabilities	160,477,607	139,109,204	21,368,403	15
Total liabilities	326,923,953	301,039,949	25,884,004	9
Share capital	157,731,290	157,731,290	-	-
Capital surplus	40,275,115	39,238,636	1,036,479	3
Retained earnings	135,389,363	165,114,212	(29,724,849)	(18)
Other equity	(4,844,120)	(4,405,952)	(438,168)	(10)
Treasury shares	(8,649,421)	(8,649,421)	-	-
Non-controlling interests	36,943,217	37,926,255	(983,038)	(3)
Total equity	356,845,444	386,955,020	(30,109,576)	(8)

Note: The items of assets, liabilities and equity have no significant change in 2022 (the percentage differences between the two years < 20%).

(II) Comparative Analysis of Financial Status – Standalone

Unit: NT\$ thousands

Item \ Year	End of 2022	End of 2021	Difference	
			Amount	%
Current assets	92,342,583	97,729,725	(5,387,142)	(6)
Property, plant and equipment	144,919,933	147,119,445	(2,199,512)	(1)
Other noncurrent assets	241,859,891	255,131,216	(13,271,325)	(5)
Total assets	479,122,407	499,980,386	(20,857,979)	(4)
Current liabilities	78,161,983	77,901,128	260,855	-
Noncurrent liabilities	81,058,197	73,050,493	8,007,704	11
Total liabilities	159,220,180	150,951,621	8,268,559	5
Share capital	157,731,290	157,731,290	-	-
Capital surplus	40,275,115	39,238,636	1,036,479	3
Retained earnings	135,389,363	165,114,212	(29,724,849)	(18)
Other equity	(4,844,120)	(4,405,952)	(438,168)	(10)
Treasury shares	(8,649,421)	(8,649,421)	-	-
Total equity	319,902,227	349,028,765	(29,126,538)	(8)

Note: The items of assets, liabilities and equity have no significant change in 2022 (the percentage differences between the two years < 20%).

II. Financial Performance

(I) Comparative Analysis of Financial Performance - Consolidated

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (Decrease)	Percentage Change (%)	
Operating revenues	449,567,488	468,327,501	(18,760,013)	(4)	
Operating costs	417,665,025	373,012,890	44,652,135	12	
Gross profit	31,902,463	95,314,611	(63,412,148)	(67)	Note 1
Realized (unrealized) gain on sales	-	-	-	-	
Operating expenses	13,637,110	15,557,338	(1,920,228)	(12)	
Profit from operations	18,265,353	79,757,273	(61,491,920)	(77)	Note 2
Non-operating income and expenses	4,993,243	4,656,375	336,868	7	
Profit before income tax	23,258,596	84,413,648	(61,155,052)	(72)	Note 3
Income tax	5,263,537	15,507,576	(10,244,039)	(66)	Note 4
Net profit	17,995,059	68,906,072	(50,911,013)	(74)	Note 5
Other comprehensive income (net of income tax)	2,779,778	(1,972,283)	4,752,061	241	Note 6
Total comprehensive income	20,774,837	66,933,789	(46,158,952)	(69)	Note 7

Note:

- Gross profit decreased by NT\$63,412,148 thousand from the previous year, mainly due to the decline in the sales volume of steel products and that the increase in the unit price was less than the increase in the unit cost of goods sold.
- Profit from operations decreased by NT\$61,491,920 thousand from the previous year due to reasons provided in Note 1.
- Profit before income tax decreased by NT\$61,155,052 thousand from the previous year due to reasons provided in Note 1.
- Income tax decreased by NT\$10,244,039 thousand from the previous year, mainly due to the decrease in profit before income tax.
- Net profit decreased by NT\$50,911,013 thousand from the previous year due to reasons provided in Notes 3 and 4.
- Other comprehensive income (net of income tax) increased by NT\$4,752,061 thousand from the previous year, mainly due to the favorable result of exchange differences on translating foreign operations compared to those of the previous year.
- Total comprehensive income decreased by NT\$46,158,952 thousand from the previous year due to reasons provided in Notes 5 and 6.

(II) Comparative Analysis of Financial Performance – Standalone

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (Decrease)	Percentage Change (%)	
Operating revenues	250,600,629	259,782,471	(9,181,842)	(4)	
Operating costs	232,344,138	209,566,237	22,777,901	11	
Gross profit	18,256,491	50,216,234	(31,959,743)	(64)	Note 1
Realized (unrealized) gain on sales	583,055	(299,640)	882,695	295	Note 2
Operating expenses	7,957,924	9,512,321	(1,554,397)	(16)	
Profit from operations	10,881,622	40,404,273	(29,522,651)	(73)	Note 3
Non-operating income and expenses	9,484,947	30,647,074	(21,162,127)	(69)	Note 4
Profit before income tax	20,366,569	71,051,347	(50,684,778)	(71)	Note 5
Income tax	2,582,794	8,998,314	(6,415,520)	(71)	Note 6
Net profit	17,783,775	62,053,033	(44,269,258)	(71)	Note 7
Other comprehensive income (net of income tax)	1,019,076	(1,725,137)	2,744,213	159	Note 8
Total comprehensive income	18,802,851	60,327,896	(41,525,045)	(69)	Note 9

Note:

- Gross profit decreased by NT\$31,959,743 thousand from the previous year, mainly due to the decline in the sales volume of steel products and that the increase in the unit price was less than the increase in the unit cost of goods sold.
- Realized (unrealized) gain on sales increased by NT\$882,695 thousand, mainly due to the increase in realized gross profit from steel products sold to subsidiaries in the current year compared to that of the previous year.
- Profit from operations decreased by NT\$29,522,651 thousand from the previous year due to reasons provided in Notes 1 and 2.
- Non-operating income and expenses decreased by NT\$21,162,127 thousand from the previous year, mainly due to the decrease in share of profit or loss of subsidiaries and associates.
- Profit before income tax decreased by NT\$50,684,778 thousand from the previous year due to reasons provided in Notes 3 and 4.
- Income tax decreased by NT\$6,415,520 thousand from the previous year, mainly due to the decrease in profit before income tax.
- Net profit decreased by NT\$44,269,258 thousand from the previous year due to reasons provided in Notes 5 and 6.
- Other comprehensive income (net of income tax) increased by NT\$2,744,213 thousand from the previous year, mainly due to the favorable result of exchange differences on translating foreign operations compared to those of the previous year.
- Total comprehensive income decreased by NT\$41,525,045 thousand from the previous year due to reasons provided in Notes 7 and 8.

(III) Expected Sales Volume in the Coming Year and Its Basis

Please refer to Business Objectives in V. Operational Highlights in this annual report (Page 146-147).

III. Cash Flow

1. Analysis of Changes in Cash Flow for the Year – Consolidated

The net amount of cash and cash equivalents of the Company and its subsidiaries in 2022 increased by NT\$6,231,131 thousand (Note), where changes in various types of cash flows are described as follows:

- (1) Operating activities: Net cash generated from operating activities totaled NT\$24,343,185 thousand, mainly due to the profit before income tax of NT\$23,258,596 thousand, the add-back of depreciation of NT\$34,090,752 thousand and write-down of inventory of NT\$5,881,807 thousand, the deduction of increase in inventory of NT\$7,900,052 thousand, decrease in account payables (including related parties) of NT\$7,798,420 thousand, decrease in other payables of NT\$7,205,716 thousand, as well as income tax paid of NT\$13,492,194 thousand.
- (2) Investing activities: Net cash used in investing activities totaled NT\$24,052,607 thousand, mainly due to the acquisition of property, plant and equipment of NT\$31,878,166 thousand, the disposal of property, plant and equipment of NT\$1,219,665 thousand, as well as dividends received of NT\$3,230,336 thousand.
- (3) Financing activities: Net cash generated from financing activities totaled NT\$2,803,076 thousand, mainly due to a net increase in long-term and short-term financing of NT\$59,018,521 thousand, as well as dividends paid to owners of the Company of NT\$48,872,707 thousand, interest paid of NT\$2,841,083 thousand, as well as cash outflow arising from changes in non-controlling interests of NT\$2,955,024 thousand.

Note: Changes in the balance of cash and cash equivalents include bank overdraft.

Cash Flow Analysis for the Coming Year

Unit: NT\$ millions

Year	Cash balance at the beginning of the period ①	Estimated net cash generated from operating activities for the year ②	Estimated net cash used in investing activities for the year ③	Estimated net cash used in financing activities for the year ④	Estimated cash surplus (deficit) ①+②-③-④	Remedial measures for cash deficit
						Financing plan
2023	25,202	56,489	52,063	7,544	22,084	-

Analysis of changes in cash flows in 2023:

1. Net cash generated from operating activities is mainly resulted from the estimated profit from operations, depreciation and amortization.
2. Net cash used in investing activities is mainly resulted from the estimated acquisition of property, plant and equipment.
3. Net cash used in financing activities is mainly resulted from estimated dividends paid.

2. Analysis of Changes in Cash Flow for the Year – Standalone

The net amount of cash and cash equivalents of the Company in 2022 increased by NT\$1,122,111 thousand (Note), where changes in various types of cash flows are described as follows:

- (1) Operating activities: Net cash generated from operating activities totaled NT\$9,921,102 thousand, mainly due to the profit before income tax of NT\$20,366,569 thousand, the add-back of depreciation of NT\$15,236,313 thousand, the deduction of the share of loss (profit) of subsidiaries and associates of NT\$8,221,073 thousand, decrease in accounts payable (including related parties) of NT\$4,323,160 thousand, the decrease in other payables of NT\$6,186,646 thousand, as well as income tax paid of NT\$6,933,089 thousand.
- (2) Investing activities: Net cash generated from investing activities totaled NT\$10,992,408 thousand, mainly due to the acquisition of property, plant and equipment of NT\$13,246,704 thousand, the decrease in other receivables — loans to related parties of NT\$1,002,000 thousand, as well as dividends received of NT\$ 21,785,135 thousand.
- (3) Financing activities: Net cash used in financing activities totaled NT\$19,791,399 thousand, mainly due to a net increase in long-term and short-term financing of NT\$30,515,519 thousand, as well as dividends paid of NT\$48,872,707 thousand.

Note: Changes in the balance of cash and cash equivalents include bank overdraft.

Cash Flow Analysis for the Coming Year

Unit: NT\$ millions

Year	Cash balance at the beginning of the period ①	Estimated net cash generated from operating activities for the year ②	Estimated net cash used in investing activities for the year ③	Estimated net cash used in financing activities for the year ④	Estimated cash surplus (deficit) ①+②+③-④	Remedial measures for cash deficit
						Financing plan
2023	546	19,475	13,430	7,096	(505)	Note

Note: The amount of cash balance shown in the balance sheet is expected to remain positive after adding back available bank overdraft.

Analysis of changes in cash flows in 2023:

1. Net cash generated from operating activities is mainly resulted from the estimated cash generated from operation.
2. Net cash used in investing activities is mainly resulted from the estimated acquisition of property, plant and equipment.
3. Net cash used in financing activities is mainly resulted from estimated dividends paid and the acquisition of equity in subsidiaries.

IV. Impact of Major Capital Expenditure on the Company's Finance and Business in 2022

The Company's fixed asset investment plan included new production lines, equipment upgrades, production capacity increase or quality improvement, energy saving & environmental protection, resource recycling, and other general items. A total of NT\$31.9 billion and NT\$13.2 billion have been paid for the acquisition of property, plant and equipment in the consolidated and standalone financial reports of the Company for 2022. Major projects of the CSC Group with an investment amount of over NT\$2 billion, which are currently in progress, are listed as follows:

(I) Uses of major capital expenditure and sources of funds

Unit: NT\$ million

Project	Source of Funds	Actual or Scheduled Completion Date	Investment Amount	Funds for Each Year				
				2019	2020	2021	2022	2023
Stage 1 Replacement of Phase I and II Coke Ovens	Equity 77.28% Long-term borrowings 22.72%	December 2022	2,777	507	828	307	591	-
Replacement of Turbine Blowers for No.1 Power House	Equity 77.28% Long-term borrowings 22.72%	December 2022	2,593	389	1,015	730	460	-
Phase 1 Construction of Coke Ovens and Coke Dry Quenching Facility	Equity 70.48% Long-term borrowings 29.52%	February 2025	9,429	-	761	1,519	1,707	2,631
Phase 1 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10)	Equity 70.48% Long-term borrowings 29.52%	March 2026	5,909	-	195	526	699	1,548
Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility	Equity 70.48% Long-term borrowings 29.52%	October 2024	8,080	-	-	1,656	1,679	2,443
Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard	Equity 70.48% Long-term borrowings 29.52%	December 2023	3,799	-	-	496	1,459	1,844
Phase 3 Construction of Coke Ovens and Coke Dry Quenching Facility	Equity 70.48% Long-term borrowings 29.52%	December 2026	7,996	-	-	2,205	2,085	1,677
Phase 2 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10)	Equity 70.48% Long-term borrowings 29.52%	March 2026	3,277	-	-	-	294	679
Installation of Straight Bar Condition Line (Phase-C)	Equity 70.48% Long-term borrowings 29.52%	October 2025	3,244	-	-	-	330	812
Equipment Upgrading and Enhancement of Rolling Capacity for No. 2 Pickling and Cold Mill (2PLCM)	Equity 70.48% Long-term borrowings 29.52%	June 2026	5,489	-	-	-	36	770
Dragon Steel Corporation - Construction of Indoor Material Storage Yard	Equity 52.59% Long-term borrowings 47.41%	December 2023	10,388	1,288	1,275	1,002	1,418	2,052
Dragon Steel Corporation - Construction Works Related to Reclaimed Water Plant	Equity 56.90% Long-term borrowings 43.10%	December 2025	2,146	-	-	-	-	765
Dragon Steel Corporation - Revamping of No. 1 Blast Furnace	Equity 56.90% Long-term borrowings 43.10%	December 2025	7,785	-	-	-	-	2,028
China Steel Power Corporation - Construction of Zhong Neng Offshore Wind Farm	Equity 25.00% Long-term borrowings 75.00%	December 2024	56,127	-	1,404	2,110	11,834	11,613

(II) Expected Benefits

1. Replacement of Phase I and II Coke Ovens

This project, which involves the construction of the new enclosed building in coking coal storage yard, the replacement of Phase I and II coke ovens, and the construction of coke dry quenching facility, is scheduled to be implemented in eight stages. The purpose of this project is to accelerate the reduction of CO₂ and PM emissions by upgrading equipment and improving environmental protection, where Phase 1 construction of the new enclosed building in coking coal storage yard and Stage 1 replacement of Phase I and II Coke Ovens have been completed at the end of 2021 and 2022 separately.

Upon gradual completion of each stage in this project, the amount of electricity generated can be increased by 273 million kWh every year by turning the recycled waste heat from production processes into electric energy. In addition, this project can reduce volatile organic compounds (VOCs) emissions (percentage) by 73 metric tons (around 65%), reduce particulate matters (PMs) by 41 metric tons (around 56%), reduce energy consumption by 214 million cal/metric ton coke (around 10%), and reduce CO₂ emissions by 139 thousand metric tons per year, thereby increasing tangible and intangible benefits for the Company.

2. Replacement of Turbine Blowers for No.1 Power House

This project involves the replacement of turbine blowers at No. 1 Power House with motor-driven blowers, with the fuel originally used in boilers transferred to high-efficiency boiler turbine generators. This can increase power generation by 7 MW, which in turn reduces the use of purchased electricity, thereby realizing a reduction in greenhouse gas emissions (equivalent to 38,000 tons of CO₂e per year).

3. Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10)

Since Phase I and II boiler turbine generators at No. 1 Power House have reached the age for replacement, replacing the turbine generators at the present stage can reduce the risk of electric power and medium-pressure steam supply interruption at the Company due to the failure of turbine generators in the future. The enhanced efficiency of turbine generators upon replacement will lead to an increase of 32.8 MW in power generation, which can then increase the proportion of self-generated electricity and boost production stability.

4. Installation of Straight Bar Condition Line (Phase-C)

In line with the strategic goal of becoming a steel mill that produces premium products with high value and driving the upgrade of downstream industries such as precision fasteners, machinery, and automobiles, the Company has initiated a project to install a straight bar condition line on the vacant land behind the rolling line at No. 2 Bar Mill.

5. Equipment Upgrading and Enhancement of Rolling Capacity for No. 2 Pickling and Cold Mill (2PLCM)

The upgrading of equipment at No. 2 Pickling and Cold Mill (2PLCM) enables the Company to not only produce thin gauge electrical sheets, but also expand its production capacity for medium and high carbon steel sheets and ultra-high strength automotive steel. Upon completion of this project, the Company will be able realize energy conservation, carbon reduction, and cost reduction while boosting its capacity to take sales orders, thereby maintaining leading position in the area of thin gauge electrical sheets for electric vehicles.

6. Dragon Steel Corporation - Construction of Indoor Material Storage Yard

The purpose of this project is to maintain smooth production of the integrated steel mill and ensure compliance with regulatory requirements, in hopes of reducing air pollution sources, air pollutant emissions, sewage discharge, and noise from equipment and machinery with dust-proof, rain-proof, and noise-proof functions.

7. Dragon Steel Corporation - Construction Works Related to Reclaimed Water Plant

Dragon Steel Corporation replaces tap water with effluent from Futian Water Resource Recycling Center, with the aim of diversifying water resources, reducing the risk of water shortages, and thus fulfilling CSR through efforts to reserve increasingly precious and

scarce tap water for domestic use.

8. Dragon Steel Corporation - Revamping of No. 1 Blast Furnace

The first-generation No. 1 Blast Furnace at Dragon Steel Corporation, which has been in operation since February 2010, is scheduled to end its production mission in February 2025. In order to restore and improve the function of the original equipment, revamp works have to be carried out on this blast furnace so that it can meet the production competitiveness of the second-generation blast furnaces.

9. China Steel Power Corporation - Construction of Zhong Neng Offshore Wind Farm

China Steel Power Corporation has signed a 20-year power purchase agreement with Taiwan Power Company. Zhong Neng Offshore Wind Farm is expected to generate 1.1 billion kWh of electricity each year upon completion of 298MW capacity as scheduled in 2024, which can not only generate steady revenues from power generation, but also provide clean energy for approximately 300,000 households with a carbon reduction potential of 560,000 metric tons. Following the Company's solar photovoltaic project, the Zhong Neng Offshore Wind Farm Project will be another important phased achievement in the Company's strategy to engage in the development of the green energy industry.

(III) Investments with amount exceeding 5% of paid-in capital in the most recent year: None.

V. Investment Policies, Major Causes for Profit or Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year

The Company's investment policy mainly revolves around its business strategies of further consolidating the steel business and expanding export markets. The Company focus on enhancing industrial competitiveness with professional cooperation among associates, in hopes of creating synergy and eventually increasing investment income to enhance shareholders' interests.

The share of profit of subsidiaries and associates indicated in the Company's 2022 standalone financial statements was NT\$8.221 billion, a decrease of NT\$21.451 billion from 2021. This decrease was primarily resulted from a sharp decline in the steel market as a consequence of high inflation, U.S. interest rate hikes, and economic slowdown in Mainland China. Specifically, steel-related subsidiaries including Dragon Steel Corporation, Chung Hung Steel Corporation, China Steel and Nippon Steel Vietnam Joint Stock Company, and CSCI Steel Corporation India Pvt. Ltd. experienced a decline in operating performance compared to the previous year, while the same trend was also observed among logistics investment-related subsidiaries. As a result, there was a drop in the share of profit of subsidiaries and associates compared to 2021.

The share of the profit of associates indicated in the Company's 2022 consolidated financial statements was NT\$1.579 billion, an increase of NT\$401 million from 2021, mainly due to the combined effect of the increase in the share of profit of CSCD SA, which is jointly invested by Taiwan Rolling Stock Co., Ltd. and CSGT (Singapore) Pte. Ltd., as well as the share of loss of 9404-5515 Quebec Inc., which is invested by CSC Steel Australia Holdings Pty Ltd compared to that of 2021.

In the future, the Company will continue to improve investment management, to implement performance appraisal system, and to drive investee companies to improve operating performance so as to increase the Company's investment income, and create synergy from all businesses to enhance competitiveness, thereby realizing the sustainable development of CSC Group.

In the face of global trends and challenges in net-zero emission and carbon neutrality, the Company will engage in future investment plans based on the operational and developmental cores of "becoming a steel mill that produces premium products with high value" and

“developing the green energy industry,” with a view to not only actively creating smart steel mills and implementing intelligent production, marketing, and logistics across CSC Group to enhance its global competitiveness, but also tapping into the green industry chain such as offshore wind power. At the same time, the Company will also leverage the advantage of synergy across CSC Group to enhance the operational effectiveness of its non-steel businesses, so that investee companies can also move towards the Company’s latest vision - “We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation.”

VI. Risk Management

(I) Organization and Operation of Risk Management

1. Risk control at the Company is divided into three levels (mechanisms): The organizing unit, which serves as the "first mechanism", is required to take charge of initial detection, designing of the assessment and control and prevention of risks in operations. The second mechanism comprises various functional committees, monthly and weekly management meetings hosted by the Vice Presidents or the President, which includes the feasibility assessment as well as various types of risk assessments and legal advice and setting of control points provided by the Legal Department and the Internal Audit Office. The third mechanism involves the review and approval from the Corporate Governance and Sustainability Committee, the Audit Committee and the Board of Directors. The Risk Management Execution Team under the Corporate Governance and Sustainability Committee regularly reports the implementation of risk management and the Internal Audit Office regularly or irregularly carries out random checks and assessment on various risk and reports to the Board of Directors. The Company adopts comprehensive risk control over all employees, which is implemented from level to level in normal times, instead of being controlled by a single person. This is the most practical approach for risk control.
2. To ensure stable operation and sustainable development, the Company has formulated the "Risk Management Policy and Procedure" approved by the Board of Directors as the highest guiding principle for risk management. The Risk Management Policy and Procedure stipulates the scope of risks, which covers operational risks, financial risks, information security risks, environmental risks, compliance risks, etc. Business execution units are responsible for identifying the sources of risks, carrying out risk analysis and assessment, and formulating response strategies or measures. Relevant risks are properly monitored and controlled through regular reporting to each level of responsible management, functional committees, and the Board of Directors.
3. The 10-year operation and development strategy of the Company are led by the Secretariat Department, while annual management policy is led by the Industrial Engineering Department. Risk assessment at each operation level is included by the Industrial Engineering Department in the establishment and tracking of annual management policy and objectives at all first echelon units. Matters to be implemented will also be reviewed at each level, while cross-unit task forces have to be formed to implement risk detection, assessment and prevention if needed. During normal times, the Internal Audit Office regularly carries out the examination of all items in each operating cycle, in hopes of early detection, correction and prevention of possible risks.

4. At the beginning of each year, all first echelon units, from bottom to top, carry out risk assessment on various operating items based on the implementation of the previous year and prepare management review (self-assessment) reports, which are then reviewed by the Internal Audit Office. Each division also performs overall risk assessment in each operating cycle, and prepares self-assessment reports based on the five major components of internal control, which are then submitted to the President for review. These reports and the written reports prepared by the Internal Audit Office, which are listed as the main basis for the Company to issue the Statement on Internal Control System, are submitted to the Audit Committee and the Board of Directors for review. In summary, the Company's approach is extremely stringent to minimize possible risks and appropriately implemented.

(II) Impact on profit and loss of the Company due to interest rate and exchange rate fluctuation and inflation and response measures thereof

1. Impact on profit and loss of the Company

Unit: NT\$ thousands; %

Item	2022
Net interest expense	829,216
Net foreign exchange gain	711,924
Ratio of net interest expense to net revenue	0.33%
Ratio of net interest expense to profit before income tax	4.07%
Ratio of net foreign exchange gain to net revenue	0.28%
Ratio of net foreign exchange gain to profit before income tax	3.50%

(1) Changes in interest rate

The Company sources funds through both fixed and floating interest rates borrowings, thereby resulting in exposure to interest rate risk. Hence, the Company manages interest rate risks by maintaining a suitable combination of fixed and floating interest rates, so as to lower cost of capital and thus mitigate the impact of future interest rate fluctuations. If interest rate increases or decreases by 1%, the Company's profit before income tax in 2022 will decrease or increase by NT\$494 million assuming all other variables remain unchanged. Looking ahead to 2023, with U.S. inflation easing gradually, the market expects the U.S. Federal Reserve to kickstart the final phase of the interest rate hike cycle. On the other hand, Taiwan's central bank is expected to roll out mild interest rate hikes amid a relatively steady rise in inflation in Taiwan compared to other countries in the world. All in all, interest rate risks remain within a controllable range.

(2) Changes in exchange rates

As regards the daily operations of import and export business, the Company primarily adopts natural hedge that partially offsets income and expenditure in connection with foreign currency positions derived from these operations while purchasing or selling foreign currency in line with exchange rate trends with respect to net gaps or positions in due course. All in all, the risk of exchange rate

fluctuations arising from daily operations remains within a controllable range.

(3) Inflation

According to the information released by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan, the annual growth rate of Taiwan's consumer price index (CPI) in 2022 was 2.95%, indicating mild growth in domestic prices throughout the year. In addition, the steel product pricing strategy of the Company enables it to flexibly reflect market changes. Hence, inflation poses little risk on the Company's earnings.

2. Future response measures

(1) Response measures for changes in interest rates

For existing liabilities with floating interest rates, the Company sets a strict range of interest rate risk tolerance and regularly assesses the best time to issue medium and long-term corporate bonds. Moreover, the Company also uses line of credit and various financial instruments in due course to lower interest expenses.

(2) Response measures for changes in exchange rates

In order to reduce the risk of exchange rate fluctuations for equipment or engineering procurement involving large foreign currency payment amounts and long payment periods, the Company hedges against risks by purchasing forward foreign exchange contracts in batches when opportunities arise, so as to lock in the cost of foreign currency purchases required for procurement cases and avoid rising New Taiwan dollar-denominated procurement costs due to exchange rate fluctuations in future payments. As of the end of 2022, the balance of unexpired forward foreign exchange contracts purchased by the Company for imported equipment were US\$73,194 thousand and JPY\$21,500 thousand, whereas the total unrealized gain based on fair value assessment was approximately NT\$118,700 thousand.

(3) Response measures for inflation

Inflation poses little risk on the Company's earnings.

(III) Since the Company's policies focus on our main businesses, the Company does not engage in high-risk or high-leverage trading activities. The purpose of derivatives trading is limited to hedging against risks. Forward foreign exchange contracts, which were yet to expire at the end of 2022, were purchased for the procurement of imported equipment in order to hedge against risks. In addition, the Company provides endorsements or guarantees only to our subsidiaries or invested companies which is guaranteed by all joint shareholders according to the shareholding ratio. Meanwhile, the Company extends loans only to our subsidiaries with short term financing necessity, where the term of each loan extended shall not exceed one year. All the endorsements, guarantees and loaning of funds are strictly controlled through careful evaluation procedures to minimize possible risks.

(IV) Impact on profit and loss of the Group due to interest rate and exchange rate fluctuation and inflation and future response measures thereof

1. Impact on profit and loss of CSC Group

Unit: NT\$ thousands; %

Item	2022
Net interest expense	2,023,834
Net foreign exchange gain	1,048,575
Ratio of net interest expense to net revenue	0.45%
Ratio of net interest expense to profit before income tax	8.70%
Ratio of net foreign exchange gain to net revenue	0.23%
Ratio of net foreign exchange gain to profit before income tax	4.51%

(1) Changes in interest rates

The Company and our subsidiaries sources funds through both fixed and floating interest rates borrowings, thereby resulting in exposure to interest rate risk. Hence, the Company and our subsidiaries manage interest rate risks by maintaining a suitable combination of fixed and floating interest rates, so as to lower cost of capital and thus mitigate the impact of future interest rate fluctuations. If interest rate increases or decreases by 1%, the Company's consolidated profit before income tax in 2022 will decrease or increase by NT\$1,341 million assuming all other variables remain unchanged. Looking ahead to 2023, with U.S. inflation easing gradually, the market expects the U.S. Federal Reserve to kickstart the final phase of the interest rate hike cycle. On the other hand, Taiwan's central bank is expected to roll out mild interest rate hikes amid a relatively steady rise in inflation in Taiwan compared to other countries in the world. All in all, interest rate risks remain within a controllable range.

(2) Changes in exchange rates

As regards the daily operations of import and export business, the companies of CSC Group primarily adopt natural hedge that partially offset income and expenditure in connection with foreign currency positions derived from these operations while purchasing or selling foreign currency in line with exchange rate trends with respect to net gaps or positions in due course. All in all, the risk of exchange rate fluctuations arising from daily operations remains within a controllable range.

(3) Inflation

According to the information released by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan, the annual growth rate of Taiwan's consumer price index (CPI) in 2022 was 2.95%, indicating mild growth in domestic prices throughout the year. In addition, the steel product pricing strategy of the Company enables it to flexibly reflect market changes. Hence, inflation poses little risk to the profits of companies of CSC Group.

2. Future response measures

(1) Response measures for changes in interest rates

For existing liabilities with floating interest rates, the The Company and our subsidiaries sets a strict range of interest rate risk tolerance and regularly assesses the best time to issue medium and long-term corporate bonds. Moreover, The

Company and our subsidiaries also use line of credit and various financial instruments in due course to lower interest expenses.

(2) Response measures for changes in exchange rates

The Company and our subsidiaries manage exposure to exchange rate risks by engaging in forward foreign exchange contracts, purchasing or borrowing foreign currency within the scope permitted by policies.

(3) Response measures for inflation

Inflation poses little risk to the earnings of the Company and our subsidiaries.

(V) Future R&D Projects and Expected R&D Expenditure

1. China Steel Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of steel for very-low-temperature pressure vessels	<ol style="list-style-type: none"> 1. An understanding of the effects of alloys on steel for low-temperature pressure vessels has been established based on earlier research. 2. Steel products for very-low-temperature pressure vessels are currently being developed with controlled rolling, quenching, and tempering processes, with the aim of adjusting the steel structure to achieve superior impact toughness at ultra-low temperatures and eventually meet regulatory requirements. 	1,000	2023.12	<ol style="list-style-type: none"> 1. Establish the optimal range of composition, hot rolling, and cooling parameters. 2. As the product is required to possess superior toughness at an ultra-low temperature of -196°C, composition design, along with smelting, continuous casting, and rolling, will be the bottlenecks in the key process technology. 3. It is necessary to develop plate welding and hydrogen-induced delayed fracture assessment technologies simultaneously to facilitate the promotion of the product.
Development of electrical sheets with ultra-low iron loss for electric vehicle motors	<ol style="list-style-type: none"> 1. Research has been carried out on the optimization of hysteresis loss and eddy current loss through the separation of iron loss. 2. At present, relevant research has been carried out on thin gauge products for electric vehicle motors. 	1,000	2024.12	<ol style="list-style-type: none"> 1. The key factors affecting hysteresis loss, including precipitates, grain size, and stress, have to be controlled adaptively in the manufacturing process. 2. As the key factors affecting eddy current loss include alloy content, ratio, and grain size, it is necessary to design and adjust the formulation of the product based on automotive manufacturers' requirements for steel properties.
Development of chamfered copper mold technology for No. 7 Continuous Casting Machine	<ol style="list-style-type: none"> 1. The key broadside copper electroplating technology aimed at overcoming scratches on copper plates has been developed. 2. The newly developed electric control technology for dynamic taper molding has passed cold commissioning and is currently undergoing hot commissioning. 3. The chamfered mold for No. 7 Continuous Casting Machine has passed the offline assembly test and is being readied for the online test. 	900	2023.12	<ol style="list-style-type: none"> 1. As No. 5 Continuous Casting Machine has been set up for use, its design and application experience can be used as the parameter optimization for the chamfered mold of No. 7 Continuous Casting Machine. 2. The stable operation of online molding technology improves the availability of the equipment. 3. The dimensional accuracy of regenerated chamfered mold is well controlled.
Development of high-temperature reaction simulation systems in blast furnaces and establishment of hydrogen-rich	<ol style="list-style-type: none"> 1. Furnace design, technical specifications, and procurement have been completed based on the temperature distribution of blast furnaces and the characteristics of hydrogen-rich operation. 2. Cold and hot commissioning have been carried out before the delivery of the equipment. 	1,000	2023.12	<ol style="list-style-type: none"> 1. Accurately control the temperature distribution in blast furnaces and simulate the reaction conditions of each reaction block in blast furnaces. 2. Simulate the ratios of reducing gases (i.e., CO and H₂) in blast furnaces.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
operation technology	3.The equipment has been delivered, while installation and commissioning have been scheduled to commence in March 2023.			3.Carry out analysis of top gases and calculate the degree of charge reduction.
Development of rolling temperature control technology for Thermo Mechanical Control Process (TMCP) plates	With the integration of metallurgical composition, rolling process parameters, and cooling process parameters, a prediction model has been developed using machine learning to predict the resting time and restart temperature for the rolling of TMCP plates. Parallel testing is currently being carried out on the process control computer at the plate mill.	700	2023.12	In the parallel testing stage, the accuracy of the prediction model has been greatly improved compared to the original process control model. After officially going online, the model will be evaluated and adjusted for each steel grade and rolling mode, so as to improve the accuracy of both the starting and ending temperatures for the rolling of plates.
Optimization of production process for hot stamping parts with anti-oxidation (AO) materials and promotion of its applications	1.Test results have shown that these parts can be used for continuous hot stamping on 400 units or more, which can greatly reduce production time and cost. In addition, these parts have also passed weldability and coating testing. 2.The hot stamping parts are currently being tested for welding and assembly in actual vehicles, with good performance being observed in these tests.	600	2023.12	1.Optimize the parameters for production conditions and mold design to achieve continuous stamping performance that matches the same performance of aluminum and silicon materials. 2.Promote these hot stamping parts to local and overseas automotive supply chains in order to boost the visibility of these parts.
Development of unshaped refractory technology for ladles	The formulations of four out of the five types of unshaped refractories for ladles (including aluminum-magnesium castable material, gunning material, coating material, and high-alumina castable material CA-18) have been developed and used in ladles, while the development of another high-alumina castable material CA-17 is currently in progress.	800	2023.12	1.Adjust the self-developed formulations according to CSC's site environment and trial results so that these formulations are better suited for CSC Group's operation. 2.Select special materials referring to the latest research in Taiwan and abroad, so that the self-developed formulations outperform existing materials. 3.Revise the formulations and incorporate a second raw material to reduce costs and enhance competitiveness.
Development of next-generation galvanized steel coil coating technology	The newly developed G6 passivation agent has undergone eight hot dip galvanizing trials and nine hot dip galvanizing iron coating trials in No.1 and No.3 hot dip galvanizing lines, while the steel coils produced from these lines have been successively provided to customers for trial use. This year, testing has been carried out at No.2	1,000	2023.12	1.Build 6 ton of production capacity for temperature-controlled reaction tanks for G6 passivation agents to meet mass production. 2.Master the quality characteristics of G6 passivation agents and build a failure mode database.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	hot dip galvanizing line to establish the production capacity of each hot dip galvanizing line. In addition, three production trials for hot-dip galvanized iron lubricating film for vehicles have been completed at No.3 hot dip galvanizing line. The Company will continue to build up its production capacity and provide customers with certification assistance.			3. Provide customers with certification assistance and promote the trial use among customers.
Development of aluminum alloy hot continuous rolling texture control technology	<ol style="list-style-type: none"> 1. The development of hot rolling process for high-quality aluminum anode materials has been completed. 2. The development of non-textured aluminum capacitor materials has been completed. 3. The development of aluminum bottle cap materials with high surface quality and low carbon emissions has been completed. 	1,000	2023.12	<ol style="list-style-type: none"> 1. Develop recrystallized aggregate texture distribution control technology to control the metallurgical and mechanical properties of finished products through the regulation of aggregate texture ratio. 2. Develop hot rolling temperature control technology to improve temperature stability and reduce the variation between hot rolling batches. 3. Develop alloy control technology to control grain nucleation, growth, and evolution base on precipitation behavior, and thus regulate metallurgical microtexture.
Development of technology of refractory for liquid steel distributor	Gunning materials in magnesium coating materials has been developed and is currently undergoing trial use, while the remaining wet gunning materials and coating materials for short continuous casting are currently under development. The development of coating materials for magnesium dams and long continuous casting will commence this year.	700	2023.12	<ol style="list-style-type: none"> 1. Optimize the particle size distribution of the formula and control the composition and particle size of raw materials to ensure that product quality does not vary. 2. Use key micropowder or additives and control their ratios to ensure better product performance than those of existing materials. 3. Follow up on quality feedback during trial use to ensure the quality is stable and meets the needs of on-site use.
Establishment of self-bonding core processing and application technology and development of demonstration plans	<ol style="list-style-type: none"> 1. Continue to develop technology for self-bonding molds while planning to develop a T-shaped assembled self-bonding core mold. 2. Continue to optimize manufacturing process conditions for outside-the-die self-bonding cores, establish guidelines for 	500	2024.06	<ol style="list-style-type: none"> 1. Continue to introduce finite analysis simulation methods in collaboration with academia to reduce experimental cycles and costs, and speed up the construction of process databases for various application conditions.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	<p>fixture design, as well as expand and enrich the process database for self-bonding core processing.</p> <p>3. A demonstration line for the automated mass production of self-bonding cores has been built, and the facility is officially open to potential downstream manufacturers (expected to comprise more than 10 manufacturers) for observation and training purposes.</p>			<p>2. Establish cross-domain collaboration with outstanding automation and molding partners in Taiwan to develop innovative and viable critical process modules, equipment or research platforms.</p> <p>3. Establish and maintain close communication with domestic and overseas stamping and motor manufacturers to seek technical implementation solutions and enhance the acceptance and competitiveness of the industries.</p>
Construction of pilot line for co-production of steel and chemicals and development of operation and maintenance technology	<p>1. The construction of the pilot line for “co-production of steel and chemicals” has been completed in September 2022, with the blast furnace gas and LD-converter gas acceptance tests also completed under the operating condition of 7.8 psi in gauge pressure on January 1 and 7, 2023, respectively.</p> <p>2. The levels of CO concentration produced by the pilot line using blast furnace gas and LD-converter gas can reach up to 99.1% and 99.4%, respectively, with a 85.1% recovery rate, a total sulfur concentration of 0.05 ppm, and an oxygen concentration of <20 ppm, all of which meet the acceptance criteria.</p> <p>3. The pilot line will be used to establish the operation data of different operating parameters to establish the AI modeling and optimize the operating parameters for the purpose of developing the required operation and maintenance technology.</p>	500	2023.12	<p>1. Hold regular progress review meetings on a monthly basis.</p> <p>2. Shorten the learning curve through collaboration with academia.</p>
Remote human-machine collaboration system for crane	<p>1. Completed the 5G feature test.</p> <p>2. Completed the planning of electric control equipment.</p> <p>3. Completed the planning of high-resilience 5G network.</p> <p>4. Completed on-site survey to determine the location of base stations.</p>	2,690	2023.12	<p>1. Leverage 5G development experience and partners' expertise to quickly incorporate 5G remote control.</p> <p>2. Simplify the electric control modification project to modularize the wireless transmission interface.</p> <p>3. The electric control equipment is delivered on schedule.</p>

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of bacterial agent for coking wastewater biological treatment	<p>1.The liquid phenol-removing mixed bacterial agent has undergone on-site trial use. This product has also been listed as a pharmaceutical agent for anomalies in biological wastewater treatment plants at CSC and Dragon Steel Corporation, while a long-term supply contract has also been signed with China Ecotek Corporation.</p> <p>2.In an effort to extend its shelf life, a powdered phenol-removing mixed bacterial agent is currently being developed. At present, it can be stored for four months.</p> <p>3.The development of a phenol-removing pure bacterial agent has been completed, with its preservation method currently being refined to extend its validity period.</p> <p>4.During the development of trial mass production with a culture volume of 80 liters of phenol-removing pure bacteria, the optimal culture medium is currently being developed, with the effectiveness of the bacteria's phenol removal ability also being confirmed.</p>	1,990	2024.12	<p>1.Continue to develop the optimal formulation and standard process for the mass production of pure bacteria in collaboration with the academic/research community.</p> <p>2.Complete the development of pure bacteria mass production and powder bacteria preservation technologies in collaboration with Taiwan's academic/research community which study in the fermentation of bacterial strains.</p> <p>3.Establish the strategy of adding pharmaceutical/ bacterial agents for anomalies in biological wastewater treatment plants using a model site, test and promote them to other wastewater treatment systems across CSC Group.</p>

2. China Steel Chemical Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of fast-charging composite materials	Key techniques such as material miniaturization, polygonalization, and surface treatment have been established, while the construction of mass production equipment has been completed.	1,500	2023.Q4	Demand for power battery used by electric vehicles and energy storage systems.
Planning of mass production of artificial graphite and promotion of artificial graphite to customers	Coke-based materials have been confirmed, whereas grinding and surface treatment techniques have also been established. Planning of mass production is currently ongoing.	3,500	2023.Q4	Demand for power batteries with fast-charging as well as high-rate charging and discharging capabilities.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Refinement of the rate capability of ultra-high-power materials with small particle size	Miniaturization and surface treatment techniques have been developed, while the conditions for materials with small particle size have been optimized.	1,500	2023.Q4	Application in ultra-high-rate batteries.
Development of carbon materials with high voltage for supercapacitor application and corresponding mass production techniques	The surface modification technique for advanced carbon materials has been developed, while related products have been promoted to key manufacturers. Planning of the construction of mass production lines is currently ongoing.	2,750	2023.Q4	Application in wind energy storage, automobile start-stop systems, electric buses, light rail vehicles, lead carbon batteries, and lithium batteries.
Development of high-purity and large-size crucibles for crystal growth	The development of four to six-inch crucibles, the production of isotropic graphite forming, carbonization, and graphitization equipment, and the construction of mechanical processing equipment have been completed.	5,500	2023.Q4	Demand for crucibles for crystal growth and high-purity graphite for semiconductors, molds, and tools for hot mills.

3. CHC Resources Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Upgrade of steel slag resourceization technology	Continue to carry out R&D (including technology development and effectiveness verification) by referencing the applications in a variety of areas domestically and abroad as follows: 1. Asphalt concrete (AC) 2. Steam curing 3. Marine engineering 4. Slag powder	1,950	2023.12	1. Eliminate concerns regarding the use of basic oxygen furnace slag raised by all sectors of society, and encourage the inclusion of basic oxygen furnace slag in the construction specifications of various city and county governments. 2. Achieve relevant performance.
Application of basic oxygen furnace slags in cement raw materials	In January 2019, the project for promoting the use of BOF slag in cement raw materials was launched. The manual for using BOF slag in cement raw materials was completed in July 2019, and officially published in January 2020 after passing the third-party audit conducted by the Industrial Development Bureau in January 2020. In 2022, 52,770 tons of BOF	30	2023.12	1. Control quality stability. 2. Engage external parties for testing regularly. 3. Contact customers to perform product technical services.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	slag were used as cement raw materials at cement plants, effectively replacing cement raw materials and thus realizing the benefits of energy conservation and carbon reduction. Furthermore, research on process optimization is being conducted in response to the expansion of production capacity and for continuously improving quality.			
Development of low-carbon blended cement	In response to the revision of CNS 15286 in August 2022, the relevant formulation for ternary blended cement with low heat of hydration and the verification of its chemical performance have been completed during the product development and testing stage. There will be a shift from the cementing material research stage to the concrete research stage in 2023 to verify whether it is able to meet the performance requirement of the relevant mass concrete.	20	2023.12	1. With the revision of the CNS 15286 Blended Hydraulic Cements Standards, there will gradually be an opportunity to supply the low-carbon blended cement products to ready-mixed concrete plant. 2. Draw up plans to replace traditional cement with low-carbon blended cement in response to business opportunities arising from carbon neutrality and the introduction of carbon fee.

4. Chung Hung Steel Corporation

Project in the Most Recent Year	Project Category	Further R&D Expenditure (NT\$ ten thousands)
Hot rolling - Replacement of flatness gauge at hot rolling lines	R&D and Improvement Plan in 2023	2,630
Pickling and galvanizing - Replacement of edge strapping machines at packing lines		
Hot rolling - Replacement of automated surface inspection system (ASIS) in hot-rolling lines	Unfinished projects in 2022 to be continued in 2023	14,445
Hot rolling - Revamping of Grinder No. 3		
Hot rolling - Replacement of width gauge for down coilers		
Hot rolling - Replacement of width gauge at the at the entry and exit sides of roughing mill		
Hot rolling - Procurement of spare parts for gearbox in edgers at hot rolling mills		
Hot rolling - Replacement of F1, F4, F5, and F6 main motor		
Pickling and galvanizing - Addition of facility online monitoring and diagnosis system (FOMOS) to pickling and oiling line		
Steel pipes and tubes - Addition of intelligent monitoring system to cutting machine at No.4 Pipe Production Line		

5. China Steel Structure Co., Ltd.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
National Center for Research on Earthquake Engineering - Phase I development of automated welding technology for internal partitions of steel box columns	A welding database for AI robots has been built, while welding for the first set of specimens has been completed.	150	2023.12	1.Establishment of an optimal model for automatic welding. 2.Automated joint preparation for welding that is applicable on site.
Research on the incorporation of waveform-controlled submerged arch welding machine into manufacturing processes	The construction of the work bench has been completed, while the development of welding process will commence once the welding machine is installed.	230	2023.12	1.Adjustment of welding parameters for production optimization 2.Establishment of welding procedure

6. China Ecotek Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Biologics for coking wastewater biological treatment systems	The biologics developed for coking wastewater biological treatment systems have been used by the Company and Dragon Steel Corporation for more than a year with noticeable results as evidenced by its ability to effectively alleviate the problem of reduced treatment effect caused by changes in water quality. With the fungal body preservation technique already valid for three months, research will be conducted on an ongoing basis to extend the fungal body preservation period.	200	2023.12	Coking wastewater biological treatment.
Research and development of carbon reduction technology	1.Capture and purify the carbon monoxide that originally emitted into the atmosphere and convert it into chemical materials to enhance its industrial application value. The pilot line has been constructed with commissioning to begin soon. 2.Carbon dioxide in waste gas, which is captured and purified with a target purity of 99% and above, can be commercially sold	400	2024.12	Demand for carbon reduction and reducing GHG emissions.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	as industrial raw materials. With the planning of a pilot line already completed, the construction will commence soon and the facility is scheduled for operation at the end of 2024.			
Development of acid gas and smog desulfurization technology	Research on acid gas/smog desulfurization (e.g., SO ₂ , HCL, HF, and SO ₃) using a wet honeycomb filling tower has shown a SO ₂ desulfurization efficiency of $\geq 80\%$ and a SO ₃ desulfurization efficiency of $\geq 70\%$, which serves as a reference for smog desulfurization works at the operating unit.	250	2023.12	Demand for flue gas desulfurization at coke oven plants.
China Steel medium- and low-temperature denitrification catalyst - Coke oven flue gas pilot line test	The test has shown a denitrification efficiency of $\geq 80\%$. The relevant parameters and data have been sent to China Ecotek Corporation for numerical simulation (CFD) analysis, and also to HIMAG Magnetic Corporation for planning of mass production.	250	2023.12	Demand for medium- and low-temperature flue gas denitrification at coke oven plants

Looking into the future, the Company and companies of CSC Group will continuously devote itself to developing premium steel products with high technical content, high profitability, and high industrial benefits while creating independent core technology and promoting the development of low-carbon green manufacturing and energy saving & carbon reduction technology. At the same time, we have formed R&D alliances with domestic steel-using industries to run a more diverse range of industrial upgrading programs to meet the material quality requirements of downstream industries and facilitate the development of high value-added end products, thereby enhancing the international competitiveness of upstream and downstream steel industries. The Company also integrates CSC Group's marketing resources to improve sales and technical services for customers.

(VI) Impact on the Company's finance and business due to changes in important domestic/foreign policies and laws and response measures thereof

1. International carbon control measures

Over the past few years, countries around the world have been drawing up carbon reduction policies, such as the Carbon Border Adjustment Mechanism (CBAM) in the European Union and the Clean Competition Act (CCA) in the U.S. Likewise, Taiwan has also introduced a carbon fee collection mechanism with the passing of the Climate Change Response Act in early 2023.

In response to the relevant regulatory requirements, the Company has established a Product Carbon Intensity System based on its existing cost system to calculate the actual carbon emissions from each process, production line, and product. With this system in place, the Company can not only meet carbon reporting requirements and customer demand for low-carbon products, but also select a production path with the lowest carbon footprint. Moreover, the Company continues to develop and incorporate low-carbon and zero-carbon technologies, as well as adopt feasible carbon reduction solutions, in order to gradually meet its short-, medium-, and long-term carbon reduction targets, thereby minimizing the impact of international carbon control measures on the Company and ultimately achieving its sustainable development vision.

The Company will also continue to collect information on international experiences in carbon pricing while keeping close tabs on developments in amendments to related laws and regulations promulgated by the Environmental Protection Administration and the Ministry of Economic Affairs such as the Climate Change Response Act and taking part in related discussions and negotiations, so as to assess the impact of such amendments and draw up corresponding response measures.

2. The “Major Power User Clause” under the Renewable Energy Development Act

Following the Legislative Yuan’s announcement of amendments to the Renewable Energy Development Act in May 2019, the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity (also known as the “Major Power User Clause”) came into effect in January 2021 as this piece of legislation requires large power users to set up renewable energy power generation equipment that accounts for over 10% of their contracted capacity in the previous year and fulfill their obligations within five years at the latest.

With a commitment to actively developing green energy in line with the government’s policy to promote solar power, CSC and companies of CSC Group established a joint venture named CSC Solar Corporation in October 2016 to install solar photovoltaic (PV) panels on the rooftops of factories at companies of CSC Group. In fact, an installed capacity of 92.4 MW has been set up as of the end of 2022. Following efforts to actively plan its engagement in the green electricity business and the acquisition of renewable energy certificate, CSC Solar Corporation was finally awarded an electricity enterprise license in August 2022, which is sufficient to meet demand for renewable energy among companies of CSC Group that are major power users, such as the Company, Dragon Steel Corporation, Chung Hung Steel Corporation, C.S. Aluminium Corporation, China Steel Machinery Corporation, CHC Resources Corporation, and China Steel Chemical Corporation. Starting in 2023, CSC Solar Corporation will supply green electricity to all major power users under CSC Group with the aim of obtaining an early bird deduction of 20% of the compulsory installed capacity for completing the obligations within three years, so as to minimize the impact of the use of renewable energy on company operations.

(VII) Impact on the Company's finance and business due to technological (including cybersecurity risk) and industrial changes and response measures thereof

With the rapid development of technology, the Company faces cross-industry competition globally, Russo-Ukrainian War, the COVID-19 pandemic, obstacles from regional trade agreements and low-carbon economy. In order to steadily and effectively support the ever-expanding business landscape, as well as demand for flexible and massive capital management, it is necessary for the Company to improve the visibility of capital flow and financial forecasts and develop support tools for rapid financial decision-making, so as to keep abreast of the latest developments related to investments in industries that CSC Group invests in at all times.

The Company organizes its sustainable development roadmap using resources from industries and education institutes, as well as the latest intelligent technology in an automated, smart, and collectivized manner to conduct a revolution in system and operation process. The Company creates a common and highly integrated and compliant financial, accounting and cost system so as to integrate resources and realize synergy from group management. Furthermore, the Company enhances partnerships in the supply chain, improves product and service value, pursues production and sales intelligent collaboration, and satisfies customer needs with minimum costs and effective methods, in order to create a win-win situation through interaction and cooperation with related industries and eventually drive the transformation of the steel industry in Taiwan, thereby becoming a trustworthy steel company of global distinction.

In view of growing attention to information security, the Company has actively cultivated information security talents, introduced more comprehensive and complete security protection from the network to the endpoint, strengthened the information security incident detection, monitoring and reporting mechanism, and incorporated assistance provided by external professional information security consultants. The Company's Information Security Committee convenes meetings periodically to discuss and address important information security issues. The Company also passed the audit of ISO 27001 Information Security Management Systems certification in 2022 to maintain the validity of the ISO 27001. In an effort to enhance information security awareness among employees, the Company carries out regular information security and anti-virus reporting, announces information security guidance, as well as holds information security joint defense meetings, social engineering drills, and information security educational training on a regular basis. With the adoption of multiple strategies including strengthening internal protection, minimizing external attacks, and enhancing information security awareness, the Company is able to build a resilient corporate information security system amid the growing prevalence of severe cyber threats.

(VIII) Impact on the Company's corporate crisis management due to changes in corporate image and response measures thereof

With a longstanding commitment to the ESG sustainable environment, social engagement, and corporate governance, the Company has earned great recognition from all sectors of society both in Taiwan and abroad for its outstanding achievements. In 2022, the Company has received a series of awards from various institutions in Taiwan and abroad as detailed below: 1. The Company has been selected as a constituent of the Dow Jones Sustainability Emerging Markets Index for the 11th consecutive year. 2. The Company received the "Top 10 Most Prestigious Sustainability Awards" and the "Corporate Sustainability Report Awards - Platinum Award" in the traditional manufacturing category from Taiwan Corporate Sustainability Awards (TCSA), as well as the 10 awards in the Global Corporate Sustainability Awards (GCSA), namely "Sustainability Report Awards - Bronze Award" and individual sustainability awards, including the "Talent Development Leadership Award," the "Climate Leadership Award," the "Water Resources Leadership Award," the "Circular Economy Leadership Award," the "Information Security

Leadership Award,” the “Innovation Growth Leadership Award,” and the “Sustainable Supply Chain Leadership Award.” 3. The Company ranked among the Top 50 Large Enterprises in the Excellence in Corporate Social Responsibility Award by CommonWealth Magazine for the 10th consecutive year. 4. The Company received the gold awards for “Industrial and Innovative Infrastructure” and “Global Partner,” the silver award for “Climate Action,” and the bronze award for “Sustainable City” in the Taiwan Sustainability Action Awards (TSAA). 5. The Company was named one of the 2022 Outstanding Manufacturers in Voluntary Reduction of Industrial Greenhouse Gas Emissions by the Industrial Development Bureau under the Ministry of Economic Affairs. 6. The Company ranked among the top 5% of listed companies in the 9th Corporate Governance Evaluation and for the 4th consecutive year. 7. The Company was not only granted Class A certification under the Taiwan Intellectual Property Management System (TIPS) standards in 2022, but also became one of the few large corporations to have completed the certification process in four areas, namely patents, trade secrets, trademarks, and copyrights in recent years. 8. The Company was awarded the “2021 Outstanding Unit in Green Procurement” in addition to its ongoing efforts to carry out green living evaluation among companies of CSC Group aimed at encouraging employees to practice green living in all aspects of life, including food, clothing, housing, transportation, and entertainment. 9. The Company’s construction site for the “New Enclosed Building in Coking Coal Storage Yard” was named the 2022 Outstanding Intelligent Construction Site by the Kaohsiung City Environmental Protection Bureau, which demonstrates the Company’s endeavor to promote environmental protection and improvement projects while upholding the spirit of carrying out better project implementation and management than required by regulatory standards.

In the face of trends and challenges arising from competition in the global steel market and the goal of carbon neutrality by 2050, the Company has completed the planning of its carbon neutrality pathway that involves two stages - carbon reduction in the short term, followed by “low carbon first, zero carbon next” in the medium and long term. On top of that, the Company has set out its new vision - “We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation” - based on its operational and developmental cores, i.e., “becoming a steel mill that produces premium products with high value” and “developing the green energy industry,” in an effort to not only turn challenges in low-carbon transition into a driving force for sustainable growth, continuously enhance corporate resilience, and lead Taiwan’s steel industry chain to boost its international competitiveness with smart innovation, but also co-create value and share the Company’s achievements with all shareholders and stakeholders.

(IX) Expected benefits and potential risks related to mergers and acquisitions

In the 14th meeting of the 9th Board of Directors on August 6, 2021, China Steel Global Trading Corporation agreed to purchase 60% shares of China Steel Precision Metals Qingdao Co. Ltd. from China Steel Asia Pacific Holdings Pte Ltd., and purchase another 10% shares of China Steel Precision Metals Qingdao Co. Ltd. from Chung Mao Trading (Samoa) Corporation. The share right registration was finished on February 15, 2022. After the acquisition, it is expected to simplify investment scale, prevent tax risk, and enhance management performance.

(X) Expected benefits and potential risks related to plant expansion

In assessing plant expansions, the Company and companies of CSC Group have taken into account investment benefits and potential risks, and have conducted evaluations through a complete, cautious, and professional process. Significant capital expenditures must also be reported to the Audit Committee for review, and to the Board of Directors for approval. To reduce

risks arising from market changes, risk sensitivity analysis has been enhanced, while benefit performance assessment has been implemented.

(XI) Risks related to concentration of purchases and sales

1. Risk related to concentration of purchases

(1) Equipment

In order to avoid over concentrated sources of procurement, the Company has always invited well-known manufacturers from all over the world to bid for equipment procurement after carrying out extensive investigations on potential suppliers. However, the steel production equipment is a highly specialized industry, and the number of manufacturers in this industry is quite limited. In recent years, equipment suppliers in various countries has achieved business integration through mergers, acquisitions, and strategic alliances; therefore, only a handful of manufacturers are able to provide quotations. Reduced competitiveness may prompt manufacturers to raise the quoted price, thereby increasing equipment investment costs.

(2) Raw materials

The Company and Dragon Steel Corporation are the only integrated steel mills in the CSC Group. Coking coal is mainly sourced from Australia, with a small amount from Canada. Meanwhile, iron ore is primarily sourced from Australia and Brazil, with a small amount from Canada. The Company takes the following response measures:

- 1) Develop new material sources in other regions.
- 2) Spot purchase a few amount of raw materials required in order to respond flexibly to changing circumstances.

2. Risk related to concentration of sales

In order to disperse risks arising from concentration of sales while maintaining the mindset of global development strategy, the Company and steel companies in CSC Group adopt the sales channel strategy of "focusing on domestic sales, supplemented with export sales," which is adjusted according to changes in market conditions. The specific measures taken include: increasing the promotion of new products to create new value; mastering developments in related industries to expand the scope of product supply; actively seeking investment opportunities in downstream steel manufacturers or steel-using industries; and establishing coil centers in overseas markets with development potential to rapidly respond to customer needs and establish steady long-term strategic partnerships. At present, the Company has established 11 coil centers in various regions, including Mainland China, Southeast Asia, India, and Italy, in order to disperse risks arising from recession in individual regional economy.

(XII) Impact of major transfers or changes in shareholdings of directors, supervisors or major shareholders with over 10% shareholding on the Company

No such circumstance was found from 2022 up to the publication date of this annual report (March 31, 2023).

(XIII) Impact and risks of changes in management rights on the Company

No such circumstance was found from 2022 up to the publication date of this annual report (March 31, 2023).

(XIV) Litigious or non-litigious matters: List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any of its director, supervisor, president, person with actual responsibility for the company, major shareholder with over 10% shareholding, and/or any affiliated companies; and (2) have been concluded with a final judgment, or are still under litigation. Where such a dispute could materially affect shareholders' rights or share prices, the annual report shall provide the facts in issue, amount of money at issue, commencement date, litigants, and current status of the case as of the publication date of this annual report.

Listed below are the cases in which major litigious, non-litigious or administrative disputes involving affiliates, with a subject matter value of NT\$100 million, have been concluded with a final judgment or are still under litigation:

Name of Affiliates	Litigant	Fact in Issue	Amount of Money at Issue	Commencement Date	Case Status as of the Publication Date of this Annual Report
Kaohsiung Rapid Transit Corporation (KRTC)	Maeda Corporation Long Da Construction & Development Corporation	Maeda-Long Da was the EPC contractor for the EPC Project for the Orange Line CO2 Section of Kaohsiung MRT. On December 4, 2005, a collapse accident took place during the construction of catch basin in the cross passage of tunnel LUO09. After completing the reconstruction, a lawsuit was filed to seek payment for resulting additional expenses. The first instance case number was Taiwan Kaohsiung District Court 2010 Chien Tzu No. 34. After the first instance judgment on August 31, 2016, the EPC contractor filed an appeal to Taiwan High Court Kaohsiung Branch Court, where the second instance case number was Taiwan High Court Kaohsiung Branch Court 2016 Chien-Shang-Tzu No. 32.	NT\$1.675 billion	On September 26, 2016, the plaintiff filed an appeal. Then, the court of second instance held the first session in Taiwan High Court Kaohsiung Branch Court on December 30, 2016.	This lawsuit was filed on October 9, 2009, by the plaintiff with Taiwan Kaohsiung District Court and the first instance judgment was made 6 years and 10 months later on August 31, 2016. "The plaintiff's lawsuit is dismissed, and the litigation costs will be borne by the plaintiff," the verdict of Taiwan Kaohsiung District Court reads. The court of the first instance commented that the request made by the plaintiff (i.e., the EPC contractor) for disaster reconstruction expenses was unreasonable. In other words, Kaohsiung Rapid Transit Corporation won the case in the court of the first instance. As the plaintiff refused to accept the judgment thereafter, the plaintiff submitted an appeal against the first instance judgment on September 26, 2016 to seek full payment for the amount of money requested in the first instance and filed a lawsuit with the court of the second instance. The judgment on the appeal at second instance on August 19, 2022 read, "The appeal was dismissed, and the litigation costs of the second instance shall be borne by the appellant." After another month of appeal, Kaohsiung Rapid Transit Corporation received the certificate to the effect that the judgment has become final and binding was issued by the court on September 22, 2022. Because the plaintiff did not appeal against the second-instance judgment, the judgment on the appeal was confirmed to final on September 19, 2022. On the whole, this case lasted for around 13 years.
Dragon Steel Corporation	Plaintiff: Tao-Yuan Ruan; Mu-Lan Lu; Ding-Yong Jiang Defendant: Environmental Protection Bureau of Taichung City Government Intervener: Dragon Steel Corporation	1. As citizens in an environmental protection group, including Tao-Yuan Ruan, were not satisfied with the resolution made at the 47th meeting of the Environment Impact Assessment Audit Committee on July 24, 2017, in the Letter of Chung-shi-huan-zhong No. 1060083497 issued by Environmental Protection Bureau of Taichung City Government on July 31, 2017, the citizens filed an appeal according to the law to rescind the administrative disposition. Taichung City Government determined to reject the appeal.	None	July 26, 2018	1. The sentence made by Taichung High Administrative Court on March 25, 2020 is as follows: "1. The Appeal Decision Fu-shou-fa-su-tzu No. 1070140424 made by Taichung City Government and the original administrative disposition were discharged. 2. Reject the appeals made by plaintiffs Tao-Yuan Ruan and Mu-Lan Lu. 3. 50% of the litigation expenses shall be borne by Tao-Yuan Ruan and Mu-Lan Lu, and the remaining shall be born by the defendant. 2. The Supreme Administrative Court issued Judgment 2020 Shang-Tzu No. 576, stating that "The original judgment, except for the confirmed portion and the litigation costs of it, is vacated and remanded to the Taichung High Administrative Court." 3. The case is currently being heard by the

		<p>The plaintiffs were unsatisfied with the result of the appeal and filed the administrative litigation according to the law.</p> <p>2. As the results of the judgment for the litigation may compromise Dragon Steel's rights or legal interests, Dragon Steel attended the proceeding as an independent intervener on November 16, 2018.</p>			Taichung High Administrative Court, pending under Appeal Case No. 10 in 2022.
C.S.Aluminium Corporation	Far East Steel Enterprise Corporation	<p>On March 30, 2020, C.S.Aluminium Corporation received a notice from the Civil Court under Taiwan Kaohsiung District Court, attached with a civil complaint filed by Far East Steel Enterprise Corporation (hereinafter called Far East Steel), which claimed that C.S.Aluminium Corporation violated the commissioned aluminium coil slitting contracts (Contract No. 101M210001 and 106-L7-A-0002) signed by both parties, and requested C.S.Aluminium Corporation to pay a compensation of NT\$130,347,384 based on the reason that the commissioned slitting volume between 2013 and 2019 failed to meet the guaranteed volume indicated in the contract.</p>	NT\$130 million	March 30, 2020	During the 10th court session at first instance held on March 8, 2023, the judge has yet to make a decision on the characterization of the contract and the year of appraisal, but has confirmed that two accounting firms, namely PwC and Ernst & Young will be consulted as appraisers. The date of the next court session will be determined after the two accounting firms have replied to their willingness to conduct the appraisal and the relevant appraisal cost.
United Steel Engineering & Construction Corporation	Han Huang Co., Ltd., Po-Cheng International Hospital, Lan-Ting Juan, and Hsing-Hua Juan	<p>On July 1 and 18, 2019, United Steel Engineering & Construction Corporation undertook mechanical, electrical, and renovation works at Po-Cheng International Hospital. Thereafter, Po-Cheng International Hospital issued a letter on June 5, 2020, stating that it shall re-apply for a GUI number and requested that Han Huang Co., Ltd. undertook the contract, with Po-Cheng International Hospital and Lan-Ting Juan serving as the joint guarantors of Han Huang Co., Ltd. Despite the completion and acceptance of the projects for a long period of time, Han Huang Co., Ltd. has yet to settle the project payments and additional project payments totaling NT\$201,694,848. After issuing multiple reminders without success, United Steel Engineering & Construction Corporation filed a civil lawsuit, requesting the defendants to settle the project payments. After filing the lawsuit, Hsing-Hua Juan, the person in charge of Han Huang Co., Ltd., was included as a defendant in this case according to Paragraph 2, Article 99 of the Company Act which stipulates that "If a shareholder abuses the company's status as a legal entity and thus causes the company to bear specific debts and to be apparently difficult for the company to pay such debts, and if such abuse is of a severe nature, the shareholder shall, if necessary, be liable for the debts." This action is currently pending in the Taiwan Kaohsiung District Court with the First Instance Case No.: 2021 Chien-tzu No. 27.</p>	NT\$202 million	On January 27, 2021, the plaintiff submitted the civil complaint to Taiwan Kaohsiung District Court.	Litigation proceedings continued as a result of failure to reach a resolution via mediation. Therefore, the judge ordered the case to be sent for appraisal, where preliminary appraisal was carried out on September 7, 2022.

