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



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## China Steel Corporation 2021 Annual Report



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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.

**2021 Annual Report**



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Luxembourg Stock Exchange

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

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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,

In commemoration of CSC's 50th anniversary in 2021, we would like to thank each and every single shareholder for your trust and support over the past decades, which has enabled a 50-year-old CSC to reach new heights after half a century. Throughout the year, CSC has achieved the best operating performance since our founding while continuously giving back to our shareholders, benefiting society, and making concrete contributions to Taiwan's development. Everyone at CSC would like to express our most sincere gratitude to all our shareholders.

In the wake of back-to-back developments arising from the US-China trade war and the COVID-19 pandemic in 2020 and 2021, the steel industry was faced with difficult business environment, posing the greatest challenge to CSC since its establishment. In response to this predicament, CSC made proactive responses and drew up plans in advance to implement a host of important business management changes with concerted efforts aimed at achieving breakthroughs while moving towards a high value-added steel mill and engaging in the development of the green energy industry. Amid the strong global economic recovery in 2021, the growing demand in steel-using industries such as automobiles and motorcycles, infrastructure, and home appliances gave rise to a sharp rebound in steel demand, which not only resulted in a short supply of steel, but also pushed international steel prices to new highs. With adequate preparation in place, CSC adopted a "steady, appropriate, and adaptable" pricing strategy along with a series of supporting plans, and worked hand in hand with downstream customers to keep track of developments in the international market and respond quickly to price increases, thus propelling orders for our Advanced Premium Steel products to exceed our annual targets. Despite raw material costs for steel mills increased quarter by quarter, together with the cost increase pressure from transportation and environmental protection investment, CSC managed to achieve significant profit growth throughout the year

with concerted efforts from top to bottom and was way ahead of other top tier Asian steel mills in terms of operating profit margin and net profit margin, demonstrating the most outstanding operating performance since its establishment. At the same time, CSC made great strides in a number of areas such as business operating structure, product mix, and development of the green energy industry.

On the net zero issue that has attracted worldwide attention in recent years, the European Union has announced the draft regulation for the carbon border adjustment mechanism (CBAM) in July 2021, which covers imported products including steel. On the other hand, the Environmental Protection Administration, Executive Yuan is also proactively making amendments to the Greenhouse Gas Reduction and Management Act, which is renamed as “Climate Change Adaptation Act” after the amendment along with plans to include “net zero emissions” as a target and introduce the carbon fee collection mechanism in this piece of legislation. In line with the international trend of carbon neutrality, CSC has set up the Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality and drafted a carbon reduction pathway, with the intention of achieving a 7% and 22% reduction in carbon emissions by 2025 and 2030 compared to the base year 2018 over the short to medium term respectively, as well as the ultimate goal of carbon neutrality by 2050 over the long run. CSC will keep carrying out assessments on the development and introduction of carbon reduction technologies aimed at developing into a high value-added steel mill with low-carbon production.

As revenues from steel products account for over 80% of the consolidated operating revenues of China Steel Corporation (CSC) Group, the global macroeconomic situation and changes in the steel market are highly related to the operations of the Group. As a result, this letter to the shareholders mainly analyzes the steel industry.

## **I. Business and Financial Performance in 2021**

### **(I) Business and Profitability Analysis**

Benefiting from a rapid surge in both monthly and quarterly pricing, especially the

significant price increase in Q2, the profit for the first three quarters of the year increased quarter by quarter despite edging up raw material costs, thanks to the higher increase in average selling price than that in average selling cost. CSC continued to maintain a considerably remarkable profit level even in the situation that the global steel market saw price correction and creeping up costs in Q4. On the whole, CSC posted a consolidated and standalone net profit of NT\$68.906 billion and NT\$62.053 billion, equivalent to a 30- and 69-fold increase from 2020, respectively, thus setting a new record for consolidated and standalone profits in our history.

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

#### 1. Consolidated Financial Statements

Unit: NT\$ million/10 thousand tons

Item \ Year	2021	2020	Change	
Operating Revenues	468,328	314,783	153,545	49%
Gross Profit	95,315	15,118	80,197	530%
Profit from Operations	79,757	2,296	77,461	3374%
Non-operating Income and Expenses	4,656	472	4,184	886%
Profit before Income Tax	84,414	2,768	81,646	2950%
Net Profit for the Year	68,906	2,258	66,648	2952%
Sales volume of steel products	1,468	1,452	16	1%

#### 2. Standalone Financial Statements

Unit: NT\$ million/10 thousand tons

Item \ Year	2021	2020	Change	
Operating Revenues	259,782	183,842	75,940	41%
Gross Profit	50,216	8,227	41,989	510%
Profit from Operations	40,404	597	39,807	6668%
Non-operating Income and Expenses	30,647	410	30,237	7375%
Profit before Income Tax	71,051	1,007	70,044	6956%
Net Profit for the Year	62,053	886	61,167	6904%
Sales volume of steel products	956	1,014	(58)	-6%



## **(II) Research and Development (R&D)**

The Company enjoyed a fruitful year in the area of R&D with a total of 31 new product development projects completed in 2021, 11 of which were classified as new Advanced Premium Steel (APS). The proportion of orders for APS and high-end steel reached 7.6% and 56.1% respectively. The Company will continue the efforts towards enhancing competitive advantage through product differentiation. Based on the operational and developmental cores, “the high value-added steel mill” and “development of green energy industry,” the current R&D strategy of the Company is to develop core capabilities, including developing APS, establishing excellent manufacturing capability, and introducing AIoT, boosting productivity, and deepening the upgrade of steel-using industry. Major R&D outcomes are listed as follows:

1. Core technology for the electric vehicle industry
  - (1) Development of electrical sheets: Through the establishment of key technologies, the Company has not only developed thin electrical sheets with lower iron loss, higher magnetic flux, and higher strength, but also successfully developed self-bonding materials with several advantages such as strong bonding force for stamping and high magnetic for cores. The Company has successfully made such products sourced by major international electric vehicle manufacturers, establishing leading edge as an electrical sheet supplier for electric vehicles
  - (2) Development of advanced high-strength 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 spares no efforts to keep develop steel products with higher strength and ductility, in an attempt to fill the gap in the industry's supply chain by supplying domestic and overseas automobile brands.
2. Intelligent manufacturing technology
  - (1) Development of intelligent coating control system: CSC built a zinc coating prediction model to report optimized guidance for air-knife parameters so as to reduce cost of consumption of liquid zinc.
  - (2) Development of intelligent steel grade transformation system: CSC analyzed

the feasibility of steel grade transformation based on a metallurgical property prediction module to facilitate the conversion of finished and semi-finished product inventory in the production of normal products aimed at reducing the inventory of leeway.

### 3. Energy and environmental protection technology

- (1) Development and application of energy-saving technologies: CSC developed a series of energy-saving technologies, including constructing the application of pure oxygen combustion to ladle preheating stations, which reduces energy consumption by more than 30%; establishing integrated operation and maintenance technology for solar power plants, which saves routine inspection fees and increase power generation efficiency; and developing chiller system operation technology, which reduces the use of steam.
- (2) Promotion of co-production of steel and chemicals: CSC set up a project to develop CO and CO<sub>2</sub> capture and purification technologies for BF & BOF gases, as well as convert CO and CO<sub>2</sub> into high-value chemicals in collaboration with downstream petrochemical plants, with the aim of generating carbon reduction and high-value benefits by means of circular economy.
- (3) Development of intelligent monitoring and diagnostic system for wastewater plants: The intelligent monitoring and diagnostic system provides wastewater plants with early warning in the event of anomalies and facilitates process optimization and adjustment, with a view to improving system stability and operation efficiency.

## **II. 2022 Business Plan and Business Development Strategies**

Looking ahead to 2022, economic activities are expected to show continuous recovery as countries around the world gradually reach a balance between pandemic prevention and economic development. However, the spread of the Omicron variant of COVID-19, early tightening of monetary policy in the U.S., and geopolitical volatility may send the world into greater uncertainties and eventually restrain global economic growth. As a result, the International Monetary Fund (IMF) revised downward its global economic growth projection for 2022 but maintained that global economic growth is still possible compared to 2021.

As for the steel industry, raw material costs spiked at the beginning of 2022 in the wake of the already tight supply of coking coal and iron ore which was further exacerbated by heavy rain in Australia and the Russia-Ukraine war. Nevertheless, global steel demand is expected to maintain stable growth in 2022 as the steel industry is set to benefit from a steady upturn in domestic and overseas consumption and investment momentum. At the same time, the steel market outlook remains optimistic and positive thanks to the reduced steel supply caused by the Russia-Ukraine war, coupled with continued increase in raw material and energy costs. Consequently, steel mills are also anticipated to raise prices steadily in a bid to ease pressure from rising raw material costs. CSC Group will be able to maintain a stable sales volume of steel products.

With a view to carrying on reinforcing our business operating structure and laying the foundation for sustainable development, CSC will continue the business development strategy of operational and development cores “high value-added steel mill” and “development of the green energy industry” from 2022 to 2026 in the following directions:

1. High value-added steel mill

CSC will continue to develop Advanced Premium Steel (APS) with “high technical content, high profitability, and high industrial benefit,” as well as upgrade and refine our production equipment and process capabilities to bolster our APS manufacturing capabilities. In addition, CSC will enhance our marketing capabilities and create the best application value for our APS products through developing new markets for these products. Moreover, artificial intelligence (AI) has been incorporated across CSC to build end-to-end and full-process intelligent steel plants.

2. Development of the green energy industry

In line with the global trend of low-carbon economic development, CSC will engage in the green energy and circular economy business, keep abreast of core technologies for green energy such as energy saving, energy creation, and energy storage, speed up the development of low-carbon energy and carbon capture and application technologies, as well as develop low-carbon blast furnaces, co-production of steel and chemicals, and hydrogen steelmaking aimed at realizing low-carbon transition.



On top of that, CSC will focus on six priorities in the new year, including digital transformation, energy saving and carbon reduction, risk control, inventory of trade secrets, corporate culture revamping, and strict pandemic prevention measures, as well as three business goals, including reducing costs, increasing the sales volume of APS products, and increasing the sales volume of high-end steel products.

With a long-term commitment to sustainable environment development, social engagement, and corporate governance (ESG), CSC not only ranked among the top 5% in the 2021 Corporate Governance Evaluation announced in 2022, but also successfully passed the 20-criteria review required by the World Steel Association (worldsteel) this year and became a signatory to its New Sustainability Charter, as a leading company in promoting sustainable development in the global steel industry. Under the wave of carbon neutrality, CSC will present a new appearance in the next 50 years as we turn the challenge of low-carbon transition into an opportunity for sustainable growth. We would like to once again thank all our shareholders for your trust and recognition all these while as your support and suggestions not only keep us moving forward, but also guide us towards steady and strong growth and help us lay the foundation for a century-long great cause.

Chao-Tung Wong  
Chairman



Shyi-Chin Wang  
President



## **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 65% of CSC's production and the exports take the remaining 35%. CSC is the largest steel company in Taiwan with market share of more than 50% and export products mainly to Southeast Asia, Mainland China (including Hong Kong) and Japan.

CSC is very active in innovation and has strong capability to put the innovations into practice. The Company's 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 (Cabinet) 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 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. 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. The CSC Group, positioning its status toward “A group, which deems environmental protection and energy saving important, bases its headquarters in Taiwan, centers its development in Asia, and focuses on the business scope of steels and materials, engineering and services, and minerals and resources.” is proactively making efforts to become a resource-saving and eco-friendly steel group of global distinction.

On January 16, 2020, CSC announced 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 issues by setting up a “Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality” in February 2021. The Task Force 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.



## 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 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

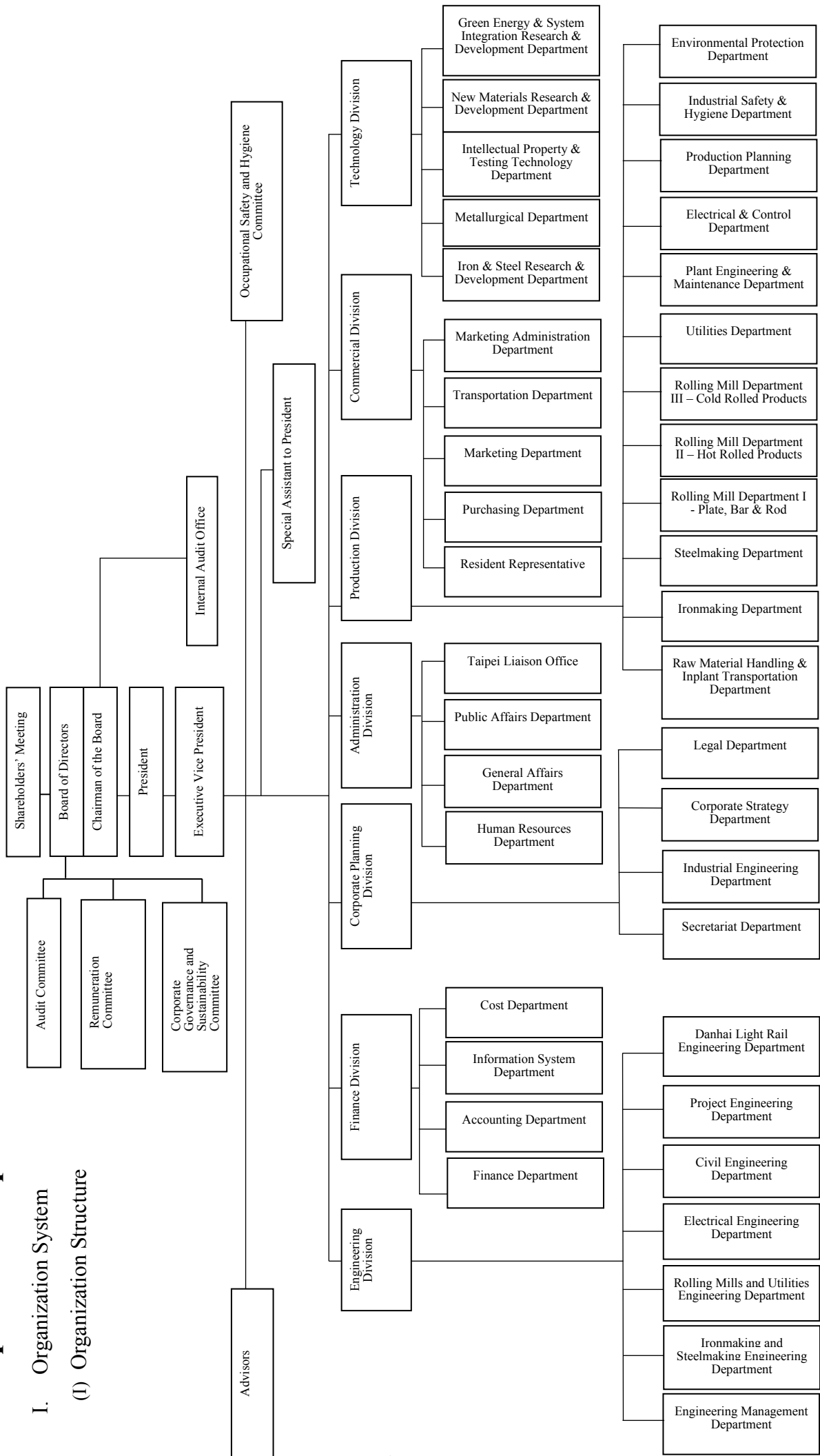
with high value and devotes itself to the development of the green energy industry as the operational and developmental cores in enhancing its competitiveness for the next 50 years.

- |                   |  |
|-------------------|--|
| 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.  |

# 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, 2022

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 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2019.06.19	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	
	Taiwan, R.O.C.	Representative: Chao-Tung Wong (Note 1)	Male/ 67	2019.06.19	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	--	2019.06.19	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	
	Taiwan, R.O.C.	Representative: Wen-Sheng Tseng	Male/ 52	2019.06.19	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	
Director	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2019.06.19	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	
	Taiwan, R.O.C.	Representative: Ming-Jong Liou (Note 2)	Male/ 68	Assumed office on 2020.11.20	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, CSBC Corporation, Taiwan; Acting Chairman and Director, Tang Eng Iron Works Co., Ltd	Director, State-Owned Enterprise Commission, Ministry of Economic Affairs; Director, Aerospace Industrial Development Corporation	None	None	None	
Director	Taiwan, R.O.C.	Ever Wealthy International Corporation	--	2019.06.19	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	
	Taiwan, R.O.C.	Representative: Shyi-Chin Wang	Male/ 64	2019.06.19	3 years	Assumed office on 2015.10.01	256,010	0	276,390	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, Dragon Steel Corporation; Chairman, China Steel Power Holding Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, China Steel Express Corporation	None	None	None	
Director	Taiwan, R.O.C.	Chun Yu Investment Corporation	--	2019.06.19	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	



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 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	Taiwan, R.O.C.	Representative: Chien-Chih Hwang	Male/ 62	Assumed office on 2019/09/30	3 years	Assumed office on 2019/09/30	33,233	0	33,233	0	0	0	0	0	Bachelor of Economics, Tungshai University Vice President of Commercial Division, China Steel Corporation	Executive Vice President, China Steel Corporation; Chairman, China Steel Global Trading Corporation; Director, China Steel Structure Co., Ltd; Director, Dragon Steel Corporation; Director, China Steel Express Corporation; Director, CSBC Corporation, Taiwan; Director, Formosa Ha Tinh (Cayman) Limited; Director, Formosa Ha Tinh Steel Corporation	None	None	None	
Director	Taiwan, R.O.C.	Hung Kao Investment Corporation	--	2019/06/19	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
	Taiwan, R.O.C.	Representative: Cheng-I Weng (Note 3)	Male/ 77	2019/06/19	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	--	2019/06/19	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/ 59	2019/06/19	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 Aluminum Corporation; Director, Gains Investment Corporation	None	None	None	
Director	Taiwan, R.O.C.	Labor Union of China Steel Corporation, Kaohsiung City	--	2019/06/19	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/ 60	2019/06/19	3 years	Assumed office on 2018/01/05	19,743	0	19,743	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	

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 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	
Independent Director	Taiwan, R.O.C.	Shyue-Bin Chang	Male/ 73	2019.06.19	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; Member, Board of Science & Technology Program Executive Review Board, Executive Yuan; 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.; Director, Hua's Aero Industry Development Foundation	None	None	None
Independent Director	Taiwan, R.O.C.	Min-Hsiung Hon	Male/ 78	2019.06.19	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	Not applicable
Independent Director	Taiwan, R.O.C.	Lan-Feng Kao	Female/ 56	2019.06.19	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	Professor, Department of Finance, National University of Kaohsiung	None	None	

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. 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 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).

Table 1: Major shareholders of institutional shareholders

As of March 31, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Ever Wealthy International Corporation	China Steel Chemical Corporation 100%
Chiun Yu Investment Corporation	Eminence Investment Corporation 25%; China Steel Structure Co., Ltd. 35%; China Ecotek Corporation 40%
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, 2022

Institutional Shareholders	Major Shareholders of Institutional Shareholders
China Steel Chemical Corporation	China Steel Corporation 29.04%; Fubon Life Insurance Co., Ltd. 7.00%; International CSRC Investment Holdings Co., Ltd. 4.96%; Cathay Life Insurance Co., Ltd. 2.67%; Ever Wealthy International Corporation 2.01%; C.C.T. Investment Co., Ltd. 1.46%; Chang Gung Medical Foundation 1.16%; Xin Yang Investment Co. Ltd. 0.88%; Vanguard Emerging Markets Stock Index Fund 0.87%; Kao Hsing Chang Iron & Steel Corporation 0.83%
Eminence Investment Corporation	Gains Investment Corporation 100%
China Steel Structure Co., Ltd.	China Steel Corporation 33.24%; Yu Chuan Investment Co., Ltd. 7.96%; IHI Corporation 5.53%; Berlin Co., Ltd. 4.75%; Taiwan Mask Corporation 3.49%; Yung Chi Paint & Varnish MFG Co., Ltd. 2.50%; Great Grandeul Steel Co., Ltd. 1.95%; Hui-Chen Wu Lai 1.85%; Employee's Stock Ownership Trust of China Steel Structure Co., Ltd. under the custody of Mega International Commercial Bank Co., Ltd. 1.84%; Morgan Stanley & Co. International PLC Investment Fund under the custody of HSBC Bank (Taiwan) Limited 1.80%
China Ecotek Corporation	China Steel Corporation 44.76%; Hua Eng Wire & Cable Co., Ltd. 9.57%; Chun Yu Works & Co., Ltd. 3.50%; Trust Asset Fund of China Ecotek Corporation under the custody of Mega International Commercial Bank Co., Ltd. 3.31%; Great Grandeul Steel Co., Ltd. 3.17%; 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 1.33%
Chung Hung Steel Corporation	China Steel Corporation 40.59%; Yung-Shun Wang 2.31%; UBS Europe SE Investment Fund under the custody of Citibank (Taiwan) Limited 1.20%; Chun Fa Co., Ltd. 0.97%; Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.81%; Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.75%; Ting Fa Investment Co., Ltd. 0.62%; Deutsche Bank 0.38%; iShares Core MSCI Emerging Markets ETF under the custody of Standard Chartered Bank 0.27%; Vanguard Equity Index II Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch 0.26%
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. 1.99%; Der Ching Investment Corporation 1.94%; Chia Hsin Cement Corporation 1.72%

Note: The data of Table 1 &amp; Table 2 has been updated to the latest book closure date.

## (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	<b>Expertise:</b> Relevant industry experiences (Steel/Resource engineering); Corporate administration <b>Education:</b> PhD in Resource Engineering, National Cheng Kung University <b>Other major current positions:</b> Chairman of 22 <sup>nd</sup> Taiwan Steel & Iron Industries Association; Managing Director, Industrial Technology Research Institute <b>Past experience:</b> President, China Steel Corporation; Chairman, China Ecotek Corporation; Chairman and President, China Steel and Nippon Steel Vietnam Joint Stock Company		0
Director	Wen-Sheng Tseng	<b>Expertise:</b> Civil engineering <b>Education:</b> Bachelor of Civil Engineering, National Taiwan University <b>Other major current positions:</b> Deputy Minister, Ministry of Economic Affairs; Acting Chairman, Taiwan Power Company <b>Past experience:</b> Director-General of Economic Development Bureau, Kaohsiung City Government		0
Director	Ming-Jong Liou	<b>Expertise:</b> Corporate administration <b>Education:</b> PhD in Industrial Management, National Taiwan University of Science and Technology <b>Other major current positions:</b> Director, State-Owned Enterprise Commission, Ministry of Economic Affairs; Director, Aerospace Industrial Development Corporation <b>Past experience:</b> Director, CSBC Corporation, Taiwan; Acting Chairman and Director, Tang Eng Iron Works Co., Ltd.		0
Director	Shyi-Chin Wang	<b>Expertise:</b> Relevant industry experiences (Steel/Materials science); Wind power industry <b>Education:</b> PhD in Materials Science, National Sun Yat-sen University <b>Other major current positions:</b> President, China Steel Corporation; Chairman, Dragon Steel Corporation; Chairman, China Steel Power Holding Corporation <b>Past experience:</b> Executive Vice President, China Steel Corporation; Chairman of 3 <sup>rd</sup> Board of Directors, Taiwan Wind Industry Association		0
Director	Chien-Chih Hwang	<b>Expertise:</b> Relevant industry experiences (Steel/Logistics and trading); Marketing <b>Education:</b> Bachelor of Economics, Tunghai University <b>Other major current positions:</b> Executive Vice President, China Steel Corporation; Chairman, China Steel Global Trading Corporation; Director of 6 <sup>th</sup> , Chinese International Economic Cooperation Association; Executive Director of 22 <sup>nd</sup> Taiwan Steel & Iron Industries Association <b>Past experience:</b> Vice President of Commercial Division, China Steel 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 21 <sup>st</sup> Board of Directors, International Steel Management Society of Kaohsiung		0
Director	Cheng-I Weng	<b>Expertise:</b> Relevant industry experiences (Steel/Machinery); Mechanical manufacturing system; Reverse problem; Molecular dynamics simulation <b>Education:</b> PhD in Mechanical Engineering, University of Rochester, U.S.A <b>Other major current positions:</b> Adjunct Chair Professor, Kun Shan University, Honorary Professor, Department of Mechanical Engineering, National Cheng Kung University <b>Past experience:</b> 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		0
Director	Yueh-Kun Yang	<b>Expertise:</b> Relevant industry experiences (Steel); Finance and accounting; Tax planning; Corporate administration; Information system <b>Education:</b> Master of Business Management, National Sun Yat-sen University <b>Other major current positions:</b> Vice President of Finance Division, China Steel Corporation; Chairman, Kaohsiung Rapid Transit Corporation <b>Past experience:</b> Assistant Vice President of Finance Division, China Steel Corporation; Assistant Vice President of Administration Division, Chung Hung Steel Corporation		0
Director	Chun-Sheng Chen	<b>Expertise:</b> Union affairs; Labor rights <b>Education:</b> Electrical Engineering, National Taichung Junior College <b>Other major current positions:</b> President, Labor Union of China Steel Corporation, Kaohsiung City <b>Past experience:</b> Technician, China Steel Corporation		0
Independent Director	Shyue-Bin Chang	<b>Expertise:</b> Aviation industry; Electrical and mechanical engineering; Board member of other listed companies <b>Education:</b> PhD in Mechanical and Aerospace Engineering, Cornell University, U.S.A <b>Other major current positions:</b> 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 <b>Past experience:</b> Chair Professor and Vice President, Kao Yuan University; Member, Board of Science & Technology Program Executive Review Board, Executive Yuan; 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		2
Independent Director	Min-Hsiung Hon	<b>Expertise:</b> Materials science; Board member of other listed companies <b>Education:</b> PhD in Materials Science and Engineering, North Carolina State University, U.S.A <b>Other major current positions:</b> 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. <b>Past experience:</b> President, Dayeh University; Professor, Department of Materials Science and Engineering, National Cheng Kung University; Chairman, Chinese Materials Research Society		1
Independent Director	Lan-Feng Kao	<b>Expertise:</b> Accounting/Finance <b>Education:</b> PhD in Accounting, National Cheng Kung University <b>Other major current positions:</b> Professor, Department of Finance, National University of Kaohsiung <b>Past experience:</b> Chairman, Department of Finance, National University of Kaohsiung		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: 6,000 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: 276,390 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

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.
			Yes The person: 32,427 shares (0%) Spouse: 599 shares (0%) Other relatives within the second degree of relationship: 19,583 shares (0%)	No	Yes: No remuneration
Director	Yueh-Kun Yang	No	Yes The person: 19,743 shares (0%) Spouse: 0 shares (0%) Other relatives within the second degree of relationship: 0 shares (0%)	No	Yes: 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%)	Yes	Yes: No remuneration
Independent Director	Shyue-Bin Chang	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	Min-Hsiung Hon	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
Independent Director	Lan-Feng Kao	Yes			
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 and Supervisors 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, 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, 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:

Core Diversity Element  Name of Director	Composition								Business Management	Decision- Making	Industry Knowledge	Steel Industry Management Experience	Finance and Accounting	Marketing	Technology
	Gender	Employed by the Company	Ages			Tenure of Independent Directors									
			50 ~ 59	60 ~ 69	> 70	< 3yrs	4~8 yrs	> 9 yrs							
Chairman Chao-Tung Wong	Male			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			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		
Director Chun-Sheng Chen	Male	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		

## 2. Board Independence:

The Board of Directors of the Company is composed of 11 Directors, 3 of which are Independent Directors (accounting for 27%). None of the Directors (including Independent Directors) has a marital relationship or falls within the second degree of relationship with each other, thus demonstrating considerable independence.

## (IV) Information on Management Team

As of March 31, 2022

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 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	Taiwan, R.O.C.	Shyi-Chin Wang	Male	2019.09.30	276,390	0	0	0	0	0	PhD in Materials Science, National Sun Yat-sen University Executive Vice President, China Steel Corporation	Chairman, Dragon Steel Corporation; Chairman, China Steel Power Holding Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, China Steel Express Corporation	None	None	None	Not applicable
Executive Vice President	Taiwan, R.O.C.	Chien-Chih Hwang	Male	2019.09.30	33,233	0	0	0	0	0	Bachelor of Economics, Tunghai University Vice President of Commercial Division, China Steel Corporation	Chairman, China Steel Global Trading Corporation; Director, China Steel Structure Co., Ltd; Director, Dragon Steel Corporation; Director, China Steel Express Corporation; Director, CSBC Corporation, Taiwan; 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 Security Corporation; Director, KHH Arena Corporation; Supervisor, Dragon Steel Corporation	None	None	None	
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, Chung Hung Steel Corporation; Director, Dragon Steel Corporation; Director, China Steel Global Trading Corporation; Director, China Steel Express Corporation; Director, CSC Steel Holdings Berhad	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, Corporate Planning Division/ Company Secretary	Taiwan, R.O.C.	Pai-Chien Huang	Male	2018.11.12 (Note 1)	122,848	0	1,213	0	0	0	Bachelor of Business Administration, National Cheng Kung University Chairman, Gains Investment Corporation	Chairman, Gains Investment Corporation; Chairman, Eminent II Venture Capital Corporation; Director, China Steel Machinery Corporation; Director, C.S.Aluminium Corporation; Director, Kaohsiung Rapid Transit Corporation	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 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice President, Technology Division	Taiwan, R.O.C.	Jih-Jau 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	Chairman, InfoChamp Systems Corporation; Director, Dyna Rechi Co., Ltd.; Director, Rechi Precision Co., Ltd.	None	None	None	
Vice President, Engineering Division	Taiwan, R.O.C.	Chung-Te Chen	Male	2020.01.31	4,648	0	3,204	0	0	0	Master of Business Management, National Sun Yat-sen University Chairman, China Ecotek Corporation	Chairman, China Ecotek Corporation Chairman, CSC Solar Corporation	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, Dragon Steel Corporation; Director, China Steel Express Corporation; Director, Tang Eng Iron Works Co., Ltd.	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.	Kai-Ching Huang	Male	2018.01.01	0	0	0	0	0	0	Master of Business Administration, National Cheng Kung University Manager of Group Accounting Section, Accounting Department, China Steel Corporation	Director, HIMAG Magnetic Corporation Supervisor, Betacera Inc.	None	None	None	

Note 1: The Board of Directors approved the appointment of Mr. Pai-Chien Huang, Vice President of Corporate Planning Division, to hold a concurrent post as Company Secretary.

Note 2: 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).

## (f) Compensation Paid to Non-independent Directors and Independent Directors

Title	Name	Compensation Paid to Directors						Sum of A, B, C and D/ The Sum as A Percentage of Net Income (%)		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	The Company	Consolidated Entities		
Chairman	Chao-Tung Wong (Representative of Ministry of Economic Affairs)																
	Ministry of Economic Affairs																
Director	Ever Wealthy International Corporation																
	Chium Yu Investment Corporation																
	Hung Kao Investment Corporation																
	Gau Ruel Investment Corporation																
	Labor Union of China Steel Corporation, Kaohsiung City																
	Wen-Sheng Tseng (Representative of Ministry of Economic Affairs)																
	Ming-long Liou (Representative of Ministry of Economic Affairs)	0	1,200	0	0	84,852	42,426	924	1,698	85,776 0.138%	45,324 0.073%	576	34,508	0	154,300 0.249%	113,848 0.183%	48
	Shyi-Chin Wang (Representative of Ever Wealthy International Corporation)																
	Chien-Chih Hwang (Representative of Chium Yu Investment Corporation)																
	Cheng-I Weng (Representative of Hung Kao Investment Corporation)																
Independent Director	Yueh-Kun Yang (Representative of Gau Ruel Investment Corporation)																
	Chun-Sheng Chen (Representative of Labor Union of China Steel Corporation, Kaohsiung City)																
	Shyue-Bin Chang Min-Hsiung Hon Lan-Feng Kao	2,160	2,160	0	0	0	0	807	807	2,967 0.005%	2,967 0.005%	0	0	0	2,967 0.005%	2,967 0.005%	0

(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.

(3) Where any Independent Director serves as a member of a functional committee, the Independent Director shall participate in the meeting of the functional committee under the Board of Directors, and the Company shall pay attendance fee according to the actual attendance.

Note:

1. Compensations paid to Non-independent Directors and Independent Directors only include the compensations received by juristic persons 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 2021 according to the law was NT\$576 thousand.

### Range of Compensation

Range of compensation paid to Directors of the Company	Directors' Name				
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G		
	The Company	Consolidated Entities	The Company	Parent Company and Affiliates	
Under NT\$1,000,000	Chao-Tung Wong, Wen-Sheng Tseng, Ming-Jong Liou, Shyi-Chin Wang, Chien-Chih Hwang, Yueh-Kun Yang, Chun-Sheng Chen, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, 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, Shyi-Chin Wang, Chien-Chih Hwang, Yueh-Kun Yang, Chun-Sheng Chen, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, and Gau Ruel Investment Corporation	Wen-Sheng Tseng, Ming-Jong Liou, Cheng-I Weng, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao,	Wen-Sheng Tseng, Ming-Jong Liou, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, and Gau Ruel Investment Corporation	
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	None	Cheng-I Weng	None	Cheng-I Weng	
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	None	None	Chun-Sheng Chen	Chun-Sheng Chen	
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)	None	None	Chao-Tung Wong	Chao-Tung Wong	
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, Gau Ruel Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Labor Union of China Steel Corporation, Kaohsiung City	Yueh-Kun Yang, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Yueh-Kun Yang and Labor Union of China Steel Corporation, Kaohsiung City	
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None	None	Shyi-Chin Wang and Chien-Chih Hwang	Shyi-Chin Wang and Chien-Chih Hwang	
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	Ministry of Economic Affairs	Ministry of Economic Affairs	Ministry of Economic Affairs	Ministry of Economic Affairs	
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, 2021

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	Cash	Stock	The Company	Consolidated Entities	
Managers	President	29,950	29,950	938	938	21,231	22,936	71,393	0	71,393	123,512 0.199%	125,217 0.202%	144	
	Executive Vice President													
	Chien-Chih Hwang													
	Chiu-Po Chang													
	I-Chung Huang													
	Vice President	Min-Hsiung Liu												
		Yueh-Kun Yang												
		Pai-Chien Huang												
		Jih-Jau Jeng												
		Chung-Te Chen												
	Wen-Ge Lo													
	Shou-Tao Chen													

Note:

1. Consolidated entities include the Company.
2. Compensations paid to President and Vice Presidents only include the compensations received by them during their tenure of this position.

## Range of Compensation

Range of compensation paid to Presidents and Vice Presidents of the Company	Name of President and Vice President	
	The Company	Consolidated Entities
Under NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	Chiu-Po Chang	Chiu-Po Chang
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	None	None
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	None	None
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	I-Chung Huang, Jih-Jau Jeng, Wen-Ge Lo, and Shou-Tao Chen	I-Chung Huang, Jih-Jau Jeng, Wen-Ge Lo, and Shou-Tao Chen
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	Min-Hsiung Liu, Yueh-Kun Yang, Pai-Chien Huang, and Chung-Te Chen	Min-Hsiung Liu, Yueh-Kun Yang, Pai-Chien Huang, and Chung-Te Chen
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	Shyi-Chin Wang and Chien-Chih Hwang	Shyi-Chin Wang and Chien-Chih Hwang
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	11	11



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

As of December 31, 2021

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	0	74,976	74,976	0.121
	Executive Vice President	Chien-Chih Hwang				
	Vice President	Chiu-Po Chang				
		I-Chung Huang				
		Min-Hsiung Liu				
		Yueh-Kun Yang				
		Pai-Chien Huang				
		Jih-Jau Jeng				
		Chung-Te Chen				
		Wen-Ge Lo				
		Shou-Tao Chen				
	General Manager, Finance Department	Shih-Hsin Chen				
	General Manager, Accounting Department	Kai-Ching Huang				
Directors	President of Labor Union	Chun-Sheng Chen				

(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:

1. In 2021, total compensation paid to Directors, President and Vice Presidents of the Company accounted for 0.36% of the Company's net income. In 2020, total compensation paid to Directors, President and Vice Presidents of the Company constituted 6.31% 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...." 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. In addition, 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. In 2021, the 17th Board of Directors convened a total of 7 meetings. Attendance of Directors is listed as follows:

(January 1, 2021 to December 31, 2021)

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	7	0	7	100.0%	None
Director	Representative of Ministry of Economic Affairs	Wen-Sheng Tseng	7	0	7	100.0%	None
Director	Representative of Ministry of Economic Affairs	Ming-Jong Liou	7	0	7	100.0%	None
Director	Representative of Ever Wealthy International Corporation	Shyi-Chin Wang	6	1	7	85.7%	None
Director	Representative of Chiun Yu Investment Corporation	Chien-Chih Hwang	7	0	7	100.0%	None
Director	Representative of Hung Kao Investment Corporation	Cheng-I Weng	7	0	7	100.0%	None
Director	Representative of Gau Ruei Investment Corporation	Yueh-Kun Yang	7	0	7	100.0%	None
Director	Representative of Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen	7	0	7	100.0%	None
Independent Director	Shyue-Bin Chang		7	0	7	100.0%	None
Independent Director	Min-Hsiung Hon		7	0	7	100.0%	None
Independent Director	Lan-Feng Kao		7	0	7	100.0%	None

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
2021.02.26 The 12th meeting of the 17th Board of Directors	Discussion Item 2: Proposal for Distribution of 2020 Profits	No opinion.	NA
	Discussion Item 7: Amendments to the Company's "Internal Control System Provisions"	No opinion.	NA
	Discussion Item 8: Proposal to provide loans totaled NT\$2.6 billion to 4 subsidiaries, including C.S.Aluminium Corporation, etc.	No opinion.	NA
	Discussion Item 11: The Company's "2020 Statement on Internal Control System"	No opinion.	NA
2021.05.07 The 13th meeting	Discussion Item 1: Proposal to invest NT\$801 million in the "Main motor	No opinion.	NA

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
of the 17th Board of Directors	performance improvement project for plate rolling mills” at Rolling Mill Department I		
	Discussion Item 2: Proposal to donate the property rights of the natural gas pipeline passing through CPC Dalin refinery to CPC Corporation, Taiwan	No opinion.	NA
	Discussion Item 3: Proposal to subcontract Stage 3 of the Replacement of Phase I and II Coke Ovens –"Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard" out to China Steel Structure Co., Ltd. and United Steel Engineering & Construction Corporation upon price negotiation	No opinion.	NA
	Discussion Item 4: Proposal to subcontract Stage 6 of the Replacement of Phase I and II Coke Ovens –"Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility" out to United Steel Engineering & Construction Corporation upon price negotiation	No opinion.	NA
	Discussion Item 5: Proposal to provide loans totaled NT\$4.8 billion to 6 subsidiaries, including C.S.Aluminium Corporation, etc.	No opinion.	NA
	Discussion Item 6: Amendments to the Company's "Procedures for Loaning of Funds"	No opinion.	NA
2021.06.18 The 14th meeting of the 17th Board of Directors	No items as listed in Article 14-3 of the Securities and Exchange Act.		
2021.08.06 The 15th meeting of the 17th Board of Directors	Discussion Item 2: Proposal to transfer the 80% shares of China Steel Precision Metals Kunshan Co., Ltd.(CSMK) originally held by United Steel International Co., Ltd. and the 60% shares of China Steel Precision Metals Qingdao Co., Ltd.(CSMQ) originally held by China Steel Asia Pacific Holdings Pte Ltd to China Steel Global Trading Corporation	The Company shall decide CSGT's Chairman and President.	CSGT is a 100% owned subsidiary of CSC and its Chairman and President candidates are recommended by the Company.
	Discussion Item 3: A short-form merger with 100% owned subsidiary, CSC Precision Metal Industrial Corporation, with the reference date of the merger set at October 1, 2021	No opinion.	NA
	Discussion Item 4: Proposal to sell 13 facilities including the drawing machine of special alloy bar and wire rod finishing equipment to Walsin Lihwa Corporation	No opinion.	NA
	Discussion Item 5: Proposal to increase the investment amount from NT\$5,012.9 million to NT\$7,996.1 million in Stage 7 of the Replacement of Phase I and II Coke Ovens– "Phase 3 Construction of Coke Ovens and Coke Dry Quenching Facility"	No opinion.	NA
	Discussion Item 6: Proposal to increase the subcontract amount of Stage 2 of the	No opinion.	NA

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
	Replacement of Phase I and II Coke Ovens —"Phase 1 Construction of the New Enclosed Building in Coking Coal Storage Yard" out to China Steel Structure Co., Ltd. and United Steel Engineering & Construction Corporation		
	Discussion Item 7: Proposal to subcontract Stage 3 of the Replacement of Phase I and II Coke Ovens —"Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard" out to China Ecotek Corporation upon price negotiaion	No opinion.	NA
	Discussion Item 8: Proposal to subcontract Stage 5 of the Replacement of Phase I and II Coke Ovens —"Construction of Coke Transportation and Handling System for the Raw Material Handling & Inplant Transportation Department" out to China Ecotek Corporation and United Steel Engineering & Construction Corporation upon price negotiaion	No opinion.	NA
	Discussion Item 9: Proposal to subcontract Stage 6 of the Replacement of Phase I and II Coke Ovens —"Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility" out to China Steel Machinery Corporation and China Ecotek Corporation upon price negotiaion	No opinion.	NA
	Discussion Item 10: 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
2021.09.24 The 16th meeting of the 17th Board of Directors	Discussion Item 1: Capital injection within the limit of NT\$5,513.5 million to China Steel Power Holding Corporation	The proposal should be reviewed in detail by legal, finance and other relevant units before signing.	The review is facilitated by the Company's Legal Department and external legal advisers.
	Discussion Item 2: To provide the shares of China Steel Power Corporation and China Steel Power Holding Corporation held by the Company as collateral for the bank facility of China Steel Power Corporation	No opinion.	NA
	Discussion Item 3: Proposal to provide loans totaled NT\$360 million to subsidiary, China Steel Power Holding Corporation	The Board of Directors supports the promotion of ESG work. The Company's effort to help Directors understand the ESG issues of the industry and properly connect Directors' remuneration to it is worth recognizing.	The Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality was set up under the Corporate Governance and Sustainability Committee, a functional committee of the Board of Directors to demonstrate the Company's determination of carbon reduction and carbon neutrality. This also shows that the Board of Directors values ESG work.

Date and Session of Board Meeting	Proposal	Independent Directors' opinions	The Company's actions in response to Independent Directors' opinions
2021.11.05 The 17th meeting of the 17th Board of Directors	Discussion Item 1: Proposal to authorize the Chairman to sign the contract "Commitment to Capital Injection in China Steel Power Holding Corporation and Bank Creditor's Rights Priority Over Shareholders' Rights" as a contract addendums for China Steel Power Corporation's financing contract	No opinion.	NA
	Discussion Item 2: Proposal to invest NT\$3,277 million in the "Phase 2 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10) project"	No opinion.	NA
	Discussion Item 3: Proposal to provide loans totaled NT\$4.05 billion to 5 subsidiaries, including C.S.Aluminium Corporation, etc.	No opinion.	NA
2021.12.24 The 18th meeting of the 17th Board of Directors	Discussion Item 3: Capital injection totaled NT\$1.25 billion to Sing Da Marine Structure Corporation	No opinion.	NA

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

- 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, 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: 1. The Director's spouse, parents, children or other relatives within the third degree of relationship; 2. Enterprises in which the persons in the preceding subparagraph who directly or indirectly enjoy significant financial interests. 3. Enterprises in which the person him/herself serves as Chairman, Executive Director or Senior Executive. However, the above does not apply to enterprises which are affiliates of the Company."

- The 12th meeting of the 17th Board of Directors on February 26, 2021: Directors Shyi-Chin Wang, Chien-Chih Hwang, and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the 2020 Year-End Performance Evaluation of President, Executive Vice President, and Vice Presidents (From January to December).
  - The 15th meeting of the 17th Board of Directors on August 6, 2021: Directors Shyi-Chin Wang, Chien-Chih Hwang, and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the 2021 Mid-Year Performance Evaluation of President, Executive Vice President, and Vice Presidents (From January to June).
  - The 16th meeting of the 17th Board of Directors on September 24, 2021: 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.
- 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 regularly 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.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
The Company conducts an internal evaluation on a yearly basis and conducts an external evaluation at least every three years.	2021.01.01 ~ 2021.12.31	Board of Directors, Board Members, and Functional Committees of the Board of Directors	Internal 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"> <li>A. Involvement in the Company's operations</li> <li>B. Improvement in the quality of decision-making of the Board of Directors</li> <li>C. Composition and structure of the Board of Directors</li> <li>D. Election and continuing education of Directors</li> <li>E. Internal Control</li> </ul> <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"> <li>A. Alignment of the Company's goals and missions</li> <li>B. Awareness of the duties of the Director</li> <li>C. Involvement in the Company's operations</li> <li>D. Management of internal relations and communication</li> <li>E. Professionalism and continuing education of Directors</li> <li>F. Internal Control</li> </ul> <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"> <li>A. Involvement in the Company's operations</li> <li>B. Awareness of the duties of the functional committees</li> <li>C. Improvement in the quality of decision-making of the functional committees</li> <li>D. Composition of the functional committees, and election of its members</li> <li>E. Internal Control</li> </ul>

Internal performance evaluation of the Board of Directors in 2021 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 25, 2022 and are summarized as follows:

- (1) Performance evaluation of the Board of Directors: The average total score of the questionnaire was 98.73; Average indicator score: 4.94. There were 3 individual indicators with an average score lower than the overall average score (4.94), which were “adequate communication between the directors and the CPAs”, “sufficient number of independent directors has been set up and the number of independent directors has met the relevant requirements”, “Board member selection process, taking into account the



- performance evaluation results of individual directors”.
- (2) Performance evaluation of the Board Members: The average total score of the questionnaire was 99.82; Average indicator score: 4.99. There was 1 individual indicator with an average score lower than the overall average score (4.99), which was “adequate communications between directors and CPAs”.
  - (3) Performance evaluation of the Audit Committee: The average total score of the questionnaire was 100; Average indicator score: 5.
  - (4) Performance evaluation of the Remuneration Committee: The average total score of the questionnaire was 100; Average indicator score: 5.
  - (5) Performance evaluation of the Corporate Governance and Sustainability Committee: The average total score of the questionnaire was 100; Average indicator score: 5.
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 2021, the Company established the "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality," headed by the chairman, under the Corporate Governance and Sustainability Committee. The Task Force is responsible for planning and promoting the Company's carbon reduction and carbon-neutral related matters. On December 22, 2021 and December 24, 2021, the Task Force reported the implementation plan and results to the Corporate Governance and Sustainability Committee and the Board respectively.
  - (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. In December 2021, CSC's Corporate Governance and Sustainability Committee reported the annual stakeholder engagement results to the Board of Directors.
  - (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 CSR policies 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 2021, discussing the amendments of corporate governance related procedures and the implementation of sustainable development.

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)
Independent Director (Convener)	Shyue-Bin Chang	3	0	100%
Independent Director	Min-Hsiung Hon	3	0	100%
Independent Director	Lan-Feng Kao	3	0	100%
Director	Shyi-Chin Wang	3	0	100%
Director	Chun-Sheng Chen	3	0	100%

## (II) Operation of the Audit Committee

The Company established the Audit Committee on June 23, 2016. In 2021, the Audit Committee of the Board of Directors convened a total of 6 meetings. Attendance of Independent Directors is listed as follows:

(2021.01.01~2021.12.31)

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)	Remarks
Independent Director (Convener)	Shyue-Bin Chang	6	0	100%	None
Independent Director	Min-Hsiung Hon	6	0	100%	None
Independent Director	Lan-Feng Kao	6	0	100%	None

### 1. Professional qualifications and experience of Audit Committee members

Title	Name	Professional qualifications and experience
Independent Director (Convener)	Shyue-Bin Chang	<b>Expertise:</b> Aviation industry; Electrical and mechanical engineering, Board member of other listed companies. <b>Education:</b> Ph.D. in Mechanical and Aerospace Engineering, Cornell University, U.S.A.
Independent Director	Min-Hsiung Hon	<b>Expertise:</b> Materials science; Board member of other listed companies. <b>Education:</b> Ph.D. in Materials Science and Engineering, North Carolina State University, U.S.A.
Independent Director	Lan-Feng Kao	<b>Expertise:</b> Accounting/Finance <b>Education:</b> Ph.D. in Accounting, National Cheng Kung University
For the experience and other current positions of Independent Directors, please refer to page 17-19 Information on Directors of this annual report.		

### 2. Annual focus of the Audit Committee:

- (1) As the government announced the 2050 carbon neutrality goals, the Committee urged the Company to find countermeasures. The Committee advised the Company to actively invest or research and develop in water resources, energy saving and green energy development in the future.
- (2) The Committee reviewed and made suggestions on matters such as intelligence, investment amount, schedule, and related party transactions of the major revamping projects in the plant.
- (3) The Committee reviewed the Zhong Neng Offshore Wind Farm project and monitored the investment amount to avoid unlimited liability for its operation in the future.
- (4) The Committee paid attention to the operation of Sing Da Marine Structure Corporation and the strategies to improve competitiveness.

### 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.

I. 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
2021.02.24 The 11th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 1: The Company's 2020 Business Report and Financial Statements	None.	Unanimously approved by all the Committee members present.
	Discussion Item 2: Proposal for Distribution of 2020 Profits	None.	Unanimously approved by all the Committee members present.
	Discussion Item 4: 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 5: the Company's "2020 Statement on Internal Control System	None.	Unanimously approved by all the Committee members present.
	Discussion Item 6: Amendments to the Company's "Internal Control System Provisions"	None.	Unanimously approved by all the Committee members present.
2021.05.05 The 12th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 1: Proposal to provide loans totaled NT\$4.8 billion to 6 subsidiaries, including C.S.Aluminium Corporation, etc.	None.	Unanimously approved by all the Committee members present.
	Discussion Item 2: Amendments to the Company's "Procedures for Loaning of Funds"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Proposal to invest NT\$801 million in the "Main motor performance improvement project for plate rolling mills" at Rolling Mill Department I	Suggestions: 1. Motor and engine efficiency requirements should be put forward to equipment suppliers to comply with current energy saving trends. 2. Consider whether to modify the cooling system to avoid the situation of facing no cooling water when water shortage crisis happens in the future. 3. Raise the demand for high power, high torque, and low-speed motors to domestic motor manufacturers, so as to enhance the energy of domestic motor industry.	Unanimously approved by all the Committee members present.
	Discussion Item 4: Proposal to donate the property rights of the natural gas pipeline passing through CPC Dalin refinery to CPC Corporation, Taiwan	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
	Discussion Item 5: Proposal to subcontract Stage 3 of the Replacement of Phase I and II Coke Ovens - "Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard" out to China Steel Structure Co., Ltd., and United Steel Engineering & Construction Corporation upon price negotiation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 6: Proposal to subcontract Stage 6 of the Replacement of Phase I and II Coke Ovens - "Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility" out to United Steel Engineering & Construction Corporation upon price negotiation	None.	Unanimously approved by all the Committee members present.
2021.08.04 The 13th meeting of the Audit Committee of the 17th Board of Directors	Report Item 1: The Company's 2021 2nd quarter Financial Statements	None.	Acknowledged by all the Committee members present.
	Discussion Item 1: 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 2: Proposal to transfer the 80% shares of China Steel Precision Metals Kunshan Co., Ltd.(CSMK) originally held by United Steel International Co., Ltd. and the 60% shares of China Steel Precision Metals Qingdao Co., Ltd.(CSMQ) originally held by China Steel Asia Pacific Holdings Pte Ltd to China Steel Global Trading Corporation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: A short-form merger with 100% owned subsidiary, CSC Precision Metal Industrial Corporation, with the reference date of the merger set at October 1, 2021	None.	Unanimously approved by all the Committee members present.
	Discussion Item 4: Proposal to sell 13 facilities including the drawing machine of special alloy bar and wire rod finishing equipment to Walsin Lihwa Corporation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 5: Proposal to increase the investment amount from NT\$5,012.9 million to NT\$7,996.1 million in Stage 7 of the Replacement of Phase I and II Coke Ovens— "Phase 3 Construction of Coke Ovens and Coke Dry Quenching Facility"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 6: Proposal to increase the subcontract amount payable of Stage 2 of the Replacement of Phase I and II Coke Ovens —"Phase 1 Construction of the New Enclosed Building in Coking Coal Storage Yard" out to China Steel Structure Co., Ltd. and United Steel Engineering & Construction Corporation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 7: Proposal to subcontract Stage 3 of the Replacement of Phase I and II Coke Ovens —"Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard" out to China Ecotek Corporation upon price negotiaion	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
	Discussion Item 8: Proposal to subcontract Stage 5 of the Replacement of Phase I and II Coke Ovens – "Construction of Coke Transportation and Handling System" out to China Ecotek Corporation and United Steel Engineering & Construction Corporation upon price negotiaion	None.	Unanimously approved by all the Committee members present.
	Discussion Item 9: Proposal to subcontract Stage 6 of the Replacement of Phase I and II Coke Ovens - "Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility" out to China Steel Machinery Corporation and China Ecotek Corporation upon price negotiation	None.	Unanimously approved by all the Committee members present.
2021.09.22 The 14th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 1: Capital injection within the limit of NT\$5,513.5 million to China Steel Power Holding Corporation	Suggestions: Please prepare the follow-up investment strategy for this proposal.	Unanimously approved by all the Committee members present.
	Discussion Item 2: To provide the shares of China Steel Power Corporation and China Steel Power Holding Corporation held by the Company as collateral for the bank facility of China Steel Power Corporation	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Proposal to provide loans totaled NT\$360 million to subsidiary, China Steel Power Holding Corporation	None.	Unanimously approved by all the Committee members present.
2021.11.03 The 15th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 1: Proposal to authorize the Chairman to sign the contract "Commitment to Capital Injection in China Steel Power Holding Corporation and Bank Creditor's Rights Priority Over Shareholders' Rights" as a contract addendums for China Steel Power Corporation's financing contract	Suggestions: The risk in this case shall be accurately controlled within the initial investment amount, and it shall be implemented according to the resolution of the Board Meeting on September 24.	Unanimously approved by all the Committee members present.
	Discussion Item 2: Proposal to invest NT\$3,277 million in the "Phase 2 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10) project"	None.	Unanimously approved by all the Committee members present.
	Discussion Item 3: Proposal to provide loans totaled NT\$4.05 billion to 5 subsidiaries, including C.S.Aluminium Corporation, etc.	None.	Unanimously approved by all the Committee members present.
2021.12.21 The 16th meeting of the Audit Committee of the 17th Board of Directors	Discussion Item 3: Capital injection totaled NT\$1.25 billion to Sing Da Marine Structure Corporation	None.	Unanimously approved by all the Committee members present.
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.			