China Steel Machinery Corporation	Armroc International Corporation	<p>1. After the schedule delay of Armroc International Corporation, as interpellated by China Steel Machinery Corporation repeatedly, the performance has still not reached the progress and has even fallen seriously behind. As Armroc International Corporation has no integrity in fulfilling the contract, on June 3, 2019, China Steel Machinery Corporation terminated the contract with Armroc International Corporation and directly signed a contract with its downstream contractor, Safran, to complete the work.</p> <p>2. However, Armroc International Corporation still considered that the remaining 50% of the third installment should be paid by China Steel Machinery Corporation. Since Armroc International Corporation has not completed the works as promised in the meeting, China Steel Machinery Corporation refused to pay.</p> <p>3. China Steel Machinery Corporation terminated the contract with Armroc International Corporation on June 3, 2019, and filed a countercharge for return of installments (the 1st, 2nd, and 1/2 of 3rd installments) paid by China Steel Machinery Corporation based on the principle of contract termination, and compensation to the damages of China Steel Machinery (Delay penalty and some punitive penalty for the integrated maintenance station of power system)</p>	NT\$117 million	The first court session was held on November 20, 2019. Then the first instance was closed on December 10, 2021, followed by the second instance to be held on April 14, 2022.	<p>1. The argument of the Armroc International Corporation Case (Case No.: Taiwan Kaohsiung District Court 2019 Zon-Su-Tzu No. 219) was concluded on November 10, 2021, and the first instance was closed on December 10, 2021. The summary was as follows:</p> <p>(1) The appeal (Armroc sued China Steel Machinery): Armroc failed.</p> <p>(2) The countercharge (China Steel Machinery sued Armroc): China Steel Machinery won partially, and lost partial cases.</p> <p>(3) China Steel Machinery could initiate provisional execution by providing NT\$23.61 million to the court as security.</p> <p>2. Armroc International Corporation filed an appeal with the court of second instance, and the fifth court session (preparatory proceedings) was held on February 20, 2023. Due to the impending retirement of the presiding judge of second instance, the case will be reassigned to another judge, and the date of the next court session will be announced upon notice from the court.</p>
-----------------------------------	----------------------------------	--	-----------------	---	--

(XV) Other significant risks: None.

VII. Other Significant Matters: None.

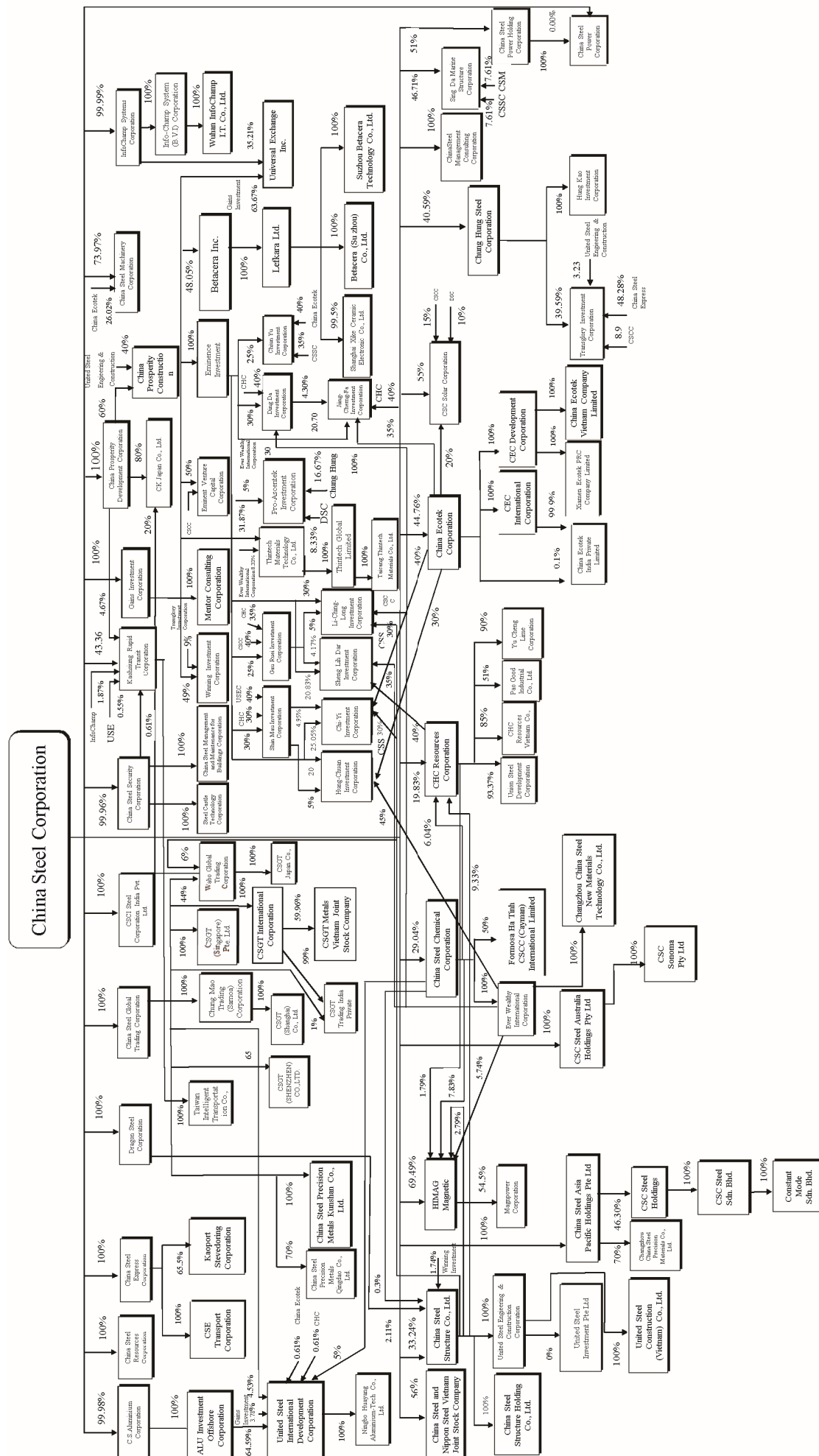
Chapter VIII. Special Disclosures

I. Information on Affiliated Companies

(I) 2022 Consolidated Financial Statements of Affiliated Companies: None.

(II) 2022 Consolidated Business Report of Affiliated Companies

i.



2. Basic Information on Affiliated Companies

(As of March 31, 2023)

Unit: \$ thousands

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Chung Hung Steel Corporation	1983.09.29	No. 317, Yuliao Rd., Qiaotou Dist., Kaohsiung City, Taiwan	NT\$	14,355,444	Manufacture and sale of steel products
Hung Kao Investment Corporation	2006.09.26	28F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	26,000	General investment
China Steel Chemical Corporation	1989.02.03	25F, No. 88, Chengong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,369,044	Manufacture of coal chemicals and specialty chemicals, and production and sale of anode materials and carbon materials
Ever Wealthy International Corporation	1999.08.30	25F, No. 88, Chengong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,045,750	General investment
Changzhou China Steel New Materials Technology Co., Ltd.	2013.12.19	No. 18, Changyang Rd., Wujin Economic Development Zone, Changzhou, Jiangsu Prov., China	CNY\$	39,950	Processing and sale of green mesophase powder
Formosa Ha Tinh CISC (Cayman) International Limited	2016.01.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Rd., P.O. Box 32052, Grand Cayman KY 1-1208 Cayman Islands	US\$	6,000	General investment
China Ecotek Corporation	1993.03.15	8F, No. 88, Chengong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,237,426	Environmental and electromechanical engineering, Operation & Maintenance (O&M)
CEC International Corporation	2002.10.08	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	1,000	General investment
China Ecotek India Private Limited	2012.08.17	B-33, 2F, Janki Residency, Undera-Koyali Rd., Undera, Vadodara, Gujarat, India	INR\$	50,000	Construction engineering
CEC Development Corporation	2017.05.16	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	US\$	16,000	General investment
China Ecotek Vietnam Company Limited	2010.06.09	Phuoc Lap Zone, My Xuan Ward, Phu My Town, Ba Ria Vung Tau Prov., Vietnam	US\$	10,000	Construction engineering
Xiamen Ecotek PRC Company Limited	2011.11.09	Rm. 2502, Lin Shinn Plaza, No. 90 Hubin South Rd., Siming Dist., Xiamen City, Fujian Prov., China	US\$	6,000	Sales agency for import and export of equipment and materials
China Steel Structure Co., Ltd.	1978.02.24	No. 500, Zhongxing Rd., Yanchao Dist, Kaohsiung City, Taiwan	NT\$	2,000,000	Manufacture and sale of steel structures
United Steel Engineering & Construction Corporation	1985.01.10	8F-1 to 8F-4, No. 88, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	800,000	Contracting and management of civil engineering construction, etc
United Steel Construction (Vietnam) Co., Ltd.	1999.03.26	9F, Petroland Tower, No. 12, Tan Trao St., Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	US\$	1,000	Contracting and management of civil engineering construction, etc
United Steel Investment Pte Ltd	1994.05.20	160 Robinson Rd., #15-06 SBF Centre, Singapore	US\$	0	Holding and investment
China Steel Structure Holding Co., Ltd.	2003.11.03	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	0.01	Holding and investment
CHC Resources Corporation	1991.05.25	22F, No. 88, Chengong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,485,404	Manufacture and sale of GBFS powder and GBFS cement, air-cooled BFS and BOFS, recycling of resources
Yu Cheng Lime Corporation	1969.04.16	No. 1, Youcheng Ln., Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	12,000	Real estate leasing and tally service of raw materials

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Union Steel Development Corporation	1995.06.20	11F-2, No. 243, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	50,000	Manufacture and sale of iron powder, contract manufacturing and sale of refractory materials, trading and labor dispatching
Pao Good Industrial Co., Ltd.	1996.08.29	11F-1, No. 241, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	106,050	Trading of fly ash, production and sale of dry-mix mortar and trading business
CHC Resources Vietnam Co., Ltd	2016.03.17	Complex of Fomosa Ha Tinh Steel Corporation Administration Area, Vung Ang Economic Zone, Ky Long Ward, Ky Anh Town, Ha Tinh Prov., Vietnam	US\$	25,000	Manufacture and sales of ground granulated BFS and sale of water-quenched slag
China Steel Security Corporation	1997.11.27	17F-1, No. 247, Minsheng 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	250,470	On-site guarding and system security
Steel Castle Technology Corporation	1999.04.20	17F-2, No. 247, Minsheng 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	130,000	Installation of fire protection equipment
China Steel Management And Maintenance For Buildings Corporation	2012.01.02	17F-2, No. 247, Minsheng 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	10,000	Management and maintenance for buildings
ChinaSteel Management Consulting Corporation	1998.11.30	No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	10,000	Corporate business management consulting
China Prosperity Development Corporation	1998.08.18	23F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	5,098,095	Development of real estate
China Prosperity Construction Corporation	2008.10.28	24F-6, No.31, Hai Bian Rd., Ling Yea Dist., Kaohsiung City, Taiwan	NT\$	133,875	Development of real estate
CK Japan Co., Ltd.	2012.01.06	2-4-7, Uchiyomachi, Osaka Shi Chuo Ku, Osaka Fu, 540-0026, Japan	JP\$	480,000	Leasing of real estate
HIMAG Magnetic Corporation	1991.01.10	No. 24-1, Chienkuo Rd., Fengtien Vill., Neipu Township, Pingtung County, Taiwan	NT\$	276,055	Manufacture and trading of magnetic materials, specialty chemicals and iron oxide
MagnPower Corporation	2014.09.30	No. 36, Jingjian Rd., Pingtung City, Pingtung Country, Taiwan	NT\$	400,000	Powder metallurgy
Eminent Venture Capital Corporation	2005.03.25	28F, No. 7, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan	NT\$	67,507	General investment
Sing Da Marine Structure Corporation	2018.04.19	No. 201, Sec. 1, Dongfang Rd., Qieding Dist., Kaohsiung City, Taiwan	NT\$	2,626,950	Manufacture of offshore wind power substructure
China Steel Power Holding Corporation	2018.06.28	15F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	7,399,000	General investment
China Steel Power Corporation	2019.12.11	10F-1, No. 369, Zhonghua W. Rd., Changhua City, Changhua County, Taiwan	NT\$	7,393,000	Offshore Wind Power Generation
CSC Solar Corporation	2016.10.11	9F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,744,000	Solar power generation
China Steel Resources Corporation	2014.02.18	No. 38, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	981,120	Manufacture of other non-metallic mineral products
InfoChamp Systems Corporation	2000.03.27	19F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	414,706	ERP system integration services

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Info-Champ System (B.V.I) Corporation	2000.04.28	Portcullis Chambers, 4F, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, B.V.I	US\$	201	Holding and investment
Wuhan InfoChamp I.T. Co., Ltd.	2002.04.22	15F, Quanta Building, No. 1 Friendship Ave., Wuchang Dist., Wuhan, China	US\$	200	ERP system integration services
Kaohsiung Rapid Transit Corporation	2000.12.28	No. 1, Jungan Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,786,064	Mass rapid transit system operations
Taiwan Intelligent Transportation Co., Ltd.	2018.10.01	2F, No. 1, Jungan Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	26,000	Technical services
China Steel Machinery Corporation	2001.09.20	No. 3, Taichi Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	1,352,824	Manufacture and sale of mechanical equipments, including steel making equipment, rolling stock, transportation equipment, power plant equipment, etc.
Dragon Steel Corporation	1993.11.18	No. 100, Longchang Rd., Longjing Dist., Taichung City, Taiwan	NT\$	86,125,861	Hot-rolled coils, H beams, billets, flat steels
C.S.Aluminium Corporation	1996.01.16	No. 17, Donglin Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	8,402,512	Production and trading of aluminum products and other non-ferrous metal products
ALU Investment Offshore Corporation	2002.01.04	Portcullis Chambers, 4F, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, B.V.I	US\$	31,650	Holding and investment
United Steel International Development Corporation	1997.04.11	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, B.V.I	US\$	49,000	Holding and investment
Ningbo Huayang Aluminium-Tech Co., Ltd.	2002.10.30	Rm. 20, 3F, 58 Mass Innovation Economy Industrial Park, No. 518, Zhongshan East Rd, Fenghua Dist., Ningbo City, Zhejiang, China	US\$	49,000	In liquidation
China Steel Express Corporation	1996.02.13	24F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	4,225,453	Raw material shipping services and ship leasing
Kaoport Stevedoring Corporation	1997.11.08	33F-1, No. 8, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	50,000	Ship stevedoring
Transglory Investment Corporation	2005.05.13	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	7,749,638	General investment
CSE Transport Corporation	1996.10.04	BICSA Financial Center, 60th Floor, Balboa Avenue, Panama City, Republic of Panama	US\$	10	Dry bulk shipping business
Gains Investment Corporation	1996.04.01	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	5,593,820	General investment
Thintech Materials Technology Co., Ltd.	2000.03.29	8F-4, No. 140, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City, Taiwan	NT\$	734,980	Manufacture and sale of sputtering targets
Thintech Global Limited	2011.02.23	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	6,800	Holding and investment
Taicang Thintech Materials Co., Ltd.	2011.07.28	No. 98, Beitawan Rd., Shaxi Town, Taicang City, Jiangsu Prov., China	US\$	6,800	Manufacture and sale of sputtering targets
Winning Investment Corporation	1997.04.25	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,300,000	General investment

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Betacera Inc.	1987.11.06	No. 105, Yongchang St., Yingge Dist., New Taipei City, Taiwan	NT\$	427,803	Manufacture and trading of electronic ceramics
Lefkara Ltd.	1992.04.01	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, B.V.I	US\$	13,623	Holding and investment
Betacera (Su Zhou) Co., Ltd.	2000.08.18	No. 1219, Yunli Rd., Economic Develop Zone, Wujiang City, Jiangsu Prov., China	US\$	4,400	Manufacture and trading of electronic ceramics
Suzhou Betacera Technology Co., Ltd.	2007.06.04	No. 500, Ganquan West Rd., Economic Develop Zone, Wujiang City, Jiangsu Prov., China	US\$	15,000	Manufacture and trading of life-saving equipment for shipping and aviation
Shanghai Xike Ceramic Electronic Co., Ltd.	1992.08.11	No. 600, Xiaomujiao Rd., Xuhui Dist., Shanghai, China	US\$	1,200	Manufacture and trading of electronic ceramics
Universal Exchange Inc.	2000.01.21	6F, No. 20, Nanhai Rd., Zhongzheng Dist., Taipei City, Taiwan	NT\$	165,450	Wholesale, service of IT software and electronic information services supply
Pro-Ascentek Investment Corporation	2021.01.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,200,000	General investment
Mentor Consulting Corporation	1996.06.05	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	10,000	Management consulting business
Eminence Investment Corporation	1996.06.06	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,500,000	General investment
Shin Mau Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
Hung-Chuan Investment Corporation	1999.09.27	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	20,000	General investment
Chi-Yi Investment Corporation	1999.10.04	26F, No. 88 Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	20,000	General investment
Ding Da Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
Jiing-Cherng-Fa Investment Corporation	1999.09.27	26F, No. 88 Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	23,000	General investment
Gau Ruei Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
Li-Ching-Long Investment Corporation	1999.09.27	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	20,000	General investment
Sheng Lih Dar Investment Corporation	1999.09.27	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	24,000	General investment
Chiun Yu Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
China Steel Global Trading Corporation	1996.04.02	10F, No. 88, Chenggong 2nd Rd., QianZhen Dist., Kaohsiung City, Taiwan	NT\$	788,298	Sales agent and trading of steel products
Wabo Global Trading Corporation	1997.11.24	9F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	119,000	Sales agent and trading of steel products
CSGT Japan Co., Ltd.	1998.03.17	2F, Osaka U2 Building, 4-7 Uchihonmachi 2-Chome, Chuoku, Osaka 540-0026, Japan	JP\$	40,000	Sales agent and trading of steel products
Chung Mao Trading (Samoa) Corporation	2002.07.04	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	8,800	Holding and investment

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
CSGT (Shanghai) Co., Ltd.	2002.09.23	Rm. 1907, No. 501, Daming Rd., Hongkou Dist., Shanghai, China	US\$	600	Sales agent and trading of steel products
CSGT International Corporation	2007.08.07	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	20,740	Holding and investment
CSGT Metals Vietnam Joint Stock Company	2007.10.31	Lot VI-1A, The 6th Rd., Ho Nai Industrial Zone, Trang Bom Dist., Dong Nai Prov., Vietnam	US\$	13,800	Cutting and processing of steel products
CSGT Trading India Private Limited	2014.09.10	Office No. 204, 2F, Iscon Atria, Tower-2, Gotri Rd., Vadodara Gujarat, India	INR\$	48,000	Sales agent and trading of steel products
CSGT (Singapore) Pte. Ltd.	2001.02.03	#14-01, MAS Building, 10 Shenton Way, Singapore	SG\$	6,100	Sales agent and trading of steel products
China Steel Precision Metals Qingdao Co., Ltd.	2012.11.06	Building No. 3, No. 500, Fenjin Rd., Economic & Technological Dist., Qingdao, Shandong, China	US\$	20,000	Cutting and processing of steel products
CSGT (Shenzhen) Co., Ltd.	2020.06.02	No. 01A, 02 & 03C, 38F, Building 1, Huanggang Business Center, Jintian Rd., Futian Dist., Shenzhen City, China	US\$	800	Sales agent and trading of steel products
China Steel Precision Metals Kunshan Co., Ltd.	2004.06.10	No. 168, Shuanghua Rd., Huaqiao Kunshan Jiangsu Prov., China	US\$	15,000	Cutting and processing of steel products
China Steel and Nippon Steel Vietnam Joint Stock Company	2009.06.09	My Xuan A2 Industrial Zone, My Xuan Ward, Phu My Town, Ba Ria-Vung Tau Prov., Vietnam	US\$	574,000	Manufacture and sale of steel products
CSC Steel Australia Holdings Pty Ltd	2007.02.05	Level 23, 240 Queen St., Brisbane, QLD 4000, Australia	AU\$	594,638	General investment
CSC Sonoma Pty Ltd	2007.02.05	Level 23, 240 Queen St., Brisbane, QLD 4000, Australia	AU\$	16,440	Mining investment
CSCI Steel Corporation India Pvt. Ltd.	2011.10.20	Office No. 204, 2F, Iscon Atria, Tower-2, Gotri Rd., Vadodara Gujarat, India	INR\$	2,535,672	Electrical sheets
China Steel Asia Pacific Holdings Pte Ltd	2000.11.01	160 Robinson Rd., SBF Center #15-06, Singapore	SG\$	178,878	Holding and investment
CSC Steel Holdings Berhad	2004.01.20	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	413,163	General investment
CSC Steel Sdn. Bhd.	1991.11.14	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	359,000	Manufacture and sale of steel products
Constant Mode Sdn. Bhd.	2010.11.19	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	750	General investment
Changzhou China Steel Precision Materials Co., Ltd.	2008.09.17	No. 18, Changyang Rd., Wujin Economic Development Zone, Changzhou, Jiangsu Prov., China	US\$	43,600	Manufacture and trading of titanium alloys, nickel alloys, non-ferrous forged products

3. Information on common shareholders of companies with control or subordinate relationship: None

4. Business Scope and Relationships of Affiliated Companies

(As of March 31, 2023)

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Steel industry	Chung Hung Steel Corporation	Purchasing slabs from China Steel Corporation and Dragon Steel Corporation
	Dragon Steel Corporation	Supplying hot-rolled coils and slabs to China Steel Corporation and Chung Hung Steel Corporation
	China Steel and Nippon Steel Vietnam Joint Stock Company	Purchasing hot-rolled coils from China Steel Corporation, Dragon Steel Corporation and Chung Hung Steel Corporation
	CSCI Steel Corporation India Pvt. Ltd.	Purchasing cold-rolled coils from China Steel Corporation
	CSC Steel Sdn. Bhd.	Purchasing hot-rolled coils from China Steel Corporation and Chung Hung Steel Corporation
Steel cutting and processing	CSGT Metals Vietnam Joint Stock Company	Purchasing steel coils from China Steel Corporation, Chung Hung Steel Corporation and China Steel and Nippon Steel Vietnam Joint Stock Company
	China Steel Precision Metals Qingdao Co., Ltd.	Purchasing hot-rolled and cold-rolled coils from China Steel Corporation
	China Steel Precision Metals Kunshan Co., Ltd.	Purchasing hot-rolled and cold-rolled coils from China Steel Corporation
	China Steel Chemical Corporation	Purchasing coal tar, light oil and other raw materials from China Steel Corporation
	Changzhou China Steel New Materials Technology Co., Ltd.	Purchasing mesophase graphite from China Steel Chemical Corporation
Non-ferrous industrial materials	CHC Resources Corporation	Purchasing water-quenched slag from China Steel Corporation and processing BOFS and air-cooled BFS from China Steel Corporation
	Yu Cheng Lime Corporation	Providing storages for BFS material and finished products from CHC Resources Corporation
	Pao Good Industrial Co., Ltd.	Supplying fly ash to CHC Resources Corporation
	CHC Resources Vietnam Co., Ltd	Supplying water-quenched slag to CHC Resources Corporation
	HIMAG Magnetic Corporation	Purchasing iron oxides from CSC Group and providing specialty chemicals to CSC Group
	MagnPower Corporation	A subsidiary of HIMAG Magnetic Corporation
	China Steel Resources Corporation	Processing of desulfurized slag from China Steel Corporation
	C.S.Aluminium Corporation	Supplying aluminum bars, wires and drops to China Steel Corporation
	Ningbo Huayang Aluminium-Tech Co., Ltd.	A subsidiary of United Steel International Development Corporation
	Thintech Materials Technology Co., Ltd.	Purchasing titanium from Changzhou China Steel Precision Materials Co., Ltd. and supplying sputtering targets to Taicang Thintech Materials Co., Ltd.
	Taicang Thintech Materials Co., Ltd.	Purchasing sputtering targets from Thintech Materials Technology Co., Ltd.
	Betacera Inc.	Supplying materials of electronic ceramics to Betacera (Su Zhou) Co., Ltd. and Shanghai Xike Ceramic Electronic Co., Ltd; supplying refractory materials to China Steel Corporation and Dragon Steel Corporation
	Betacera (Su Zhou) Co., Ltd.	Purchasing materials of electronic ceramics from Betacera Inc. and supplying electronic ceramics products to Betacera Inc.
	Suzhou Betacera Technology Co., Ltd.	Selling lifesaving products to Betacera Inc.
	Shanghai Xike Ceramic Electronic Co., Ltd.	Purchasing materials of electronic ceramics from Betacera Inc.
	Changzhou China Steel Precision Materials Co., Ltd.	Selling titanium and nickel alloys to Thintech Materials Technology Co., Ltd. and Taicang Thintech Materials Co., Ltd.

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Ocean freight forwarding and stevedoring	China Steel Express Corporation	Providing shipping services for CSC Group
	Kaopert Stevedoring Corporation	Providing shipping cargo stevedoring services for CSC Group
	CSE Transport Corporation	Providing shipping services for CSC Group
	Xiamen Ecotek PRC Company Limited	A subsidiary of CEC Development Corporation
International trade	China Steel Global Trading Corporation	Sales agent for CSC Group steel and aluminum products
	Wabo Global Trading Corporation	Sales agent for CSC Group steel and aluminum products
	CSGT Japan Co., Ltd.	Sales agent for CSC Group steel and aluminum products
	CSGT (Shanghai) Co., Ltd.	Sales agent for CSC Group steel and aluminum products
	CSGT Trading India Private Limited	Sales agent for CSC Group steel and aluminum products
	CSGT (Singapore) Pte. Ltd.	Sales agent for CSC Group steel and aluminum products
	CSGT (Shenzhen) Co., Ltd.	Sales agent for CSC Group steel and aluminum products
	Hung Kao Investment Corporation	A subsidiary of Chung Hung Steel Corporation
Investment holding companies	Ever Wealthy International Corporation	A subsidiary of China Steel Chemical Corporation
	Formosa Ha Tinh CISC (Cayman) International Limited	A subsidiary of China Steel Chemical Corporation
	CEC International Corporation	A subsidiary of China Ecotek Corporation
	CEC Development Corporation	A subsidiary of China Ecotek Corporation
	United Steel Investment Pte Ltd	A subsidiary of United Steel Engineering & Construction Corporation
	China Steel Structure Holding Co., Ltd.	A subsidiary of China Steel Structure Co., Ltd.
	Eminent Venture Capital Corporation	A subsidiary of Gains Investment Corporation and China Steel Chemical Corporation
	China Steel Power Holding Corporation	A subsidiary of China Steel Corporation
	Info-Champ System (B.V.) Corporation	A subsidiary of InfoChamp Systems Corporation
	ALU Investment Offshore Corporation	A subsidiary of C.S.Aluminium Corporation
	United Steel International Development Corporation	A subsidiary of ALU Investment Offshore Corporation
	Transglory Investment Corporation	A joint-company invested by China Steel Express Corporation, Chung Hung Steel Corporation, China Steel Chemical Corporation and United Steel Engineering & Construction Corporation
	Gains Investment Corporation	A subsidiary of China Steel Corporation
	Thintech Global Limited	A subsidiary of Thintech Materials Technology Co., Ltd.
	Winning Investment Corporation	A joint-company invested by Gains Investment Corporation and Transglory Investment Corporation
	Lefkara Ltd.	A subsidiary of Betacera Inc.
	Pro-Ascentek Investment Corporation	A joint-company invested by Chung Hung Steel Corporation, Dragon Steel Corporation, China Steel Chemical Corporation, China Ecotek Corporation, Gains Investment Corporation, etc
	Eminence Investment Corporation	A subsidiary of Gains Investment Corporation
	Shin Mau Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and United Steel Engineering & Construction Corporation
	Hung-Chuan Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and Ever Wealthy International Corporation

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Investment holding companies	Chi-Yi Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and China Steel Structure Co., Ltd.
	Ding Da Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and Ever Wealthy International Corporation
	Jiing-Cherng-Fa Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and CHC Resources Corporation
	Gau Ruei Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and China Steel Chemical Corporation
	Li-Ching-Long Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Steel Chemical Corporation and China Steel Structure Co., Ltd.
	Sheng Lih Dar Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and Ever Wealthy International Corporation
	Chiun Yu Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and China Steel Structure Co., Ltd.
	Chung Mao Trading (Samoa) Corporation	A subsidiary of China Steel Global Trading Corporation
	CSGT International Corporation	A subsidiary of China Steel Global Trading Corporation
	CSC Steel Australia Holdings Pty Ltd	A subsidiary of China Steel Corporation
Management consulting companies	CSC Sonoma Pty Ltd	A subsidiary of CSC Steel Australia Holdings Pty Ltd
	China Steel Asia Pacific Holdings Pte Ltd	A subsidiary of China Steel Corporation
	CSC Steel Holdings Berhad	A subsidiary of China Steel Asia Pacific Holdings Pte Ltd
	ChinaSteel Management Consulting Corporation	Providing business management and consulting services management for CSC Group
	Mentor Consulting Corporation	A subsidiary of Gains Investment Corporation
	Union Steel Development Corporation	Processing refractory from China Steel Corporation
	China Steel Security Corporation	Providing services of on-site security and systematic security for CSC Group
	Steel Castle Technology Corporation	Providing services of firefighting engineering, mechatronic engineering and professional technical operation for CSC Group
	China Steel Management And Maintenance For Buildings Corporation	Providing services of management and maintenance of office building for CSC Group
	China Steel Machinery Corporation	Purchasing plate from China Steel Corporation
Real estate development	China Prosperity Development Corporation	Providing real estate development services for CSC Group
	China Prosperity Construction Corporation	A subsidiary of China Prosperity Development Corporation
	CK Japan Co., Ltd.	Providing real estate leasing services for CSC Group
	Constant Mode Sdn. Bhd.	A subsidiary of CSC Steel Sdn. Bhd.
Construction engineering	China Steel Structure Co., Ltd.	Providing plant design and construction services for CSC Group
	United Steel Engineering & Construction Corporation	Providing civil engineering services of plant construction for CSC Group

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Engineering services	United Steel Construction (Vietnam) Co., Ltd.	A subsidiary of United Steel Engineering & Construction Corporation
	China Ecotek Corporation	Providing environmental engineering and plant construction services for CSC Group
	China Ecotek India Private Limited	Providing plant construction services for CSC Group
	China Ecotek Vietnam Company Limited	Providing plant construction services for CSC Group
Information services	InfoChamp Systems Corporation	Providing ERP establishment services for CSC Group
	Wuhan InfoChamp I.T. Co., Ltd.	A subsidiary of Info-Champ System (B.V.I) Corporation
Green energy	Sing Da Marine Structure Corporation	Purchasing plate from China Steel Corporation; providing offshore wind power substructure for China Steel Power Corporation
	China Steel Power Corporation	A subsidiary of China Steel Power Holding Corporation
	CSC Solar Corporation	Renting the roof of the factory buildings of CSC Group to implement the solar photovoltaic business
	Universal Exchange Inc.	Providing the Electronic Letter of Credit service for CSC Group
E-commerce Mass transit system operation	Kaohsiung Rapid Transit Corporation	A subsidiary of China Steel Corporation
	Taiwan Intelligent Transportation Co., Ltd.	A subsidiary of Kaohsiung Rapid Transit Corporation

5. Directors, Supervisors and Presidents of Affiliated Companies

(As of March 31, 2023)

Unit: shares, %

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Chung Hung Steel Corporation	Chairman	China Steel Corporation (Representative: Kuei-Sung Tseng)	582,673,153	40.59%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	582,673,153	40.59%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	582,673,153	40.59%
	Director	China Steel Corporation (Representative: Wen-Chou Li)	582,673,153	40.59%
	Independent Director	Lin-Lin Lee	0	0.00%
	Independent Director	Juh-Shan Chiou	0	0.00%
	Independent Director	Hsien-Tang Tsai	0	0.00%
Hung Kao Investment Corporation	President	Min Chu	582,673,153	40.59%
	Chairman	Chung Hung Steel Corporation (Representative: Chien-Hui Lee)	2,600,000	100.00%
	Chairman	China Steel Corporation (Representative: Ching-Fang Tu)	68,787,183	29.04%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	68,787,183	29.04%
China Steel Chemical Corporation	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	68,787,183	29.04%
	Director	International CSRC Investment Holdings Co., Ltd. (Representative: Gong-Yi Gu)	11,759,096	4.96%
	Director	International CSRC Investment Holdings Co., Ltd. (Representative: Tien-Fu Chao)	11,759,096	4.96%
	Independent Director	Hsin-Shu Hsieh	0	0.00%
	Independent Director	Yuan-Hong Wang	0	0.00%
	Independent Director	Tsun-Tzu Hsu	0	0.00%
	Director and President	China Steel Corporation (Representative: Ming-Da Fang)	68,787,183	29.04%
Ever Wealthy International Corporation	Chairman	China Steel Chemical Corporation (Representative: Ming-Da Fang)	104,574,982	100.00%
	President	Yi-Hung Chen	0	0.00%
	Chairman	Ever Wealthy International Corporation (Representative: Ming-Da Fang)	CNY\$ 39,950,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Changzhou China Steel New Materials Technology Co., Ltd.	Director	Ever Wealthy International Corporation (Representative: Ching-Fang Tu)	CNY\$ 39,950,000	100.00%
	Supervisor	Ever Wealthy International Corporation (Representative: Yi-Hung Chen)	CNY\$ 39,950,000	100.00%
	Director and President	Ever Wealthy International Corporation (Representative: Wen-Da Hong)	CNY\$ 39,950,000	100.00%
Formosa Ha Tinh CCCC (Cayman) International Limited	Chairman	Formosa Ha Tinh (Cayman) Limited (Representative: Hsin-Hua Lee)	3,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Ching-Fang Tu)	3,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Ming-Da Fang)	3,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	3,000,000	50.00%
	Director	Formosa Ha Tinh (Cayman) Limited (Representative: Yao-Kang Lin)	3,000,000	50.00%
	Director	Formosa Ha Tinh (Cayman) Limited (Representative: Cheng-Fa Chin)	3,000,000	50.00%
	President	Hsin-Yao Chang	0	0.00%
	Chairman	China Steel Corporation (Representative: Cheng-Chiang Chen)	55,393,138	44.76%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	55,393,138	44.76%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	55,393,138	44.76%
China Ecotek Corporation	Director	China Steel Corporation (Representative: Chen Yang)	55,393,138	44.76%
	Director	Hua Eng Wire And Cable Co., Ltd. (Representative: Hsiu-Mei Liu)	11,843,730	9.57%
	Director	Great Grandeur Steel Co., Ltd. (Representative: Yu-Lun Kuo)	3,964,000	3.20%
	Director	Chin Ho Fa Steel & Iron Co., Ltd. (Representative: Tsan-Jen Chen)	3,610,475	2.92%
	Independent Director	Chia-Jung Chen	0	0.00%
	Independent Director	Po-Han Wang	0	0.00%
	Independent Director	Tai-Guang Peng	0	0.00%
	Director and President	China Steel Corporation (Representative: Chih-Feng Lee)	55,393,138	44.76%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CEC International Corporation	Director	China Ecotek Corporation (Representative: Li-Ming Hu)	10,000,000	100.00%
China Ecotek India Private Limited	Director	CEC International Corporation (Representative: Li-Ming Hu)	4,995,000	99.90%
	Director	Han-Chuan Lai	0	0.00%
CEC Development Corporation	Director	China Ecotek Corporation (Representative: Li-Ming Hu)	17,000,000	100.00%
China Ecotek Vietnam Company Limited	Director	CEC Development Corporation (Representative: Li-Ming Hu)	USD\$ 10,000,000	100.00%
	President	Ming-Fang Liang	USD\$ 0	0.00%
Xiamen Ecotek PRC Company Limited	Director and President	CEC Development Corporation (Representative: Li-Ming Hu)	USD\$ 6,000,000	100.00%
	Supervisor	Ya-Min Chuang	USD\$ 0	0.00%
China Steel Structure Co., Ltd.	Chairman	China Steel Corporation (Representative: Huo-Kun Chen)	66,487,844	33.24%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	66,487,844	33.24%
	Director	China Steel Corporation (Representative: Jui-Teng Chen)	66,487,844	33.24%
	Director	IHI Corporation (Representative: Tao-Peng Lin)	11,061,690	5.53%
	Director	Dragon Steel Corporation (Representative: Chao-Shyang Lee)	4,217,000	2.11%
	Director	Great Grandeur Steel Co., Ltd (Representative: Chih-Hao Kuo)	3,899,000	1.95%
	Director	China Steel Chemical Corporation (Representative: Ching-Fang Tu)	600,069	0.30%
	Director	GraceInvestment Co., Ltd. (Representative: Che-Sheng Chen)	496,000	0.25%
	Independent Director	Hsiu-Ling Lee	0	0.00%
	Independent Director	Hwa-Teng Lee	0	0.00%
United Steel Engineering & Construction Corporation	Independent Director	Wei Lo	0	0.00%
	Chairman	China Steel Structure Co., Ltd. (Representative: to be assigned)	80,000,000	100.00%
	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	80,000,000	100.00%
	Director	China Steel Structure Co., Ltd.	80,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
		(Representative: Ping-Hao Li)		
	Director	China Steel Structure Co., Ltd. (Representative: Sheng-Yi Chen)	80,000,000	100.00%
	Director and President	China Steel Structure Co., Ltd. (Representative: I-Fang Kao)	80,000,000	100.00%
	Chairman	United Steel Engineering & Construction Corporation (Representative: to be assigned)	USD\$ 1,000,000	100.00%
United Steel Construction (Vietnam) Co., Ltd.	Director	United Steel Engineering & Construction Corporation (Representative: to be assigned)	0	0.00%
United Steel Investment Pte Ltd	Director	Choon-Chiaw Loo	0	0.00%
China Steel Structure Holding Co., Ltd.	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	10	100.00%
CHC Resources Corporation	Chairman	China Steel Corporation (Representative: Hung-Chang Chang)	49,289,597	19.83%
	Director	China Steel Corporation (Representative: Hung-Ta Lin)	49,289,597	19.83%
	Director	China Steel Corporation (Representative: Chih-Hong Lin)	49,289,597	19.83%
	Director	Taiwan Cement Corporation (Representative: Chien-Chiang Huang)	30,196,163	12.15%
	Director	Taiwan Cement Corporation (Representative: Yun-De Wu)	30,196,163	12.15%
	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	23,182,738	9.33%
	Director	Asia Cement Corporation (Representative: Jih-Sian Chen)	22,801,185	9.17%
	Director	Asia Cement Corporation (Representative: Chen-Ho Chung)	22,801,185	9.17%
	Director	Universal Cement Corporation (Representative: Chih-Yuan Hou)	17,020,254	6.85%
	Director	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	15,019,341	6.04%
	Director	Southeast Cement Corporation (Representative: Chang-Chih Wu)	13,083,801	5.26%
	Independent Director	Jung-Shien Wang	0	100.00%
	Independent Director	Chung-Chia Yang	0	100.00%
	Independent Director	Fu-Tien Cheng	0	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Yu Cheng Lime Corporation	Director and President	China Steel Corporation (Representative: Hsiang-Ya Huang)	49,289,597	19.83%
	Chairman and President	CHC Resources Corporation (Representative: Hung-Shu Chung)	108,000	90.00%
	Supervisor	Ching-An Lin	0	100.00%
Union Steel Development Corporation	Chairman	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	4,668,333	93.37%
	Supervisor	Kuo-Yuan Chen	0	100.00%
	President	Chia-Hao Chang	0	100.00%
Pao Good Industrial Co., Ltd.	Chairman	CHC Resources Corporation (Representative: Ming-Chang Chiu)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Hung-Shu Chung)	5,408,550	51.00%
	Director	Nan Hwa Cement Corporation (Representative: Chen-Ho Chung)	3,287,550	31.00%
	Director	Nan Hwa Cement Corporation (Representative: Wen-Hua Yeh)	3,287,550	31.00%
	Supervisor	Yuen Shwei Enterprise Co., Ltd. (Representative: Hsin-Lu Liu)	1,060,500	10.00%
	President	I-Chun Chen	0	0.00%
	Chairman	CHC Resources Corporation (Representative: Hung-Shu Chung)	USD\$ 21,250,000	85.00%
	Director	CHC Resources Corporation (Representative: Hung-Chang Chang)	USD\$ 21,250,000	85.00%
	Director	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	USD\$ 21,250,000	85.00%
CHC Resources Vietnam Co., Ltd	Director	Formosa Ha Tinh Steel Corporation (Representative: Yuan-Cheng Chen)	USD\$ 3,750,000	15.00%
	Director	Formosa Ha Tinh Steel Corporation (Representative: Chung-Yao Hung)	USD\$ 3,750,000	15.00%
	President	Hong-An Yin	USD\$ 0	0.00%
	Chairman	China Steel Corporation (Representative: Ya-Tang Liang)	25,036,986	99.96%
China Steel Security Corporation	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	25,036,986	99.96%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Corporation (Representative: I-Chung Huang)	25,036,986	99.96%
	Supervisor	Yu-Huei Su	0	0.00%
	President	Chang-Chin Yu	0	0.00%
Steel Castle Technology Corporation	Chairman	China Steel Security Corporation (Representative: Jen-Wei Chang)	13,000,000	100.00%
	Director	China Steel Security Corporation (Representative: Chang-Chin Yu)	13,000,000	100.00%
	Director	China Steel Security Corporation (Representative: Meng-Tsung Wu)	13,000,000	100.00%
	President	Yu-Jung Chang	0	0.00%
	Chairman and President	China Steel Security Corporation (Representative: Chang-Chin Yu)	1,000,000	100.00%
China Steel Management Consulting Corporation	Chairman	China Steel Corporation (Representative: Hsi-Chou Chung)	999,993	100.00%
	Supervisor	Jheng-Hong Chen	0	0.00%
	President	Mao-Yuan Huang	0	0.00%
China Prosperity Development Corporation	Chairman	China Steel Corporation (Representative: Hsi-Ju Tseng)	509,802,912	100.00%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	509,802,912	100.00%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	509,802,912	100.00%
	Supervisor	Jheng-Hong Chen	0	0.00%
	President	Shao-Yong Lu	0	0.00%
	Chairman and President	China Prosperity Development Corporation (Representative: Shao-Yong Lu)	8,032,500	60.00%
China Prosperity Construction Corporation	Director	China Prosperity Development Corporation (Representative: Hou-Chih Pan)	8,032,500	60.00%
	Director	United Steel Engineering & Construction Corporation (Representative: to be assigned)	5,355,000	40.00%
	Supervisor	I-Fang Kao	0	0.00%
CK Japan Co., Ltd.	Chairman	Wabo Global Trading Corporation (Representative: Sheng-Feng Tsai)	960	20.00%
	Director	China Prosperity Development Corporation (Representative: Fu-Chang Huang)	3,840	80.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Prosperity Development Corporation (Representative: Shao-Yong Lu)	3,840	80.00%
	Supervisor	China Prosperity Development Corporation (Representative: Hui-Ju Chang)	3,840	80.00%
HIMAG Magnetic Corporation	Chairman	China Steel Corporation (Representative: Jung-Fa Li)	19,183,286	69.49%
	Director	China Steel Corporation (Representative: Ting-Han Lai)	19,183,286	69.49%
	Director	China Steel Corporation (Representative: Pei-Yu Lee)	19,183,286	69.49%
	Supervisor	Ever Wealthy International Corporation (Representative: Wen-Liang Tseng)	1,584,731	5.74%
	President	Fong-Fu Lin	0	0
	Chairman	HIMAG Magnetic Corporation (Representative: Yeong-Kuen Chen)	21,800,000	54.50%
MagnPower Corporation	Director	HIMAG Magnetic Corporation (Representative: Fong-Fu Lin)	21,800,000	54.50%
	Director	Super Electronics Co., Ltd. (Representative: Chi-Ping Lee)	15,200,000	38.00%
	Supervisor	Rechi Investments Holdings Co., Ltd. (Representative: Zheng-Zhong Jian)	3,000,000	7.50%
	President	Chi-Lih Chen	0	0
	Chairman	Gains Investment Corporation (Representative: Chun-Hui Wu)	3,375,000	50.00%
	Director	Gains Investment Corporation (Representative: Chia-Wen Luo)	3,375,000	50.00%
Eminent Venture Capital Corporation	Director	Mega International Commercial Bank Co., Ltd. (Representative: Yi-Chian Wang)	1,687,500	25.00%
	Director	Mega International Commercial Bank Co., Ltd. (Representative: Jui-Fen Lu)	1,687,500	25.00%
	Director	Oriental Union Chemical Corporation (Representative: Hsi-Chin Tsai)	675,000	10.00%
	Director	Taiwan Fertilizer Co., Ltd. (Representative: Tzung-Wu Tsai)	675,000	10.00%
	Director	TaiAn Technologies Corporation (Representative: Yueh-Kun Yang)	675	0.01%
	Supervisor	China Steel Chemical Corporation	337,500	5.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Sing Da Marine Structure Corporation		(Representative: Ming-Da Fang)		
	President	Chih-Liu Lin	0	0.00%
	Chairman	China Steel Corporation (Representative: Bao-Tuan Hung)	122,695,000	46.71%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	122,695,000	46.71%
	Director	China Steel Corporation (Representative: Rong-Yuan Hsieh)	122,695,000	46.71%
	Director	National Development Fund, Executive Yuan (Representative: Shin-Yuan Chou)	100,000,000	38.07%
	Director	National Development Fund, Executive Yuan (Representative: Gou-Jen Wang)	100,000,000	38.07%
	Director	China Steel Structure Co., Ltd. (Representative: to be assigned)	20,000,000	7.61%
	Supervisor	China Steel Machinery Corporation (Representative: Shou-Kang Yin)	20,000,000	7.61%
	Supervisor	Yueh-Tsung Lee	0	0.00%
	President	Wu-Hsiung Lu	0	0.00%
China Steel Power Holding Corporation	Chairman	China Steel Corporation (Representative: Shyi-Chin Wang)	377,349,000	51.00%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	377,349,000	51.00%
	Director	China Steel Corporation (Representative: Bor-Chih Hwang)	377,349,000	51.00%
	Director	CI III Zhong Neng K/S SCSp (Representative: Mads Skovgaard-Andersen)	362,551,000	49.00%
	Director	CI III Zhong Neng K/S SCSp (Representative: Thomas Wibe Poulsen)	362,551,000	49.00%
	Director	CI III Zhong Neng K/S SCSp (Representative: Michael Wiberg Valdorf-Hansen)	362,551,000	49.00%
	Supervisor	Hung-Tai Chou	0	0.00%
	Chairman	China Steel Power Holding Corporation (Representative: Shyi-Chin Wang)	739,299,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Kuan-Fu Chen)	739,299,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Bor-Chih Hwang)	739,299,990	100.00%
China Steel Power Corporation				

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSC Solar Corporation	Director	China Steel Power Holding Corporation (Representative: Mads Skovgaard-Andersen)	739,299,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Thomas Wibe Poulsen)	739,299,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Michael Wiberg Valdorf-Hansen)	739,299,990	100.00%
	Supervisor	Hung-Tai Chou	0	0.00%
	Chairman	China Ecotek Corporation (Representative: Chih-Feng Lee)	34,880,000	20.00%
	Director	China Steel Corporation (Representative: Ying-Pin Hsieh)	95,920,000	55.00%
	Director	China Steel Corporation (Representative: Yung-Yu Chiang)	95,920,000	55.00%
China Steel Resources Corporation	Supervisor	Dragon Steel Corporation (Representative: Hsien-Tung Liu)	17,440,000	10.00%
	President	Ching-Sung Tu	0	0.00%
	Chairman	China Steel Corporation (Representative: Wen-Hsien Chou)	98,112,000	100.00%
	Chairman	China Steel Corporation (Representative: Chin-Long Wu)	41,465,634	99.99%
InfoChamp Systems Corporation	Director	China Steel Corporation (Representative: Chao-Tung Wong)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Jih-Jau Jeng)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	41,465,634	99.99%
	Supervisor	Tsyr-Ling Su	0	0.00%
	President	Ming-Yu Tsai	0	0.00%
	Director	InfoChamp Systems Corporation (Representative: Chin-Long Wu)	201,000	100.00%
Wuhan InfoChamp I.T. Co., Ltd.	Executive Director	Info-Champ System (B.V.I) Corporation (Representative: Cheng-Hsien Ma)	USD\$ 200,000	100.00%
	Supervisor	Info-Champ System (B.V.I) Corporation (Representative: Teng-Chuan Huang)	USD\$ 200,000	100.00%
Kaohsiung Rapid Transit Corporation	Chairman	China Steel Corporation (Representative: Yueh-Kun Yang)	120,799,811	43.36%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: Kuo-Hua Sun)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: to be assigned)	120,799,811	43.36%
	Director	National Development Fund, Executive Yuan (Representative: Ta-Sheng Lo)	38,560,638	13.84%
	Director	Asia Cement Corporation (Representative: Chan-Fong Cheng)	15,873,243	5.70%
	Director	China Prosperity Development Corporation (Representative: Shao-Yong Lu)	13,000,000	4.67%
	Director	Bank Of Kaohsiung Co., Ltd. (Representative: Chi-Chuan Wang)	643,031	0.23%
	Director	Bank Of Kaohsiung Co., Ltd. (Representative: Chia-Hsing Chang)	643,031	0.23%
	Supervisor	Far Eastern Department Store, Ltd. (Representative: Wei-Kun Chou)	6,286,063	2.26%
	Supervisor	Chun-Tsung Lee	0	0.00%
Taiwan Intelligent Transportation Co., Ltd.	President	Ya-Chou Wang	0	0.00%
	Chairman	Kaohsiung Rapid Transit Corporation (Representative: Ya-Chou Wang)	2,600,000	100.00%
	Director	Kaohsiung Rapid Transit Corporation (Representative: Chih-Ming Lin)	2,600,000	100.00%
	Director	Kaohsiung Rapid Transit Corporation (Representative: Tzu-Chen Cheng)	2,600,000	100.00%
	Supervisor	Kaohsiung Rapid Transit Corporation (Representative: Shih-Ning Kuo)	2,600,000	100.00%
	Chairman	China Steel Corporation (Representative: Chia-Chi Chang)	100,066,400	73.97%
China Steel Machinery Corporation	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	100,066,400	73.97%
	Director	China Steel Corporation (Representative: Chen Yang)	100,066,400	73.97%
	Supervisor	China Ecotek Corporation (Representative: Chih-Feng Lee)	35,204,170	26.02%
	President	Shou-Kang Yin	0	0.00%
Dragon Steel Corporation	Chairman	China Steel Corporation (Representative: Chien-Chih Hwang)	8,612,586,123	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Shou-Tao Chen)	8,612,586,123	100.00%
	Supervisor	China Steel Corporation (Representative: I-Chung Huang)	8,612,586,123	100.00%
	Supervisor	China Steel Corporation (Representative: Hung-Tai Chou)	8,612,586,123	100.00%
	President	Chao-Shyang Lee	0	0.00%
	Chairman	China Steel Corporation (Representative: Jye-Long Lee)	840,122,049	99.98%
	Director	China Steel Corporation (Representative: Yueh-Kun Yang)	840,122,049	99.98%
	Director	China Steel Corporation (Representative: Ying-Pin Hsieh)	840,122,049	99.98%
C.S.Aluminium Corporation	Director	China Steel Corporation (Representative: Fu-Chang Huang)	840,122,049	99.98%
	Director	China Steel Corporation (Representative: Huan-Chien Tung)	840,122,049	99.98%
	Supervisor	Pei-How Huang	0	0.00%
	President	Chih-Che Chang	0	0.00%
	Director	C.S.Aluminium Corporation (Representative: Jye-Long Lee)	1	100.00%
	Chairman	ALU Investment Offshore Corporation (Representative: Jye-Long Lee)	31,650,000	64.59%
United Steel International Development Corporation	Director	ALU Investment Offshore Corporation (Representative: Ying-Pin Hsieh)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Huan-Chien Tung)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Chih-Che Chang)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Li-Chung Chen)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation	31,650,000	64.59%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Ningbo Huayang Aluminium-Tech Co., Ltd.		(Representative: Liang-Fu Chuang)		
	Director	Fu Tai Universal Incorporated (Representative: Jan-San Chen)	3,430,000	7.00%
	Director	China Steel Global Trading Corporation (Representative: Yung-Lung Hang)	2,220,000	4.53%
	Director	Mayer Steel Pipe Corporation (Representative: Jen-Chin Chiang)	1,250,000	2.55%
	Director	Ye-Ming Cheng	1,250,000	2.55%
	Director	Chin Ho Fa Steel & Iron Co., Ltd. (Representative: Tsan-Jen Chen)	400,000	0.82%
	Supervisor	ALU Investment Offshore Corporation (Representative: Yueh-Kun Yang)	31,650,000	64.59%
	Supervisor	ALU Investment Offshore Corporation (Representative: Fu-Chang Huang)	31,650,000	64.59%
	Supervisor	China Steel Chemical Corporation (Representative: Wen-Pin Chiang)	2,450,000	5.00%
	Supervisor	Chun Yuan Investment (Singapore) Pte Ltd (Representative: Hsi-Chi Tsai)	1,500,000	3.06%
	Chairman and President	United Steel International Development Corporation (Representative: Jye-Long Lee)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Ying-Pin Hsieh)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Huan-Chien Tung)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Chih-Che Chang)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Li-Chung Chen)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Liang-Fu Chuang)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Jan-San Chen)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Yung-Lung Hang)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Jen-Chin Chiang)	USD\$ 49,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	United Steel International Development Corporation (Representative: Ye-Ming Cheng)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Tsan-Jen Chen)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Yueh-Kun Yang)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Fu-Chang Huang)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Wen-Pin Chiang)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Hsi-Chi Tsai)	USD\$ 49,000,000	100.00%
	Chairman	China Steel Corporation (Representative: Chiu-Po Chang)	422,545,250	100.00%
China Steel Express Corporation	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: I-Chung Huang)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Shou-Tao Chen)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Sheng-Chi Su)	422,545,250	100.00%
	President	Chien-Ming Hsu	0	0.00%
	Chairman and President	China Steel Express Corporation (Representative: Chien-Ming Hsu)	3,275,000	65.50%
	Director	China Steel Express Corporation (Representative: Chin-Chun Lin)	3,275,000	65.50%
Kaoport Stevedoring Corporation	Director	Eastern Media International Corporation (Representative: Chin-Chi Chen)	750,000	15.00%
	Supervisor	Chun-Li Lin	225,000	4.50%
	Chairman	China Steel Express Corporation (Representative: Chien-Chih Hwang)	374,138,548	48.28%
Transglory Investment Corporation	Supervisor	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	69,000,960	8.90%
	President	Chun-Hui Wu	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSE Transport Corporation	Director	China Steel Express Corporation (Representative: Chin-Chun Lin)	10	100.00%
	Director	China Steel Express Corporation (Representative: Li-Ho Hsu)	10	100.00%
	Director and President	China Steel Express Corporation (Representative: Chien-Ming Hsu)	10	100.00%
Gains Investment Corporation	Chairman	China Steel Corporation (Representative: Chun-Hui Wu)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Yueh-Kun Yang)	559,375,112	100.00%
	Supervisor	Chiu-Chen Hung	0	0.00%
	President	Chia-Wen Luo	0	0.00%
Thintech Materials Technology Co., Ltd.	Chairman	Gains Investment Corporation (Representative: Chung-Chia Huang)	23,423,016	31.87%
	Director	Gains Investment Corporation (Representative: Chun-Hui Wu)	23,423,016	31.87%
	Director	United Renewable Energy Co., Ltd. (Representative: Lay-Lay Pan)	7,000,000	9.52%
	Director	Ever Wealthy International Corporation (Representative: Ming-Da Fang)	6,119,748	8.33%
	Independent Director	Mi-Ching Tsai	0	0.00%
	Independent Director	Su-Mei Liang	0	0.00%
	Independent Director	Cheng-Hwa Fang	0	0.00%
Thintech Global Limited	President	Yung-Chun Pan	0	0.00%
	Chairman	Thintech Materials Technology Co., Ltd. (Representative: Yung-Chun Pan)	6,800,000	100.00%
Taicang Thintech Materials Co., Ltd.	Chairman	Thintech Global Limited (Representative: Yung-Chun Pan)	USD\$ 6,800,000	100.00%
	Director	Thintech Global Limited (Representative: Chia-Wen Chang)	USD\$ 6,800,000	100.00%
	Director	Thintech Global Limited	USD\$ 6,800,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Supervisor	(Representative: Yu-Chuan Lin) Thintech Global Limited (Representative: Chang-Ming Lin)	USD\$ 6,800,000	100.00%
	President	Liang-Wen Pan	USD\$ 0	0%
	Chairman and President	Gains Investment Corporation (Representative: Chia-Wen Luo)	112,700,000	49.00%
Winning Investment Corporation	Director	Gains Investment Corporation (Representative: Min-Hsiung Liu)	112,700,000	49.00%
	Director	Gains Investment Corporation (Representative: Ying-Pin Hsieh)	112,700,000	49.00%
	Director	Maruichi Steel Tube Ltd. (Representative: Wataru Morita)	96,600,000	42.00%
	Director	Maruichi Steel Tube Ltd. (Representative: Hiroyuki Suzuki)	96,600,000	42.00%
	Supervisor	Transglory Investment Corporation (Representative: Hung-Tai Chou)	20,700,000	9.00%
	Chairman	Gains Investment Corporation (Representative: Chien-Chou Chen)	20,555,253	48.05%
	Vice Chairman	Ping-Yang Chien	430,000	1.01%
Betacera Inc.	Director	Gains Investment Corporation (Representative: Chun-Hui Wu)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Yu-Chen Lee)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Shui-Sheng Hung)	20,555,253	48.05%
	Director	Delta Electronics, Inc. (Representative: Hsun-Hai Chang)	8,101,732	18.94%
	Director	Delta Electronics, Inc. (Representative: Chen-Yu Yu)	8,101,732	18.94%
	Supervisor	Ding Da Investment Corporation (Representative: Rong-Yuan Hsieh)	1,000	0.00%
	Supervisor	Chih-Lu Fan	0	0.00%
	President	Chih-Chang Wei	179,465	0.00%
	Chairman	Betacera Inc. (Representative: Chien-Chou Chen)	13,623,000	100.00%
Lefkara Ltd.	Director	Betacera Inc. (Representative: Ping-Yang Chien)	13,623,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Betacera (Su Zhou) Co., Ltd.	Director	Betacera Inc. (Representative: Chen-Yu Yu)	13,623,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 4,400,000	100.00%
	Director	Lefkara Ltd. (Representative: Chien-Chou Chen)	USD\$ 4,400,000	100.00%
	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 4,400,000	100.00%
Suzhou Betacera Technology Co., Ltd.	Supervisor	Lefkara Ltd. (Representative: Rong-Yuan Hsieh)	USD\$ 4,400,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 15,000,000	100.00%
	Director	Lefkara Ltd. (Representative: Chien-Chou Chen)	USD\$ 15,000,000	100.00%
	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 15,000,000	100.00%
Shanghai Xike Ceramic Electronic Co., Ltd.	Supervisor	Lefkara Ltd. (Representative: Rong-Yuan Hsieh)	USD\$ 15,000,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 1,194,000	99.50%
	Director	Lefkara Ltd. (Representative: Chien-Chou Chen)	USD\$ 1,194,000	99.50%
	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 1,194,000	99.50%
Universal Exchange Inc.	Director	Shanghai Xike Special Ceramics Electric Factory (Representative: Yun Zhang)	USD\$ 6,000	0.50%
	Supervisor	Lefkara Ltd. (Representative: Rong-Yuan Hsieh)	USD\$ 1,194,000	99.50%
	Chairman	Gains Investment Corporation (Representative: Jui-Ti Wang)	10,533,713	63.67%
	Director	Gains Investment Corporation (Representative: Chia-Wen Luo)	10,533,713	63.67%
Pro-Ascentek Investment Corporation	Director	InfoChamp Systems Corporation (Representative: Ming-Yu Tsai)	5,825,030	35.21%
	Supervisor	Ding Da Investment Corporation (Representative: Chia-Jui Hsu)	1,600	0.01%
	President	Hsien-Chung Cheng	0	0.00%
	Chairman	Gains Investment Corporation (Representative: Chun-Hui Wu)	6,000,000	5.00%
	Director	Chung Hung Steel Corporation	20,000,000	16.67%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
		(Representative: Chien-Hui Lee)		
	Director	Kwang Hsing Industrial Co., Ltd. (Representative: Chun-Pin Ko)	12,000,000	10.00%
	Director	Feng Hsin Steel Co., Ltd. (Representative: Te-I Cheng)	10,000,000	8.33%
	Director	Berlin Co., Ltd. (Representative: Che-Sheng Chen)	8,000,000	6.67%
	Director	Chun Yuan Steel Industry Co., Ltd. (Representative: Kuo-I Ao)	8,000,000	6.67%
	Director	China Ecotek Corporation (Representative: Chih-Feng Lee)	6,000,000	5.00%
	Director	China Steel Chemical Corporation (Representative: Ching-Fang Tu)	6,000,000	5.00%
	Director	China Prosperity Development Corporation (Representative: Chao-Tung Wong)	5,000,000	4.17%
	Director	China Steel Structure Co., Ltd. (Representative: to be assigned)	4,000,000	3.33%
	Director	C.S.Aluminium Corporation (Representative: Chih-Che Chang)	3,000,000	2.50%
	Supervisor	Dragon Steel Corporation (Representative: Kai-Ching Huang)	10,000,000	8.33%
	Supervisor	Super Electronics Co., Ltd. (Representative: Chi-Ping Li)	3,000,000	2.50%
	President	Chia-Wen Luo	0	0.00%
	Chairman	Gains Investment Corporation (Representative: Chun-Hui Wu)	1,000,000	100.00%
Mentor Consulting Corporation	President	Chia-Wen Luo	0	0.00%
Eminence Investment Corporation	Chairman	Gains Investment Corporation (Representative: Chun-Hui Wu)	150,000,000	100.00%
	President	Chia-Wen Luo	0	0.00%
Shin Mau Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Chiung-Wen Hsu)	896,999	30.00%
	Supervisor	CHC Resources Corporation (Representative: Ching-An Lin)	897,000	30.00%
Hung-Chuan Investment Corporation	Chairman and President	Shin Mau Investment Corporation (Representative: Chang-Ming Lin)	100,000	5.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Chi-Yi Investment Corporation	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	600,000	30.00%
	Chairman and President	Shin Mau Investment Corporation (Representative: Shu-Chuan Lin)	99,000	4.95%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	800,000	40.00%
Ding Da Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Hung-Tsung Hsiao)	897,000	30.00%
	Supervisor	Ever Wealthy International Corporation (Representative: Li-Li Kuo)	897,000	30.00%
Jiing-Cherng-Fa Investment Corporation	Chairman and President	Ding Da Investment Corporation (Representative: Fu-Ching Yang)	99,000	4.30%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	805,000	35.00%
Gau Ruei Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Ying-Chuan Lee)	747,499	25.00%
	Supervisor	CHC Resources Corporation (Representative: Ching-An Lin)	1,046,500	35.00%
Li-Ching-Long Investment Corporation	Chairman and President	Gau Ruei Investment Corporation (Representative: Fu-Chang Huang)	100,000	5.00%
	Supervisor	China Steel Chemical Corporation (Representative: Li-Li Kuo)	700,000	35.00%
Sheng Lih Dar Investment Corporation	Chairman and President	Gau Ruei Investment Corporation (Representative: Kuei-Nien Chou)	100,000	4.17%
	Supervisor	Ever Wealthy International Corporation (Representative: Li-Li Kuo)	840,000	35.00%
Chiun Yu Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Ming-Chu Chu)	747,500	25.00%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	1,196,000	40.00%
China Steel Global Trading Corporation	Chairman	China Steel Corporation (Representative: Min-Hsiung Liu)	78,827,362	100.00%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	78,827,362	100.00%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	78,827,362	100.00%
Wabo Global Trading Corporation	Supervisor	Ming-Rea Kao	0	0.00%
	President	Chen-Jung Huang	0	0.00%
	Chairman	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	5,236,000	44.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Global Trading Corporation (Representative: Ming-Yuan Chen)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Wen-Chou Li)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Wei-Ting Chen)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Shen-Chin Huang)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	5,236,000	44.00%
	Director	Top Steel Corporation (Representative: Su-Hao Chen)	1,547,000	13.00%
	Director	Shen Tai Trading Corporation Limited (Representative: Ping-Chun Chen)	1,309,000	11.00%
	Director	Great Grandeur Corporation (Representative: Young-Ho Kuo)	1,309,000	11.00%
	Director	China Steel Structure Co., Ltd. (Representative: Ping-Hao Li)	714,000	6.00%
	Director	Brimetal International Co., Ltd. (Representative: Po-Nien Lin)	595,000	5.00%
	Director	Bichain Trading Co., Ltd. (Representative: Kwo-Shyang Shen)	595,000	5.00%
	Supervisor	Chun Yuan Steel Industry Co., Ltd. (Representative: Charng-Yi Tsai)	595,000	5.00%
	Director and President	China Steel Global Trading Corporation (Representative: Sheng-Feng Tsai)	5,236,000	44.00%
	Director and President	Wabo Global Trading Corporation (Representative: Sheng-Feng Tsai)	800	100.00%
CSGT Japan Co., Ltd.	Chairman	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	8,800,000	100.00%
Chung Mao Trading (Samoa) Corporation	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	8,800,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Wen-Hao Lin)	8,800,000	100.00%
CSGT (Shanghai) Co., Ltd.	Chairman	Chung Mao Trading (Samoa) Corporation (Representative: Min-Hsiung Liu)	USD\$ 600,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Chung Mao Trading (Samoa) Corporation (Representative: Chen-Jung Huang)	USD\$ 600,000	100.00%
	Director	Chung Mao Trading (Samoa) Corporation (Representative: Chung-Huei Huang)	USD\$ 600,000	100.00%
	Supervisor	Chung Mao Trading (Samoa) Corporation (Representative: Ming-Yuan Chen)	USD\$ 600,000	100.00%
	President	Hsiao-Sheng Wang	USD\$ 0	0.00%
CSGT International Corporation	Chairman	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	20,740,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	20,740,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Wen-Hao Lin)	20,740,000	100.00%
	Chairman	CSGT International Corporation (Representative: Che-Chia Chang)	13,279,770	59.96%
CSGT Metals Vietnam Joint Stock Company	Director	CSGT International Corporation (Representative: Ming-Yuan Chen)	13,279,770	59.96%
	Director	CSGT International Corporation (Representative: Chen-Jung Huang)	13,279,770	59.96%
	Director	CSGT International Corporation (Representative: Yen-Hui Lin)	13,279,770	59.96%
	Director	Kingrock International Development Limited (Representative: Sung-Shyong Hong)	3,322,350	15.00%
	Director	Nippon Steel Trading Corporation (Representative: Jun Tokunaga)	2,889,000	13.04%
	Director	Kao Hsing Chang Iron And Steel Corporation (Representative: Rong-Feng Lu)	1,328,940	6.00%
	Director	Fuku Holding Co., Ltd. (Representative: Yu-Fu Chang)	1,328,940	6.00%
	Supervisor	CSGT International Corporation (Representative: Chin-Da Lin)	13,279,770	59.96%
	Supervisor	Kingrock International Development Limited (Representative: Tsang-Yuan Wang)	3,322,350	15.00%
	Director and President	CSGT International Corporation (Representative: Tu-Sheng Shao)	13,279,770	59.96%
	Chairman and	CSGT International Corporation	4,752,000	99.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSGT Trading India Private Limited	President	(Representative: Ching-Huei Huang)		
	Director	CSGT International Corporation (Representative: Han-Chuan Lai)	4,752,000	99.00%
CSGT (Singapore) Pte. Ltd.	Chairman	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	6,100,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Choon-Chiaw Loo)	6,100,000	100.00%
	Director and President	China Steel Global Trading Corporation (Representative: Chien-Chung Chu)	6,100,000	100.00%
		China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	USD\$ 14,000,000	70.00%
China Steel Precision Metals Qingdao Co., Ltd.	Director	China Steel Global Trading Corporation (Representative: Shen-Chin Huang)	USD\$ 14,000,000	70.00%
	Director	Rechi Holdings Co., Ltd. (Representative: Chih-Cheng Ko)	USD\$ 6,000,000	30.00%
	Supervisor	Rechi Holdings Co., Ltd. (Representative: Yong-Guang Niu)	USD\$ 6,000,000	30.00%
	President	Wu-Nan Chiang	USD\$ 0	0.00%
	Chairman	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	USD\$ 520,000	65.00%
	Director	China Steel Global Trading Corporation (Representative: Wei-Ting Chen)	USD\$ 520,000	65.00%
CSGT (Shenzhen) Co., Ltd.	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	USD\$ 520,000	65.00%
	Director	China Steel Global Trading Corporation (Representative: Ching-Huei Huang)	USD\$ 520,000	65.00%
	Director	China Steel Global Trading Corporation (Representative: Che-Chia Chang)	USD\$ 520,000	65.00%
	Director	China Steel Global Trading Corporation (Representative: Yen-Hui Lin)	USD\$ 520,000	65.00%
	Director	Chang Yee Steel Co., Ltd. (Representative: Ching-Wen Yun)	USD\$ 80,000	10.00%
	Director	Jo & Dave Company Ltd. (Representative: Jean-Jean Wang)	USD\$ 60,000	7.50%
	Director	Chun Yuan Steel Industry Co., Ltd (Representative: Charng-Yi Tsai)	USD\$ 60,000	7.50%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Vulcan Industrial Corporation (Representative: Yi-Cheng Hong)	USD\$ 40,000	5.00%
	Director	Cathay Gen International Co., Ltd. (Representative: Fu-Lin Kao)	USD\$ 20,000	2.50%
	Director	Mayer Steel Pipe Corp. (Representative: Jen-Chin Chiang)	USD\$ 20,000	2.50%
	Supervisor	China Steel Global Trading Corporation (Representative: Ming-Yuan Chen)	USD\$ 520,000	65.00%
	Director and President	China Steel Global Trading Corporation (Representative: Hsiao-Sheng Wang)	USD\$ 520,000	65.00%
	Chairman	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	USD\$ 15,000,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Shen-Chin Huang)	USD\$ 15,000,000	100.00%
	Supervisor	China Steel Global Trading Corporation (Representative: Wu-Nan Chiang)	USD\$ 15,000,000	100.00%
	Director and President	China Steel Global Trading Corporation (Representative: Hsiao-Sheng Wang)	USD\$ 15,000,000	100.00%
	Chairman	China Steel Corporation (Representative: Ming-Yuan Chen)	514,304,000	56.00%
China Steel Precision Metals Kunshan Co., Ltd.	Director	China Steel Corporation (Representative: Wen-Chou Li)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Wei-Ting Chen)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Chien-Hsiang Huang)	514,304,000	56.00%
	Director	Nippon Steel Corporation (Representative: Nobuo Okochi)	275,520,000	30.00%
	Supervisor	China Steel Corporation (Representative: Hung-Tai Chou)	514,304,000	56.00%
	Supervisor	China Steel Corporation (Representative: Tu-Sheng Shao)	514,304,000	56.00%
	Supervisor	Nippon Steel Trading Corporation (Representative: Taisuke Arai)	45,920,000	5.00%
	General Director	Nippon Steel Corporation (Representative: Koshiro Chikamatsu)	275,520,000	30.00%
	Deputy General Director	China Steel Corporation (Representative: Wei-Yeh Peng)	514,304,000	56.00%
China Steel and Nippon Steel Vietnam Joint Stock Company				