- II. 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
- I. 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 it also directly communicates with Independent Directors via e-mails, phone calls, or meetings in person as needed.
- Communication between Chief Auditor and Independent Directors in 2021 is listed as follows:

Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2021.02.24 The 11th meeting of the Audit Committee of the 17th Board of Directors	The 1st Internal Audit Report in 2021	How can existing manpower be used to complete audits for 28 subsidiaries and 39 first echelon units?	The Internal Audit Office distributed the subsidiary's audit business to all the auditors between June and December 2020 with an average audit period of approximately 2 months for each subsidiary; As a result of the COVID-19 pandemic, six overseas subsidiaries were reviewed through documents, contributing to the extended audit periods.
	The "2020 Statement on Internal Control System" of the Company	Unanimously approved.	Not applicable
2021.05.05 The 12th meeting of the Audit Committee of the 17th Board of Directors	The 2nd Internal Audit Report in 2021	No opinion.	Not applicable
Date and Session of Communication with Independent Directors	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2021.02.24 The 1st communication between Independent Directors and	Internal audit implementation in 2020	1. Is the staff assigned by CSC to subsidiaries an official post? Who is responsible for the audit work of subsidiaries? 2. Does CSC have a disciplinary office? 3. Auditors have no legal authority and	1. The CSC employees being assigned to domestic subsidiaries are left without pay, and their tenure continues to

Chief Auditor		<p>are unable to request information from the inspectees. How will the complaint be investigated?</p> <p>4. Is the review of complaints the same as that of listed companies?</p> <p>5. Is there an administrative assistant or secretary in the Internal Audit Office other than Sr. Auditor and Jr. Auditor?</p> <p>6. It is not reasonable to have certain subsidiaries failing to deliver audit reports to the parent company.</p>	<p>accumulate; the auditors assigned to subsidiaries are their regular staff and are responsible for the audit work.</p> <p>2. In the early time, CSC was a state-owned company and had a disciplinary office, which was abolished after its privatization; Currently, it is a private company with no disciplinary office.</p> <p>3. Investigations into complaints are officially assigned tasks. It is authorized the power to require the relevant units or personnel to provide information. Basically, as long as the confidentiality principle is adhered to and no leaking during investigation, the investigation will all come to a result. To date, the examination of complaints has been smooth.</p> <p>4. We are not familiar with the complaints and audit conducted in other listed companies, yet the approach might be similar. As a private company transferred from a state-owned company, China Steel Corporation has the advantage of passing on the method of investigation carried out by the Investigation Bureau, which benefits the examination of complaints.</p> <p>5. There is no administrative assistant or secretary in the Internal Audit Office. Administrative affairs are carried out by the Chief Auditor, each senior auditor and junior auditor.</p>
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			6. The investment supervision unit has asked subsidiaries to submit audit reports and follow-up reports on a timely basis. Each subsidiary has followed the regulation accordingly.
2021.08.04 The 2nd communication between Independent Directors and Chief Auditor	Audit implementation from April to June 2021	1. Does CSC have a workplace ethics committee for employees to report workplace bullying or unfair treatment? 2. Has the number of Internal Audit Office staff increased due to staff being dispatched to subsidiaries? 3. Does the Internal Audit Office still not have an assistant or secretary currently? 4. For subsidiaries in which CSC has a low shareholding percentage, is CSC's Internal Audit Office able to supervise, notwithstanding the appointment of managers?	1. CSC has set up an employee complaint system as a channel of complaint for employees. 2. Since there will be staff being appointed to the subsidiaries as the audit supervisor in the future, the Internal Audit Office has added another one junior auditor in May and June 2021 respectively, which facilitates the smooth promotion of the audit work. 3. The opinions of the Independent Directors of the last meeting were recorded in the minutes. Currently, the Internal Audit Office is familiar with handling administrative work by themselves and having no administrative assistant will not affect the audit business or quality. 4. The Company's contact unit for its subsidiaries is the Corporate Strategy Department of Corporate Planning Division, which has a mechanism for reporting major events of its subsidiaries, allowing smooth contact between the parties and providing necessary assistance to the subsidiaries.
2021.11.03 The 3rd communication	Audit implementation from July to September 2021	1. It is proposed that for the audit report of the annual business audit, the deficiencies should be categorized to	1. Since December 2021, the audit report sent to the Independent



<p>between Independent Directors and Chief Auditor</p>		<p>review whether the operational deficiency has been improved and the improvements made each year.</p> <ol style="list-style-type: none"> <li>2. It is recommended that audit case studies can be brought out for discussion during the communication.</li> <li>3. Calling the chairman and president of each subsidiary's attention to the annual deficiency statistics can make the auditors' work more meaningful.</li> <li>4. Based on the experience of the Internal Audit Office over the years, what kind of circumstances and personnel usually file complaints (or reports) with the Internal Audit Office?</li> <li>5. Where the public sector does not deal with anonymous complaints, how about CSC?</li> </ol>	<p>Directors for review has been compiled according to the requirements of the Independent Directors with annual statistics on the deficiencies and a trend graph.</p> <ol style="list-style-type: none"> <li>2. Since February 2022, the Internal Audit Office has selected important items among the audit content and explained them to each Independent Director and answered questions in the meeting.</li> <li>3. After the audit report of subsidiaries was approved by the Chairman of CSC, it was submitted to the chairman and president of subsidiaries for improvement. The Internal Audit Office always thoroughly implements and monitors the improvement plans. The Group has also developed an improvement tracking and reporting mechanism in its cloud system. All deficiencies and improvement status have to report to FSC.</li> <li>4. Complaints are mainly internal, but the Internal Audit Office does not purposely find out who lodge complaints.</li> <li>5. The reporting system disclosed on the official website of CSC specifies that anonymous report will not be accepted, but recently, the competent authorities still require companies to do so. Based on past practices, anonymous complaints with details will be accepted in many cases, unless the complaints are too vague and the whistle blower cannot be contacted to clarify.</li> </ol>
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## II. 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 CPAs and Independent Directors in 2021 is listed as follows:

Date and Session of Board Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2021.02.26 The 12th meeting of the 17th Board of Directors	Discussion and communication on the 2020 Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed. 2. Unanimously approved the financial statements.	Not applicable
2021.05.07 The 13th meeting of the 17th Board of Directors	Reporting and communication on the 2021 1st quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed.	The questions raised by Independent Directors were answered.
2021.08.06 The 15th meeting of the 17th Board of Directors	Reporting and communication on the 2021 2nd quarter Consolidated Financial Statements and Standalone Financial Statements	No opinion.	Not applicable
2021.11.05 The 17th meeting of the 17th Board of Directors	Reporting and communication on the 2021 3rd quarter Consolidated Financial Statements and Standalone Financial Statements	No opinion.	Not applicable
Date and Session of Audit Committee Meeting	Key Points	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2021.02.24 The 11th 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 2020 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.
2021.05.05 The 12th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2021 1st quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed	The questions raised by Independent Directors were answered.
2021.08.04 The 13th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2021 2nd quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed	The questions raised by Independent Directors were answered.
2021.11.03 The 15th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2021 3rd quarter Consolidated Financial Statements and Standalone Financial Statements	Recognized the operational performance	Not applicable
Date and Session of Other Meeting	Key Points	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2021.11.03 Communication between CPAs and those charged with governance	Communication of key audit matters in the 2021 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.
2021.11.05 Communication between CPAs and the managements	Communication of key audit matters in the 2021 CPAs' audit report.	Raised questions and discussed	The questions raised by Independent Directors were answered by CPAs.

(I) 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	Summary	
			<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. In addition, the regulations for internal control and internal audit of subsidiaries have also been formulated to control risks.</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 prohibit any personnel from trading securities through utilizing information not disclosed to the market. Furthermore, the Company also strictly prohibited personnel from insider trading and has formulated related regulations, including the "Codes of Ethics for Directors," the "Codes of Ethics for First Echelon Supervisors and Executives" (refer to Page 63-67 in this annual report for more details), and the "Guidelines for Recusal Due to Conflict of Interests."</p> <p>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, and the Regulations Governing Handling of Material Internal Information and Prevention of Insider Trading to prohibit any personnel from trading securities through utilizing information not disclosed to the market.</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. 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 and Supervisors 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 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, construction of high-value industry chain, creation of smart production and sale, 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	
			<p>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 achieve the sustainable development. Meanwhile, CHC Resources, China Steel Structure, China Steel Chemical, and China Ecotek have voluntarily set up the committees regarding sustainable development.</p> <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 36-38 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. In 2022, the Company appointed the Taiwan Corporate Governance Association (TCGA) to conduct an external performance</p>

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>evaluation of the Board of Directors, with the results of the evaluation to be disclosed on the corporate website and the Market Observation Post System.</p> <p>For the evaluation of the Board of Directors, the questionnaire method is adopted for self-evaluation. In 2021, the evaluation results were compiled by the Secretariat Department of the Company and submitted to the Board of Directors on February 25, 2022 as the basis for review and improvement.</p> <p>The scores of the Company's internal evaluation for 2021 ranged from 98 to 100. The items with relatively lower scores included "Adequate communication between the Directors and CPAs". The Company will increase the frequency of communication between CPAs and Directors, and arrange communication reports between CPAs and Independent Directors every half year.</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 and conducted performance evaluation according thereto, and further reported the results of performance evaluation to the Board of Directors. The results of the performance evaluation 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 that require improvement. Chung Hung Steel and China Steel Chemical have also appointed TCGA to conduct an external performance evaluation of the Board of Directors, with the relevant evaluation results, recommendations as well as improvement plans for both companies disclosed on their corporate websites or in their</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>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 were reported to the Board Meeting on February 26, 2021 and February 25, 2022 respectively.</p> <p>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 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.</p>	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary 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 Company Secretary at the Company is concurrently held by the Vice President of the Corporate Planning Division. The main duties of Company Secretary 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</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	
			the Corporate Governance and Sustainability Committee. For more details regarding continuing education of Company Secretary, please refer to Page 61. Listed subsidiaries of CSC Group have set up their company secretary, which is concurrently held by various senior 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 company secretary 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		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 held at the end of each year: (I) Shareholders 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
			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>through our toll-free telephone line and email address for shareholders.</p> <p>5. Communicate with domestic and foreign institutional investors, and attends investor conferences held by domestic and foreign brokers.</p> <p>(II) Employees</p> <p>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</p> <p>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</p> <p>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).</p> <p>2. Obtain feedback from customers through customer briefings, R&amp;D alliances, professional training, market surveys, visits and customer interviews.</p> <p>3. Provide total solution for customers' businesses through electronic supply chain and e-Sales system.</p> <p>4. Expand customer services through integration of the marketing resources of CSC Group.</p> <p>5. Enhance technical services, actively engage in technical</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>marketing, respond real-time to customer needs, and provide customized specifications.</p> <p>6. Understand customers' needs and assist customers with process improvement and materials use, and keep improving the quality of products and services.</p> <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, energy and 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 CSR report annually as an important channel to disclose information and respond to issues of concern to stakeholders.</p> <p>For listed subsidiaries of CSC Group, various business units maintain smooth communication channels with stakeholders 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. Among the listed subsidiaries, Chung Hung Steel, CHC Resources, China Steel Chemical, and China Ecotek have 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		<p>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. According to regulations, a stock transfer agent cannot serve as a solicitor when election of directors is on the Shareholders' Meeting agenda. However, the stock transfer agent continues to assist the Company in verifying proxies and handling other affairs associated with the Shareholders' Meeting.</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	
<p>VII. Information Disclosure</p> <p>(I) Has the Company established a website to disclose information on financials, business and corporate governance?</p> <p>(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)?</p> <p>(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?</p>	<p>(I) Yes</p> <p>(II) Yes</p> <p>(III) Yes</p>		<p>No significant difference</p>
			<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 websites:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The Company has 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.</li> <li>3. Listed subsidiaries of CSC Group have established a public information online filing system as required by the law while filing various data and disclosing material information accordingly. In addition, listed subsidiaries of CSC Group have also set up the spokesperson system, 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.</li> </ol> <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>

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
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 17th Board of Directors

(5) Continuing Education for Directors of the 17th Board of Directors

As of March 31, 2022

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours
			From	to			
Director	Chao-Tung Wong	2019/06/19	2021/11/05	2021/11/05	Taiwan Investor Relations Institute	How to Improve Corporate Governance with the Intellectual Property Management System	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Director	Wen-Sheng Tseng	2019/06/19	2021/11/05	2021/11/05	Taiwan Investor Relations Institute	How to Improve Corporate Governance with the Intellectual Property Management System	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Director	Ming-Jong Liu	2020/11/20	2022/02/18	2022/02/18	Taiwan Corporate Governance Association	Unlocking the Key Passwords in Financial Statements	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
			2021/01/22	2021/01/22	Taiwan Corporate Governance Association	Battle over Management Rights and Case Analysis	3.0

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours
			From	to			
Director	Shyi-Chin Wang	2019/06/19	2021/11/05	2021/11/05	Taiwan Investor Relations Institute	How to Improve Corporate Governance with the Intellectual Property Management System	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Director	Chien-Chih Hwang	2019/09/30	2021/11/05	2021/11/05	Taiwan Investor Relations Institute	How to Improve Corporate Governance with the Intellectual Property Management System	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Director	Cheng-I Weng	2019/06/19	2021/11/05	2021/11/05	Taiwan Investor Relations Institute	How to Improve Corporate Governance with the Intellectual Property Management System	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Director	Yueh-Kun Yang	2019/06/19	2021/09/01	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Director	Chun-Sheng Chen	2019/06/19	2021/11/18	2021/11/19	Ministry of Labor	2021 Professional skills training activities for labor directors	8.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
Independent Director	Shyue-Bin Chang	2019/06/19	2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0
			2021/03/22	2021/03/22	Taiwan Corporate Governance Association	Corporate Governance for a Company Group	3.0
Independent Director	Min-Hsiung Hon	2019/06/19	2021/10/06	2021/10/06	Securities and Futures Institute	Impact on Enterprises from ESG in the Corporate Environment and Climate Change	3.0
			2021/10/06	2021/10/06	Securities and Futures Institute	From Insider Trading to Corporate Social Responsibility	3.0
			2021/05/07	2021/05/07	Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	3.0

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours																																										
			From	to																																													
Independent Director	Lan-Feng Kao	2019/06/19	2022/02/10	2022/02/10	Taiwan Institute for Sustainable Energy	The 27th CEO Lecture and Keynote Speech	2.0																																										
			2021/09/17	2021/09/17	Taiwan Corporate Governance Association	A Quick Interpretation and Preparation for ESG Disclosure Requirements in Corporate Governance 3.0	3.0																																										
			2021/01/29	2021/01/29	Securities and Futures Institute	Principles and Applications of Artificial Intelligence	3.0																																										
The above mentioned only discloses the courses attended by members of the 17th Board of Directors from 2021 to March 31, 2022.																																																	
(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: Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG																																																	
(1) Date: May 7, 2021																																																	
(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:																																																	
<table><tr><th>Name</th><th>Title</th></tr><tr><td>Shyi-Chin Wang</td><td>President</td></tr><tr><td>Chien-Chih Hwang</td><td>Executive Vice President</td></tr><tr><td>I-Chung Huang</td><td>Vice President, Administration Division</td></tr><tr><td>Hsi-Chou Chung</td><td>Assistant Vice President, Administration Division</td></tr><tr><td>Min-Hsiung Liu</td><td>Vice President, Commercial Division</td></tr><tr><td>Ming-Yuan Chen</td><td>Assistant Vice President, Commercial Division</td></tr><tr><td>Kai-Ming Huang</td><td>Assistant Vice President, Commercial Division (retired on March 1, 2022)</td></tr><tr><td>Yueh-Kun Yang</td><td>Vice President, Finance Division</td></tr><tr><td>Hung-Tai Chou</td><td>Assistant Vice President, Finance Division</td></tr><tr><td>Pai-Chien Huang</td><td>Vice President, Corporate Planning Division and Company Secretary</td></tr><tr><td>Jih-Jau Jeng</td><td>Vice President, Technology Division</td></tr><tr><td>Hong-Yih Liou</td><td>Assistant Vice President, Technology Division</td></tr><tr><td>Chung-Te Chen</td><td>Vice President, Engineering Division</td></tr><tr><td>Kuo-Hua Sun</td><td>Assistant Vice President, Engineering Division</td></tr><tr><td>Jung-Fa Li</td><td>Assistant Vice President, Engineering Division (assigned to a subsidiary on May 31, 2021)</td></tr><tr><td>Shou-Tao Chen</td><td>Assistant Vice President, Production Division (promoted as Vice President, Production Division on June 18, 2021)</td></tr><tr><td>Hung-Chang Chang</td><td>Assistant Vice President, Production Division</td></tr><tr><td>Jiunn-Yann Lee</td><td>Assistant Vice President, Production Division (retired on March 31, 2022)</td></tr><tr><td>Shih-Hsin Chen</td><td>General Manager, Finance Department</td></tr><tr><td>Kai-Chin Huang</td><td>General Manager, Accounting Department</td></tr></table>								Name	Title	Shyi-Chin Wang	President	Chien-Chih Hwang	Executive Vice President	I-Chung Huang	Vice President, Administration Division	Hsi-Chou Chung	Assistant Vice President, Administration Division	Min-Hsiung Liu	Vice President, Commercial Division	Ming-Yuan Chen	Assistant Vice President, Commercial Division	Kai-Ming Huang	Assistant Vice President, Commercial Division (retired on March 1, 2022)	Yueh-Kun Yang	Vice President, Finance Division	Hung-Tai Chou	Assistant Vice President, Finance Division	Pai-Chien Huang	Vice President, Corporate Planning Division and Company Secretary	Jih-Jau Jeng	Vice President, Technology Division	Hong-Yih Liou	Assistant Vice President, Technology Division	Chung-Te Chen	Vice President, Engineering Division	Kuo-Hua Sun	Assistant Vice President, Engineering Division	Jung-Fa Li	Assistant Vice President, Engineering Division (assigned to a subsidiary on May 31, 2021)	Shou-Tao Chen	Assistant Vice President, Production Division (promoted as Vice President, Production Division on June 18, 2021)	Hung-Chang Chang	Assistant Vice President, Production Division	Jiunn-Yann Lee	Assistant Vice President, Production Division (retired on March 31, 2022)	Shih-Hsin Chen	General Manager, Finance Department	Kai-Chin Huang	General Manager, Accounting Department
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2. Course title: How to Improve Corporate Governance with the Intellectual Property Management System

(1) Date: November 5, 2021

(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
Min-Hsiung Liu	Vice President, Commercial Division
Ming-Yuan Chen	Assistant Vice President, Commercial Division
Kai-Ming Huang	Assistant Vice President, Commercial Division (retired on March 1, 2022)
Chung-Te Chen	Vice President, Engineering Division
Chen Yang	Assistant Vice President, Engineering Division
Shou-Tao Chen	Vice President, Production Division

(IV) Continuing education and training of Company Secretary:

Organizer	Course Title	Date of Training	Training Hours
Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	2021/09/01	3.0
Taiwan Investor Relations Institute	Corporate Crisis Trend and Risk Forecast	2021/07/30	3.0
Taiwan Investor Relations Institute	Practical Analysis of the New Version of Corporate Governance and Board Performance Evaluation	2021/07/29	3.0
Taiwan Corporate Governance Association	Corporate Sustainable Governance from a Risk Perspective - From Corporate Governance to ESG	2021/05/07	3.0

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

1. Succession plan of 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. Succession plan of significant managements:

In response to the needs of the business operations and human resources development at CSC Group, the Company has set up the Human Resources Development Committee, which regularly convenes meetings to review succession plans and successor development.

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 values 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 2021.

(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 103 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 7th (2020) Corporate Governance Evaluation announced in April 2021 are as follows:

1. The Company:

(1) #2.27 Has the Company drawn up an intellectual property management plan that is linked to its operational targets? Does the Company disclose the implementation of this plan on its corporate website or in its annual report and report it to the Board of Directors at least once a year?

In addition to reporting intellectual property-related matters to the Board of Directors on a regular basis every year, the Company also completed the introduction of the Taiwan Intellectual Property Management System (TIPS) in 2021 and was granted the TIPS certification in November the same year.

(2) #3.20 Has the Company received any invitation (or taken the initiative) to attend at least two investor conferences, with the first and last investor conferences held at least three months apart within the year of assessment?

The Company attended at least one investor conference each quarter in 2021.

2. Listed subsidiaries of CSC Group:

Improvements made on evaluation indicators: 1. Directors of all the listed subsidiaries of CSC Group have completed continuing education and training according to the required training hours; 2. All the listed subsidiaries of CSC Group have published material information in English simultaneously; 3. Chung Hung Steel and China Steel Chemical have attended one investor conference each quarter, while China Ecotek and China Steel Structure have attended at least two investor conferences each year; and 4. Chung Hung Steel, China Steel Chemical, CHC Resources, and China Steel Structure have uploaded their English version of annual financial reports in seven days before their annual general meeting of shareholders.

In addition, ongoing improvements will be made as follows: 1. Uploading the English version of the meeting handbook, annual report, and financial report before the shareholders' meeting; 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. Formulating risk management policies and procedures, as well as disclosing the scope, organizational structure and implementation of risk management.

## **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)	Shyue-Bin Chang	<b>Date of initial appointment (Years of service):</b> June 23, 2016 (6 years) <b>Expertise:</b> Aviation industry; Electrical and mechanical engineering; Board member of other listed companies. <b>Education:</b> PhD in Mechanical and Aerospace Engineering, Cornell University, U.S.A.	2
Independent Director	Min-Hsiung Hon	<b>Date of initial appointment (Years of service):</b> June 23, 2016 (6 years) <b>Expertise:</b> Materials science; Board member of other listed companies. <b>Education:</b> PhD in Materials Science and Engineering, North Carolina State University, U.S.A.	1
Independent Director	Lan-Feng Kao	<b>Date of initial appointment (Years of service):</b> June 23, 2016 (6 years) <b>Expertise:</b> Accounting/Finance <b>Education:</b> PhD in Accounting, National Cheng Kung University	0
For the experience and other current positions of Independent Directors, please refer to page 17-19 Information on Directors of this annual report.			

Title	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.
Independent Director (Convener)	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.					

## 2. Operation of Remuneration Committee

- (1) The Remuneration Committee of the Company is composed of three members.
- (2) Tenure of the current committee members: June 19, 2019 to June 18, 2022. In the most recent year, the Remuneration Committee convened a total of 4 meetings (A). The qualification and attendance of members are listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remarks
Convener	Shyue-Bin Chang	4	0	100%	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.
Committee Members	Min-Hsiung Hon	4	0	100%	
	Lan-Feng Kao	4	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	
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 corporate social responsibility, 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 develop CSR 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 &amp; carbon reduction and carbon neutrality.</p> <p>(6) 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 &amp; Carbon Reduction and Carbon Neutrality," headed by the Chairman, to carry out practical actions against climate change. 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 2021 and the plan for the next year to the Board of Directors on December 24, 2021.</p> <p>2. Implementation results in 2021: (1) the addition of "Participation in ESG Issues" in the performance evaluation of the Board, (2) Urge the listed subsidiaries to set ESG targets to continuously supervise the implementation of the sustainable development of the Group (3) the continuous adoption of air pollution reduction measures and the cessation of coal combustion boilers, (4) the enhancement of reclaimed water usage, (5) the ongoing staff caring activities and steel and environmental protection related educational training</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>(6) set 2050 carbon neutrality target and set short (2025), mid (2030), and long (2050) term carbon reduction goals. The implementation status is disclosed on the CSR section of corporate 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 short, mid and long-term 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 to be in line 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 the CSR Management Committee or Sustainable Development Committee chaired by the chairman, which regularly convenes meetings and reports the implementation status to the board of directors.</p>
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		<p>The Company and the listed subsidiaries of CSC Group have established a materiality analysis process following GRI standards and stakeholder engagement standard; identified material topics and risks of sustainable development through the procedure of collection and review, prioritization and identification, and verification; as well as formulated relevant management strategies.</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>
			No significant difference

Promoted Item	Status of Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			<p>The Company has identified the risks of climate change, such as the 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.</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. The Company successfully obtained the OHSAS 18001 certification in 2002 and the TOSHMS certification in 2009. Furthermore, the Company revised its existing safety and health management regulations in line with the new ISO 45001:2018 standards and completed the conversion certification in June 2020. The relevant management policies include improving employees' attitude, awareness, and skills related to safety and health through training and promotion; and routine inspection on the conduct and working environment of employees and personnel of subcontractors by on-site supervisors at all levels. In 2021, supervisors conducted safety observation and inspection (including patrols) for a total of 90,343 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 CSC's management system in order to effectively implement, integrate, and respond to regulatory changes.</p>	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry? (II) Is the Company committed to improving energy utilization efficiency and to the use of renewable materials with low	(I) Yes (II) Yes		(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. In 2021, the Company's ISO 14001:2015 environmental management system was externally audited for certification migration by the British Standards Institution (BSI) Taiwan Branch and successfully passed the follow-up verification, so as to maintain the effectiveness of the system.	No significant difference

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>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>(III) Yes</p> <p>(IV) Yes</p>		<p>The scope of ISO 14001 contains iron making, steel making and steel rolling activities. 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 established dedicated units to assist in the promotion, planning and implementation of environmental protection works, and have set up a sound environmental management system. Meanwhile, CHS has established the Environmental 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, CSC conducted an external audit in 2019, and 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 851,065 GJ of energy in 2021, with a target achievement rate of 32%. Besides, the Company has also set a power saving target and reached an average annual power saving rate of 1.76% from 2015 to 2021, 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</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>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 2021, 5,331 million tons of by-products (wet basis) were generated from manufacturing processes, where on-site recycling and off-site resourceization accounted for 12% and 88% of the total amount of by-products generated, respectively. Besides, in line with the government's circular economy policy, the Company has promoted the use of basic oxygen furnace slag powder and mineral fines as cement raw materials and supplied around 315 thousand tons to cement plants in 2021, achieving the target set at 312 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. In 2021, CSC also actively carried out the applications for land reclamation using BOF slag. BOF slag has been used stably in public construction at port areas to realize a circular economy policy. 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 2021, approximately 3,088 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 introduced the TCFD (Task Force on Climate-</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>related Financial Disclosures) reporting to review risks and opportunities related to climate change through cross-departmental discussions, including identifying physical risks such as water shortages in the dry season and power rationing in summer due to extreme weather, transition risks due to changes in laws and policies, and opportunities for developing low-carbon technologies and providing low-carbon products. Countermeasures have been planned based on the results, including continuously working on GHG reduction measures, starting to develop low carbon manufacturing processes and low carbon products.</p> <p>Having included climate change as one of the factors influencing operating activities, listed subsidiaries of CSC Group identify potential risks and opportunities for companies from climate change at present and in the future, and 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 2020 and 2021 are as follows:</p> <ul style="list-style-type: none"> <li>• In 2020, Scope 1 and Scope 2 emissions were 18,318 and 1,244 thousand tons of CO<sub>2</sub>e respectively, with a total emission of 19,562.</li> </ul>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>thousand tons of CO<sub>2</sub>e and an emission intensity of 2,374 tons of CO<sub>2</sub>e/ton of slab; Scope 3 emissions were 11,114 thousand tons of CO<sub>2</sub>e.</p> <ul style="list-style-type: none"> <li>• In 2021, Scope 1 and Scope 2 emissions were 20,939 and 1,339 thousand tons of CO<sub>2</sub>e respectively, with a total emission of 22,278 thousand tons of CO<sub>2</sub>e and an emission intensity of 2,299 tons of CO<sub>2</sub>e /ton of slab; Scope 3 emissions were 12,056 thousand tons of CO<sub>2</sub>e.</li> </ul> <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 CO<sub>2</sub>e; Scope 2: 1,295 thousand tons of CO<sub>2</sub>e). 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). Due to the feature of carbon emission of steel mills that "the amount of carbon emissions is highly positively correlated with production," GHG emissions in 2021 increased by 13.9% compared to 2020, while the production of slabs in 2021 increased by 17.6% compared to 2020, contributing to a smaller increase in emissions than that in slab production. In addition, the Company continuously promote energy efficiency improvement measures such as reducing fuel rate of blast furnaces, making improvement on combustion control of reheating furnaces, as well as taking carbon reduction actions including cessation of coal combustion boilers. As a result, the emission intensity of 2021 (2,299 tons of CO<sub>2</sub>e /ton of slab) is reduced by around 3.2% compared to 2020 (2,374 tons of CO<sub>2</sub>e/ton of slab), indicating that the promotion of carbon reduction works in the Company has shown positive results (2021 data is calculated based on the 2020 electricity carbon emission factor announced by 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</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>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 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 2021, a total of 16.205 million tons of reclaimed water were used, accounting for 37% of total water consumption. This has reached the goal of reducing 35% of raw water used in 2021 (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). Water consumption in 2020 and 2021 were 31.62 and 27.84 million tons respectively, and the reclaimed water usage were 12.226 and 16.205 million tons respectively. The water consumption per ton of slab was 5.06 and 4.32 tons respectively. In 2021, 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 12% compared to last year. CSC's daily raw water consumption has declined to approximately 76,000 tons in 2021.</p> <p>3.Statistics on waste and management policies: With respect to waste management targets, the Company aims to achieve a resourceization rate of more than 90% and zero solidification landfill. The waste disposal data of the Company is mainly based on the premises of the Company's factories, the Hsiao Kang Plant, and is disclosed in 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>Sustainability Report of the Company. The third-party verification was obtained from British Standards Institution (BSI).</p> <p>The amount of waste disposal in 2020 and 2021 were 584,469 and 567,927 tons respectively, with each ton of slab generating 70.93 and 58.60 kg respectively. Among which, the general industrial waste disposal in 2020 and 2021 were 584,427 and 567,881 tons respectively, with a resourceization rate of 95.2% and 94.9%; 42 tons and 46 tons of hazardous industrial waste were disposed, with a resourceization rate of 100%.</p> <p>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 and CHC Resources have further received verification of GHG emission data.</p>
<p>IV. Social Issues</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</p> <p>(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?</p> <p>(III) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?</p> <p>(IV) Has the Company established effective career development training programs for</p>	<p>(I) Yes</p> <p>(II) Yes</p> <p>(III) Yes</p> <p>(IV) Yes</p>		<p>The Company carefully evaluates each supplier before engaging in a business but doesn't include the record of impacts to environment and the society as one of the evaluation items. Currently, the Supplier Code of Conduct is under formulation. Other implementations are not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>its employees?</p> <p>(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 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>(V) Yes</p>	<p>(VI) No</p>	<p>Punishments Review Committee."</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 2021, the Company provided 2,130 hours of training on human rights, while a total of 487 employees received the training, and also held meetings for communication and information dissemination, with a total of 10,586 hours.</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 is determined without gender-based differences, 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. CSC has been dedicated to creating a diverse workplace, and the percentage of female employees increases year by year. By the end of</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>2021, the percentage of female employees was 3.49%. The employees from non-production unit, including administration, finance and planning divisions, totaled 378 and 107 of which were female employees, accounting for 28%. Female supervisors accounted for 1.44% 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 self-improvement 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 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) CSC has acquired ISO 45001 certification and passed the verification every</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>year, with the scope covering iron making, steel making, and steel rolling activities. 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>In 2021, there were 3 disabling injury accidents with 3 people injured (0.03% of the total number of employees at the end of 2021) and the disabling injury frequency rate was 0.14, achieving the goal of the disabling injury frequency rate to be lower than or equal to 0.2, but the Company will continue to improve on work safety. After self-inspection and review, the Company proposed various safety and health management measures, and formulated the three main themes of "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 of CSC employees and establishing a sound occupational safety culture to achieve 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, CSC 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, professionals training, seminar and training for supervisors at all</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>levels, EHS staff training, and online language learning, etc. Total training hours in 2021 were 211,045 hours, with participants reaching 98,970 people. Average training hours per employee are 21.5 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 thorough the complaint system established by CSC. 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 to keep improving the quality of customer service.</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 confidential information of the Company and its business, 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>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<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 CSC 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 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 regulations, AflPS GS PAHs (Polycyclic Aromatic Hydrocarbons), etc.</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>(VI) 1. All the counterparties involved in the Company's domestic transactions are government-registered suppliers, which are subject to the government regulations and audit by local government authorities such as the Labor Affairs Bureau and the Environmental Protection Department. The Company does not formulate its own management policy because supplier who affects the environment and society will be punished or</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>forced to suspend operations according to current government regulations.</p> <p>However, 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 examination are held from time to time to ensure the safety and health of subcontractor employees.</p> <p>2. Listed subsidiaries of CSC Group also follow the abovementioned practices. In addition, CHC Resources, CHS, and CEC have termination clauses in procurement contracts or requests for quotation that allow them to terminate or rescind the contract at any time if suppliers or contractors violate corporate social responsibility policies and cause significant environmental and social impact. Apart from specifying clauses in contracts, CHC Resources also requires suppliers to sign the letter of commitment to corporate social responsibility. Meanwhile, CSCC and CHS have also established supplier management policies, which include measures like listing environmental protection, labor conditions, human rights, and social issues as the core items for supplier selection, so as to strengthen supply chain management.</p>

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
Summary			
VI. 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		The 2020 CSR report of the Company published in 2021 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 (AA1000AS v3), with part of the data in the report (waste management, air pollutant, water resource, and occupational safety) verified in accordance with Type 2 of AA1000AS v3. The CSR or 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, CSAC, and CSMC 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) and SGS Taiwan Ltd., respectively.
VI. 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 Corporate Social Responsibility Code of Practice in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed it on MOPS and the corporate website. All the implementation complies with the Corporate Social Responsibility Code of Practice.			No significant difference
VII. Other important information to facilitate a better understanding of the Company's practices of promoting sustainable development: (I) 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 2015 version of the Company's environmental management system was externally audited by the British Standards Institute (BSI) Taiwan Branch in 2021, where no deficiencies were found, and successfully passed the certification process. 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. In addition, the Company successfully obtained the ISO 50001 - Energy Management System in 2011, as the first steel company in Taiwan to obtain this certification. The Company also required companies of CSC Group to pass the ISO 50001 certification to ensure the energy saving performance of CSC Group. In response to the new edition of the ISO 50001:2018 standards, the Company has undergone an external audit in June 2019 and successfully passed the verification for certification migration. Besides, the Company continues to develop high-grade, high-strength 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. 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.			



Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
(II) Community involvement and social contribution: 1. Sponsor schools in Hsiao Kang District for teaching equipment renewal and assists with greening, plantation, and landscaping. 2. Offer scholarships for academic achievements and education assistance to students from low-income families in Hsiao Kang District. 3. Assist in school anniversaries, art activities, and related educational activities in Hsiao Kang District. 4. Sponsor local communities and organize charity events. 5. Organize 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 Kaohsiung City.			
(III) Social welfare: 1. Distribute scholarships for schoolchildren and aids on major festivals and for emergency relief to low-income families in Hsiao Kang District. 2. Organize the "2021 Steel Journey" field trip to improve the environmental and scientific literacy of students. In response to COVID-19 prevention rules, online learning was adopted in graduating classes at 13 elementary schools in Hsiao Kang District in 2021. 3. Organize the "2021 Award Ceremony for Filial Exemplar Commendation and Scholarships for Outstanding Students" to celebrate Mother's Day and promote the virtue of filial piety. In response to COVID-19 prevention rules, the event was held separately at 17 junior high schools and elementary schools in Hsiao Kang District in 2021. 4. Donates used computers to schoolchildren from rural areas, low-income families or disadvantaged groups. 5. Organize a music concert "CSC's 50th anniversary and pay tributes to front-line pandemic prevention personnel" during the pandemic period for their dedications.			
(IV) Giving back to the local community: With the belief of "Giving back to society what society gave us," the Company shows our utmost care and concern for the society, the community and the disadvantaged, and takes practical actions in various aspects such as engaging in environmental protection, community care services, and charity activities. 1. 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. 2. Assists local agencies in Hsiao Kang District in organizing charity meetups and outdoor activities.			
(V) 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 CSC Group Education Foundation is composed of nine directors, six of which are representatives from the Management Team of CSC and subsidiaries of CSC Group, whereas the three remaining seats comprise external experts and scholars. The foundation has an executive director who is concurrently assumed by Assistant Vice President of Administration Division at the Company, a vice executive director, an executive secretary and an accountant. As a non-profit organization (NPO), the CSC Group Education 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 CSC Group Education Foundation in 2021 are as follows: 1. Organized the Steel Talent Scholarship and conducted special courses on steel manufacturing process at five well-known universities; organized workshops for teachers organized technical seminars on steel and environmental protection; and held activities, such as online CSC "Steel Journey", workshops titled "Basic Oxygen Furnace Slag and the Circular Economy," and EWeek popular science education, to promote steel education and talent cultivation. 2. Promoted environmental education by making CSC's environmental efforts into teaching tools, using environmental education tour buses and setting up an environmental classroom to share results with different groups.			

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>3. Adopted green lands to provide local residents with recreational spaces, and promoted environmental greening.</p> <p>4. Organized charity concerts such as Wheelchairs Concert, KRTC Charity Concert, Concert of CSC's 50th anniversary and pay tributes to front-line pandemic prevention personnel, and The Bleinders concert, and etc.; assisted in promoting artistic and cultural heritage such as shadow puppetry online activity, preservation of local Taiwanese music and artistic performances by the Kaohsiung Symphony Orchestra and Chinese Orchestra; as well as sponsored music events and offered tickets to employees of CSC Group and their families to enjoy high-quality concerts, so as to improve artistic literacy.</p> <p>5. Humanities lecture series: Organized 4 Literary Salon at Steel City, 2 CSC citizen lectures and 6 campus lectures.</p> <p>6. Promotion of arts and cultural activities: Gave free tickets to students in Hsiao Kang District in collaboration with the Kaohsiung Film Festival to nurture artistic and cultural literacy.</p> <p>(VI) 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&amp;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 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) To 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 2021 is as follows:</p> <ul style="list-style-type: none"> <li>• Conducted 20 cases of market quality feedback, 85 cases of technical exchange for key customers, and 176 cases of process technology improvement;</li> <li>• Completed 8 cases of industrial material usage trend surveys, and 10 new product demand surveys and quality function deployments;</li> <li>• Expanded the market for automotive steel, completed 9 automotive steel verifications, with accumulated 265 verifications acquired from 27 automobile manufacturers, and obtained the necessary threshold conditions for incorporating the use of such steel products in automobile factories.</li> </ul> <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&amp;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 2021, the satisfaction score is 78.8 for domestic customers and 77.2 for foreign customers. The top three high satisfaction items for domestic customers are salesperson's service attitude, interaction with customers, and the willingness to issue certificate of hazardous contents. The top three high satisfaction items for foreign customers are salesperson's service attitude, interaction with customers, and understanding of the customers' industry. 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</p>			

Promoted Item	Status of Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>receiving a customer's problem, dedicated personnel will be assigned to respond to and handle the problem as soon as possible. In 2021, a total of 5 cases received via the customer service mailbox were processed, with each case completely resolved within 2.25 days on average.</p> <p>(VII) Build a Healthy and Green Life:</p> <ol style="list-style-type: none"> <li>1. Encourage the use of mass transit systems and provide subsidies for transportation vehicles and the Group's metro cards, promoting green living. The total number of people who top up the Group's metro cards was 3,373 and the average number of people who commute to and from the KRTC red line R3 station was 2,600 each month.</li> <li>2. Increase the proportion of rented hybrid vehicles (increases by 20% each year) year by year, with the long-term goal of completely renting hybrid vehicles. In 2021, the proportion of hybrid vehicles accounted for 45.16% of the total rented vehicles, representing an increase by 16.21 percentage points from 28.95% in 2020.</li> <li>3. Continue to promote tree planting and maintenance to create a diversified ecological environment. In 2021, the amount of regular maintenance of green landscaping was NT\$49,469 thousand and that of replanting/removal/fixing was NT\$17,251 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.</li> <li>4. Employees are encouraged to order veggie food box and purchase local ingredients. 259,521 veggie food boxes were ordered by CSC employees in 2021, accounting for 11.7% of total food boxes.</li> </ol> <p>(VIII) Other Major Performances:</p> <p>Adopt new pricing system that is innovative, flexible, and close to the market trend: The Company used to adopt a quarterly pricing system. Due to the volatility in global steel market, the quarterly system can no longer reflect the rapid changes in the market, which posed risks to the orders taken by downstream customers. To promote the development of the whole industry and follow the global steel pricing system, CSC adjusted the pricing system from quarterly pricing to monthly pricing in order to quickly reflect the market condition, minimize the lead time, optimize product sales, and improve overall services, so as to enhance 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 CSC or the CSR section on the CSC 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, CSVC, CSCI, CSGT, and SDMS, please refer to the CSR reports/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"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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, CSCC has successfully obtained the TIPS certification and established relevant management regulations and procedures to bolster the protection of intellectual property rights.</li> <li>5. To prevent unethical conduct, the Company has taken specific measures, such as organizing internal training courses associated with the issue of ethical corporate management (including courses related to the corporate culture, quality system, intellectual property, internal auditor training, etc.), training 13,100 people involving a total of 22,340 man-hours in 2021.</li> </ol> <p>(III)</p> <ol style="list-style-type: none"> <li>1. The Company has formulated provisions related to the prevention of unethical conduct in various regulations, including the "Codes of Ethics</li> </ol>

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>for Directors," the "Codes of Ethics for First Echelon Supervisors and Executives" (refer to Page 63-67 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 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>	
<p>II. Implementation of Ethical Corporate Management</p> <p>(I) Does the Company evaluate the ethical records of counterparties and specify ethical conduct clauses in business contracts?</p> <p>(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</p>	<p>(I) Yes</p> <p>(II) Yes</p>		<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</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>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 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>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 has successfully obtained the authorized economic operator (AEO) certification in March 2012, subcontractors, with which the Company has dealings, have been included as targets of regular audit. In addition, some subcontractors have also successfully obtained the AEO certification, and are regularly audited by the customs, where the audit content covers a wide range including ethical conduct and those who violate is subject to punishment for withdrawal of certification.</p> <p>In 2021, there were no records of penalty imposed on transportation business partners due to violation of ethics clauses at the Company. At the same time, the Company did not halt business dealings with any business partners due to violation of ethical principles. However, one 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"> <li>1. The business partner commits breach of contract, causing significant detriment to the rights and interests of the Company.</li> <li>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.</li> <li>3. The business partner is found engaging in illegal conducts such as manipulation and collusion upon investigation.</li> <li>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.</li> </ol> <p>Listed subsidiaries of CSC Group have included ethical records as an important condition for screening business partners, which is implemented</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>using the following methods:</p> <ol style="list-style-type: none"> <li>1. Specify ethical conduct clauses in contracts.</li> <li>2. Permanently blacklist or request payment of punitive damages from business partners which are found engaging in unlawful conduct such as breach of contract or violation of ethical principles upon investigation.</li> <li>3. Formulate regulations such as the "Regulations Governing Evaluation of Contractors and Suppliers", and the "Regulations Governing Customer Credit Management."</li> </ol> <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</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>management promotion units at Chung Hung Steel, CHC Resources, and China Steel Chemical are responsible for reporting the operation and implementation of ethical corporate management to the Board of Directors once a year. At China Ecotek and China Steel Structure, the audit unit is responsible for regularly reporting the results of ethical corporate management audit to the Board of Directors every year. For China Ecotek, the Management Division is also responsible for formulating related regulations while other units are obliged to perform their respective duties to ensure the implementation of ethical corporate management.</p> <p>(III)</p> <p>1. The Company has formulated the following regulations:</p> <p>(1) Codes of Ethics for Directors (refer to Page 63-64 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.”</p> <p>(2) Codes of Ethics for First Echelon Supervisors and Executives (refer to Page 65-67 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.</p> <p>(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.</p> <p>(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.</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>(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.</p> <p>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 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</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>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 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"</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>as the basis for all relevant 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 will 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 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 "2021 Audit Plan," and the plan was approved by the Board of Directors. In 2021, the Internal Audit Office implemented internal audit and completed a total of 47 audit reports, including 25 internal operation items at the Company, and 22 field surveys at subsidiaries under CSC Group. In the aforementioned reports, a total of 578 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</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 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 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. 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 2021, the Company held a total of 11 new employee seminars, which were attended by 487 trainees in total. With the Company's ongoing efforts to conduct internal training related to ethical corporate management for all current employees, a total of 13,100 people attended 22,340 man-hours of related training courses in 2021. 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>2. 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>
<p>III. Implementation of Whistleblowing System</p> <p>(I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels,</p>	(I) Yes		<p>(I)</p> <p>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.</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>and designate responsible individuals to handle the complaint received?</p> <p>(II) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?</p> <p>(III) Does the Company adopt measures to protect whistleblowers?</p>	<p>(II) Yes</p> <p>(III) Yes</p>		<p>However, to maintain the overall interests of the Company, employees shall assume the responsibility of reporting any graft and fraud. Considering legitimacy, the Company may reject anonymous accusation.</p> <p>(2) Employees shall clearly present specific facts through a proper channel when reporting unlawful conduct, and shall not report such conduct anonymously or present fictional facts to the Company in order to punish others intentionally.</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 2021, the Company handled a total of 26 appeals, 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. After an appeal is accepted by the dedicated personnel at the Internal Audit Office, the form of the "Record of Appeal" shall be filled.</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 compile relevant information and submit the result to the vice president for review.</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>3. The Internal Audit Office regularly reports the number of appeals to the Board of Directors.</p> <p>4. If the investigation results for a whistleblowing case show that a Director or senior management is involved in the case, Independent Directors shall be notified immediately.</p> <p>5. When handling a whistleblowing case or an appeal, unless otherwise provided by law, appropriate measures shall be taken in accordance 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. Listed subsidiaries of CSC Group fully maintain confidentiality while handling appeals.</p> <p>(III)CSC and listed subsidiaries of CSC Group fully maintain the absolute confidentiality of whistleblowers, protecting them from retaliatory action for filing an appeal.</p>
<p>IV. Strengthening Information Disclosure</p> <p>(I) Does the Company disclose its ethical corporate management policies and the results of its implementation on corporate website and MOPS?</p>	(I) Yes		<p>(I)The Company discloses information on ethical corporate management in the "Corporate Governance" section under "Investor Relations" on corporate website, <a href="http://www.csc.com.tw">www.csc.com.tw</a>, 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. The implementation of ethical corporate management for listed subsidiaries of CSC Group is disclosed on their corporate websites, MOPS, annual reports or CSR reports respectively.</p>

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
V. If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "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, mandatorys, 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.			
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).			
1. The Company's General Penal Provisions for Subcontractors stipulate the following: (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. (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. (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.			
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)"			



(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) Corporate Social Responsibility Code of Practice, (20) Rules Governing the Performance Evaluation of the Board of Directors, and (21) Procedures for Handling Material Internal Information and Guidelines for Establishment of Spokesperson as well as Deputy Spokespersons.

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) - 23 persons; Certified Internal Auditor - 2 persons; Certified Securities Investment Analyst - 3 persons; ISO 27001 Information Security Management Systems Lead Auditor - 7 persons (2) International certifications: US Certified Public Accountant (US CPA) - 4 persons; Certified Internal Auditor (CIA) - 1 person; Chartered Financial Analyst (CFA) - 1 person; Project Management Professional Certification (PMP) - 1 person; Certified Management Accountant - 1 person; Financial Risk Manager (FRM) - 1 person; Certified Practising Accountant (CPA) Australia - 1 person
Dragon Steel Corporation	Domestic certifications: Certified Public Accountant - 5 persons
Chung Hung Steel Corporation	None
China Ecotek Corporation	Domestic certifications: Certified Internal Auditor - 1 person
China Steel Chemical Corporation	None
CHC Resources Corporation	Domestic certifications: Certified Public Accountant - 4 persons; Certified Internal Auditor - 3 persons
China Steel Structure Co., Ltd.	None

(IX) Implementation of Internal Control System

1. Statement on Internal Control System

China Steel Corporation Statement on Internal Control System

Date: February 25, 2022

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2021:

- 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, 2021, 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 25, 2022, 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 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\$0.7 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 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 and the time and place for accepting shareholders' proposals and director nomination
      - (1) The Company's 2022 Annual General Meeting of Shareholders:  
Date: 9.00 am, June 17, 2022(Friday)  
Venue: 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 18th meeting of the 17th Board of Directors (December 24, 2021):  
The 18th meeting of the 17th Board of Directors of the Company was held in the morning of December 24, 2021, in which a capital contribution of NT\$1.25 billion to Sing Da Marine Structure Corporation was approved.
  - Material resolutions in the 17th meeting of the 17th Board of Directors (November 5, 2021):  
The 17th meeting of the 17th Board of Directors of the Company was held in the morning of November 5, 2021, in which the investment of NT\$3.277 billion in the "Phase 2 Replacement of Boiler Turbine Generators for No. 1 Power House" was approved.  
The purpose of this project is to stabilize the Company's steam and electricity supply, improve the power generation efficiency of boiler turbine generators while raising the net power generation capacity by 32.8 MW, and ensure the compliance with environmental requirements related to energy conservation and carbon reduction through the installation of air pollution control equipment. Upon completion of this replacement project, the Company's proportion of self-generated electricity is expected to increase from 43.5% at present to 54.9%. In addition, this project can reduce sulfur oxide (SOx) emissions by 154 metric tons per year, nitrogen oxide (NOx) emissions by 56 metric tons per year, and external carbon dioxide (CO2) emissions by an estimate of 140 thousand tons per year, which is equivalent to the annual CO2

absorption of 360 Taipei Daan Forest Park. This project is scheduled to last for 4 years and 4 months, from December 1, 2021 to March 31, 2026.

- Material resolutions in the 16th meeting of the 17th Board of Directors (September 24, 2021):

The 16th meeting of the 17th Board of Directors of the Company was held in the morning of September 24, 2021. Major resolutions were:

1. Capital contribution to China Steel Power Holding Corporation aimed at proactively engaging in the green energy industry in line with the global trend of carbon neutrality

The Board of Directors approved the proposal of a joint capital contribution to China Steel Power Holding Corporation with Copenhagen Infrastructure Partners K/S (CIP) within a limit of NT\$5.5135 billion according to the progress and capital demand of the Zhong Neng Offshore Wind Farm Project.

The Zhong Neng Offshore Wind Farm Project was allocated 300MW grid capacity for installation in 2024 after passing the selection procedure conducted by the Ministry of Economic Affairs. By participating in this project, the Company can not only capture potential business opportunities in the sale of steel materials and offshore wind power as well as expand the localization of the offshore wind power industry, but also promote the development of its businesses in the green energy industry.

2. Donation to the CSC Group Education Foundation for its 2021 operation

Established by the Company, the CSC Group Education Foundation is funded through donations from companies of the CSC Group each year for its operation. The Company donated a total of NT\$12.542 million in 2021.

3. Appointment of Vice President of Administration Division

The Assistant Vice President of Administration Division, Mr. I-Chung Huang, would be promoted as the Vice President of Administration Division with effect from September 24, 2021.

- Material resolutions in the 15th meeting of the 17th Board of Directors (August 6, 2021):

The 15th meeting of the 17th Board of Directors of the Company was held in the morning of August 6, 2021. Major resolutions were:

1. Determination of the record date for cash dividend distribution for 2020

The relevant dates for cash dividend distribution for 2020 are as follows: September 6, 2021 as the record date, August 31, 2021 as the ex-dividend trading date, September 1, 2021 as the last date before book closure, September 2 to 6, 2021 as the book closure period, and September 17, 2021 as the payment date.

2. CSC will invest NT\$7.9961 billion in "Phase 3 Construction of Coke Ovens and Coke Dry Quenching Facility." The purpose of this project is to accelerate the reduction of CO<sub>2</sub> and PM emissions by upgrading equipment and enhancing environmental protection. This project is scheduled to last for 5 years and 4 months, from September 1, 2021 to December 31, 2026, where the construction of coke ovens is scheduled to last for 2 years and 3 months, from December 1, 2022 to February 28, 2025.

With the completion of each construction stage in the future, the facilities in this project are able to reduce volatile organic compounds (VOCs) emission (percentage) by 73 metric tons (around 65%), particulate matters (PMs) by 41 metric tons (around 56%), and energy consumption by 214 million cal/metric ton of coke (around 10%) per year. In addition, these

facilities can increase power generation by 273 million kWh and reduce CO<sub>2</sub> emissions by 139 thousand metric tons per year, which is equivalent to the annual CO<sub>2</sub> absorption of 357 Taipei Daan Forest Park.

- Material resolutions in the 14th meeting of the 17th Board of Directors (June 18, 2021):

The 14th meeting of the 17th Board of Directors of the Company was held in the morning of June 18, 2021. Major resolutions were:

1. In light of the local COVID-19 outbreak, the Company's 2021 Annual General Meeting of Shareholders was postponed according to the instructions provided by the Financial Supervisory Commission:

- (1) Date: 9.00 am, August 30, 2021(Monday)

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

- (3) Agenda: Unchanged

2. Appointment of Vice President of Production Division

The Assistant Vice President of Production Division, Mr. Shou-Tao Chen, would be promoted as the Vice President of Production Division with effect from June 18, 2021.

- Material resolutions in the 13th meeting of the 17th Board of Directors (May 7, 2021):

The 13th meeting of the 17th Board of Directors of the Company was held in the morning of May 7, 2021. Major resolutions were:

1. CSC will invest NT\$801 million in the "Main motor performance improvement project for plate rolling mills" at Rolling Mill Department I. The purpose of this project is to improve the performance of the main motor and rolling capacity of rolling mills and boost the stability of production line and equipment operation, with a view to enhancing product quality and the technical level of high-end plate production. This project can not only assist in the development of high-strength plate for wind power and national defense application, but also expand the variety of orderable items of advanced premium plate, thereby realizing the Company's operational and developmental cores of positioning itself as a steel mill that produces premium products with high value and devoting itself to the development of the green energy industry. The new type of main motor drive used in this project can effectively reduce electricity consumption in plate production, where it is estimated to reduce electricity consumption by around 1.64 million kWh per year, which is equivalent to an annual reduction of approximately 835 metric tons in CO<sub>2</sub> emissions. This project is scheduled to last for 2 years and 7 months, from June 1, 2021 to December 31, 2023.

2. Appointment of Vice President of Technology Division

The Assistant Vice President of Technology Division, Mr. Jih-Jau Jeng, would be promoted as the Vice President of Technology Division with effect from May 7, 2021.

- Material resolutions in the 12th meeting of the 17th Board of Directors (February 26, 2021):

The 12th meeting of the 17th Board of Directors of the Company was held in the morning of February 26, 2021. Major resolutions were:

1. Proposal for Distribution of 2020 Profits

The meeting proposed to appropriate NT\$1.4 and NT\$0.3 per share for dividends of preferred stocks and common stocks respectively. The above proposal will be submitted to

the 2021 Annual General Meeting of Shareholders for adoption.

2. Date and venue for 2021 Annual General Meeting of Shareholders

(1) The Company's 2021 Annual General Meeting of Shareholders:

Date: 9.00 am, June 18, 2021(Friday)

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

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

Date: April 13, 2021 to April 22, 2021

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

3. Environmental, social, and corporate governance (ESG), as an important global trend, is a vital indicator of sustainable development for corporates. With a view to advancing the Company's ESG-based sustainable development work and fulfilling the commitment to taking concrete actions on environmental protection and climate change, the "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality," has been set up under the Corporate Governance and Sustainability Committee. The Chairman serves as the head of Task Force, the President and the Executive Vice President serve as deputy Chairman, and the Vice President of Production Division and the Vice President of Technology Division serve as executive secretary and deputy executive secretary, respectively. The Task Force is responsible for reporting implementation plans and results to the Corporate Governance and Sustainability Committee and the Board of Directors on a regular basis, in order to reduce the Company's impact on the climate and the environment through the implementation of energy conservation, carbon reduction, and greenhouse gas emission control, thereby achieving the goal of sustainable development.

4. Personnel change of Vice President of Administration Division

The Vice President of Administration Division, Mr. Chiu-Po Chang, would be transferred to another position (Chairman of China Steel Express Corporation) with effect from February 26, 2021.

◎ Significant resolutions in the Annual General Meeting of Shareholders

● Material resolutions in the 2021 Annual General Meeting of Shareholders (August 30, 2021):

1. Vote to adopt 2020 Business Report and Financial Statements

2. Vote to adopt distribution of 2020 profits:

(1) The Company's earnings distribution of 2020 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\$0.3 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 Rules Governing the Election of Directors.
4. Vote to approve amendments to the Rules Governing Procedures for Shareholders' Meeting.
5. Vote to approve amendments to the Procedures for Loaning of Funds.

(XII) Implementation of Resolutions in the 2021 Annual General Meeting of Shareholders

1. 2020 Business Report and Financial Statements was adopted.
2. Distribution of 2020 profit was adopted, the record date for cash dividend was set on September 6, 2021, while the payment date was set on September 17, 2021 (where a dividend of NT\$1.4 per preferred share and a dividend of NT\$0.3 per common share were distributed).
3. Amendments to the Rules Governing the Election of Directors approved was exercised and published on the corporate website.
4. Amendments to the Rules Governing Procedures for Shareholders' Meeting approved was exercised and published on the corporate website.
5. Amendments to the Procedures for Loaning of Funds approved was exercised and published on the corporate website.

(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, 2021 to March 31, 2022

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Discharge
Vice President, Administration Division	Chiu-Po Chang	2018.01.01	2021.02.26	Transfer to China Steel Express Corporation
Vice President, Production Division	Wen-Ge Lo	2020.03.31	2021.05.31	Mandatory Retirement Age



## 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	Cheng-Hung Kuo	2021.01~2021.12	20,588	4,599	25,187	None

### Non-Audit Service Items:

1. Transfer pricing documentation report	2,742
2. Tax attestation	1,027
3. Consulting	686
4. Others	<u>144</u>
Total	4,599

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: None (No replacement of CPA in the most recent two years)

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 2021		As of March 31, 2022		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	Ever Wealthy International Corporation	0	0	0	0	None
Juristic-person Director	Chiun Yu Investment 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	(18,000)	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	0	0	0	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	(18,000)	0	0	0	None
Manager	Chien-Chih Hwang	0	0	0	0	None
Manager	Chiu-Po Chang	0	0	Not applicable	Not applicable	Dismissed on February 26, 2021
Manager	I-Chung Huang	0	0	0	0	Newly appointed on September 24, 2021
Manager	Min-Hsiung Liu	(1,000)	0	0	0	None
Manager	Yueh-Kun Yang	0	0	0	0	None
Manager	Pai-Chien Huang	0	0	0	0	None
Manager	Jih-Jau Jeng	0	0	0	0	Newly appointed on May 7, 2021
Manager	Chung-Te Chen	0	0	0	0	None
Manager	Wen-Ge Lo	0	0	Not applicable	Not applicable	Dismissed on May 31, 2021
Manager	Shou-Tao Chen	0	0	0	0	Newly appointed on June 18, 2021
Manager	Shih-Hsin Chen	0	0	0	0	None
Manager	Kai-Ching Huang	0	0	0	0	None
Major shareholder	Ministry of Economic Affairs	0	0	0	0	None

Note 1: The shareholding percentage of dismissed directors and managers at the end of the period refers to the shareholding percentage thereof during the month when they were dismissed. The shareholding percentage of newly appointed directors and managers at the beginning of the period refers to the shareholding percentage 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 10 Largest Shareholders in Terms of Shareholding Ratio  
As of December 31, 2021  
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.	398,649,250	2.53%	Not applicable	Not applicable	0	0%	None	None	None
Fubon Life Insurance Co., Ltd.	393,777,000	2.50%	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
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
Labor Pension Fund	231,566,249	1.47%	Not applicable	Not applicable	0	0%	None	None	None
Labor Retirement Fund	173,708,134	1.10%	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	171,020,308	1.08%	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	150,095	0.00%	0	0%	0	0%	None	None	None
Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	159,147,247	1.01%	Not applicable	Not applicable	0	0%	None	None	None
Public Service Pension Fund Management Board	115,949,257	0.74%	Not applicable	Not applicable	0	0%	None	None	None

## X. Ownership of Shares in Affiliated Companies

As of December 31, 2021

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%	4,717,861	2.36%	71,205,705	35.60%
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%
Gains Investment Corporation	559,375,112	100.00%	0	0.00%	559,375,112	100.00%
C.S.Aluminium Corporation	840,122,049	99.98%	0	0.00%	840,122,049	99.98%
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	184,396,342	100.00%	0	0.00%	184,396,342	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%
China Steel Corporation India Pvt. Ltd. (Note)	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%
China Steel Machinery Corporation	100,066,400	73.97%	35,204,170	26.02%	135,270,570	99.99%
InfoChamp Systems Corporation	41,465,634	99.99%	0	0.00%	41,465,634	99.99%
China Steel Security Corporation	25,036,986	99.96%	0	0.00%	25,036,986	99.96%
HIMAG Magnetic Corporation	19,183,286	69.49%	5,010,203	18.15%	24,193,489	87.64%
United Steel International Co., Ltd.	12,000,000	80.00%	3,000,000	20.00%	15,000,000	100.00%
Sing Da Marine Structure Corporation	22,695,000	100.00%	0	0.00%	22,695,000	100.00%
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%
Honley Auto. Parts Co., Ltd.	59,087,570	35.14%	9,050,822	5.38%	68,138,392	40.52%
Dyna Rechi Co.,Ltd	40,000,000	23.45%	0	0.00%	40,000,000	23.45%
Eminent II Venture Capital Corporation	30,000,000	46.25%	0	0.00%	30,000,000	46.25%
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%

Note: This company was renamed as CSCI Steel Corporation India Pvt. Ltd. in February, 2022.