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSC Steel Australia Holdings Pty Ltd	Director	China Steel Corporation (Representative: John Toigo)	594,638	100.00%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	594,638	100.00%
	Director	China Steel Corporation (Representative: Hsin-Tien Lin)	594,638	100.00%
CSC Sonoma Pty Ltd	Director	CSC Steel Australia Holdings Pty Ltd (Representative: John Toigo)	16,440,001	100.00%
	Director	CSC Steel Australia Holdings Pty Ltd (Representative: Kuan-Fu Chen)	16,440,001	100.00%
	Director	CSC Steel Australia Holdings Pty Ltd (Representative: Hsin-Tien Lin)	16,440,001	100.00%
CSCI Steel Corporation India Pvt. Ltd. (Formerly China Steel Corporation India Pvt. Ltd.)	Chairman	China Steel Corporation (Representative: Tse-Wei Hsu)	253,567,202	100.00%
	Director	China Steel Corporation (Representative: Ming-Yuan Chen)	253,567,202	100.00%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	253,567,202	100.00%
China Steel Asia Pacific Holdings Pte Ltd	Director and President	China Steel Corporation (Representative: Han-Chuan Lai)	253,567,202	100.00%
	Director	China Steel Corporation (Representative: Fu-Chang Huang)	178,878,002	100.00%
	Director	China Steel Corporation (Representative: Chien-Chung Chu)	178,878,002	100.00%
CSC Steel Holdings Berhad	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Min-Hsiung Liu)	171,000,000	46.30%
	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Chen-Jung Huang)	171,000,000	46.30%
	Director	Brig. Gen. (R) Mohd Zaaba @ Nik Zaaba Bin Nik Daud	0	0.00%
	Independent Director	Lay-Ching Lim	0	0.00%
	Independent Director	Hon-Wai Phong	0	0.00%
CSC Steel Asia Pacific Holdings Pte Ltd	Independent Director	Siti Haliza Md Taib	0	0.00%
	Director and President	China Steel Asia Pacific Holdings Pte Ltd	171,000,000	46.30%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
		(Representative: Ping-Tung Chiu)		
	Executive Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Yi-Chien Chen)	171,000,000	46.30%
CSC Steel Sdn. Bhd.	Director	CSC Steel Holdings Berhad (Representative: Min-Hsiung Liu)	359,000,000	100.00%
	Director	CSC Steel Holdings Berhad (Representative: Chen-Jung Huang)	359,000,000	100.00%
	Director and President	CSC Steel Holdings Berhad (Representative: Ping-Tung Chiu)	359,000,000	100.00%
	Director and President	CSC Steel Sdn. Bhd. (Representative: Ping-Tung Chiu)	750,000	100.00%
Changzhou China Steel Precision Materials Co., Ltd.	Chairman	China Steel Asia Pacific Holdings Pte Ltd (Representative: Shou-Tao Chen)	USD\$ 30,520,000	70.00%
	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Rong-Yuan Hsieh)	USD\$ 30,520,000	70.00%
	Director	Concord Industries Ltd. (Representative: Shih-Chieh Lin)	USD\$ 13,080,000	30.00%
	Supervisor	China Steel Asia Pacific Holdings Pte Ltd (Representative: Ming-Yuan Chen)	USD\$ 30,520,000	70.00%
	President	Fu-An Feng	USD\$ 0	0.00%

6. Operating Overview of Affiliated Companies for 2022

Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Chung Hung Steel Corporation	14,355,444	36,763,624	19,701,187	17,062,437	44,497,278	(1,763,346)	(989,929)	(0.69)
Hung Kao Investment Corporation	26,000	37,498	1,253	36,245	6,216	2,529	2,296	0.88
China Steel Chemical Corporation	2,369,044	11,071,341	3,076,827	7,994,514	10,442,949	1,771,476	1,702,810	7.33
Ever Wealthy International Corporation	1,045,750	1,669,115	390	1,668,725	11,486	2,030	15,625	0.15
Changzhou China Steel New Materials Technology Co., Ltd.	176,100	479,822	299,631	180,191	398,007	29,679	14,666	NA
Formosa Ha Tinh CSCC (Cayman) International Limited	200,640	162,077	0	162,077	0	(2,218)	139	0.02
China Ecotek Corporation	1,237,426	6,854,957	3,343,918	3,511,039	8,526,056	331,280	520,519	4.21
CEC International Corporation	30,642	41,017	0	41,017	0	0	914	0.09
China Ecotek India Private Limited	27,097	37,897	43	37,854	0	(387)	591	0.12
CEC Development Corporation	478,579	986,012	0	986,012	0	(128)	30,774	1.81
China Ecotek Vietnam Company Limited	302,065	909,739	114,534	795,205	319,702	4,338	27,227	NA
Xiamen Ecotek PRC Company Limited	184,260	186,557	1,894	184,663	0	(2,469)	3,249	NA
China Steel Structure Co., Ltd.	2,000,000	11,661,604	6,408,435	5,253,169	13,679,223	570,954	478,931	2.39
United Steel Engineering & Construction Corporation	800,000	3,391,904	1,946,415	1,445,489	6,152,520	62,224	66,390	0.83
United Steel Construction (Vietnam) Co., Ltd.	33,129	73,110	16,665	56,445	(124)	(4,880)	(3,090)	NA
United Steel Investment Pte Ltd	126,806	147,379	0	147,379	0	(352)	6,501	1.56
China Steel Structure Holding Co., Ltd.	0	24,221	0	24,221	0	(29)	13,412	NA

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
CHC Resources Corporation	2,485,404	11,506,470	5,606,822	5,899,648	10,269,520	867,329	755,401	3.04
Yu Cheng Lime Corporation	12,000	182,596	47,057	135,539	11,940	743	612	5.10
Union Steel Development Corporation	50,000	233,978	106,892	127,086	541,341	64,347	53,223	10.64
Pao Good Industrial Co., Ltd.	106,050	203,548	36,975	166,573	148,316	9,501	5,666	0.53
CHC Resources Vietnam Co., Ltd	761,573	1,224,805	458,058	766,747	908,442	(35,829)	(45,567)	NA
China Steel Security Corporation	250,470	1,208,526	716,765	491,761	1,506,550	104,936	40,350	1.61
Steel Castle Technology Corporation	130,000	824,310	634,357	189,953	1,237,986	(78,268)	(67,944)	(5.23)
China Steel Management And Maintenance For Buildings Corpora	10,000	18,378	3,409	14,969	28,088	2,317	1,919	1.92
China Steel Management Consulting Corporation	10,000	23,173	3,100	20,073	49,721	4,901	4,779	4.78
China Prosperity Development Corporation	5,098,095	6,342,252	246,462	6,095,790	333,794	218,351	247,728	0.49
China Prosperity Construction Corporation	133,875	147,813	968	146,845	987	(5,111)	(4,572)	(0.34)
CK Japan Co., Ltd.	189,408	424,061	207,825	216,236	47,552	19,365	11,222	2,337.92
HIMAG Magnetic Corporation	276,055	829,083	118,551	710,532	1,090,596	140,690	99,439	3.60
MagnPower Corporation	400,000	611,431	445,998	165,433	161,084	(32,165)	(35,454)	(0.89)
Eminent Venture Capital Corporation	135,014	164,261	23,854	140,407	19,731	19,238	19,776	1.55
Sing Da Marine Structure Corporation	2,626,950	8,313,981	7,076,279	1,237,702	5,099,066	(1,958,214)	(1,987,052)	(7.94)
China Steel Power Holding Corporation	7,399,000	7,626,123	211	7,625,912	0	(393)	(89,011)	(0.12)
China Steel Power Corporation	7,393,000	17,988,829	10,365,635	7,623,194	0	(79,482)	(88,621)	(0.12)
CSC Solar Corporation	1,744,000	4,271,295	2,362,324	1,908,971	482,647	175,883	121,014	0.69
China Steel Resources Corporation	981,120	2,270,104	1,270,925	999,179	735,050	23,778	11,360	0.12
InfoChamp Systems Corporation	414,706	1,831,644	938,118	893,526	2,032,517	164,936	189,126	4.56

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Info-Champ System (B.V.) Corporation	6,828	34,097	85	34,012	0	(86)	8,232	40.96
Wuhan InfoChamp I.T. Co., Ltd.	6,142	107,828	73,752	34,076	118,906	7,244	8,318	NA
Kaohsiung Rapid Transit Corporation	2,786,064	6,360,589	3,635,334	2,725,255	2,068,065	(647,206)	214,729	0.77
Taiwan Intelligent Transportation Co., Ltd.	26,000	74,571	44,995	29,576	190,835	531	586	0.23
China Steel Machinery Corporation	1,352,824	5,144,524	3,108,318	2,036,206	6,106,697	525,492	293,158	2.17
China Steel Machinery Vietnam Co., Ltd.	8,959	18,070	0	18,070	8,639	2,972	2,592	NA
Dragon Steel Corporation	86,125,861	168,558,498	66,861,734	101,696,764	110,728,911	1,099,395	719,663	0.08
C.S.Aluminium Corporation	8,402,512	25,543,134	16,500,555	9,042,579	23,306,494	816,343	724,166	0.86
ALU Investment Offshore Corporation	1,063,593	478,238	0	478,238	0	1,043	131,215	NA
United Steel International Development Corporation	1,646,637	740,407	0	740,407	0	(1,344)	201,518	4.11
Ningbo Huayang Aluminium-Tech Co., Ltd.	1,504,790	1,015,900	284,273	731,627	1,305,723	(323,493)	201,875	NA
China Steel Express Corporation	4,225,453	21,364,045	7,345,685	14,018,360	22,199,085	2,420,831	2,909,713	6.89
Kaopert Stevedoring Corporation	50,000	115,197	35,371	79,826	308,109	19,378	17,646	3.53
Transglory Investment Corporation	7,499,638	8,582,534	6,645	8,575,889	840,417	832,345	832,427	1.11
CSE Transport Corporation	316	9,345,428	5,028,474	4,316,954	3,240,438	570,787	432,820	NA
Gains Investment Corporation	5,593,820	11,183,716	3,048,168	8,135,548	807,878	737,070	701,832	1.26
Thintech Materials Technology Co., Ltd.	734,980	1,655,545	461,349	1,194,196	2,288,609	73,256	82,003	1.12
Thintech Global Limited	205,435	62,388	0	62,388	0	0	6,494	0.96
Taichang Thintech Materials Co., Ltd.	208,828	259,214	196,825	62,389	257,966	11,263	6,494	NA
Winning Investment Corporation	2,300,000	4,757,934	823,652	3,934,282	494,780	488,418	475,866	2.07
Betacera Inc.	427,803	4,375,786	2,321,581	2,054,205	2,887,043	233,119	314,761	7.36
Lefkara Ltd.	438,904	1,522,854	5,506	1,517,348	0	(124)	119,673	8.78

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Betacera (Su Zhou) Co., Ltd.	135,124	1,073,948	477,659	596,289	1,796,482	112,465	79,316	NA
Suzhou Betacera Technology Co., Ltd.	460,650	672,888	50,796	622,092	543,548	24,938	31,720	NA
Shanghai Xike Ceramic Electronic Co., Ltd.	36,852	164,548	17,014	147,534	184,131	6,884	8,416	NA
Universal Exchange Inc.	165,450	251,063	42,598	208,465	115,453	37,216	31,693	1.92
Pro-Ascentek Investment Corporation	1,200,000	1,173,771	13,723	1,160,048	58,191	38,544	37,820	0.32
Mentor Consulting Corporation	10,000	74,570	44,940	29,630	83,715	7,418	5,879	5.88
Eminence Investment Corporation	1,500,000	2,008,556	287,520	1,721,036	112,642	111,221	111,697	0.75
Shin Mau Investment Corporation	29,900	73,070	0	73,070	7,347	7,326	7,329	2.45
Hung-Chuan Investment Corporation	20,000	52,514	0	52,514	4,978	4,968	4,972	2.49
Chi-Yi Investment Corporation	20,000	52,863	0	52,863	5,012	5,003	5,007	2.50
Ding Da Investment Corporation	29,900	68,417	0	68,417	8,501	8,375	8,379	2.80
Jiing-Cherng-Fa Investment Corporation	23,000	56,006	0	56,006	5,852	5,843	5,847	2.54
Gau Ruei Investment Corporation	29,900	84,017	0	84,017	11,697	9,568	9,095	3.04
Li-Ching-Long Investment Corporation	20,000	52,508	0	52,508	4,977	4,968	4,972	2.49
Sheng Lih Dar Investment Corporation	24,000	62,636	0	62,636	6,368	6,359	6,363	2.65
Chiun Yu Investment Corporation	29,900	77,540	1,998	75,542	10,005	6,778	6,379	2.13
China Steel Global Trading Corporation	788,298	5,242,039	1,891,749	3,350,290	19,128,873	428,610	923,413	11.71
Wabo Global Trading Corporation	119,000	161,860	17,211	144,649	34,699	19,319	26,122	2.20
CSGT Japan Co., Ltd.	10,160	58,635	31,339	27,296	75,968	3,999	2,845	3,556.25
Chung Mao Trading (Samoa) Corporation	291,091	576,999	0	576,999	0	(1,285)	12,047	1.37
CSGT (Shanghai) Co., Ltd.	18,426	40,998	11,873	29,125	24,060	(735)	48	NA

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Chung Mao Trading (BVI) Corporation (Note 1)	0	0	0	0	0	(865)	(717)	(1.43)
CSGT Hong Kong Limited (Note 1)	0	0	0	0	0	0	0	NA
CSGT International Corporation	631,983	1,188,483	0	1,188,483	0	(3,468)	147,330	7.10
CSGT Metals Vietnam Joint Stock Company	420,473	1,428,997	746,665	682,332	3,187,116	169,560	116,217	5.25
CSGT Trading India Private Limited	23,695	24,076	(3,108)	27,184	8,609	5,190	5,409	1.13
CSGT (Singapore) Pte. Ltd.	136,396	1,090,183	27,897	1,062,286	115,846	44,867	537,208	88.07
China Steel Precision Metals Qingdao Co., Ltd.	614,200	747,469	199,657	547,812	1,060,040	(50,505)	(38,608)	NA
CSGT (Shenzhen) Co., Ltd.	24,568	29,296	1,956	27,340	15,767	1,704	2,609	NA
China Steel Precision Metals Kunshan Co., Ltd.	460,650	1,027,198	568,435	458,763	1,631,531	25,535	7,983	NA
China Steel and Nippon Steel Vietnam Joint Stock Company	17,387,235	19,740,123	6,304,666	13,435,457	19,572,162	(740,167)	(1,030,482)	(1.12)
CSC Steel Australia Holdings Pty Ltd	17,359,623	20,471,498	(260,627)	20,732,125	0	(1,685)	2,058,856	3,462.37
CSC Sonoma Pty Ltd	479,943	220,292	35,352	184,940	4,297	(15,252)	(12,793)	(0.78)
CSCI Steel Corporation India Pvt. Ltd.	1,928,874	4,991,488	3,606,029	1,385,459	4,967,435	483,184	14,118	0.06
China Steel Asia Pacific Holdings Pte Ltd	6,588,034	4,897,791	396	4,897,395	0	(447)	249,271	1.36
CSC Steel Holdings Berhad	5,648,521	5,788,741	18,452	5,770,289	941	(2,896)	121,875	0.33
Group Steel Corporation (M) Sdn. Bhd.	13,671	17,935	0	17,935	0	(69)	(69)	(0.07)
CSC Steel Sdn. Bhd.	4,908,035	6,170,209	536,564	5,633,645	11,038,364	(67,657)	122,028	0.34
Constant Mode Sdn. Bhd.	10,254	6,949	118	6,831	429	201	175	0.23
Changzhou China Steel Precision Materials Co., Ltd.	1,338,956	3,363,645	1,633,272	1,730,373	3,939,023	341,552	238,661	NA

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
United Steel International Co., Ltd (Note 1)	0	0	0	0	0	(134)	6,129	0.41

Note 1: Chung Mao Trading (BVI) Corporation completed liquidation process in September 2022; CSGT Hong Kong Limited completed liquidation process in April 2022; United Steel International Co., Ltd completed liquidation process in October 2022. Therefore, the aforementioned companies recorded no balance sheet items, whereas statements of comprehensive income is presented for fiscal year ended December 31, 2022.

Note 2: Balance sheet: December 31, 2022; income statement: for the year ended December 31, 2022.

Note 3: If an affiliated company is a foreign company, the relevant figures shall be expressed in New Taiwan dollar after conversion based on the following exchange rates.

Exchange rates on balance sheet:	USD	(30.7100)	JPY	(0.232400)	SGD	(22.8800)	MYR	(6.69900)	HKD	(3.9380)
	RMB	(4.4080)	VND	(0.001285)	AUD	(20.8300)	INR	(0.37100)		
Exchange rates on income statement:	USD	(29.7996)	JPY	(0.227490)	SGD	(21.6139)	MYR	(6.49980)	HKD	(3.8049)
	RMB	(4.4219)	VND	(0.001255)	AUD	(20.6666)	INR	(0.37846)		

(III) Affiliation report: None.

II. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report (March 31, 2023): None.

III. Shares of the Company Held or Disposed of by Subsidiaries

From January 1, 2022 to March 31, 2023

Unit: NT\$ thousands; shares; %

Name of Subsidiary (Note 1)	Paid-In Capital	Source of Funds	Shareholding Ratio Held by the Company	Date of Acquisition or Disposal	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain or Loss	Number of shares and Amount Held up to the Publication Date of this Annual Report (Note 3) (Note 4)	Status of Shares Pledged	Amount of Endorsements/ Guarantees Made for Subsidiaries by the Company	Amount Loaned to Subsidiaries by the Company
Chung Hung Steel Corporation	14,355,444	Own funds	40.59%	2022	0	0	0	NA	None	0	2,200,000
				Current year up to the publication date of this annual report	0	0	0	33,109,239 shares 1,023,075 thousand	None	0	2,200,000
Hung Kao Investment Corporation	26,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,003,980 shares 31,022 thousand	None	0	0
China Steel Chemical Corporation	2,369,044	Own funds	29.44% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	2,556,915 ordinary shares 79,009 thousand 229,000 preferred shares 10,442 thousand	None	0	0
Ever Wealthy International Corporation	1,045,750	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	4,226,265 shares 130,592 thousand	None	0	0
China Steel Structure Co., Ltd.	2,000,000	Own funds	37.97% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	6,936,878 shares 214,350 thousand	None	0	0
United Steel Engineering & Construction Corporation	800,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	3,745,446 shares 115,734 thousand	None	0	0
CHC Resources Corporation	2,485,404	Own funds	35.61% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	9,201,806 shares 284,336 thousand	None	0	0
Union Steel Development Corporation	50,000	Own funds	93.37% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	423,849 shares 13,097 thousand	None	0	0
China Steel Security Corporation	250,470	Own funds	99.96%	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	2,349,975 shares 72,614 thousand	None	0	0
China Prosperity Development Corporation	5,098,095	Own funds	100%	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	952,979 shares 29,447 thousand	None	0	0
HIMAG Magnetic Corporation	276,055	Own funds	87.64% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	325,505 shares 10,058 thousand	None	0	0

Name of Subsidiary (Note 1)	Paid-In Capital	Source of Funds	Shareholding Ratio Held by the Company	Date of Acquisition or Disposal	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain or Loss	Number of shares and Amount Held up to the Publication Date of this Annual Report (Note 3) (Note 4)	Status of Shares Pledged	Amount of Endorsements/ Guarantees Made for Subsidiaries by the Company	Amount Loaned to Subsidiaries by the Company
InfoChamp Systems Corporation	414,706	Own funds	99.99%	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	3,834,338 shares 118,481 thousand	None	0	0
C.S.Aluminium Corporation	8,402,512	Own funds	99.98%	2022	0	0	0	NA	None	0	4,400,000
				Current year up to the publication date of this annual report	0	0	0	4,431,944 shares 136,947 thousand	None	0	4,100,000
China Steel Express Corporation	4,225,453	Own funds	100%	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	8,801,555 shares 271,968 thousand	None	0	0
Transglory Investment Corporation	7,749,638	Own funds	100% (Note 5)	2022	0	0	0	NA	53,500,000 shares as the mortgage of bank credit (Note 6)	0	0
				Current year up to the publication date of this annual report	0	0	0	256,765,331 shares 7,934,049 thousand		0	0
Winning Investment Corporation	2,300,000	Own funds	58.00% (Note 5)	2022	0	800,000 shares 21,729 thousand	1,377 thousand	NA	69,600,000 shares as the mortgage of commercial paper issued; 53,500,000 shares as the mortgage of bank credit (Note 6)	0	0
				Current year up to the publication date of this annual report	0	0	0	159,606,339 shares 4,931,836 thousand		0	0
Shin Mau Investment Corporation	29,900	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,433,749 shares 44,303 thousand	None	0	0
Hung-Chuan Investment Corporation	20,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,605,875 shares 49,622 thousand	None	0	0
Chi-Yi Investment Corporation	20,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,616,723 shares 49,957 thousand	None	0	0
Ding Da Investment Corporation	29,900	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,525,494 shares 47,138 thousand	None	0	0
Jiing-Cheng-Fa Investment Corporation	23,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,461,875 shares 45,172 thousand	None	0	0
Gau Ruei Investment Corporation	29,900	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,493,318 shares 46,143 thousand	None	0	0
Li-Ching-Long Investment Corporation	20,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,605,441 shares 49,608 thousand	None	0	0

Name of Subsidiary (Note 1)	Paid-In Capital	Source of Funds	Shareholding Ratio Held by the Company	Date of Acquisition or Disposal	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain or Loss	Number of shares and Amount Held up to the Publication Date of this Annual Report (Note 3) (Note 4)	Status of Shares Pledged	Amount of Endorsements/ Guarantees Made for Subsidiaries by the Company	Amount Loaned to Subsidiaries by the Company
Sheng Lih Dar Investment Corporation	24,000	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,542,138 shares 47,652 thousand	None	0	0
Chiun Yu Investment Corporation	29,900	Own funds	100% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,623,289 shares 50,160 thousand	None	0	0
China Steel Global Trading Corporation	788,298	Own funds	100%	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	4,349,507 shares 134,400 thousand	None	0	0
Wabo Global Trading Corporation	119,000	Own funds	50% (Note 5)	2022	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	487,367 shares 15,059 thousand	None	0	0

Note 1: Each subsidiary is listed separately.

Note 2: The aforementioned amount refers to the actual amount acquired or disposed of.

Note 3: The status of holding and disposal are listed separately.

Note 4: Shareholding amount is calculated based on the closing price on the publication date of this annual report.

Note 5: Shareholding ratio refers to the total shares held by China Steel and its subsidiaries.

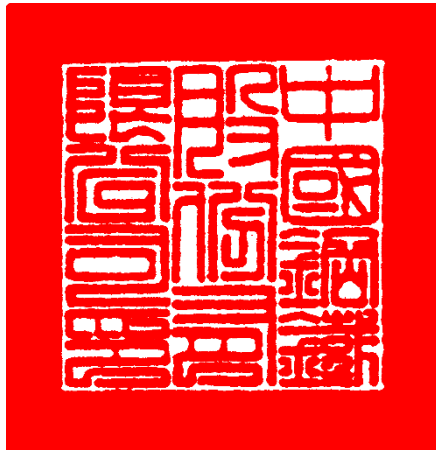
Note 6: Pledging of shares has no significant impact on the financial performance and condition of the Company.

IV. Other Supplementary Matters: None

Chapter IX. During 2022 and up to the publication date of this annual report, any event which significantly affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

President of the Company, Mr. Shyi-Chin Wang, was mandatory retired at age 65 on May 31, 2022. However, considering the carbon neutrality and offshore wind power development and components localization work the Company is currently doing, the Company would like to rely on Mr. Wang's profound experience and expertise in R&D, carbon reduction, and green energy. The Board of Directors approved the appointment of Mr. Shyi-Chin Wang to hold a concurrent post as President of the Company while serving as one of the representatives of Juristic-person Directors on August 5, 2022. When performing his duties as President, Mr. Shyi-Chin Wang will only receive Director's remuneration from the juristic institution he represented, and will not receive salary, bonus, and employee remuneration from the Company.

China Steel Corporation



Chao-Tung Wong
Chairman

Chao-Tung Wong



Head Office

No. 1, Chung Kang Rd., Hsiao Kang Dist., Kaohsiung City, Taiwan
Phone: 886-7-802-1111

CSC Building

No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan
Phone: 886-7-337-1111 Fax: 886-7-537-3570
<http://www.csc.com.tw>

Sustainability, our STEEL commitment
<http://www.csc.com.tw/csc/hr/csr/index.htm>



The inner pages of this publication are printed with FSC paper

China Steel Corporation

2022 Annual Report

Annex: Financial Statements

Premium steel mill

CSC
Stock Code: 2002

Smart Innovation Green Energy & Carbon Reduction Value Co-creation

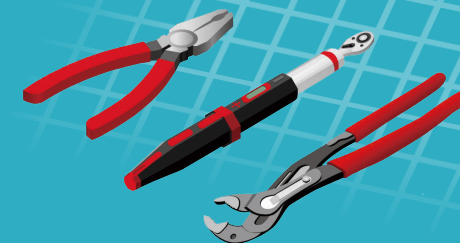
Be a Sustainable Growth Enterprise



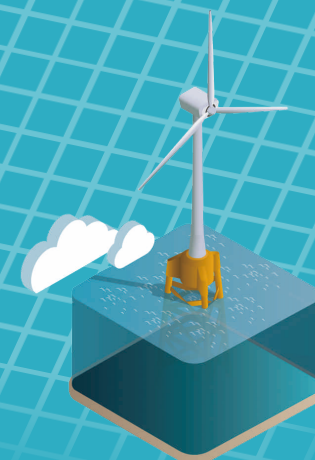
High-Quality Forging Steels



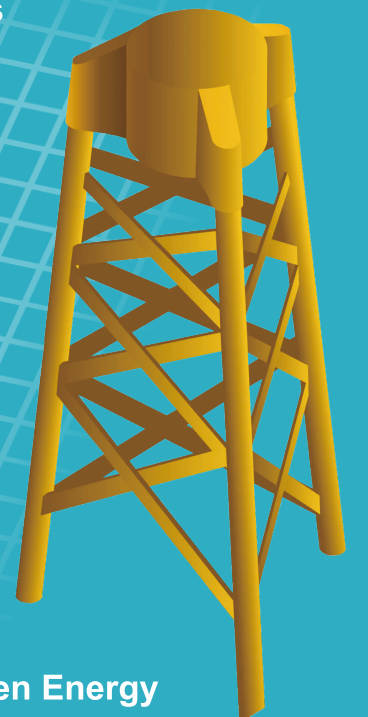
Ultra-High Efficiency Electrical Steels
Cross-Generational Automotive Steels



Superior Hand Tool Steels



Steel for Green Energy



Printed on March 31, 2023

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>
CSC Annual Report is available at: http://www.csc.com.tw/csc/ss/bd/bd_index.html
Notice to readers: This English-version annual report is a translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

2022 Annual Report
Annex: Financial Statements

Annex - Table of Contents

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report -----	Annex 2
Standalone Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report -----	Annex 155

China Steel Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of China Steel Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, China Steel Corporation and Subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

China Steel Corporation

By

Chao-Tung Wong
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

China Steel Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Steel Corporation (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2022 and 2021, their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Recognition of Revenue from Sale of Goods of Steel Department

The Corporation and its subsidiaries manufacture and sell steel products and engage in mechanical, communications, and electrical engineering. Revenue from sale of goods of steel department represented over 70% of the total operating revenue. Revenue recognition is presumed to be significant risk as revenue is subject to fluctuation in terms of market demand and it is the main focus of the users of financial report; therefore, revenue recognition was deemed to be a key audit matter. Refer to Notes 4, 24 and 35 to the consolidated financial statements for the related accounting policies and disclosures on sales revenue.

Our audit procedures performed included the following:

1. We understood the design and implementation of the procedures regarding approval of sales order, shipping and cash collection process of the Corporation's steel department.
2. We evaluated the appropriateness of the recorded sales amounts by checking the nature, quantities, unit price, sales to major customers and sales of major goods of the Corporation's steel department sales; we also reviewed comparative information of a two-year period.
3. We verified the occurrence and validity of the specific goods and customers by confirming the customer information, the correctness on the shipping documents or bill of lading and cash collection receipts.
4. We obtained subsequent details of the abovementioned specific goods and customers and checked whether there were any material and unusual sales returns and allowances and confirmed the appropriateness of accounting treatment and presentation.

Other Matter

We have also audited the standalone financial statements of China Steel Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee or supervisors, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Hsuan Hsu and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 29,197,614	5	\$ 23,969,128	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,629,089	-	2,610,451	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 5 and 8)	5,428,806	1	6,228,593	1
Financial assets for hedging - current (Notes 4 and 9)	3,125,323	-	1,483,163	-
Contract assets - current (Notes 4 and 24)	7,172,302	1	8,298,068	1
Notes receivable (Notes 4 and 10)	1,906,064	-	2,241,592	-
Notes receivable - related parties (Notes 4, 10 and 30)	272	-	557	-
Accounts receivable, net (Notes 4 and 10)	11,315,075	2	15,519,834	2
Accounts receivable - related parties (Notes 4, 10 and 30)	114,832	-	416,810	-
Other receivables (Notes 4 and 30)	2,075,383	-	4,118,509	1
Current tax assets	79,688	-	628,373	-
Inventories (Notes 4, 5 and 11)	131,515,763	20	129,532,646	20
Non-current assets held for sale (Note 4)	-	-	315,557	-
Other financial assets - current (Notes 13 and 31)	9,130,272	1	10,152,556	1
Other current assets	6,674,611	1	4,499,511	1
Total current assets	210,365,094	31	210,015,348	31
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	869,532	-	921,949	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	48,614,893	7	53,673,631	8
Financial assets for hedging - noncurrent (Notes 4 and 9)	814,630	-	224	-
Investments accounted for using the equity method (Notes 4 and 12)	14,565,313	2	13,419,640	2
Property, plant and equipment (Notes 4, 14 and 31)	370,248,034	56	370,663,701	55
Right-of-use assets (Notes 4, 15 and 31)	12,323,990	2	12,488,317	2
Investment properties (Notes 4, 16 and 31)	9,759,107	1	9,438,554	1
Intangible assets (Note 4)	1,343,993	-	1,478,279	-
Deferred tax assets (Notes 4 and 26)	8,262,336	1	8,881,613	1
Refundable deposits	1,070,477	-	1,104,101	-
Other financial assets - noncurrent (Notes 13 and 31)	3,185,310	-	3,012,629	-
Other noncurrent assets	2,346,688	-	2,896,983	-
Total noncurrent assets	473,404,303	69	477,979,621	69
TOTAL	\$ 683,769,397	100	\$ 687,994,969	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings and bank overdraft (Notes 17 and 31)	\$ 49,668,589	7	\$ 33,061,226	5
Short-term bills payable (Note 17)	37,980,878	6	15,836,410	2
Financial liabilities for hedging - current (Notes 4 and 9)	243,447	-	1,283,279	-
Contract liabilities - current (Notes 4 and 24)	4,297,357	1	5,385,147	1
Notes payable	1,545,218	-	1,570,913	-
Accounts payable (Note 19)	14,588,899	2	22,235,715	3
Accounts payable - related parties (Notes 19 and 30)	23,600	-	175,204	-
Other payables (Notes 20 and 30)	26,024,196	4	34,065,602	5
Current tax liabilities	3,772,877	1	13,331,213	2
Provisions - current (Notes 4 and 21)	5,737,290	1	6,831,852	1
Lease liabilities - current (Notes 4 and 15)	1,255,361	-	963,887	-
Current portion of bonds payable (Note 18)	12,224,635	2	17,474,085	3
Current portion of long-term bank borrowings (Notes 17 and 31)	5,220,738	1	4,647,406	1
Refund liabilities - current	2,466,410	-	3,698,912	1
Other current liabilities	1,396,851	-	1,369,894	-
Total current liabilities	166,446,346	25	161,930,745	24
NONCURRENT LIABILITIES				
Financial liabilities for hedging - noncurrent (Notes 4 and 9)	1,046,631	-	139,082	-
Contract liabilities - noncurrent (Note 24)	37,575	-	72,086	-
Bonds payable (Note 18)	50,122,943	7	62,336,121	9
Long-term bank borrowings (Notes 17 and 31)	51,571,254	8	26,442,943	4
Long-term bills payable (Note 17)	26,557,580	4	14,392,922	2
Provisions - noncurrent (Notes 4 and 21)	821,937	-	1,074,359	-
Deferred tax liabilities (Notes 4 and 26)	13,757,387	2	14,583,004	2
Lease liabilities - noncurrent (Notes 4 and 15)	9,727,326	1	10,112,044	1
Net defined benefit liabilities (Notes 4 and 22)	5,605,470	1	8,761,472	1
Other noncurrent liabilities	1,229,504	-	1,195,171	-
Total noncurrent liabilities	160,477,607	23	139,109,204	19
Total liabilities	326,923,953	48	301,039,949	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 23)				
Share capital				
Ordinary shares	157,348,610	23	157,348,610	23
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	23	157,731,290	23
Capital surplus	40,275,115	6	39,238,636	6
Retained earnings				
Legal reserve	72,765,975	11	66,611,343	10
Special reserve	26,914,657	4	27,639,574	4
Unappropriated earnings	35,708,731	5	70,863,295	10
Total retained earnings	135,389,363	20	165,114,212	24
Other equity	(4,844,120)	(1)	(4,405,952)	(1)
Treasury shares	(8,649,421)	(1)	(8,649,421)	(1)
Total equity attributable to owners of the Corporation	319,902,227	47	349,028,765	51
NON-CONTROLLING INTERESTS	36,943,217	5	37,926,255	6
Total equity	356,845,444	52	386,955,020	57
TOTAL	\$ 683,769,397	100	\$ 687,994,969	100

The accompanying notes are an integral part of the consolidated financial statements.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 30 and 35)	\$ 449,567,488	100	\$ 468,327,501	100
OPERATING COSTS (Notes 11, 25 and 30)	<u>417,665,025</u>	<u>93</u>	<u>373,012,890</u>	<u>80</u>
GROSS PROFIT	<u>31,902,463</u>	<u>7</u>	<u>95,314,611</u>	<u>20</u>
OPERATING EXPENSES				
Selling and marketing expenses	4,535,448	1	5,102,276	1
General and administrative expenses	6,942,993	2	7,894,624	2
Research and development expenses	2,155,001	-	2,435,385	-
Expected credit loss	<u>3,668</u>	<u>-</u>	<u>125,053</u>	<u>-</u>
Total operating expenses	<u>13,637,110</u>	<u>3</u>	<u>15,557,338</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>18,265,353</u>	<u>4</u>	<u>79,757,273</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	469,573	-	228,589	-
Other income (Notes 25 and 30)	3,398,133	1	4,320,278	1
Other gains and losses (Note 25)	2,040,211	1	690,795	-
Finance costs (Notes 4 and 25)	(2,493,407)	(1)	(1,761,141)	-
Share of the profit of associates	<u>1,578,733</u>	<u>-</u>	<u>1,177,854</u>	<u>-</u>
Total non-operating income and expenses	<u>4,993,243</u>	<u>1</u>	<u>4,656,375</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	23,258,596	5	84,413,648	18
INCOME TAX (Notes 4 and 26)	<u>5,263,537</u>	<u>1</u>	<u>15,507,576</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>17,995,059</u>	<u>4</u>	<u>68,906,072</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	2,130,361	-	(863,212)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(5,476,493)	(1)	(376,646)	-
Gains and losses on hedging instruments	1,012,013	-	43,796	-

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates	\$ (19,497)	-	\$ 39,462	-
Income tax benefit relating to items that will not be reclassified subsequently to profit or loss	1,089,780	-	963,854	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	3,636,755	1	(2,182,474)	-
Unrealized gains and losses on investments in debt instruments designated as at fair value through other comprehensive income	5	-	(494)	-
Gains and losses on hedging instruments	58,485	-	-	-
Share of the other comprehensive income of associates	450,815	-	399,121	-
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	(102,446)	-	4,310	-
Other comprehensive income (loss) for the year, net of income tax	2,779,778	-	(1,972,283)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 20,774,837	4	\$ 66,933,789	15
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 17,783,775	4	\$ 62,053,033	13
Non-controlling interests	211,284	-	6,853,039	2
	\$ 17,995,059	4	\$ 68,906,072	15
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 18,802,851	4	\$ 60,327,896	14
Non-controlling interests	1,971,986	-	6,605,893	1
	\$ 20,774,837	4	\$ 66,933,789	15
EARNINGS PER SHARE (Note 27)				
Basic	\$ 1.15		\$ 4.02	
Diluted	\$ 1.15		\$ 3.98	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation											Total Equity	
	Share Capital						Other Equity						
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Gains and Losses on Hedging Instruments	Treasury Shares	Total Other Equity		
BALANCE AT JANUARY 1, 2021	\$ 157,348,610	\$ 382,680	\$ 39,077,456	\$ 66,532,412	\$ 27,912,065	\$ 13,897,589	\$ (7,528,950)	\$ 543,417	\$ 3,297,864	\$ (3,187,669)	\$ (8,664,198)	\$ 293,298,945	\$ 323,106,981
Appropriation of 2020 earnings (Note 23)	-	-	-	78,931	(272,355)	(78,931)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	272,355	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.3 per share	-	-	-	-	-	(4,720,458)	-	-	-	-	-	(4,720,458)	-
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	(53,575)	-
Reversal of special reserve	-	-	-	-	(136)	136	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	62,053,033	-	-	-	-	-	62,053,033	68,906,072
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(612,252)	(1,638,132)	513,958	11,289	(1,112,885)	-	(1,725,137)	(1,972,283)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	61,440,781	(1,638,132)	513,958	11,289	(1,112,885)	-	60,327,896	66,933,789
Disposal of the Corporation's shares held by subsidiaries	-	-	760	-	-	-	-	-	-	-	11,241	12,001	12,001
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	96,122	-	-	-	-	-	-	-	-	96,122	96,122
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	105,398	-	(105,398)	-	-	-	-	-
Adjustment of other equity	-	-	64,298	-	-	-	-	-	-	-	3,536	67,834	67,834
BALANCE AT DECEMBER 31, 2021	\$ 157,348,610	\$ 382,680	\$ 39,238,636	\$ 66,611,343	\$ 27,639,574	\$ 70,863,295	\$ (9,167,082)	\$ 951,977	\$ 3,809,153	\$ (4,405,952)	\$ (8,649,421)	\$ 349,028,765	\$ 386,955,020
BALANCE AT JANUARY 1, 2022	\$ 157,348,610	\$ 382,680	\$ 39,238,636	\$ 66,611,343	\$ 27,639,574	\$ 70,863,295	\$ (9,167,082)	\$ 951,977	\$ 3,809,153	\$ (4,405,952)	\$ (8,649,421)	\$ 349,028,765	\$ 386,955,020
Appropriation of 2021 earnings (Note 23)	-	-	-	-	-	(6,154,632)	-	-	-	-	-	-	-
Legal reserve	-	-	-	6,154,632	(723,473)	723,473	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$3.1 per share	-	-	-	-	-	(48,778,069)	-	-	-	-	-	(48,778,069)	-
Cash dividends to preference shareholders - NT\$3.1 per share	-	-	-	-	-	(118,631)	-	-	-	-	-	(118,631)	-
Reversal of special reserve	-	-	-	-	(1,444)	1,444	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	17,783,775	-	-	-	-	-	17,783,775	17,995,059
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,510,147	2,858,316	(4,051,776)	702,389	(491,071)	-	1,019,076	2,779,778
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	19,293,922	2,858,316	(4,051,776)	702,389	(491,071)	-	18,802,851	20,774,837
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	992,493	-	-	-	-	-	-	-	-	992,493	992,493
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of non-controlling interests	-	-	36,424	-	-	-	-	-	-	-	-	36,424	36,424
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(52,903)	-	52,903	-	-	-	-	-
Adjustment of other equity	-	-	7,562	-	-	(69,168)	-	-	-	-	-	(61,606)	(61,606)
BALANCE AT DECEMBER 31, 2022	\$ 157,348,610	\$ 382,680	\$ 40,275,115	\$ 72,765,975	\$ 26,914,657	\$ 35,708,731	\$ (6,308,766)	\$ (3,046,896)	\$ 4,511,542	\$ (4,844,120)	\$ (8,649,421)	\$ 319,902,227	\$ 356,845,444

The accompanying notes are an integral part of the consolidated financial statements.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 23,258,596	\$ 84,413,648
Adjustments for:		
Depreciation expense	34,090,752	32,461,671
Amortization expense	258,594	265,436
Expected credit loss recognized	3,668	125,053
Net gain on financial assets and liabilities at fair value through profit or loss	(1,819)	(541,576)
Finance costs	2,493,407	1,761,141
Interest income	(469,573)	(228,589)
Dividend income	(2,019,682)	(3,610,743)
Share of the profit of associates	(1,592,744)	(1,215,491)
Gain (loss) on disposal of property, plant and equipment	(386,983)	178,139
Gain on disposal of investment properties	-	(26,755)
Gain on disposal of right-of-use assets	(787,950)	-
Gain on disposal of non-current assets held for sale	(44,561)	(33,545)
Gain on disposal of investments	(51,704)	(33,033)
Impairment loss recognized on financial assets	-	3,878
Write-down of inventories	5,881,807	2,014,820
Impairment loss recognized on non-financial assets	26,491	3,369,085
Recognition (reversal) of provisions	(1,178,039)	576,180
Others	29,046	30,785
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	188,578	(228,664)
Financial assets for hedging	(1,457,522)	(97,173)
Contract assets	1,134,982	1,893,484
Notes receivable	335,528	(638,699)
Notes receivable - related parties	285	118,432
Accounts receivable	4,206,931	(4,144,546)
Accounts receivable - related parties	301,978	(217,186)
Other receivables	2,199,970	(2,275,959)
Inventories	(7,900,052)	(55,361,848)
Other current assets	(2,191,189)	(1,107,903)
Financial liabilities for hedging	63,619	(62,883)
Contract liabilities	(1,122,301)	(107,352)
Notes payable	(25,695)	9,605
Accounts payable	(7,646,816)	5,097,188
Accounts payable - related parties	(151,604)	137,616
Other payables	(7,205,716)	10,559,172
Provisions	(173,717)	(216,228)
Other current liabilities	26,957	(31,018)
Net defined benefit liabilities	(1,025,641)	(1,369,636)
Refund liabilities	(1,232,502)	1,549,963
		(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
Cash generated from operations	\$ 37,835,379	\$ 73,016,469
Income taxes paid	<u>(13,492,194)</u>	<u>(1,712,720)</u>
Net cash generated from operating activities	<u>24,343,185</u>	<u>71,303,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(2,872,659)	(8,194,697)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,498,590	7,687,917
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	8,749	-
Acquisition of financial assets at fair value through profit or loss	(4,960,110)	(7,472,949)
Proceeds from disposal of financial assets at fair value through profit or loss	4,960,232	9,886,910
Derecognition of financial liabilities for hedging	-	(631,020)
Acquisition of investments accounted for using the equity method	(507,433)	-
Proceeds from disposal of investments accounted for using the equity method	197,250	83,438
Disposal of subsidiaries	11,880	28,856
Proceeds from the capital reduction on investments accounted for using the equity method	424,680	20,647
Proceeds from disposal of non-current assets held for sale	367,807	176,233
Acquisition of property, plant and equipment	(31,878,166)	(21,065,106)
Proceeds from disposal of property, plant and equipment	1,219,665	121,631
Decrease (increase) in refundable deposits	38,831	(457,003)
Acquisition of intangible assets	(79,745)	(39,328)
Acquisition of right-of-use assets	-	(1,397)
Disposal of right-of-use assets	679,912	-
Acquisition of investment properties	(188,553)	-
Proceeds from disposal of investment properties	-	60,185
Decrease (increase) in other financial assets	849,603	(1,483,908)
Decrease in other noncurrent assets	486,654	187,375
Interest received	459,870	234,316
Dividends received from associates	1,203,980	1,087,867
Dividends received from others	<u>2,026,356</u>	<u>3,600,701</u>
Net cash used in investing activities	<u>(24,052,607)</u>	<u>(16,169,332)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	329,562,535	248,531,047
Repayments of short-term borrowings	(312,470,686)	(239,606,200)
Proceeds from short-term bills payable	128,244,634	129,521,775
Repayments of short-term bills payable	(106,100,166)	(145,757,683)

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
Repayments of bonds payable	\$ (17,475,000)	\$ (17,400,000)
Proceeds from long-term bank borrowings	101,422,458	34,937,675
Repayments of long-term bank borrowings	(76,329,911)	(48,101,224)
Proceeds from long-term bills payable	31,391,876	3,979,156
Repayments of long-term bills payable	(19,227,219)	(8,259,891)
Repayment of principal of lease liabilities	(1,198,577)	(992,141)
Increase in other noncurrent liabilities	34,333	60,084
Dividends paid to owners of the Corporation	(48,872,707)	(4,778,721)
Acquisition of additional interests in subsidiary	(386,303)	-
Partial disposal of interests in subsidiaries without loss of control	3,916	32,655
Interest paid	(2,841,083)	(2,238,443)
Decrease (increase) in non-controlling interests	<u>(2,955,024)</u>	<u>1,512,326</u>
Net cash generate (used) in financing activities	<u>2,803,076</u>	<u>(48,559,585)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>3,137,477</u>	<u>(410,591)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,231,131	6,164,241
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>18,970,605</u>	<u>12,806,364</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 25,201,736</u>	<u>\$ 18,970,605</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2022 and 2021:		
Cash and cash equivalents in the consolidated balance sheets	\$ 29,197,614	\$ 23,969,128
Bank overdraft	<u>(3,995,878)</u>	<u>(4,998,523)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 25,201,736</u>	<u>\$ 18,970,605</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Corporation (the “Corporation”) was incorporated on December 3, 1971. It manufactures and sells steel products and engages in mechanical, communications, and electrical engineering.

The shares of the Corporation and its subsidiaries, including China Steel Structure Co., Ltd., China Steel Chemical Corporation, CHC Resources Corporation, China Ecotek Corporation and Chung Hung Steel Corporation, have been listed on the Taiwan Stock Exchange. The shares of the subsidiary Thintech Materials Technology Co., Ltd. have been traded on the Taipei Exchange. The subsidiary Dragon Steel Corporation has issued shares to the public.

As of December 31, 2022, the Ministry of Economic Affairs (MOEA), Republic of China owned 20% of the Corporation’s issued shares.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue on February 24, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation and its subsidiaries’ accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period

beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Corporation and its subsidiaries' financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within twelve months after the reporting period even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as abovementioned are classified as noncurrent.

For the Corporation and its subsidiaries' construction-related business, which has an operating cycle of over one year, the length of the operating cycle is the basis for classifying the Corporation and its subsidiaries' construction assets and liabilities as current or noncurrent.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2022	December 31, 2021	
China Steel Corporation	Dragon Steel Corporation (DSC)	Hot-rolled products, H beams, billets, flat steels	100	100	
China Steel Corporation	Gains Investment Corporation (GIC)	General investment	100	100	
China Steel Corporation	China Steel Express Corporation (CSE)	Shipping services for raw materials	100	100	
China Steel Corporation	C.S.Aluminium Corporation (CSAC)	Production and sale of aluminum and non-ferrous metal products	100	100	
China Steel Corporation	China Prosperity Development Corporation (CPDC)	Real estate development	100	100	
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd (CSAP)	Holding and investment	100	100	
China Steel Corporation	Chung Hung Steel Corporation (CHS)	Manufacture and sale of steel products	41	41	Refer to 2) below
China Steel Corporation	China Steel Chemical Corporation (CSCC)	Manufacture of coal chemistry and specialty chemical	29	29	Refer to 1) below
China Steel Corporation	China Steel Global Trading Corporation (CSGT)	Buy and sell, and act as an agency for steel products	100	100	
China Steel Corporation	CHC Resources Corporation (CHC)	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, reutilization of resources	20	20	Direct and indirect ownerships amounted to 36%, and refer to 1) below
China Steel Corporation	InfoChamp Systems Corporation (Info Champ)	ERP systems automation control systems service	100	100	
China Steel Corporation	China Steel Structure Co., Ltd. (CSSC)	Manufacture and sale of products of steel structure	33	33	Direct and indirect ownerships amounted to 37%, and refer to 1) below
China Steel Corporation	China Ecotek Corporation (CEC)	Environmental engineering, M&E engineering, and O&M engineering	45	45	Direct and indirect ownerships amounted to 46%, and refer to 1) below
China Steel Corporation	China Steel Security Corporation (CSS)	On-site security, systematic security	100	100	
China Steel Corporation	HIMAG Magnetic Corporation (HIMAG)	Production and sale of industrial magnetic, chemical, and iron oxides	69	69	Direct and indirect ownerships amounted to 88%
China Steel Corporation	China Steel Machinery Corporation (CSMC)	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	74	74	Direct and indirect ownerships amounted to 100%
China Steel Corporation	China Steel Management Consulting Corporation (CMCC)	Business management and management consulting services	100	100	
China Steel Corporation	Eminent Venture Capital Corporation (Eminent VC)	General Investment	-	-	Indirect ownership was 55%
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd (CSC SAH)	General investment	100	100	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company (CSVN)	Manufacture and sale of steel products	56	56	
China Steel Corporation	CSCI Steel Corporation India Pvt. Ltd. (CSCI) (Renamed from China Steel Corporation India Pvt. Ltd.)	Electrical steel	100	100	Renamed in February 2022
China Steel Corporation	Kaohsiung Rapid Transit Corporation (KRTC)	Mass Rapid Transit service	43	43	Direct and indirect ownerships amounted to 51%
China Steel Corporation	China Steel Resources Corporation (CSRC)	Other non-metallic mineral products manufacturing	100	100	
China Steel Corporation	CSC Precision Metal Industrial Corporation (CPMI)	Other non-ferrous metal basic industries	-	-	Merged with CSC in October 2021
China Steel Corporation	CSC Solar Corporation (CSCSOLAR)	Solar energy generation	55	55	Direct and indirect ownerships amounted to 100%

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2022	December 31, 2021	
China Steel Corporation	Sing Da Marine Structure Corporation (SDMS)	Foundation of offshore wind power	47	100	Direct and indirect ownerships amounted to 62%, not increasing in shares proportionally to percentage of ownership in January 2022
China Steel Corporation	United Steel International Co., Ltd. (USICL)	Holding and investment	-	80	End of settlement in October 2022
China Steel Corporation	China Steel Power Holding Corporation (CPHC)	General investment	51	51	
Gains Investment Corporation	Eminence Investment Corporation (EIC)	General investment	100	100	
Gains Investment Corporation	Betacera Inc. (BETACERA)	Manufacturing and trading of electronic ceramics	48	48	Direct and indirect ownerships amounted to 52%
Gains Investment Corporation	Thintech Materials Technology Co., Ltd. (TTMC)	Sputtering target manufacturing and sales	32	32	Direct and indirect ownerships amounted to 40%, and refer to 1) below
Gains Investment Corporation	Gainsplus Asset Management Inc. (GAINSPUS)	General investment	-	-	End of settlement in March 2021
Gains Investment Corporation	Universal Exchange Inc. (UEC)	Wholesale of computer software, software design services, digital information supply services	64	64	Direct and indirect ownerships amounted to 99%
Gains Investment Corporation	Mentor Consulting Corporation (MCC)	Management consulting services	100	100	
Gains Investment Corporation	Winning Investment Corporation (WIC)	General investment	49	49	Direct and indirect ownerships amounted to 58%
Gains Investment Corporation	Pro-Ascentek Investment Corporation (PAIC)	General investment	5	5	Direct and indirect ownerships amounted to 61%, and investment in January 2021
Eminence Investment Corporation	Shin Mau Investment Corporation (SMIC)	General investment	30	30	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Ding Da Investment Corporation (DDIC)	General investment	30	30	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Gau Ruei Investment Corporation (GRIC)	General investment	25	25	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Chiun Yu Investment Corporation (CYIC)	General investment	25	25	Direct and indirect ownerships amounted to 100%
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation (HCIC)	General investment	5	5	Direct and indirect ownerships amounted to 100%
Shin Mau Investment Corporation	Chi-Yi Investment Corporation (CYIIC)	General investment	5	5	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation (JCFIC)	General investment	4	4	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation (SLDIC)	General investment	4	4	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation (LCLIC)	General investment	5	5	Direct and indirect ownerships amounted to 100%

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2022	December 31, 2021	
Betacera Inc.	Lefkara Ltd. (Lefkara)	Holding and Investment	100	100	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd. (BSZ)	Manufacturing and trading of electronic ceramics	100	100	
Lefkara Ltd.	Shanghai Xike Ceramic Electronic Co., Ltd. (SHXCE)	Manufacturing and trading of electronic ceramics	100	100	
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd. (SBTC)	Manufacturing and trading of aeronautical or marine life saving products	100	100	
Thintech Materials Technology Co., Ltd.	Thintech Global Limited (TTGL)	Holding and investment	100	100	
Thintech Global Limited	Taicang Thintech Materials Co., Ltd. (TCMC)	Sputtering target manufacturing and sales	100	100	
China Steel Express Corporation	CSE Transport Corporation (CSEP)	Shipping services for raw materials	100	100	
China Steel Express Corporation	Transglory Investment Corporation (TIC)	General investment	50	50	Direct and indirect ownerships amounted to 100%
China Steel Express Corporation	Kaoport Stevedoring Corporation (KPC)	Ship cargo loading and unloading industry	66	66	
C.S.Aluminium Corporation	ALU Investment Offshore Corporation (ALU)	Holding and investment	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corporation (USID)	Holding and investment	65	65	Direct and indirect ownerships amounted to 79%
United Steel International Development Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd. (NA)	Production of aluminum products	100	100	
China Prosperity Development Corporation	CK Japan Co., Ltd. (CKJCL)	Real estate lease	80	80	Direct and indirect ownerships amounted to 100%
China Prosperity Development Corporation	China Prosperity Construction Corporation (CPCC)	Real estate development	60	60	Direct and indirect ownerships amounted to 100%
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad (CSHB)	General investment	46	46	Refer to 2) below
China Steel Asia Pacific Holdings Pte Ltd	Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	70	70	
China Steel Asia Pacific Holdings Pte Ltd	China Steel Precision Metals Qingdao Co., Ltd. (CSMQ)	Cutting and processing of steel products	-	60	Direct and indirect ownerships amounted to 70% and investment restructuring in February 2022
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCM)	Manufacture and sale of steel products	100	100	
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd. (GSC)	General investment	100	100	
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd. (CMSB)	General investment	100	100	
Chung Hung Steel Corporation	Hung Kao Investment Corporation (HKIC)	General investment	100	100	
China Steel Chemical Corporation	Ever Wealthy International Corporation (EWIC)	General investment	100	100	
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited (FHTCIL)	General investment	50	50	
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd. (CSNCMT)	Mesophase sales and trading	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation (SAMOA)	Holding and investment	100	100	
China Steel Global Trading Corporation	Wabo Global Trading Corporation (WABO)	Buy and sell, and act as an agency for steel products	44	44	Direct and indirect ownerships amounted to 50%
China Steel Global Trading Corporation	CSGT (Singapore) Pte. Ltd. (CSGTSNG)	Buy and sell, and act as an agency for steel products	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation (CSGTBVI)	Holding and investment	-	65	End of settlement in September 2022
China Steel Global Trading Corporation	CSGT International Corporation (CIC)	Holding and investment	100	100	
China Steel Global Trading Corporation	CSGT (Shenzhen) Co., Ltd. (SZH)	Buy and sell, and act as an agency for steel products	65	65	
China Steel Global Trading Corporation	China Steel Precision Metals Kunshan Co., Ltd. (CSPK)	Cutting and processing of steel products	100	100	Investment restructuring in December 2021
China Steel Global Trading Corporation	China Steel Precision Metals Qingdao Co., Ltd. (CSMQ)	Cutting and processing of steel products	70	-	Investment restructuring in February 2022
Chung Mao Trading (Samoa) Corporation	CSGT (Shanghai) Co., Ltd. (CSGTPRC)	Buy and sell, and act as an agency for steel products	100	100	
Wabo Global Trading Corporation	CSGT Japan Co., Ltd. (CSGTJPN)	Buy and sell, and act as an agency for steel products	100	100	
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited (CSGTHK)	Buy and sell, and act as an agency for steel products	-	100	End of settlement in April 2022

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2022	December 31, 2021	
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company (CSGT-VTM)	Cutting and processing of steel products	60	60	
CSGT International Corporation	CSGT Trading India Private Limited (CSGTIN)	Buy and sell, and act as an agency for steel products	99	99	Direct and indirect ownerships amounted to 100%
CHC Resources Corporation	Union Steel Development Corporation (USDC)	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	93	93	
CHC Resources Corporation	Pao Good Industrial Co., Ltd. (PG)	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	51	51	
CHC Resources Corporation	Yu Cheng Lime Corporation (YCC)	Real estate lease, management of raw materials	90	90	
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd (CHCV)	Manufacture and sale of Ground-Granulated Blast-Furnace Slag, Sales of Granulated Blast-Furnace Slag	85	85	
CHC Resources Corporation	Mao Lian Enterprise Co., Ltd. (Mao Lian)	Real estate lease	-	-	Merged with CHC in December 2021
InfoChamp Systems Corporation	Info-Champ System (B.V.I) Corporation (ICSCB)	Holding and investment	100	100	
Info-Champ System (B.V.I) Corporation	Wuhan InfoChamp I.T. Co., Ltd. (WICIT)	Enterprise information system integration services	100	100	
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation (USEC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd. (CSSHCL)	Holding and investment	100	100	
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd. (CSSIPL)	Holding and investment	-	-	End of settlement in August 2021
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd (USIPL)	Holding and investment	100	100	
United Steel Engineering & Construction Corporation	United Steel Construction (Vietnam) Co., Ltd. (USCVC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	
China Ecotek Corporation	CEC International Corporation (CECIC)	Holding and investment	100	100	
China Ecotek Corporation	CEC Development Corporation (CDC)	Holding and investment	100	100	
China Ecotek Corporation	China Ecotek Construction Corporation (CECC)	Engineering service industry	-	-	End of settlement in June 2021
China Ecotek Corporation	CEC Holding Company Limited (CHC)	Holding and investment	-	-	End of settlement in May 2021
CEC International Corporation	China Ecotek India Private Limited (CECI)	Projects designs, construction and related services	100	100	
CEC Development Corporation	China Ecotek Vietnam Company Limited (CEVC)	Projects designs, construction and related services	100	100	
CEC Development Corporation	Xiamen Ecotek PRC Company Limited (XEP)	Sales agency for import and export of equipment and materials	100	100	
China Steel Security Corporation	Steel Castle Technology Corporation (SCTC)	Firefighting engineering and mechatronic engineering	100	100	
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation (CSMM)	Management and maintenance for buildings	100	100	
HIMAG Magnetic Corporation	MagnPower Corporation (MPC)	Powder metallurgy	55	55	
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd. (CSMVC)	Machines manufacturing	100	100	
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd (CSC Sonoma)	Investments in mining industry	100	100	
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd. (TITC)	Technical service	100	100	
United Steel International Co., Ltd.	China Steel Precision Metals Kunshan Co., Ltd. (CSPK)	Cutting and processing of steel products	-	-	Investment restructuring in December 2021
China Steel Power Holding Corporation	China Steel Power Corporation (ZN)	Offshore Wind Power Generation	100	100	

1) Explanations for subsidiaries which are less than 50% owned but included in the consolidated entities are as follows:

- a) The chairman and general manager of CEC, CSCC, CHC, CSSC and TTMC are designated by the Corporation and other subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over aforementioned subsidiaries and included them in the consolidated entities.
- b) The actual operations of CHS and CSHB are controlled by the respective board of directors. The Corporation or with other subsidiaries jointly had more than half of the seats in the board of directors of CHS and CSHB. Therefore, the Corporation had control-in-substance over the aforementioned entities and included them in the consolidated entities.