## Chapter IV. Capital Overview

### I. Capital and Shares

#### (I) Sources of Share Capital

As of March 31, 2022

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, 2021

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	16	47	1,958	1,130,314	1,965	1,134,300
Number of Shares Held	3,170,940,883	765,776,205	2,645,020,410	6,019,524,922	3,171,866,576	15,773,128,996
Shareholding Percentage	20.10%	4.86%	16.77%	38.16%	20.11%	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, 2021

Range of Shares Held	Number of Shareholders	Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	369,940	32.66%	63,499,939	0.40%
1,000 to 5,000	548,687	48.44%	1,105,509,733	7.03%
5,001 to 10,000	104,087	9.19%	758,560,698	4.82%
10,001 to 15,000	39,880	3.52%	482,133,381	3.06%
15,001 to 20,000	21,397	1.89%	382,332,323	2.43%
20,001 to 30,000	18,612	1.64%	455,126,715	2.89%
30,001 to 40,000	8,394	0.74%	291,197,266	1.85%
40,001 to 50,000	5,080	0.45%	230,586,714	1.47%
50,001 to 100,000	8,855	0.78%	615,534,399	3.91%
100,001 to 200,000	4,176	0.37%	578,740,254	3.68%
200,001 to 400,000	2,180	0.19%	601,149,228	3.82%
400,001 to 600,000	576	0.05%	277,294,656	1.76%
600,001 to 800,000	184	0.02%	126,904,934	0.81%
800,001 to 1,000,000	116	0.01%	104,033,888	0.66%
1,000,001 and above	559	0.05%	9,662,256,869	61.41%
Total	1,132,723	100.00%	15,734,860,997	100.00%

## 2. Preferred Shares

As of December 31, 2021

Range of Shares Held	Number of Shareholders	Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	354	6.84%	45,798	0.12%
1,000 to 5,000	4,104	79.34%	7,298,021	19.07%
5,001 to 10,000	321	6.21%	2,626,100	6.86%
10,001 to 15,000	129	2.49%	1,678,801	4.39%
15,001 to 20,000	70	1.35%	1,300,948	3.40%
20,001 to 30,000	50	0.97%	1,269,000	3.32%
30,001 to 40,000	24	0.47%	854,000	2.23%
40,001 to 50,000	23	0.44%	1,083,000	2.83%
50,001 to 100,000	54	1.04%	4,042,103	10.56%
100,001 to 200,000	23	0.44%	3,338,228	8.72%
200,001 to 400,000	11	0.21%	2,945,000	7.70%
400,001 to 600,000	2	0.04%	1,035,000	2.70%
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	5	0.10%	8,407,000	21.97%
Total	5,173	100.00%	38,267,999	100.00%

## (IV) List of Major Shareholders

As of December 31, 2021

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.	398,649,250	2.53%
3	Fubon Life Insurance Co., Ltd.	393,777,000	2.50%
4	Transglory Investment Corporation	256,765,331	1.63%
5	Labor Pension Fund	231,566,249	1.47%
6	Labor Retirement Fund	173,708,134	1.10%
7	Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	171,020,308	1.08%
8	Winning Investment Corporation	159,606,339	1.01%
9	Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	159,147,247	1.01%
10	Public Service Pension Fund Management Board	115,949,257	0.74%

## Major Shareholders of Corporate Shareholders

As of December 31, 2021

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. 100%
Transglory Investment Corporation	China Steel Express Corporation 49.89%; Chung Hung Steel Corporation 40.91%; China Steel Chemical Corporation 9.20%
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		2020	2021	Current Year up to March 31, 2022 (Note 8)
Market Price Per Share (Note 1)	Highest	25.60	46.75	40.25
	Lowest	18.35	22.95	33.25
	Average (Trading value/Trading volume)	21.53	36.19	37.27
	Average Closing Price (A)	21.24	33.25	36.58
Net Worth per Share (Note 2)	Before Distribution	18.62	22.16	23.05
	After Distribution	18.31	19.05 (Note 9)	N/A
Earnings Per Share	Weighted Average Shares (thousand shares)	15,414,073	15,414,564	15,414,702
	Earnings Per Share (Note 3) (B)	0.05	4.02	0.70
Dividends per Share	Cash Dividends (C)		1.40(Preferred shares) 0.30(Common shares)	3.10(Preferred shares) 3.10(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)		424.80	8.27
	Price/Dividend Ratio (A/C) (Note 6)		70.80	10.73
	Cash Dividend Yield (C/A) (Note 7)		0.0141	0.0932

\* 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.

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 2021 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 and bonus appropriation for preferred shares are NT\$1.4 and NT\$1.7 per share in cash, respectively, totaled NT\$3.1 per share in cash. The proposed bonus appropriation for common shares totaled NT\$3.1 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	
2021	
Earnings Distribution Table	Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	9,316,980,117.09
After-tax earnings of 2021	62,053,033,273.30
Reverse of special reserve: disposal of fixed assets	136,306.00
Actuarial gains (losses) from defined benefit pension plans (included in retained earnings)	(502,510,296.00)
Effects resulting from changes in long-term equity investment	(4,343,901.00)
Amount to be included in undistributed earnings by adding up after-tax earnings of 2021 and other items (A)	61,546,315,382.30
Deduct : Legal reserve=(A)* 10%	(6,154,631,538.00)
Add: Reverse of special reserve to undistributed earnings	723,473,239.00
Subtotal of distributable earnings	65,432,137,200.39
Distribution of preferred dividends - NT\$1.4 per share (NT\$1.4 in cash)	53,575,199.00
Distribution of bonus- common shares at NT\$3.1 per share (NT\$3.1 in cash) and preferred shares at NT\$1.7 per share (NT\$1.7 in cash)	48,843,124,689.00
Subtotal of distribution items	(48,896,699,888.00)
Undistributed earnings at the end of the period	16,535,437,312.39

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 2021 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 25, 2022):
  - (1) Amount of employees' remunerations: NT\$4,525,463,982.
  - (2) Amount of directors' remunerations: NT\$84,852,450.
  - (3) All the amounts above shall be paid in cash.
4. Actual Distribution of 2020 Earnings in 2021

Unit: NT\$

	Actual Distribution in 2021	Amount Recognized in 2020	Difference
Remuneration for Employees	82,057,174	82,057,174	0
Remuneration for Directors	1,538,572	1,538,572	0

(IX) Buyback of the Treasury Shares

1. Buyback of the Treasury Shares (Executed)

As of March 31, 2022

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, 2022

Type of Corporate Bonds	1 <sup>st</sup> Unsecured Corporate Bond B in 2012	1 <sup>st</sup> Unsecured Corporate Bond B in 2013	1 <sup>st</sup> Unsecured Corporate Bond C in 2013	1 <sup>st</sup> Unsecured Corporate Bond A 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, 2021
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\$6.9 billion
Coupon Rate	1.50% per annum	1.60% per annum	1.88% per annum	1.75% per annum
Maturity	10 years	10 years	15 years	7 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 sixth and seventh years, respectively.
Outstanding Principal Balance	NT\$7.5 billion	NT\$9.7 billion	NT\$3.6 billion	NT\$0 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	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 ratings 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 <sup>st</sup> Unsecured Corporate Bond B in 2014	1 <sup>st</sup> Unsecured Corporate Bond C in 2014	1 <sup>st</sup> Unsecured Corporate Bond in 2018	2 <sup>nd</sup> Unsecured Corporate Bond in 2018
Issue Date		January 23, 2014 to January 23, 2024	January 23, 2014 to January 23, 2029	May 28, 2018 to May 28, 2025	August 8, 2018 to August 8, 2028
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\$7.0 billion	NT\$9.0 billion	NT\$6.0 billion	NT\$5.6 billion
Coupon Rate		1.95% per annum	2.15% per annum	0.95% per annum	1.10% per annum
Maturity		10 years	15 years	7 years	10 years
Trustee		Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank	Hua Nan Bank Co., Ltd.	Trust Department, Taipei Fubon Commercial Bank
Underwriter		None	None	8 underwriters, like Capital Securities Corporation, etc.	12 underwriters, like KGI 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 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 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.
Outstanding Principal Balance		NT\$7.0 billion	NT\$9.0 billion	NT\$6.0 billion	NT\$5.6 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 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)
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 <sup>rd</sup> Unsecured Corporate Bond A in 2018	3 <sup>rd</sup> Unsecured Corporate Bond B in 2018	1 <sup>st</sup> Unsecured Corporate Bond A in 2020	1 <sup>st</sup> Unsecured Corporate Bond B in 2020
Issue Date		October 9, 2018 to October 9, 2025	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	NT\$1 million
Issue Price		At par value	At par value	At par value	At par value
Total Amount		NT\$4.15 billion	NT\$2.25 billion	NT\$1.6 billion	NT\$4.2 billion
Coupon Rate		0.90% per annum	1.05% per annum	0.39% per annum	0.43% per annum
Maturity		7 years	10 years	5 years	7 years
Trustee		Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank	Mega International Commercial Bank	Mega International Commercial Bank
Underwriter		11 underwriters, like Capital Securities Corporation, etc.	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	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 25% and 75% 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 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\$4.15 billion	NT\$2.25 billion	NT\$1.6 billion	NT\$4.2 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 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 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	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.

(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 (2021 and up to March 31, 2022)			
	Number of Shares not Recovered or Converted	38,267,999 shares (as of March 31, 2022)			
	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	2018	Highest	43.40		
		Lowest	40.20		
		Average	42.58		
	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		
	As of March 31, 2022	Highest	53.40		
		Lowest	51.40		
		Average	52.28		
Other Rights Attached	Amount of Shares Converted or Subscribed as of March 31, 2022	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		13,397,250 shares (as of March 31, 2022)			
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	2021	Highest	US\$ 32.41		
		Lowest	US\$ 16.38		
		Average	US\$ 23.62		
	Current year up to March 31, 2022	Highest	US\$ 28.00		
		Lowest	US\$ 24.14		
		Average	US\$ 25.87		

(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 136 for more details on the Company's current products. Please refer to Page 190-194 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. Shipping industry - includes China Steel Express Corporation, CSE Transport Corporation, and Kaoport Stevedoring Corporation, which mainly engages in vessel shipping, trade in vessels, and cargo handling.
3. The remaining business scope of CSC Group includes the following: Manufacture of coal chemistry and specialty chemicals; environmental electromechanical engineering and agent; production and sales of granulated blast furnace slag (GBFS) powder and cement, reutilization of resources; design, processing, manufacture and sales of steel structure; manufacture and sales of aluminum, titanium, nickel and non-ferrous metals; ERP systems automation control systems service; general investment; trading; contracting and management of civil engineering project; manufacture and sales of targets, magnetic materials, electronic ceramics and machinery; real estate development; mass rapid transit system operations; manufacture of rolling stock and parts; solar energy generation; offshore wind power substructure; offshore wind power generation.

(II) Revenue Breakdown  
Standalone

Unit: NT\$ thousands

Item	2021		2020	
	Amount	%	Amount	%
Revenue from sales of goods	254,290,694	97.89	177,864,295	96.75
Revenue from construction contracts, rendering of services, and others	5,491,777	2.11	5,977,231	3.25
Operating revenues	259,782,471	100.00	183,841,526	100.00

Consolidated

Unit: NT\$ thousands

Item	2021		2020	
	Amount	%	Amount	%
Revenue from sales of goods	441,129,034	94.19	289,981,764	92.12
Revenue from construction contracts, rendering of services, and others	27,198,467	5.81	24,801,537	7.88
Operating revenues	468,327,501	100.00	314,783,301	100.00

(III) Industry Overview

In 2021, revenues from steel products account for over 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

With the global economy gradually opening up as the world steadily recovered from the COVID-19 pandemic in 2021, rising COVID-19 vaccine coverage, continuously expanding economies among developed countries in Europe and the U.S., increasing infrastructure construction, and accelerated recovery in private consumption drove a rebound in demand for related commodities. As a result, the steel market experienced a shortage in steel supply, which in turn pushed international steel prices significantly higher in the first half of the year. On the other hand, China's targets to peak carbon emission by 2030 and achieve carbon neutrality by 2060, along with the crude steel production reduction policy throughout the year and phased cancellation of tax rebates on steel exports, had a more stabilizing effect on international steel prices.

After entering the autumn season, the release of demand was impacted by a series of supply chain bottlenecks such as port congestion and chip shortages due to worsening COVID-19 outbreaks caused by new variants, while China rolled out a series of measures to ensure supply, stabilize prices, and restrict electricity consumption. These developments led to successive revisions of steel prices in various regions. In terms of steel supply, China sped up the implementation of its production reduction policy in the second half of the year in order to achieve its year

on year crude steel production reduction target. As countries around the world gradually shifts to a policy of coexisting with COVID-19, negative factors such as pandemic outbreaks and supply chain bottlenecks are expected to recede, so the steel market outlook for 2022 is stable and positive.

Thanks to strong international consumption, Taiwan's export-oriented downstream steel industries demonstrated outstanding performance in 2021. Despite being under pressure from the aforesaid global political, economic, and supply chain factors in the second half of the year, the commencement of public constructions, investments from returning overseas Taiwanese businesses, and factory construction and expansions in the technology industry contributed to steady growth in Taiwan's economy and thus supported domestic steel demand.

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, have a total of six blast furnaces and 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 2021 and first quarter of 2022 is listed as follows:

Unit: NT\$ thousands	Standalone	Consolidated
2021	2,395,668	2,435,385
First Quarter of 2022	525,858	533,215

R&D status in 2021:

The Company enjoyed a fruitful year in the area of R&D with a total of 31 new product development projects completed in 2021, 11 of which were classified as new Advanced Premium Steel (APS). The proportion of orders for APS and high-end steel reached 7.6% and 56.1% respectively. The Company will continue the efforts towards enhancing competitive advantage through product differentiation.

Based on the operational and developmental cores, “the high value-added steel mill” and “development of green energy industry,” the current R&D strategy of the Company is to develop core capabilities, including developing APS, establishing excellent manufacturing capability, and introducing AIoT, boosting productivity, and deepening the upgrade of steel-using industry. R&D resources are mainly invested in key research projects, in the hope of cultivating technology and achieving sustainable development.

In 2021, the Company accomplished outstanding R&D results in various areas, including products, manufacturing processes, and energy and environmental protection technologies. The major R&D outcomes are listed as follows:

1. Core technology for the electric vehicle industry
  - (1) Development of electrical sheets: Through the establishment of key technologies, the Company has developed thin electrical sheets, such as 20CS1500P, 20CS1150FY, and 15CS1000FY, 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) Development of advanced high-strength steel: To meet lightweight and safety requirements, advanced high-strength steel has become the most important technology development trend of vehicle structural components. CSC has developed a series of advanced ultra-high strength steels with excellent functions for automotive application, such as ultra-high strength 15B36 hot stamping auto steel and high ductility 980TT. In addition, CSC spares no efforts to develop steel products with higher strength and ductility, and intends to fill the gap in the industry's supply chain by supplying domestic and overseas automobile brands.

- (3) Development of self-bonding electrical steel (SBES) and its processing technology: CSC has successfully developed C3S1 self-bonding materials, which can be used on thin gauge electrical sheet to produce the key materials used for high-performance electric vehicles. Such key material has the advantages of quick stamping, low production cost, high dimensional precision of motor cores, and high bonding force. In addition to having officially become the motor material for international electric vehicle manufacturers, it increases the differentiation and diversity of electrical sheets, helping CSC to establish leading edge as an electrical sheet supplier for electric vehicles.
2. Intelligent manufacturing technology
  - (1) Development of intelligent coating control system: An AI zinc coating prediction model has been established to predict the weight of targeted zinc layer and report optimized guidance for air-knife parameters so as to reduce the cost of consumption of liquid zinc.
  - (2) Development of intelligent steel grade transformation system for plates: By taking advantage of historical big data on grade transformation, a multivariate classifier was built to provide recommendations for steel grades so that non-specification products can be transformed into normal products during production so as to reduce the inventory of leeway.
3. Energy and environmental protection technology
  - (1) Have accomplished the development and application of multiple energy-saving technologies: Such as self-designing and constructing the application of pure oxygen combustion to ladle preheating stations, which can lower the energy consumption by over 30% and reduce the consumption of sourced natural gas; establishing the integrated self-operation and maintenance technology for solar power plants, which can save outsourced routine inspection fees and improve the benefits of cleaning; developing and applying the operation technology of the absorption chiller system, which can boost the efficient use of steam resources, reduce the use of steam and improve the overall operating efficiency.
  - (2) Promote the co-production of steel and chemicals: CSC has implemented a company-level project to develop BF & BOF gases carbon capture and high-value utilization technology and draw on national planning resources in ITRI by cooperating with experts, scholars, and downstream petrochemical plants. In addition, a co-production group is established to convene relevant companies for the planning of acetic acid plant.
  - (3) Establish an intelligent expert system for wastewater plants: An intelligent monitoring and diagnosis expert system has been developed for optimal operation. The predicted value of effluent ammonia nitrogen is in line with the trend of measured value. The expert system will continue to be optimized and verified.

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, CSC’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, such as hot-rolled products and slabs from the Company, Chung Hung Steel Corporation, Dragon Steel Corporation, Formosa Ha Tinh Steel Corporation, etc., and provides mutual support to expand the regional sales foundation in Southeast Asia, Europe, America, and Japan.
- (5) Promote environmental protection and energy-saving, uplift production efficiency, and accelerate the implementation of equipment replacement.

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 the goal of developing into a high value-added steel mill.

## II. Market, Production and Sales Overview

### (I) Domestic and Export Sales Breakdown for Steel Products

#### 2021 Domestic and Export Sales Breakdown by Region - Standalone

Sales Target	Amount (metric ton)	Percentage (%)
Taiwan	6,233,086	65.20%
Southeast Asia	962,841	10.07%
Mainland China (including Hong Kong)	701,970	7.34%
Japan	477,947	5.00%
Others	1,184,107	12.39%
Total	9,559,951	100.00%

#### 2021 Domestic and Export Sales Breakdown by Region- Consolidated

Sales Target	Amount (metric ton)	Percentage (%)
Taiwan	9,126,661	62.17%
Southeast Asia	1,731,896	11.80%
Mainland China (including Hong Kong)	852,750	5.81%
Japan	715,642	4.88%
Others	2,252,497	15.34%
Total	14,679,446	100.00%

### (II) Market Supply and Demand Outlook

Looking ahead to market conditions in 2022, worldsteel's projection announced in October 2021 stated a 2.2% growth in global steel demand for 2022 to 1.896 billion metric tons compared to 2021 on the back of steadily increasing COVID-19 vaccine coverage worldwide and ongoing commencement of infrastructure constructions across the globe.

On the supply side, with an upturn in the energy market driven by the core issue of carbon reduction, coking coal and iron ore prices are expected to stay high. While China's crude steel production reduction policy direction remained unchanged, the global steel supply is expected to experience relatively limited growth and the trend of local and international steel prices can be viewed positively.

In 2021, the domestic market share of the Company's main steel products were 60% for plates, 49% for bar and wire rods, 27% for hot-rolled coils, 42% for cold-rolled coils, 82% for electrical sheets, 26% for hot-dip galvanized steels and 77% 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 88%, while the market share of cold-rolled coils produced by the Company and Chung Hung Steel Corporation was 52%)

### (III) Business Objectives

In 2022, the Company plans to sell a total of 9.65 million tons of steel products, including domestic sales of 6.42 million tons and export sales of 3.23 million tons. The Steel Division of CSC Group is targeting sales of 14.81 million tons, including domestic sales of 9.95 million tons and export sales of 4.86 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

As regards the local and international environment, the International Monetary Fund (IMF) revised downwards global economic growth for 2022 from its forecast of 4.9% in October 2021 to 4.4% in January 2022 on the grounds of uncertainties arising from new variants of COVID-19. Meanwhile, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan (DGBAS) revised upwards Taiwan's economic growth to 4.42% as it forecast continuously strong and active private investments. Furthermore, the global economy is expected to bid farewell to disruptions resulted from the COVID-19 pandemic and return to normal growth, thanks to gradually widespread COVID-19 vaccination in less developed countries.

According to the latest short range outlook released by the World Steel Association (worldsteel) in October 2021, global steel demand is projected to reach 1,896 million tonnes in 2022, a growth by 2.2% compared to 2021. These projections indicate that international steel consumption can grow steadily after the pandemic is gradually brought under control and supply chain bottlenecks ease.

Faced with the aforesaid internal and external challenges, the Company continues to develop high technical content and high value-added steel products with the aim of becoming a steel mill that produces premium products. 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) Despite the moderate epidemic situation in Taiwan, the 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, 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) In response to inflation, the U.S. Federal Reserve will gradually raise interest rates and shrink its balance sheet. Therefore, the U.S. dollar is expected to strengthen, which may lend less support to high steel prices.
- (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.

### 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 the tariff 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-end and high value-added new products to increase the percentage of new products and high-end products; (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) Get close to the market demand, 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, 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, drums, 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 materials: 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, 2021 to December 31, 2021)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Australia	623	78.07%	Australia	356	87.47%
Canada	126	15.79%	Canada	42	10.32%
Others	49	6.14%	Others	9	2.21%
Total	798	100.00%	Total	407	100.00%

B. Sources of Iron Ore (January 1, 2021 to December 31, 2021)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Australia	1,250	73.79%	Australia	586	67.28%
Brazil	277	16.35%	Brazil	203	23.31%
Canada	167	9.86%	Canada	54	6.20%
Total	1,694	100.00%	Others	28	3.21%
			Total	871	100.00%

C. Sources of Limestone (January 1, 2021 to December 31, 2021)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Japan	144	44.72%	Japan	71	44.94%
Philippines	56	17.39%	Philippines	25	15.82%
Taiwan	55	17.08%	Vietnam	22	13.92%
Vietnam	27	8.39%	Taiwan	21	13.29%
Thailand	27	8.39%	Thailand	17	10.76%
Others	13	4.03%	Others	2	1.27%
Total	322	100.00%	Total	158	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
2020	Company A	17,105,479	17.19	Supplier
	Dragon Steel Corporation	13,713,145	13.79	Wholly-owned subsidiary
	Others	68,664,431	69.02	N/A
	Net purchases	99,483,055	100.00	N/A
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
As of the previous quarter in 2022	Information for the previous quarter prior to the publication date of this annual report is the information for 2021. Hence, the information is as above.			

Note on increase or decrease: The increased purchase amount of Dragon Steel Corporation and Company A in 2021 was mainly due to the rising 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
2020	Company A	25,541,991	14.52	Supplier
	Others	150,312,302	85.48	N/A
	Net purchases	175,854,293	100.00	N/A
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
As of the previous quarter in 2022	Information for the previous quarter prior to the publication date of this annual report is the information for 2021. Hence, the information is as above.			

Note on increase or decrease: The increased purchase amount of Company A in 2021 was mainly due to the rising 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 Production Volume and Value	2021			2020		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Plates		1,000,000	924,068	19,307,287	1,000,000	865,484	15,130,669
Bars and wire rods		1,626,000	1,964,274	42,622,474	1,626,000	1,691,492	30,529,627
Hot-rolled products		3,725,000	2,398,086	43,094,566	3,725,000	2,724,713	38,595,289
Cold-rolled products		2,409,000	3,448,682	79,607,714	2,409,000	2,927,398	56,440,877
Other steel products		-	376,749	5,986,013	-	500,331	6,276,375
Total (Steel products)		8,760,000	9,111,859	190,618,054	8,760,000	8,709,418	146,972,837
Others (Non-steel products and by-products)		NA	NA	4,014,363	NA	NA	2,788,578
Total		NA	NA	194,632,417	NA	NA	149,761,415

Note: Other steel products refer to commercial slabs, pig iron, titanium and nickel alloy steel, stainless steel, etc.

Standalone - Breakdown of sales volume and value

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

Major Product	Year Sales Volume and Value	2021				2020			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plates		904,706	23,384,152	30,333	653,429	826,976	17,346,691	44,763	738,094
Bars and wire rods		2,034,024	55,712,031	164,692	4,112,468	1,654,658	34,228,410	160,286	3,028,899
Hot-rolled products		1,412,611	34,296,317	1,266,836	29,315,158	1,450,598	22,133,769	1,556,293	21,603,305
Cold-rolled products		1,486,942	43,709,548	1,865,004	50,200,409	1,321,788	26,690,104	1,701,810	30,727,842
Other steel products		394,803	6,994,762	-	-	1,409,680	16,341,179	16,132	226,646
Others (Non-steel products and by-products)		NA	5,912,420	NA	-	NA	4,312,517	NA	486,839
Total		6,233,086	170,009,230	3,326,865	84,281,464	6,663,700	121,052,670	3,479,284	56,811,625

Consolidated – Breakdown of production volume and value

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

Major Product	Year	2021			2020		
	Production Volume and Value	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Plates		1,000,000	924,068	19,307,287	1,000,000	865,484	15,130,669
Bars and wire rods		1,626,000	1,964,274	42,622,474	1,626,000	1,691,492	30,529,627
Hot-rolled products		9,925,000	7,883,355	147,361,047	9,925,000	8,179,373	114,835,062
Cold-rolled products (including cold-rolled and coated products)		4,479,000	5,052,277	121,478,314	4,479,000	4,430,040	84,177,534
Steel pipes		90,667	43,837	1,192,722	90,667	58,242	1,188,934
H-beams		600,000	529,922	11,017,524	600,000	464,397	8,042,797
Narrow plates			52,720	1,114,395		59,742	1,106,793
Steel frames		200,000	152,032	9,419,067	200,000	119,583	6,183,973
Other steel products		NA	1,925,588	32,347,245	NA	1,898,802	24,601,814
Total (Steel products)		17,920,667	18,528,073	385,860,075	17,920,667	17,767,155	285,797,203
Others (Non-steel products and by-products)		NA	NA	21,339,229	NA	NA	14,578,108
Total		NA	NA	407,199,304	NA	NA	300,375,311

Note: Other steel products refer to commercial slabs, billet, pig iron, titanium and nickel alloy steel, stainless steel, etc.

Consolidated – Breakdown of sales volume and value

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

Year		2021				2020			
Sales Volume and Value	Domestic Sales		Export Sales		Domestic Sales		Export Sales		
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
Major Product									
Plates	805,880	20,771,865	30,054	648,185	695,599	14,229,490	44,562	734,571	
Bars and wire rods	2,031,208	55,664,624	164,713	4,115,264	1,651,957	34,204,664	160,288	3,030,400	
Hot-rolled products	3,937,465	95,692,518	2,215,017	50,692,271	3,400,890	51,479,834	3,267,102	44,628,954	
Cold-rolled products	1,708,981	50,141,221	3,048,006	84,865,109	1,605,299	31,692,009	2,888,669	53,021,668	
Steel pipes	11,016	454,205	28,262	793,018	9,797	209,952	52,860	1,013,014	
H-beams	435,971	11,052,036	40,677	962,080	393,548	8,345,072	34,749	603,958	
Narrow plates	48,939	1,156,488	-	-	59,402	1,222,671	-	-	
Other steel products	147,201	2,530,343	26,056	313,001	206,659	2,357,090	51,837	456,326	
Steel trading and others (Non-steel products and by-products)	NA	1,068,282	NA	87,400	NA	774,871	NA	544,146	
Total	9,126,661	238,531,582	5,552,785	142,476,328	8,023,151	144,515,653	6,500,067	104,033,037	



### 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, 2022):

Year		2020	2021	2022.03.31
Number of Employees		9,969	9,802	9,776
Average Age		44.40	43.47	43.06
Average Years of Service		13.62	13.22	12.96
Distribution of Academic Qualifications (%)	PhD	1.90	2.01	2.10
	Master's degree	19.54	19.78	20.01
	Bachelor's degree	50.89	54.19	55.14
	High school	26.93	23.51	22.36
	Below high school	0.74	0.51	0.39

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, 2022):

Year		2020	2021	2022.03.31
Number of Employees		28,353	28,153	28,033
Average Age		41.22	41.14	41.30
Average Years of Service		11.20	11.25	11.13
Distribution of Academic Qualifications (%)	PhD	0.85	0.87	0.90
	Master's degree	15.13	15.32	15.40
	Bachelor's degree	54.54	54.81	55.32
	High school	24.94	23.36	23.13
	Below high school	4.54	5.64	5.25

2021	CSC	CSC and DSC
Crude steel production (metric ton)	10,100,178	15,951,070
Revenues (NT\$ thousands)	259,782,471	384,267,114
Average number of workers (persons)	9,721	12,969
Average annual crude steel production per capita (metric ton)	1,039	1,230
Average annual revenues per capita (NT\$ thousands)	26,724	29,630
Working hours per ton of crude steel (hour/ton)	2.00	1.70

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 2021, 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 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's management policies are listed as follows: 1. 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. 2. 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 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 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 2020 organizational-level greenhouse gas inventory audit (including Scope 1 and 2), passed the verification process conducted by third-party verification agencies, and registered the greenhouse gas related data annually in line with the policy. The Company has also completed the 2021 organizational-level greenhouse gas inventory internal audit. In addition, the Company continues to manage the amount of greenhouse gas reduction, where a balance of 4,580,165 tons of CO<sub>2</sub>e was recorded at the end of March 2022. In cooperation with the Environmental Protection Administration and the Industrial Development Bureau, the Company provides specific suggestions on the content of amendments to the Greenhouse Gas Reduction and Management Act, including planning of performance standards, cap on greenhouse gas emission, and carbon fee collection, in order to ensure the feasibility and reasonableness of policies.

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 2021, the amount of wastewater discharged at the Company averaged approximately 39.0 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, basic oxygen furnace slag can also be used in asphalt concrete for roads, land reclamation and cement raw materials in cement mills, while desulfurization slag can be used in cement raw materials in cement mills.

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 China Steel Machinery Corporation and Chung Hung Steel Corporation.

Based on the off-site resources chain established by CSC 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 2021, the industrial ecology network centered on CSC comprised 25 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, 2022)

		2021	January to March 2022
CSC	Date of Punishment (Date of Violation)	2021.12.22 (2021.09.04)	None
	Punishment Letter No.	No. 20-110-120024 from Environmental Protection Bureau, Kaohsiung City Government	None
	Regulations Violated	Subparagraph 1, Paragraph 1, Article 32 of the Air Pollution Control Act	None
	Content of Regulations Violated	Effusion of particulate pollutants	None
	Content of Punishment	A fine of NT\$1,350,000 and 2-hour environment seminar	None
CHC Resources	Date of Punishment (Date of Violation)	2021.03.15 (2021.01.22)	None
	Punishment Letter No.	No. 40-110-030020 from Environmental Protection Bureau, Kaohsiung City Government	None
	Regulations Violated	Paragraph 1, Article 36 of the Waste Disposal Act and Paragraph 1, Article 10 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	None
	Content of Regulations Violated	General wastes (D-1801), animal and plant residue (D-0199), waste plastics (D-0299), waste rubber (D-0399), waste paper (D-0699), waste woods (D-0799) produced from industry activities were stored in the open air in gray square iron container without equipment or measure to prevent the inflow or infiltration of rainwater.	None
	Content of Punishment	A fine of NT\$6,000 and 1-hour environment seminar	None

		2021		January to March 2022
DSC	Date of Punishment (Date of Violation)	2021.01.20 (2020.11.12)	2021.02.23 (2020.11.16)	None
	Punishment Letter No.	Fine Notification No. 20-110-010045	Fine Notification No. 20-110-020015	None
	Regulations Violated	Paragraph 2 and Paragraph 4, Article 24 of the Air Pollution Control Act	Paragraph 1, Article 23 of the Air Pollution Control Act	None
	Content of Regulations Violated	After the installation or modification of stationary pollution sources designated and officially announced by the central competent authority, public and private premises shall submit verification documents that demonstrate compliance with the regulations of the Act to the special municipality, county or city competent authority or other government agency commissioned by the central competent authority in order to apply for the issuance of operating permits, and shall perform operations pursuant to the permit contents.	Public and private premises shall effectively collect each type of air pollutant and maintain the normal operation of their air pollution control facilities and monitoring facilities. The maximum operating quantity of their stationary pollution sources may not exceed the maximum treatment capacity of their air pollution control facilities.	None
	Content of Punishment	A fine of NT\$100,000 and 2-hour environmental seminar	A fine of NT\$390,000 and 2-hour environmental seminar	None
	Date of Punishment (Date of Violation)	2021.05.25 (2021.04.08)	2021.08.27 (2021.04.08)	None
	Punishment Letter No.	Fine Notification No. 30-110-050032	Fine Notification No. 20-110-080027	None
	Regulations Violated	Paragraph 1, Article 7 of the Water Pollution Control Act	Paragraph 1, Article 23 of the Air Pollution Control Act	None
	Content of Regulations Violated	Sewage system or building sewage treatment facilities that discharge wastewater or sewage into surface water bodies shall comply with effluent standards.	Public and private premises shall effectively collect each type of air pollutant and maintain the normal operation of their air pollution control facilities and monitoring facilities. The maximum operating quantity of their stationary pollution sources may not exceed the maximum treatment capacity of their air pollution control facilities.	None
	Content of Punishment	A fine of NT\$273,000 and 2-hour environmental seminar	A fine of NT\$300,000 and 2-hour environmental seminar	None

In 2021 and up to the publication date of this annual report (2022.03.31), the other listed subsidiaries (Chung Hung Steel Corporation, China Ecotek Corporation, China Steel Chemical Corporation, and China Steel Structure Co., Ltd.) did not face any penalty due to pollution.

## (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, CHC Resources Corporation and Dragon Steel Corporation have immediately made improvements and repaired relevant equipment on deficiency items. Also, countermeasures have been adopted such as expediting equipment upgrades and replacements, formulating Audit Guidance for Environmental Inspection, etc.

#### (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\$7,846,195 thousand and NT\$11,529,803 thousand in 2022 and 2023 respectively.

#### (3) Effects after improvement

Profitability: Improve environmental protection, reduce CO<sub>2</sub> and PM emissions, and avoid penalties for violations of environmental protection regulations.

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 obtained the OHSAS 18001 certification in 2002, and the Taiwan Occupational Safety and Health Management Systems (TOSHMS) certification in 2009 while passing follow-up verifications every year. In line with the requirement for migration from OHSAS 18001 to ISO 45001 for the occupational safety and hygiene management system set by the International Organization for Standardization (ISO), the Company has not only completed the migration process and obtained the new certification in 2020, but also successfully passed the follow-up verification process for ISO 45001 and TOSHMS certifications conducted by the British Standards Institution (BSI) in 2021. 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 reinforce the corresponding abilities for emergencies, and prevent personal injuries, property losses, and environmental impacts resulting 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 2021, the Company conducted 11 types of courses related to on-the-job licensing training regarding safety and hygiene regulations for 71 batches of personnel, with up to 2,455 employees trained in total, as well as 3 types of courses related to physical safety training for 15 batches of personnel, with up to 141 employees trained in total. In response to existing laws and current trends and in order to enhance safety knowledge among employees, the Company organized a series of workplace safety training courses and seminars, including "Awareness Session on Safety Precautions and Protective Equipment for Operations in Elevated and Confined Spaces," "Safety and Health Training for Oxyacetylene Welding Operation," "Introduction to Mechanical Integrity and Related Practices," "Practical Training Course on Explosion-proof Electrical Safety Management," "Safety and Health Management Training and Seminar for Third Echelon Supervisors," "Management Rules and Competency

Training and Seminar for First-line Supervisors,” “Machine Safety and Risk Assessment Workshop,” “Occupational Safety and Health Management Practices and Legal Liabilities,” “Sources of Workplace Safety Hazards , Common Deficiencies and Disaster Prevention in the Manufacturing Industry,” and “Briefing Sessions on Subsidies for Improving Safety and Hygiene Facilities and Equipment for Small and Medium-sized Enterprises”.

3. Health care

- (1) All employees working in special work-sites undergone special health examination as planned, covering test items such as high temperature, noise, radioactivity, lead, dust, organic and special chemicals. In 2021, this examination recorded 3,584 counts of participants in total. At the same time, a total of 4 employees working in noisy environments were listed under Level 4 management, whereas the remaining personnel working in special work-sites were not listed in Level 4 health management.
- (2) In 2021, the Company conducted 10 health promotion activities (e.g., nutrition consultation, physical fitness guidance, body fat test, oral cancer screening, influenza vaccine injection, self-paid advanced health checkup, mammography, papanicolaou test, female breast ultrasound examination, and gynecological ultrasound examination) with a total of 3,105 counts of attendance. These activities were aimed at ensuring that employees pay attention to their own health and implement healthy living habits.
- (3) In 2021, the Company's maternity protection program comprised a total of 18 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. In-plant traffic improvement plan

The Company continues to promote massive traffic enforcement. In an effort to ensure compliance with traffic rules among drivers, the Company increases the frequency and capacity of violation enforcement, which comprises various actions such as promoting the habit of stop-watch upon turning vehicles, speed limitation for driving, and sobriety test at the gate. More inspection methods for traffic violations, such as fixed-spot, dynamic, and CCTV inspections, are also introduced.

5. Workplace safety enhancement measures

- (1) New factory safety and hygiene inspection competition  
Items to be assessed in this competition comprises: 1. Employee competence in workplace safety, 2. Inspection capacity of supervisors and managers at all levels, 3. Review of various safety and health management measures, with the intention of strengthening safety and health management capabilities at all workplaces.
- (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.

(4) Employee health protection

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.

(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 2021, the Company carried out and completed a total of 1,014 regular inspections of dangerous machinery and equipment, as well as a total of 20 modifications and final inspections on dangerous machinery and equipment. Moreover, the Company conducted workplace hazard risk assessment on 3 Class C dangerous workplaces, whose process safety is reassessed every five years in accordance with the law, in order to ensure 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.

3. On-site safety observation

With the intention of raising employees' understanding and attention toward industrial safety and health, improving safety awareness, and preventing accidents, the Company regularly organizes workplace safety observation activities so that each factories (departments) can learn from each other and make up for their own shortcomings. The Vice President of the Production Division is tasked with convening these activities and leading the Occupational Safety & Hygiene Committee, factory (department) supervisors, and labor union representatives to conduct observations and discussions. In 2021, a total of 4 observation activities were carried out while 8 second echelon units were selected as "Outstanding Units in Workplace Safety Management."

## VI. Labor Relations

### (I) Recent Important Labor-Management Agreements and Related Implementation

#### 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 2021, a total of 7,057 employees applies to the new labor pension system, while a total of 2,737 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 agreement comprises 10 chapters, including general principles, labor union activities, personnel, 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. 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.

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. However, only a total of 10 labor-management meetings were held in 2021 owing to suspension of labor-management meetings in May and June in light of the severe local COVID-19 outbreak during that period. Besides, according to the implementation directions for communication forums for plants (and departments), each plant (or 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 238 communication forums (participated by approximately 4,713 people) were held across all plants (and departments) in 2021. 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" specify employee code of conduct and ethics.

While celebrating the Company's 50th anniversary in 2021, the Company authorized a consulting firm to carry out the "Corporate Culture Revamp" project. In this project, a consensus is reached by the management team on the Company's corporate culture via interviews with top executives and vice presidents of each division and confirmation workshops held across the Company to reshape the definition of the Company's four corporate values, namely teamwork, entrepreneurial approach, down-to-earthness, and pursuit of innovation, and to identify the elements representing each of the aforesaid values. Furthermore, employee conduct and behavior are 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, so that the four corporate values can be conveyed and passed down easily.

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 planning 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, training specifications, and 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 2021 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 2021, the Company spent NT\$48,801 thousand in education and training, with an average 22 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 863 people attended training courses for AI talents in 2021.

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

No losses caused by labor disputes were reported at China Steel Corporation, 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.), and important subsidiary (i.e., Dragon Steel Corporation) in 2021 up to the publication date of this annual report (March 31, 2022).

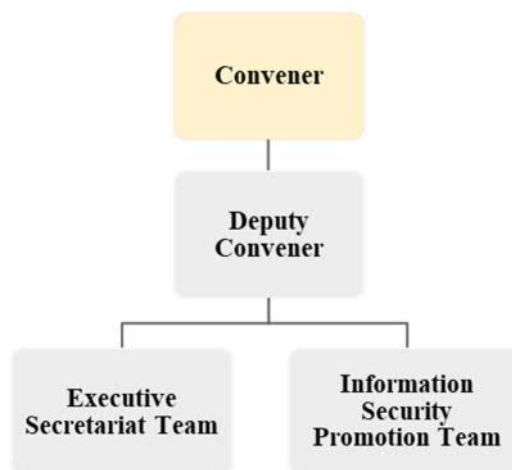
## VII. Cybersecurity Management

### (I) Cybersecurity Risk Management Framework

#### 1. Information Security Governance Organization

The Company established the Information Security Committee in December 2020. The Executive Vice President 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.

#### 2. Structure 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

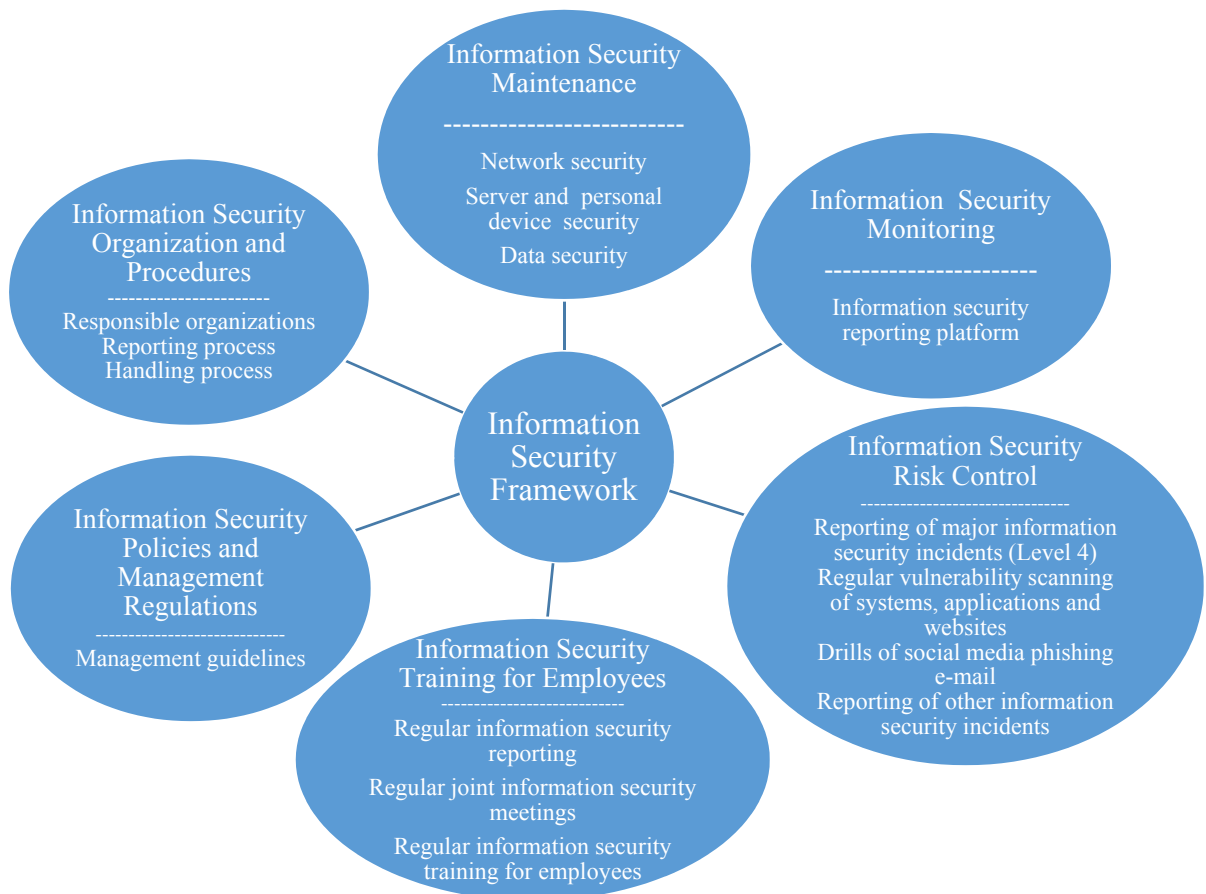
For the purpose of effectively implementing information security management, the Information Security Committee reviews the applicability of the Company's information security policies and related protection measures based on the Plan-Do-Check-Act (PDCA) management cycle, and introduces a number of information 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

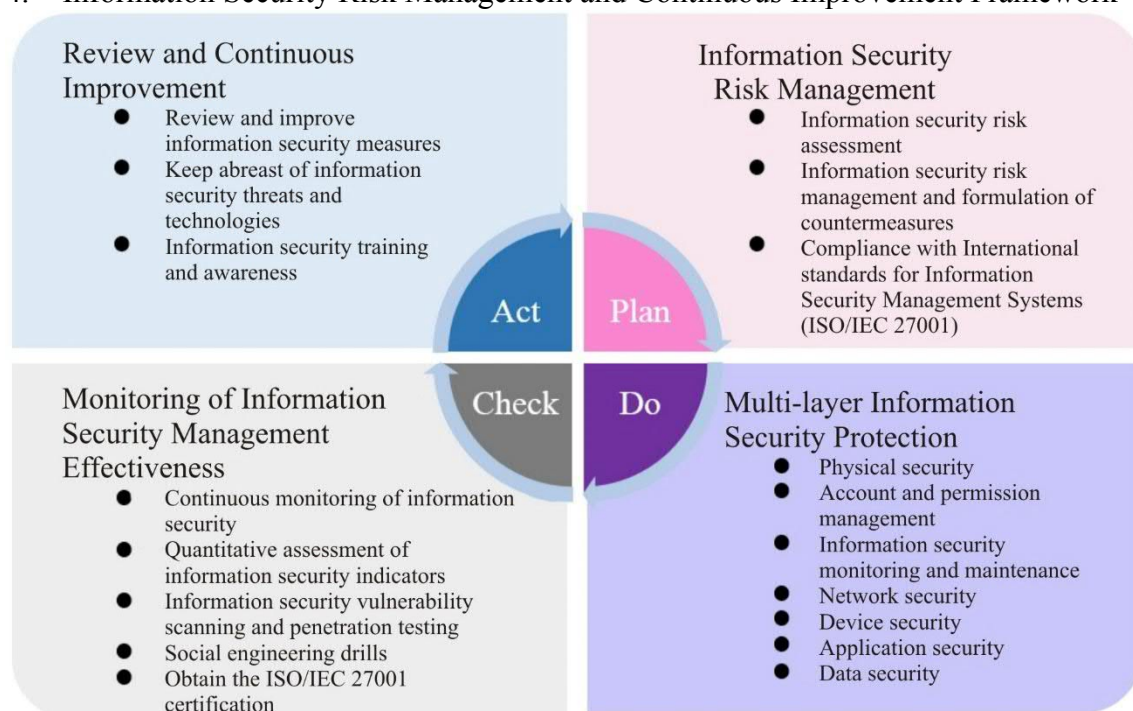
the aim of ensuring the confidentiality, integrity, and availability of information assets.

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

#### (IV) Resources for Cybersecurity Management

Achievements in promoting and implementing information security measures in 2021 are as follows:



Policy	Certification
Formulated or amended 22 information security rules and regulations.	Passed the ISO/IEC 27001:2013 Information Security Management System certification.
Training/Awareness	
Conducted 10 batches of information security training for new employees, with a total of 473 people trained, all of whom have completed the training and passed the examination.	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 at 20 stations.	Conducted vulnerability scanning and testing at 113 stations.
Organized one e-mail social engineering and phishing e-mail drill each year, with 700 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:

1. The auxiliary servers of Chung Hung Steel Corporation were attacked by viruses on October 27, 2021. Chung Hung Steel Corporation immediately activated the defense mechanism and made thorough inspection on the cyberattack. Meanwhile, Chung Hung Steel continuously reviewed and strengthened the existing infrastructure to comprehensively improve cybersecurity for the protection of data security and integrity. The information security incident had no impact on the production, sales and daily operation of Chung Hung Steel Corporation.
2. No losses caused by major information security incidents were reported at China Steel Corporation, other listed subsidiaries of CSC Group (China Ecotek Corporation, China Steel Chemical Corporation, CHC Resources Corporation, and China Steel Structure Co., Ltd.), and the important subsidiary (Dragon Steel Corporation) in 2021 up to the publication date of this annual report (March 31, 2022).

# VIII.Important Contracts

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
Procurement contract	Vale S.A. (Brazil)	2020.04.01~ 2023.03.31	Iron ore	None
Procurement contract	BHP Billiton Marketing AG (Australia)	2020.04.01~ 2021.03.31	Iron ore	None
		2021.04.01~ 2024.03.31		
Procurement contract	Teck Coal Limited (Canada)	2018.04.01~ 2021.03.31	Coking coal	None
		2021.04.01~ 2024.03.31		
Procurement contract	BM Alliance Coal Marketing Pty Ltd (Australia)	2020.04.01~ 2021.03.31	Coking coal	None
		2021.04.01~ 2022.03.31		
Procurement contract	Nippon Steel Corporation	2020.04.01~ 2024.06.30	Supply of slabs	None
Procurement contract	Primetals Technologies Austria GmbH (Austria)	2019.05.23~ 2021.01.15	Caster oscillation, mold width adjustment, and breakout prediction system for No. 3 Continuous Casters at No.1 Basic Oxygen Furnace in the Steelmaking Department	None
Procurement contract	SMS group S.p.A. (Italy)	2019.09.12~ 2023.08.31	Auxiliary equipment for finishing rolling area at No. 1 Hot Strip Mill	None
Procurement contract	Toshiba Mitsubishi-Electric Industrial Systems Corporation (Japan)	2019.09.18~ 2021.06.15	Replacement of the main integrated motor drive at Rolling Mill Department II	None
Procurement contract	Paul Wurth IHI Co., Ltd. (Japan)	2019.09.25~ 2021.12.31	Reformation of dense-phase conveyor system for pulverized coal injection (PCI) and addition of oxy-coal injection system for No. 2 Blast Furnaces	None
Procurement contract	Toshiba Mitsubishi-Electric Industrial Systems Corporation (Japan) and Primetals Technologies Japan, Ltd. (Japan)	2019.10.23~ 2021.12.31	Ultra-high pressure water jet system for rust removal at Hot Strip Mill	None
Procurement contract	MAN Energy Solutions SE (Germany)	2019.12.05~ 2022.12.31	Replacement of turbine blowers for No.1 Power House	None
Procurement contract	Nippon Steel Engineering Co., Ltd. (Japan)	2020.11.04~ 2023.01.31	Coke dry quenching equipment for coke ovens	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
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	Toshiba Mitsubishi-Electric Industrial Systems Corporation (Japan)	2021.08.11~2025.02.28	Replacement of the electrical control system for No. 2 Temper Line	None
Procurement contract	Fuji Electric Co., Ltd. (Japan)	2021.10.19~2027.12.31	The turbine generator at No.1 Power House	None
Procurement contract	Port of Taichung, Taiwan International Ports Corporation, Ltd. Taichung City Government	To expire 15 years from the date of commencement of operation	Dragon Steel Corporation's contract for effluent recycling and reuse at Futian Water Resource Recycling Center in Taichung City	Dragon Steel's daily water consumption multiplied by 350 calendar days (20.3 million cubic meters per year)
Procurement contract	Air Liquide Far Eastern Ltd. - Taichung Branch	2019.01~2029.11	Dragon Steel Corporation's industrial gas procurement contract	The minimum oxygen consumption is 16,500 metric tons per year
Procurement contract	ShinChang Natural Gas Co., Ltd	2019.11~2022.10	Dragon Steel Corporation's natural gas procurement contract	None
Long-term borrowing	Mizuho Bank	2018.06~2021.06	China Steel Corporation's Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Bank of Taiwan	2018.12~2021.12	China Steel Corporation's Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Mega International Commercial Bank	2018.12~2021.12	China Steel Corporation's Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Bank of Taiwan	2019.11~2022.11	China Steel Corporation's Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Chang Hwa Bank	2019.08~2022.07	China Steel Corporation's 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	2019.08~2022.08	China Steel Corporation's New Taiwan dollar loan with a revolving credit line	Credit utilization rate
Long-term borrowing	MUFG Bank	2022.01~2024.09	China Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Cathay United Bank	2019.12~2023.12	China Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Taishin International Bank	2020.01~2024.01	China Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	CTBC Bank Co., Ltd.	2020.04~2024.04	China Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Cathay United Bank	2020.12~2022.12	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Mega International Commercial Bank	2021.01~2024.01	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Taiwan Cooperative Bank	2021.06~2023.06	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Sumitomo Mitsui Banking Corporation	2021.06~2023.06	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	Shareholding ratio
Long-term borrowing	Bank of Taiwan	2021.08~2023.08	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Mizuho Bank	2021.09~2023.09	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	MUFG Bank	2021.09~2024.09	Dragon Steel Corporation's New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Mega Bills Finance Co., Ltd.	2017.12~2022.12	Dragon Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Cathay United Bank	2019.06~2023.06	Dragon Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Long-term borrowing	Taishin International Bank	2019.12~2022.12	Dragon Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	CTBC Bank	2020.04~2023.04	Dragon Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	None
Long-term borrowing	Ta Ching Bills Finance Corporation	2021.01~2024.01	Dragon Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Grand Bills Finance Corporation	2021.06~2024.06	Dragon Steel Corporation's New Taiwan dollar non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	20 banks including Bank of Taiwan	2021.11~2042.01	China Steel Power Corporation's syndicated loan for the development of the offshore wind farm	Debt service cover ratio of 1.05 or above.
Engineering contract	Taiwan High Speed Rail Corporation	2018.09~2024.03	Manufacturing and supply of catenary maintenance vehicles	None
Engineering contract	Kaohsiung Rapid Transit Corporation	2018.12~2021.12	Operations and maintenance services for the Danhai LRT during the operating period	None
Engineering contract	China Steel Machinery Corporation	2018.12~2022.12	Procurement of main maintenance equipment for the Ankeng LRT Depot	None
Engineering contract	China Ecotek Corporation	2019.03~2022.11	Installation works for the demolition of Phase I and II of coking coal and iron ore transportation equipment	None
Engineering contract	China Ecotek Corporation	2019.03~2022.12	Equipment supply for the demolition of Phase I and II of coking coal and iron ore transportation equipment	None
Engineering contract	China Steel Machinery Corporation	2019.05~2021.02	Dragon Steel Corporation's equipment splitting for the ladle furnace of basic oxygen furnaces shop	None
Engineering contract	China Steel Machinery Corporation	2019.07~2022.12	Procurement of auxiliary and miscellaneous equipment for the maintenance of Ankeng LRT Depot	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.08~2021.12	Civil foundation engineering of conveyor line and renovation of the electric room on Raw Material 1 <sup>st</sup> East Rd.	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	China Ecotek Corporation	2019.10~2021.03	Manufacturing and installation works for raw coking coal conveying and pulverizing system in Area 9200 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2019.10~2021.05	Manufacturing and installation works in Area 1000 for revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2019.10~2021.12	Equipment supply of scraper reclaimer for the construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Machinery Corporation	2019.10~2021.12	Installation of scraper reclaimer for the construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2019.11~2021.04	Manufacturing and installation works in Area 9400/9700 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2019.11~2022.07	Manufacturing and installation works in Area 3400 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.12~2021.11	Procurement of rebars and formwork materials for the civil engineering of the north section of the construction of new enclosed building in coking coal storage yard	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.12~2021.12	Civil foundation engineering of the north section of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2019.12~2021.12	Equipment supply for conveying process of Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2020.01~2021.01	Replacement of the 3rd campaign of No. 2 Blast Furnace and the inner lining of hot-blast system	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	China Steel Machinery Corporation	2020.01~2021.05	Manufacturing and installation works in Area 2000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.01~2021.12	Installation works for conveying process of Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Machinery Corporation	2020.02~2021.05	Manufacturing and installation works in Area 4000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.03~2021.01	Replacement of equipment at No. 1 and No. 2 Sinter Plants (Area A and E)	None
Engineering contract	China Ecotek Corporation	2020.03~2021.03	Manufacturing and installation works in Area 6000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.03~2021.04	Manufacturing and installation works in Area 3600 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2020.03~2021.09	Manufacturing and installation works in Area 3000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.04~2021.01	Replacement of equipment at No. 1 and No. 2 Sinter Plants (Area C)	None
Engineering contract	China Ecotek Corporation	2020.04~2021.02	Replacement of equipment at No. 1 and No. 2 Sinter Plants (Area B)	None
Engineering contract	Steel Castle Technology Corporation	2020.06~2021.12	Fire protection engineering for Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	United Steel Engineering & Construction Corporation	2020.06~2022.06	Civil engineering of superstructures in the north section of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Structure Co., Ltd.	2020.08~2021.09	Manufacturing and installation of scaffolding steel structure for Phase 1 construction of the new enclosed building in coking coal storage yard	None



Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	China Ecotek Corporation	2020.08~2023.02	Configuration of utilities for the replacement of Phase I and II coke ovens	None
Engineering contract	China Ecotek Corporation	2020.08~2023.02	Manufacturing and installation of new cooling towers and pipelines for No. 1 Power House	None
Engineering contract	China Ecotek Corporation	2020.08~2023.03	Specifications for the procurement of new cooling towers and pipelines for No. 1 Power House	None
Engineering contract	China Ecotek Corporation	2020.09~2022.06	Electromechanical and pipeline engineering of the addition of biological filters for effluents	None
Engineering contract	China Ecotek Corporation	2020.11~2022.07	Construction works for the replacement of No. 21 Hot Stove	None
Engineering contract	China Steel Machinery Corporation	2021.01~2022.07	Demolition of mechanical equipment and refractory materials and installation of mechanical pipelines for No. 3 Reheating Furnace	None
Engineering contract	China Steel Machinery Corporation	2021.01~2023.03	Manufacturing and installation works for the replacement of No. 21 Hot Stove shell and mechanical instruments	None
Engineering contract	China Ecotek Corporation	2021.02~2022.10	Construction works for the replacement of No. 33 Hot Stove	None
Engineering contract	United Steel Engineering & Construction Corporation	2021.03~2022.06	Construction of building structure and decoration of T5T6 extra-high voltage substation	None
Engineering contract	China Steel Machinery Corporation	2021.03~2023.01	Manufacturing and installation works for the replacement of No. 33 Hot Stove shell and mechanical instruments	None
Engineering contract	China Steel Machinery Corporation	2021.06~2021.10	Partial replacement and revamping of No. 2 Blast Furnace and Cast House equipment	None
Engineering contract	United Steel Engineering & Construction Corporation	2021.08~2022.03	Manufacturing of rebars and system formwork for superstructures in the north section of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2021.08~2022.08	Replacement of equipment for No. 3 Reheating Furnace - Refractory production and construction fees	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Terms
Engineering contract	China Ecotek Corporation	2021.09~ 2022.09	Renewal of refractory brick for Phase IV Coke Dry Quenching Stove	None
Engineering contract	China Ecotek Corporation	2021.09~ 2024.05	Installation of New Phase I & II Coke Production Facility	None
Engineering contract	China Steel Structure Co., Ltd.	2021.10~ 2022.09	Procurement of scaffolding steel structure materials for Phase 2 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Structure Co., Ltd.	2021.10~ 2023.01	Manufacturing and installation of scaffolding steel structure for Phase 2 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2021.10~ 2024.06	Equipment supply of New Phase I & II Coke Production Facility	None
Engineering contract	China Ecotek Corporation	2021.11~ 2023.09	Civil construction of Coal Chemical Plant for New Phase II Coke Oven	None
Engineering contract	China Ecotek Corporation	2021.11~ 2024.01	Equipment supply for conveying process of Phase 2 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2021.11~ 2024.01	Installation of conveying process of Phase 2 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2021.11~ 2024.06	Installation of coke conveying and processing system	None
Engineering contract	China Ecotek Corporation	2021.11~ 2024.06	Equipment supply of coke conveying and processing system	None
Engineering contract	United Steel Engineering & Construction Corporation	2022.02~ 2023.07	Material procurement contract for the civil construction of New Phase II Coke Oven	None
Contracting agreement	Kaohsiung City Government	2016.10~ 2024.09	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

## 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 2021 (Note 2 & 3)	End of 2020	End of 2019	End of 2018	End of 2017
Item						
Current assets		210,015,348	141,337,884	164,629,375	174,307,744	150,980,415
Property, plant and equipment		370,663,701	384,332,644	390,063,303	398,733,684	413,821,236
Intangible assets		1,478,279	1,654,972	1,677,536	1,850,508	1,938,180
Other assets		105,837,641	108,757,197	110,261,767	99,634,660	100,976,048
Total assets		687,994,969	636,082,697	666,631,981	674,526,596	667,715,879
Current liabilities	Before distribution	161,930,745	135,326,553	152,276,308	155,338,705	144,320,040
	After distribution	210,827,445	140,100,586	160,197,313	171,127,141	158,220,292
Noncurrent liabilities		139,109,204	177,649,163	182,141,163	176,390,173	191,443,852
Total liabilities	Before distribution	301,039,949	312,975,716	334,417,471	331,728,878	335,763,892
	After distribution	349,936,649	317,749,749	342,338,476	347,517,314	349,664,144
Equity attributable to owners of the Company		349,028,765	293,298,945	302,558,533	312,908,037	304,010,063
Share capital		157,731,290	157,731,290	157,731,290	157,731,290	157,731,290
Capital surplus		39,238,636	39,077,456	38,877,269	38,545,884	38,211,082
Retained earnings	Before distribution	165,114,212	108,342,066	115,476,131	122,682,396	109,227,145
	After distribution	116,217,512	103,568,033	107,555,126	106,893,960	95,326,893
Other equity		(4,405,952)	(3,187,669)	(861,959)	2,595,167	7,372,935
Treasury shares		(8,649,421)	(8,664,198)	(8,664,198)	(8,646,700)	(8,532,389)
Non-controlling interests		37,926,255	29,808,036	29,655,977	29,889,681	27,941,924
Total equity	Before distribution	386,955,020	323,106,981	332,214,510	342,797,718	331,951,987
	After distribution	338,058,320	318,332,948	324,293,505	327,009,282	318,051,735

Note 1: Financial information from 2017 to 2021 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2022, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2021.