2) The Corporation had no subsidiary with material non-controlling interests.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Corporation and its subsidiaries' previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if that interest were directly disposed of by the Corporation and its subsidiaries.

f. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation's entities (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Corporation and its subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories manufactured or traded by the Corporation and its subsidiaries consist of raw materials, supplies, finished goods, work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost or weighted-average cost.

Besides the goods manufactured or traded by the Corporation and its subsidiaries, inventories also include buildings and lands under construction and held for sale and prepayment for land.

The cost of buildings construction is calculated by each different construction project. The expenditure on land before acquiring land ownership is recorded as prepayment for land. The construction and other costs after acquiring land ownership are recognized as construction in progress, which will be transferred to property held for sale after the completion, and transferred to operating costs based on the ratio of area sold to total area when the lands and buildings are sold and the criteria of revenue recognition were met.

Before the transfer of land ownership and the completion of construction, interest arising from land purchase and cost of construction in progress (including costs of lands and constructions) is capitalized and recorded as acquisition cost of land and construction cost.

h. Investment in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

Any excess of the cost of acquisition over the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Corporation and its subsidiaries subscribe for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Corporation and its subsidiaries' share of equity of associates. If the Corporation and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the

capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is deducted from retained earnings.

When the Corporation and its subsidiaries' share of losses of an associate equal or exceed their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation and its subsidiaries' net investment in the associate), the Corporation and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment cease to be associates. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation and its subsidiaries transact with their associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries.

i. Joint operations

A joint operation is a joint arrangement whereby the Corporation and its subsidiaries and other parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Corporation and its subsidiaries recognize the following items in relation to their interests in a joint operation:

- 1) The assets, including their share of any assets held jointly;
- 2) The liabilities, including their share of any liabilities incurred jointly;
- 3) The revenue from the sale of their share of the output arising from the joint operation;
- 4) The share of the revenue from the sale of the output of the joint operation; and
- 5) The expenses, including their share of any expenses incurred jointly.

The Corporation and its subsidiaries account for the assets, liabilities, revenue and expenses relating to their interests in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Corporation and its subsidiaries sell or contribute assets to their joint operation, they recognize gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Corporation and its subsidiaries purchase assets from its joint operation, they do not recognize their share of the gain or loss until they resell those assets to a third party.

j. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Properties in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Except that depreciation of the rollers (spare parts) is calculated based on their level of wear and depreciation of the machineries in the recycling plant of the subsidiary CHC is calculated by the working-hour method, other depreciation (including assets held under finance leases) is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties in the course of construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

l. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

m. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

n. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

Before the Corporation and its subsidiaries recognize an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation and its subsidiaries expect to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization or depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

o. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Corporation and its subsidiaries are committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Corporation and its subsidiaries discontinue the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Corporation and its subsidiaries cease to have significant influence or joint control over the investment after the disposal takes place, the Corporation and its subsidiaries accounts for any retained interest that have not been classified as held for sale in accordance with the accounting policies for financial instruments.

p. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, investments in equity instruments at FVTOCI, investments in debt instruments at FVTOCI and financial assets at amortized cost.

i Financial asset at FVTPL

Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) at amortized cost, other receivables, refundable deposits and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Foreign currency exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits, negotiable certificates of deposit, commercial papers and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

In the Corporation and its subsidiaries' consolidated statements of cash flows, bank overdraft, which is deemed to be repayable at any time and forms part of cash management, is classified as cash and cash equivalents. Bank overdraft is recorded under current liabilities in the consolidated balance sheets.

b) Impairment of financial assets and contract assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments at FVTOCI and contract assets.

The Corporation and its subsidiaries always recognize lifetime expected credit loss (ECL) for accounts receivable and contract assets. For other financial assets, the Corporation and its subsidiaries recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Equity instruments

Debt and equity instruments issued by the Corporation and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability.

Fair value is determined in the manner described in Note 29.

ii Financial guarantee contracts

Financial guarantee contracts issued by the Corporation and its subsidiaries, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit loss and amortized cost.

b) Derecognition of financial liabilities

Only when the obligation is relieved, cancelled or expired would the Corporation and its subsidiaries derecognize financial liabilities. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Corporation and its subsidiaries enter into foreign exchange forward contracts and interest swap contracts to manage their exposure to foreign exchange rate and interest rate.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

5) Hedging accounting

The Corporation and its subsidiaries designate certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

a) Fair value hedges

Gains and losses on derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged items that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b) Cash flow hedges

The effective portion of gains and losses on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

c) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion is recognized in gains and losses on hedging instruments. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The amount recognized in gains and losses on hedging instruments relating to the effective portion are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

q. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

r. Treasury shares

Shares of the Corporation held by subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost.

s. Revenue recognition

The Corporation and its subsidiaries identify the contract with the customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation and its subsidiaries to customers to satisfy performance obligations, as follows: domestic sales - when products are moved out of the Corporation and its subsidiaries' premises for delivery to customers; exports - when products are loaded onto vessels. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Corporation and its subsidiaries with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation and its subsidiaries transfer a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

2) Construction contract revenue

As property is being constructed and construction is in progress, the Corporation and its subsidiaries recognize revenue from construction contract over time. The Corporation and its subsidiaries measure the progress on the basis of costs incurred relative to the total expected costs or the units produced and installed relative to estimated total units under the contract as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Corporation and its subsidiaries recognize a contract liability for the difference. Certain amount retained by the customer as specified in the contract is intended to ensure that the subsidiaries adequately complete all their contractual obligations. Such retention receivables are recognized as contract assets until the subsidiaries satisfy their performance

obligations.

3) Revenue from rendering of services

Revenue from rendering of services is recognized when services are provided by reference to the stage of completion of the services provided.

t. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as new lease from the effective date of modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Corporation and its subsidiaries assess the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Corporation and its subsidiaries. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprise the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Corporation and its subsidiaries negotiate with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation and its subsidiaries elect to apply the practical expedient to rent concessions and, therefore, do not assess whether the rent concessions are lease modifications. Instead, the Corporation and its subsidiaries recognize the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and make a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

u. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

v. Government grants

Government grants are not recognized until there is reasonable assurance that the subsidiaries will comply with the conditions attaching to them and that the grants will be received.

w. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Corporation and its subsidiaries' defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation and its subsidiaries can no longer withdraw the offer of the termination benefit and when the Corporation and its subsidiaries recognize any related restructuring costs.

x. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Corporation and its subsidiaries' income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery and equipment, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a

business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation and its subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and its subsidiaries' accounting policies, management is required to make judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Key sources of estimation uncertainty

a. Write-down of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation and its subsidiaries use judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

b. Emerging market shares and unlisted equity securities

As described in Note 29, the Corporation and its subsidiaries applied valuation techniques commonly used by market practitioners to evaluate fair value of the financial instruments that do not have listed market price in an active market. The measurement for the emerging market shares and unlisted equity securities includes assumptions not based on observable market prices or interest rates; therefore, the fair value may change significantly.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 45,541	\$ 45,745
Checking accounts and demand deposits	13,713,744	18,279,102
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits and negotiable certificates of deposit	9,706,943	821,297
Commercial papers	5,115,707	4,822,984
Bonds with repurchase agreements	<u>615,679</u>	<u>-</u>
	<u>\$ 29,197,614</u>	<u>\$ 23,969,128</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ 2,411,582	\$ 2,320,468
Listed shares	79,627	212,018
Emerging market shares	94,311	13,996
Convertible bonds	41,130	63,626
Foreign exchange forward contracts (a)	182	343
Future contracts (b)	<u>2,257</u>	<u>-</u>
	<u>\$ 2,629,089</u>	<u>\$ 2,610,451</u>
Financial assets at FVTPL - noncurrent		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ 841,723	\$ 892,700
Emerging market shares	<u>27,809</u>	<u>29,249</u>
	<u>\$ 869,532</u>	<u>\$ 921,949</u>

- a. The subsidiaries entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, some of those contracts were not accounted for by using hedge accounting. The outstanding foreign exchange forward contracts not under hedge accounting of the subsidiaries at the end of the reporting period were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	USD/NTD	2023.03	USD2,000/NTD61,240
<u>December 31, 2021</u>			
Sell	USD/NTD	2021.12-2022.02	USD6,100/NTD169,221

- b. The subsidiaries entered into precious metal futures contracts to manage fair value exposures arising from price fluctuation on precious metals. However, some of those contracts were not accounted for by using hedge accounting. As of December 31, 2022, the contracts for delivery of precious metal futures have fully expired.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares	\$ 5,264,273	\$ 6,173,813
Emerging market shares and unlisted shares	28,607	40,018
Corporate bonds	<u>121,159</u>	<u>-</u>
	<u>5,414,039</u>	<u>6,213,831</u>
Foreign investments		
Corporate bonds	<u>14,767</u>	<u>14,762</u>
	<u>\$ 5,428,806</u>	<u>\$ 6,228,593</u>
<u>Noncurrent</u>		
Domestic investments		
Listed shares	\$ 9,302,598	\$ 10,260,799
Emerging market shares and unlisted shares	<u>2,811,678</u>	<u>3,268,895</u>
	<u>12,114,276</u>	<u>13,529,694</u>
Foreign investments		
Unlisted shares	33,552,612	37,006,514
Listed shares	2,046,926	2,247,316
Certificate of entitlement	<u>901,079</u>	<u>890,107</u>
	<u>36,500,617</u>	<u>40,143,937</u>
	<u>\$ 48,614,893</u>	<u>\$ 53,673,631</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

9. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2022	2021
<hr/>		
Financial assets for hedging - current		
Hedging foreign-currency deposits	\$ 3,056,877	\$ 1,483,162
Foreign exchange forward contracts	<u>68,446</u>	<u>1</u>
	<u>\$ 3,125,323</u>	<u>\$ 1,483,163</u>
<hr/>		
Financial assets for hedging - noncurrent		
Foreign exchange forward contracts	\$ 343,848	\$ 224
Interest rate swap contracts	<u>470,782</u>	<u>-</u>
	<u>\$ 814,630</u>	<u>\$ 224</u>
<hr/>		
Financial liabilities for hedging - current		
Bank loans (Note 17)	\$ -	\$ 1,081,649
Borrowed precious metals from bank	239,060	162,512
Foreign exchange forward contracts	<u>4,387</u>	<u>39,118</u>
	<u>\$ 243,447</u>	<u>\$ 1,283,279</u>
<hr/>		
Financial liabilities for hedging - noncurrent		
Bank loans (Note 17)	\$ 1,045,219	\$ -
Foreign exchange forward contracts	1,412	53,770
Interest rate swap contracts	<u>-</u>	<u>85,312</u>
	<u>\$ 1,046,631</u>	<u>\$ 139,082</u>

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation and its subsidiaries purchased foreign-currency deposits and entered into foreign exchange forward contracts.

Refer to Note 29 for information relating to financial instruments for hedging.

10. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2022	2021
<hr/>		
Notes receivable		
Operating	\$ 1,906,336	\$ 2,242,149
Non-operating	<u>-</u>	<u>-</u>
	<u>\$ 1,906,336</u>	<u>\$ 2,242,149</u>

	December 31	
	2022	2021
Accounts receivable	\$ 11,583,646	\$ 16,097,978
Less: Allowance for impairment loss	<u>153,739</u>	<u>161,334</u>
	<u>\$ 11,429,907</u>	<u>\$ 15,936,644</u>

The Corporation and its subsidiaries make prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation and its subsidiaries did transactions with a large number of unrelated customers and no concentration of credit risk was observed. The Corporation and its subsidiaries continue to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast GDP and direction of economic conditions at the reporting date.

The Corporation and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 12,711,988	\$ 353,360	\$ 226,625	\$ 63,664	\$ 134,345	\$ 13,489,982
Loss allowance (Lifetime ECL)	<u>(9,010)</u>	<u>(22)</u>	<u>(7,305)</u>	<u>(4,256)</u>	<u>(133,146)</u>	<u>(153,739)</u>
Amortized cost	<u>\$ 12,702,978</u>	<u>\$ 353,338</u>	<u>\$ 219,320</u>	<u>\$ 59,408</u>	<u>\$ 1,199</u>	<u>\$ 13,336,243</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 17,565,684	\$ 415,564	\$ 157,160	\$ 106,772	\$ 94,947	\$ 18,340,127
Loss allowance (Lifetime ECL)	<u>(10,224)</u>	<u>(4)</u>	<u>(373)</u>	<u>(65,249)</u>	<u>(85,484)</u>	<u>(161,334)</u>
Amortized cost	<u>\$ 17,555,460</u>	<u>\$ 415,560</u>	<u>\$ 156,787</u>	<u>\$ 41,523</u>	<u>\$ 9,463</u>	<u>\$ 18,178,793</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	\$ 161,334	\$ 40,267
Recognition	4,090	127,792
Written off	(11,959)	(5,818)
Effect of foreign currency exchange difference	<u>274</u>	<u>(907)</u>
Balance, end of year	<u>\$ 153,739</u>	<u>\$ 161,334</u>

The Corporation and its subsidiary CHS entered into accounts receivable factoring agreements (without recourse) with Mega Bank and other financial institutions. Under the agreements, the Corporation and its subsidiary are empowered to sell accounts receivable to the banks upon the delivery of products to customers and are required to complete related formalities at the next banking day.

For the years ended December 31, 2022 and 2021, the related information for the Corporation and its subsidiaries CHS's sale of accounts receivable was as follows.

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2022						
Mega Bank	\$ 2,045,351	\$ 4,456,176	\$ 5,333,507	\$ 1,168,020	0.98-2.09	NT\$9 billion
Bank of Taiwan	575,436	1,284,295	1,383,065	476,666	0.98-2.09	NT\$2.1 billion
Bank of Taiwan	368,790	4,333,017	4,312,289	389,518	0.62-4.10	USD130,000 thousand
Taishin Bank	3,790,809	8,866,702	10,844,464	1,813,047	0.80-5.73	USD250,000 thousand
CTBC Bank	1,632,110	3,483,166	4,351,025	764,251	0.82-3.06	USD60,000 thousand
Mizuho Bank	7,431	1,032,436	1,036,823	3,044	0.94-4.50	USD10,000 thousand
Mega Bank	453,536	1,051,545	1,280,699	224,382	1.38	NT\$530,000 thousand
Bank of Taiwan	46,016	141,425	177,148	10,293	1.37	NT\$200,000 thousand
Bank of Taiwan	22,479	40,239	53,610	9,108	3.5	USD20,000 thousand
	<u>\$ 8,941,958</u>	<u>\$ 24,689,001</u>	<u>\$ 28,772,630</u>	<u>\$ 4,858,329</u>		
For the Year Ended December 31, 2021						
Mega Bank	\$ 2,575,615	\$ 6,730,340	\$ 7,260,604	\$ 2,045,351	0.98-1.74	NT\$9 billion
Bank of Taiwan	879,158	2,165,765	2,469,487	575,436	0.98-1.64	NT\$3 billion
Bank of Taiwan	196,829	5,012,584	4,840,623	368,790	0.62-1.58	USD130,000 thousand
Taishin Bank	3,773,644	10,088,020	10,070,855	3,790,809	0.80-0.94	USD250,000 thousand
CTBC Bank	758,350	3,480,446	2,606,686	1,632,110	0.82-0.94	USD40,000 thousand
Mizuho Bank	20,598	1,042,897	1,056,064	7,431	0.95-1.02	USD10,000 thousand
Mega Bank	601,245	1,614,825	1,762,534	453,536	1.03	NT\$841,000 thousand
Bank of Taiwan	67,274	183,448	204,706	46,016	1.03	NT\$200,000 thousand
Bank of Taiwan	14,577	60,977	53,075	22,479	1.44	USD20,000 thousand
	<u>\$ 8,887,290</u>	<u>\$ 30,379,302</u>	<u>\$ 30,324,634</u>	<u>\$ 8,941,958</u>		

11. INVENTORIES

	December 31	
	2022	2021
Work in progress	\$ 32,485,469	\$ 32,560,458
Finished goods	34,383,088	33,181,681
Raw materials	33,860,965	31,403,295
Supplies	15,328,347	11,983,577

	December 31	
	2022	2021
Inventory in transit	\$ 14,674,694	\$ 18,353,054
Buildings and lands under construction	219,753	23,922
Others	<u>563,447</u>	<u>2,026,659</u>
	<u>\$ 131,515,763</u>	<u>\$ 129,532,646</u>

The costs of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 were NT\$360,218,909 thousand and NT\$313,193,438 thousand, respectively, including loss on inventories NT\$5,881,807 thousand and NT\$2,014,820 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Material associate		
9404-5515 Québec Inc	\$ 8,126,994	\$ 7,548,117
Associates that are not individually material	<u>6,438,319</u>	<u>5,871,523</u>
	<u>\$ 14,565,313</u>	<u>\$ 13,419,640</u>

a. Material associate

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)	
			December 31, 2022	December 31, 2021
9404-5515 Québec Inc.	Mineral Investment	Canada	25	25

The summarized financial information below represents amounts shown in the financial statements of 9404-5515 Québec Inc., which have been prepared in accordance with the IFRSs, converted to the functional currency and adjusted for the purposes of applying the equity method.

	December 31	
	2022	2021
Current assets	\$ 56,016	\$ 310,199
Noncurrent assets	33,780,636	30,448,308
Current liabilities	<u>(719,318)</u>	<u>(83)</u>
Equity	<u>\$ 33,117,334</u>	<u>\$ 30,758,424</u>
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	<u>\$ 8,126,994</u>	<u>\$ 7,548,117</u>
	For the Year Ended December 31	
	2022	2021
Net profit for the year	<u>\$ 3,501,592</u>	<u>\$ 4,254,206</u>
Total comprehensive income (loss) for the year	<u>\$ 5,573,388</u>	<u>\$ 6,086,405</u>

	For the Year Ended December 31	
	2022	2021
Dividends received from 9404-5515 Québec Inc.	\$ <u>1,102,023</u>	\$ <u>999,202</u>
Comprehensive income (loss) attributable to the Corporation and its subsidiaries	\$ <u>1,367,709</u>	\$ <u>1,493,604</u>

b. Information about associates that are not individually material was as follows:

	For the Year Ended December 31	
	2022	2021
The Corporation and its subsidiaries' share of		
Net profit for the year	\$ 733,454	\$ 171,509
Other comprehensive income (loss)	<u>(77,101)</u>	<u>(11,039)</u>
Total comprehensive income (loss)	\$ <u>656,353</u>	\$ <u>160,470</u>

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2022	2021
Chateau International Development Co., Ltd.	\$ <u>751,220</u>	\$ <u>719,732</u>

Refer to Table 10 "Information on Investees" for the nature of main business, principal place of business and countries of incorporation of associates that are not individually material.

13. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Current		
Pledged time deposits (Note 31)	\$ 7,124,094	\$ 7,035,150
Time deposits with original maturities more than three months	1,308,964	1,811,066
Deposits for projects	397,214	1,006,340
Pledged demand deposits (Note 31)	<u>300,000</u>	<u>300,000</u>
	\$ <u>9,130,272</u>	\$ <u>10,152,556</u>
Noncurrent		
Pledged receivables (Note 31)	\$ 2,000,000	\$ 2,000,000
Deposits for projects	835,924	753,654
Pledged time deposits (Note 31)	219,748	230,655
Time deposits	<u>129,638</u>	<u>28,320</u>
	\$ <u>3,185,310</u>	\$ <u>3,012,629</u>

Refer to Note 31 for information relating to other financial assets pledged as collateral.

14. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 13 for the movements of property, plant and equipment for the year ended December 31, 2022 and 2021.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Land improvements	3-40 years
Buildings	
Main structure	5-60 years
Others	3-40 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-40 years
Lifting equipment	5-25 years
Others	2-25 years
Transportation Equipment	
Ship equipment	18-25 years
Others	2-20 years
Other equipment	1-35 years

The subsidiary CHS bought farmlands for warehousing at the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHS from registering the title of these farmlands in CHS's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHS in freely changing the land title to CHS or to other name under CHS's instructions. Meanwhile, the land had been pledged to CHS as collateral. In May 2022, part of the land has been classified under land category and registered sole ownership of land to CHS. As of December 31, 2022 and 2021, the book value of the farmlands was NT\$19,354 thousand and NT\$55,433 thousand, respectively, recorded as land.

The Corporation carried out a review of the recoverable amount of the related equipment and determined that there was no recoverable amount and thus recognized an impairment loss of NT\$663,904 thousand, which was recognized in operating costs for the year ended December 31, 2021.

The subsidiary CHS carried out a review of the recoverable amount of part of steel pipe production lines and determined that the carrying amount exceeded the recoverable amount and thus recognized an impairment loss of NT\$646,025 thousand which was recognized in operating costs in December 2021. The recoverable amount of the relevant assets was determined based on their value in use, and the discount rate used in measuring the value in use was 7.19% per annum.

The subsidiary DSC carried out a review of the recoverable amount of part of blast furnace-1 that the carrying amount exceeded the recoverable amount and thus recognized an impairment loss of NT\$2,058,599 thousand, which was recognized in operating costs for the year ended December 31, 2021. The recoverable amount of the relevant assets was determined based on their value in use, and the discount rate used in measuring the value in use was 7.53% per annum.

The subsidiary ALU carried out a review of the recoverable amount of machinery and equipment that the carrying amount exceeded the recoverable amount and thus recognized an impairment loss of NT\$26,491 thousand, which was recognized in operating costs for the year ended December 31, 2022. The recoverable amount of the relevant assets was determined based on their fair value less costs of disposal.

Refer to Note 31 for the carrying amount of property, plant and equipment that had been pledged by the Corporation and its subsidiaries to secure borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
	<hr/>	
Carrying amounts		
Land	\$ 11,103,415	\$ 11,451,872
Land improvements	242,366	290,839
Buildings	734,127	627,318
Machinery	131,325	2,363
Transportation equipment	79,217	85,284
Office equipment	19,209	15,003
Others	<u>14,331</u>	<u>15,638</u>
	<u>\$ 12,323,990</u>	<u>\$ 12,488,317</u>
	<hr/>	
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 1,083,015</u>	<u>\$ 1,045,612</u>
Depreciation charge for right-of-use assets		
Land	\$ 879,501	\$ 793,966
Land improvements	48,473	56,372
Buildings	234,457	185,011
Machinery	116,083	7,334
Transportation equipment	55,054	55,534
Office equipment	7,903	6,315
Others	<u>6,483</u>	<u>2,950</u>
	<u>\$ 1,347,954</u>	<u>\$ 1,107,482</u>

b. Lease liabilities

	December 31	
	2022	2021
	<hr/>	
Carrying amounts		
Current	\$ 1,255,361	\$ 963,887
Non-current	<u>9,727,326</u>	<u>10,112,044</u>
	<u>\$ 10,982,687</u>	<u>\$ 11,075,931</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.56-2.21	0.56-2.21
Land improvements	1.31	1.31

	December 31	
	2022	2021
Buildings	0.56-5.44	0.56-5.44
Machinery	0.57-0.95	0.57-0.93
Transportation equipment	0.36-1.99	0.36-5.44
Office equipment	0.59-6.07	0.59-6.07
Others	0.59-2.01	0.59-2.01

c. Material lease activities and terms

The Corporation leases land with a total of 261,207.62 square meter from Taiwan International Ports Corporation, Ltd. The rent is calculated by an annual rate of 5% based on the aforementioned announced land value. The lease term started from January 2008 to December 2027.

The Corporation leases No. 101 berth in Kaohsiung Harbor from Taiwan International Ports Corporation, Ltd. for the use of cargo handling of raw materials, including coal and iron ore, as well as GBFS with a lease term started from December 2016 to December 2027.

The subsidiary DSC leases industrial land and port land from Taiwan International Ports Corporation, Ltd. Taichung branch for the use of cargo handling with a lease term started from December 2004 to November 2054. The rent is calculated based on leased portion of land times announced land value and tax rate of land value.

To expand its operation in central Taiwan, the subsidiary CHC rented land from Taiwan International Ports Corporation, Ltd. Taichung branch for 20 years, which is from January 1, 2007 to December 31, 2026. Rental cost consists of rent and fixed as well as floating operating royalties during operating period. Rental duration may be extended when due. Each extension is limited to no more than 20 years until such extension is not permitted. The conditions of the extension shall be negotiated when extended.

To expand storage of GBFS and mid to long-term utilization, the subsidiary CHC continued to rent several pieces of land in the Port of Taichung industrial area from Taiwan International Ports Corporation, Ltd. Taichung branch with a lease period due on various dates through 2036. Rental duration may be extended when expired, with conditions of the extension to be negotiated.

Refer to Note 31 for the carrying amount of right-of-use assets that had been pledged by the Corporation and its subsidiaries to secure borrowings.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 348,546</u>	<u>\$ 474,095</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	<u>\$ 1,322</u>	<u>\$ 1,392</u>
Total cash outflow for leases	<u>\$ (1,717,344)</u>	<u>\$ (1,642,692)</u>

For land and buildings which qualify as short-term leases and some transportation equipment which qualify as low-value asset leases, the Corporation and its subsidiaries have elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 8,101,040	\$ 2,640,834	\$ 10,741,874
Additions	188,553	-	188,553
Transferred from property, plant and equipment	184,436	1,899	186,335
Effect of foreign currency exchange difference	<u>(4,601)</u>	<u>(9,692)</u>	<u>(14,293)</u>
Balance at December 31, 2022	<u>\$ 8,469,428</u>	<u>\$ 2,633,041</u>	<u>\$ 11,102,469</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 137,936	\$ 1,165,384	\$ 1,303,320
Depreciation	-	41,456	41,456
Transfers from property, plant and equipment	-	296	296
Effect of foreign currency exchange difference	<u>-</u>	<u>(1,710)</u>	<u>(1,710)</u>
Balance at December 31, 2022	<u>\$ 137,936</u>	<u>\$ 1,205,426</u>	<u>\$ 1,343,362</u>
Carrying amount at December 31, 2022	<u>\$ 8,331,492</u>	<u>\$ 1,427,615</u>	<u>\$ 9,759,107</u>

For the year ended December 31, 2021

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 8,276,384	\$ 2,727,233	\$ 11,003,617
Disposals	(12,320)	(41,014)	(53,334)
Transferred to non-current assets held for sale and disposed	(142,688)	-	(142,688)
Effect of foreign currency exchange difference	<u>(20,336)</u>	<u>(45,385)</u>	<u>(65,721)</u>
Balance at December 31, 2021	<u>\$ 8,101,040</u>	<u>\$ 2,640,834</u>	<u>\$ 10,741,874</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 137,379	\$ 1,148,005	\$ 1,285,384
Disposals	-	(19,904)	(19,904)
Depreciation	-	47,660	47,660
Impairment	557	-	557
Effect of foreign currency exchange difference	<u>-</u>	<u>(10,377)</u>	<u>(10,377)</u>
Balance at December 31, 2021	<u>\$ 137,936</u>	<u>\$ 1,165,384</u>	<u>\$ 1,303,320</u>
Carrying amount at December 31, 2021	<u>\$ 7,963,104</u>	<u>\$ 1,475,450</u>	<u>\$ 9,438,554</u>

The above items of investment properties are depreciated on a straight-line basis over the following useful lives:

Buildings

6-60 years

The determination of fair value was performed by independent qualified professional valuers or the management of the Corporation, which used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was measured under the comparative approach, income approach, cost approach and land developing analysis approach similar to the transaction price of the real estate market. The significant unobservable inputs used include discount rates and depreciation rates. The fair value as appraised was as follows:

	December 31	
	2022	2021
Fair value	<u>\$ 27,521,145</u>	<u>\$ 26,601,290</u>

All of the Corporation and its subsidiaries' investment properties are held under freehold interests. Refer to Note 31 for the carrying amount of the investment properties that had been pledged by the Corporation and its subsidiaries to secure borrowings.

In January 2021, the board of directors of the subsidiary USEC approved the disposal of the investment properties within 12 months. Therefore, the subsidiary reclassified investment properties to non-current assets held for sale. In May 2021, the subsidiary completed the disposal procedure. The proceeds from disposal was NT\$176,233 thousand, and the related gain on disposal was NT\$33,545 thousand.

17. BORROWINGS

a. Short-term borrowings and bank overdraft

	December 31	
	2022	2021
Unsecured loans	\$ 42,074,980	\$ 26,340,938
Bank overdraft (Note 31)	3,995,878	4,998,523
Letters of credit and export bill loans	3,452,267	2,442,377
Secured loans (Note 31)	<u>145,464</u>	<u>69,070</u>
	49,668,589	33,850,908
Less: Financial liabilities for hedging - current	<u>-</u>	<u>789,682</u>
	<u>\$ 49,668,589</u>	<u>\$ 33,061,226</u>
Range of interest rate (%)	0-8.27	0-5.40

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 38,029,000	\$ 15,840,000
Less: Unamortized discounts	<u>48,122</u>	<u>3,590</u>
	<u>\$ 37,980,878</u>	<u>\$ 15,836,410</u>
Range of interest rate (%)	1.14-2.29	0.25-1.47

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taching Bills Finance Corporation, Taiwan Finance Corporation, Bank of Taiwan, Dah Chung Bills Finance Corporation, Grand Bills Finance Corporation, Union Bank of Taiwan, Mega International Commercial Bank and Shanghai Commercial & Savings Bank, etc.

c. Long-term borrowings

	December 31	
	2022	2021
Syndicated bank loans	\$ 12,806,087	\$ 3,584,911
Mortgage loans (Note 31)	7,610,089	7,729,662
Unsecured loans	<u>37,421,035</u>	<u>20,067,743</u>
	57,837,211	31,382,316
Less: Current portion	5,220,738	4,647,406
Financial liabilities for hedging - current	-	291,967
Financial liabilities for hedging - non-current	<u>1,045,219</u>	<u>-</u>
	<u>\$ 51,571,254</u>	<u>\$ 26,442,943</u>
Range of interest rate (%)	0.27-9.55	0.32-3.25

- 1) The subsidiary CSVC entered into a syndicated credit facility agreement with financial institutions for a US\$94,000 thousand of credit line. Under the agreement, CSVC should meet certain financial ratios and criteria based on its audited annual financial statements. CSVC partially breached the syndicated credit facility agreement based on its audited financial statements for the year ended December 31, 2022, and increased interest rate in accordance with the syndicated credit facility agreement, which has no significant impact on the finance of company; CSVC was in compliance with the syndicated credit facility agreement based on its audited financial statements for the year ended December 31, 2021.
- 2) The subsidiary CSCI entered into a syndicated credit facility agreement with financial institutions for a US\$105,000 thousand credit line. Under the agreement, the Corporation should meet certain financial ratios and criteria based on its reviewed consolidated financial statements for the six months ended June 30 and audited consolidated annual financial statements. The Corporation was in compliance with the syndicated credit facility agreement based on its audited consolidated financial statements for the years ended December 31, 2022 and 2021.
- 3) The subsidiary ZN entered into a syndicated credit facility agreement with financial institutions for a NT\$ 43.9 billion and EUR\$ 40,000 thousand of credit line. Under the agreement, the Corporation and ZN's investors should hold ownerships directly and indirectly amounted to 51% and maintain more than half the total number of directors. As of December 31, 2022, the Corporation was in compliance with the syndicated credit facility agreement.
- 4) The subsidiary CSCC entered into a syndicated credit facility agreement with Taipei Fubon Bank for a NT\$500,000 thousand of credit line. Under the agreement, CSCC should meet certain financial ratios and criteria based on its audited consolidated annual financial statements. CSCC was in compliance with the syndicated credit facility agreement for the year ended December 31, 2022.

The above unsecured loans (short-term and long-term borrowings) included those obtained by the Corporation in JPY to hedge the exchange rate fluctuations on equity investments, which were reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 26,570,000	\$ 14,397,000
Less: Unamortized discounts	<u>12,420</u>	<u>4,078</u>
	<u>\$ 26,557,580</u>	<u>\$ 14,392,922</u>
Range of interest rate (%)	0.64-1.65	0.27-0.91

The Corporation and its subsidiaries entered into commercial paper contracts with bills finance corporations and banks. The duration of the contracts is two to four years which the Corporation and its subsidiaries only have to pay service fees and interests. Therefore, the Corporation and its subsidiaries recorded those commercial papers issued as long-term bills payable.

The above commercial paper was secured by Mega Bank, Agricultural Bank of Taiwan and Bank BNP Paribas, etc.

18. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic bonds	\$ 62,375,000	\$ 79,850,000
Less: Issuance cost of bonds payable	27,422	39,794
Current portion	<u>12,224,635</u>	<u>17,474,085</u>
	<u>\$ 50,122,943</u>	<u>\$ 62,336,121</u>

The major terms of unsecured domestic bonds are as follows:

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	August 2012 to August 2022	\$ 15,000,000	1.50	Repayable in August 2021 and August 2022; interest payable annually
The Corporation	July 2013 to July 2023	9,700,000	1.60	Repayable in July 2022 and July 2023; interest payable annually
The Corporation	January 2014 to January 2024	7,000,000	1.95	Repayable in January 2023 and January 2024; interest payable annually
The Corporation	May 2018 to May 2025	6,000,000	0.95	Repayable in May 2024 and May 2025; interest payable annually
The Corporation	October 2018 to October 2025	4,150,000	0.90	Repayable 25% in October 2024 and 75% in October 2025; interest payable annually
The Corporation	December 2020 to December 2025	1,600,000	0.39	Repayable in December 2024 and December 2025; interest payable annually
The Corporation	December 2020 to December 2027	4,200,000	0.43	Repayable 70% in December 2026, 30% in December 2027; interest payable annually
The Corporation	July 2013 to July 2028	3,600,000	1.88	Repayable 30% in July 2026, 30% in July 2027 and 40% in July 2028; interest payable annually

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	August 2018 to August 2028	\$ 5,600,000	1.10	Repayable in August 2027 and August 2028; interest payable annually
The Corporation	October 2018 to October 2028	2,250,000	1.05	Repayable in October 2027 and October 2028; interest payable annually
The Corporation	January 2014 to January 2029	9,000,000	2.15	Repayable 30% in January 2027, 30% in January 2028 and 40% in January 2029; interest payable annually
DSC	June 2015 to June 2022	2,500,000	1.72	Repayable in June 2021 and June 2022; interest payable annually
DSC	June 2018 to June 2023	4,500,000	0.91	Repayable in June 2022 and June 2023; interest payable annually
DSC	December 2018 to December 2023	3,250,000	0.97	Repayable in December 2022 and December 2023; interest payable annually
DSC	June 2018 to June 2025	2,250,000	1.00	Repayable in June 2024 and June 2025; interest payable annually
DSC	June 2020 to June 2025	5,000,000	0.73	Repayable in June 2024 and June 2025; interest payable annually
CHS	March 2020 to March 2025	2,000,000	0.78	Repayable in March 2025; interest payable annually
CHS	September 2020 to September 2025	1,000,000	0.65	Repayable in September 2025; interest payable annually

19. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Accounts payable includes advances received on construction contracts. Advances received on construction contracts bears no interests and are expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within the normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months.

20. OTHER PAYABLES

	December 31	
	2022	2021
Salaries and bonus	\$ 8,964,448	\$ 11,726,249
Purchase of equipment	3,145,235	3,853,382
Compensation of employees and remuneration of directors	2,043,136	6,433,724
Outsourced repair and construction	769,041	788,957
Interest payable	693,029	642,643
Dividends payable	340,921	316,843
Others	<u>10,068,386</u>	<u>10,303,804</u>
	<u>\$ 26,024,196</u>	<u>\$ 34,065,602</u>

21. PROVISIONS

		December 31	
		2022	2021
Current			
Onerous contracts (a)		\$ 4,659,922	\$ 6,401,336
Construction warranties (b)		1,060,263	400,904
Others		<u>17,105</u>	<u>29,612</u>
		<u>\$ 5,737,290</u>	<u>\$ 6,831,852</u>
Noncurrent			
Provision for stabilization funds (c)		\$ 554,516	\$ 687,581
Construction warranties (b)		-	165,352
Others		<u>267,421</u>	<u>221,426</u>
		<u>\$ 821,937</u>	<u>\$ 1,074,359</u>

	Onerous Contracts	Construction Warranties	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2022	\$ 6,401,336	\$ 566,256	\$ 687,581	\$ 251,038	\$ 7,906,211
Recognized (reversal)	(1,741,435)	502,650	4,594	60,746	(1,173,445)
Paid	-	(8,643)	(137,659)	(27,415)	(173,717)
Effect of foreign currency exchange difference	<u>21</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>178</u>
Balance at December 31, 2022	<u>\$ 4,659,922</u>	<u>\$ 1,060,263</u>	<u>\$ 554,516</u>	<u>\$ 284,526</u>	<u>\$ 6,559,227</u>
Balance at January 1, 2021	\$ 6,001,108	\$ 463,301	\$ 856,182	\$ 222,974	\$ 7,543,565
Recognized	400,203	111,678	2,665	64,299	578,845
Paid	-	(8,723)	(171,266)	(36,239)	(216,228)
Effect of foreign currency exchange difference	<u>25</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>29</u>
Balance at December 31, 2021	<u>\$ 6,401,336</u>	<u>\$ 566,256</u>	<u>\$ 687,581</u>	<u>\$ 251,038</u>	<u>\$ 7,906,211</u>

- The provision for onerous contracts of the Corporation and its subsidiaries comes from the non-cancellable purchase contracts of which the provision amounts are measured using the difference between the unavoidable costs of meeting the contractual obligations and the economic benefits expected to be received from the contracts; and the non-cancellable construction contracts of which the provision amounts are measured using the difference between the expected unavoidable costs of meeting the contractual obligations and the economic benefits expected to be received from the contracts.
- The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries' obligations for warranties. The estimate had been made on the basis of historical warranty trends.
- The provision for stabilization funds represents the provision recognized in accordance with the build-operate-transfer contract by the subsidiary KRTC. The provision was used for capital demand due to force majeure, exceptional events, operating deficits, etc. The provision for stabilization funds was recognized based on increase in stabilization funds.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Corporation and its subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contribution in accordance with the local regulations, which is a defined contribution plan.

b. Defined benefit plans

The Corporation and its domestic subsidiaries adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation and its domestic subsidiaries make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and its domestic is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation and its subsidiaries have no right to influence the investment policy and strategy. The Corporation and some of its subsidiaries also makes contributions, equal to a certain percentage of salaries of management personnel, to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation and some of its subsidiaries, also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 22,033,682	\$ 25,239,528
Fair value of plan assets	<u>(16,502,544)</u>	<u>(16,458,275)</u>
Deficit	5,531,138	8,781,253
Net defined benefit liabilities - recognized as other payables, other current assets or other noncurrent assets	<u>74,332</u>	<u>(19,781)</u>
Net defined benefit liabilities	<u>\$ 5,605,470</u>	<u>\$ 8,761,472</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 25,239,528</u>	<u>\$ (16,458,275)</u>	<u>\$ 8,781,253</u>
Service cost			
Current service cost	571,287	-	571,287

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Past service cost and loss on settlements	\$ 52	\$ -	\$ 52
Interest expense (income)	<u>102,660</u>	<u>(69,416)</u>	<u>33,244</u>
Recognized in profit or loss	<u>673,999</u>	<u>(69,416)</u>	<u>604,583</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,331,873)	(1,331,873)
Actuarial loss - changes in demographic assumptions	3,162	-	3,162
Actuarial loss - changes in financial assumptions	(1,247,024)	-	(1,247,024)
Actuarial loss - experience adjustments	<u>445,374</u>	<u>-</u>	<u>445,374</u>
Recognized in other comprehensive income (loss)	<u>(798,488)</u>	<u>(1,331,873)</u>	<u>(2,130,361)</u>
Contributions from the employer	-	(1,603,689)	(1,603,689)
Benefits paid	(3,078,779)	2,960,709	(118,070)
Liabilities extinguished on settlement	(2,697)	-	(2,697)
Others	<u>119</u>	<u>-</u>	<u>119</u>
	<u>(3,081,357)</u>	<u>1,357,020</u>	<u>(1,724,337)</u>
Balance at December 31, 2022	<u>\$ 22,033,682</u>	<u>\$ (16,502,544)</u>	<u>\$ 5,531,138</u>
Balance at January 1, 2021	<u>\$ 26,867,911</u>	<u>\$ (17,566,154)</u>	<u>\$ 9,301,757</u>
Service cost			
Current service cost	635,723	-	635,723
Past service cost and loss on settlements	27,136	-	27,136
Interest expense (income)	<u>107,777</u>	<u>(71,750)</u>	<u>36,027</u>
Recognized in profit or loss	<u>770,636</u>	<u>(71,750)</u>	<u>698,886</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(246,862)	(246,862)
Actuarial loss - changes in demographic assumptions	47,314	-	47,314
Actuarial loss - changes in financial assumptions	617,295	-	617,295
Actuarial loss - experience adjustments	<u>445,465</u>	<u>-</u>	<u>445,465</u>
Recognized in other comprehensive income (loss)	<u>1,110,074</u>	<u>(246,862)</u>	<u>863,212</u>
Contributions from the employer	-	(1,968,351)	(1,968,351)
Benefits paid	(3,503,554)	3,400,613	(102,941)
Liabilities extinguished on settlement	(11,212)	-	(11,212)
Others	<u>5,673</u>	<u>(5,771)</u>	<u>(98)</u>
	<u>(3,509,093)</u>	<u>1,426,491</u>	<u>(2,082,602)</u>
Balance at December 31, 2021	<u>\$ 25,239,528</u>	<u>\$ (16,458,275)</u>	<u>\$ 8,781,253</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 390,282	\$ 490,062
Operating expenses	213,626	208,087
Others	<u>675</u>	<u>737</u>
	<u>\$ 604,583</u>	<u>\$ 698,886</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation and its subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate (%)	1.125-1.625	0.375-1.625
Expected rate of salary increase (%)	2.000-3.500	2.000-3.250
Turnover rate (%)	0.000-17.000	0.000-17.000

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (531,811)</u>	<u>\$ (623,829)</u>
0.25% decrease	<u>\$ 552,730</u>	<u>\$ 649,973</u>

	December 31	
	2022	2021
Expected rate of salary increase		
0.25% increase	<u>\$ 542,746</u>	<u>\$ 633,144</u>
0.25% decrease	<u>\$ (524,320)</u>	<u>\$ (610,346)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 1,352,330</u>	<u>\$ 1,061,028</u>
The average duration of the defined benefit obligation	5.7-16.3 years	5.9-17.8 years

23. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>17,000,000</u>	<u>17,000,000</u>
Shares authorized	<u>\$ 170,000,000</u>	<u>\$ 170,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares (in thousands)	15,734,861	15,734,861
Preference shares (in thousands)	<u>38,268</u>	<u>38,268</u>
	<u>15,773,129</u>	<u>15,773,129</u>
Shares issued		
Ordinary shares	\$ 157,348,610	\$ 157,348,610
Preference shares	<u>382,680</u>	<u>382,680</u>
	<u>\$ 157,731,290</u>	<u>\$ 157,731,290</u>

1) Ordinary shares

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.

2) Preference shares

The Corporation's Articles of preference shareholders have the following entitlements or rights:

- a) 14% annual dividends, with dividend payments ahead of those to ordinary shareholders;
- b) Preference over ordinary shares in future payment of dividends in arrears;

- c) The sequence and percentage of appropriation of residual property are the same with ordinary shares;
- d) The same rights as ordinary shareholders, except the right to vote for directors; and
- e) Redeemable by the Corporation and convertible to ordinary shares by preference shareholders with the ratio of 1:1.

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, the Corporation issued 126,512,550 units of GDR in the Europe U.S., and Asia. The depositary receipts then increased by 6,924,354 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,668,738,370 shares (including 290 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of December 31, 2022 and 2021, the outstanding depositary receipts were 682,975 units and 669,847 units, equivalent to 13,659,810 ordinary shares (including 310 fractional shares), and 13,397,250 ordinary shares (including 310 fractional shares), which represented 0.08% of all the outstanding ordinary shares.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset deficits, distribute cash or transfer to share capital (see 1 below)		
Additional paid-in capital	\$ 31,154,766	\$ 31,154,766
Treasury share transactions	8,329,159	7,336,666
Others	<u>44,523</u>	<u>8,099</u>
	<u>39,528,448</u>	<u>38,499,531</u>
May be used to offset deficits only (see 2 below)		
Share of change in equity of subsidiaries	587,117	579,555
Share of change in equity of associates	<u>159,550</u>	<u>159,550</u>
	<u>746,667</u>	<u>739,105</u>
	<u>\$ 40,275,115</u>	<u>\$ 39,238,636</u>

- 1) The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital and once a year).
- 2) The capital surplus included the share of change in equity of subsidiaries recognized without any actual acquisition or disposal of subsidiaries' share by the Corporation or the adjustments to capital surplus of subsidiaries under equity method.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit, should be appropriated in the following order:

- 1) 10% as legal reserve;

- 2) Preference share dividends at 14% of par value;
- 3) Ordinary share dividends at no more than 14% of par value; and
- 4) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

The board of directors should propose the appropriation of earnings. If necessary, it may, after appropriating for preference shares dividends, propose to appropriate a special reserve or to retain certain earnings. These proposals should be submitted to the shareholders' meeting for approval.

The Corporation's steel business is in a phase of stable growth; thus, 75% or more of the appropriation for dividends should be in cash and 25% or less in shares.

Appropriation of earnings to legal reserve could be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve. In addition, if the market price of the Corporation's ordinary shares held by subsidiaries is lower than the carrying value of the Corporation's shares held by subsidiaries, the Corporation should appropriate a special reserve equal to the difference between market price and carrying value multiplied by the percentage of ownership. Any special reserve appropriated may be reversed to the extent of the increase in valuation.

The appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meeting in June 2022 and August 2021, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended December 31		2021	2020
	2021	2020		
Legal reserve	\$ 6,154,632	\$ 78,931		
Reversal of special reserve	(723,473)	(272,355)		
Preference shares				
Cash dividends	118,631	53,575	<u>\$ 3.10</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	48,778,069	4,720,458	<u>\$ 3.10</u>	<u>\$ 0.30</u>

The appropriations of earnings for 2022 had been proposed by the Corporation's board of directors on February 24, 2023 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,917,329	
Preference shares		
Cash dividends	53,575	<u>\$ 1.40</u>
Ordinary shares		
Cash dividends	15,734,861	<u>\$ 1.00</u>

The appropriations of earnings for 2022 are subject to the resolution of the shareholder's meeting to be held in June 2023.

d. Special reserves

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 27,639,574	\$ 27,912,065
Reversal in respect of		
Appreciation of the Corporation's shares held by subsidiaries	(723,473)	(272,355)
Disposal of property, plant and equipment	<u>(1,444)</u>	<u>(136)</u>
Balance, end of the year	<u>\$ 26,914,657</u>	<u>\$ 27,639,574</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ (9,167,082)	\$ (7,528,950)
Recognized during the year		
Exchange differences arising on translating foreign operations	2,495,862	(2,051,534)
Income tax relating to exchange differences arising on translating the net assets of foreign operations	(84,471)	11,572
Share from accounted for using the equity method	<u>446,925</u>	<u>401,830</u>
Other comprehensive income (loss) recognized in the year	<u>2,858,316</u>	<u>(1,638,132)</u>
Balance, end of the year	<u>\$ (6,308,766)</u>	<u>\$ (9,167,082)</u>

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 951,977	\$ 543,417
Recognized during the year		
Unrealized gains and losses - equity instruments	(5,428,464)	(326,034)
Unrealized gains and losses - debt instruments	2	(144)
Income tax relating to unrealized gains and losses	1,417,401	802,710
Share from accounted for using the equity method	<u>(40,715)</u>	<u>37,426</u>
Other comprehensive income (loss) recognized in the year	<u>(4,051,776)</u>	<u>513,958</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>52,903</u>	<u>(105,398)</u>
Balance, end of the year	<u>\$ (3,046,896)</u>	<u>\$ 951,977</u>

3) Gains and losses on hedging instrument

	Cash Flow Hedges	Fair Value Hedges	Hedges of Net Investments in Foreign Operations	Total
Balance at January 1, 2022	\$ (134,815)	\$ 155,182	\$ 3,788,786	\$ 3,809,153
Increase in the year	<u>692,556</u>	<u>9,833</u>	<u>-</u>	<u>702,389</u>
Balance at December 31, 2022	<u>\$ 557,741</u>	<u>\$ 165,015</u>	<u>\$ 3,788,786</u>	<u>\$ 4,511,542</u>
Balance at January 1, 2021	\$ (13,723)	\$ 22,801	\$ 3,788,786	\$ 3,797,864
Increase (decrease) in the year	<u>(121,092)</u>	<u>132,381</u>	<u>-</u>	<u>11,289</u>
Balance at December 31, 2021	<u>\$ (134,815)</u>	<u>\$ 155,182</u>	<u>\$ 3,788,786</u>	<u>\$ 3,809,153</u>

a) Cash flow hedges

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	<u>\$ (134,815)</u>	<u>\$ (13,723)</u>
Recognized during the year		
Foreign currency risk - foreign exchange forward contracts and hedging foreign - currency deposits	407,941	(77,854)
Interest rate risk - interest rate swap contracts	285,845	(85,312)
Share from accounted for using the equity method	24,556	1,249
Income tax effect	(48,197)	20,705
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	30,810	25,150
Interest rate risk - interest rate swap contracts	(2,237)	-
Income tax effect	<u>(6,162)</u>	<u>(5,030)</u>
Other comprehensive income (loss) recognized in the year	<u>692,556</u>	<u>(121,092)</u>
Balance, end of the year	<u>\$ 557,741</u>	<u>\$ (134,815)</u>

b) Fair value hedges

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 155,182	\$ 22,801
Recognized during the year		
Foreign currency risk - bank loans	<u>9,833</u>	<u>132,381</u>
Balance, end of the year	<u>\$ 165,015</u>	<u>\$ 155,182</u>

c) Hedges of net investments in foreign operations

	For the Year Ended December 31	
	2022	2021
Balance, beginning/end of the year	<u>\$ 3,788,786</u>	<u>\$ 3,788,786</u>

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2022					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,159</u>	<u>-</u>	<u>-</u>	<u>320,159</u>	<u>\$ 8,649,421</u>
For the year ended December 31, 2021					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,765</u>	<u>-</u>	<u>606</u>	<u>320,159</u>	<u>\$ 8,649,421</u>

The Corporation's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares (subsidiaries recorded those shares as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - noncurrent) based on the percentage of ownership held by the Corporation. The Corporation's shares held by more than 50%-owned subsidiaries are not allowed to participate in the Corporation's capital increase in cash and have no voting rights; other rights are the same as other ordinary shareholders. The increase or decrease of treasury shares was mainly due to acquisition and sale of the Corporation's shares by subsidiaries or change in percentage of ownership.

Refer to Table 3 for the Corporation's shares held by subsidiaries as of December 31, 2022 were 517,246 thousand shares regardless of the percentage of ownership held by the Corporation. As of December 31, 2022 and 2021 the market values of the treasury shares calculated by combined holding percentage were NT\$9,541,857 thousand and NT\$11,318,753 thousand, respectively.

g. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 37,926,255	\$ 29,808,036
Attributable to non-controlling interests:		
Share of net profit for the year	211,284	6,853,039
Other comprehensive income (loss) for the year		
Exchange difference on translating foreign operations	1,140,893	(130,940)
Income tax relating to exchange difference on translating foreign operations	(6,278)	(7,262)
Unrealized gains and losses on financial assets at fair value through other comprehensive income	(48,026)	(50,962)

	For the Year Ended December 31	
	2022	2021
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	\$ 3,207	\$ 2,810
Gains and losses on hedging instrument	338,306	49,431
Income tax relating to gains and losses on hedging instrument	(5,647)	2,466
Remeasurement of defined benefit plans	315,627	(113,960)
Income tax relating to remeasurement of defined benefit plans	22,340	3,166
Share of other comprehensive income (loss) of associates accounted for using the equity method	280	(1,895)
Non-controlling interests arising from capital increase (decrease) of subsidiaries	1,182,357	3,120,354
Dividend distributed by subsidiaries	(4,338,520)	(1,765,794)
Others	<u>201,139</u>	<u>157,766</u>
Balance, end of the year	<u>\$ 36,943,217</u>	<u>\$ 37,926,255</u>

24. OPERATING REVENUE

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (Note 10)	<u>\$ 13,336,243</u>	<u>\$ 18,178,793</u>	<u>\$ 13,401,947</u>
Contract assets			
Construction contracts	\$ 6,317,688	\$ 7,432,208	\$ 9,087,148
Retentions receivable	716,445	749,964	971,816
Others	<u>138,169</u>	<u>115,896</u>	<u>99,557</u>
	<u>\$ 7,172,302</u>	<u>\$ 8,298,068</u>	<u>\$ 10,158,521</u>
Contract liabilities			
Construction contracts	\$ 2,314,280	\$ 3,052,467	\$ 3,139,927
Sale of goods	1,724,236	2,275,688	1,761,228
Sales of real estate	-	-	610,538
Others	<u>296,416</u>	<u>129,078</u>	<u>52,892</u>
	<u>\$ 4,334,932</u>	<u>\$ 5,457,233</u>	<u>\$ 5,564,585</u>

b. Disaggregation of revenue

For the year ended December 31, 2022

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Revenue from the sale of goods	\$ 348,721,467	\$ 71,146,786	\$ 419,868,253
Construction contract, service and other revenue	<u>5,565,848</u>	<u>24,133,387</u>	<u>29,699,235</u>
	<u>\$ 354,287,315</u>	<u>\$ 95,280,173</u>	<u>\$ 449,567,488</u>

For the year ended December 31, 2021

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Revenue from the sale of goods	\$ 374,789,479	\$ 66,339,555	\$ 441,129,034
Construction contract, service and other revenue	<u>3,988,509</u>	<u>23,209,958</u>	<u>27,198,467</u>
	<u>\$ 378,777,988</u>	<u>\$ 89,549,513</u>	<u>\$ 468,327,501</u>

c. Partially completed contracts

As of December 31, 2022 and 2021, the transaction prices allocated to the performance obligations that were not fully satisfied amounted to NT\$23,594,654 thousand and NT\$39,027,899 thousand, respectively. The Corporation and its subsidiaries will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through January 2029.

25. PROFIT BEFORE INCOME TAX

a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Bank deposits	\$ 356,243	\$ 129,943
Others	<u>113,330</u>	<u>98,646</u>
	<u>\$ 469,573</u>	<u>\$ 228,589</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends income	\$ 1,663,312	\$ 3,229,451
Rental income	154,179	152,839
Others	<u>1,580,642</u>	<u>937,988</u>
	<u>\$ 3,398,133</u>	<u>\$ 4,320,278</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain	\$ 1,048,575	\$ 928,071
Gain on disposal of right-of-use assets	787,950	-
Gain arising from financial assets at fair value through profit or loss	76,640	328,232
Gain (loss) on disposal of property, plant and equipment	67,775	(178,139)
Gain on disposal of non-current assets held for sale	44,561	33,545
Gain on disposal of investments	30,271	30,753
Gain on disposal of investment properties	-	26,755
Others	<u>(15,561)</u>	<u>(478,422)</u>
	<u>\$ 2,040,211</u>	<u>\$ 690,795</u>

The components of net foreign exchange gain were as follows:

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	\$ 3,767,519	\$ 2,142,667
Foreign exchange loss	<u>(2,718,944)</u>	<u>(1,214,596)</u>
Net exchange gain	<u>\$ 1,048,575</u>	<u>\$ 928,071</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Total interest expense	\$ 2,891,483	\$ 2,074,289
Less: Amounts included in the cost of qualifying assets	<u>398,076</u>	<u>313,148</u>
	<u>\$ 2,493,407</u>	<u>\$ 1,761,141</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized amounts	\$ 398,076	\$ 313,148
Capitalized annual rates (%)	0.40-3.17	0.40-3.25

e. Impairment loss recognized on non-financial assets

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 26,491	\$ 3,368,528
Investment properties	<u>-</u>	<u>557</u>
	<u>\$ 26,491</u>	<u>\$ 3,369,085</u>
Analysis of recognition of impairment loss on non-financial assets by function		
Operating costs	<u>\$ 26,491</u>	<u>\$ 3,369,085</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 32,701,342	\$ 31,306,529
Right-of-use assets	1,347,954	1,107,482
Investment properties	41,456	47,660
Intangible assets	214,949	222,270
Others	<u>43,645</u>	<u>43,166</u>
	<u>\$ 34,349,346</u>	<u>\$ 32,727,107</u>
Analysis of depreciation by function		
Operating costs	\$ 32,832,771	\$ 31,003,503
Operating expenses	1,228,099	1,421,352
Others	<u>29,882</u>	<u>36,816</u>
	<u>\$ 34,090,752</u>	<u>\$ 32,461,671</u>
Analysis of amortization by function		
Operating costs	\$ 175,755	\$ 191,094
Operating expenses	82,802	74,254
Others	<u>37</u>	<u>88</u>
	<u>\$ 258,594</u>	<u>\$ 265,436</u>

g. Employee benefits

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits		
Salaries	\$ 33,851,415	\$ 44,296,755
Labor and health insurance	2,540,925	2,332,011
Others	<u>1,621,233</u>	<u>1,782,787</u>
	<u>38,013,573</u>	<u>48,411,553</u>

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 1,069,518	\$ 1,006,146
Defined benefit plans (Note 22)	<u>604,583</u>	<u>698,886</u>
	<u>1,674,101</u>	<u>1,705,032</u>
Termination benefits	<u>183,319</u>	<u>104,783</u>
	<u>\$ 39,870,993</u>	<u>\$ 50,221,368</u>
Analysis of employee benefits by function		
Operating costs	\$ 31,957,127	\$ 40,895,168
Operating expenses	7,219,144	8,731,139
Others	<u>694,722</u>	<u>595,061</u>
	<u>\$ 39,870,993</u>	<u>\$ 50,221,368</u>

h. Compensation of employees and remuneration of directors

According to the Articles of Incorporation, the article stipulates the Corporation distributed compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors in February 2023 and 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 1,265,030	\$ 4,525,464
Remuneration of directors	23,719	84,852

If there is a change in the amounts after the annual financial statements are authorized for issue, the difference is recorded as a change in accounting estimate in the next following year.