Note 3: The amounts after distribution in 2021 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 2021 (Note 2 & 3)	End of 2020	End of 2019	End of 2018	End of 2017
Current assets		97,729,725	61,576,209	82,799,286	85,311,954	73,703,417
Property, plant and equipment		147,119,445	148,160,443	146,141,153	155,897,997	162,042,223
Intangible assets		4,978	14,934	24,890	34,847	44,810
Other assets		255,126,238	233,166,821	237,113,859	239,837,379	236,637,062
Total assets		499,980,386	442,918,407	466,079,188	481,082,177	472,427,512
Current liabilities	Before distribution	77,901,128	56,431,956	68,415,109	68,011,905	65,066,190
	After distribution	126,797,828	61,205,989	76,336,114	83,800,341	78,966,442
Noncurrent liabilities		73,050,493	93,187,506	95,105,546	100,162,235	103,351,259
Total liabilities	Before distribution	150,951,621	149,619,462	163,520,655	168,174,140	168,417,449
	After distribution	199,848,321	154,393,495	171,441,660	183,962,576	182,317,701
Share capital		157,731,290	157,731,290	157,731,290	157,731,290	157,731,290
Capital surplus		39,238,636	39,077,456	38,877,269	38,545,884	38,211,082
Retained earnings	Before distribution	165,114,212	108,342,066	115,476,131	122,682,396	109,227,145
	After distribution	116,217,512	103,568,033	107,555,126	106,893,960	95,326,893
Other equity		(4,405,952)	(3,187,669)	(861,959)	2,595,167	7,372,935
Treasury shares		(8,649,421)	(8,664,198)	(8,664,198)	(8,646,700)	(8,532,389)
Total equity	Before distribution	349,028,765	293,298,945	302,558,533	312,908,037	304,010,063
	After distribution	300,132,065	288,524,912	294,637,528	297,119,601	290,109,811

Note 1: Financial information from 2017 to 2021 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2022, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2021.

Note 3: The amounts after distribution in 2021 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)				
	2021 (Note 2)	2020	2019	2018	2017
Operating revenues	468,327,501	314,783,301	366,240,735	400,665,057	347,012,002
Gross profit	95,314,611	15,117,520	27,827,888	48,838,402	39,339,149
Profit (loss) from operations	79,757,273	2,296,237	12,578,230	33,579,011	24,921,629
Non-operating income and expenses	4,656,375	471,925	223,325	(1,657,266)	(1,518,332)
Profit before income tax	84,413,648	2,768,162	12,801,555	31,921,745	23,403,297
Net profit from continuing operations	68,906,072	2,257,833	10,330,458	27,886,609	20,431,190
Loss from discontinued operations	-	-	-	-	-
Net profit	68,906,072	2,257,833	10,330,458	27,886,609	20,431,190
Other comprehensive income (net of income tax)	(1,972,283)	(2,893,683)	(3,589,807)	(1,218,335)	(3,298,276)
Total comprehensive income for the period	66,933,789	(635,850)	6,740,651	26,668,274	17,132,914
Net profit attributable to owners of the Company	62,053,033	885,865	8,809,555	24,454,152	16,905,588
Net profit attributable to non-controlling interests	6,853,039	1,371,968	1,520,903	3,432,457	3,525,602
Total comprehensive income attributable to owners of the Company	60,327,896	(1,538,770)	5,125,045	23,004,013	14,430,315
Total comprehensive income attributable to non-controlling interests	6,605,893	902,920	1,615,606	3,664,261	2,702,599
Basic earnings per share (NT\$) (Note 3)	4.02	0.05	0.57	1.58	1.09
Retrospective basic earnings per share (NT\$) (Note 4)	-	0.05	0.57	1.58	1.09

Note 1: Financial information from 2017 to 2021 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2022, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2021.

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)				
	2021 (Note 2)	2020	2019	2018	2017
Operating revenues	259,782,471	183,841,526	207,297,533	235,403,151	207,098,630
Gross profit	50,216,234	8,226,737	12,706,144	24,972,208	19,529,825
Profit (loss) from operations	40,404,273	597,227	4,586,901	16,316,631	11,575,044
Non-operating income and expenses	30,647,074	410,149	5,448,207	10,080,759	6,945,620
Profit before income tax	71,051,347	1,007,376	10,035,108	26,397,390	18,520,664
Net profit from continuing operations	62,053,033	885,865	8,809,555	24,454,152	16,905,588
Loss from discontinued operations	-	-	-	-	-
Net profit	62,053,033	885,865	8,809,555	24,454,152	16,905,588
Other comprehensive income (net of income tax)	(1,725,137)	(2,424,635)	(3,684,510)	(1,450,139)	(2,475,273)
Total comprehensive income for the period	60,327,896	(1,538,770)	5,125,045	23,004,013	14,430,315
Basic earnings per share (NT\$) (Note 3)	4.02	0.05	0.57	1.58	1.09
Retrospective basic earnings per share (NT\$) (Note 4)	-	0.05	0.57	1.58	1.09

Note 1: Financial information from 2017 to 2021 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2022, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2021.

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	2021	2020	2019	2018	2017
	2021	2020	2019	2018	2017
Name of CPAs	Jui-Hsuan Hsu Cheng-Hung Kuo	Jui-Hsuan Hsu Cheng-Hung Kuo	Jui-Hsuan Hsu Cheng-Hung Kuo	Lee-Yuan Kuo Cheng-Hung Kuo	Lee-Yuan Kuo Cheng-Hung Kuo
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unmodified opinion with emphasis of matter and other matter paragraphs (Note 1)	Unqualified opinion

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 2021 and 2020	Difference Analysis > 20%
		2021 (Note 2)	2020	2019	2018	2017		
Capital Structure	Debt-to-asset ratio (%)	44	49	50	49	50	(10)	
	Long-term fund to property, plant and equipment ratio (%)	142	130	132	130	126	9	
Solvency	Current ratio (%)	130	104	108	112	105	25	1
	Quick ratio (%)	36	33	29	32	30	9	
	Interest coverage ratio	49	2	5	11	7	2,350	2
Operating Ability	Accounts receivable turnover (times)	28	22	21	21	21	27	3
	Average collection days	13	17	17	17	17	(24)	4
	Inventory turnover (times)	3	3	3	3	3	-	
	Accounts payable turnover (times)	15	15	15	17	19	-	
	Average inventory turnover days	129	137	128	115	116	(6)	
	Property, plant and equipment turnover (times)	1	1	1	1	1	-	
	Total asset turnover (times)	0.67	0.44	0.49	0.55	0.48	52	5
Profitability	Return on assets (%)	11	1	2	5	4	1,000	6
	Return on equity (%)	19	1	3	8	6	1,800	7
	Pre-tax income to paid-in capital ratio (%)	54	2	8	20	15	2,600	8
	Net margin (%)	16	1	3	8	6	1,500	9
	Basic earnings per share (NT\$) (Note 3)	4.02	0.05	0.57	1.58	1.09	7,940	10
	Retrospective basic earnings per share (NT\$) (Note 4)	-	0.05	0.57	1.58	1.09	-	
Cash Flow	Cash flow ratio (%)	44	47	26	42	34	(6)	
	Cash flow adequacy ratio (%)	116	135	124	138	118	(14)	
	Cash flow reinvestment ratio (%)	6	5	2	5	4	20	11
Leverage	Operating leverage	2	30	7	3	4	(93)	12
	Financial leverage	1	(14)	1	1	1	107	13

Reasons for differences in financial ratios in the most recent two years (comparison between 2021 and 2020):

1. Current ratio increased by 25% from the previous year, mainly due to the increase in current assets.
2. Interest coverage ratio increased by 2350% from the previous year, mainly due to the increase in earnings before interests and income tax.
3. Accounts receivable turnover increased by 27% from the previous year, mainly due to the increase in revenue from the sale of goods.
4. Average collection days decreased by 24% from the previous year, mainly due to the increase in accounts receivable turnover.
5. Total asset turnover increased by 52% from the previous year, mainly due to the increase in revenue from the sale of goods.
6. Return on assets increased by 1000% from the previous year, mainly due to the increase in net profit.
7. Return on equity increased by 1800% from the previous year, mainly due to the increase in net profit.
8. Pre-tax income to paid-in capital ratio increased by 2600% from the previous year, mainly due to the increase in profit before income tax.
9. Net margin increased by 1500% from the previous year, mainly due to the increase in net profit.
10. Basic earnings per share increased by 7940% from the previous year, mainly due to the increase in net profit.
11. Cash flow reinvestment ratio increased by 20% from the previous year, mainly due to the increase in net cash generated from operating activities.
12. Operating leverage decreased by 93% from the previous year, mainly due to the increase in profit from operations.
13. Financial leverage increased by 107% from the previous year, mainly due the increase in profit from operations.

Note 1: Financial information from 2017 to 2021 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2022, the most recent financial information audited or reviewed by CPAs is the financial information at the end of 2021.

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 2021 and 2020	Difference Analysis > 20%
		2021 (Note 2)	2020	2019	2018	2017		
Capital Structure	Debt-to-asset ratio (%)	30	34	35	35	36	(12)	
	Long-term fund to property, plant and equipment ratio (%)	287	261	272	265	251	10	
Solvency	Current ratio (%)	125	109	121	125	113	15	
	Quick ratio (%)	27	26	30	39	28	4	
	Interest coverage ratio	90	2	9	17	11	4,400	1
Operating Ability	Accounts receivable turnover (times)	42	40	42	40	42	5	
	Average collection days	9	9	9	9	9	-	
	Inventory turnover (times)	4	3	3	4	4	33	2
	Accounts payable turnover (times)	27	29	24	26	33	(7)	
	Average inventory turnover days	104	111	112	95	99	(6)	
	Property, plant and equipment turnover (times)	2	1	1	1	1	100	3
	Total asset turnover (times)	0.54	0.39	0.43	0.48	0.43	38	4
Profitability	Return on assets (%)	13	0.4	2	5	4	3,150	5
	Return on equity (%)	19	0.3	3	8	6	6,233	6
	Pre-tax income to paid-in capital ratio (%)	45	1	6	17	12	4,400	7
	Net margin (%)	24	1	4	11	8	2,300	8
	Basic earnings per share (NT\$) (Note 3)	4.02	0.05	0.57	1.58	1.09	7,940	9
	Retrospective basic earnings per share (NT\$) (Note 4)	-	0.05	0.57	1.58	1.09	-	
Cash Flow	Cash flow ratio (%)	49	57	10	57	36	(14)	
	Cash flow adequacy ratio (%)	86	100	93	122	117	(14)	
	Cash flow reinvestment ratio (%)	4	3	(1)	3	1	33	10
Leverage	Operating leverage	2	55	9	3	4	(96)	11
	Financial leverage	1	(1)	1	1	1	200	12

Reasons for differences in financial ratios in the most recent two years (comparison between 2021 and 2020):

1. Interest coverage ratio increased by 4400% from the previous year, mainly due to the increase in earnings before interests and income tax.
2. Inventory turnover increased by 33% from the previous year, mainly because the increase in cost of goods sold was greater than that in average total inventory.
3. Property, plant and equipment turnover increased by 100% from the previous year, mainly due to the increase in revenue from the sale of goods.
4. Total asset turnover increased by 38% from the previous year, mainly due to the increase in revenue from the sale of goods.
5. Return on assets increased by 3150% from the previous year, mainly due to the increase in net profit.
6. Return on equity increased by 6233% from the previous year, mainly due to the increase in net profit.
7. Pre-tax income to paid-in capital ratio increased by 4400% from the previous year, mainly due to the increase in profit before income tax.
8. Net margin increased by 2300% from the previous year, mainly due to the increase in net profit.
9. Basic earnings per share increased by 7940% from the previous year, mainly due to the increase in net profit.
10. Cash flow reinvestment ratio increased by 33% from the previous year, mainly due to the increase in net cash generated from operating activities.
11. Operating leverage decreased by 96% from the previous year, mainly due to the increase in profit from operations.
12. Financial leverage increased by 200% from the previous year, mainly due the increase in profit from operations.

Note 1: Financial information from 2017 to 2021 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2022, the most recent financial information audited or reviewed by CPAs is the financial information at the end of 2021.

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 173 for the formulas used in financial analysis.

### III. 2021 Audit Committee's Audit Report

China Steel Corporation

#### Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2021 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:

2022 Annual General Shareholders' Meeting

China Steel Corporation

Convener of the Audit Committee:



Shyue-Bin Chang

February 25, 2022

### IV. 2021 Consolidated Financial Statements

Please refer to page 2-157 of the Annex: Financial Statements.

### V. 2021 Standalone Financial Statements

Please refer to page 158-233 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 2021	End of 2020	Difference		
			Amount	%	
Current assets	210,015,348	141,337,884	68,677,464	49	Note1
Property, plant and equipment	370,663,701	384,332,644	(13,668,943)	(4)	
Other noncurrent assets	107,315,920	110,412,169	(3,096,249)	(3)	
Total assets	687,994,969	636,082,697	51,912,272	8	
Current liabilities	161,930,745	135,326,553	26,604,192	20	Note2
Noncurrent liabilities	139,109,204	177,649,163	(38,539,959)	(22)	Note2
Total liabilities	301,039,949	312,975,716	(11,935,767)	(4)	
Share capital	157,731,290	157,731,290	-	-	
Capital surplus	39,238,636	39,077,456	161,180	-	
Retained earnings	165,114,212	108,342,066	56,772,146	52	Note4
Other equity	(4,405,952)	(3,187,669)	(1,218,283)	(38)	Note5
Treasury shares	(8,649,421)	(8,664,198)	14,777	-	
Non-controlling interests	37,926,255	29,808,036	8,118,219	27	Note6
Total equity	386,955,020	323,106,981	63,848,039	20	Note7

Note:

1. Current assets increased by NT\$68,677,464 thousand from the previous year, mainly due to the increase in inventory.
2. Current liabilities increased by NT\$26,604,192 thousand from the previous year, mainly due to the increase in tax liabilities and other payables for the current period.
3. Noncurrent liabilities decreased by NT\$38,539,959 thousand from the previous year, mainly due to the decrease in bonds payable and long-term bank borrowings.
4. Retained earnings increased by NT\$56,772,146 thousand from the previous year, mainly due to the increase in net profit.
5. Other equity decreased by NT\$1,218,283 thousand from the previous year, mainly due to unfavorable exchange differences on translating foreign operations in the current year compared to that of the previous year.
6. Non-controlling interests increased by NT\$8,118,219 thousand from the previous year, mainly due to the capital increase in the Company's subsidiary China Steel Power Holding Corporation (in which the Company holds a 51% stake), resulting in the simultaneous increase in non-controlling interests.
7. Total equity increased by NT\$63,848,039 thousand from the previous year due to reasons provided in Notes 4 to 6.

## (II) Comparative Analysis of Financial Status – Standalone

Unit: NT\$ thousands

Item \ Year	End of 2021	End of 2020	Difference		
			Amount	%	
Current assets	97,729,725	61,576,209	36,153,516	59	Note 1
Property, plant and equipment	147,119,445	148,160,443	(1,040,998)	(1)	
Other noncurrent assets	255,131,216	233,181,755	21,949,461	9	
Total assets	499,980,386	442,918,407	57,061,979	13	
Current liabilities	77,901,128	56,431,956	21,469,172	38	Note 2
Noncurrent liabilities	73,050,493	93,187,506	(20,137,013)	(22)	Note 3
Total liabilities	150,951,621	149,619,462	1,332,159	1	
Share capital	157,731,290	157,731,290	-	-	
Capital surplus	39,238,636	39,077,456	161,180	-	
Retained earnings	165,114,212	108,342,066	56,772,146	52	Note 4
Other equity	(4,405,952)	(3,187,669)	(1,218,283)	(38)	Note 5
Treasury shares	(8,649,421)	(8,664,198)	14,777	-	
Total equity	349,028,765	293,298,945	55,729,820	19	

Note:

1. Current assets increased by NT\$36,153,516 thousand from the previous year, mainly due to the increase in inventory.
2. Current liabilities increased by NT\$21,469,172 thousand from the previous year, mainly due to the increase in tax liabilities, other payables, and accounts payable (including related parties).
3. Non-current liabilities decreased by NT\$20,137,013 thousand from the previous year, mainly due to the decrease in bonds payable and long-term bank borrowings.
4. Retained earnings increased by NT\$56,772,146 thousand from the previous year, mainly due to the increase in net profit.
5. Other equity decreased by NT\$1,218,283 thousand from the previous year, mainly due to unfavorable exchange differences on translating foreign operations in the current year compared to that of the previous year.

## II. Financial Performance

### (I) Comparative Analysis of Financial Performance - Consolidated

Unit: NT\$ thousands

Item \ Year	2021	2020	Increase (Decrease)	Percentage Change (%)	
Operating revenues	468,327,501	314,783,301	153,544,200	49	Note 1
Operating costs	373,012,890	299,665,781	73,347,109	24	Note 2
Gross profit	95,314,611	15,117,520	80,197,091	530	Note 3
Realized (unrealized) gain on sales	-	-	-	-	
Operating expenses	15,557,338	12,821,283	2,736,055	21	Note 4
Profit from operations	79,757,273	2,296,237	77,461,036	3,373	Note 5
Non-operating income and expenses	4,656,375	471,925	4,184,450	887	Note 6
Profit before income tax	84,413,648	2,768,162	81,645,486	2,949	Note 7
Income tax	15,507,576	510,329	14,997,247	2,939	Note 8
Net profit	68,906,072	2,257,833	66,648,239	2,952	Note 9
Other comprehensive income (net of income tax)	(1,972,283)	(2,893,683)	921,400	32	Note 10
Total comprehensive income	66,933,789	(635,850)	67,569,639	10,627	Note 11

Note:

- Operating revenues increased by NT\$153,544,200 thousand from the previous year, mainly due to the increase in the unit price of steel products.
- Operating costs increased by NT\$73,347,109 thousand from the previous year, mainly due to the increase in raw material prices.
- Gross profit increased by NT\$80,197,091 thousand from the previous year, mainly because the increase in the unit price of steel products was greater than the increase in the unit cost of goods sold.
- Operating expenses increased by NT\$2,736,055 thousand from the previous year, mainly due to the increase in estimated bonuses and remuneration for employees arising from the increase in profit for the year.
- Profit from operations increased by NT\$77,461,036 thousand from the previous year due to reasons provided in Notes 3 and 4.
- Non-operating income and expenses increased by NT\$4,184,450 thousand from the previous year, mainly due to the increase in dividends income and foreign exchange gain and the decrease in finance costs.
- Profit before income tax increased by NT\$81,645,486 thousand from the previous year due to reasons provided in Notes 5 and 6.
- Income tax increased by NT\$14,997,247 thousand from the previous year, mainly due to the increase in profit before income tax.
- Net profit increased by NT\$66,648,239 thousand from the previous year due to reasons provided in Notes 7 and 8.
- Other comprehensive income (net of income tax) increased by NT\$921,400 thousand from the previous year, mainly due to the favorable number of unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income compared to that of the previous year.
- Total comprehensive income increased by NT\$67,569,639 thousand from the previous year due to reasons provided in Notes 9 and 10.

## (II) Comparative Analysis of Financial Performance – Standalone

Unit: NT\$ thousands

Item \ Year	2021	2020	Increase (Decrease)	Percentage Change (%)	
Operating revenues	259,782,471	183,841,526	75,940,945	41	Note 1
Operating costs	209,566,237	175,614,789	33,951,448	19	
Gross profit	50,216,234	8,226,737	41,989,497	510	Note 2
Realized (unrealized) gain on sales	(299,640)	(139,358)	(160,282)	(115)	Note 3
Operating expenses	9,512,321	7,490,152	2,022,169	27	Note 4
Profit from operations	40,404,273	597,227	39,807,046	6,665	Note 5
Non-operating income and expenses	30,647,074	410,149	30,236,925	7,372	Note 6
Profit before income tax	71,051,347	1,007,376	70,043,971	6,953	Note 7
Income tax	8,998,314	121,511	8,876,803	7,305	Note 8
Net profit	62,053,033	885,865	61,167,168	6,905	Note 9
Other comprehensive income (net of income tax)	(1,725,137)	(2,424,635)	699,498	29	Note 10
Total comprehensive income	60,327,896	(1,538,770)	61,866,666	4,021	Note 11

Note:

- Operating revenues increased by NT\$75,940,945 thousand from the previous year, mainly due to the increase in the unit price of steel products.
- Gross profit increased by NT\$41,989,497 thousand from the previous year, mainly because the increase in the unit price of steel products was greater than the increase in the unit cost of goods sold.
- Realized (unrealized) gain on sales decreased by NT\$160,282 thousand, mainly due to the decrease in realized gross profit from steel products sold to subsidiaries in the current year compared to that of the previous year.
- Operating expenses increased by NT\$2,022,169 thousand from the previous year, mainly due to the increase in estimated bonuses and remuneration for employees arising from the increase in profit for the year.
- Profit from operations increased by NT\$39,807,046 thousand from the previous year due to reasons provided in Notes 2 to 4.
- Non-operating income and expenses increased by NT\$30,236,925 thousand from the previous year, mainly due to the increase in share of profit or loss of subsidiaries and associates.
- Profit before income tax increased by NT\$70,043,971 thousand from the previous year due to reasons provided in Notes 5 and 6.
- Income tax increased by NT\$8,876,803 thousand from the previous year, mainly due to the increase in profit before income tax.
- Net profit increased by NT\$61,167,168 thousand from the previous year due to reasons provided in Notes 7 and 8.
- Other comprehensive income (net of income tax) increased by NT\$699,498 thousand from the previous year, mainly due to the combined effect of favorable numbers of unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income, share of the other comprehensive income of subsidiaries and associates, and exchange differences on translating foreign operations compared to that of the previous year.
- Total comprehensive income increased by NT\$61,866,666 thousand from the previous year due to reasons provided in Notes 9 and 10.

### (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 133-134).

### 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 2021 increased by NT\$6,164,241 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\$71,303,749 thousand, mainly due to the profit before income tax of NT\$84,413,648 thousand, the add-back of depreciation of NT\$32,461,671 thousand, the increase in other payables of NT\$10,559,172 thousand, and the deduction of increase in inventory of NT\$55,361,848 thousand.
- (2) Investing activities: Net cash used in investing activities totaled NT\$16,169,332 thousand, mainly due to the acquisition of property, plant and equipment of NT\$21,065,106 thousand, as well as dividends received of NT\$4,688,568 thousand.
- (3) Financing activities: Net cash used in financing activities totaled NT\$48,559,585 thousand, mainly due to a net decrease in long-term and short-term financing of NT\$42,155,345 thousand, as well as dividends paid to owners of the Company of NT\$4,778,721 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
2022	18,971	66,804	34,479	28,400	22,896	-

Analysis of changes in cash flows in 2022:

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 2021 increased by NT\$832,909 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\$38,057,967 thousand, mainly due to the profit before income tax of NT\$71,051,347 thousand, the add-back of depreciation of NT\$15,118,366 thousand, the increase in other payables of NT\$7,173,005 thousand, the increase in accounts payable (including related parties) of NT\$4,537,736 thousand, the deduction of increase in inventory of NT\$30,815,057 thousand, as well as share of loss (profit) of subsidiaries and associates of NT\$29,671,674 thousand.
- (2) Investing activities: Net cash used in investing activities totaled NT\$6,811,330 thousand, mainly due to the acquisition of property, plant and equipment of NT\$14,050,610 thousand, the increase in other receivables — loans to related parties of NT\$1,268,000 thousand, as well as dividends received of NT\$ 10,028,840 thousand.
- (3) Financing activities: Net cash used in financing activities totaled NT\$30,413,728 thousand, mainly due to a net decrease in long-term and short-term financing of NT\$20,296,002 thousand, dividends paid of NT\$4,778,721 thousand, as well as the acquisition of subsidiaries of NT\$2,750,430 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 generated from 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
2022	-577	27,599	7,083	38,266	-4,161	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 2022:

1. Net cash generated from operating activities is mainly resulted from the estimated cash generated from operation.
2. Net cash generated from investing activities is mainly resulted from estimated dividends received.
3. Net cash used in financing activities is mainly resulted from estimated dividends paid.

#### IV. Impact of Major Capital Expenditure on the Company's Finance and Business in 2021

The Company's internal fixed asset investment plan included new production lines, equipment upgrades, production capacity or quality improvement, resource recycling, and other general items. A total of NT\$21.1 billion and NT\$14.1 billion have been paid for the acquisition of property, plant and equipment in the consolidated and standalone financial reports of the Company for 2021. 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				
				2018	2019	2020	2021	2022
Stage 1 Replacement of Phase I and II Coke Ovens	Equity 77.28% Long-term borrowings 22.72%	December 2022	2,777	543	507	828	307	591
Revamping of the 3rd Campaign of No. 2 Blast Furnace	Equity 77.28% Long-term borrowings 22.72%	June 2021	6,369	296	2,163	3,014	897	-
Replacement of No. 3 and No. 4 Ship-unloaders	Equity 77.28% Long-term borrowings 22.72%	April 2021	2,077	-	700	1,156	220	-
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 the New Enclosed Building in Coking Coal Storage Yard	Equity 70.48% Long-term borrowings 29.52%	December 2021	7,438	-	1,749	2,367	3,321	-
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
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
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
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
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
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
Dragon Steel Corporation - Construction of Indoor Material Storage Yard	Equity 56.90% Long-term borrowings 43.10%	December 2023	10,388	1,942	1,288	1,275	1,002	2,753
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	12,999

## (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, where Phase 1 construction of the new enclosed building in coking coal storage yard has been completed at the end of 2021. The purpose of this project is to accelerate the reduction of CO<sub>2</sub> and PM emissions by upgrading equipment and improving environmental protection.