The appropriations of compensation of employees and remuneration of directors (all in cash) for 2021 and 2020 which had been approved by the Corporation's board of directors in February 2022 and February 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	\$ 4,525,464	\$ 82,057
Remuneration of directors	84,852	1,539

There is no difference between the actual payment of compensation of employees and remuneration of directors and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the board of directors are available on the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 4,312,706	\$ 14,201,356
Income tax on unappropriated earnings	98,695	17,016
In respect of prior years	74,203	30,744
Deferred tax		
In respect of the current year	795,103	1,220,228
In respect of prior years	<u>(17,170)</u>	<u>38,232</u>
	<u>\$ 5,263,537</u>	<u>\$ 15,507,576</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 23,258,596</u>	<u>\$ 84,413,648</u>
Income tax expense calculated at the statutory rate	\$ 4,684,999	\$ 16,349,080
Non-deductible expenses in determining taxable income	51,327	41,358
Tax-exempt income	(894,973)	(797,381)
Realized investment losses	(34,242)	(647,072)
Others	164,151	28,371
Additional income tax under the Alternative Minimum Tax Act	4,276	27,698
Income tax on unappropriated earnings	98,695	17,016
Land value increment tax	254,289	-
Separate taxation on repatriated offshore funds	-	106,468
Unrecognized deductible temporary differences	555,729	792,404
Unrecognized loss carryforwards	338,687	(458,348)
Unrecognized investment credits	(16,434)	(20,994)
In respect of prior years	<u>57,033</u>	<u>68,976</u>
	<u>\$ 5,263,537</u>	<u>\$ 15,507,576</u>

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2022	2021
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 446	\$ 42

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ (446)	\$ (42)
	<u>\$ -</u>	<u>\$ -</u>

c. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Current - remeasurement of defined benefit plans	\$ (282,519)	\$ 140,193
Current - translation of foreign operations	(90,749)	4,310
Current - unrealized gains and losses on financial assets at fair value through other comprehensive income	1,420,608	805,520
Current - fair value changes of cash flow hedges	(48,230)	23,171
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>(11,776)</u>	<u>(5,030)</u>
	<u>\$ 987,334</u>	<u>\$ 968,164</u>

d. Deferred tax assets and liabilities

The Corporation and its subsidiaries offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

Refer to Table 14 for information relating to changes of deferred tax assets and liabilities.

e. Deductible temporary differences and unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards	<u>\$ 10,751,069</u>	<u>\$ 7,675,967</u>
Deductible temporary differences	<u>\$ 3,151,971</u>	<u>\$ 3,378,837</u>

The unrecognized loss carryforwards will expire from 2023 to 2032.

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised of:

Unused Amount	Expire Year
<u>\$ 11,593,253</u>	2023-2032

g. Income tax assessments

The Corporation's income tax returns through 2019 and the subsidiaries' income tax returns through 2019 to 2020 have been assessed by the tax authorities, except for the Corporation's income tax returns of 2018 which have not yet been approved.

27. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2022	2021
Net profit for the year attributable to owners of the Corporation	\$ 17,783,775	\$ 62,053,033
Less: Dividends on preference shares	<u>53,575</u>	<u>150,550</u>
Net profit used in computation of basic earnings per share	17,730,200	61,902,483
Add: Dividends on preference shares	<u>-</u>	<u>150,550</u>
Net profit used in computation of diluted earnings per share	<u>\$ 17,730,200</u>	<u>\$ 62,053,033</u>

Number of shares (in thousand shares)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,702	15,414,564
Effect of dilutive potential ordinary shares:		
Compensation of employees	62,148	128,525
Convertible preference shares	<u>-</u>	<u>38,268</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,476,850</u>	<u>15,581,357</u>

Preference shares were not included in the calculation of diluted earnings per share for the years ended December 31, 2022 because of their anti-dilutive effect.

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CAPITAL MANAGEMENT

The management of the Corporation and its subsidiaries optimized the balances of working capital, debt and equity as well as the related cost through monitoring the Corporation and its subsidiaries' capital structure and capital demand by reviewing quantitative data and considering industry characteristics, domestic and international economic environment, interest rate fluctuation, strategies for development, etc.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Corporation and its subsidiaries believe the carrying amounts of financial instruments, including cash and cash equivalents, receivables and payables recognized in the consolidated financial statements approximated their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 2,411,582	\$ -	\$ -	\$ 2,411,582
Unlisted shares	-	-	841,723	841,723
Emerging market shares	-	-	122,120	122,120
Listed shares	79,627	-	-	79,627
Convertible bonds	41,130	-	-	41,130
Foreign exchange forward contracts	-	182	-	182
Future contracts	-	2,257	-	2,257
	<u>\$ 2,532,339</u>	<u>\$ 2,439</u>	<u>\$ 963,843</u>	<u>\$ 3,498,621</u>
Financial assets at fair value through other comprehensive income				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 34,453,691	\$ 34,453,691
Domestic listed shares	14,566,871	-	-	14,566,871
Domestic emerging market shares and unlisted shares	-	-	2,840,285	2,840,285
Foreign listed shares	2,046,926	-	-	2,046,926
Corporate bonds	135,926	-	-	135,926
	<u>\$ 16,749,723</u>	<u>\$ -</u>	<u>\$ 37,293,976</u>	<u>\$ 54,043,699</u>
Financial assets for hedging				
Interest rate swap contracts	\$ -	\$ 470,782	\$ -	\$ 470,782
Foreign exchange forward contracts	-	412,294	-	412,294
	<u>\$ -</u>	<u>\$ 883,076</u>	<u>\$ -</u>	<u>\$ 883,076</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	\$ -	\$ 5,799	\$ -	\$ 5,799

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 2,320,468	\$ -	\$ -	\$ 2,320,468
Unlisted shares	-	-	892,700	892,700
Emerging market shares	-	-	43,245	43,245
Listed shares	212,018	-	-	212,018
Convertible bonds	63,626	-	-	63,626
Foreign exchange forward contracts	<u>-</u>	<u>343</u>	<u>-</u>	<u>343</u>
	<u>\$ 2,596,112</u>	<u>\$ 343</u>	<u>\$ 935,945</u>	<u>\$ 3,532,400</u>
Financial assets at fair value through other comprehensive income				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 37,896,621	\$ 37,896,621
Domestic listed shares	16,434,612	-	-	16,434,612
Domestic emerging market shares and unlisted shares	-	-	3,308,913	3,308,913
Foreign listed shares	2,247,316	-	-	2,247,316
Corporate bonds	<u>14,762</u>	<u>-</u>	<u>-</u>	<u>14,762</u>
	<u>\$ 18,696,690</u>	<u>\$ -</u>	<u>\$ 41,205,534</u>	<u>\$ 59,902,224</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 225</u>
Financial liabilities for hedging				
Interest rate swap contracts	\$ -	\$ 85,312	\$ -	\$ 85,312
Foreign exchange forward contracts	<u>-</u>	<u>92,888</u>	<u>-</u>	<u>92,888</u>
	<u>\$ -</u>	<u>\$ 178,200</u>	<u>\$ -</u>	<u>\$ 178,200</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended December 31, 2022

Financial Assets	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 935,945	\$ 41,205,534	\$ 42,141,479
Recognized in profit or loss	78,569	-	78,569

Financial Assets	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Recognized in other comprehensive income (loss)	\$ -	\$ (4,205,612)	\$ (4,205,612)
Purchases	1,278	329,605	330,883
Transfer out of Level 3	-	(352,664)	(352,664)
Disposal	(48,429)	(118,135)	(166,564)
Reduction of capital cash return	(3,520)	(8,242)	(11,762)
Effect of foreign currency exchange difference	<u>-</u>	<u>443,490</u>	<u>443,490</u>
Balance, end of the year	<u>\$ 963,843</u>	<u>\$ 37,293,976</u>	<u>\$ 38,257,819</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 45,324</u>	<u>\$ -</u>	<u>\$ 45,324</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 1,257,769	\$ 42,743,672	\$ 44,001,441
Recognized in profit or loss	298,056	-	298,056
Recognized in other comprehensive income (loss)	-	(138,578)	(138,578)
Purchases	57,235	925,246	982,481
Transfer out of Level 3	-	(1,100,201)	(1,100,201)
Disposal	(674,385)	(154,829)	(829,214)
Reduction of capital cash return	(2,730)	-	(2,730)
Effect of foreign currency exchange difference	<u>-</u>	<u>(1,069,776)</u>	<u>(1,069,776)</u>
Balance, end of the year	<u>\$ 935,945</u>	<u>\$ 41,205,534</u>	<u>\$ 42,141,479</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ (22,713)</u>	<u>\$ -</u>	<u>\$ (22,713)</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivative instruments	A discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-option derivatives, and option pricing models for option derivatives. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for the financial instrument.

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

- a) For emerging market shares, fair values were estimated on the basis of the closing price and liquidity.
- b) For domestic unlisted shares, some foreign unlisted shares and certificate of entitlement, fair values were determined based on industry types or valuations of similar companies and operations.
- c) For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected returns by using a discounted cash flow model. Significant unobservable inputs were as follows; if the long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	December 31	
	2022	2021
Long-term pre-tax operating income rate (%)	13.38	5.97-20.48
Discount rate (%)	10.50	8.10-19.87

If the below input to the valuation model was changed to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the equity investment would increase (decrease) as follows:

	December 31	
	2022	2021
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 174,148</u>	<u>\$ 206,905</u>
Decrease 1%	<u>\$ (174,792)</u>	<u>\$ (210,038)</u>
Discount rate		
Increase 1%	<u>\$ (264,893)</u>	<u>\$ (219,650)</u>
Decrease 1%	<u>\$ 335,073</u>	<u>\$ 308,478</u>

- d) For parts of foreign unlisted shares, their fair values were measured under the market approach. In particular significant unobservable inputs included discount for lack of marketability and control premium. If discount for lack of marketability decreased or control premium increased, the fair values of the investments would increase.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at fair value through profit or loss	\$ 3,498,621	\$ 3,532,400
Financial assets for hedging	3,939,953	1,483,387
Financial assets at amortized cost 1)	58,185,566	60,731,190
Financial assets at fair value through other comprehensive income	54,043,699	59,902,224
Financial liabilities		
Financial liabilities for hedging	1,290,078	1,422,361
Financial liabilities at amortized cost 2)	278,373,188	236,298,397

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, refundable deposits and other financial assets.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, notes and accounts payable (including related parties), other payables, refund liabilities, bonds payable, long-term bank borrowings, long-term bills payable and deposits received.

d. Financial risk management objectives and policies

The Corporation and its subsidiaries place great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation and its subsidiaries were equipped with sufficient and cost-efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation and its subsidiaries for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Corporation and its subsidiaries were exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts, foreign deposits or foreign borrowings.

The carrying amounts of the significant non-functional currency monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date were referred to Note 33.

The Corporation and its subsidiaries were mainly exposed to the currencies USD and CNY. The following table details the sensitivity to a 1% increase in the functional currencies against the relevant foreign currencies.

	USD Impact		CNY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Pre-tax profit or loss	\$ 3,395	\$104,229 i	\$ (9,955)	\$(13,584) i
Equity	(13,207)	(9,379) ii	(8,871)	(483) ii

- i. These were mainly attributable to the exposure of outstanding cash, receivables, payables and borrowings which were not hedged at the balance sheet date.
- ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year.

Hedge accounting

The Corporation and its subsidiaries' hedging strategies were as follows:

- i. The Corporation and its subsidiaries' hedging strategy is to enter into foreign exchange forward contracts and purchase foreign currency to hedge. Those transactions are designated as cash flow hedges.
- ii. The Corporation has designated certain long term foreign currency borrowing as a hedge to manage its foreign currency risk:
- i) Currency risks on foreign equity investments are accounted for as fair value hedge. Changes in the fair value of hedging instruments are recognized, based on the nature of hedged items, either in other gains or losses or other comprehensive income. The Corporation performs assessment of hedging effectiveness and it expects that the value of foreign currency borrowing and the value of the foreign equity investment will systematically change in opposite direction in response to movements in the underlying exchange rates.
- ii) Foreign currency risk on investments in foreign operations is managed by using foreign currency borrowing as a hedge instrument to hedge the investments.

The following tables summarize the information relating to the hedges of foreign currency risk.

December 31, 2022

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	Financial assets/liabilities for hedging	\$ 412,294	\$ 5,799

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount				
		Asset	Liability			
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	\$ 3,056,877	\$ -			
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	-	-	-			
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	282,134			
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	763,085			
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	-			
Hedging Instruments/ Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount	Fair Value Hedge - Accumulated Amount of Fair Value Hedge
			Continuing Hedges	Discontinuing Hedges	Asset	Adjustments Asset
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ 500,474	\$ (500,474)	\$ 406,496	\$ -	NA	NA
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	125,153	(125,153)	36,530	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	8,368	(8,368)	NA	NA	\$ -	\$ -
Foreign currency bank borrowings/Financial assets at FVTOCI	9,833	(9,736)	76,095	88,920	236,118	(66,486)
Foreign currency bank borrowings/Financial assets at FVTPL	26,597	(26,998)	NA	NA	712,241	(243,705)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	-	3,788,786	NA	NA

December 31, 2021

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount				
		Asset	Liability			
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	Financial assets/liabilities for hedging	\$ 225	\$ 88,343			
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	1,483,162	-			
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	Financial liabilities for hedging	-	4,545			
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	291,967			
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	789,682			
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	-			
	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments
Hedging Instruments/ Hedged Items	Ineffectiveness	Ineffectiveness	Continuing Hedges	Discontinuing Hedges	Asset	Asset
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ (74,130)	\$ 74,130	\$ (88,118)	\$ -	NA	NA
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	(50,200)	50,200	(94,483)	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	(4,639)	4,639	NA	NA	\$ -	\$ -
Foreign currency bank borrowings/Financial assets at FVTOCI	43,461	(43,032)	66,262	88,920	244,829	(56,750)
Foreign currency bank borrowings/Financial assets at FVTPL	117,550	(119,321)	NA	NA	731,198	(216,707)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	-	3,788,786	NA	NA

For the year ended December 31, 2022

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ 625,627	\$ -	-	\$ -	\$ -

For the year ended December 31, 2021

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ (124,330)	\$ -	-	\$ -	\$ -

The outstanding foreign exchange forward contracts of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2022</u>			
Buy	NTD/USD	2023.01-2026.08	NTD4,985,015/USD180,849
Buy	NTD/GBP	2023.01-2023.06	NTD33,690/GBP909
Buy	NTD/JPY	2023.01-2023.12	NTD85,157/JPY377,629
Buy	NTD/EUR	2023.01-2025.02	NTD8,438,960/EUR266,343
Buy	NTD/CNY	2023.01-2023.11	NTD231,326/CNY52,869
Sell	USD/NTD	2023.01-2023.04	USD3,549/NTD108,625
<u>December 31, 2021</u>			
Buy	NTD/USD	2022.01-2025.11	NTD2,266,642/USD82,662
Buy	NTD/JPY	2018.12-2023.08	NTD164,658/JPY634,201
Buy	NTD/EUR	2020.10-2025.02	NTD5,487,596/EUR173,031
Buy	NTD/CNY	2022.01-2023.01	NTD129,240/CNY30,274
Buy	INR/USD	2021.12-2022.01	INR1,115,708/USD14,841

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts.

The carrying amounts of the Corporation and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	<u>December 31</u>	
	2022	2021
Fair value interest rate risk		
Financial liabilities	\$ 111,311,143	\$ 106,722,547
Cash flow interest rate risk		
Financial liabilities	134,063,380	79,626,146

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the years ended December 31, 2022 and 2021 would have been lower/higher by NT\$1,340,634 thousand and NT\$796,261 thousand, respectively.

Hedge accounting

A subsidiary entered into interest rate swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its outstanding variable rate debt. Interest rate swaps are settled on a quarterly basis. The floating rate on interest rate swaps is the local interbank rate of Taipei. The subsidiary will settle the difference between the fixed and floating interest rates on a net basis.

The following tables summarize the information relating to the hedges for interest rate risk:

December 31, 2022

Hedging Instrument/ Hedged Item	Notional Amount	Maturity	Range of Interest Rates Paid (%)	Range of Interest Rates Received (%)
Fair value hedge Interest rate swap contracts/Expected bank interest	\$ 41,250,000	2031.12	0.994	0.44-1.04

Hedging Instrument/ Hedged Item	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Fair value hedge Interest rate swap contracts/Expected bank interest	Financial assets for hedging	\$ 470,782	\$ -

Hedging Instrument/ Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
			Continuing Hedges	Discontinuing Hedges
Fair value hedge Interest rate swap contracts/Expected bank interest	\$556,094	\$(556,094)	\$470,782	\$ -

December 31, 2021

Hedging Instrument/ Hedged Item	Notional Amount	Maturity	Range of Interest Rates Paid (%)	Range of Interest Rates Received (%)
Fair value hedge Interest rate swap contracts/Expected bank interest	\$ 25,200,000	2022.01- 2031.12	0.9078	0.4800-0.4807

Hedging Instrument/ Hedged Item	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Fair value hedge Interest rate swap contracts/Expected bank interest	Financial liabilities for hedging	\$ -	\$ 85,312

Hedging Instrument/ Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
			Continuing Hedges	Discontinuing Hedges
Fair value hedge Interest rate swap contracts/Expected bank interest	\$ (85,312)	\$ 85,312	\$ (85,312)	\$ -

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through their investments in mutual funds and listed shares.

If equity prices had been 1% lower/higher, the pre-tax profit or loss for the years ended December 31, 2022 and 2021 would have been lower/higher by NT\$24,912 thousand and NT\$25,325 thousand, respectively, as a result of the fair value changes of financial assets at fair value through profit or loss, and the other comprehensive income for the years ended December 31, 2022 and 2021 would have been lower/higher by NT\$166,138 thousand and NT\$186,819 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

Hedge accounting

A subsidiary minimizes its fair value exposures to price fluctuations of precious metals by entering into precious metals borrowing contracts. The fair value of the precious metals borrowing transactions at the end of the reporting period is determined by the price of the precious metals.

The terms of the precious metals borrowing contracts matched the terms of financial liabilities. The subsidiary performs a qualitative assessment of effectiveness and it expects that the value of the precious metals borrowing contracts and the value of the corresponding hedged items will

systematically change in opposite direction in response to movements in the underlying prices. The source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the subsidiary's own credit risk on the fair value of the precious metals borrowing contracts, which is not reflected in the fair value of the hedged item attributable to the change in prices. No other sources of ineffectiveness are expected to emerge from these hedging relationships.

The following tables summarize the information relating to the hedges of other price risk.

December 31, 2022

Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals borrowing contracts	\$ 239,060	-	Financial liabilities for hedging	\$ 239,060	\$ -

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Fair value hedge Inventory	\$ 239,060	\$ -	\$ -

December 31, 2021

Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals borrowing contracts	\$ 179,172	-	Financial liabilities for hedging	\$ 162,512	\$ 16,660

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Fair value hedge Inventory	\$ 162,512	\$ (16,660)	\$ (16,660)

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation and its subsidiaries. As at the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets and the amount of contingent liabilities in relation to financial guarantee issued by the Corporation and its subsidiaries.

The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions and companies.

Counterparties of accounts receivable consisted of a large number of different customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition.

The Corporation and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Corporation and its subsidiaries define counterparties as having similar characteristics if they are related entities.

As of December 31, 2022 and 2021, the maximum credit risk of off-balance-sheet guarantees provided to related party for procurement and construction contract compliance was NT\$685,617 thousand and NT\$12,825,724 thousand, respectively.

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitors the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to control proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants.

The following table details the undiscounted cash flows of the Corporation and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time span regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

The table below summarized the maturity profile of the Corporation and its subsidiaries' financial liabilities based on contractual undiscounted payments:

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 41,140,780	\$ 348,104	\$ -	\$ 41,488,884
Lease liabilities	1,410,817	3,081,631	8,935,532	13,427,980
Variable interest rate liabilities	56,571,282	72,634,838	10,600,622	139,806,742
Fixed interest rate liabilities	51,400,456	40,075,920	11,793,344	103,269,720
Refund liabilities	2,466,410	-	-	2,466,410

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Financial guarantee liabilities	\$ -	\$ 172,386	\$ 513,231	\$ 685,617
	<u>\$ 152,989,745</u>	<u>\$ 116,312,879</u>	<u>\$ 31,842,729</u>	<u>\$ 301,145,353</u>
<hr/> December 31, 2021 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 57,102,113	\$ 302,678	\$ -	\$ 57,404,791
Lease liabilities	1,124,687	3,178,198	9,383,399	13,686,284
Variable interest rate liabilities	39,172,012	40,044,598	1,277,863	80,494,473
Fixed interest rate liabilities	34,808,970	43,778,903	21,010,936	99,598,809
Refund liabilities	3,698,912	-	-	3,698,912
Financial guarantee liabilities	<u>3,671,525</u>	<u>8,679,198</u>	<u>475,001</u>	<u>12,825,724</u>
	<u>\$ 139,578,219</u>	<u>\$ 95,983,575</u>	<u>\$ 32,147,199</u>	<u>\$ 267,708,993</u>

The amounts included above for financial guarantee liabilities were the maximum amounts the Corporation and its subsidiaries could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Corporation and its subsidiaries considered that it is more likely than not that none of the amount will be payable under the arrangement.

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and its subsidiaries and other related parties were disclosed below:

- The name of the company and its relationship with the Corporation and its subsidiaries

Company	Relationship
TaiAn Technologies Corporation	Associate
Fukuta Electric & Machinery Co., Ltd.	Associate
Dyna Rechi Co., Ltd.	Associate
Hsin Hsin Cement Enterprise Corporation	Associate
Eminent III Venture Capital Corporation	Associate
Nikken & CSSC Metal Products Co., Ltd.	Associate
Eminent II Venture Capital Corporation	Associate
Honley Auto. Parts Co., Ltd.	Associate
Taiwan Rolling Stock Co., Ltd.	Associate
Kaohsiung Arena Development Corporation	Associate
Overseas Investment & Development Corporation	Associate
Chateau International Development Co., Ltd.	Associate
Chungkang Steel Structure (Cambodia) Co., Ltd.	Associate
HC&C Auto Parts Co., Ltd.	Associate

Company	Relationship
TSK Steel Company Limited	Associate
Dyna Rechi (Jiujiang) Co., Ltd	Subsidiary of associates
CSBC Corporation, Taiwan	The Corporation as key management of other related parties; Discharge in June 2022
Taiwan High Speed Rail Corporation	The Corporation as key management of other related parties
Rechi Precision Co., Ltd.	The Corporation as key management of other related parties
Taiwan International Windpower Training Corporation Ltd.	The Corporation as key management of other related parties
Tang Eng Iron Works Co., Ltd.	The Corporation as key management of other related parties
CDIB Bioscience Ventures I, Inc.	The Corporation as key management of other related parties
East Asia United Steel Corporation	The Corporation as key management of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management of other related parties
CSBC Coating Solutions Co., Ltd.	The Corporation as key management of parent Company; Discharge in June 2022
Rechi Refrigeration (Dongguan) Co, Ltd.	The Corporation as key management of parent Company
Rechi Precision (Qingdao) Electric Machinery Limited	The Corporation as key management of parent Company
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The Corporation as key management of parent Company
Ministry of Economic Affairs, R.O.C.	Director of the Corporation
CSC Labor Union	Director of the Corporation
CSC Educational Foundation	Other related party
Formosa Ha Tinh Steel Corporation	Other related party
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related party
Changchun Ceck Auto. Parts. Co., Ltd.	Subsidiary of associates before November 2022
Hanwa Steel Centre (M) Sdn. Bhd.	Associate before April 2021

b. Operating revenues

Account Items	Related Parties Types	For the Year Ended December 31	
		2022	2021
Revenue from sale of goods	Associates	\$ 1,038,050	\$ 997,995
	The Corporation as key management of other related parties	495,416	605,789
	The Corporation as key management of parent Company	440,566	1,185,513
	Subsidiaries of associates	12,304	233,257
	Others	<u>64,566</u>	<u>103,704</u>
		<u>\$ 2,050,902</u>	<u>\$ 3,126,258</u>
Construction contract revenue	The Corporation as key management of other related parties	\$ 257,077	\$ 207,350
	Other related parties	8,493	64,912
	Others	<u>81</u>	<u>3,234</u>
		<u>\$ 265,651</u>	<u>\$ 275,496</u>

Sales to related parties were made at arm's length. The construction contracts undertaken by the Corporation and its subsidiaries with related parties were different from those with unrelated parties; therefore, the prices were not comparable while the collection terms have no material differences.

c. Purchase of goods

Related Parties Types	For the Year Ended December 31	
	2022	2021
Other related parties	\$ 16,799,605	\$ 20,927,606
Others	<u>689,993</u>	<u>646,993</u>
	<u>\$ 17,489,598</u>	<u>\$ 21,574,599</u>

Purchases from related parties were made at arm's length.

d. Receivables from related parties

Account Items	Related Parties Types	December 31	
		2022	2021
Notes and accounts receivable	The Corporation as key management of other related parties	\$ 85,702	\$ 279,403
	Other related parties	14,669	25,173
	The Corporation as key management of parent parties	14,535	74,321

Account Items	Related Parties Types	December 31	
		2022	2021
	Subsidiaries of associates	\$ -	\$ 33,234
	Others	<u>198</u>	<u>5,236</u>
		<u>\$ 115,104</u>	<u>\$ 417,367</u>
Other receivables	Other related parties	\$ 26,890	\$ 291,137
	Associates	13	17,830
	Others	<u>6</u>	<u>8</u>
		<u>\$ 26,909</u>	<u>\$ 308,975</u>

e. Payables to related parties

Account Items	Related Parties Types	December 31	
		2022	2021
Accounts payable	Associates	\$ 23,600	\$ 31,766
	Other related parties	-	108,995
	The Corporation as key management of other related parties	<u>-</u>	<u>34,443</u>
		<u>\$ 23,600</u>	<u>\$ 175,204</u>
Other payables	Director of the Corporation	\$ 11,799	\$ 42,426
	Other related parties	1,095	512,959
	Associates	<u>750</u>	<u>-</u>
		<u>\$ 13,644</u>	<u>\$ 555,385</u>

The outstanding payables to related parties were unsecured.

f. Others

Classified as operating and non-operating income by their nature:

Account Items	Related Parties Types	For the Year Ended December 31	
		2022	2021
Service and other revenues and other income - other	The Corporation as key management of other related parties	\$ 384,859	\$ 472,459
	Other related parties	365,132	356,592
	Others	<u>10,688</u>	<u>14,146</u>
		<u>\$ 760,679</u>	<u>\$ 843,197</u>

g. Endorsements and guarantees provided by the Corporation and its subsidiaries

Related Parties Types	December 31	
	2022	2021
Other related parties		
Amount endorsed	\$ -	\$ 11,748,534
Amount utilized	<u>-</u>	<u>(11,748,534)</u>
	<u>\$ -</u>	<u>\$ -</u>
The Corporation as key management of other related parties		
Amount endorsed	\$ 1,263,979	\$ 1,267,752
Amount utilized	<u>(603,325)</u>	<u>(984,444)</u>
	<u>\$ 660,654</u>	<u>\$ 283,308</u>
Associates		
Amount endorsed	\$ -	\$ 133,002
Amount utilized	<u>-</u>	<u>(11,648)</u>
	<u>\$ -</u>	<u>\$ 121,354</u>

Endorsements and guarantees above are provided to investee by the percentage of shareholdings under joint venture agreements.

h. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 107,115	\$ 223,686
Post-employment benefits	<u>1,175</u>	<u>1,132</u>
	<u>\$ 108,290</u>	<u>\$ 224,818</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Corporation and its subsidiaries' assets mortgaged or pledged as collateral for long-term borrowings, short-term borrowings and bank overdraft, performance guarantees and bankers' acceptance bills, etc. were as follows (listed based on their carrying amounts):

	December 31	
	2022	2021
Net property, plant and equipment	\$ 20,170,727	\$ 25,719,404
Shares (a)	16,544,895	17,576,716
Time deposits	7,343,842	7,265,805
Pledged receivables (b)	2,000,000	2,000,000
Net investment properties	1,037,486	1,058,527

	December 31	
	2022	2021
Demand deposits	\$ 300,000	\$ 300,000
Right-of-use assets - land	<u>145,824</u>	<u>152,861</u>
	<u>\$ 47,542,774</u>	<u>\$ 54,073,313</u>

- a. As of December 31, 2022 and 2021, the Corporation pledged the shares of the subsidiary CPHC in the amount of NT\$3,889,215 thousand and NT\$3,487,591 thousand, and the subsidiary CPHC pledged the shares of the subsidiary ZN in the amount of NT\$7,393,000 thousand and NT\$6,835,306 thousand, respectively, as collateral for their long-term borrowings and financing amount. As of December 31, 2022 and 2021, shares of the Corporation which were pledged by WIC and TIC were NT\$5,262,680 thousand and NT\$7,253,819 thousand, respectively; the shares were recorded as treasury shares in the consolidated financial statements.
- b. In accordance with revised agreements of build-operate-transfer contract in 2013, the subsidiary KRTC reclassified NT\$2,000,000 thousand including arbitration receivable - Kaohsiung City government and part of the consideration of transferred assets to operating performance guarantees.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation and its subsidiaries as of December 31, 2022 were as follows:

- a. The Corporation and its subsidiaries provided letters of credits for NT\$8.5 billion guaranteed by financial institutions for several constructions, lease contracts and payment. Guarantee notes for NT\$3.1 billion were provided to banks and owners for loans, purchase agreements and warranties.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$10.4 billion.
- c. Property purchase and construction contracts for NT\$34.1 billion were signed but not yet recorded.
- d. The Corporation and its subsidiaries entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, China, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 5 years. Contracted annual purchases of 10,630,000 metric tons of coal, 24,300,000 metric tons of iron ore, and 3,430,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2022 were US\$5.8 billion (including 5,940,000 metric tons of coal, 39,860,000 metric tons of iron ore, and 810,000 metric tons of limestone).
- e. Refer to Table 2 for information relating to endorsements/guarantees provided.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<hr/> December 31, 2022 <hr/>				
Monetary foreign assets				
USD	\$ 403,688	30.7100	(USD:NTD)	\$ 12,397,272
CNY	442,077	4.4080	(CNY:NTD)	1,948,673
VND	1,465,096,559	0.00004	(VND:USD)	1,882,649
Non-monetary foreign assets				
Financial assets at fair value through other comprehensive income				
USD	837,610	30.7100	(USD:NTD)	25,722,995
JPY	6,422,000	0.2324	(JPY:NTD)	1,492,472
MYR	377,535	6.6990	(MYR:NTD)	2,529,105
Associates accounted for using equity method				
USD	404,469	30.7100	(USD:NTD)	12,417,521
AUD	995,301	20.8300	(AUD:NTD)	20,732,125
INR	3,734,391	0.3710	(INR:NTD)	1,384,769
Monetary foreign liabilities				
VND	1,071,342,102	0.00004	(VND:USD)	1,376,675
JPY	6,608,549	0.2324	(JPY:NTD)	1,535,827
USD	283,282	30.7100	(USD:NTD)	8,699,586
USD	109,411	82.7763	(USD:INR)	3,359,997
<hr/> December 31, 2021 <hr/>				
Monetary foreign assets				
USD	323,362	27.6800	(USD:NTD)	8,950,653
CNY	343,579	4.3440	(CNY:NTD)	1,492,507
VND	1,618,092,128	0.00004	(VND:USD)	1,933,620
JPY	4,285,049	0.2405	(JPY:NTD)	1,030,554
Non-monetary foreign assets				
Financial assets at fair value through other comprehensive income				
USD	943,553	27.6800	(USD:NTD)	26,117,559
JPY	6,112,000	0.2405	(JPY:NTD)	1,469,936
MYR	191,128	6.3550	(MYR:NTD)	1,214,617
Associates accounted for using equity method				
USD	441,991	27.6800	(USD:NTD)	11,983,430
AUD	1,034,551	20.0800	(AUD:NTD)	20,773,791
INR	3,697,092	0.3710	(INR:NTD)	1,371,621
Monetary foreign liabilities				
JPY	6,083,808	0.2405	(JPY:NTD)	1,463,156
USD	496,865	27.6800	(USD:NTD)	13,753,231
USD	144,564	74.6092	(USD:INR)	4,001,527

It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity. Please refer to

Note 25 for information relating to net foreign exchange gains and losses.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 8)
- 9) Trading in derivative instruments (Note 29)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)
- 11) Information on investees (Table 10)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 11)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 7)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 7)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)

- e) The highest balance, the end of period balance and the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 12)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided and thus these individual operating segments have been aggregated into a single operating segment in consideration of similarity of the nature of the products and production processes. Reported segments of the Corporation and its subsidiaries were as follows:

- Steel department - manufacture and sell steel products, including the Corporation, DSC, CHS, CSCM, CSVC and CSCI.

a. Segment revenue and operating results

The following is an analysis of the Corporation and its subsidiaries' revenues and results of operations by reportable segment.

	Steel Department	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2022</u>				
Revenue from external customers	\$ 354,287,315	\$ 95,280,173	\$ -	\$ 449,567,488
Inter-segment revenue	<u>87,117,466</u>	<u>67,576,573</u>	<u>(154,694,039)</u>	<u>-</u>
Segment revenue	<u>\$ 441,404,781</u>	<u>\$ 162,856,746</u>	<u>\$ (154,694,039)</u>	<u>\$ 449,567,488</u>
Segment profit	\$ 9,893,030	\$ 9,519,809	\$ (1,147,486)	\$ 18,265,353
Interest income	285,215	256,704	(72,346)	469,573
Financial costs	(1,855,350)	(811,267)	173,210	(2,493,407)
Share of the profit of associates	8,591,652	4,288,297	(11,301,216)	1,578,733
Other non-operating income and expenses	<u>2,463,769</u>	<u>3,720,012</u>	<u>(745,437)</u>	<u>5,438,344</u>
Profit before income tax	19,378,316	16,973,555	(13,093,275)	23,258,596
Income tax	<u>2,759,144</u>	<u>2,394,252</u>	<u>110,141</u>	<u>5,263,537</u>
Net profit for the year	<u>\$ 16,619,172</u>	<u>\$ 14,579,303</u>	<u>\$ (13,203,416)</u>	<u>\$ 17,995,059</u>
<u>For the year ended December 31, 2021</u>				
Revenue from external customers	\$ 378,777,988	\$ 89,549,513	\$ -	\$ 468,327,501
Inter-segment revenue	<u>100,436,390</u>	<u>60,101,766</u>	<u>(160,538,156)</u>	<u>-</u>
Segment revenue	<u>\$ 479,214,378</u>	<u>\$ 149,651,279</u>	<u>\$ (160,538,156)</u>	<u>\$ 468,327,501</u>
Segment profit	\$ 73,308,117	\$ 8,833,578	\$ (2,384,422)	\$ 79,757,273
Interest income	116,805	148,888	(37,104)	228,589

	Steel Department	Others	Adjustment and Elimination	Total
Financial costs	\$ (1,339,913)	\$ (560,762)	\$ 139,534	\$ (1,761,141)
Share of the profit (loss) of associates	29,733,503	4,390,876	(32,946,525)	1,177,854
Other non-operating income and expenses	<u>2,287,950</u>	<u>3,512,275</u>	<u>(789,152)</u>	<u>5,011,073</u>
Profit before income tax	104,106,462	16,324,855	(36,017,669)	84,413,648
Income tax	<u>14,358,523</u>	<u>1,632,332</u>	<u>(483,279)</u>	<u>15,507,576</u>
Net profit for the year	<u>\$ 89,747,939</u>	<u>\$ 14,692,523</u>	<u>\$ (35,534,390)</u>	<u>\$ 68,906,072</u>

Inter-segment revenue was accounted for according to market price or cost-plus pricing.

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2022	2021
<hr/> Segment assets <hr/>		
Steel department	\$ 715,346,349	\$ 740,152,869
Others	259,104,911	260,614,463
Adjustment and elimination	<u>(290,681,863)</u>	<u>(312,772,363)</u>
Consolidated total assets	<u>\$ 683,769,397</u>	<u>\$ 687,994,969</u>
<hr/> Segment liabilities <hr/>		
Steel department	\$ 256,230,361	\$ 234,165,024
Others	94,658,042	97,784,443
Adjustment and elimination	<u>(23,964,450)</u>	<u>(30,909,518)</u>
Consolidated total liabilities	<u>\$ 326,923,953</u>	<u>\$ 301,039,949</u>

c. Revenue from major products and services

Revenue from major products and services of the Corporation and its subsidiaries were as follows:

	For the Year Ended December 31	
	2022	2021
Steel products	\$ 353,504,705	\$ 381,007,910
Non-ferrous materials	45,677,008	40,358,570
Construction contract, service and other revenue	<u>50,385,775</u>	<u>46,961,021</u>
	<u>\$ 449,567,488</u>	<u>\$ 468,327,501</u>

d. Geographical information

The Corporation and its subsidiaries operate in five principal geographical areas - Taiwan, Vietnam, Malaysia, China and India.

The Corporation and its subsidiaries' revenue from continuing operations from external customers and information about its non-current assets by geographical location were detailed below:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	\$ 400,694,276	\$ 415,450,147	\$ 373,351,971	\$ 373,481,488
Vietnam	23,095,004	28,527,477	12,064,753	11,747,570
Malaysia	11,038,968	9,546,860	1,097,239	1,114,367
China	8,893,243	9,198,578	1,754,425	2,453,500
India	4,967,047	5,260,823	3,342,266	3,537,198
Others	<u>878,950</u>	<u>343,616</u>	<u>4,411,158</u>	<u>4,631,711</u>
	<u>\$ 449,567,488</u>	<u>\$ 468,327,501</u>	<u>\$ 396,021,812</u>	<u>\$ 396,965,834</u>

Non-current assets excluded those classified as financial instruments, investments accounted for using the equity method, refundable deposits and deferred tax assets.

e. Information about major customers

No revenue from any individual customer exceeds 10% of the Corporation and its subsidiaries' total revenue for the years ended December 31, 2022 and 2021.

TABLE 1

CHINA STEEL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	China Steel Corporation	Dragon Steel Corporation	Other receivables	Yes	600,000	-	-	N/A	2	-	Operating capital	-	-	-	31,990,222	63,980,445	Note2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	2,500,000	2,500,000	2,000,000	0.35%-1.58%	2	-	Operating capital	-	-	-	31,990,222	63,980,445	Note2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,050,000	1,000,000	900,000	0.45%-1.68%	2	-	Operating capital	-	-	-	31,990,222	63,980,445	Note2
0	China Steel Corporation	C.S.Aluminum Corporation	Other receivables	Yes	5,200,000	4,400,000	2,060,000	0.36%-1.68%	2	-	Operating capital	-	-	-	31,990,222	63,980,445	Note2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	1,300,000	1,300,000	1,000,000	0.36%-1.53%	2	-	Operating capital	-	-	-	31,990,222	63,980,445	Note2
0	China Steel Corporation	Chung Hung Steel Corporation	Other receivables	Yes	2,400,000	2,200,000	-	N/A	2	-	Operating capital	-	-	-	31,990,222	63,980,445	Note2
1	United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	No	17,252	-	-	5.80%	2	-	Operating capital	-	-	-	50,000	58,951	Note3
2	Ever Weidly International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	163,288	82,694	82,694	1.00%-2.40%	2	-	Operating capital	-	-	-	333,744	500,617	Note4
3	Thintech Materials Technology Co., Ltd	Taiyang Thintech Materials Co., Ltd	Other receivables	Yes	108,415	106,056	-	2.53%-2.80%	2	-	Operating capital	-	-	-	358,258	477,678	Note5
4	C.S.Aluminum Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd	Other receivables	Yes	579,870	552,780	-	N/A	2	-	Repayments of bank borrowings	-	-	-	904,257	1,808,515	Note6
5	China Prosperity Development Corporation	China Steel Corporation	Other receivables	Yes	1,600,000	850,000	850,000	0.37%-1.54%	2	-	Operating capital	-	-	-	2,438,316	2,438,316	Note7
6	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	50,000	40,000	40,000	0.35%-1.53%	2	-	Operating capital	-	-	-	147,528	196,704	Note8
7	Beiaera Inc.	Beiaera (Su Zhou) Co., Ltd	Other receivables	Yes	63,500	-	-	N/A	2	-	Operating capital	-	-	-	205,420	410,841	Note9
8	Dragon Steel Corporation	China Steel Corporation	Other receivables	Yes	2,000,000	2,000,000	-	0.40%-0.87%	2	-	Operating capital	-	-	-	10,169,676	20,339,352	Note10
9	China Steel Machinery Corporation	China Steel Corporation	Other receivables	Yes	600,000	600,000	600,000	0.74%-1.53%	2	-	Operating capital	-	-	-	814,482	814,482	Note11
10	China Steel Express Corporation	CSE Transport Corporation	Other receivables	Yes	322,150	307,100	-	2.34%-4.05%	2	-	Operating capital	-	-	-	1,401,836	2,803,672	Note12
11	Chung Hung Steel Corporation	China Steel Corporation	Other receivables	Yes	300,000	300,000	300,000	1.04%-1.53%	2	-	Operating capital	-	-	-	1,706,243	6,824,974	Note13

Note 1: The nature for financing is as follows:

- 1) Business relationship
- 2) The need for short-term financing

- Note 2: According to “The Process of Financing Others” established by the Corporation, the total available amount for lending to a company shall not exceed 20% and 10% of the net worth of the Corporation, respectively.
- Note 3: According to “The Process of Financing Others” established by United Steel Investment Pte Ltd., the total available amount for lending to others shall not exceed 40% of the net worth of the company; for short-term financing needs, the total amount for lending to a company shall not exceed NT\$50,000 thousand; however, its wholly-owned subsidiary is free from these limits. Except for the aforementioned, the total available amount for lending to others shall not exceed 40% of the net worth of United Steel Investment Pte Ltd.
- Note 4: According to “The Process of Financing Others” established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.
- Note 5: According to “The Process of Financing Others” established by Thintech Materials Technology Co., Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of Thintech Materials Technology Co., Ltd., respectively.
- Note 6: According to “The Process of Financing Others” established by C.S.Aluminium Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of C.S.Aluminium Corporation, respectively.
- Note 7: According to “The Process of Financing Others” established by China Prosperity Development Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Prosperity Development Corporation.
- Note 8: According to “The Process of Financing Others” established by China Steel Security Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of China Steel Security Corporation, respectively.
- Note 9: According to “The Process of Financing Others” established by Betacera Inc., the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of Betacera Inc., respectively.
- Note 10: According to “The Process of Financing Others” established by Dragon Steel Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of Dragon Steel Corporation, respectively.
- Note 11: According to “The Process of Financing Others” established by China Steel Machinery Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Steel Machinery Corporation.
- Note 12: According to “The Process of Financing Others” established by China Steel Express Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of China Steel Express Corporation, respectively.
- Note 13: According to “The Process of Financing Others” established by Chung Hung Steel Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 10% of the net worth of Chung Hung Steel Corporation, respectively.

TABLE 2

CHINA STEEL CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

NO.	Endorser/Guarantee Provider	Endorser/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorser's/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	China Steel Corporation	China Steel Power Corporation	2	95,970,668	9,736,210	7,156,210	3,889,215	3,889,215	2	127,960,890	Y	N	N	Notes 2 and 4
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	95,970,668	10,387,177	-	-	-	-	127,960,890	N	N	N	Note 4
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	95,970,668	1,323,204	1,263,979	603,325	-	-	127,960,890	N	N	N	Note 4
1	China Steel Structure Co., Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	6	1,751,056	141,628	-	-	-	-	9,981,021	N	N	N	Note 5
2	United Steel Engineering & Construction Corporation Co., Ltd.	China Steel Structure Co., Ltd.	3	21,682,341	71,300	-	-	-	-	21,682,341	N	N	N	Notes 3 and 6
3	Thintech Materials Technology Co., Ltd.	Thintech Construction Corporation	2	477,678	273,828	261,035	145,427	-	22	477,678	N	N	Y	Note 7
4	InfoChamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	268,057	48,146	47,099	47,099	-	5	446,762	N	N	Y	Note 8
4	InfoChamp Systems Corporation	Tang Steel International Engineering Technology Corp.	5	268,057	42,061	41,146	41,146	-	5	446,762	N	N	Y	Note 8
5	Wuhan InfoChamp I.T. Co., Ltd.	InfoChamp Systems Corporation	3	170,421	41,552	40,648	40,648	-	119	204,505	N	N	N	Note 9
5	Wuhan InfoChamp I.T. Co., Ltd.	Tang Steel International Engineering Technology Corp.	5	170,421	42,061	41,146	41,146	-	121	204,505	N	N	Y	Note 9
6	China Steel Express Corporation	CSE Transport Corporation	2	4,205,508	2,642,965	2,566,210	1,566,210	-	18	5,607,344	N	N	N	Note 10
7	China Steel Power Holding Corporation	China Steel Power Corporation	2	38,129,560	7,393,000	7,393,000	7,393,000	7,393,000	97	38,129,560	N	N	N	Note 11

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

- 1) A company that the Corporation has business relationship with.
- 2) The Corporation owns directly or indirectly over 50% ownership of the investee company.
- 3) The company that owns directly or indirectly hold over 50% ownership of the Corporation.
- 4) In between companies that were held over 90% of voting shares directly or indirectly by an entity.
- 5) The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- 6) Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- 7) According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

- Note 2: Endorsements and guarantees provided by the Corporation to its subsidiaries.
- Note 3: Performance guarantee regarding the construction contract.
- Note 4: According to “The Process of making endorsements/quadrants” established by the Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 40% of the net worth of the Corporation, respectively.
- Note 5: According to “The Process of making endorsements/quadrants” established by China Steel Structure Co., Ltd., the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed one third and 190% of the net worth of China Steel Structure Co., Ltd. However, the ceilings on the amounts to United Steel Engineering & Consumption Corporation shall not exceed 190% of the net worth of China Steel Structure Co., Ltd.
- Note 6: According to “The Process of making endorsements/quadrants” established by United Steel Engineering & Construction Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed one third and 1500% of the net worth of United Steel Engineering & Construction Corporation. However, the ceilings on the amounts to China Steel Structure Co., Ltd. shall not exceed 1500% of the net worth of United Steel Engineering & Construction Corporation.
- Note 7: According to “The Process of making endorsements/quadrants” established by Thintech Materials Technology Co., Ltd., both the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 40% of the net worth of Thintech Materials Technology Co., Ltd..
- Note 8: According to “The Process of making endorsements/quadrants” established by InfoChamp Systems Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 50% of the net worth of InfoChamp Systems Corporation, respectively.
- Note 9: According to “The Process of making endorsements/quadrants” established by Wuhan InfoChamp I.T. Co., Ltd., the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 500% and 600% of the net worth of Wuhan InfoChamp I.T. Co., Ltd., respectively.
- Note 10: According to “The Process of making endorsements/quadrants” established by China Steel Express Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 40% of the net worth of China Steel Express Corporation, respectively.
- Note 11: According to “The Process of making endorsements/quadrants” established by China Steel Power Holding Corporation, both the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 500% of the net worth of China Steel Power Holding Corporation.

TABLE 3

CHINA STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	Taiwan High Speed Rail Corporation	Financial assets at fair value through other comprehensive income - noncurrent	242,148,000	6,961,755	4	6,961,755	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	1,256,354	2	1,256,354	
China Steel Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	29,860,691	948,077	9	948,077	
China Steel Corporation	Common stock	O-Bank Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	103,847,695	871,282	3	871,282	
China Steel Corporation	Common stock	CSN Mineracao S.A.	Financial assets at fair value through other comprehensive income - noncurrent	22,366,860	531,444	-	531,444	
China Steel Corporation	Common stock	RECHI PRECISION CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	23,002,022	370,333	5	370,333	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	400,000	236,118	1	236,118	
China Steel Corporation	Common stock	CSBC Corporation, Taiwan	Financial assets at fair value through other comprehensive income - noncurrent	7,751,346	151,151	1	151,151	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited	Financial assets at fair value through other comprehensive income - noncurrent	1,111,418,177	24,916,106	20	24,916,106	
China Steel Corporation	Common stock	Sakura Ferroalloys Sdn. Bhd.	Financial assets at fair value through other comprehensive income - noncurrent	207,290,000	1,987,832	19	1,987,832	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation	Financial assets at fair value through other comprehensive income - noncurrent	54,000,000	694,780	5	694,780	
China Steel Corporation	Common stock	Taiwan International Windpower Training Corporation Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	15,357	15	15,357	
China Steel Corporation	Common stock	CDIB BioScience Ventures I, Inc.	Financial assets at fair value through other comprehensive income - noncurrent	1,063,534	5,651	5	5,651	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	332,881	2,556	1	2,556	
China Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	-	1	-	
China Steel Corporation	Preferred stock	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	3,333	712,241	10	712,241	
China Steel Corporation	Preferred stock	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	56,443,634	541,273	19	541,273	
Chung Hung Steel Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	730,000	-	15	-	
Chung Hung Steel Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	33,109,239	986,655	-	986,655	
Chung Hung Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	134,167	34,733	2	34,733	
Chung Hung Steel Corporation	Common stock	The held company as its supervisor	Financial assets at fair value through other comprehensive income - noncurrent	250,000	6,430	5	6,430	
Hung Kao Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,003,980	29,919	-	29,919	
China Steel Chemical Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	76,196	-	76,196	
China Steel Chemical Corporation	Preferred stock	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	10,591	-	10,591	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	751,399	6,958	-	6,958	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,355,953	30,004	-	30,004	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,990,829	30,003	-	30,003	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,552,171	30,003	-	30,003	
China Steel Chemical Corporation	Convertible bond	No relation	Financial assets at fair value through other comprehensive income - current	-	14,767	-	14,767	
Ever Wealthy International Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	404,057	17,132	-	17,132	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	133,425	4,050	-	4,050	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	62,953	2,518	-	2,518	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	119,663	1,532	-	1,532	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	100,387	1,516	-	1,516	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	7,000	639	-	639	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	501,498	-	501,498	
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	125,943	-	125,943	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,540,000	51,863	4	51,863	
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	322,484	3,057	-	3,057	
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	300,000	2,231	9	2,231	
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,000	22	1	22	
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	133,300	-	2	-	
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,157,642	27,810	7	27,810	
Ever Wealthy International Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	31,000	1	31,000	
Ever Wealthy International Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	800,000	50,592	-	50,592	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Preferred stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	175,000	9,643	-	9,643	
Ever Wealthy International Corporation	Preferred stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	7,780	-	7,780	
Ever Wealthy International Corporation	Preferred stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	12,540	685	-	685	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,135,072	15,528	-	15,528	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	7,120	-	7,120	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	321,750	3,890	-	3,890	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	250,473	3,441	-	3,441	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	142,857	3,024	-	3,024	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,544	4,709	-	4,709	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	791,028	8,700	-	8,700	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,772,718	25,039	-	25,039	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	996,678	15,021	-	15,021	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	623,154	10,012	-	10,012	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	465,040	12,100	-	12,100	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,183,311	30,054	-	30,054	
Ever Wealthy International Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,037	-	5,037	
Ever Wealthy International Corporation	Corporate bond	No relation	Financial assets at amortized cost - noncurrent	-	-	-	-	
China Ecotek Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,305,000	94,311	2	94,311	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Ecotek Corporation	Common stock	GREEN SHEPHERD CORPORATION	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	784,000	16,100	6	16,100	
China Ecotek Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	440,000	15,507	1	15,507	
China Ecotek Corporation	Common stock	ECOTEK INDUSTRIAL AQUACULTURE CORP.	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	74,681	600	19	600	
China Ecotek Corporation	Common stock	HSIN YU ENERGY DEVELOPMENT CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	391,249	-	-	-	
China Ecotek Corporation	Common stock	Asia Pacific Energy Development Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,212,590	102,782	11	102,782	
China Steel Structure Co., Ltd.	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	6,936,878	206,719	-	206,719	
United Steel Engineering & Construction Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	3,745,446	111,614	-	111,614	
CHC Resources Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	9,201,806	274,214	-	274,214	
CHC Resources Corporation	Common stock	Feng Sheng Enterprise Corporation	No relation	Financial assets at fair value through other comprehensive income - noncurrent	932,053	15,388	2	15,388	
Union Steel Development Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	423,849	12,631	-	12,631	
Union Steel Development Corporation	Certificate of entitlement	Shanghai Bao Shun Steel Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	17,314	19	17,314	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,349,975	70,029	-	70,029	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation	No relation	Financial assets at fair value through other comprehensive income - current	2,223	222	-	222	
China Steel Security Corporation	Common stock	Taiwan Shin Kong Security Corporation	No relation	Financial assets at fair value through other comprehensive income - current	3,614	140	-	140	
China Steel Security Corporation	Mutual fund	Yuantai De-Li Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	604,317	10,013	-	10,013	
China Steel Security Corporation	Mutual fund	Union Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	745,695	10,004	-	10,004	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Security Corporation	Mutual fund	UPAMC James Bond Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	590,260	10,003	-	10,003	
China Steel Management Consulting Corporation	Mutual fund	Capital Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	348,056	5,703	-	5,703	
China Prosperity Development Corporation	Common stock	HUA NAN FINANCIAL HOLDINGS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	5,066,509	113,743	-	113,743	
China Prosperity Development Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	952,979	28,399	-	28,399	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	475,043	14,418	-	14,418	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	248,315	6,456	-	6,456	
China Prosperity Development Corporation	Common stock	iPASS Corporation	No relation	Financial assets at fair value through other comprehensive income - current	2,528,218	17,875	2	17,875	
China Prosperity Development Corporation	Common stock	QUN XIN PROPERTIES CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - current	2,400,000	6,840	8	6,840	
China Prosperity Development Corporation	Common stock	HISCENE WORLD ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	386,535	3,892	-	3,892	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	325,505	9,700	-	9,700	
HIMAG Magnetic Corporation	Common stock	Superrite Electronics Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	600,000	11,201	2	11,201	
Eminent Venture Capital Corporation	Common stock	Asia Best Healthcare Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	4,530	19,799	1	19,799	
Eminent Venture Capital Corporation	Common stock	StemCyte International, Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,080,647	12,793	1	12,793	
Eminent Venture Capital Corporation	Common stock	Cellerant Therapeutics, Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	43,900	-	-	-	
Eminent Venture Capital Corporation	Common stock	Aerami Therapeutics Holdings, Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	166,394	-	-	-	
Eminent Venture Capital Corporation	Preferred stock	Nereus Pharmaceuticals, Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,895,531	7,509	-	7,509	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Preferred stock	Bayhill Therapeutics, Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,404,494	-	2	-	
Eminent Venture Capital Corporation	Preferred stock	AndroScience Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,111,111	-	7	-	
Eminent Venture Capital Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	6,694,599	100,893	-	100,893	
Eminent Venture Capital Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,640,122	17,226	-	17,226	
InfoChamp Systems Corporation	Common stock	China Steel Corporation	Parent company	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,834,338	114,263	-	114,263	
InfoChamp Systems Corporation	Common stock	Lion Corporation Berhad	No relation	Financial assets at fair value through other comprehensive income - noncurrent	58	-	-	-	
InfoChamp Systems Corporation	Common stock	LOCUS CELL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	57,072	1	57,072	
InfoChamp Systems Corporation	Common stock	iPASS Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	3,828,188	27,080	3	27,080	
InfoChamp Systems Corporation	Common stock	TRICORNTech CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	726,885	8,564	1	8,564	
InfoChamp Systems Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	24,909	-	5	-	
InfoChamp Systems Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,995,012	30,066	-	30,066	
InfoChamp Systems Corporation	Mutual fund	Yuantai De-Li Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,811,091	30,009	-	30,009	
InfoChamp Systems Corporation	Mutual fund	Fubon Chi-Hsiang Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,886,187	30,008	-	30,008	
InfoChamp Systems Corporation	Mutual fund	SinoPac Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,419,154	20,045	-	20,045	
InfoChamp Systems Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,859,403	30,031	-	30,031	
InfoChamp Systems Corporation	Mutual fund	Taishin 1699 Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,456,739	20,052	-	20,052	
Kaohsiung Rapid Transit Corporation	Common stock	iPASS Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	9,912,843	70,121	9	70,121	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Dragon Steel Corporation	Common stock	Union Optonics Corp.	Financial assets at fair value through other comprehensive income - noncurrent	103,895	-	-	-	
C.S.Aluminium Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	4,431,944	132,072	-	132,072	
China Steel Express Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	8,801,555	262,286	-	262,286	
China Steel Express Corporation	Common stock	CDIB & Partners Investment Holding Corporation	Financial assets at fair value through other comprehensive income - noncurrent	3,240,000	41,687	-	41,687	
China Steel Express Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	35,000	2,294	1	2,294	
Transglory Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	51,000	1,619	-	1,619	
Transglory Investment Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	256,765,331	7,651,607	2	7,651,607	Note 1
Transglory Investment Corporation	Mutual fund	Jih Sun Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	13,977,374	210,650	-	210,650	
Gains Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.	Financial assets at fair value through other comprehensive income - current	21,829,242	827,328	-	827,328	
Gains Investment Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	Financial assets at fair value through other comprehensive income - current	9,084,850	385,198	-	385,198	
Gains Investment Corporation	Common stock	TRANSKOM, INC.	Financial assets at fair value through other comprehensive income - current	979,638	136,170	-	136,170	
Gains Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.	Financial assets at fair value through other comprehensive income - current	2,431,620	124,013	-	124,013	
Gains Investment Corporation	Common stock	FUSHENG PRECISION CO., LTD.	Financial assets at fair value through other comprehensive income - current	513,000	107,987	-	107,987	
Gains Investment Corporation	Common stock	LUXNET CORPORATION	Financial assets at fair value through other comprehensive income - current	2,339,969	93,130	-	93,130	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,660,032	91,966	-	91,966	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.	Financial assets at fair value through other comprehensive income - current	1,333,482	75,075	-	75,075	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.	Financial assets at fair value through other comprehensive income - current	877,610	74,597	-	74,597	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,975,000	71,989	-	71,989
Gains Investment Corporation	Common stock	HOTAI FINANCE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	692,000	70,584	-	70,584
Gains Investment Corporation	Common stock	CHENFULL PRECISION CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	789,287	57,934	-	57,934
Gains Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,260,000	56,007	-	56,007
Gains Investment Corporation	Common stock	I JANG INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,012,000	55,660	-	55,660
Gains Investment Corporation	Common stock	ULTRA CHIP, INC.	No relation	Financial assets at fair value through other comprehensive income - current	697,430	53,632	-	53,632
Gains Investment Corporation	Common stock	BORA PHARMACEUTICALS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	124,348	51,542	-	51,542
Gains Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,050,000	51,030	-	51,030
Gains Investment Corporation	Common stock	Capital Futures Corporation	No relation	Financial assets at fair value through other comprehensive income - current	1,364,000	50,127	-	50,127
Gains Investment Corporation	Common stock	AMPAK TECHNOLOGY INC.	No relation	Financial assets at fair value through other comprehensive income - current	629,000	44,722	-	44,722
Gains Investment Corporation	Common stock	CHC Healthcare Group	No relation	Financial assets at fair value through other comprehensive income - current	969,000	42,200	-	42,200
Gains Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	739,159	38,288	-	38,288
Gains Investment Corporation	Common stock	ASIA TECH IMAGE INC.	No relation	Financial assets at fair value through other comprehensive income - current	671,000	38,247	-	38,247
Gains Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	80,000	35,880	-	35,880
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	881,000	32,685	-	32,685
Gains Investment Corporation	Common stock	JETWELL COMPUTER CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	614,997	31,857	-	31,857
Gains Investment Corporation	Common stock	ARDENTEC CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	616,000	30,554	-	30,554

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION	No relation	500,000	29,600	-	29,600	
Gains Investment Corporation	Common stock	BRIGHTTEK OPTOELECTRONIC CO., LTD.	No relation	1,093,000	28,965	-	28,965	
Gains Investment Corporation	Common stock	GREENFILTEC LTD.	No relation	306,482	28,258	-	28,258	
Gains Investment Corporation	Common stock	Yonggu Group Inc.	No relation	545,319	25,903	-	25,903	
Gains Investment Corporation	Common stock	HERAN CO., LTD.	No relation	224,000	23,744	-	23,744	
Gains Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	No relation	562,000	21,525	-	21,525	
Gains Investment Corporation	Common stock	LONGWELL COMPANY	No relation	377,000	19,980	-	19,980	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.	No relation	380,000	18,886	-	18,886	
Gains Investment Corporation	Common stock	ACTER GROUP CORPORATION LIMITED	No relation	180,000	18,270	-	18,270	
Gains Investment Corporation	Common stock	GROUP UP INDUSTRIAL CO., LTD.	No relation	186,000	18,265	-	18,265	
Gains Investment Corporation	Common stock	ZHEN YU HARDWARE CO., LTD.	No relation	181,000	16,670	-	16,670	
Gains Investment Corporation	Common stock	GSD Technologies Co., Ltd. Taiwan Branch (Cayman Islands)	No relation	306,453	16,242	-	16,242	
Gains Investment Corporation	Common stock	EVERGREEN STEEL CORPORATION	No relation	280,000	14,448	-	14,448	
Gains Investment Corporation	Common stock	JI SHENG ELECTRIC WIRE & CABLE CO., LTD.	No relation	331,000	13,968	-	13,968	
Gains Investment Corporation	Common stock	NOVA TECHNOLOGY CORP.	No relation	150,000	13,275	-	13,275	
Gains Investment Corporation	Common stock	FENG HSIN STEEL CO., LTD.	No relation	206,000	13,122	-	13,122	
Gains Investment Corporation	Common stock	WENDELL INDUSTRIAL CO., LTD.	No relation	155,000	13,082	-	13,082	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	EMERGING DISPLAY TECHNOLOGIES CORP.	No relation	Financial assets at fair value through other comprehensive income - current	630,000	12,789	-	12,789	
Gains Investment Corporation	Common stock	CHUNG-HSIN ELECTRIC & MACHINERY MFG. CORP.	No relation	Financial assets at fair value through other comprehensive income - current	190,000	12,768	-	12,768	
Gains Investment Corporation	Common stock	PEGAVISION CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	30,000	12,720	-	12,720	
Gains Investment Corporation	Common stock	ADVANCED INTERNATIONAL MULTITECH CO.,LTD.	No relation	Financial assets at fair value through other comprehensive income - current	130,000	12,337	-	12,337	
Gains Investment Corporation	Common stock	ETERNAL MATERIALS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	370,050	11,564	-	11,564	
Gains Investment Corporation	Common stock	UNICTRON TECHNOLOGIES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	174,000	11,500	-	11,500	
Gains Investment Corporation	Common stock	WAH LEE INDUSTRIAL CORP.	No relation	Financial assets at fair value through other comprehensive income - current	127,000	10,643	-	10,643	
Gains Investment Corporation	Common stock	KWONG LUNG ENTERPRISE CO.,LTD.	No relation	Financial assets at fair value through other comprehensive income - current	200,000	10,480	-	10,480	
Gains Investment Corporation	Common stock	AMIDA TECHNOLOGY INC. LTD.	No relation	Financial assets at fair value through other comprehensive income - current	179,000	9,756	-	9,756	
Gains Investment Corporation	Common stock	JESS-LINK PRODUCTS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	227,000	9,080	-	9,080	
Gains Investment Corporation	Common stock	CHANG WAH TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	300,000	8,910	-	8,910	
Gains Investment Corporation	Common stock	CHIEN SHING HARBOUR SERVICE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	197,063	7,479	-	7,479	
Gains Investment Corporation	Common stock	Weblink International Inc.	No relation	Financial assets at fair value through other comprehensive income - current	187,000	7,274	-	7,274	
Gains Investment Corporation	Common stock	TAIWAN HON CHUAN ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	73,000	6,351	-	6,351	
Gains Investment Corporation	Common stock	SHEH KAI PRECISION CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	143,000	6,221	-	6,221	
Gains Investment Corporation	Common stock	HIGHLIGHT TECH CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	80,000	3,960	-	3,960	
Gains Investment Corporation	Common stock	LAUNCH TECHNOLOGIES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	50,000	3,800	-	3,800	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	BRILLIAN NETWORK & AUTOMATION INTEGRATED SYSTEM CO., LTD.	No relation	41,000	3,768	-	3,768	
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION	No relation	70,000	2,492	-	2,492	
Gains Investment Corporation	Common stock	ARCADYAN TECHNOLOGY CORPORATION	No relation	25,000	2,393	-	2,393	
Gains Investment Corporation	Common stock	ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.	No relation	36,000	2,340	-	2,340	
Gains Investment Corporation	Common stock	BRIGHTEN OPTIX CORPORATION	No relation	10,000	1,865	-	1,865	
Gains Investment Corporation	Common stock	Sincere Security Corp. Ltd.	No relation	30,000	1,281	-	1,281	
Gains Investment Corporation	Common stock	TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.	No relation	35,000	1,267	-	1,267	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION	No relation	8,000	271	-	271	
Gains Investment Corporation	Common stock	NAK SEALING TECHNOLOGIES CORPORATION	No relation	1,000	106	-	106	
Gains Investment Corporation	Common stock	Rentian Technology Holdings Ltd.	No relation	18,350	-	-	-	
Gains Investment Corporation	Common stock	AltruBio Inc.	No relation	500,000	-	-	-	
Gains Investment Corporation	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.	No relation	1,678,788	-	10	-	
Gains Investment Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.	No relation	24,909	-	5	-	
Gains Investment Corporation	Common stock	KING POINT ENTERPRISE CO., LTD.	No relation	3,500,000	145,985	9	145,985	
Gains Investment Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation	2,500,000	77,500	1	77,500	
Gains Investment Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	1,980,000	69,782	5	69,782	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	CYBERSOFT DIGITAL SERVICES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,444,996	60,292	5	60,292
Gains Investment Corporation	Common stock	Innotech Logistics Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	5,000,000	50,000	10	50,000
Gains Investment Corporation	Common stock	Chien Tung Harbour Service Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	5,000,000	50,000	10	50,000
Gains Investment Corporation	Common stock	Poju International Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,263,000	49,325	5	49,325
Gains Investment Corporation	Common stock	GE TECHNOLOGY INC.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,108,910	48,300	6	48,300
Gains Investment Corporation	Common stock	VIETNOSTRUM ANIMAL HEALTH CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,660,269	43,167	3	43,167
Gains Investment Corporation	Common stock	FOXCONN GLOBAL NETWORK CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	3,000,000	30,960	9	30,960
Gains Investment Corporation	Common stock	ENLI TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	915,600	30,235	9	30,235
Gains Investment Corporation	Common stock	GREENWAY ENVIRONMENTAL TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,750,000	30,000	8	30,000
Gains Investment Corporation	Common stock	CDIB & Partners Investment Holding Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,160,000	27,791	-	27,791
Gains Investment Corporation	Common stock	GREEN SHEPHERD CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,120,000	23,000	8	23,000
Gains Investment Corporation	Common stock	TFBS BIOSCIENCE, INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	350,000	18,900	1	18,900
Gains Investment Corporation	Common stock	YONGDA FOOD TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,413,500	13,886	5	13,886
Gains Investment Corporation	Common stock	MITAGRI CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,301,237	13,420	15	13,420
Gains Investment Corporation	Common stock	T-Car Inc.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	500,000	10,081	2	10,081
Gains Investment Corporation	Common stock	MUTUAL-PAK TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,300,000	5,385	8	5,385
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	35,000	2,294	1	2,294

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	ULTRADISPLAY INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,446,891	651	9	651	
Gains Investment Corporation	Common stock	LOCUS CELL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	5,289,000	150,927	3	150,927	
Gains Investment Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	76,867	-	76,867	
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,147,820	59,329	2	59,329	
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,188,000	45,239	6	45,239	
Gains Investment Corporation	Common stock	CHEN NAN IRON WIRE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	40,224	5	40,224	
Gains Investment Corporation	Common stock	NAN JIEN INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	606,000	35,845	1	35,845	
Gains Investment Corporation	Common stock	Ping Ho Environmental Technology Company Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	740,650	34,645	3	34,645	
Gains Investment Corporation	Common stock	Lianyou Metals Co., Ltd	No relation	Financial assets at fair value through other comprehensive income - noncurrent	462,920	31,727	2	31,727	
Gains Investment Corporation	Common stock	FEMCO STEEL TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,078,000	30,400	3	30,400	
Gains Investment Corporation	Common stock	SUNNY PHARMTECH INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,786,234	28,380	1	28,380	
Gains Investment Corporation	Common stock	NORBEL BABY CO.,LTD	No relation	Financial assets at fair value through other comprehensive income - noncurrent	200,000	25,035	1	25,035	
Gains Investment Corporation	Common stock	FLASHAIM INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	770,000	17,980	6	17,980	
Gains Investment Corporation	Common stock	SUPERALLOY INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	374,000	17,114	-	17,114	
Gains Investment Corporation	Common stock	HANDA PHARMACEUTICALS, INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	150,000	15,324	-	15,324	
Gains Investment Corporation	Common stock	GMT GLOBAL INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	728,325	13,845	2	13,845	
Gains Investment Corporation	Common stock	SUN RISE F&T CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	731,000	12,509	2	12,509	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	ALLIANCE MATERIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	394,000	9,298	1	9,298	Note 2
Gains Investment Corporation	Common stock	LIAN HONG ART CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	270,305	8,793	1	8,793	
Gains Investment Corporation	Common stock	STUDY KING CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	309,600	8,483	2	8,483	
Thintech Materials Technology Co., Ltd.	Common stock	Lianyou Metals Co., Ltd	No relation	Financial assets at fair value through other comprehensive income - noncurrent	462,920	31,727	2	31,727	
Winning Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	159,606,339	4,756,269	1	4,756,269	
Betacera Inc.	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	74,149	-	-	-	
Betacera Inc.	Common stock	HCT REGENERATIVE CO., LTD	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,294,153	11,143	19	11,143	
Shanghai Xike Ceramic Electronic Co., Ltd.	Common stock	Shanghai Join Buy Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	71,820	2,469	-	2,469	
Universal Exchange Inc.	Mutual fund	Union Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,572,061	21,090	-	21,090	
Pro-Ascentek Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	108,000	48,438	-	48,438	
Pro-Ascentek Investment Corporation	Common stock	SYNTEK AUTOMATION ASIA CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	360,000	30,600	-	30,600	
Pro-Ascentek Investment Corporation	Common stock	ZERO ONE TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	724,109	29,073	-	29,073	
Pro-Ascentek Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.	No relation	Financial assets at fair value through other comprehensive income - current	732,000	27,743	-	27,743	
Pro-Ascentek Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	583,000	21,250	-	21,250	
Pro-Ascentek Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	500,000	19,150	-	19,150	
Pro-Ascentek Investment Corporation	Common stock	INNODISK CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	97,807	18,143	-	18,143	
Pro-Ascentek Investment Corporation	Common stock	HERAN CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	166,000	17,596	-	17,596	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Pro-Ascentek Investment Corporation	Common stock	ARDENTEC CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	340,000	16,864	-	16,864
Pro-Ascentek Investment Corporation	Common stock	GIGA-BYTE TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	130,000	13,845	-	13,845
Pro-Ascentek Investment Corporation	Common stock	RADIANT OPTO-ELECTRONICS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	128,000	13,440	-	13,440
Pro-Ascentek Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	112,000	13,384	-	13,384
Pro-Ascentek Investment Corporation	Common stock	LI SHENG ELECTRIC WIRE & CABLE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	299,000	12,618	-	12,618
Pro-Ascentek Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	272,790	12,426	-	12,426
Pro-Ascentek Investment Corporation	Common stock	CHC Healthcare Group	No relation	Financial assets at fair value through other comprehensive income - current	283,000	12,325	-	12,325
Pro-Ascentek Investment Corporation	Common stock	LIANG INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	211,000	11,605	-	11,605
Pro-Ascentek Investment Corporation	Common stock	QST INTERNATIONAL CORP.	No relation	Financial assets at fair value through other comprehensive income - current	190,500	10,725	-	10,725
Pro-Ascentek Investment Corporation	Common stock	KWONG LUNG ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	180,000	9,432	-	9,432
Pro-Ascentek Investment Corporation	Common stock	ASIA TECH IMAGE INC.	No relation	Financial assets at fair value through other comprehensive income - current	165,000	9,405	-	9,405
Pro-Ascentek Investment Corporation	Common stock	REALTEK SEMICONDUCTOR CORP.	No relation	Financial assets at fair value through other comprehensive income - current	33,000	9,273	-	9,273
Pro-Ascentek Investment Corporation	Common stock	MEDIA TEK INC.	No relation	Financial assets at fair value through other comprehensive income - current	14,000	8,750	-	8,750
Pro-Ascentek Investment Corporation	Common stock	JETWELL COMPUTER CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	157,000	8,133	-	8,133
Pro-Ascentek Investment Corporation	Common stock	ASROCK INC.	No relation	Financial assets at fair value through other comprehensive income - current	52,000	7,384	-	7,384
Pro-Ascentek Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	150,000	7,290	-	7,290
Pro-Ascentek Investment Corporation	Common stock	LONGWELL COMPANY	No relation	Financial assets at fair value through other comprehensive income - current	136,000	7,208	-	7,208

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Pro-Ascentek Investment Corporation	Common stock	ETERNAL MATERIALS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	226,250	7,070	-	7,070	
Pro-Ascentek Investment Corporation	Common stock	TAIWAN CEMENT CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	210,000	7,067	-	7,067	
Pro-Ascentek Investment Corporation	Common stock	WAH LEE INDUSTRIAL CORP.	No relation	Financial assets at fair value through other comprehensive income - current	84,000	7,039	-	7,039	
Pro-Ascentek Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	151,000	6,712	-	6,712	
Pro-Ascentek Investment Corporation	Common stock	HARMONY ELECTRONICS CORP.	No relation	Financial assets at fair value through other comprehensive income - current	199,000	6,149	-	6,149	
Pro-Ascentek Investment Corporation	Common stock	TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	156,000	5,647	-	5,647	
Pro-Ascentek Investment Corporation	Common stock	NAN YA PRINTED CIRCUIT BOARD CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	24,000	5,448	-	5,448	
Pro-Ascentek Investment Corporation	Common stock	ARGOSY RESEARCH INC.	No relation	Financial assets at fair value through other comprehensive income - current	62,000	4,960	-	4,960	
Pro-Ascentek Investment Corporation	Common stock	GLOBALWAFERS CO., LTD	No relation	Financial assets at fair value through other comprehensive income - current	11,000	4,703	-	4,703	
Pro-Ascentek Investment Corporation	Common stock	CHENFULL PRECISION CO., LTD	No relation	Financial assets at fair value through other comprehensive income - current	50,000	3,670	-	3,670	
Pro-Ascentek Investment Corporation	Common stock	KING YUAN ELECTRONICS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	94,000	3,403	-	3,403	
Pro-Ascentek Investment Corporation	Common stock	AMPAK TECHNOLOGY INC.	No relation	Financial assets at fair value through other comprehensive income - current	42,000	2,986	-	2,986	
Pro-Ascentek Investment Corporation	Common stock	CHIA HSIN CEMENT CORP.	No relation	Financial assets at fair value through other comprehensive income - current	170,000	2,958	-	2,958	
Pro-Ascentek Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	34,000	2,934	-	2,934	
Pro-Ascentek Investment Corporation	Common stock	ELITE MATERIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	17,000	2,907	-	2,907	
Pro-Ascentek Investment Corporation	Common stock	JESS-LINK PRODUCTS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	59,000	2,360	-	2,360	
Pro-Ascentek Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	45,000	2,331	-	2,331	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Pro-Ascentek Investment Corporation	Common stock	QUANTA COMPUTER INC.	Financial assets at fair value through other comprehensive income - current	28,000	2,024	-	2,024	
Pro-Ascentek Investment Corporation	Common stock	SINO-AMERICAN SILICON PRODUCTS INC.	Financial assets at fair value through other comprehensive income - current	14,000	1,953	-	1,953	
Pro-Ascentek Investment Corporation	Common stock	ACER INCORPORATED	Financial assets at fair value through other comprehensive income - current	60,000	1,413	-	1,413	
Pro-Ascentek Investment Corporation	Common stock	TXC CORPORATION	Financial assets at fair value through other comprehensive income - current	12,000	992	-	992	
Pro-Ascentek Investment Corporation	Common stock	HIGHLIGHT TECH CORPORATION	Financial assets at fair value through other comprehensive income - current	20,000	990	-	990	
Pro-Ascentek Investment Corporation	Common stock	LITE-ON TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	15,000	957	-	957	
Pro-Ascentek Investment Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	31,000	-	31,000	
Pro-Ascentek Investment Corporation	Common stock	GE TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - noncurrent	475,247	20,700	2	20,700	
Pro-Ascentek Investment Corporation	Common stock	CYBERSOFT DIGITAL SERVICES CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	350,000	14,604	1	14,604	
Pro-Ascentek Investment Corporation	Common stock	TFBS BIOSCIENCE, INC.	Financial assets at fair value through other comprehensive income - noncurrent	150,000	8,100	-	8,100	
Pro-Ascentek Investment Corporation	Common stock	GREEN SHEPHERD CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	224,000	4,600	2	4,600	
Pro-Ascentek Investment Corporation	Common stock	NAN JIEN INTERNATIONAL CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	320,000	18,928	1	18,928	
Pro-Ascentek Investment Corporation	Common stock	Lianyong Metals Co., Ltd	Financial assets at fair value through other comprehensive income - noncurrent	208,000	14,255	1	14,255	
Pro-Ascentek Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	215,000	8,187	1	8,187	
Pro-Ascentek Investment Corporation	Common stock	GMT GLOBAL INC.	Financial assets at fair value through other comprehensive income - noncurrent	342,000	6,501	1	6,501	
Pro-Ascentek Investment Corporation	Common stock	HANDA PHARMACEUTICALS, INC.	Financial assets at fair value through other comprehensive income - noncurrent	39,000	3,984	-	3,984	
Pro-Ascentek Investment Corporation	Mutual fund	CTBC Hua Win Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	28,915,950	323,234	-	323,234	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Pro-Ascentek Investment Corporation	Mutual fund	Allianz Global Investors Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,180,981	15,040	-	15,040	
Pro-Ascentek Investment Corporation	Corporate bond	TSMC ARIZONA CORP DL-NOTES 2022(22/27) REG.S	No relation	Financial assets at fair value through other comprehensive income - current	-	41,402	-	41,402	
Pro-Ascentek Investment Corporation	Corporate bond	TSMC GLOBAL LTD DL-NOTES 2022(22/27) REG.S	No relation	Financial assets at fair value through other comprehensive income - current	-	16,666	-	16,666	
Mentor Consulting Corporation	Mutual fund	Union Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,079,493	41,314	-	41,314	
Eminence Investment Corporation	Common stock	Microsoft Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,088	15,378	-	15,378	
Eminence Investment Corporation	Common stock	Apple Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,880	7,501	-	7,501	
Eminence Investment Corporation	Common stock	Amazon.com, Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,240	5,778	-	5,778	
Eminence Investment Corporation	Common stock	NVIDIA Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,220	5,475	-	5,475	
Eminence Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	3,294,000	120,066	-	120,066	
Eminence Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	3,723,000	118,205	-	118,205	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	262,000	117,507	-	117,507	
Eminence Investment Corporation	Common stock	TOPCO SCIENTIFIC CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	614,000	100,696	-	100,696	
Eminence Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	2,005,000	89,122	-	89,122	
Eminence Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,720,943	87,768	-	87,768	
Eminence Investment Corporation	Common stock	YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,500,000	81,750	-	81,750	
Eminence Investment Corporation	Common stock	INNODISK CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	345,603	64,109	-	64,109	
Eminence Investment Corporation	Common stock	Bionime Corporation	No relation	Financial assets at fair value through other comprehensive income - current	722,200	55,754	-	55,754	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,050,000	51,030	-	51,030
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	515,000	29,973	-	29,973
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	939,527	24,897	-	24,897
Eminence Investment Corporation	Common stock	BAFANG YUNJI INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	100,000	22,700	-	22,700
Eminence Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	386,000	21,384	-	21,384
Eminence Investment Corporation	Common stock	ZERO ONE TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	519,725	20,867	-	20,867
Eminence Investment Corporation	Common stock	ASE Technology Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	200,000	18,780	-	18,780
Eminence Investment Corporation	Common stock	GIGA-BYTE TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	165,000	17,573	-	17,573
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	381,355	17,371	-	17,371
Eminence Investment Corporation	Common stock	TALSAW TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	648,323	16,889	-	16,889
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	241,599	16,332	-	16,332
Eminence Investment Corporation	Common stock	GLOBALWAFERS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	36,000	15,390	-	15,390
Eminence Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	400,000	13,400	-	13,400
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	112,000	13,384	-	13,384
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	142,000	12,255	-	12,255
Eminence Investment Corporation	Common stock	TRIPOD TECHNOLOGY CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	115,000	10,810	-	10,810
Eminence Investment Corporation	Common stock	JOURDENESS GROUP LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	135,000	10,139	-	10,139

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	TAIWAN CEMENT CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	300,000	10,095	-	10,095	
Eminence Investment Corporation	Common stock	REALTEK SEMICONDUCTOR CORP.	No relation	Financial assets at fair value through other comprehensive income - current	34,000	9,554	-	9,554	
Eminence Investment Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	307,000	9,317	-	9,317	
Eminence Investment Corporation	Common stock	NAN YA PRINTED CIRCUIT BOARD CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	38,000	8,626	-	8,626	
Eminence Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	100,000	8,500	-	8,500	
Eminence Investment Corporation	Common stock	EVA AIRWAYS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	242,000	6,812	-	6,812	
Eminence Investment Corporation	Common stock	CHICONY POWER TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	85,000	6,205	-	6,205	
Eminence Investment Corporation	Common stock	QUANTA COMPUTER INC.	No relation	Financial assets at fair value through other comprehensive income - current	82,000	5,929	-	5,929	
Eminence Investment Corporation	Common stock	PHIHONG TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	150,000	5,918	-	5,918	
Eminence Investment Corporation	Common stock	TXC CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	71,000	5,872	-	5,872	
Eminence Investment Corporation	Common stock	LITE-ON TECHNOLOGY CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	91,000	5,806	-	5,806	
Eminence Investment Corporation	Common stock	SIMPLO TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	18,000	5,130	-	5,130	
Eminence Investment Corporation	Common stock	MEDIA TEK INC.	No relation	Financial assets at fair value through other comprehensive income - current	8,000	5,000	-	5,000	
Eminence Investment Corporation	Common stock	UNITED MICROELECTRONICS CORP.	No relation	Financial assets at fair value through other comprehensive income - current	122,000	4,965	-	4,965	
Eminence Investment Corporation	Common stock	RADIANT OPTO-ELECTRONICS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	44,000	4,620	-	4,620	
Eminence Investment Corporation	Common stock	HON HAI PRECISION INDUSTRY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	45,000	4,496	-	4,496	
Eminence Investment Corporation	Common stock	BizLink Holding Inc.	No relation	Financial assets at fair value through other comprehensive income - current	18,000	4,257	-	4,257	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	102,562	4,102	-	4,102	
Eminence Investment Corporation	Common stock	Asia Vital Components Co., Ltd.	No relation	36,000	4,032	-	4,032	
Eminence Investment Corporation	Common stock	CHENBRO MICOM CO., LTD.	No relation	55,000	3,982	-	3,982	
Eminence Investment Corporation	Common stock	Fubon Financial Holding Co., Ltd.	No relation	62,000	3,491	-	3,491	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR CO., LTD.	No relation	46,000	3,413	-	3,413	
Eminence Investment Corporation	Common stock	Yang Ming Marine Transport Corp.	No relation	46,000	3,013	-	3,013	
Eminence Investment Corporation	Common stock	EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	No relation	18,000	2,934	-	2,934	
Eminence Investment Corporation	Common stock	Fulgent Sun International (Holding) Co., Ltd.	No relation	19,000	2,888	-	2,888	
Eminence Investment Corporation	Common stock	E INK HOLDINGS INC.	No relation	16,000	2,576	-	2,576	
Eminence Investment Corporation	Common stock	AEROSPACE INDUSTRIAL DEVELOPMENT CORP.	No relation	60,000	2,145	-	2,145	
Eminence Investment Corporation	Common stock	NOVATEK MICROELECTRONICS CORP.	No relation	5,000	1,578	-	1,578	
Eminence Investment Corporation	Common stock	FOXCONN GLOBAL NETWORK CORPORATION	No relation	3,000,000	30,960	9	30,960	
Eminence Investment Corporation	Common stock	GREEN SHEPHERD CORPORATION	No relation	672,000	13,200	5	13,200	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	No relation	1,188,000	45,239	6	45,239	
Eminence Investment Corporation	Common stock	SUNNY PHARMTECH INC.	No relation	1,749,841	27,801	1	27,801	
Eminence Investment Corporation	Common stock	NAN JIEN INTERNATIONAL CO., LTD.	No relation	400,000	23,660	1	23,660	
Eminence Investment Corporation	Common stock	FLASHAIME INC.	No relation	385,000	8,990	3	8,990	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Preferred stock	Fubon Financial Holding Co., Ltd. Preferred Shares A	No relation	Financial assets at fair value through other comprehensive income - current	823,000	49,709	-	49,709	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(A)	No relation	Financial assets at fair value through other comprehensive income - current	644,000	36,450	-	36,450	
Eminence Investment Corporation	Preferred stock	Fubon Financial Holding Co., Ltd. Ltd. Preferred Shares C	No relation	Financial assets at fair value through other comprehensive income - current	169,083	9,316	-	9,316	
Eminence Investment Corporation	Convertible bond	SINBON ELECTRONICS COMPANY LTD. 8th Convertible Bond	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	245,000	26,607	-	26,607	
Eminence Investment Corporation	Convertible bond	TOPCO TECHNOLOGIES CORP. 1st Convertible Bond	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	141,000	14,523	-	14,523	
Eminence Investment Corporation	Corporate bond	TSMC GLOBAL LTD.DL-NOTES 2022(22/27) REG.S	No relation	Financial assets at fair value through other comprehensive income - current	-	42,400	-	42,400	
Eminence Investment Corporation	Corporate bond	TSMC ARIZONA CORP.DL-NOTES 2022(22/27) REG.S	No relation	Financial assets at fair value through other comprehensive income - current	-	20,691	-	20,691	
Shin Mau Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,433,749	42,726	-	42,726	
Hung-Chuan Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,875	47,855	-	47,855	
Chi-Yi Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,616,723	48,178	-	48,178	
Ding Da Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,525,494	45,460	-	45,460	
Jing-Cheng-Fa Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,461,875	43,564	-	43,564	
Gau Ruei Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,493,318	44,501	-	44,501	
Li-Ching-Long Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,441	47,842	-	47,842	
Sheng Lih Dar Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,542,138	45,956	-	45,956	
Chiun Yu Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,623,289	48,374	-	48,374	
China Steel Global Trading Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,349,507	129,615	-	129,615	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Global Trading Corporation	Common stock	Nippon Steel Thai Sumilox Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	1,110	91,870	15	91,870	
China Steel Global Trading Corporation	Preferred stock	Nippon Steel Thai Sumilox Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	15	48,821	15	48,821	
Wabo Global Trading Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	487,367	14,524	-	14,524	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Maruichi Metal Product (Foshan) Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	-	264,256	15	264,256	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	PCMI Metal Products (Chongqing) Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	-	125,125	8	125,125	
CSGT International Corporation	Common stock	NST Coil Center (Thailand) Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	3,001	83,998	13	83,998	
CSGT International Corporation	Certificate of entitlement	Hanoi Steel Center Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	-	186,332	19	186,332	
CSC Steel Australia Holdings Pty Ltd	Common stock	KJTC Pty Ltd	Financial assets at fair value through other comprehensive income - noncurrent	2,623,595	5,704,105	13	5,704,105	
CSC Steel Australia Holdings Pty Ltd	Common stock	Mulga Iron Holdings Pty Ltd	Financial assets at fair value through other comprehensive income - noncurrent	314,286	26,500	-	26,500	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	Wuxi TECO Electric & Machinery Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	-	248,751	6	248,751	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	QINGDAO TECO PRECISION MECHATRONICS CO., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	-	30,710	12	30,710	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	TOP PRO STEEL JOINT STOCK COMPANY	Financial assets at fair value through other comprehensive income - noncurrent	-	28,591	3	28,591	
CSC Steel Holdings Berhad	Common stock	Asino Berhad	Financial assets at fair value through other comprehensive income - noncurrent	6,562,727	20,541	-	20,541	
CSC Steel Holdings Berhad	Mutual fund	AFFINHWANG – AIIMAN MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	27,435,100	100,974	-	100,974	
CSC Steel Sdn. Bhd.	Mutual fund	AFFINHWANG – AIIMAN MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	231,053,451	850,385	-	850,385	
CSC Steel Sdn. Bhd.	Mutual fund	RHB CASH MANAGEMENT FUND 2	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	29,019,380	291,260	-	291,260	
CSC Steel Sdn. Bhd.	Mutual fund	HLAM – MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	21,589	145	-	145	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Constant Mode Sdn. Bhd.	Mutual fund	RHB CASH MANAGEMENT FUND 2	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	278,415	2,794	-	2,794	

Note 1: Parent company's stocks pledged as collateral amounted to 53,500 thousand shares and NT\$1,594,300 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 123,100 thousand shares and NT\$3,668,380 thousand.

TABLE 4

CHINA STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE PERIOD ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Type of Marketable Securities	Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)		Ending Balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount
China Steel Corporation CHC Resources Corporation	Common stock	Sing Da Marine Structure Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	22,695,000	224,827	100,000,000	353,409	-	-	122,695,000	578,236
	Mutual fund	Taishin 1699 Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	3,656,494	50,000	24,080,319	330,000	27,736,814	380,250	-	-
China Prosperity Development Corporation	Mutual fund	FSITC MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	4,436,729	800,000	4,436,729	800,000	-	-
	Mutual fund	Jih Sun Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	20,635,262	310,000	20,635,262	310,064	-	-
Pro-Ascentek Investment Corporation	Mutual fund	CTBC Hua Win Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	31,949,629	355,507	26,477,801	295,961	29,511,480	329,000	28,915,950	323,234
	Certificate of entitlement	China Steel Precision Metals Qingdao Co., Ltd.	Investments accounted for using equity method	Subsidiary	Subsidiary	-	-	-	383,468	-	-	-	383,468 (Note 2)
China Steel Global Trading Corporation China Steel Asia Pacific Holdings Pte Ltd CSC Steel Sdn. Bhd.	Certificate of entitlement	China Steel Precision Metals Qingdao Co., Ltd.	Investments accounted for using equity method	Subsidiary	Subsidiary	-	359,620	-	7,118	-	366,738	-	- (Note 2)
	Mutual fund	AFFINHWANG - AIMMAN MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	82,888,944	283,411	242,866,372	900,360	94,701,865	333,386	231,053,451	850,385
CSC Steel Sdn. Bhd.	Mutual fund	RHB CASH MANAGEMENT FUND 2	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	42,424,206	421,235	13,404,826	129,975	29,019,380	291,260

Note 1: The acquisition and disposal include the costs, proceeds from sale, share of profits/losses of investees and other related adjustment.

Note 2: Group reorganized, CSAP sold 60% of its shares in CSMQ to CSGT.

Note 3: CSAP classifies the difference between carrying cost and selling price under equity.

TABLE 5

CHINA STEEL CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Prior Transaction of Related Counter Party		Pricing Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships			
Dragon Steel Corporation	Reclaimed Water Plant	2022.06.13 (Note)	982,000 (Note)	According to the contract	China Ecotek Corporation	The same parent company	-	-	Price negotiation	Construction for own use	
Dragon Steel Corporation	Right-of-use asset	2022.12.26 (Note)	3,122,000 (Note)	According to the contract	Port of Taichung, Taiwan International Ports Corporation, Ltd.	-	-	-	Price negotiation	Construction for own use	
Dragon Steel Corporation	The buildings of plant located on Fuli Sec., Longling Dist., Taichung City	2022.12.26 (Note)	560,000 (Note)	According to the contract	Port of Taichung, Taiwan International Ports Corporation, Ltd.	-	-	-	Price negotiation	Construction for own use	

Note : The disclosures are expected information based on the capital appropriation approved by the Board of Directors (Right-of-use assets are included). The actual information shall be subject to the final purchase order of the company.

TABLE 6

CHINA STEEL CORPORATION AND SUBSIDIARIES

Disposal of Real Estate Reaching NT\$300 Million or 20 Percent of Paid-in Capital or More
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Event Date	Date of Original Acquisition	Carrying Value	Transaction Amount	The circumstances in which accounts are charged	Gain/Loss on Disposal	Owner	Relationships	Purpose of Acquisition	Price Reference	Other Terms
Ningbo Huayang Aluminium-Tech Co., Ltd.	Buildings	2022.07.29	2003.12.16	219,696	335,734	According to the contract terms and progress	116,038	Ningbo Feng Hua City Jinbei Construction Investment Co., Ltd	Non-Related parties	Closing business due to adjustment of operating structure	Refer to the appraisal report of the appraisal company	
Ningbo Huayang Aluminium-Tech Co., Ltd.	Land right-of-use	2022.07.29	2003.12.16	12,436	800,384	According to the contract terms and progress	787,948	Ningbo Feng Hua City Jinbei Construction Investment Co., Ltd	Non-Related parties	Closing business due to adjustment of operating structure	Refer to the appraisal report of the appraisal company	

TABLE 7

CHINA STEEL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE PERIOD ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Purchase/Sale	Relationship		Payment Terms	Abnormal Unit Price	Transaction Payment Terms	Notes/Accounts Receivable (Payable)		Note
				Amount	% of Total				Ending Balance	% of Total	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	Sales	(7,310,973)	(3)	Letter of credit/Receivables were collected after final acceptance	-		-	-	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	Sales	(3,892,613)	(2)	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	-		-	-	
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales	(3,527,556)	(1)	Letter of credit/Accounts received in advance before shipment date	-		25,756	1	
China Steel Corporation	CSCI Steel Corporation India Pvt. Ltd.	Subsidiary	Sales	(3,483,167)	(1)	Accounts receivable factoring agreements	-		-	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales	(2,972,964)	(1)	Letter of credit	-		170,643	4	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales	(2,523,470)	(1)	Receivables were collected within 5 days after shipment date	-		18,392	-	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales	(2,311,855)	(1)	Receivables were collected within 10 days after shipment date	-		5,766	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales	(1,612,820)	(1)	Receivables were collected within 14 days after shipment date	-		6,333	-	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales	(1,588,597)	(1)	Receivables were collected within 14 days after shipment date	-		69,195	2	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales	(1,370,680)	(1)	Receivables were collected within 85 days after shipment date	-		350,654	8	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales	(945,255)	-	Receivables were collected within 60 days after shipment date	-		126,936	3	
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales	(829,174)	-	Letter of credit/Accounts received in advance before shipment date	-		-	-	
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales	(667,981)	-	Letter of credit	-		5,156	-	Note 1
China Steel Corporation	CSBC Corporation, Taiwan	The Corporation as director of the board of related party	Sales	(458,354)	-	Accounts received in advance before shipment date	-		-	-	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Sales	(217,769)	-	Letter of credit/Accounts received in advance before shipment date	-		582	-	
China Steel Corporation	Fukuta Electric & Machinery Co., Ltd.	Affiliated enterprise	Sales	(204,879)	-	Letter of credit	-		-	-	
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	Sales	(116,399)	-	Receivables were collected within 10 days after shipment date	-		57	-	
China Steel Corporation	China Steel Power Corporation	Subsidiary	Service revenue and other operating revenue	(714,340)	-	By contract terms	-		14,489	-	

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(686,576)	-	By contract terms	-	31,728	1	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Service revenue and other operating revenue	(275,000)	-	By contract terms	-	42,437	1	
China Steel Corporation	Tung Eng Iron Works Co., Ltd.	The Corporation as director of the board of related party	Service revenue and other operating revenue	(213,002)	-	By contract terms	-	7,120	-	
China Steel Corporation	C.S. Aluminium Corporation	Subsidiary	Service revenue and other operating revenue	(131,074)	-	By contract terms	-	10,987	-	
China Steel Corporation	Taiwan High Speed Rail Corporation	The Corporation as director of the board of related party	Construction revenue	(257,077)	-	By contract terms	-	-	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Purchases	20,842,445	12	Payment within 5 days after shipment date/ Payment after final acceptance	-	1,453	-	Note 2
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	11,638,044	7	Payment against copy of B/L	-	(489,399)	(9)	
China Steel Corporation	C.S. Aluminium Corporation	Subsidiary	Purchases	3,027,778	2	Payment after final acceptance	-	(224,873)	(4)	
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	903,882	1	Payment against copy of B/L	-	(152,366)	(3)	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Purchases	734,167	-	Payment after final acceptance	-	(17,138)	-	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Purchases	330,569	-	Payment after final acceptance	-	(19,947)	-	
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Affiliated enterprise	Purchases	122,995	-	Payment after final acceptance	-	(19,572)	-	
China Steel Corporation	CHC Resources Corporation	Subsidiary	Purchases	109,395	-	Payment after final acceptance	-	(19,827)	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(20,843,551)	(19)	Receivables were collected within 5 days after shipment date/ Receivables were collected after final acceptance	-	271,350	15	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(15,224,316)	(14)	Receivables were collected within 5 days after shipment date	-	287,889	15	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Sales	(6,113,468)	(6)	Receivables were collected within 5 days after shipment date	-	-	-	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(4,358,412)	(4)	Receivables were collected within 5 days after shipment date	-	135,239	7	
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(1,250,483)	(1)	Receivables were collected within 5 days after shipment date	-	18,257	1	
Dragon Steel Corporation	China Steel Structure Co., Ltd.	The same parent company	Sales	(1,170,010)	(1)	Receivables were collected within 5 days after shipment date/ Letter of credit	-	29,886	2	
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Sales	(984,781)	(1)	Receivables were collected within 5 days after shipment date/ Accounts received in advance before shipment date	-	1,165	-	
Dragon Steel Corporation	CHC Resources Corporation	The same parent company	Sales	(362,744)	-	Receivables were collected within 5 days after shipment date/ Letter of credit	-	7,354	-	
Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(140,477)	-	Receivables were collected within 5 days after shipment date	-	-	-	
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	6,379,303	7	Payment against copy of B/L	-	(133,515)	(5)	
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	2,753,909	3	Payment within 5 days after shipment date	-	(18,522)	(1)	

Buyer	Related Party	Relationship	Relationship		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total
Dragon Steel Corporation	C.S. Aluminium Corporation	The same parent company	Purchases	1,181,892	1	Payment after final acceptance	-	(91,077)	(4)
Dragon Steel Corporation	CSE Transport Corporation	The same parent company	Purchases	601,331	1	Payment against copy of B/L	-	(50,622)	(2)
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	325,358	-	Payment after final acceptance	-	(39,181)	(2)
Betaera Inc.	Betaera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(540,066)	(19)	Net 90-180 days from the end of the month of when invoice is issued	-	173,549	26
Betaera Inc.	China Steel Corporation	The ultimate parent of the company	Sales	(439,224)	(15)	Receivables were collected after final acceptance	-	2,061	-
Betaera Inc.	Betaera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	1,564,955	55	Net 90-180 days from the end of the month of when invoice is issued	-	(291,735)	(53)
Betaera Inc.	Suzhou Betaera Technology Co., Ltd.	Subsidiary	Purchases	544,717	19	Net 90-180 days from the end of the month of when invoice is issued	-	(115,295)	(21)
Betaera (Su Zhou) Co., Ltd.	Betaera Inc.	Parent company	Sales	(1,565,105)	(87)	Net 90-180 days from the end of the month of when invoice is issued	-	291,639	88
Betaera (Su Zhou) Co., Ltd.	Betaera Inc.	Parent company	Purchases	541,127	52	Net 90-180 days from the end of the month of when invoice is issued	-	(173,429)	(44)
Suzhou Betaera Technology Co., Ltd.	Betaera Inc.	Parent company	Sales	(543,549)	(100)	Net 90-180 days from the end of the month of when invoice is issued	-	115,257	99
Thintech Materials Technology Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Sales	(155,019)	(6)	Receivables were collected within 7 days after final acceptance	-	-	-
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(12,756,544)	(57)	Receivable were collected within 10 working days against copy of B/L	-	489,938	71
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(6,797,211)	(31)	Receivable were collected within 10 working days against copy of B/L	-	134,125	19
China Steel Express Corporation	CHC Resources Corporation	The same parent company	Service revenue	(588,074)	(3)	Receivable were collected within 10 working days against copy of B/L	-	-	-
China Steel Express Corporation	China Steel Global Trading Corporation	The same parent company	Service revenue	(162,904)	(1)	Receivable were collected within 10 working days against copy of B/L	-	11	-
China Steel Express Corporation	CSE Transport Corporation	Subsidiary	Purchases	889,141	5	Payment against copy of B/L	-	(41,216)	(9)
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(913,747)	(28)	Receivable were collected within 10 working days against copy of B/L	-	152,366	58
CSE Transport Corporation	China Steel Express Corporation	Parent company	Service revenue	(881,137)	(27)	Receivable were collected within 10 working days against copy of B/L	-	41,216	15
CSE Transport Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(604,468)	(19)	Receivable were collected within 10 working days against copy of B/L	-	50,622	19
Kaoprot Sievedoring Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(214,821)	(70)	Receivable were collected within 30 working days against copy of B/L	-	8,597	65
C.S. Aluminium Corporation	China Steel Corporation	Parent company	Sales	(3,027,778)	(13)	Receivables were collected after final acceptance	-	224,873	23
C.S. Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(1,181,892)	(5)	Receivables were collected after final acceptance	-	91,077	10
C.S. Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Subsidiary	Sales	(134,845)	(1)	Receivables were collected after final acceptance	-	-	-
Ningbo Huayang Aluminium-Tech Co., Ltd.	C.S. Aluminium Corporation	Parent company	Purchases	134,845	10	Payment after final acceptance	-	-	-

Buyer	Related Party	Relationship	Purchase/Sale	Relationship		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
				Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	4,459,661	48	Payment after shipping document specified	-	(176,794)	(81)	
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	1,778,458	19	Payment after shipping document specified	-	-	-	
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	1,566,941	17	Payment after shipping document specified	-	(6,191)	(3)	
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	646,857	7	Payment after shipping document specified	-	(18,381)	(8)	
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(1,751,268)	(4)	T/T within 7 working days against copy of B/L	-	-	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(722,048)	(2)	T/T as the end of the month of when invoice is issued after final acceptance	-	41,915	14	
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	15,307,063	38	Letter of credit at sight	-	-	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	7,402,133	18	Letter of credit at sight/Payment after final acceptance	-	(285,669)	(35)	
Chung Hung Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	3,262,928	8	T/T within 7 working days against copy of B/L	-	-	-	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(1,352,689)	(13)	Receivables are collected as the end of every month of when invoice is issued	-	91,378	13	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(317,531)	(3)	Receivables were collected within 150 days after shipment date	-	159,305	23	
China Steel Chemical Corporation	E-ONE MOLI ENERGY CORP.	Subsidiary of director of the board	Sales	(120,017)	(1)	Net 60 days from the end of the month of when invoice is issued	-	5,996	1	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	2,948,355	49	Letter of credit at sight	-	(213,779)	(86)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,658,344	27	Payment within 10 days after shipment date	-	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	1,250,483	21	Letter of credit at sight	-	-	-	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	344,729	83	Payment within 150 days after shipment date	-	(159,305)	(100)	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(735,142)	(4)	Receivables were collected after final acceptance	-	17,138	8	
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(669,410)	(4)	Receivable were collected within 7 working days against copy of B/L	-	19,645	9	
China Steel Global Trading Corporation	Dragon Steel Corporation	The same parent company	Sales	(325,358)	(2)	Receivables were collected after final acceptance	-	39,181	17	
China Steel Global Trading Corporation	Sing Da Marine Structure Corporation	The same parent company	Sales	(229,070)	(1)	Receivables were collected after final acceptance	-	-	-	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(263,671)	(68)	By contract terms	-	54,985	24	
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	13,414,899	66	Payment from counter-party notice after shipping	-	-	-	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	3,257,153	16	Payment within 10 days after shipment date	-	(5,615)	(10)	Note3
China Steel Global Trading Corporation	Tang Eng Iron Works Co., Ltd.	The parent company as director of the board of related party	Purchases	519,674	3	Prepaid before shipment date	-	-	-	
CSGT (Singapore) Pte. Ltd.	China Steel Corporation	The ultimate parent of the company	Service revenue	(100,086)	(86)	By contract terms	-	7,637	100	
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	1,736,697	66	Payment within 14 days after shipment date	-	(52,422)	(60)	Note3
CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Purchases	620,394	24	Payment after shipment date	-	(32,164)	(37)	
CSGT Metals Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	115,655	4	Payment after shipment date	-	-	-	

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
China Steel Precision Metals Kunshan Co., Ltd. China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation Rechi Precision (Qingdao) Electric Machinery Limited	The ultimate parent of the company The parent company as the director of other related party's parent company	Purchases Sales	1,381,859 (376,487)	99 (35)	Payment within 85 days after shipment date Net 7 days from invoice date/Net 30 days from invoice date	- -	(350,654) 14,535	(99) 28	
China Steel Precision Metals Qingdao Co., Ltd. CHC Resources Corporation	China Steel Corporation TAIWAN CEMENT CORPORATION	The ultimate parent of the company Director of the board	Purchases Sales	951,015 (698,830)	99 (7)	60 days after B/L Net 60 days from the end of the month of when invoice is issued	- -	(126,591) 210,499	(98) 25	
CHC Resources Corporation	YA TUNG READY-MIXED CONCRETE CORP.	Subsidiary of director of the board	Sales	(444,257)	(4)	Net 60 days from the end of the month of when invoice is issued	-	55,166	6	
CHC Resources Corporation	Universal Cement Corporation	Director of the board	Sales	(238,938)	(2)	Net 60 days from the end of the month of when invoice is issued	-	31,285	4	
CHC Resources Corporation	China Steel Corporation	Parent company	Sales	(104,959)	(1)	Net 60 days from the end of the month of when invoice is issued	-	36,135	4	
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(2,584,805)	(25)	Net 60 days from the end of the month of when invoice is issued	-	36,135	4	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(1,345,564)	(13)	Net 30-70 days from the end of the month of when invoice is issued	-	96,169	11	
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(559,422)	(5)	By contract terms	-	52,320	6	

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Service revenue	(122,583)	(1)	Net 60 days from the end of the month of when invoice is issued	-	210,499	25	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	696,033	21	Letter of credit	-	(5,149)	(2)	
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	469,215	14	Letter of credit	-	(25,288)	(10)	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Purchases	362,642	11	Letter of credit	-	(4,319)	(2)	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Purchases	153,364	5	45 days after B/L	-	(30,775)	(12)	
CHC Resources Corporation	China Steel Express Corporation	The same parent company	Purchases	150,479	5	Prepaid before shipping	-	-	-	
CHC Resources Corporation	ASIA CEMENT CORPORATION	Director of the board	Purchases	139,539	4	45 days after B/L	-	(18,642)	(7)	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(327,150)	(60)	By contract terms	-	33,286	62	
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Service revenue	(183,844)	(20)	Net 10 days from invoice date	-	14,669	23	
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	402,131	96	Prepaid before shipment date	-	-	-	
InfoChamp Systems Corporation	China Steel Corporation	Parent company	Service revenue	(1,006,166)	(50)	By contract terms	-	57,210	21	
InfoChamp Systems Corporation	Taiwan High Speed Rail Corporation	The parent company as director of the board of related party	Service revenue	(129,113)	(6)	By contract terms	-	70,281	26	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Service revenue	(392,497)	(3)	Contractual period	-	17,535	2	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Service revenue	(112,564)	(1)	Contractual period	-	14,878	1	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Construction revenue	(662,655)	(5)	Contractual period	-	40,726	4	
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Subsidiary	Construction revenue	(466,902)	(3)	Contractual period	-	-	-	
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(388,872)	(3)	Contractual period	-	46,793	5	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Construction revenue	(366,736)	(3)	Contractual period	-	-	-	

Buyer	Related Party	Relationship	Relationship		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Purchases	3,527,556	61	Letter of credit/Prepaid before shipment date	-	(25,756)	(2)
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Purchases	1,172,289	20	Letter of credit	-	(26,516)	(2)
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(2,033,547)	(33)	Contractual period	-	68,692	41
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(260,863)	(4)	Contractual period	-	13,534	8
China Ecotek Corporation	China Steel Corporation	Parent company	Construction revenue	(5,690,474)	(67)	Contractual period	-	305,299	42
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(1,196,088)	(14)	Contractual period	-	94,010	13
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(300,190)	(4)	Contractual period	-	81,454	11
China Ecotek Corporation	China Steel Machinery Corporation	The same parent company	Purchases	136,735	2	Contractual period	-	(5,251)	(1)
China Ecotek Vietnam Company Limited	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Construction revenue	(216,878)	(68)	Contractual period	-	172,957	96
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(380,947)	(25)	By contract terms	-	42,438	26
China Steel Security Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(118,524)	(8)	By contract terms	-	10,323	6
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(602,157)	(49)	By contract terms	-	36,289	35
Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	The same parent company	Service revenue	(178,044)	(14)	By contract terms	-	5,594	5
Steel Castle Technology Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(174,073)	(14)	By contract terms	-	16,375	16
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Sales	(337,879)	(31)	Receivables were collected after final acceptance	-	20,335	23
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Purchases	228,397	34	Letter of credit/Prepaid before shipment date	-	(1,176)	(5)
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(2,508,015)	(41)	Receivables were collected after final acceptance	-	41,701	9
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(844,647)	(14)	Receivables were collected after final acceptance	-	93,020	20
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(820,084)	(13)	Receivables were collected after final acceptance	-	91,214	19
China Steel Machinery Corporation	China Ecotek Corporation	The same parent company	Construction revenue	(135,802)	(2)	Receivables were collected after final acceptance	-	5,251	1
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN SALES VIETNAM COMPANY LIMITED	Other related parties	Sales	(1,857,461)	(9)	Accounts receivable, 10 days term	-	88,716	10
China Steel and Nippon Steel Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Sales	(962,873)	(5)	Accounts receivable, 60 days term	-	64,683	7
China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(635,262)	(3)	Accounts receivable, 30 days term	-	31,489	3
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel Trading Vietnam Co., Ltd.	Other related parties	Sales	(231,096)	(1)	Accounts receivable, 10 days term	-	-	-
China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	10,454,629	68	14 days after B/L/Payment to the bank after the Corporation's shipment date	-	19,265	1
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel & Sumikin Bussan Corporation	Director of the board	Purchases	3,590,923	23	14 days after B/L	-	(75,585)	(4)
China Steel and Nippon Steel Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,208,591	8	08 days after B/L	-	-	-
China Steel and Nippon Steel Vietnam Joint Stock Company	China Ecotek Vietnam Company Limited	The same parent company	Purchases	226,606	1	Payment as the end of every month of when invoice is issued	-	(169,108)	(8)
CSCI Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchases	3,536,390	99	Payment to the bank after the Corporation's shipment date	-	-	-
Kaohsiung Rapid Transit Corporation Ltd.	Taiwan Intelligent Transportation Co., Ltd.	Subsidiary	Service revenue and other operating revenue	(138,260)	(7)	Net 30 days from the end of the month of when invoice is issued	-	26,860	7
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(735,050)	(100)	Net 60 days from the end of the month of when invoice is issued	-	68,250	100
Sing Da Marine Structure Corporation	China Steel Power Corporation	The same parent company	Construction revenue	(4,532,369)	(89)	By contract terms	-	582,571	100

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
Singing Da Marine Structure Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	437,331	52	Payment after final acceptance	-	-	-	
	China Steel Machinery Corporation	The same parent company	Outsourcing construction fee	723,391	11	Payment after final acceptance	-	-	-	
	China Steel Structure Co., Ltd.	The same parent company	Outsourcing construction fee	411,032	6	Payment after final acceptance	-	-	-	

Note 1: Discharge in June 2022.

Note 2: Balance of accounts receivable refers to prepayments.

Note 3: Purchase amount includes the Corporation's sales commitment to Dragon Steel Corporation.

TABLE 8

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
China Steel Corporation	C.S. Aluminium Corporation	Subsidiary	2,076,719	-	-		12,454	-	Note
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	2,007,795	-	-		-	-	Note
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	1,001,925	-	-		-	-	Note
China Steel Corporation	China Steel Resources Corporation	Subsidiary	902,742	-	-		-	-	Note
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	350,654	3	-		147,053	-	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	283,971	-	-		276,821	-	Note
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	213,080	14	-		208,754	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	180,848	-	-		180,848	-	Note
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	126,936	4	-		99,450	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	287,889	43	-		287,889	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	271,350	44	-		271,350	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	247,485	-	-		-	-	Note
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	135,239	64	-		135,239	-	
Betacera Inc.	Dragon Steel Corporation	Subsidiary	173,549	4	-		49,773	-	
Betacera (Su Zhou) Co., Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	292,661	8	-		160,334	-	
Suzhou Betacera Technology Co., Ltd.	Betacera Inc.	Parent company	115,257	6	-		27,566	-	
China Steel Express Corporation	China Steel Corporation	Parent company	489,938	9	-		489,938	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	134,125	20	-		134,125	-	
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	152,366	6	-		101,000	-	
C.S. Aluminium Corporation	China Steel Corporation	Parent company	224,873	16	-		224,873	-	Note
China Prosperity Development Corporation	China Steel Corporation	Parent company	855,401	-	-		-	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	316,240	-	-		13,716	-	Note
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	159,505	2	-		-	-	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	210,499	4	65,676	The payment has been received	135,050	-	
China Ecotek Corporation	China Steel Corporation	Parent company	305,299	14	-		302,118	-	
China Ecotek Vietnam Company Limited	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	172,957	2	-		168,736	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	604,147	-	-		977	-	Note
Sing Da Marine Structure Corporation	China Steel Power Corporation	The same parent company	582,571	16	-		582,571	-	

Note: Other receivables.

TABLE 9

CHINA STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details		% of Total sales or Assets
				Financial Statement Accounts	Amount	
0	China Steel Corporation	Chung Hung Steel Corporation	1	Sales	7,310,973	Letter of credit/Receivables were collected after final acceptance
0	China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	1	Sales	3,892,613	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date
0	China Steel Corporation	China Steel Structure Co., Ltd.	1	Sales	3,527,556	Letter of credit/Accounts received in advance before shipment date
0	China Steel Corporation	CSCI Steel Corporation India Pvt. Ltd.	1	Sales	3,483,167	Accounts receivable factoring agreements
0	China Steel Corporation	China Steel Chemical Corporation	1	Sales	2,972,964	Letter of credit
0	China Steel Corporation	Dragon Steel Corporation	1	Sales	2,523,470	Receivables were collected within 5 days after shipment date
0	China Steel Corporation	China Steel Global Trading Corporation	1	Sales	2,311,855	Receivables were collected within 10 days after shipment date
0	China Steel Corporation	CSC Steel Sdn. Bhd.	1	Sales	1,612,820	Receivables were collected within 14 days after shipment date
0	China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	1	Sales	1,588,597	Receivables were collected within 14 days after shipment date
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	1	Sales	1,370,680	Receivables were collected within 85 days after shipment date
0	China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	1	Sales	945,255	Receivables were collected within 60 days after shipment date
0	China Steel Corporation	CHC Resources Corporation	1	Sales	667,981	Letter of credit
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Sales	217,769	Letter of credit/Accounts received in advance before shipment date
0	China Steel Corporation	Sing Da Marine Structure Corporation	1	Sales	116,399	Receivables were collected within 10 days after shipment date
0	China Steel Corporation	Dragon Steel Corporation	1	Service revenue and other operating revenue	686,576	By contract terms
0	China Steel Corporation	China Steel Chemical Corporation	1	Service revenue and other operating revenue	275,000	By contract terms

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Corporation	C.S.Aluminium Corporation	1	Service revenue and other operating revenue	131,074	By contract terms	-
0	China Steel Corporation	Dragon Steel Corporation	1	Purchases	20,842,445	Payment within 5 days after shipment date/Payment after final acceptance	5
0	China Steel Corporation	China Steel Express Corporation	1	Purchases	11,638,044	Payment against copy of B/L	3
0	China Steel Corporation	C.S.Aluminium Corporation	1	Purchases	3,027,778	Payment after final acceptance	1
0	China Steel Corporation	CSE Transport Corporation	1	Purchases	903,882	Payment against copy of B/L	-
0	China Steel Corporation	China Steel Global Trading Corporation	1	Purchases	734,167	Payment after final acceptance	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Purchases	330,569	Payment after final acceptance	-
0	China Steel Corporation	CHC Resources Corporation	1	Purchases	109,395	Payment after final acceptance	-
1	Dragon Steel Corporation	China Steel Corporation	2	Sales	20,843,551	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	5
1	Dragon Steel Corporation	Chung Hung Steel Corporation	3	Sales	15,224,316	Receivables were collected within 5 days after shipment date	3
1	Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Sales	6,113,468	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	4,358,412	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	China Steel Chemical Corporation	3	Sales	1,250,483	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Structure Co., Ltd.	3	Sales	1,170,010	Receivables were collected within 5 days after shipment date/ Letter of credit	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Sales	984,781	Receivables were collected within 5 days after shipment date/Accounts received in advance before shipment date	-
1	Dragon Steel Corporation	CHC Resources Corporation	3	Sales	362,744	Receivables were collected within 5 days after shipment date/ Letter of credit	-
1	Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	3	Sales	140,477	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Express Corporation	3	Purchases	6,379,303	Payment against copy of B/L	1
1	Dragon Steel Corporation	China Steel Corporation	2	Purchases	2,753,909	Payment within 5 days after shipment date	1
1	Dragon Steel Corporation	C.S.Aluminium Corporation	3	Purchases	1,181,892	Payment after final acceptance	-
1	Dragon Steel Corporation	CSE Transport Corporation	3	Purchases	601,331	Payment against copy of B/L	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Purchases	325,358	Payment after final acceptance	-
2	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Sales	540,066	Net 90-180 days from the end of the month of when invoice is issued	-
2	Betacera Inc.	China Steel Corporation	2	Sales	439,224	Receivables were collected after final acceptance	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
2	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Purchases	1,564,955	Net 90-180 days from the end of the month of when invoice is issued	-
2	Betacera Inc.	Suzhou Betacera Technology Co., Ltd.	1	Purchases	544,717	Net 90-180 days from the end of the month of when invoice is issued	-
3	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Sales	1,565,105	Net 90-180 days from the end of the month of when invoice is issued	-
3	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Purchases	541,127	Net 90-180 days from the end of the month of when invoice is issued	-
4	Suzhou Betacera Technology Co., Ltd.	Betacera Inc.	2	Sales	543,549	Net 90-180 days from the end of the month of when invoice is issued	-
5	Thintech Materials Technology Co., Ltd.	China Steel Corporation	2	Sales	155,019	Receivables were collected within 7 days after final acceptance	-
6	China Steel Express Corporation	China Steel Corporation	2	Service revenue	12,756,544	Receivable were collected within 10 working days against copy of B/L	3
6	China Steel Express Corporation	Dragon Steel Corporation	3	Service revenue	6,797,211	Receivable were collected within 10 working days against copy of B/L	2
6	China Steel Express Corporation	CHC Resources Corporation	3	Service revenue	588,074	Receivable were collected within 10 working days against copy of B/L	-
6	China Steel Express Corporation	China Steel Global Trading Corporation	3	Service revenue	162,904	Receivable were collected within 10 working days against copy of B/L	-
6	China Steel Express Corporation	CSE Transport Corporation	1	Purchases	889,141	Payment against copy of B/L	-
7	CSE Transport Corporation	China Steel Corporation	2	Service revenue	913,747	Receivable were collected within 10 working days against copy of B/L	-
7	CSE Transport Corporation	China Steel Express Corporation	2	Service revenue	881,137	Receivable were collected within 10 working days against copy of B/L	-
7	CSE Transport Corporation	Dragon Steel Corporation	3	Service revenue	604,468	Receivable were collected within 10 working days against copy of B/L	-
8	Kaoport Stevedoring Corporation	China Steel Corporation	2	Service revenue	214,821	Receivable were collected within 30 working days against copy of B/L	-
9	C.S.Aluminium Corporation	China Steel Corporation	2	Sales	3,027,778	Receivables were collected after final acceptance	1
9	C.S.Aluminium Corporation	Dragon Steel Corporation	3	Sales	1,181,892	Receivables were collected after final acceptance	-
9	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	1	Sales	134,845	Receivables were collected after final acceptance	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
10	Ningbo Huayang Aluminium-Tech Co., Ltd.	C.S.Aluminium Corporation	2	Purchases	134,845	Payment after final acceptance	-
11	CSC Steel Sdn. Bhd.	Dragon Steel Corporation	3	Purchases	4,459,661	Payment after shipping document specified	1
11	CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	3	Purchases	1,778,458	Payment after shipping document specified	-
11	CSC Steel Sdn. Bhd.	China Steel Corporation	2	Purchases	1,566,941	Payment after shipping document specified	-
11	CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	3	Purchases	646,857	Payment after shipping document specified	-
12	Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	1,751,268	T/T within 7 working days against copy of B/L	-
12	Chung Hung Steel Corporation	China Steel Corporation	2	Service revenue	722,048	T/T as the end of the month of when invoice is issued after final acceptance	-
12	Chung Hung Steel Corporation	Dragon Steel Corporation	3	Purchases	15,307,063	Letter of credit at sight	3
12	Chung Hung Steel Corporation	China Steel Corporation	2	Purchases	7,402,133	Letter of credit at sight/Payment after final acceptance	2
12	Chung Hung Steel Corporation	China Steel Global Trading Corporation	3	Purchases	3,262,928	T/T within 7 working days against copy of B/L	1
13	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	1	Sales	317,531	Receivables were collected within 150 days after shipment date	-
13	China Steel Chemical Corporation	China Steel Corporation	2	Purchases	2,948,355	Letter of credit at sight	1
13	China Steel Chemical Corporation	Dragon Steel Corporation	3	Purchases	1,250,483	Letter of credit at sight	-
14	Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	2	Purchases	344,729	Payment within 150 days after shipment date	-
15	China Steel Global Trading Corporation	China Steel Corporation	2	Sales	735,142	Receivables were collected after final acceptance	-
15	China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	3	Sales	669,410	Receivable were collected within 7 working days against copy of B/L	-
15	China Steel Global Trading Corporation	Dragon Steel Corporation	3	Sales	325,358	Receivables were collected after final acceptance	-
15	China Steel Global Trading Corporation	Sing Da Marine Structure Corporation	3	Sales	229,070	Receivables were collected after final acceptance	-
15	China Steel Global Trading Corporation	China Steel Corporation	2	Service revenue	263,671	By contract terms	-
15	China Steel Global Trading Corporation	China Steel Corporation	2	Purchases (Note2)	3,257,153	Payment within 10 days after shipment date	1
16	CSGT (Singapore) Pte. Ltd.	China Steel Corporation	2	Service revenue	100,086	By contract terms	-
17	CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note2)	1,736,697	Payment within 14 days after shipment date	-
17	CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Purchases	620,394	Payment after shipment date	-
18	China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	2	Purchases	1,381,859	Payment within 85 days after shipment date	-
19	China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	2	Purchases	951,015	60 days after B/L	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
20	CHC Resources Corporation	China Steel Corporation	2	Sales	104,959	Net 60 days from the end of the month of when invoice is issued	-
20	CHC Resources Corporation	China Steel Corporation	2	Service revenue	2,584,805	Net 60 days from the end of the month of when invoice is issued	1
20	CHC Resources Corporation	Dragon Steel Corporation	3	Service revenue	1,345,564	Net 30-70 days from the end of the month of when invoice is issued	-
20	CHC Resources Corporation	China Steel Resources Corporation	3	Service revenue	559,422	By contract terms	-
20	CHC Resources Corporation	China Steel Corporation	2	Purchases	696,033	Letter of credit	-
20	CHC Resources Corporation	Chung Hung Steel Corporation	3	Purchases	469,215	Letter of credit	-
20	CHC Resources Corporation	Dragon Steel Corporation	3	Purchases	362,642	Letter of credit	-
20	CHC Resources Corporation	China Steel Express Corporation	3	Purchases	150,479	Receivable were collected within 30 working days against copy of B/L	-
21	Union Steel Development Corporation	CHC Resources Corporation	2	Service revenue	327,150	By contract terms	-
22	InfoChamp Systems Corporation	China Steel Corporation	2	Service revenue	1,006,166	By contract terms	-
23	China Steel Structure Co., Ltd.	China Steel Corporation	2	Service revenue	392,497	Contractual period	-
23	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Service revenue	112,564	Contractual period	-
23	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Construction revenue	662,655	Contractual period	-
23	China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	1	Construction revenue	466,902	Contractual period	-
23	China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	3	Construction revenue	388,872	Contractual period	-
23	China Steel Structure Co., Ltd.	China Steel Corporation	2	Construction revenue	366,736	Contractual period	-
23	China Steel Structure Co., Ltd.	China Steel Corporation	2	Purchases	3,527,556	Letter of credit/Prepaid before shipment date	1
23	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Purchases	1,172,289	Letter of credit	-
24	United Steel Engineering & Construction Corporation	China Steel Corporation	2	Construction revenue	2,033,547	Contractual period	-
24	United Steel Engineering & Construction Corporation	Dragon Steel Corporation	3	Construction revenue	260,863	Contractual period	-
25	China Ecotek Corporation	China Steel Corporation	2	Construction revenue	5,690,474	Contractual period	1
25	China Ecotek Corporation	Dragon Steel Corporation	3	Construction revenue	1,196,088	Contractual period	-
25	China Ecotek Corporation	CSC Solar Corporation	3	Construction revenue	300,190	Contractual period	-
25	China Ecotek Corporation	China Steel Machinery Corporation	3	Purchases	136,735	Contractual period	-
26	China Ecotek Vietnam Company Limited	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Construction revenue	216,878	Contractual period	-
27	China Steel Security Corporation	China Steel Corporation	2	Service revenue	380,947	By contract terms	-
27	China Steel Security Corporation	Dragon Steel Corporation	3	Service revenue	118,524	By contract terms	-
28	Steel Castle Technology Corporation	China Steel Corporation	2	Service revenue	602,157	By contract terms	-
28	Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	3	Service revenue	178,044	By contract terms	-
28	Steel Castle Technology Corporation	Dragon Steel Corporation	3	Service revenue	174,073	By contract terms	-
29	HIMAG Magnetic Corporation	China Steel Corporation	2	Sales	337,879	Receivables were collected after final acceptance	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
29	HIMAG Magnetic Corporation	China Steel Corporation	2	Purchases	228,397	Letter of credit/Prepaid before shipment date	-
30	China Steel Machinery Corporation	China Steel Corporation	2	Construction revenue	2,508,015	Receivables were collected after final acceptance	1
30	China Steel Machinery Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	844,647	Receivables were collected after final acceptance	-
30	China Steel Machinery Corporation	Dragon Steel Corporation	3	Construction revenue	820,084	Receivables were collected after final acceptance	-
30	China Steel Machinery Corporation	China Ecotek Corporation	3	Construction revenue	135,802	Receivables were collected after final acceptance	-
31	China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	3	Sales	635,262	Accounts receivable, 30 days term	-
31	China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note2)	10,454,629	14 days after B/L/Payment to the bank after the Corporation's shipment date	2
31	China Steel and Nippon Steel Vietnam Joint Stock Company	China Ecotek Vietnam Company Limited	3	Purchases	226,606	Payment as the end of every month of when invoice is issued	-
32	CSCI Steel Corporation India Pvt. Ltd.	China Steel Corporation	2	Purchases	3,536,390	Payment to the bank after the Corporation's shipment date	1
33	Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	1	Service revenue and other operating revenue	138,260	Net 30 days from the end of the month of when invoice is issued	-
34	China Steel Resources Corporation	China Steel Corporation	2	Sales	735,050	Net 60 days from the end of the month of when invoice is issued	-
35	Sing Da Marine Structure Corporation	China Steel Power Corporation	3	Construction revenue	4,532,369	By contract terms	1
35	Sing Da Marine Structure Corporation	China Steel Global Trading Corporation	3	Purchases	437,331	Payment after final acceptance	-
35	Sing Da Marine Structure Corporation	China Steel Machinery Corporation	3	Outsourcing construction fee	723,391	Payment after final acceptance	-
35	Sing Da Marine Structure Corporation	China Steel Structure Co., Ltd.	3	Outsourcing construction fee	411,032	Payment after final acceptance	-

Note 1: The relationships with counterparties are as follows:

- 1) Parent to subsidiaries
- 2) Subsidiaries to parent
- 3) Subsidiaries to subsidiaries

Note 2: Purchase amount includes the Corporation's sales commitment to Dragon Steel Corporation.

TABLE 10

CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEE'S
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
China Steel Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	5,539,872	5,539,872	582,673,153	41	6,696,923	(989,929)	(566,109)	Subsidiary
China Steel Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and specialty chemical	334,285	334,285	68,787,183	29	2,350,858	1,702,810	469,552	Subsidiary
China Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	1,024,194	1,024,194	66,487,844	33	1,351,785	478,931	74,471	Subsidiary
China Steel Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement, Air-cooled Blast Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	261,677	261,677	49,289,597	20	1,091,665	755,401	142,266	Subsidiary
China Steel Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	554,268	554,268	55,393,138	45	1,048,403	520,519	104,573	Subsidiary
China Steel Corporation	Dragon Steel Corporation	Republic of China	Hot-rolled products, H beams, billets, flat steels	95,779,069	95,779,069	8,612,586,123	100	100,847,872	719,663	1,551,622	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	20,732,125	2,058,856	2,058,856	Subsidiary
China Steel Corporation	China Steel Express Corporation	Republic of China	Shipping services for raw materials	2,504,071	2,504,071	422,545,250	100	12,980,932	2,909,713	2,923,227	Subsidiary
China Steel Corporation	C.S. Aluminum Corporation	Republic of China	Production and sale of aluminum and non-ferrous metal products	3,922,801	3,922,801	840,122,049	100	9,010,764	724,166	780,987	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	8,069,762	701,832	448,222	Subsidiary
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Vietnam	Manufacture and sale of steel products	9,651,239	9,651,239	514,304,000	56	7,517,232	(1,030,482)	(577,070)	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	4,919,191	247,728	245,494	Subsidiary
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd	Singapore	Holding and investment	6,251,918	6,377,638	178,878,002	100	4,900,289	249,271	254,831	Subsidiary
China Steel Corporation	China Steel Power Holding Corporation	Republic of China	General investment	3,773,490	3,773,490	377,349,000	51	3,864,987	(89,011)	(45,395)	Subsidiary
China Steel Corporation	China Steel Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	309,502	309,502	78,827,362	100	3,253,223	923,413	902,772	Subsidiary
China Steel Corporation	CSCI Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	253,567,202	100	1,384,769	14,118	14,118	Subsidiary
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	4,031,501	4,031,501	120,799,811	43	1,181,775	214,729	93,111	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	959,200	959,200	95,920,000	55	1,052,452	121,014	67,095	Subsidiary
China Steel Corporation	China Steel Resources Corporation	Republic of China	Other non-metallic mineral products	981,120	981,120	98,112,000	100	1,001,575	11,560	11,588	Subsidiary
China Steel Corporation	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power	4,671,000	3,421,000	122,695,000	47	578,236	(1,987,052)	(939,718)	Subsidiary
China Steel Corporation	InfoChamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	557,293	189,126	77,733	Subsidiary
China Steel Corporation	China Steel Machinery Corporation	Republic of China	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	591,748	591,748	100,066,400	74	510,795	293,158	(88,299)	Subsidiary
China Steel Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	389,497	389,497	19,183,286	69	490,574	99,439	68,325	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	476,621	40,350	33,570	Subsidiary
China Steel Corporation	China Steel Management Consulting Corporation	Republic of China	Business management and management consulting services	15,144	15,144	999,993	100	20,073	4,779	4,778	Subsidiary
China Steel Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	-	-	10	-	-	(88,621)	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
China Steel Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	-	269,141	-	-	-	6,129	4,429	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	970,044	970,044	95,527,811	48	790,811	(59,842)	(28,581)	Associate
China Steel Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	450,000	450,000	45,000,000	18	558,955	193,112	34,760	Associate
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	320,929	320,929	28,658,729	31	377,680	44,517	16,138	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	300,000	300,000	30,000,000	46	281,306	149,702	69,237	Associate
China Steel Corporation	Dyna Rechi Co., Ltd.	Republic of China	Production and marketing of Brushless DC Motor (BLDCM)	400,000	400,000	24,635,680	23	254,205	4,761	1,116	Associate
China Steel Corporation	Honley Auto Parts Co., Ltd.	Republic of China	Manufacture of automotive components	591,639	825,000	35,751,427	35	125,588	18,755	6,605	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	65,254	72,596	4,031	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	1,666,700	17	23,599	16,427	2,738	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	306,824,279	41	3,508,557	832,427	-	Subsidiary
Chung Hung Steel Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	200,000	200,000	20,000,000	17	193,341	37,820	-	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	36,245	2,296	-	Subsidiary
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag and Cement, Air-cooled Blast-Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	91,338	91,338	15,019,341	6	356,339	755,401	-	Subsidiary
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	15,760	478,931	-	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,284,865	15,625	-	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9	788,982	832,427	-	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15	286,346	121,014	-	Subsidiary
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	3,000,000	50	81,038	139	-	Subsidiary
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	60,000	6,000,000	5	58,002	37,820	-	Subsidiary
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8	55,635	99,439	-	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	37,020	201,518	-	Subsidiary
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	33,607	9,095	-	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	18,378	4,972	-	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	6,750	13,500	675,000	5	7,020	19,776	-	Subsidiary
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9	121,934	10,355	-	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5	7,078	16,427	-	Associate
Ever Wealthy International Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	27,196	-	496,000	-	13,133	478,931	-	Subsidiary
Ever Wealthy International Corporation	ThinTech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8	99,477	82,003	-	Subsidiary
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6	40,785	99,439	-	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	23,631	4,972	-	Subsidiary
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	21,922	6,363	-	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	20,525	8,379	-	Subsidiary
Ever Wealthy International Corporation	Honley Auto Parts Co., Ltd.	Republic of China	Manufacture of automotive components	70,985	-	6,269,823	6	73,514	18,755	-	Associate

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
China Ecotek Corporation China Ecotek Corporation	CFC Development Corporation China Steel Machinery Corporation	Samoa Republic of China	Holding and investment Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment Solar energy generation	478,579 329,174	494,146 329,174	17,000,000 35,204,170	100 26	986,012 529,821	30,774 293,158	- -	Subsidiary Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	General investment	348,800	348,800	34,880,000	20	280,240	121,014	-	Subsidiary
China Ecotek Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	60,000	6,000,000	5	58,002	37,820	-	Subsidiary
China Ecotek Corporation China Ecotek Corporation	CFC International Corporation Chun Yu Investment Corporation	Samoa Republic of China	Holding and investment General investment	30,642 14,233	30,642 14,233	10,000,000 1,196,000	100 40	41,017 30,217	914 6,379	- -	Subsidiary Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	21,145	5,007	-	Subsidiary
China Ecotek Corporation	Jing-Cheng-Fu Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	19,602	5,847	-	Subsidiary
China Ecotek Corporation	Hong-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	15,754	4,972	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,262	8,262	300,000	1	4,516	201,518	-	Subsidiary
China Ecotek Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	38	591	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	100,000	100,000	10,000,000	6	76,209	10,355	-	Associate
CFC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	37,816	591	-	Subsidiary
CFC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	795,205	27,227	-	Subsidiary
China Steel Structure Co., Ltd.	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement, Air-cooled Blast Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	132,715	132,715	23,182,738	9	550,437	755,401	-	Subsidiary
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Republic of China	Construction and management of buildings, roads and railways, and other civil engineering projects	410,000	410,000	80,000,000	100	1,445,489	66,390	-	Subsidiary
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power engineering projects	250,000	-	20,000,000	8	94,189	(1,987,052)	-	Subsidiary
China Steel Structure Co., Ltd.	Pro-Ascentek Investment Corporation	Republic of China	General investment	40,000	40,000	4,000,000	3	38,630	37,820	-	Subsidiary
China Steel Structure Co., Ltd.	Chun Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	26,440	6,379	-	Subsidiary
China Steel Structure Co., Ltd. China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd. HIMAG Magnetic Corporation	Samoa Republic of China	Holding and investment Production and sale of industrial magnetic, chemical, and iron oxides	- 17,080	- 17,080	10 769,829	100 3	24,221 19,824	13,412 99,439	- -	Subsidiary Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	15,859	5,007	-	Subsidiary
China Steel Structure Co., Ltd.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	15,753	4,972	-	Subsidiary
China Steel Structure Co., Ltd.	Wabo Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	1,500	1,500	714,000	6	8,679	26,122	-	Subsidiary
China Steel Structure Co., Ltd.	Nikken & CSSC Metal Products Co., Ltd.	Republic of China	Building materials wholesale industry, pollution prevention equipment wholesale industry, etc.	6,750	6,750	675,000	45	5,015	509	-	Associate
United Steel Engineering & Construction Corporation United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd China Prosperity Construction Corporation	Singapore Republic of China	Holding and investment Real estate development	126,806 53,550	126,806 53,550	4,180,000 5,355,000	100 40	147,379 58,738	6,501 (4,572)	- -	Subsidiary Subsidiary
United Steel Engineering & Construction Corporation	United Steel Construction (Vietnam) Co., Ltd.	Vietnam	Construction and management of buildings, roads and railways, and other civil engineering projects	33,129	33,129	-	100	56,445	(3,090)	-	Subsidiary
United Steel Engineering & Construction Corporation United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation Pro-Ascentek Investment Corporation	Republic of China Republic of China	General investment	13,754 20,000	13,754 20,000	1,196,000 2,000,000	40 2	29,228 19,373	7,329 37,820	- -	Subsidiary Subsidiary
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	15,433	15,433	1,543,276	1	14,989	214,729	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
United Steel Engineering & Construction Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	100,000	100,000	10,000,000	4	124,212	193,112	-	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	57,204	72,596	-	Associate
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Manufacture and sale of Ground-Granulated Blast-Furnace Slag, Sales of Granulated	647,338	647,338	-	85	651,735	(45,567)	-	Subsidiary
CHC Resources Corporation	Yu Cheng Lime Corporation	Republic of China	Real estate lease, management of raw materials	126,010	126,010	108,000	90	139,217	612	-	Subsidiary
CHC Resources Corporation	Union Steel Development Corporation	Republic of China	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	53,345	53,345	4,668,333	93	118,618	53,223	-	Subsidiary
CHC Resources Corporation	Pao Good Industrial Co., Ltd	Republic of China	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	50,937	50,937	5,408,550	51	84,952	5,666	-	Subsidiary
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	29,406	9,095	-	Subsidiary
CHC Resources Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	3	29,001	37,820	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	27,367	8,379	-	Subsidiary
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	25,054	6,363	-	Subsidiary
CHC Resources Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	22,403	5,847	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	21,921	7,329	-	Subsidiary
CHC Resources Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	10,970	10,970	494,440	2	12,719	99,439	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,254	8,254	300,000	1	4,516	201,518	-	Subsidiary
CHC Resources Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	73,269	73,269	9,298,583	10	114,142	44,517	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	30,000	30,000	3,000,000	2	22,863	10,355	-	Associate
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	31,257	31,257	13,000,000	100	189,162	(67,944)	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	17,000	17,000	1,700,000	1	16,624	214,729	-	Subsidiary
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation	Republic of China	Management and maintenance for buildings	10,000	10,000	1,000,000	100	14,969	1,919	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	10,000	10,000	1,000,000	1	7,621	10,355	-	Associate
China Prosperity Development Corporation	Chateau International Development Co., Ltd.	Republic of China	Development of leisure business	131,921	131,921	22,491,623	20	390,114	154,388	-	Associate
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	151,526	151,526	3,840	80	172,989	11,222	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	127,272	214,729	-	Subsidiary
China Prosperity Development Corporation	China Prosperity Construction Corporation	Republic of China	Real estate development	92,105	92,105	8,032,500	60	88,107	(4,572)	-	Subsidiary
China Prosperity Development Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	50,000	50,000	5,000,000	4	48,336	37,820	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	175,000	175,000	17,500,000	7	217,371	193,112	-	Associate
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	90,161	(35,454)	-	Subsidiary
China Steel Power Holding Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	7,393,000	7,393,000	739,299,990	100	7,623,194	(88,621)	-	Subsidiary
CSC Solar Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	22,974	22,974	725,000	1	25,533	520,519	-	Subsidiary
CSC Solar Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	3	29,001	37,820	-	Subsidiary
InfoChamp Systems Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	60,784	60,784	5,825,030	35	73,401	31,693	-	Subsidiary
InfoChamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	50,962	214,729	-	Subsidiary
InfoChamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	Holding and investment	6,816	6,816	201,000	100	34,012	8,232	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
InfoChamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	-	-	-	Associate
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	26,000	2,600,000	100	29,576	586	-	Subsidiary
China Steel Machinery Corporation	Sing Dai Marine Structure Corporation	Republic of China	Foundation of offshore wind power	250,000	-	20,000,000	8	94,189	(1,987,052)	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	9,213	8,304	-	100	18,070	2,592	-	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	124,448	72,596	-	Associate
Dragon Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	130,826	98,266	4,086,000	2	107,322	478,931	-	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	174,400	174,400	17,440,000	10	190,897	121,014	-	Subsidiary
Dragon Steel Corporation	Pro-Ascetek Investment Corporation	Republic of China	General investment	100,000	100,000	10,000,000	8	96,671	37,820	-	Subsidiary
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	478,238	131,215	-	Subsidiary
C.S.Aluminium Corporation	Pro-Ascetek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	3	29,001	37,820	-	Subsidiary
ALU Investment Offshore Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	31,650,000	65	478,229	201,518	-	Subsidiary
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	4,316,954	432,820	-	Subsidiary
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	374,138,548	50	4,278,511	832,427	-	Subsidiary
China Steel Express Corporation	Kaoport Stevedoring Corporation	Republic of China	Ship cargo loading and unloading industry	35,013	35,013	3,275,000	66	52,286	17,646	-	Subsidiary
Transglory Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	94,786	-	1,688,000	1	43,703	478,931	-	Subsidiary
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	354,085	475,866	-	Subsidiary
Gains Investment Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	212,912	212,912	23,423,016	32	380,590	82,003	-	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,927,798	475,866	-	Subsidiary
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	1,712,656	111,697	-	Subsidiary
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	987,046	314,761	-	Subsidiary
Gains Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	170,432	170,432	10,533,713	64	132,730	31,693	-	Subsidiary
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	67,500	135,000	6,750,000	50	70,204	19,776	-	Subsidiary
Gains Investment Corporation	Pro-Ascetek Investment Corporation	Republic of China	General investment	60,000	60,000	6,000,000	5	58,002	37,820	-	Subsidiary
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	25,909	25,909	1,000,000	100	29,630	5,879	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	58,784	58,784	1,850,000	4	27,987	201,518	-	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	591,731	525,222	8,396,874	19	716,385	45,841	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	400,000	400,000	40,000,000	22	307,281	10,355	-	Associate
Gains Investment Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	104,246	63,311	8,642,160	8	96,368	18,755	-	Associate
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	Holding and investment	205,435	205,435	6,800,000	100	61,976	6,494	-	Subsidiary
Thintech Materials Technology Co., Ltd.	Pro-Ascetek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	3	29,001	37,820	-	Subsidiary
Betacera Inc.	Lefkara Ltd.	British Virgin Islands	Holding and Investment	418,362	377,085	13,623,000	100	1,517,348	119,673	-	Subsidiary
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	3	37,582	10,355	-	Associate
Universal Exchange Inc.	Pro-Ascetek Investment Corporation	Republic of China	General investment	20,000	20,000	2,000,000	2	19,334	37,820	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Pro-Ascentek Investment Corporation	Beucera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	77,278	77,278	1,608,491	4	88,999	314,761	-	Subsidiary
Enimence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	21,921	7,329	-	Subsidiary
Enimence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	21,004	9,095	-	Subsidiary
Enimence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	20,525	8,379	-	Subsidiary
Enimence Investment Corporation	Chuan Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	18,886	6,379	-	Subsidiary
Enimence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	15,753	4,972	-	Subsidiary
Enimence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	13,242	5,007	-	Subsidiary
Enimence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	13,047	6,363	-	Subsidiary
Enimence Investment Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	11,593	5,847	-	Subsidiary
Enimence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	10,503	4,972	-	Subsidiary
Enimence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	23,513	10,395	179,125	-	23,329	45,841	-	Associate
Shin Mau Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement, Air-cooled Blast Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	5,454	5,454	512,685	-	12,231	755,401	-	Subsidiary
Shin Mau Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	5,619	5,619	341,896	-	8,803	478,931	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,626	4,972	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	2,617	5,007	-	Subsidiary
Ding Da Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and specialty chemical	17,404	17,404	474,220	-	15,741	1,702,810	-	Subsidiary
Ding Da Investment Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	2,408	5,847	-	Subsidiary
Ding Da Investment Corporation	Beucera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	48	314,761	-	Subsidiary
Ding Da Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	17	17	1,600	-	20	31,693	-	Subsidiary
Jing-Cheng-Fa Investment Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	7,874	7,874	302,052	-	8,229	520,519	-	Subsidiary
Gau Ruei Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and specialty chemical	17,584	17,584	474,220	-	15,741	1,702,810	-	Subsidiary
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,625	4,972	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	2,612	6,363	-	Subsidiary
Sheng Lih Dar Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement, Air-cooled Blast Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	5,678	5,678	512,535	-	12,231	755,401	-	Subsidiary
Chuan Yu Investment Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	5,764	5,764	275,469	-	7,543	520,519	-	Subsidiary
Chuan Yu Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	3,559	3,559	275,896	-	7,249	478,931	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Holding and investment	631,983	631,983	20,740,000	100	1,188,483	147,330	-	Subsidiary
China Steel Global Trading Corporation	CSGT (Singapore) Pte. Ltd.	Singapore	Buy and sell, and act as an agency for steel products	22,600	22,600	6,100,000	100	1,062,286	537,208	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Holding and investment	127,847	212,822	8,800,000	100	576,999	12,047	-	Subsidiary
China Steel Global Trading Corporation	Wahob Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	11,000	11,000	5,236,000	44	63,645	26,122	-	Subsidiary
China Steel Global Trading Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	69,232	69,232	2,220,000	5	33,545	201,518	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
China Steel Global Trading Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	240	240	48,000	1	271	5,410	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Holding and investment	-	18,741	-	-	-	(717)	-	Subsidiary
China Steel Global Trading Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	-	63,311	-	-	-	18,755	-	Associate
Wabo Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	43,047	11,222	-	Subsidiary
Wabo Global Trading Corporation	CSGT Japan Co., Ltd.	Japan	Buy and sell, and act as an agency for steel products	10,160	10,160	800	100	27,617	2,845	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	-	77,628	-	-	-	6,129	-	Subsidiary
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	-	3,555	-	-	-	-	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	265,799	239,574	13,279,770	60	409,103	116,217	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	23,881	21,524	4,752,000	99	26,869	5,409	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	88,694	79,943	408,000	34	207,321	46,127	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	84,699	76,342	16,782,500	25	113,969	84,965	-	Associate
CSGT (Singapore) Pte. Ltd.	CSCD SA	Switzerland	International trade and investment	116,736	104,389	1,876,795	49	998,146	995,927	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	342,445	330,115	16,440,001	100	184,940	(12,793)	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	9404-5515 Quebec Inc.	Canada	Investments in mining industry	5,499,616	5,301,598	270,122,727	25	8,126,994	3,501,592	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,112,821	1,003,024	171,000,000	46	2,671,644	121,875	-	Subsidiary
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	2,926,076	2,775,819	359,000,000	100	5,633,645	122,028	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	497,957	472,386	1,000,000	100	18,051	(69)	-	Subsidiary
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,024	4,766	750,000	100	6,831	175	-	Subsidiary

TABLE 11

CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE PERIOD ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	135,124	2	135,124	-	-	135,124	79,316	100	79,316	596,289	-	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	18,426	2	18,426	-	-	18,426	48	100	48	29,126	46,588	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,338,956	2	937,269	-	-	937,269	238,661	70	167,062	1,211,261	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	614,200	1	429,940	-	-	429,940	(38,608)	70	(27,004)	383,468	17,044	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	176,100	1	199,799	-	-	199,799	14,666	100	14,666	180,191	-	Note 3 (1)
CSGT (Shenzhen) Co., Ltd.	Buy and sell, and act as an agency for steel products	24,568	1	15,969	-	-	15,969	2,609	65	1,696	17,771	6,406	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,228,400	2	122,840	-	-	122,840	22,649	10	2,265	118,824	-	Note 3 (1)
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	-	2	12,458	-	12,458	-	-	-	-	-	-	Note 4
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,504,790	2	1,190,628	-	-	1,190,628	201,875	79	159,723	578,864	93,743	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	460,650	2	460,650	-	-	460,650	31,720	100	31,720	622,092	-	Note 3 (1)
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	36,852	2	36,668	-	-	36,668	8,416	100	8,374	146,796	-	Note 3 (1)
Taichang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	208,828	2	208,828	-	-	208,828	6,494	100	6,494	61,976	-	Note 3 (1)
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	460,650	1	493,203	-	-	493,203	7,983	100	7,983	458,763	-	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	6,142	2	6,142	-	-	6,142	8,318	100	8,318	34,076	55,453	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	184,260	2	184,260	-	-	184,260	3,249	100	3,249	184,664	-	Note 3 (1)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
China Steel Corporation	1,060,109	1,060,109	191,941,336
China Steel Chemical Corporation	275,039	275,039	4,796,708
China Ecotek Corporation	193,473	279,446	2,106,624
C.S.Aluminum Corporation	971,972	971,972	5,425,548
Gains Investment Corporation	56,814	56,814	4,881,329
Thintech Materials Technology Co., Ltd.	208,828	208,828	716,518
Betacera Inc.	632,442	632,442	1,232,523
China Steel Global Trading Corporation	1,025,714	1,025,714	-
Infochamp Systems Corporation	6,142	6,142	536,116
CHC Resources Corporation	9,213	9,213	3,539,788

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2022.

Note 2: Methods of investment are classified as below:

- 1) Direct investment.
- 2) Investments through a holding company registered in a third region.

Note 3: The basis for recognition of investment income (loss) is based on the following:

- 1) From the financial statements reviewed and attested by R.O.C. parent company's CPA.
- 2) From the investee company, which had not been audited and attested by independent accountants.

Note 4: Huade was disposed in September 2021, and the proceeds were remitted into Taiwan in January 2022.

Note 5: As the subsidiary CSGT has obtained the certificate of qualified for operating headquarters, which is due on April 28, 2024, issued by the Industrial Development Bureau, MOEA, the limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not applicable, while other companies, investments shall not exceed 60% of their net worth.

TABLE 12**CHINA STEEL CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
The Ministry of Economic Affairs, R.O.C.	3,154,709,357	20%

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common and preferred stocks (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

For the Year Ended December 31, 2021

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2021	\$ 69,036,078	\$ 5,932,843	\$ 132,016,852	\$ 648,727,976	\$ 33,324,893	\$ 19,156,110	\$ 10,605,395	\$ 25,486,041	\$ 944,286,188
Additions	553,398	134,014	2,210,353	17,095,373	428,249	1,124,062	1,016,820	(619,100)	21,943,169
Disposals	-	(8,672)	(84,752)	(5,512,561)	(112,350)	(340,031)	(1,195,917)	-	(7,254,283)
Reclassification	-	(27)	(2,175)	64,355	-	423	(91,857)	(6,310)	(35,591)
Effect of foreign currency exchange differences	(5,879)	1,726	(215,231)	(800,487)	(152,642)	(25,929)	-	29,122	(1,169,320)
Balance at December 31, 2021	<u>\$ 69,583,597</u>	<u>\$ 6,059,884</u>	<u>\$ 133,925,047</u>	<u>\$ 659,574,656</u>	<u>\$ 33,488,150</u>	<u>\$ 19,914,635</u>	<u>\$ 10,334,441</u>	<u>\$ 24,889,753</u>	<u>\$ 957,770,163</u>
Accumulated depreciation and impairment									
Balance at January 1, 2021	\$ 6,370	\$ 4,799,733	\$ 59,737,098	\$ 464,423,048	\$ 10,682,754	\$ 15,654,996	\$ 4,649,545	-	\$ 559,953,544
Depreciation	-	75,086	4,053,527	22,969,201	1,948,552	1,021,586	1,238,577	-	31,306,529
Disposals	-	(8,672)	(78,850)	(5,223,036)	(111,972)	(336,061)	(1,195,917)	-	(6,954,508)
Impairment	-	-	-	3,368,223	-	305	-	-	3,368,528
Reclassification	-	-	(366)	(3,515)	-	32	-	-	(3,849)
Effect of foreign currency exchange differences	-	120	(100,818)	(399,674)	(40,413)	(22,997)	-	-	(563,782)
Balance at December 31, 2021	<u>\$ 6,370</u>	<u>\$ 4,866,267</u>	<u>\$ 63,610,591</u>	<u>\$ 485,134,247</u>	<u>\$ 12,478,921</u>	<u>\$ 16,317,861</u>	<u>\$ 4,692,205</u>	<u>\$ -</u>	<u>\$ 587,106,462</u>
Carrying amount at December 31, 2021	<u>\$ 69,577,227</u>	<u>\$ 1,193,617</u>	<u>\$ 70,314,456</u>	<u>\$ 174,440,409</u>	<u>\$ 21,009,229</u>	<u>\$ 3,596,774</u>	<u>\$ 5,642,236</u>	<u>\$ 24,889,753</u>	<u>\$ 370,663,701</u>

TABLE 14

CHINA STEEL CORPORATION AND SUBSIDIARIES

CHANGES OF DEFERRED TAX ASSETS AND LIABILITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Balance, End of Year
Deferred tax assets						
Temporary differences						
Defined benefit plan and estimated preferential severance pay	\$ 1,668,287	\$ (185,530)	\$ (363,551)	\$ -	\$ -	\$ 1,119,206
Unrealized loss on inventories	1,630,240	1,089,600	-	-	2,448	2,722,288
Provisions	668,098	(193,191)	-	-	-	474,907
Impairment loss on financial assets	22,478	(21,394)	-	-	-	1,084
Unrealized loss on construction	592,551	(203,639)	-	-	-	388,912
Difference between tax reporting and financial reporting - revenue recognition	206,439	(227,016)	-	-	423	(20,154)
Unrealized gain on the transactions with subsidiaries and associates	295,650	(116,847)	-	-	-	178,803
Unrealized settlement loss on foreign exchange forward for hedging	27,511	(5,889)	-	-	-	21,622
Foreign investment loss	165,713	(25,090)	-	-	-	140,623
Others	3,540,518	(359,440)	(116,851)	-	870	3,065,097
	8,817,485	(248,436)	(480,402)	-	3,741	8,092,388
	64,128	105,844	-	-	(24)	169,948
	<u>\$ 8,881,613</u>	<u>\$ (142,592)</u>	<u>\$ (480,402)</u>	<u>\$ -</u>	<u>\$ 3,717</u>	<u>\$ 8,262,336</u>
Loss carryforwards						
Deferred tax liabilities						
Temporary differences						
Land value increment tax	\$ 10,314,586	\$ -	\$ -	\$ -	\$ -	\$ 10,314,586
Difference between tax reporting and financial reporting - depreciation methods	542,129	(75,526)	-	-	7,224	473,827
Foreign investment income	2,538,268	573,940	-	-	-	3,112,208
Unrealized gains and losses on financial assets	1,172,166	-	(1,420,608)	-	-	(248,442)
Others	15,855	136,927	(47,128)	(446)	-	105,208
	<u>\$ 14,583,004</u>	<u>\$ 635,341</u>	<u>\$ (1,467,736)</u>	<u>\$ (446)</u>	<u>\$ 7,224</u>	<u>\$ 13,757,387</u>

For the Year Ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Others	Balance, End of Year
Deferred tax assets							
Temporary differences							
Defined benefit plan and estimated preferential severance pay	\$ 1,770,908	\$ (242,548)	\$ 140,386	\$ -	\$ -	\$ (459)	\$ 1,668,287
Unrealized loss on inventories	1,246,517	384,407	-	-	(684)	-	1,630,240
Provisions	856,982	(188,884)	-	-	-	-	668,098
Impairment loss on financial assets	23,778	(1,300)	-	-	-	-	22,478
Unrealized loss on construction	976,773	(384,222)	-	-	-	-	592,551
Difference between tax reporting and financial reporting - revenue recognition	235,441	(28,979)	-	-	(23)	-	206,439
Unrealized gain on the transactions with subsidiaries and associates	230,262	65,388	-	-	-	-	295,650
Unrealized settlement loss on foreign exchange forward for hedging	51,307	(23,796)	-	-	-	-	27,511
Foreign investment loss	283,024	(117,311)	-	-	-	-	165,713
Others	2,500,303	1,033,497	21,821	-	(1,084)	(14,019)	3,540,518
	8,175,295	496,252	162,207	-	(1,791)	(14,478)	8,817,485
	688,375	(624,106)	-	-	(141)	-	64,128
Loss carryforwards	\$ 8,863,670	\$ (127,854)	\$ 162,207	\$ -	\$ (1,932)	\$ (14,478)	\$ 8,881,613
Deferred tax liabilities							
Temporary differences							
Land value increment tax	\$ 10,314,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,314,586
Difference between tax reporting and financial reporting - depreciation methods	618,251	(66,802)	-	-	(9,320)	-	542,129
Foreign investment income	1,179,710	1,358,558	-	-	-	-	2,538,268
Unrealized gains and losses on financial assets	1,977,686	-	(805,520)	-	-	-	1,172,166
Others	177,485	(161,150)	(437)	(42)	-	(1)	15,855
	\$ 14,267,718	\$ 1,130,606	\$ (805,957)	\$ (42)	\$ (9,320)	\$ (1)	\$ 14,583,004

China Steel Corporation

**Standalone Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

China Steel Corporation

Opinion

We have audited the accompanying standalone financial statements of China Steel Corporation (the "Corporation"), which comprise the standalone balance sheets as of December 31, 2022 and 2021, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2022 and 2021, its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's standalone financial statements for the year ended December 31, 2022 are stated as follows:

Recognition of Revenue from Sale of Goods of Steel Department

The Corporation manufactures and sells steel products and engages in mechanical, communications, and electrical engineering. Revenue from sale of goods of steel department represented over 90% of the total operating revenue. Revenue recognition is presumed to be significant risk as revenue is subject to fluctuation in terms of market demand and it is the main focus of the users of financial report; therefore, revenue recognition was deemed to be a key audit matter. Refer to Notes 4 and 23 to the Corporation's standalone financial statements for the related accounting policies and disclosures on sales revenue.

Our audit procedures performed included the following:

1. We understood the design and implementation of the procedures regarding approval of sales order, shipping and cash collection process of the Corporation's steel department.
2. We evaluated the appropriateness of the recorded sales amounts by checking the nature, quantities, unit price, sales to major customers and sales of major goods of the Corporation's steel department sales; we also reviewed comparative information of a two-year period.
3. We verified the occurrence and validity of the specific goods and customers by confirming the customer information, the correctness on the shipping documents or bill of lading and cash collection receipts.
4. We obtained subsequent details of the abovementioned specific goods and customers and checked whether there were any material and unusual sales returns and allowances and confirmed the appropriateness of accounting treatment and presentation.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Corporation's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee or supervisors, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Hsuan Hsu and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

China Steel Corporation

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,561,255	1	\$ 3,755,569	1
Financial assets for hedging - current (Notes 4, 9 and 28)	1,044,981	-	382,328	-
Contract assets - current (Notes 4 and 23)	839,682	-	179,901	-
Notes receivable (Notes 4 and 10)	627,670	-	998,439	-
Accounts receivable, net (Notes 4 and 10)	2,670,527	1	3,666,782	1
Accounts receivable - related parties (Notes 4, 10 and 29)	910,033	-	2,245,295	1
Other receivables	2,133,633	1	2,742,493	1
Other receivables - loans to related parties (Note 29)	5,960,000	1	6,962,000	1
Current tax assets	7,675	-	285,201	-
Inventories (Notes 4, 5 and 11)	67,110,255	14	68,933,671	14
Other financial assets - current (Notes 13 and 30)	6,289,568	1	6,681,289	1
Other current assets	1,187,304	-	896,757	-
Total current assets	92,342,583	19	97,729,725	20
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	712,241	-	731,198	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	39,490,069	8	39,251,278	8
Financial assets for hedging - noncurrent (Notes 4, 9 and 28)	59,177	-	210	-
Investments accounted for using the equity method (Notes 4, 12 and 30)	189,718,151	40	201,220,220	40
Property, plant and equipment (Notes 4, 14 and 29)	144,919,933	30	147,119,445	29
Right-of-use assets (Notes 4 and 15)	1,173,620	-	1,158,745	-
Investment properties (Notes 4 and 16)	7,316,012	2	7,336,879	2
Intangible assets	-	-	4,978	-
Deferred tax assets (Notes 4 and 25)	2,948,391	1	3,472,579	1
Refundable deposits	442,230	-	705,129	-
Prepayments for investments (Note 12)	-	-	1,250,000	-
Total noncurrent assets	386,779,824	81	402,250,661	80
TOTAL	\$ 479,122,407	100	\$ 499,980,386	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings and bank overdraft (Notes 17, 29 and 30)	\$ 25,365,690	5	\$ 12,891,338	3
Short-term bills payable (Note 17)	13,476,961	3	-	-
Financial liabilities for hedging - current (Notes 4, 9, 17 and 28)	1,242	-	1,096,047	-
Contract liabilities - current (Notes 4 and 23)	1,452,353	-	1,701,331	-
Accounts payable	4,468,055	1	6,447,758	1
Accounts payable - related parties (Note 29)	954,646	-	3,298,103	1
Other payables (Notes 19 and 29)	15,931,393	3	22,824,106	5
Current tax liabilities (Note 25)	2,135,370	-	7,266,069	1
Provisions - current (Notes 4 and 20)	2,990,709	1	4,318,852	1
Lease liabilities - current (Notes 4 and 15)	353,725	-	269,303	-
Current portion of bonds payable (Note 18)	8,349,635	2	12,349,085	3
Long-term bank borrowings (Note 17)	-	-	1,500,000	-
Refund liabilities - current	2,275,656	1	3,456,564	1
Other current liabilities	406,548	-	482,572	-
Total current liabilities	78,161,983	16	77,901,128	16
NONCURRENT LIABILITIES				
Financial liabilities for hedging - noncurrent (Notes 4, 9, 17 and 28)	1,046,139	-	17,167	-
Bonds payable (Note 18)	39,880,933	8	48,224,053	10
Long-term bank borrowings (Note 17)	11,500,000	3	-	-
Long-term bills payable (Note 17)	11,495,715	2	5,897,934	1
Deferred tax liabilities (Notes 4 and 25)	11,992,858	3	11,712,835	2
Lease liabilities - noncurrent (Notes 4 and 15)	820,848	-	896,263	-
Net defined benefit liabilities (Note 21)	4,321,704	1	6,302,241	1
Total noncurrent liabilities	81,058,197	17	73,050,493	14
Total liabilities	159,220,180	33	150,951,621	30
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	157,348,610	33	157,348,610	32
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	33	157,731,290	32
Capital surplus	40,275,115	9	39,238,636	8
Retained earnings				
Legal reserve	72,765,975	15	66,611,343	13
Special reserve	26,914,657	6	27,639,574	6
Unappropriated earnings	35,708,731	7	70,863,295	14
Total retained earnings	135,389,363	28	165,114,212	33
Other equity	(4,844,120)	(1)	(4,405,952)	(1)
Treasury shares	(8,649,421)	(2)	(8,649,421)	(2)
Total equity	319,902,227	67	349,028,765	70
TOTAL	\$ 479,122,407	100	\$ 499,980,386	100

The accompanying notes are an integral part of the standalone financial statements.

China Steel Corporation

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 250,600,629	100	\$ 259,782,471	100
OPERATING COSTS (Notes 11 and 29)	<u>232,344,138</u>	<u>93</u>	<u>209,566,237</u>	<u>81</u>
GROSS PROFIT	18,256,491	7	50,216,234	19
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>583,055</u>	<u>-</u>	<u>(299,640)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>18,839,546</u>	<u>7</u>	<u>49,916,594</u>	<u>19</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,693,404	1	2,975,236	1
General and administrative expenses	3,116,084	1	4,141,417	2
Research and development expenses	<u>2,148,436</u>	<u>1</u>	<u>2,395,668</u>	<u>1</u>
Total operating expenses	<u>7,957,924</u>	<u>3</u>	<u>9,512,321</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>10,881,622</u>	<u>4</u>	<u>40,404,273</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 24 and 29)	167,477	-	80,141	-
Other income (Notes 24 and 29)	1,893,385	1	1,490,174	1
Other gains and losses (Notes 24 and 29)	199,705	-	201,065	-
Finance costs (Notes 24 and 29)	(996,693)	-	(795,980)	-
Share of profit or loss of subsidiaries and associates	<u>8,221,073</u>	<u>3</u>	<u>29,671,674</u>	<u>11</u>
Total non-operating income and expenses	<u>9,484,947</u>	<u>4</u>	<u>30,647,074</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	20,366,569	8	71,051,347	27
INCOME TAX EXPENSE (Notes 4 and 25)	<u>2,582,794</u>	<u>1</u>	<u>8,998,314</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>17,783,775</u>	<u>7</u>	<u>62,053,033</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,292,493	1	(628,138)	-

(Continued)

China Steel Corporation

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ 238,791	-	\$ 1,024,622	-
Gains and losses on hedging instruments	224,031	-	98,087	-
Share of the other comprehensive income of subsidiaries and associates	(3,293,217)	(1)	(714,062)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	(301,338)	-	132,486	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	2,256,946	1	(1,508,504)	(1)
Share of the other comprehensive income of subsidiaries and associates	<u>601,370</u>	<u>-</u>	<u>(129,628)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,019,076</u>	<u>1</u>	<u>(1,725,137)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 18,802,851</u>	<u>8</u>	<u>\$ 60,327,896</u>	<u>23</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.15</u>		<u>\$ 4.02</u>	
Diluted	<u>\$ 1.15</u>		<u>\$ 3.98</u>	

The accompanying notes are an integral part of the standalone financial statements.

(Concluded)

China Steel Corporation

STANDALONE STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Other Equity											
	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income						Gains and Losses on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity		
	Ordinary Shares	Share Capital Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	\$ 157,348,610	\$ 382,680	\$ 39,077,456	\$ 66,532,412	\$ 27,912,065	\$ 13,897,589	\$ (7,528,950)	\$ 543,417	\$ 3,797,864	\$ (3,187,669)	\$ (8,664,198)	\$ 293,298,945
Appropriation of 2020 earnings (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	78,931	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(272,355)	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.3 per share	-	-	-	-	-	-	-	-	-	-	-	(4,720,458)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	-	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(136)	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	62,053,033	-	-	-	-	-	62,053,033
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(612,252)	(1,638,132)	513,958	11,289	(1,112,885)	-	(1,725,137)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	61,440,781	(1,638,132)	513,958	11,289	(1,112,885)	-	60,327,896
Disposal of the Corporation's shares held by subsidiaries	-	-	760	-	-	-	-	-	-	-	11,241	12,001
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	96,122	-	-	-	-	-	-	-	-	96,122
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment from changes in equity of subsidiaries and associates	-	-	64,298	-	-	-	-	(105,398)	-	(105,398)	-	-
BALANCE AT DECEMBER 31, 2021	157,348,610	382,680	39,238,636	66,611,343	27,639,574	70,863,295	(9,167,082)	951,977	3,809,153	(4,405,952)	(8,649,421)	349,028,765
Appropriation of 2021 earnings (Note 22)	-	-	-	6,154,632	-	(6,154,632)	-	-	-	-	-	-
Legal reserve	-	-	-	-	(723,473)	723,473	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(48,778,069)	-	-	-	-	-	(48,778,069)
Cash dividends to ordinary shareholders - NT\$3.1 per share	-	-	-	-	-	(118,631)	-	-	-	-	-	(118,631)
Cash dividends to preference shareholders - NT\$3.1 per share	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(1,444)	1,444	-	-	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	17,783,775	-	-	-	-	-	17,783,775
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,510,147	2,858,316	(4,051,776)	702,389	(491,071)	-	1,019,076
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	19,293,922	2,858,316	(4,051,776)	702,389	(491,071)	-	18,802,851
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	992,493	-	-	-	-	-	-	-	-	992,493
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	36,424	-	-	-	-	-	-	-	-	36,424
Adjustment from changes in equity of subsidiaries and associates	-	-	-	-	-	(52,903)	-	52,903	-	52,903	-	-
BALANCE AT DECEMBER 31, 2022	\$ 157,348,610	\$ 382,680	\$ 40,275,115	\$ 72,765,975	\$ 26,914,657	\$ 35,708,731	\$ (6,308,766)	\$ (3,046,896)	\$ 4,511,542	\$ (4,844,120)	\$ (8,649,421)	\$ 319,902,227

The accompanying notes are an integral part of the standalone financial statements.

China Steel Corporation

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 20,366,569	\$ 71,051,347
Adjustments for:		
Depreciation expense	15,236,313	15,118,366
Amortization expense	4,978	9,956
Net gain on financial assets at fair value through profit or loss	(7,640)	(4,930)
Finance costs	996,693	795,980
Interest income	(167,477)	(80,141)
Dividend income	(428,438)	(451,620)
Share of profit of subsidiaries and associates	(8,221,073)	(29,671,674)
Loss on disposal of property, plant and equipment	19,298	42,792
Gain on disposal of investments	(28,415)	-
Write-down of inventories	1,827,517	1,258,710
Impairment loss on non-financial assets	-	663,904
Unrealized (realized) gain on the transactions with subsidiaries and associates	(583,055)	299,640
Recognition (reversal) of provisions	(1,328,143)	30,860
Others	(110,620)	180,798
Changes in operating assets and liabilities		
Financial assets for hedging	(536,825)	92,845
Contract assets	(621,077)	320,982
Notes receivable	370,769	(567,791)
Notes receivable - related parties	-	111,592
Accounts receivable	996,255	(978,654)
Accounts receivable - related parties	1,335,262	(190,840)
Other receivables	613,631	(1,529,279)
Inventories	113,976	(30,815,057)
Other current assets	(290,547)	(132,140)
Contract liabilities	(248,978)	501,089
Accounts payable	(1,979,703)	2,306,618
Accounts payable - related parties	(2,343,457)	2,231,118
Other payables	(6,186,646)	7,173,005
Other current liabilities	(76,024)	(26,117)
Net defined benefit liabilities	(688,044)	(1,115,946)
Refund liabilities	(1,180,908)	1,541,882
Cash generated from operations	16,854,191	38,167,295
Income taxes paid	(6,933,089)	(109,328)
Net cash generated from operating activities	<u>9,921,102</u>	<u>38,057,967</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Derecognition of financial liabilities for hedging	-	(631,020)
Acquisition of property, plant and equipment	(13,246,704)	(14,050,610)
Proceeds from disposal of property, plant and equipment	45	88,503

(Continued)

China Steel Corporation

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
Increase in refundable deposits	\$ -	\$ (459,564)
Decrease in refundable deposits	262,899	-
Increase in other receivables - loans to related parties	-	(1,268,000)
Decrease in other receivables - loans to related parties	1,002,000	-
Net cash inflow on acquisition of subsidiary	-	46,173
Increase in other financial assets	-	(644,101)
Decrease in other financial assets	391,721	-
Interest received	155,397	78,449
Dividends received from subsidiaries and associates	21,349,387	9,586,658
Dividends received from others	435,748	442,182
Proceeds from liquidation of subsidiaries	408,554	-
Proceeds from the capital reduction of associates	<u>233,361</u>	<u>-</u>
Net cash generated (used in) investing activities	<u>10,992,408</u>	<u>(6,811,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	63,264,960	10,007,707
Repayments of short-term borrowings	(49,474,183)	(8,855,043)
Proceeds from short-term bills payable	34,876,961	22,950,908
Repayments of short-term bills payable	(21,400,000)	(26,950,000)
Repayments of bonds payable	(12,350,000)	(10,950,000)
Issuance of long-term bank borrowings	19,500,000	6,000,000
Repayments of long-term bank borrowings	(9,500,000)	(11,500,000)
Proceeds from long-term bills payable	8,597,781	426
Repayments of long-term bills payable	(3,000,000)	(1,000,000)
Repayments of principal of lease liabilities	(356,283)	(318,148)
Dividends paid	(48,872,707)	(4,778,721)
Acquisition of subsidiaries	-	(2,750,430)
Interest paid	(1,203,648)	(1,159,777)
Proceeds from the capital reduction of subsidiaries	125,720	139,350
Increase in prepayments for investments of subsidiaries	<u>-</u>	<u>(1,250,000)</u>
Net cash used in financing activities	<u>(19,791,399)</u>	<u>(30,413,728)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,122,111	832,909
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>(576,563)</u>	<u>(1,409,472)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 545,548</u></u>	<u><u>\$ (576,563)</u></u>

(Continued)

China Steel Corporation

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
Reconciliation of the amounts in the standalone statements of cash flows with the equivalent items reported in the standalone balance sheets as of December 31, 2022 and 2021:		
Cash and cash equivalents in the standalone balance sheets	\$ 3,561,255	\$ 3,755,569
Bank overdraft	<u>(3,015,707)</u>	<u>(4,332,132)</u>
Cash and cash equivalents in the standalone statements of cash flows	<u>\$ 545,548</u>	<u>\$ (576,563)</u>

The accompanying notes are an integral part of the standalone financial statements.

(Concluded)

China Steel Corporation

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Corporation (the “Corporation”) was incorporated on December 3, 1971. It manufactures and sells steel products and engages in mechanical, communications, and electrical engineering.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since December 1974. As of December 31, 2022, the Ministry of Economic Affairs (MOEA), Republic of China owned 20% of the Corporation’s issued shares.

The standalone financial statements are presented in the Corporation’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Corporation’s board of directors and authorized for issue on February 24 , 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation and its subsidiaries’ accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the standalone financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the standalone financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For readers' convenience, the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail. However, the accompanying standalone financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

- a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

The subsidiaries and associates are incorporated in the standalone financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the standalone financial statements equal to those attributed to owners of the Corporation on consolidated financial statements, the effect of the differences between basis of standalone and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the standalone financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Foreign currencies

In preparing the standalone financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are recognized in profit or loss for the period except for

exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Corporation's currencies) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing of control of the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of the consideration paid or received are directly recognized in equity.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of

the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Corporation's ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has

subsequently increased.

When the Corporation ceases to have significant influence over the associate, the Corporation will measure the retained investment at fair value at that date. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation transacts with its associates, profits or losses on these transactions are recognized in the standalone financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Except that depreciation of the rollers (spare parts) is calculated based on their level of wear, other depreciation is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

j. Impairment of property, plant and equipment, right - of use assets, investment properties and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right - of use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation

estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization or depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, investments in equity instruments at FVTOCI, and financial assets at amortized cost.

i Financial assets at FVTPL

Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, net (including related parties), other receivables (including loans to related parties), refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Foreign currency exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and commercial papers with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

In the Corporation's statements of cash flows, bank overdraft, which is deemed to be repayable at any time and forms part of cash management, is classified as cash and cash equivalents. Bank overdraft is recorded under current liabilities in the balance sheets.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable, and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses

that will result from all possible default events over the expected life of a financial instrument.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, financial liabilities are measured at amortized cost using the effective interest method:

Financial guarantee contracts

Financial guarantee contracts issued by the Corporation, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and amortized cost.

b) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities only when the obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Corporation enters the derivative financial instruments and foreign exchange forward contracts, to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

5) Hedge accounting

The Corporation designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

a) Fair value hedges

Gains or losses on derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

c) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion is recognized in gains and losses on hedging instruments. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The amount recognized in gains and losses on hedging instruments relating to the effective portion are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Treasury shares

Share of the Corporation held by the subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost.

n. Revenue recognition

The Corporation identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers to satisfy performance obligations, as follows: domestic sales - when products are moved out of the Corporation premises for delivery to customers; exports - when products are loaded onto vessels. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

2) Construction contract revenue

As property is being constructed and construction is in progress, the Corporation recognizes revenue from construction contract over time. The Corporation measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Corporation recognizes a contract liability for the difference.

o. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets, which comprise the initial measurement of lease liabilities, are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the standalone balance sheets.

The Corporation negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to rent concessions and, therefore, does not assess whether the rent

concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Current tax is the amount of tax at statutory rate calculated on the taxable profit at the balance sheet date. According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, loss carryforwards, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

4) According to Income Tax Law and related regulations, the Corporation files a consolidated tax return with its 100% owned subsidiary. The appropriation of the income tax relating to the subsidiary is recognized as other receivables or other payables.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Key sources of estimation uncertainty

a. Write-down of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation uses judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

b. Fair value of emerging market shares and unlisted equity securities

As described in Note 28, the Corporation applied valuation techniques commonly used by market practitioners to evaluate fair value of the financial instruments that do not have listed market price in an active market. The measurement for the fair value of emerging market shares and equity securities includes assumptions not based on observable market prices or interest rates; therefore, unlisted fair value may change significantly.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 18,412	\$ 18,485
Checking accounts and demand deposits	3,542,843	1,789,369
Cash equivalents (investments with original maturities of less than three months)		
Commercial papers	-	1,947,715
	<u>\$ 3,561,255</u>	<u>\$ 3,755,569</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Noncurrent</u>		
Foreign unlisted preference shares	<u>\$ 712,241</u>	<u>\$ 731,198</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	December 31	
	2022	2021
<hr/>		
Noncurrent		
<hr/>		
Domestic investments		
Listed shares	\$ 9,302,598	\$ 9,675,363
Unlisted shares	<u>718,344</u>	<u>905,871</u>
	<u>10,020,942</u>	<u>10,581,234</u>
Foreign investments		
Listed shares	2,023,916	2,218,941
Unlisted shares	<u>27,445,211</u>	<u>26,451,103</u>
	<u>29,469,127</u>	<u>28,670,044</u>
	<u>\$ 39,490,069</u>	<u>\$ 39,251,278</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2022	2021
<hr/>		
Financial assets for hedging - current		
Foreign exchange forward contracts	\$ 61,685	\$ 1
Hedging foreign-currency deposits	<u>983,296</u>	<u>382,327</u>
	<u>\$ 1,044,981</u>	<u>\$ 382,328</u>
<hr/>		
Financial assets for hedging - noncurrent		
Foreign exchange forward contracts	<u>\$ 59,177</u>	<u>\$ 210</u>
<hr/>		
Financial liabilities for hedging - current		
Foreign exchange forward contracts	\$ 1,242	\$ 14,398
Bank loans (Note 17)	<u>-</u>	<u>1,081,649</u>
	<u>\$ 1,242</u>	<u>\$ 1,096,047</u>
<hr/>		
Financial liabilities for hedging - noncurrent		
Foreign exchange forward contracts	\$ 920	\$ 17,167
Bank loans (Note 17)	<u>1,045,219</u>	<u>-</u>
	<u>\$ 1,046,139</u>	<u>\$ 17,167</u>

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation purchased foreign-currency deposits and entered into foreign exchange forward contracts.

Refer to Note 28 for information relating to financial instruments for hedging.

10. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2022	2021
Notes receivable		
Operating	\$ 627,670	\$ 998,439
Non-operating	-	-
	<u>627,670</u>	<u>998,439</u>
Less: Allowance for impairment loss	-	-
	<u>\$ 627,670</u>	<u>\$ 998,439</u>
Accounts receivable	\$ 3,580,560	\$ 5,912,077
Less: Allowance for impairment loss	-	-
	<u>\$ 3,580,560</u>	<u>\$ 5,912,077</u>

The Corporation makes prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation did transactions with a large number of unrelated customers and no concentration of credit risk was observed. The Corporation continues to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast GDP and direction of economic conditions at the reporting date.

The Corporation continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 4,208,223	\$ 7	\$ -	\$ -	\$ 4,208,230
Loss allowance (Lifetime ECL)	-	-	-	-	-
Amortized cost	<u>\$ 4,208,223</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,208,230</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 6,854,200	\$ 27,304	\$ 6,236	\$ 22,776	\$ 6,910,516
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 6,854,200</u>	<u>\$ 27,304</u>	<u>\$ 6,236</u>	<u>\$ 22,776</u>	<u>\$ 6,910,516</u>

The Corporation entered into accounts receivable factoring agreements (without recourse) with Mega Bank, Bank of Taiwan, Taishin Bank, Chinatrust Commercial Bank (CTBC Bank) and Mizuho Bank. Under the agreements, the Corporation sells accounts receivable to the banks upon the delivery of products to customers and is required to complete related formalities at the next banking day.

The related information for the Corporation's sale of accounts receivable was as follows:

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2022						
Mega Bank	\$ 2,045,351	\$ 4,456,176	\$ 5,333,507	\$ 1,168,020	0.98-2.09	NT\$9 billion
Bank of Taiwan	575,436	1,284,295	1,383,065	476,666	0.98-2.09	NT\$2.1 billion
Bank of Taiwan	368,790	4,333,017	4,312,289	389,518	0.62-4.10	USD130,000 thousand
Taishin Bank	3,790,809	8,866,702	10,844,464	1,813,047	0.80-5.73	USD250,000 thousand
CTBC Bank	1,632,110	3,483,166	4,351,025	764,251	0.82-3.06	USD60,000 thousand
Mizuho Bank	7,431	1,032,436	1,036,823	3,044	0.94-4.50	USD10,000 thousand
	<u>\$ 8,419,927</u>	<u>\$ 23,455,792</u>	<u>\$ 27,261,173</u>	<u>\$ 4,614,546</u>		
For the Year Ended December 31, 2021						
Mega Bank	\$ 2,575,615	\$ 6,730,340	\$ 7,260,604	\$ 2,045,351	0.98-1.74	NT\$9 billion
Bank of Taiwan	879,158	2,165,765	2,469,487	575,436	0.98-1.64	NT\$3 billion
Bank of Taiwan	196,829	5,012,584	4,840,623	368,790	0.62-1.58	USD130,000 thousand
Taishin Bank	3,773,644	10,088,020	10,070,855	3,790,809	0.80-0.94	USD250,000 thousand
CTBC Bank	758,350	3,480,446	2,606,686	1,632,110	0.82-0.94	USD40,000 thousand
Mizuho Bank	20,598	1,042,897	1,056,064	7,431	0.95-1.02	USD10,000 thousand
	<u>\$ 8,204,194</u>	<u>\$ 28,520,052</u>	<u>\$ 28,304,319</u>	<u>\$ 8,419,927</u>		

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 15,541,497	\$ 15,455,889
Work in progress	23,170,817	23,208,571
Raw materials	12,932,434	15,333,339
Supplies	4,984,118	3,714,118
Inventory in transit	10,444,128	11,152,281
Others	<u>37,261</u>	<u>69,473</u>
	<u>\$ 67,110,255</u>	<u>\$ 68,933,671</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 were NT\$228,460,142 thousand and NT\$202,666,679 thousand, respectively, including loss on inventories of NT\$1,827,517 thousand and NT\$1,258,710 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 187,240,753	\$ 198,598,997
Investments in associates	<u>2,477,398</u>	<u>2,621,223</u>
	<u>\$ 189,718,151</u>	<u>\$ 201,220,220</u>

a. Investments in subsidiaries

	December 31			
	2022		2021	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Listed companies				
Chung Hung Steel Corporation (CHS)	\$ 6,696,923	41	\$ 8,394,707	41
China Steel Chemical Corporation (CSCC)	2,350,858	29	2,097,586	29
China Steel Structure Co., Ltd. (CSSC)	1,351,785	33	1,287,731	33
CHC Resources Corporation (CHC)	1,091,665	20	1,050,387	20
China Ecotek Corporation (CEC)	<u>1,048,403</u>	45	<u>1,042,159</u>	45
	12,539,634		13,872,570	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>2,077,752</u>		<u>2,077,752</u>	
	<u>10,461,882</u>		<u>11,794,818</u>	
Unlisted companies				
Dragon Steel Corporation (DSC)	100,847,872	100	112,686,699	100
CSC Steel Australia Holdings Pty Ltd. (CSC SAH)	20,732,125	100	20,773,791	100
China Steel Express Corporation (CSE)	12,980,932	100	12,162,975	100
C. S. Aluminium Corporation (CSAC)	9,010,764	100	8,165,468	100
Gains Investment Corporation (GIC)	8,069,762	100	8,876,497	100
China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC)	7,517,232	56	7,317,584	56
China Prosperity Development Corporation (CPDC)	4,919,191	100	5,432,575	100
China Steel Asia Pacific Holdings Pte. Ltd. (CSAP)	4,900,289	100	4,312,754	100
China Steel Power Holding Corporation (CPHC)	3,864,987	51	3,463,363	51
China Steel Global Trading Corporation (CSGT)	3,253,223	100	2,709,723	100
China Steel Corporation India Pvt. Ltd. (CSCI)	1,384,769	100	1,371,621	100
Kaohsiung Rapid Transit Corporation (KRTC)	1,181,775	43	1,080,333	43
CSC Solar Corporation (CSCSOLAR)	1,052,452	55	1,049,979	55
China Steel Resources Corporation (CSRC)	1,001,575	100	999,510	100
Sing Da Marine Structure Corporation (SDMS)	578,236	47	224,827	100
Infochamp Systems Corporation (Info Champ)	557,293	100	582,315	100
China Steel Machinery Corporation (CSMC)	510,795	74	832,458	74

	December 31			
	2022		2021	
	Amount	% of Owner - ship	Amount	% of Owner - ship
HIMAG Magnetic Corporation (HIMAG)	\$ 490,574	69	\$ 455,291	69
China Steel Security Corporation (CSS)	476,621	100	506,672	100
China Steel Management Consulting Corporation (CMCC)	20,073	100	18,321	100
China Steel Power Corporation (ZN)	-	-	-	-
United Steel International Co., Ltd. (USICL)	-	-	353,092	80
	<u>183,350,540</u>		<u>193,375,848</u>	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>6,571,669</u>		<u>6,571,669</u>	
	<u>176,778,871</u>		<u>186,804,179</u>	
	<u>\$ 187,240,753</u>		<u>\$ 198,598,997</u>	

In March, October and December 2021, the Corporation subscribed for 34,680 thousand shares, 27,285 thousand shares and 213,078 thousand shares of its subsidiary CPHC for cash consideration of NT\$346,800 thousand, NT\$272,850 thousand and NT\$2,130,780 thousand, respectively; the Corporation's percentage of shareholding remained unchanged.

In December 2021, the subsidiary SDMS reduced its capital by NT\$3,194,050 thousand to offset a deficit; the Corporation's percentage of shareholding remained unchanged. The Corporation subscribed for the shares of its subsidiary SDMS for a cash consideration of NT\$1,250,000 thousand; the paid amount was recorded as prepayments for investments and was transferred to investments accounted for using the equity method in January 2022; the Corporation's percentage of shareholding decreased from 100% to 47%.

In August 2021 and November 2022, the subsidiary CSAP reduced its capital by NT\$139,350 thousand and NT\$125,720 thousand, respectively; the Corporation's percentage of shareholding remained unchanged.

Due to the resolution of the board of directors to simplify the investment structure, the subsidiary USICL went through the liquidation and dissolution procedures. Taking October 18, 2022 as the liquidation base date, the liquidation funds returned NT\$408,554 thousand in cash.

Refer to Note 30 for information relating to investments accounted for using equity method as collateral.

Fair values (Level 1) of the listed companies accounted for using equity method with available published price quotation are summarized as follows:

	December 31	
	2022	2021
CHS	<u>\$ 15,586,507</u>	<u>\$ 23,977,000</u>
CSCC	<u>\$ 7,257,048</u>	<u>\$ 8,288,856</u>
CSSC	<u>\$ 3,922,783</u>	<u>\$ 3,936,080</u>
CEC	<u>\$ 2,373,596</u>	<u>\$ 2,212,956</u>
CHC	<u>\$ 2,267,321</u>	<u>\$ 2,235,283</u>

The above market prices are calculated on the basis of the closing price at the end of the reporting period.

b. Investments in associates

	December 31			
	2022		2021	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Taiwan Rolling Stock Co., Ltd. (TRSC)	\$ 790,811	48	\$ 793,379	48
Kaohsiung Arena Development Corporation (KADC)	558,955	18	542,194	18
Hsin Hsin Cement Enterprise Corporation (HHCEC)	377,680	31	370,893	31
Eminent II Venture Capital Corporation (EVC II)	281,306	46	231,473	46
Dyna Rechi Co., Ltd. (DRC)	254,205	23	246,581	23
Honley Auto. Parts Co., Ltd. (HONLEY)	125,588	35	352,122	35
Overseas Investment & Development Corporation (OIDC)	65,254	6	61,352	6
TaiAn Technologies Corporation (TAIAN)	<u>23,599</u>	17	<u>23,229</u>	17
	<u>\$ 2,477,398</u>		<u>\$ 2,621,223</u>	

The Corporation's total equity in KADC is 29%, including 18% directly owned and 11% indirectly owned through United Steel Engineering & Construction Corporation and CPDC. The Corporation's total equity in TAIAN is 22%, including 17% directly owned and 5% indirectly owned through CSCC. The Corporation's total equity in OIDC is 22%, including 6% directly owned and 16% indirectly owned through the subsidiaries CSMC and Union Steel Development Corporation.

In November 2022, the associate HONLEY reduced its capital by NT\$233,361 thousand; the Corporation's percentage of shareholding remained unchanged.

In September 2022, the associate DRC reduced its capital by NT\$655,288 thousand to offset a deficit; the Corporation's percentage of shareholding remained unchanged.

The above associates are not individually material. The related summarized information was as follows:

	For the Year Ended December 31	
	2022	2021
The Corporation's share of		
Net gain (loss) for the year	\$ 106,044	\$ (218,844)
Other comprehensive income (loss)	<u>16,394</u>	<u>21,680</u>
Total comprehensive income (loss)	<u>\$ 122,438</u>	<u>\$ (197,164)</u>

Refer to Table 9 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

13. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Current		
Pledged time deposits (Note 30)	\$ 5,850,000	\$ 5,850,000
Time deposits with original maturities more than 3 months	100,000	100,000
Deposits for projects	<u>339,568</u>	<u>731,289</u>
	<u>\$ 6,289,568</u>	<u>\$ 6,681,289</u>

14. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2022	\$ 51,408,190	\$ 4,771,647	\$ 68,637,064	\$ 381,526,367	\$ 2,361,306	\$ 7,223,530	\$ 6,741,476	\$ 18,832,688	\$ 541,502,268
Additions	-	771	520,213	9,319,257	139,111	595,951	639,208	1,470,383	12,684,894
Disposals	-	-	(50,984)	(2,748,813)	(43,234)	(222,916)	(726,892)	-	(3,792,839)
Reclassification	-	-	(2,671)	500	-	(500)	-	-	(2,671)
Balance at December 31, 2022	<u>\$ 51,408,190</u>	<u>\$ 4,772,418</u>	<u>\$ 69,103,622</u>	<u>\$ 388,097,311</u>	<u>\$ 2,457,183</u>	<u>\$ 7,596,065</u>	<u>\$ 6,653,792</u>	<u>\$ 20,303,071</u>	<u>\$ 550,391,652</u>
Accumulated depreciation and impairment									
Balance at January 1, 2022	\$ -	\$ 4,588,951	\$ 44,258,558	\$ 334,552,518	\$ 1,974,658	\$ 6,203,510	\$ 2,804,628	\$ -	\$ 394,382,823
Depreciation	-	15,816	1,985,748	11,574,770	104,658	445,314	737,119	-	14,863,425
Disposals	-	-	(50,042)	(2,731,101)	(43,129)	(222,332)	(726,892)	-	(3,773,496)
Reclassification	-	-	(1,033)	499	-	(499)	-	-	(1,033)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 4,604,767</u>	<u>\$ 46,193,231</u>	<u>\$ 343,396,686</u>	<u>\$ 2,036,187</u>	<u>\$ 6,425,993</u>	<u>\$ 2,814,855</u>	<u>\$ -</u>	<u>\$ 405,471,719</u>
Carrying amount at December 31, 2022	<u>\$ 51,408,190</u>	<u>\$ 167,651</u>	<u>\$ 22,910,391</u>	<u>\$ 44,700,625</u>	<u>\$ 420,996</u>	<u>\$ 1,170,072</u>	<u>\$ 3,838,937</u>	<u>\$ 20,303,071</u>	<u>\$ 144,919,933</u>

For the Year Ended December 31, 2021

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2021	\$ 51,334,118	\$ 4,764,813	\$ 67,982,697	\$ 372,196,808	\$ 2,295,942	\$ 7,025,161	\$ 6,950,782	\$ 20,181,701	\$ 532,732,022
Additions	-	15,506	588,073	13,854,272	115,839	555,263	536,909	(1,349,013)	14,316,849
Disposals	-	(8,672)	(77,981)	(4,637,506)	(50,475)	(226,336)	(746,215)	-	(5,747,185)
Reclassification	74,072	-	(8,860)	112,793	-	(130,558)	-	-	47,447
Acquisitions through business combinations	-	-	153,135	-	-	-	-	-	153,135
Balance at December 31, 2021	<u>\$ 51,408,190</u>	<u>\$ 4,771,647</u>	<u>\$ 68,637,064</u>	<u>\$ 381,526,367</u>	<u>\$ 2,361,306</u>	<u>\$ 7,223,530</u>	<u>\$ 6,741,476</u>	<u>\$ 18,832,688</u>	<u>\$ 541,502,268</u>
Accumulated depreciation and impairment									
Balance at January 1, 2021	\$ -	\$ 4,580,057	\$ 42,244,167	\$ 326,959,576	\$ 1,918,863	\$ 6,056,990	\$ 2,811,926	\$ -	\$ 384,571,579
Depreciation	-	17,566	2,093,358	11,400,286	106,132	417,130	738,917	-	14,773,389
Disposals	-	(8,672)	(72,657)	(4,512,381)	(50,337)	(225,628)	(746,215)	-	(5,615,890)
Impairment	-	-	-	663,599	-	305	-	-	663,904
Reclassification	-	-	(6,310)	41,438	-	(45,287)	-	-	(10,159)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 4,588,951</u>	<u>\$ 44,258,558</u>	<u>\$ 334,552,518</u>	<u>\$ 1,974,658</u>	<u>\$ 6,203,510</u>	<u>\$ 2,804,628</u>	<u>\$ -</u>	<u>\$ 394,382,823</u>
Carrying amount at December 31, 2021	<u>\$ 51,408,190</u>	<u>\$ 182,696</u>	<u>\$ 24,378,506</u>	<u>\$ 46,973,849</u>	<u>\$ 386,648</u>	<u>\$ 1,020,020</u>	<u>\$ 3,936,848</u>	<u>\$ 18,832,688</u>	<u>\$ 147,119,445</u>

The Corporation carried out a review of the recoverable amount of the related equipment and determined that there was no recoverable amount and thus recognized an impairment loss of NT\$663,904 thousand, which was recognized in operating costs for the year ended December 31, 2021.

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Land improvements	20-40 years
Buildings	
Main structure	5-60 years
Others	3-40 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-18 years
Lifting equipment	5-12 years
Others	3-17 years
Transportation equipment	5-20 years
Other equipment	3-10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land	\$ 722,208	\$ 749,613
Land improvements	242,366	290,839
Buildings	195,657	99,755
Machinery	-	-
Transportation equipment	4,526	5,244
Others	<u>8,863</u>	<u>13,294</u>
	<u>\$ 1,173,620</u>	<u>\$ 1,158,745</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 372,183</u>	<u>\$ 213,637</u>
Depreciation charge for right-of-use assets		
Land	\$ 204,930	\$ 194,838
Land improvements	48,473	56,372
Buildings	87,864	57,834
Machinery	-	4,885
Transportation equipment	4,685	7,827
Others	<u>4,431</u>	<u>369</u>
	<u>\$ 350,383</u>	<u>\$ 322,125</u>

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	\$ 353,725	\$ 269,303
Non-current	\$ 820,848	\$ 896,263

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.59-1.14	0.59-1.47
Land improvements	1.31	1.31
Buildings	0.59-0.95	0.59-0.92
Machinery	-	-
Transportation equipment	0.59-0.95	0.59-0.92
Others	0.59	0.59

c. Material lease activities and terms

The Corporation leases land with a total of 261,207.62 square meter from Taiwan International Ports Corporation, Ltd. The rent is calculated by an annual rate of 5% based on the aforementioned announced land value. The lease term is from January 2008 to December 2027.

The Corporation leases No. 101 berth in Kaohsiung Harbor from Taiwan International Ports Corporation, Ltd. for the use of cargo handling of raw materials, including coal and iron ore, as well as GBFS with a lease term from December 2016 to December 2027.

The Corporation enters into lease arrangements with the subsidiary CSE to cope with shipment of foreign raw materials. The payment terms are calculated based on actual shipping amount and thus classified as variable lease payment.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	\$ 83,825	\$ 88,557
Expenses relating to variable leases payments	\$ 2,460,034	\$ 2,529,431
Covid-19-related rent concessions	(1,357)	(1,357)
Expenses relating to variable leases payments not included in the measurement of lease liabilities	\$ 2,458,677	\$ 2,528,074
Total cash outflow for leases	\$ (2,909,227)	\$ (2,945,299)

For land and buildings which qualify as short-term leases and some office and transportation equipment which qualify as low-value asset leases, the Corporation has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the Year Ended December 31, 2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 6,392,083	\$ 1,286,585	\$ 7,678,668
Reclassification	<u>-</u>	<u>2,671</u>	<u>2,671</u>
Balance at December 31, 2022	<u>\$ 6,392,083</u>	<u>\$ 1,289,256</u>	<u>\$ 7,681,339</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 341,789	\$ 341,789
Depreciation	-	22,505	22,505
Reclassification	<u>-</u>	<u>1,033</u>	<u>1,033</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 365,327</u>	<u>\$ 365,327</u>
Carrying amount at December 31, 2022	<u>\$ 6,392,083</u>	<u>\$ 923,929</u>	<u>\$ 7,316,012</u>

For the Year Ended December 31, 2021

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 6,466,155	\$ 1,277,725	\$ 7,743,880
Reclassification	<u>(74,072)</u>	<u>8,860</u>	<u>(65,212)</u>
Balance at December 31, 2021	<u>\$ 6,392,083</u>	<u>\$ 1,286,585</u>	<u>\$ 7,678,668</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 312,627	\$ 312,627
Depreciation	-	22,852	22,852
Reclassification	<u>-</u>	<u>6,310</u>	<u>6,310</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 341,789</u>	<u>\$ 341,789</u>
Carrying amount at December 31, 2021	<u>\$ 6,392,083</u>	<u>\$ 944,796</u>	<u>\$ 7,336,879</u>

The following items of investment properties are depreciated on a straight-line basis over the following useful lives:

Buildings 8-60 years

The determination of fair value was performed by independent qualified professional valuers or the management of the Corporation, which used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was measured under the comparative approach, income approach, cost approach and land developing analysis approach similar to the transaction price of the real estate market. The significant unobservable inputs used include discount rates and depreciation rates. The fair value as appraised was as follows:

	December 31	
	2022	2021
Fair value	\$ 24,450,280	\$ 24,349,509

All of the Corporation's investment properties are held under freehold interests.

17. BORROWINGS

a. Short-term borrowings and bank overdraft

	December 31	
	2022	2021
Unsecured loans	\$ 19,100,000	\$ 6,589,682
Bank overdraft (Note 30)	3,015,707	4,332,132
Export bill loans	1,459,030	1,034,071
Letters of credit	953	75,135
Loans from related parties (Note 29)	<u>1,790,000</u>	<u>1,650,000</u>
	25,365,690	13,681,020
Less: Financial liabilities for hedging - current	<u>-</u>	<u>789,682</u>
	<u>\$ 25,365,690</u>	<u>\$ 12,891,338</u>
Range of interest rates p.a. (%)	0-5.29	0-0.67

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 13,500,000	\$ -
Less: Unamortized discounts	<u>23,039</u>	<u>-</u>
	<u>\$ 13,476,961</u>	<u>\$ -</u>
Range of interest rates p.a. (%)	1.48-1.58	-

The above commercial paper was unsecured.

c. Long-term borrowings

	December 31	
	2022	2021
Unsecured loans	\$ 12,545,219	\$ 1,791,967
Less: Current portion	-	1,500,000
Financial liabilities for hedging - current	-	291,967
Financial liabilities for hedging - noncurrent	<u>1,045,219</u>	<u>-</u>
	<u>\$ 11,500,000</u>	<u>\$ -</u>
Range of interest rates p.a. (%)	0.27-1.57	0.32-0.57

The above unsecured loans (short-term and long-term borrowings) included those obtained by the Corporation in JPY to hedge the exchange rate fluctuations on equity investments, which were reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 11,500,000	\$ 5,900,000
Less: Unamortized discounts	<u>4,285</u>	<u>2,066</u>
	<u>\$ 11,495,715</u>	<u>\$ 5,897,934</u>
Range of interest rates p.a. (%)	1.27-1.37	0.40-0.57

The Corporation entered into unsecured commercial paper contracts with Taishin Bank, CTBC Bank and Cathay United Bank in January 2020, April 2020 and December 2022, respectively. The duration of the contracts is four years. In the fourth year, the contracts can only be issued after negotiating between the counterparties. During the cycle of issuance, the Corporation only has to pay service fees and interests. Therefore, the Corporation recorded those commercial papers issued as long-term bills payable.

18. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic bonds	\$ 48,250,000	\$ 60,600,000
Less: Issuance cost of bonds payable	19,432	26,862
Current portion	<u>8,349,635</u>	<u>12,349,085</u>
	<u>\$ 39,880,933</u>	<u>\$ 48,224,053</u>

The major terms of unsecured domestic bonds are as follows:

Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
December 2020 to December 2025	\$ 1,600,000	0.39	Repayable in December 2024 and December 2025; interest payable annually
May 2018 to May 2025	6,000,000	0.95	Repayable in May 2024 and May 2025; interest payable annually
October 2018 to October 2025	4,150,000	0.90	Repayable 25% in October 2024 and 75% in October 2025; interest payable annually
December 2020 to December 2027	4,200,000	0.43	Repayable 70% in December 2026 and 30% in December 2027; interest payable annually
August 2012 to August 2022	15,000,000	1.50	Repayable in August 2021 and August 2022; interest payable annually
July 2013 to July 2023	9,700,000	1.60	Repayable in July 2022 and July 2023; interest payable annually

Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
January 2014 to January 2024	\$ 7,000,000	1.95	Repayable in January 2023 and January 2024; interest payable annually
August 2018 to August 2028	5,600,000	1.10	Repayable in August 2027 and August 2028; interest payable annually
October 2018 to October 2028	2,250,000	1.05	Repayable in October 2027 and October 2028; interest payable annually
July 2013 to July 2028	3,600,000	1.88	Repayable 30% in July 2026, 30% in July 2027 and 40% in July 2028; interest payable annually
January 2014 to January 2029	9,000,000	2.15	Repayable 30% in January 2027, 30% in January 2028 and 40% in January 2029; interest payable annually

19. OTHER PAYABLES

	December 31	
	2022	2021
Salaries and bonus	\$ 4,234,327	\$ 6,216,571
Purchase of equipment	3,401,242	4,128,446
Compensation of employees and remuneration of directors	1,288,749	4,610,316
Consignment payable	579,400	841,044
Interest payable	534,623	537,479
Outsourced repair and construction	447,675	643,274
Others	<u>5,445,377</u>	<u>5,846,976</u>
	<u>\$ 15,931,393</u>	<u>\$ 22,824,106</u>

20. PROVISIONS

	December 31	
	2022	2021
Onerous contracts (a)	\$ 2,522,824	\$ 4,318,852
Construction warranties (b)	<u>467,885</u>	<u>-</u>
	<u>\$ 2,990,709</u>	<u>\$ 4,318,852</u>
	Onerous Contracts	Construction Warranties
Balance at January 1, 2022	\$ 4,318,852	\$ -
Recognition (reversal)	<u>(1,796,028)</u>	<u>467,885</u>
Balance at December 31, 2022	<u>\$ 2,522,824</u>	<u>\$ 467,885</u>
	Total	
	<u>\$ 2,990,709</u>	

	Onerous Contracts	Construction Warranties	Total
Balance at January 1, 2021	\$ 4,287,537	\$ 455	\$ 4,287,992
Recognition (reversal)	<u>31,315</u>	<u>(455)</u>	<u>30,860</u>
Balance at December 31, 2021	<u>\$ 4,318,852</u>	<u>\$ -</u>	<u>\$ 4,318,852</u>

- a. The provision for onerous contracts of the Corporation comes from the non-cancellable purchase contracts, of which the provision amounts are measured using the difference between the unavoidable costs of meeting the contractual obligations and the economic benefits expected to be received from the contracts; and the non-cancellable construction contracts, of which the provision amounts are measured using the difference between the expected unavoidable costs of meeting the contractual obligations and the economic benefits expected to be received from the contracts.
- b. The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties. The estimate had been made on the basis of historical warranty trends.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Corporation has no right to influence the investment policy and strategy. Starting from August 1999, the Corporation has also made contributions, equal to a certain percentage of salaries of management personnel (vice president above), to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation has also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The amount of defined benefit plans included in the standalone balance sheets were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 15,546,313	\$ 18,099,065
Fair value of plan assets	<u>(11,135,494)</u>	<u>(11,725,253)</u>
Deficit	4,410,819	6,373,812
Net defined benefit liabilities - recognized in other payables	<u>(89,115)</u>	<u>(71,571)</u>
Net defined benefit liabilities	<u>\$ 4,321,704</u>	<u>\$ 6,302,241</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 18,099,065</u>	<u>\$ (11,725,253)</u>	<u>\$ 6,373,812</u>
Service cost			
Current service cost	435,757	-	435,757
Interest expense (income)	<u>67,872</u>	<u>(45,028)</u>	<u>22,844</u>
Recognized in profit or loss	<u>503,629</u>	<u>(45,028)</u>	<u>458,601</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(956,641)	(956,641)
Actuarial loss - changes in financial assumptions	(759,672)	-	(759,672)
Actuarial loss - experience adjustments	<u>423,820</u>	<u>-</u>	<u>423,820</u>
Recognized in other comprehensive income (loss)	<u>(335,852)</u>	<u>(956,641)</u>	<u>(1,292,493)</u>
Contributions from the employer	-	(1,060,993)	(1,060,993)
Benefits paid	(2,723,692)	2,655,584	(68,108)
Contributions of employee returning to the Corporation	<u>3,163</u>	<u>(3,163)</u>	<u>-</u>
	<u>(2,720,529)</u>	<u>1,591,428</u>	<u>(1,129,101)</u>
Balance at December 31, 2022	<u>\$ 15,546,313</u>	<u>\$ (11,135,494)</u>	<u>\$ 4,410,819</u>
Balance at January 1, 2021	<u>\$ 19,775,621</u>	<u>\$ (12,904,754)</u>	<u>\$ 6,870,867</u>
Service cost			
Current service cost	480,699	-	480,699
Interest expense (income)	<u>74,159</u>	<u>(49,374)</u>	<u>24,785</u>
Recognized in profit or loss	<u>554,858</u>	<u>(49,374)</u>	<u>505,484</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(185,096)	(185,096)
Actuarial gain - changes in demographic assumptions	(29,490)	-	(29,490)
Actuarial loss - changes in financial assumptions	568,402	-	568,402
Actuarial loss - experience adjustments	<u>274,322</u>	<u>-</u>	<u>274,322</u>
Recognized in other comprehensive income (loss)	<u>813,234</u>	<u>(185,096)</u>	<u>628,138</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (1,575,914)	\$ (1,575,914)
Benefits paid	(3,060,764)	3,006,001	(54,763)
Contributions of employee returning to the Corporation	<u>16,116</u>	<u>(16,116)</u>	<u>-</u>
	<u>(3,044,648)</u>	<u>1,413,971</u>	<u>(1,630,677)</u>
Balance at December 31, 2021	<u>\$ 18,099,065</u>	<u>\$ (11,725,253)</u>	<u>\$ 6,373,812</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 279,861	\$ 340,974
Operating expenses	178,728	164,510
Others	<u>12</u>	<u>-</u>
	<u>\$ 458,601</u>	<u>\$ 505,484</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate (%)	1.125	0.375
Expected rate of salary increase (%)	3.000	3.000
Turnover rate (%)	0.000-0.100	0.000-0.100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (238,003)</u>	<u>\$ (282,441)</u>
0.25% decrease	<u>\$ 245,384</u>	<u>\$ 291,451</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 240,746</u>	<u>\$ 282,269</u>
0.25% decrease	<u>\$ (234,736)</u>	<u>\$ (275,070)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 1,076,093</u>	<u>\$ 564,623</u>
The average duration of the defined benefit obligation	5.7 years	5.9 years

22. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>17,000,000</u>	<u>17,000,000</u>
Shares authorized	<u>\$ 170,000,000</u>	<u>\$ 170,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares (in thousands)	15,734,861	15,734,861
Preference shares (in thousands)	<u>38,268</u>	<u>38,268</u>
	<u>15,773,129</u>	<u>15,773,129</u>
Shares issued		
Ordinary shares	\$ 157,348,610	\$ 157,348,610
Preference shares	<u>382,680</u>	<u>382,680</u>
	<u>\$ 157,731,290</u>	<u>\$ 157,731,290</u>

1) Ordinary shares

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.

2) Preference shares

The Corporation's Articles of preference shareholders have the following entitlements or rights:

- a) 14% annual dividends, with dividend payments ahead of those to ordinary shareholders;
- b) Preference over ordinary shares in future payment of dividends in arrears;
- c) The sequence and percentage of appropriation of residual property are the same with ordinary shares;
- d) The same rights as ordinary shareholders, except the right to vote for directors; and
- e) Redeemable by the Corporation and convertible to ordinary shares by preference shareholders with the ratio of 1:1.

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, the Corporation issued 126,512,550 units of GDR in the Europe U.S., and Asia. The depositary receipts then increased by 6,924,354 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,668,738,370 shares (including 290 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of December 31, 2022 and 2021, the outstanding depositary receipts were 682,975 units and 669,847 units, equivalent to 13,659,810 ordinary shares (including 310 fractional shares), and 13,397,250 ordinary shares (including 310 fractional shares), which represented 0.08% of all the outstanding ordinary shares.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset deficit, distribute cash or transfer to share capital (see 1 below)		
Additional paid-in capital	\$ 31,154,766	\$ 31,154,766
Treasury share transactions	8,329,159	7,336,666
Others	<u>44,523</u>	<u>8,099</u>
	<u>39,528,448</u>	<u>38,499,531</u>
May be used to offset deficit only (see 2 below)		
Share of change in equity of subsidiaries	587,117	579,555
Share of change in equity of associates	<u>159,550</u>	<u>159,550</u>
	<u>746,667</u>	<u>739,105</u>
	<u>\$ 40,275,115</u>	<u>\$ 39,238,636</u>

- 1) The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital).
- 2) The capital surplus included the share of change in equity of subsidiaries recognized without any actual acquisition or disposal of subsidiaries' share by the Corporation or the adjustments to capital surplus of subsidiaries under equity method.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit, should be appropriated in the following order:

- 1) 10% as legal reserve;
- 2) Preference share dividends at 14% of par value;
- 3) Ordinary share dividends at no more than 14% of par value; and
- 4) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

The board of directors should propose the appropriation of earnings. If necessary, it may, after appropriating for preference share dividends, propose to appropriate a special reserve or to retain certain earnings. These proposals should be submitted to the shareholders' meeting for approval.

The Corporation's steel business is in a phase of stable growth; thus, 75% or more of the appropriation for dividends should be in cash and 25% or less in shares.

Appropriation of earnings to legal reserve could be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve. In addition, if the market price of the Corporation's ordinary shares held by subsidiaries is lower than the carrying value of the Corporation's shares held by subsidiaries, the Corporation should appropriate a special reserve equal to the difference between market price and carrying value multiplied by the percentage of ownership. Any special reserve appropriated may be reversed to the extent of the increase in valuation.

The appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meeting in June 2022 and August 2021, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended December 31		2021	2020
	2021	2020		
Legal reserve	\$ 6,154,632	\$ 78,931		
Reversal of special reserve	(723,473)	(272,355)		
Preference shares				
Cash dividends	118,631	53,575	<u>\$ 3.10</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	48,778,069	4,720,458	<u>\$ 3.10</u>	<u>\$ 0.30</u>

The appropriations of earnings for 2022 had been proposed by the Corporation's board of directors on February 24, 2023 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,917,329	
Preference shares		
Cash dividends	53,575	<u>\$ 1.40</u>
Ordinary shares		
Cash dividends	15,734,861	<u>\$ 1.00</u>

The appropriations of earnings for 2022 are subject to the resolution of the shareholder's meeting to be held in June 2023.

d. Special reserves

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 27,639,574	\$ 27,912,065
Reversal of special reserve		
Appreciation of the Corporation's shares held by subsidiaries	(723,473)	(272,355)
Disposal of property, plant and equipment	<u>(1,444)</u>	<u>(136)</u>
Balance, end of the year	<u>\$ 26,914,657</u>	<u>\$ 27,639,574</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ (9,167,082)	\$ (7,528,950)
Recognized during the year		
Exchange differences arising from translating foreign operations	2,256,946	(1,508,504)
Share from accounted for using the equity method	<u>601,370</u>	<u>(129,628)</u>
Other comprehensive income (loss) recognized in the year	<u>2,858,316</u>	<u>(1,638,132)</u>
Balance, end of the year	<u>\$ (6,308,766)</u>	<u>\$ (9,167,082)</u>

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 951,977	\$ 543,417
Recognized during the year		
Unrealized gains and losses - equity instruments	238,791	1,024,622
Share from accounted for using the equity method	<u>(4,290,567)</u>	<u>(510,664)</u>
Other comprehensive income (loss) recognized in the year	<u>(4,051,776)</u>	<u>513,958</u>

	For the Year Ended December 31	
	2022	2021
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	\$ 52,903	\$ (105,398)
Balance, end of the year	\$ (3,046,896)	\$ 951,977
3) Gains and losses on hedging instrument		

	Cash Flow Hedges	Fair Value Hedges	Hedges of Net Investments in Foreign Operations	Total
Balance at January 1, 2022	\$ (134,815)	\$ 155,182	\$ 3,788,786	\$ 3,809,153
Increase in the year	<u>692,556</u>	<u>9,833</u>	<u>-</u>	<u>702,389</u>
Balance at December 31, 2022	<u>\$ 557,741</u>	<u>\$ 165,015</u>	<u>\$ 3,788,786</u>	<u>\$ 4,511,542</u>
Balance at January 1, 2021	\$ (13,723)	\$ 22,801	\$ 3,788,786	\$ 3,797,864
Increase (decrease) in the year	<u>(121,092)</u>	<u>132,381</u>	<u>-</u>	<u>11,289</u>
Balance at December 31, 2021	<u>\$ (134,815)</u>	<u>\$ 155,182</u>	<u>\$ 3,788,786</u>	<u>\$ 3,809,153</u>

a) Cash flow hedges

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ (134,815)	\$ (13,723)
Recognized during the year		
Foreign currency risk - hedging foreign - currency deposits	47,968	(27,650)
Foreign currency risk - foreign exchange forward contracts	150,054	(16,441)
Tax effect	(39,604)	8,818
Share from accounted for using the equity method	521,197	(93,657)
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	16,176	9,797
Tax effect	<u>(3,235)</u>	<u>(1,959)</u>
Other comprehensive income (loss) recognized in the year	<u>692,556</u>	<u>(121,092)</u>
Balance, end of the year	<u>\$ 557,741</u>	<u>\$ (134,815)</u>

b) Fair value hedges

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 155,182	\$ 22,801
Recognized during the year		
Foreign currency risk - bank loans	9,833	132,381
Other comprehensive income (loss) recognized in the year	9,833	132,381
Balance, end of the year	\$ 165,015	\$ 155,182

c) Hedges of net investments in foreign operations

	For the Year Ended December 31	
	2022	2021
Balance, beginning/end of the year	\$ 3,788,786	\$ 3,788,786

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2022					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	320,159	-	-	320,159	\$8,649,421
For the year ended December 31, 2021					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	320,765	-	606	320,159	\$8,649,421

The Corporation's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares (subsidiaries recorded those shares as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - noncurrent) based on the percentage of ownership held by the Corporation. The Corporation's shares held by more than 50%-owned subsidiaries are not allowed to participate in the Corporation's capital increase in cash and have no voting rights; other rights are the same as other ordinary shareholders. The increase or decrease of treasury shares was mainly due to acquisition and sale of the Corporation's shares by subsidiaries or change in percentage of ownership.

Refer to Table 3 for the Corporation's shares held by subsidiaries as of December 31, 2022 were 517,246 thousand shares regardless of the percentage of ownership held by the Corporation. As of December 31, 2022 and 2021 the market values of the treasury shares calculated by combined holding percentage were NT\$9,541,857 thousand and NT\$11,318,753 thousand, respectively.

23. OPERATING REVENUE

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (Note 10)	<u>\$ 4,208,230</u>	<u>\$ 6,910,516</u>	<u>\$ 5,284,823</u>
Contract assets			
Construction contracts	<u>\$ 839,682</u>	<u>\$ 179,901</u>	<u>\$ 475,313</u>
Contract liabilities			
Sale of goods	\$ 1,098,460	\$ 1,367,560	\$ 1,110,181
Construction contracts	<u>353,893</u>	<u>333,771</u>	<u>90,061</u>
	<u>\$ 1,452,353</u>	<u>\$ 1,701,331</u>	<u>\$ 1,200,242</u>

b. Disaggregation of revenue

For the year ended December 31, 2022

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 244,865,758	\$ -	\$ 244,865,758
Others	<u>-</u>	<u>5,734,871</u>	<u>5,734,871</u>
	<u>\$ 244,865,758</u>	<u>\$ 5,734,871</u>	<u>\$ 250,600,629</u>

For the year ended December 31, 2021

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 254,290,694	\$ -	\$ 254,290,694
Others	<u>-</u>	<u>5,491,777</u>	<u>5,491,777</u>
	<u>\$ 254,290,694</u>	<u>\$ 5,491,777</u>	<u>\$ 259,782,471</u>

c. Partially completed contracts

As of December 31, 2022 and 2021, the transaction prices allocated to the performance obligations that were not fully satisfied amounted to NT\$3,505,475 thousand and NT\$5,670,845 thousand, respectively. The Corporation will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through October 2025.

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 94,421	\$ 16,358
Others	<u>73,056</u>	<u>63,783</u>
	<u>\$ 167,477</u>	<u>\$ 80,141</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 442,187	\$ 453,079
Dividend income	428,438	451,620
Royalty income	178,133	195,691
Others	<u>844,627</u>	<u>389,784</u>
	<u>\$ 1,893,385</u>	<u>\$ 1,490,174</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain	\$ 711,924	\$ 629,814
Gain on disposal of investments	28,415	-
Gain arising from financial assets at fair value through profit or loss	7,640	4,930
Loss on disposal of property, plant and equipment	(19,298)	(42,792)
Other losses	<u>(528,976)</u>	<u>(390,887)</u>
	<u>\$ 199,705</u>	<u>\$ 201,065</u>

The components of net foreign exchange gain were as follows:

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	\$ 2,043,988	\$ 1,240,674
Foreign exchange loss	<u>(1,332,064)</u>	<u>(610,860)</u>
Net exchange gain	<u>\$ 711,924</u>	<u>\$ 629,814</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest of bonds payable	\$ 794,603	\$ 945,035
Interest of short-term borrowings and bank overdraft	233,459	49,408
Interest of bills payable	162,288	41,961
Interest of lease liabilities	<u>10,442</u>	<u>10,520</u>
Total interest expense for financial liabilities measured at amortized cost	1,200,792	1,046,924
Less: Amounts included in the cost of qualifying assets	<u>204,099</u>	<u>250,944</u>
	<u>\$ 996,693</u>	<u>\$ 795,980</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized amounts	<u>\$ 204,099</u>	<u>\$ 250,944</u>
Capitalized annual rates (%)	0.95-1.47	1.03-1.36

e. Impairment loss recognized on non-financial assets

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment (recorded under operating costs, Refer to Note 14)	<u>\$ -</u>	<u>\$ 663,904</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 14,863,425	\$ 14,773,389
Right-of-use assets	350,383	322,125
Investment properties	22,505	22,852
Intangible assets	<u>4,978</u>	<u>9,956</u>
	<u>\$ 15,241,291</u>	<u>\$ 15,128,322</u>
An analysis of depreciation by function		
Operating costs	\$ 14,572,118	\$ 14,206,878
Operating expenses	641,690	881,829
Others	<u>22,505</u>	<u>29,659</u>
	<u>\$ 15,236,313</u>	<u>\$ 15,118,366</u>
An analysis of amortization by function		
Operating costs	<u>\$ 4,978</u>	<u>\$ 9,956</u>

g. Employee benefits

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits		
Salaries	\$ 16,144,582	\$ 24,063,918
Labor and health insurance	1,128,873	1,020,163
Others	<u>641,644</u>	<u>712,032</u>
	<u>17,915,099</u>	<u>25,796,113</u>
Post-employment benefits		
Defined contribution plans	387,861	353,389
Defined benefit plans (Note 21)	<u>458,601</u>	<u>505,484</u>
	<u>846,462</u>	<u>858,873</u>
Termination benefits	<u>66,833</u>	<u>77,824</u>
	<u>\$ 18,828,394</u>	<u>\$ 26,732,810</u>
Analysis of employee benefits by function		
Operating costs	\$ 15,388,306	\$ 22,074,772
Operating expenses	3,166,307	4,491,117
Others	<u>273,781</u>	<u>166,921</u>
	<u>\$ 18,828,394</u>	<u>\$ 26,732,810</u>

h. Compensation of employees and remuneration of directors

According to the Articles of Incorporation, the article stipulates the Corporation distributed compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors in February 2023 and 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 1,265,030	\$ 4,525,464
Remuneration of directors	23,719	84,852

If there is a change in the amounts after the annual financial statements are authorized for issue, the difference is recorded as a change in accounting estimate in the next following year.

The appropriations of compensation of employees and remuneration of directors (all in cash) for 2021 and 2020 which had been approved by the Corporation's board of directors in February 2022 and February 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	\$ 4,525,464	\$ 82,057
Remuneration of directors	84,852	1,539

There is no difference between the actual payment of compensation of employees and remuneration of directors and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the board of directors are available on the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 2,180,663	\$ 7,371,181
In respect of prior years	(101,188)	23,689
Deferred tax		
In respect of the current year	515,709	1,576,882
In respect of prior years	<u>(12,390)</u>	<u>26,562</u>
	<u>\$ 2,582,794</u>	<u>\$ 8,998,314</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 20,366,569</u>	<u>\$ 71,051,347</u>
Income tax expense calculated at the statutory rate	\$ 4,073,314	\$ 14,210,269
Non-deductible expenses in determining taxable income	11,918	15,454
Tax-exempt income	(1,344,740)	(4,696,088)
Realized investment loss	(27,686)	(647,072)
Investment credits in respect of the current year	(16,434)	(16,846)
Separate taxation on repatriated offshore funds	-	82,346
Adjustments for prior years' tax in respect of the current year	<u>(113,578)</u>	<u>50,251</u>
	<u>\$ 2,582,794</u>	<u>\$ 8,998,314</u>

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2022	2021
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 446	\$ 42

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ (446)	\$ (42)
	<u>\$ -</u>	<u>\$ -</u>
c. Income tax benefit recognized in other comprehensive income (loss)		

	For the Year Ended December 31	
	2022	2021
Current - fair value changes of cash flow hedges	\$ (39,604)	\$ 8,818
Current - remeasurement of defined benefit plan	(258,499)	125,627
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>(3,235)</u>	<u>(1,959)</u>
	<u>\$ (301,338)</u>	<u>\$ 132,486</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit pension plan	\$ 1,274,762	\$ (134,100)	\$ (258,499)	\$ -	\$ 882,163
Unrealized loss on inventories	863,247	365,503	-	-	1,228,750
Provision	863,771	(265,629)	-	-	598,142
Unrealized gain on the transactions with subsidiaries and associates	267,603	(116,611)	-	-	150,992
Others	<u>203,196</u>	<u>(101,466)</u>	<u>(13,386)</u>	<u>-</u>	<u>88,344</u>
	<u>\$ 3,472,579</u>	<u>\$ (252,303)</u>	<u>\$ (271,885)</u>	<u>\$ -</u>	<u>\$ 2,948,391</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Depreciation	404,011	(69,008)	-	-	335,003
Foreign investment gain	1,180,596	331,440	-	-	1,512,036
Others	<u>116,312</u>	<u>(11,416)</u>	<u>29,453</u>	<u>(446)</u>	<u>133,903</u>
	<u>\$ 11,712,835</u>	<u>\$ 251,016</u>	<u>\$ 29,453</u>	<u>\$ (446)</u>	<u>\$ 11,992,858</u>

For the Year Ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit pension plan	\$ 1,374,173	\$ (225,038)	\$ 125,627	\$ -	\$ 1,274,762
Unrealized loss on inventories	611,505	251,742	-	-	863,247
Provision	1,383,275	(519,504)	-	-	863,771
Unrealized gain on the transactions with subsidiaries and associates	207,675	59,928	-	-	267,603
Foreign investment loss	120,195	(120,195)	-	-	-
Others	139,544	56,793	6,859	-	203,196
	<u>\$ 3,836,367</u>	<u>\$ (496,274)</u>	<u>\$ 132,486</u>	<u>\$ -</u>	<u>\$ 3,472,579</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Depreciation	472,561	(68,550)	-	-	404,011
Foreign investment gain	-	1,180,596	-	-	1,180,596
Others	121,230	(4,876)	-	(42)	116,312
	<u>\$ 10,605,707</u>	<u>\$ 1,107,170</u>	<u>\$ -</u>	<u>\$ (42)</u>	<u>\$ 11,712,835</u>

e. Income tax assessments

The Corporation's income tax returns through 2019 have been assessed by the tax authorities, except for the Corporation's income tax returns of 2018 which have not yet been approved.

26. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net profit for the year attributable to owners of the Corporation	\$ 17,783,775	\$ 62,053,033
Less: Dividends on preference shares	<u>53,575</u>	<u>150,550</u>
Net profit used in computation of basic earnings per share	17,730,200	61,902,483
Add: Dividends on preference shares	<u>-</u>	<u>150,550</u>
Net profit used in computation of diluted earnings per share	<u>\$ 17,730,200</u>	<u>\$ 62,053,033</u>

Number of shares (in thousand shares)

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,702	15,414,564
Effect of dilutive potential ordinary shares:		
Compensation of employees	62,148	128,525

	For the Year Ended December 31	
	2022	2021
Convertible preference shares	<u>-</u>	<u>38,268</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,476,850</u>	<u>15,581,357</u>

Preference shares were not included in the calculation of diluted earnings per share for the years ended December 31, 2022 because of their anti-dilutive effect.

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

The management of the Corporation optimized the balances of working capital, debt and equity as well as the related cost through monitoring the Corporation's capital structure and capital demand by reviewing quantitative data and considering industry characteristics, domestic and international economic environment, interest rate fluctuation, strategies for development, etc.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial instruments that are not measured at fair value, such as cash and cash equivalent, receivables and payables approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,241</u>	<u>\$ 712,241</u>

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 9,302,598	\$ -	\$ -	\$ 9,302,598
Foreign listed shares	2,023,916	-	-	2,023,916
Domestic unlisted shares	-	-	718,344	718,344
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>27,445,211</u>	<u>27,445,211</u>
	<u>\$ 11,326,514</u>	<u>\$ -</u>	<u>\$ 28,163,555</u>	<u>\$ 39,490,069</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 120,862</u>	<u>\$ -</u>	<u>\$ 120,862</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 2,162</u>	<u>\$ -</u>	<u>\$ 2,162</u>
<hr/> December 31, 2021				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,198</u>	<u>\$ 731,198</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 9,675,363	\$ -	\$ -	\$ 9,675,363
Foreign listed shares	2,218,941	-	-	2,218,941
Domestic unlisted shares	-	-	905,871	905,871
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>26,451,103</u>	<u>26,451,103</u>
	<u>\$ 11,894,304</u>	<u>\$ -</u>	<u>\$ 27,356,974</u>	<u>\$ 39,251,278</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ -</u>	<u>\$ 211</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 31,565</u>	<u>\$ -</u>	<u>\$ 31,565</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended December 31, 2022

Financial Assets	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 731,198	\$ 27,356,974	\$ 28,088,172
Recognized in profit or loss	(18,957)	-	(18,957)
Recognized in other comprehensive income (loss)	-	806,581	806,581
Balance, end of the year	<u>\$ 712,241</u>	<u>\$ 28,163,555</u>	<u>\$ 28,875,796</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 843,818	\$ 26,479,019	\$ 27,322,837
Recognized in profit or loss	(112,620)	-	(112,620)
Recognized in other comprehensive income (loss)	-	1,851,900	1,851,900
Transfer out of level 3	-	(973,945)	(973,945)
Balance, end of the year	<u>\$ 731,198</u>	<u>\$ 27,356,974</u>	<u>\$ 28,088,172</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement.

Derivative instruments - A discounted cash flow analysis was performed using the applicable yield curve for the duration of the derivative instruments for foreign exchange forward contracts. The estimates and assumptions used by the Corporation were consistent with those that market participants would use in setting a price for the financial instrument.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

- For domestic unlisted shares, fair values were determined based on industry types, valuations of similar companies and operations.
- For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected return by using discounted cash flow model. Significant unobservable inputs were as follows; if the long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	December 31	
	2022	2021
Long-term pre-tax operating income rate (%)	13.38	5.97-20.48
Discount rate (%)	10.50	8.10-19.87

If the below input to the valuation model was changed to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the equity investment would increase (decrease) as follows:

	December 31	
	2022	2021
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 174,148</u>	<u>\$ 206,905</u>
Decrease 1%	<u>\$ (174,792)</u>	<u>\$ (210,038)</u>
Discount rate		
Increase 1%	<u>\$ (264,893)</u>	<u>\$ (219,650)</u>
Decrease 1%	<u>\$ 335,073</u>	<u>\$ 308,478</u>

- c) For the remaining few foreign unlisted shares, their fair values were measured under the market approach. In particular significant unobservable inputs included discount for lack of marketability and control premium. If discount for lack of marketability decreased or control premium increased, the fair values of the investments would increase.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at fair value through profit or loss	\$ 712,241	\$ 731,198
Financial assets for hedging	1,104,158	382,538
Financial assets at amortized cost 1)	22,594,916	27,756,996
Financial assets at fair value through other comprehensive income	39,490,069	39,251,278
Financial liabilities		
Financial liabilities for hedging	1,047,381	1,113,214
Financial liabilities at amortized cost 2)	133,458,993	116,681,528

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including loans to related parties), refundable deposits and other financial assets.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, accounts payable (including related parties), other payables, refund liabilities, bonds payable, long-term bank borrowings, long-term bills payable and deposits received.

d. Financial risk management objectives and policies

The Corporation places great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation was equipped with sufficient and cost - efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Corporation was exposed to foreign currency risk due to purchases, construction undertaking, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts, foreign deposits or foreign borrowings.

The carrying amounts of the significant non-functional currency monetary assets and liabilities at the end of the reporting period were referred to Note 32.

The Corporation was mainly exposed to the USD. The following table details the sensitivity to a 1% increase in NTD against the relevant foreign currency.

	USD Impact	
	For the Year Ended	
	December 31	
	2022	2021
Pre-tax profit or loss	\$ (6,918) i	\$ 26,791 i
Equity	(5,196) ii	(1,410) ii

i. These were mainly attributable to the exposure of cash, outstanding receivables, other financial assets and payables and short-term borrowings which were not hedged at the balance sheet date.

ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year.

Hedge accounting

The Corporation's hedging strategies were as follows:

i. The Corporation and its subsidiaries' hedging strategy is to enter into foreign exchange forward contracts and purchase foreign currency to hedge. Those transactions are designated as cash flow hedges.

- ii. The Corporation has designated certain foreign currency bank borrowing as a hedge to manage its foreign currency risk:
- i) Currency risks on foreign equity investments are accounted for as fair value hedge. Changes in the fair value of hedging instruments are recognized, based on the nature of hedged items, either in other gains or losses or other comprehensive income. The Corporation performs assessment of hedging effectiveness and it expects that the value of foreign currency borrowing and the value of the foreign equity investment will systematically change in opposite direction in response to movements in the underlying exchange rates.
 - ii) Foreign currency risk on investments in foreign operations is managed by using foreign currency bank borrowing as a hedge instrument to hedge the investment.

The following tables summarize the information relating to the hedges of foreign currency risk.

December 31, 2022

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases and construction contracts	Financial assets/liabilities for hedging	\$ 120,862	\$ 2,162
Hedging foreign-currency deposits/Forecast purchases and construction contracts	Financial assets for hedging	983,296	-
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	-	-	-
Fair value hedge			
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	282,134
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	763,085

Hedging Instruments/ Hedged Items	Change in Fair Value of Hedging Instruments Used for	Change in Fair Value of Hedged Items Used for	Balance in Other Equity		Fair Value Hedge - Hedged Items'	Fair Value Hedge - Accumulated Amount of Fair Value Hedge
	Calculating	Calculating	Continuing	Discontinuing	Carrying	Value Hedge
	Hedge	Hedge	Hedges	Hedges	Amount	Adjustments
	Ineffectiveness	Ineffectiveness			Asset	Asset
Cash flow hedge						
Foreign exchange forward contracts/ Forecast purchases and construction contracts	\$ 150,054	\$ (150,054)	\$ 118,700	\$ -	NA	NA
Hedging foreign-currency deposits/ Forecast purchases and construction contracts	64,144	(64,144)	28,567	-	NA	NA
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	-	3,788,786	NA	NA

Hedging Instruments/ Hedged Items	Change in Fair Value of Hedging Instruments Used for	Change in Fair Value of Hedged Items Used for	Balance in Other Equity		Fair Value Hedge - Hedged Items'	Fair Value Hedge - Accumulated Amount of Fair Value Hedge
	Calculating	Calculating	Continuing	Discontinuing	Carrying	Adjustments
	Hedge Ineffectiveness	Hedge Ineffectiveness	Hedges	Hedges	Amount Asset	Asset
Fair value hedge						
Foreign currency bank borrowings/Financial assets at FVTOCI	\$ 9,833	\$ (9,736)	\$ 76,095	\$ 88,920	\$ 236,118	\$ (66,486)
Foreign currency bank borrowings/Financial assets at FVTPL	26,597	(26,998)	NA	NA	712,241	(243,705)

December 31, 2021

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases and construction contracts	Financial assets/ liabilities for hedging	\$ 211	\$ 31,565
Hedging foreign-currency deposits/Forecast purchases and construction contracts	Financial assets for hedging	382,327	-
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	-	-	-
Fair value hedge			
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	291,967
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	789,682

Hedging Instruments/ Hedged Items	Change in Fair Value of Hedging Instruments Used for	Change in Fair Value of Hedged Items Used for	Balance in Other Equity		Fair Value Hedge - Hedged Items'	Fair Value Hedge - Accumulated Amount of Fair Value Hedge
	Calculating	Calculating	Continuing	Discontinuing	Carrying	Adjustments
	Hedge Ineffectiveness	Hedge Ineffectiveness	Hedges	Hedges	Amount Asset	Asset
Cash flow hedge						
Foreign exchange forward contracts/ Forecast purchases and construction contracts	\$ (16,441)	\$ 16,441	\$ (31,354)	\$ -	NA	NA
Hedging foreign-currency deposits/ Forecast purchases and construction contracts	(17,853)	17,853	(35,576)	-	NA	NA
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	-	3,788,786	NA	NA
Fair value hedge						
Foreign currency bank borrowings/Financial assets at FVTOCI	43,461	(43,032)	66,262	88,920	\$ 244,829	\$ (56,750)
Foreign currency bank borrowings/Financial assets at FVTPL	117,550	(119,321)	NA	NA	731,198	(216,707)

For the year ended December 31, 2022

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Foreign exchange forward contracts	\$ 150,054	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	64,144	-	-	-	-
	<u>\$ 214,198</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2021

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Foreign exchange forward contracts	\$ (16,441)	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	(17,853)	-	-	-	-
	<u>\$ (34,294)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

The outstanding foreign exchange forward contracts of the Corporation at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2022</u>			
Buy	NTD/USD	2023.01-2026.08	NTD2,008,860/USD73,194
Buy	NTD/JPY	2023.03	NTD6,248/JPY21,500
<u>December 31, 2021</u>			
Buy	NTD/USD	2022.01-2025.11	NTD1,999,203/USD73,053
Buy	NTD/EUR	2022.01-2022.12	NTD86,261/EUR2,514
Buy	NTD/JPY	2022.03-2023.03	NTD19,122/JPY66,300

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Corporation's financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial liabilities	\$ 62,882,102	\$ 61,738,704

	December 31	
	2022	2021
Cash flow interest rate risk		
Financial liabilities	\$ 49,406,624	\$ 21,370,921

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would have been lower/higher by NT\$494,066 thousand and NT\$213,709 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic and foreign listed shares.

If equity prices had been 1% lower/higher, the other comprehensive income for the year ended December 31, 2022 and 2021 would have been lower/higher by NT\$113,265 thousand and NT\$118,943 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As of the balance sheet date, the Corporation's maximum exposure to credit risk is the carrying amount of the financial assets on the standalone balance sheets and the amount of contingent liabilities in relation to financial guarantee issued by the Corporation.

The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. The Corporation did transactions with a large number of unrelated customers and no concentration of credit risk was observed.

As of December 31, 2022 and 2021, the maximum credit risk of off-balance-sheet guarantees provided to related parties for procurement and investment compliance was NT\$4,492,540 thousand and NT\$14,583,569 thousand, respectively.

3) Liquidity risk

The management of the Corporation continuously monitors the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to control proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants.

The following table details the undiscounted cash flows of the Corporation's remaining contractual maturity for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 20,819,471	\$ -	\$ -	\$ 20,819,471
Lease liabilities	362,146	698,415	150,261	1,210,822
Variable interest rate liabilities	25,644,543	24,235,194	-	49,879,737
Fixed interest rate liabilities	22,879,118	29,693,220	11,793,344	64,365,682
Refund liabilities	2,275,656	-	-	2,275,656
Financial guarantee liabilities	-	90,094	4,402,446	4,492,540
	<u>\$ 71,980,934</u>	<u>\$ 54,716,923</u>	<u>\$ 16,346,051</u>	<u>\$ 143,043,908</u>
<u>December 31, 2021</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 32,032,488	\$ -	\$ -	\$ 32,032,488
Lease liabilities	276,684	658,444	265,949	1,201,077
Variable interest rate liabilities	15,486,013	5,900,000	-	21,386,013
Fixed interest rate liabilities	13,668,895	29,403,866	21,010,936	64,083,697
Refund liabilities	3,456,564	-	-	3,456,564
Financial guarantee liabilities	4,502,676	8,598,100	1,482,793	14,583,569
	<u>\$ 69,423,320</u>	<u>\$ 44,560,410</u>	<u>\$ 22,759,678</u>	<u>\$ 136,743,408</u>

The amounts included above for financial guarantee contracts were the maximum amounts the Corporation could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Corporation considers that it is more likely than not that none of the amount will be payable under the arrangement.

29. TRANSACTIONS WITH RELATED PARTIES

- a. The name of the company and its relationship with the Corporation

Company	Relationship
C. S. Aluminium Corporation (CSAC)	Subsidiary
China Steel Express Corporation (CSE)	Subsidiary
China Steel Chemical Corporation (CSCC)	Subsidiary
China Steel Global Trading Corporation (CSGT)	Subsidiary
CHC Resources Corporation (CHC)	Subsidiary
China Ecotek Corporation (CEC)	Subsidiary
China Steel Structure Co., Ltd. (CSSC)	Subsidiary
Chung Hung Steel Corporation (CHS)	Subsidiary
China Steel Machinery Corporation (CSMC)	Subsidiary
Gains Investment Corporation (GIC)	Subsidiary

Company	Relationship
China Steel Security Corporation (CSS)	Subsidiary
China Prosperity Development Corporation. (CPDC)	Subsidiary
InfoChamp Systems Corporation (Info Champ)	Subsidiary
Ever Wealthy International Corporation	Subsidiary
China Steel Management Consulting Corporation	Subsidiary
Himag Magnetic Corporation	Subsidiary
Magnpower Corporation	Subsidiary
Dragon Steel Corporation (DSC)	Subsidiary
China Steel Nippon Steel Vietnam Joint Stock Company (CSVC)	Subsidiary
CSGT (Singapore) Pte. Ltd.	Subsidiary
CSE Transport Corporation	Subsidiary
Mentor Consulting Corporation	Subsidiary
Steel Castle Technology Corporation	Subsidiary
Union Steel Development Corp.	Subsidiary
Betacera Inc.	Subsidiary
Wabo Global Trading Corporation	Subsidiary
Universal Exchange Inc.	Subsidiary
United Steel Engineering & Construction Corporation (USEC)	Subsidiary
Thintech Materials Technology Co., Ltd.	Subsidiary
CSGT Metals Vietnam Joint Stock Company (CSGT-VTM)	Subsidiary
CSC Steel Sdn. Bhd. (CSCM)	Subsidiary
CSGT Japan Co., Ltd.	Subsidiary
CSGT Hong Kong Limited	Subsidiary
CSGT (Shenzhen) Co., Ltd.	Subsidiary
CSGT (Shanghai) Co., Ltd.	Subsidiary
Gau Ruei Investment Corporation	Subsidiary
Chiun Yu Investment Corporation	Subsidiary
Taiwan Intelligent Transportation Co., Ltd.	Subsidiary
Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Subsidiary
CSCI Steel Corporation India Pvt. Ltd. (Renamed from China Steel Corporation India Pvt. Ltd.) (CSCI)	Subsidiary
China Steel Precision Metals-Qingdao Co., Ltd. (CSMQ)	Subsidiary
China Steel Precision Metals Kunshan Co., Ltd. (CSPK)	Subsidiary
Hung Kao Investment Corporation	Subsidiary
CSC Precision Metal Industrial Corporation (CPMI)	Subsidiary
China Steel Resources Corporation (CSRC)	Subsidiary
CK Japan Co., Ltd.	Subsidiary
China Steel Management and Maintenance for Buildings Corporation	Subsidiary
Kaohsiung Rapid Transit Corporation (KRTC)	Subsidiary
Kaoport Stevedoring Corporation	Subsidiary
Pao Good Industrial Co., Ltd.	Subsidiary
CSC Sonoma Pty Ltd	Subsidiary
CSC Solar Corporation	Subsidiary
Sing Da Marine Structure Corporation (SDMS)	Subsidiary
China Steel Power Holding Corporation (CPHC)	Subsidiary
China Steel Power Corporation (ZN)	Subsidiary
CSGT Trading India Private Limited	Subsidiary
TaiAn Technologies Corporation	Associate
Hsin Hsin Cement Enterprise Corporation	Associate
TSK Steel Company Limited	Associate
Fukuta Electric & Machinery Co., Ltd.	Associate

Company	Relationship
Honley Auto. Parts Co., Ltd. (HONLEY)	Associate
Taiwan Rolling Stock Company Ltd.	Associate
Eminent II Venture Capital Corporation	Associate
Overseas Investment & Development Corporation	Associate
Kaohsiung Arena Development Corporation	Associate
Dyna Rechi Co., Ltd.	Associate
Changchun CECK Auto. Parts Co., Ltd. (CCCA)	Subsidiary of associates before November 2022
Dyna Rechi (Jiujiang) Co., Ltd.	Subsidiary of associates
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related party
Formosa Ha Tinh Steel Corporation	Other related party
CSC Educational Foundation	Other related party
CSBC Corporation, Taiwan	The Corporation as key management of other related parties; Discharge in June 2022
CDIB Bioscience Ventures I, Inc.	The Corporation as key management of other related parties
Rechi Precision Co., Ltd.	The Corporation as key management of other related parties
East Asia United Steel Corporation	The Corporation as key management of other related parties
Taiwan High Speed Rail Corporation	The Corporation as key management of other related parties
Tang Eng Iron Works Co., Ltd.	The Corporation as key management of other related parties
Taiwan International Wind power Training Corporation	The Corporation as key management of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management of other related parties
TCL Rechi (Huizhou) Refrigeration Equipment Ltd.	The Corporation as key management of parent company
Rechi Refrigeration (Dongguan) Co, Ltd.	The Corporation as key management of parent company
CSC Labor Union	Director of the Corporation
Ministry of Economic Affairs, R.O.C	Director of the Corporation

b. Operating revenue

Account Items	Related Parties Types	For the Year Ended December 31	
		2022	2021
Revenue from sales of goods	Subsidiaries	\$ 31,577,175	\$ 32,728,117
	Others	<u>1,572,772</u>	<u>2,165,139</u>
		<u>\$ 33,149,947</u>	<u>\$ 34,893,256</u>

Sales to related parties were made at arm's length and at terms applicable to similar transactions in the market except for terms of sales to CSCM, CSCI, CSVC and CSGT-VTM, in which the receivables were collected within 14 days after shipment, terms of sales to CSMQ, in which the receivables were collected within 60 days after shipment, and terms of sales to some subsidiaries without similar transactions with other unrelated parties.

c. Purchase of goods

Related Parties Types/Names	For the Year Ended December 31	
	2022	2021
Subsidiaries		
DSC	\$ 20,842,445	\$ 26,146,725
Others	16,998,983	18,617,364
Others	<u>123,542</u>	<u>152,369</u>
	<u>\$ 37,964,970</u>	<u>\$ 44,916,458</u>

Purchases from related parties were made at arm's length and at terms applied to similar transactions in the market except for terms of purchases from some subsidiaries without similar transactions with other unrelated parties.

d. Receivables from related parties (not including loans to related parties)

Account Items	Related Parties Types	December 31	
		2022	2021
Notes and accounts receivable	Subsidiaries	\$ 895,123	\$ 1,944,864
	The Corporation as key management of other related parties	14,910	266,016
	Others	<u>-</u>	<u>34,415</u>
		<u>\$ 910,033</u>	<u>\$ 2,245,295</u>

No guarantee had been received for receivables from related parties. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for receivables from related parties.

e. Payables to related parties (not including loans from related parties)

Account Items	Related Parties Types /Names	December 31	
		2022	2021
Accounts payable	Subsidiaries		
	CSE	\$ 489,399	\$ 2,228,477
	Others	445,675	1,045,744
	Others	<u>19,572</u>	<u>23,882</u>
		<u>\$ 954,646</u>	<u>\$ 3,298,103</u>

The outstanding accounts payable to related parties are unsecured.

- f. Loans to related parties (recognized as other receivables - loans to related parties)

Related Parties Types/Names	December 31	
	2022	2021
Subsidiaries		
CSAC	\$ 2,060,000	\$ 3,600,000
SDMS	2,000,000	1,600,000
KRTC	1,000,000	800,000
CSRC	<u>900,000</u>	<u>962,000</u>
	<u>\$ 5,960,000</u>	<u>\$ 6,962,000</u>

The Corporation provided short-term loans to its subsidiaries, with the interest rate calculated at the latest 30-day average rate of the Corporation's short-term loans in the same currencies from ordinary financial institutions. As of December 31, 2022 and 2021, the interest rate was 1.52%-1.63% p.a. and 0.37%-0.47% p.a., respectively.

Loans to the Corporation's subsidiaries were unsecured loans with interest income of NT\$51,352 thousand and NT\$24,268 thousand for the years ended December 31, 2022 and 2021, respectively.

- g. Loans from related parties (recognized as short-term borrowings and bank overdraft)

Related Parties Types/Names	December 31	
	2022	2021
Subsidiaries		
CPDC	\$ 850,000	\$ 1,600,000
CSMC	600,000	-
CHS	300,000	-
Others	<u>40,000</u>	<u>50,000</u>
	<u>\$ 1,790,000</u>	<u>\$ 1,650,000</u>

The rate of loans from subsidiaries is calculated at the latest 30-day average rate of the Corporation's short-term loans in the same currencies from ordinary financial institutions and adjusted based on the circumstances. As of December 31, 2022 and 2021, the interest rate was 1.53%-1.54% p.a. and 0.37 % p.a., respectively.

Loans from the Corporation's subsidiaries were unsecured loans with interest expense of NT\$16,428 thousand and NT\$8,725 thousand for the years ended December 31, 2022 and 2021, respectively.

- h. Other related parties transactions

- 1) The Corporation signed brokerage contract with its subsidiary DSC. For the years ended December 31, 2022 and 2021, the commission revenue was NT\$396,416 thousand and NT\$744,449 thousand, respectively.

The balances of consignment payable to related parties, which were included in other payables, were as follows:

Related Parties Types/Names	December 31	
	2022	2021
DSC	<u>\$ 579,400</u>	<u>\$ 841,044</u>

- 2) Other revenue which pertained to services, processing of products, utilities, royalties and other services to related parties was recognized as operating revenue and non-operating income as follows:

Related Parties Types	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 1,692,383	\$ 2,103,552
The Corporation as key management of other related parties	477,591	568,247
Other related parties	180,006	205,630
Others	<u>4,595</u>	<u>3,928</u>
	<u>\$ 2,354,575</u>	<u>\$ 2,881,357</u>

- 3) Other expenditures paid to related parties which pertained to commissions for processing services, maintenance and repairs, construction, commissions for export and import services, etc. were recognized as operating costs, manufacturing expenses, operating expenses and non-operating expenses.

Related Parties Types	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 10,676,372	\$ 9,254,791
Others	<u>91,297</u>	<u>394,027</u>
	<u>\$ 10,767,669</u>	<u>\$ 9,648,818</u>

- 4) Capital expenditures

Related Parties Types/Names	For the Year Ended December 31	
	2022	2021
Subsidiaries		
CEC	\$ 3,796,203	\$ 4,259,793
CSMC	1,247,070	2,339,414
Others	<u>1,976,636</u>	<u>1,203,597</u>
	<u>\$ 7,019,909</u>	<u>\$ 7,802,804</u>

The balances of outsourced repair and construction payable (recognized as other payables) were as follows:

Related Parties Types/Names	December 31	
	2022	2021
Subsidiaries		
CEC	\$ 398,641	\$ 447,533
Others	<u>263,256</u>	<u>321,399</u>
	<u>\$ 661,897</u>	<u>\$ 768,932</u>

- 5) As of December 31, 2022 and 2021, guarantees provided to the related parties for investment compliance were as follows:

Related Parties Types/Names	December 31	
	2022	2021
Subsidiaries - ZN		
Amount endorsed	\$ 7,156,210	\$ 9,736,210
Amount utilized	<u>(3,889,215)</u>	<u>(1,850,591)</u>
	<u>\$ 3,266,995</u>	<u>\$ 7,885,619</u>
The Corporation as key management of other related parties		
Amount endorsed	\$ 1,263,979	\$ 1,267,752
Amount utilized	<u>(603,325)</u>	<u>(984,444)</u>
	<u>\$ 660,654</u>	<u>\$ 283,308</u>
Other related parties - FHC		
Amount endorsed	\$ -	\$ 11,748,534
Amount utilized	<u>-</u>	<u>(11,748,534)</u>
	<u>\$ -</u>	<u>\$ -</u>

i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 107,115	\$ 223,686
Post-employment benefits	<u>1,175</u>	<u>1,132</u>
	<u>\$ 108,290</u>	<u>\$ 224,818</u>

30. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Corporation's assets mortgaged or pledged as collateral for bank overdraft and ZN's long-term borrowings and financing amount were as follows:

	December 31	
	2022	2021
Other financial assets - time deposits	\$ 5,850,000	\$ 5,850,000
Investments accounted for using the equity method - shares	<u>3,889,215</u>	<u>3,487,591</u>
	<u>\$ 9,739,215</u>	<u>\$ 9,337,591</u>

The shares of the Subsidiaries CPHC and ZN was mortgaged or pledged as collateral for their long-term borrowings and financing amount.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2022 were as follows:

- a. The Corporation provided letters of credits for NT\$1.5 billion guaranteed by financial institutions for several construction, lease contracts and payment.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$4.9 billion.
- c. Property purchase and construction contracts for NT\$35.1 billion were signed but not yet recorded.
- d. The Corporation entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, China, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 5 years. Contracted annual purchases of 6,800,000 metric tons of coal, 16,280,000 metric tons of iron ore, and 2,110,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2022 were US\$4.1 billion (including 4,600,000 metric tons of coal, 27,770,000 metric tons of iron ore, and 460,000 metric tons of limestone).
- e. The amount utilized for guarantees provided to related parties and investees of co-investment for procurement and investment compliances was NT\$4,492,540 thousand.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2022</u>			
Monetary foreign currency assets			
USD	\$ 188,871	30.7100	\$ 5,800,220
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	828,641	30.7100	25,447,550
JPY	6,422,000	0.2324	1,492,472
MYR	377,535	6.6990	2,529,105
Investments accounted for using the equity method			
USD	404,469	30.7100	12,417,521
AUD	995,301	20.8300	20,732,125
INR	3,734,391	0.3710	1,384,769
Monetary foreign currency liabilities			
USD	149,425	30.7100	4,588,842
JPY	6,113,685	0.2324	1,420,820

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2021			
Monetary foreign currency assets			
USD	\$ 134,046	27.6800	\$ 3,710,297
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	938,782	27.6800	25,985,491
JPY	6,112,000	0.2405	1,469,936
MYR	191,128	6.3550	1,214,617
Investments accounted for using the equity method			
USD	441,991	27.6800	11,983,430
AUD	1,034,551	20.0800	20,773,791
INR	3,697,092	0.3710	1,371,621
Monetary foreign currency liabilities			
USD	225,736	27.6800	6,248,362
JPY	5,423,537	0.2405	1,304,361

It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity. Please refer to Note 24 for information relating to net foreign exchange gains and losses.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (Table 1) (Please refer to Annex Page 94-95)
- 2) Endorsements/guarantees provided (Table 2) (Please refer to Annex Page 96-97)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3) (Please refer to Annex Page 98-122)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4) (Please refer to Annex Page 123)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5) (Please refer to Annex Page 124)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 6) (Please refer to Annex Page 125)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7) (Please refer to Annex Page 126-133)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 8) (Please refer to Annex Page 134)
 - 9) Trading in derivative instruments (Note 28)
 - 10) Information on investees (Table 9) (Please refer to Annex Page 141-147 Table 10)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investee, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10) (Please refer to Annex Page 148-149 Table 11)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 7) (Please refer to Annex Page 126-133)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 7) (Please refer to Annex Page 126-133)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2) (Please refer to Annex Page 96-97)
 - e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1) (Please refer to Annex Page 94-95)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
 - d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 11) (Please refer to Annex Page 150 Table 12)

34. SEGMENT INFORMATION

Disclosure of the segment information in standalone financial statements is waived.