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<sub>2</sub> emissions by 139 thousand metric tons per year, thereby increasing tangible and intangible benefits for the Company.

### 2. Revamping of the 3rd Campaign of No. 2 Blast Furnace

The 3rd Campaign of No. 2 Blast Furnace has been in operation for years since January 2006. Upon assessment, the 3rd Campaign will finished its mission of production and the furnace shall be shut down for revamping to improve and stabilize the production and to enhance the Company's competitiveness.

### 3. Replacement of No. 3 and No. 4 Ship-unloaders

No. 3 and No. 4 ship-unloaders of the Company for the import of raw materials at Dock No. 97 at Kaohsiung Port have been in operation for over 30 years. With a view to stabilizing the supply of raw materials required for blast furnace production, these ship-unloaders must be replaced to ensure smooth unloading of raw materials.

### 4. Replacement of Turbine Blowers for No.1 Power House

The purpose of the replacement project is to ensure the stable supply of cold blast air needed by blast furnaces, increase energy efficiency, and comply with strict regulations and requirements in the future.

### 5. 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.

### 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. 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 300MW 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 2021 standalone financial statements was NT\$29.672 billion, an increase of NT\$30.158 billion from 2020. This increase was primarily resulted from a significant improvement in the operating performance of steel-related subsidiaries, including Dragon Steel Corporation, Chung Hung Steel Corporation, China Steel and Nippon Steel Vietnam Joint Stock Company, and China Steel Corporation India Pvt. Ltd. thanks to a rebound in the steel market. The surging demand for shipping services driven by the recovery in raw material demand, and the boom in financial and securities markets also led to the growth in the operations of logistics and investment related subsidiaries and the rise in share of profit of subsidiaries and associates compared to that of 2020.

The share of the profit of associates indicated in the Company's 2021 consolidated financial statements was NT\$1.178 billion, an increase of NT\$595 million from 2020, mainly due to the combined effect of the increase in the share of profit of 9404-5515 Quebec Inc., which is invested by CSC Steel Australia Holdings Pty Ltd, and the share of profit of CSCD Limited, which is invested by CSGT (Singapore) Pte.Ltd., as well as the share of loss of Taiwan Rolling Stock Co., Ltd. compared to that of 2020.

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 becoming a steel enterprise of global distinction.

Future investment projects will continue to revolve around the steel business, which highly related to our sales, technology and process, and target emerging countries in Asia with strong steel demand growth. Considering differences in steel demand in various regions and those of our products with greater market advantage, the Company plans the expansion of landscape of the overall steel businesses, taking into account the overall production and sales allocation of CSC Group and the mutual support between production lines. On the other hand, facing the crucial era for energy transformation, the Company will also assess and participate in the promotion of the green industry chain, including offshore wind power. To achieve the steady development of CSC Group, the Company will take advantage of operating synergies of CSC Group to enhance the operational efficiency of non-steel businesses.

## 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, 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 reports. 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 management, functional committees, and the Board of Directors.
3. The medium-term and long-term operational goals 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	2021
Net interest expense	715,839
Net foreign exchange gain	629,814
Ratio of net interest expense to net revenue	0.28%
Ratio of net interest expense to profit before income tax	1.01%
Ratio of net foreign exchange gain to net revenue	0.24%
Ratio of net foreign exchange gain to profit before income tax	0.89%

(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 2021 will decrease or increase by NT\$214 million assuming all other variables remain unchanged. Looking ahead to 2022, with bottlenecks in global supply chains yet to ease and the U.S. consumer price index reaching a new high in 40 years, the U.S. Federal Reserve has officially signaled its principles for raising interest rates and shrinking its balance sheet. However, Taiwan's central bank is expected to roll out a relatively moderate interest rate hikes owing to the stable domestic inflation. All in all, interest rate risks arising from changes in interest rates remain within a controllable range.

(2) Changes in exchange rates

As regards the daily operations of import and export business, the Company not only adopts natural hedge that partially offsets income and expenditure in connection with foreign currency positions derived from these operations, but also purchase or sell foreign currency in line with exchange rate trends with respect to net gaps or positions. 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 2021 was 1.96%, indicating that domestic prices are still stable. 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 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 2021, the balance of unexpired forward foreign exchange contracts purchased by the Company for imported equipment were US\$73,053 thousand, JPY\$66,300 thousand and EUR\$2,514 thousand, whereas the total unrealized loss based on fair value assessment was approximately NT\$31,354 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 2021, 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	2021
Net interest expense	1,532,552
Net foreign exchange gain	928,071
Ratio of net interest expense to net revenue	0.33%
Ratio of net interest expense to profit before income tax	1.82%
Ratio of net foreign exchange gain to net revenue	0.20%
Ratio of net foreign exchange gain to profit before income tax	1.10%

(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 2021 will decrease or increase by NT\$796 million assuming all other variables remain unchanged. Looking ahead to 2022, with bottlenecks in global supply chains yet to ease and the U.S. consumer price index reaching a new high in 40 years, the U.S. Federal Reserve has officially signaled its principles for raising interest rates and shrinking its balance sheet. However, Taiwan's central bank is expected to roll out a relatively moderate interest rate hikes owing to the stable domestic inflation. All in all, interest rate risks arising from changes in interest rates 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 not only adopt natural hedge that partially offsets income and expenditure in connection with foreign currency positions derived from these operations, but also purchase or sell foreign currency in line with exchange rate trends with respect to net gaps or positions. 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 2021 was 1.96%, indicating that domestic prices are still stable. 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 0.20/0.15mm ultra-thin electrical sheets for electric vehicle motors	<ol style="list-style-type: none"> <li>1. A thin gauge electrical sheet with a thickness of 0.20/0.15 mm and above for electric vehicle drive motor has been successfully developed.</li> <li>2. Newly-developed steel features lower iron loss, higher magnetic density, and higher strength, so as to meet the requirements of higher efficiency design in future electric vehicle motors.</li> </ol>	1,000	2022.12	<ol style="list-style-type: none"> <li>1. Establish composition effects and formulate the best range for composition.</li> <li>2. Establish analysis of cross-process microstructure and aggregate structure evolution, and optimize parameters for cross-process production conditions.</li> </ol>
Development of high hole expansion ratio hot-rolled steel	<ol style="list-style-type: none"> <li>1. Hole expansion products include both general hole expansion ratio and ultra-high hole expansion ratio products under the same strength level. The general hole expansion ratio products with 60 and 80 kg strength have been developed successfully.</li> <li>2. The ultra-high hole expansion ratio product with 60 kg strength is being developed, aiming to adopt a new alloy design and an optimized new hot rolling process so that the adjustment of structure is more ideal and hole expansion ratio is more optimized.</li> </ol>	600	2022.12	<ol style="list-style-type: none"> <li>1. Corresponding to the modification of the hot rolling process equipment, a brand new alloy design is adopted to further optimize the effects of solution heat treatment and the texture, while simultaneously optimizing the strength, elongation ratio, and hole expansion ratio of steel.</li> <li>2. Improve hot rolling process conditions to ensure the best performance in all phases of the texture.</li> </ol>
Development of low-carbon green process steelmaking technology	<ol style="list-style-type: none"> <li>1. Develop high-efficiency basic oxygen furnace blowing technology according to the route plan for the development of low-carbon steelmaking process, as well as increase scrap usage in basic oxygen furnace.</li> <li>2. Design a mass-energy calculation analysis system for basic oxygen furnaces as a goal for the development of efficient smart steelmaking technology.</li> </ol>	1,000	2022.12	<ol style="list-style-type: none"> <li>1. Make use of the existing technologies for basic oxygen furnaces to develop and improve basic oxygen furnaces efficiency.</li> <li>2. Applying the mass-energy equivalence principle to develop a mass-energy calculation analysis system for basic oxygen furnaces. Perform computer simulation and on-site experiment to acquire key process technologies and develop BOFs smart steelmaking technology.</li> </ol>
Develop continuous monitoring technology for the permeability and burn-through point of sintering bed	<ol style="list-style-type: none"> <li>1. Monitoring technologies for the permeability of sintering bed and the uniformity indicator for the permeability of sintering bed's cross-section have been established.</li> <li>2. Control technology for the opening of the charging valve that is based on the burden level and the permeability indicators have been established.</li> </ol>	1,000	2022.12	This project had combined systems of horizontal burden permeability indicators, tail transverse temperature, longitudinal wind box waste gas temperature launched, and shuttle car charging distribution type to be established subsequently, to conduct data analysis and confirm the control rules, so as to

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	3. LiDAR scanners has been installed. The construction of a charging distribution and burden level indicator visualization system for feeding warehouse is currently in progress.			estimate and control the permeability of burden and the uniformity of the burn-through point during the course of sintering for increasing the production quantity and reducing costs.
Development of a temperature control system for No.3 Annealing Coating Line targeting control over iron loss	Leverage the AI algorithm to find out metallurgy elements, upstream process parameters, and the co-relation between annealing temperature and iron loss; Establish the steel strip temperature heat transfer model and furnace temperature inverse model to calculate the set point of furnace temperature which meets the iron loss objective. The set point is sent to the distributed control system (DCS) for further control.	600	2022.12	<ol style="list-style-type: none"> <li>1. Enhance the precision of iron loss forecast.</li> <li>2. Calculate the set point based on the actual heating capacity of the annealing furnace.</li> <li>3. Enhance the stability of the set point calculation to avoid instability of furnace due to the change of the set point.</li> </ol>
Development of self-owned refractory material technologies for blast furnace runner	Twelve products, including ultra-low cement castables for main runners (single layer and double layers), hot metal runners and tilting runners, dry spray materials, wet spray materials, low-cement castables with splash-proof cover, no cement double layer castables, and double layer ramming mass, whose performance is as good as existing materials, have been successfully developed. Approximately 3,500 tons of these materials have been used in blast furnace sites at the Company and Dragon Steel Corporation in 2021, meeting the annual target.	1,000	2022.12	<ol style="list-style-type: none"> <li>1. Optimize the formulations and improve the price-to-performance ratio of these products.</li> <li>2. Carry out the mass production process with good quality control.</li> <li>3. Improve the process technology and establish the relevant SOP.</li> <li>4. Implement smooth technology transfer and mass production, with the products successfully passing customer testing.</li> </ol>
Development of fingerprint identification technology for PM2.5	<ol style="list-style-type: none"> <li>1. Complete the measurement and component analysis of filterable particulate matter (FPM) and condensable particulate matter (CPM) in the discharge pipe, which are implemented in FPM fingerprint metal properties in 18 pipes including sintering, blast furnace, coking, steel making, gas combustion, hot rolling and raw material storage, as well as identifying the causes of deteriorating FPM in sintering.</li> <li>2. Complete two environmental PM 2.5 tracing technologies, Chemical Mass Balance (CMB) and Positive Matrix Factorization(PMF), as well as PM 2.5 component auto-monitoring technology, which</li> </ol>	900	2022.12	<ol style="list-style-type: none"> <li>1. Complete the establishment of data regarding the fingerprint components of PM2.5 emissions from the Company's manufacturing processes, so as to make comparisons with PM2.5 tracing in the environment and quantify the contribution of each emission source.</li> <li>2. Establish an automatic PM2.5 monitoring technology to monitor the trend of change in PM2.5 concentration and components in the environment within the Company's plants, so as to clarify the correlation between PM2.5 in the environment and PM2.5</li> </ol>

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>is applied to analyzing the proportion of source and impact of PM 2.5 in the factory for four seasons.</p> <p>3. Complete two primary PM 2.5 health hazard assessment tools to assess health risks on 14 villages nearby in different scenarios.</p>			<p>emissions from manufacturing processes.</p> <p>3. Establish PM2.5 health hazard assessment tools to assess the health risk of PM2.5 on the neighboring areas.</p>
Development of self-owned tap hole clay technology for blast furnace	<p>1. Complete the regular tap hole clay technology development in CSC's No. 1, 3, and 4 blast furnaces, as well as Dragon Steel's No. 1 and 2 blast furnaces.</p> <p>2. Carry out the following improvements, include saving cost, the development of technology for anti-splash, and mid/final-phase tap hole clay, as well as current technology optimization.</p>	2,500	2023.09	Establish new equipment and new assessment technology to effectively assess the quality of formulation technology to meet the on-site requirements of the blast furnace.
Development of aluminum alloy hot continuous rolling texture control technology	<p>1. Develop non-textured and high-quality 1050-H1n aluminum anode hot continuous rolling process, with an accumulated sales of 2,033 tonnes.</p> <p>2. Develop low earing (30%), high ductility, non-textured 1100-O aluminum capacitor, reducing CO2 emission by 44% through reducing the time of hot rolling by 54%. The average annual revenues amount to NT\$ 150 million (1,565 tonnes) while reducing 91 tonnes of CO2 emission.</p>	2,200	2023.12	<p>1. Develop recrystallization texture distribution and grain refinement and homogenization control metallurgy technology to adjust the proportion of the texture to control the metallurgical and mechanical properties of finished products.</p> <p>2. Establish hot rolling temperature control technology to improve temperature stability and reduce the variation between hot rolling batches.</p>
Development of self-owned unshaped refractory technologies for ladles	Alumina-magnesia castable, one of the five items of unshaped refractories for ladles, has been utilized by CSC and Dragon Steel. The performance is as good as existing materials and the remaining 4 major items are under development.	1,600	2024.03	<p>1. The material is adjusted according to CSC's on-site environment and trials to better meet the operation needs of the CSC Group.</p> <p>2. The self-owned formulation is adjusted based on the latest overseas references and the special material is used so the performance will be superior to the existing materials.</p> <p>3. Revise formulation and adopt second material to reduce cost and enhance competitiveness.</p>
Establishment of applied technology for self-bonding coil processing	<p>1. Improve self-bonding die technology while developing solution for separating each self-bonding core.</p> <p>2. Keep deepen and enrich the process database for self-bonding cores.</p> <p>3. Optimize manufacturing process conditions for outside-the-die</p>	500	2022.12	<p>1. Continue to enrich the process database for various application conditions in the industry using accurate finite analysis simulation methods in collaboration with the academia.</p> <p>2. Cooperate with outstanding automation and molding</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
	self-bonding cores and establish guidelines for fixture design. 4. Build automated self-bonding cores mass production demo lines.			partners in Taiwan to develop innovative and viable critical process module equipment. 3. Establish and maintain close communication with domestic and overseas stamping and motor manufacturers to seek technical implementation solutions and to enhance the acceptance and competitiveness of the industry.
Scheduling technology for low cost optimization in power plants	1. Development of heating value prediction technology has been completed and applied to the No. 9-11 boilers. 2. Prediction of steam production from waste heat recovery in the coking, steelmaking, and sintering process has been completed. 3. The boiler and generator equipment model has been completed to simulate the operation results under different scenarios.	300	2022.12	1. Make good use of existing process data to truly keep track of fluctuations in the upstream and downstream sectors, as well as establish power plant boiler and power generator models and gas production and sales information. 2. Jointly realize the application of this technology through the cooperation of on-site operation and maintenance personnel at the Company. 3. Carry out the launch of this technology to other sites using the experiences of development and application of this technology in No. 2 Power Plant.
Establishment of the processing application technology for the ageing and forming process of aluminum alloy	1. Complete the establishment of parameters of experiment process for flat die. 2. Complete the processing of die for car door anti-collision beam 3. Complete the computer simulation analysis of component rebound parameter	500	2022.12	1. Establish process parameter with production feasibility. 2. Establish die design and computer simulation analysis technology to control the precision of component dimension. 3. Cooperate with domestic research unit (Metal Industries Research & Development Centre) to produce car door anti-collision beam components using aluminum warm forming production line and verify the process parameter.
Establishment of 5G AIoT demonstration site and development of application technology	1. Complete the initiation of 5G outdoor demonstration sites and the installation of 6 base stations covering a 900-metre 5G signal. 2. Initiate 5G indoor demonstration sites in February 2022 and complete CSC core network self-construction project 3. Frequency band exclusively for	3,700	2022.12	1. In one year, two 5G demonstration sites, one 5G lab, one core network, eleven base stations, and nine sub-projects were built. 2. To accelerate the project implementation, a large amount of external resources has been used (ChungHwa Telecom,

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	corporate use has been approved by NCC and utilized in indoor sites. 4. Carry out nine 5G AIoT sub-projects according to schedule, including remote cooperation, remote control, integration of virtual and reality and smart logistics.			Cisco, Compal Electronics, ITRI, Microsoft, Startup Hub, and InfoChamp) 3. Decisions are made by a cross-unit working team and the projects are directed by each on-site unit. 4. Convene regular progress meetings: team meetings, monthly progress reports, bi-monthly progress reports, quarterly Production and Marketing of Intelligent development Committee (PMIC) reports.

## 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 anode materials with fast-charging capability and low-impedance	Polygonization and surface treatment technologies have been established. Construction of mass production equipment has been completed.	1,200	2022.Q4	Power battery used by electric vehicles and energy storage systems.
Development of key technology and mass production process for artificial graphite	Coke-based materials have been decided. Grinding and surface treatment technologies have been established.	1,200	2022.Q4	Demand for fast-charging power batteries with high-magnification charge and discharge capability.
Development of high-capacity silicon-carbon anode materials	Silicon-carbon anode materials are jointly developed with partners and have been promoted to customers.	500	2022.Q4	Anode materials for lithium batteries with high energy density.
Development of advanced carbon materials with high voltage for supercapacitor application	Carbon material surface treatment technology has been established. The samples have been sent to customers for verification. Mass production equipment will be planned later on.	3,000	2022.Q4	Its applications include wind energy storage, automobile start-stop system, electric bus, light rail vehicle, and lead carbon battery.
Development of high-purity isotropic graphite	Trial production was completed, and mechanical processing equipment was built. High-temperature purification conditions have been optimized. Isotropic graphite crucibles have been produced and the sample is under verification.	5,000	2022.Q4	Graphite crucible for growth of silicon carbide crystal, 3C product molds, electrical discharge machining electrodes, and graphite heating elements.

### 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
R&D and promotion of high-quality wet grouting materials	This material has been widely used in the southern region from 2014 to 2021. According to statistics, 660 thousand bags of this material have been sold cumulatively as of December 2021.	24	2022.12	1. Continue to maintain stable quality. 2. Contact customers to perform product technical services.
Promotion of air-cooled blast furnace slag in Phase 2 of the Kaohsiung Light Rail Project	Air-cooled blast furnace slag has been used in Phase 2 of the Kaohsiung Light Rail Project since May 2018. According to statistics, 18,075 tons of air-cooled furnace slag has been used as of December 2021.	20	2022.12	1. Control quality stability. 2. Engage external parties for testing regularly. 3. Contact customers to perform product technical services.
Trial paving and promotion of asphalt concrete graded aggregates applications on public constructions	In addition to completing the manual for using BOF slag in asphalt concrete, the construction regulations of the Kaohsiung City Government was amended in February 2019 to increase the substitution rate of using BOF slag in asphalt concrete. In addition, the Public Construction Commission, Executive Yuan had officially promulgated the Chapter 02701 "BOF Slag Asphalt Concrete for Paving" under the Construction Outline Specifications in December 2019 for construction authorities to refer to and comply with. As of the end of 2021, 300 roads using BOF slag in asphalt concrete have been paved. Asphalt concrete graded aggregates with stable quality will continued to be provided based on the demands of public sectors.	142	2022.12	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.
Upgrade of steel slag resourceization technology	Continue to carry out R&D by referencing the applications on a variety of areas domestically and abroad as follows: 1.AC aggregate (including recycled asphalt pavement) 2.Paving brick 3.Artificial building materials 4.Soil improvement agents 5.Foundation stones in maritime and hydraulic engineering 6.Reclamation materials 7.Steel slag fine powder	1,006	2022.12	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	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	30	2022.12	1. Control quality stability. 2. Engage external parties for testing regularly. 3. Contact customers to perform

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
materials	cement raw materials was completed in July 2019, passed the third-party audit by the Industrial Development Bureau in January 2020, and was officially published in January 2020. 72,443 tons of BOF slag were used as cement raw materials at cement plants in 2021. Furthermore, in response to the expansion of production capacity, research on process optimization is being conducted to continuously improve quality.			product technical services.
Resourceization of used refractories	Cooperate with relevant units of CSC Group to classify and reverse recycle used refractories as materials for refractories and reused products, enhancing the value of used refractories.	390	2022.12	Control the classification of raw materials, particle size, magnesium oxide content.

#### 4. Chung Hung Steel Corporation

Project in the Most Recent Year	Project Category	Further R&D Expenditure (NT\$ ten thousands)
Hot rolling - Replacement of side guide mechanical parts and control system for down coiler in hot-rolling lines	R&D and Improvement Plan in 2022	28,152
Hot rolling - Replacement of automated surface inspection system (ASIS) in hot-rolling lines		
Hot rolling - Replacement of electric control system in skin pass mills		
Cold rolling - Addition of frequency-converting control device to #4 cooling fan at cooling zone.		
Cold rolling - High-efficiency motor for No. 1 rolling mill main motor cooling fan		
Pickling and galvanizing - Addition of facility online monitoring and diagnosis system (FOMOS) to pickling line		
Pickling and galvanizing - Replacement of center position control (CPC) system in pickling line		
Pickling and galvanizing - Replacement of protective relay for heavy electric system		
Pickling and galvanizing - Replacement of width gauge for pickling lines		
Steel pipes and tubes - Addition of semi-automatic external diameter measurement facility for pipe production line No.4		
Steel pipes and tubes - Revision of automatic marking equipment for pipe production line No.4		
Steel pipes and tubes - Addition of UV coating air dryer equipment to pipe production line No.4		
Steel pipes and tubes - Addition of monitoring system to cutting machine at pipe production line No.4		
Hot rolling - Revamping of Grinder No. 3	Unfinished projects in 2021 to be continued in 2022	10,817
Hot rolling - Acquisition of spare parts for universal connector used on roll end in roughing mill		
Hot rolling - Replacement of width gauge for down coiler		

Project in the Most Recent Year	Project Category	Further R&D Expenditure (NT\$ ten thousands)
Hot rolling - Replacement of width gauge at the at the entry and exit sides of roughing mill		
Hot rolling - Replacement of information collection system and equipment		
Hot rolling - Replacement of F3 main motor		
Hot rolling - Replacement of upper and lower skids of crop shear for coil box zone		
Hot rolling - Replacement of cleaning equipment for work roll bearings		
Steel pipes and tubes - Addition of facility online monitoring and diagnosis system for inner bead cutter (IBC) of pipe production line No.4		

#### 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
Offshore wind power - Development of dual-phase stainless steel welding process	Selection of welding materials and welding methods have been completed.	60	2022.06	1. Selection of welding methods 2. Establishment of welding procedure 3. Selection of welding materials
Development of submerged arc welding (SAW) waveform control procedure and manufacturing process	Trial project completed	100	2022.12	1. Selection of welding methods 2. Establishment of welding procedure 3. Selection of welding materials 4. Training for on-site welding personnel
Offshore wind power - Development of I-shape groove large melt filling process	Trial project completed	40	2022.09	1. Establishment of welding procedure 2. Selection of welding methods

#### 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	Biologics can maintain the stability of the biological treatment system and reduce the problem of reducing the treatment effect due to changes in water quality. After practical tests by Dragon Steel Corporation, the effect is apparent. Currently, the preservation technology for biologics is under development.	250	2022.12	Coking wastewater biological treatment.
Research and development of carbon reduction technology	Capture and purify the carbon monoxide that originally emitted into the atmosphere and convert it into chemical materials (e.g. methanol) in the future to enhance its industrial application value.	350	112.12	Reduce carbon and 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
Establishment of spray dryer absorber (SDA) and selective catalyst reduction (SCR) technology	Cooperate with CSC in the process research to ensure that SDA desulfurization efficiency $\geq 80\%$ and SCR denitrification efficiency $\geq 80\%$ , which is served as a reference for construction implementation.	200	2022.12	Flue gas desulfurization and denitrification in coke oven plants.
Coke oven flue gas SDA pilot plant trial and research on dust reutilization	Cooperate with CSC to ensure that SDA desulfurization efficiency $\geq 80\%$ and SCR denitrification efficiency $\geq 80\%$ . Complete SDA desulfurization by-product reutilization assessment.	200	2022.12	Flue gas desulfurization and denitrification in coke oven plants.
Assessment of denitrification catalyst filter bags	Cooperate with CSC to ensure that catalyst filter bags denitrification efficiency $>80\%$ .	200	2022.12	Dust removal and denitrification project.

Looking into the future, CSC 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

In July 2021, the EU published the draft of Carbon Border Adjustment Mechanism (CBAM), which targets imports of products including steel, aluminum and cement. In addition, the Environmental Protection Administration of the Executive Yuan announced the draft amendments to the Greenhouse Gas Reduction and Management Act in October 2021, which is expected to be renamed as the Climate Change Countermeasures Act. Net zero emissions target is expected to be included in the regulation, as well as introducing carbon pricing mechanism.

In response to the global trend of carbon neutrality, the Company set up a Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality in 2021 to plan the carbon reduction pathway, with the base year of 2018, a 7% reduction in emissions in the short term to 2025 and a 22% reduction in emissions in the medium term to 2030. In the long term, the aim is to achieve net zero emissions by 2050. The Company will continue to assess and implement carbon reduction technologies.

CSC also cooperates with a team of professional consultants to develop carbon emission intensity information for each product, which is expected to serve as reference for future relevant control measures (e.g. domestic carbon pricing or international carbon tariffs). The information can also be used as a reference for downstream customers to calculate carbon emissions of their products or the carbon footprint of the overall product life cycle. It also helps the Company to re-examine its carbon emission hotspots in the production process and discover possible carbon reduction opportunities.

(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, 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 the demand for flexible and massive capital management, the Company must improve the visibility of capital flow and financial forecasts and develop support tools for rapid financial decision-making.

The Company organizes its sustainable development blueprint 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 integrated financial and accounting 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 between related industries and eventually drive the transformation of the steel industry in Taiwan, thereby becoming a trustworthy steel company of global distinction.

In response to the increasing attention to information security, the Company has not only strengthened the information security incident detection, monitoring and reporting mechanism, but also introduced the assistance of external professional information security consultants. The Company regularly convenes the meetings of information security committee and discussed and responded to important information security issues. With the effort of the information security committee, the Company acquired ISO 27001 Information Security Management System

certification in December 2021. To improve the information security awareness of employees, CSC carries out regular information security and anti-virus reporting, announces information security guidance, holds information security joint defense meeting, social engineering drills, and information security educational training on a regular basis.

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

The Company received domestic and overseas awards in 2021, including: 1. Being selected as a constituent of the Dow Jones Sustainability Indexes (DJSI) Emerging Markets Indices for the 10th consecutive year in 2021, demonstrating the international recognition of CSC's works in sustainability. 2. Receiving 7 awards, including the "Top 50 Corporate Sustainability Awards", the "Corporate Sustainability Report Award - Platinum Award in Traditional Manufacturing Sector", and excellent case awards such as the "Climate Leadership Award", the "Water Resource Leadership Award", the "Circular Economy Leadership Award", and the "Talent Development Award" by Taiwan Corporate Sustainability Awards (TCSA), as well as the "Corporate Sustainability Report Award - Silver Award" by Global Corporate Sustainability Awards (GCSA). This shows that all sectors of society highly acknowledge and recognize the Company's efforts in promoting sustainable development in social, environmental, and economic aspects. 3. Being ranked 22nd among the Top 50 Large Enterprises in the 2021 Excellence in Corporate Social Responsibility Award by CommonWealth Magazine and being awarded such an honor for the fifth consecutive year, thus demonstrating that the Company has earned high recognition under the scope of "Corporate Governance", "Enterprise Commitment", "Social Engagement", and "Environmental Sustainability". 4. Receiving 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), demonstrating the positive outcomes and high recognition in the effort of environment and economy aspects. 5. Selecting as one of the Excellent Manufacturers for Voluntary Reduction of Industrial Greenhouse Gas by the Industrial Bureau of the MOEA, showing CSC's significant results in GHG reduction. 6. Won the Silver Award of 2020 Greenhouse Gas Reduction Evaluation for Enterprises in Kaohsiung City, showing significant results in carbon reduction and energy saving. 7. Being ranked in the top 5% among the listed companies in the 7th Corporate Governance Evaluation, thereby showing that the Company has earned recognition for its performance in implementing corporate governance.

As the world highly focus on ESG and carbon neutrality, CSC will base its sustainable development in the next 50 years on the two main strategies of "high value-added steel mills" and "development of the green energy industry". In addition to adopting smart manufacturing and 5G AIoT, CSC will transform into a high value-added steel mills with intelligent production and sales, and continue to invest in the domestic development of solar power, offshore wind power farms and substructures. To improve carbon reduction work and GHG emission control, a Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality was established under the Corporate Governance and Sustainability Committee, which actively introduces and develops relevant technologies including injecting hydrogen-rich gases into blast furnaces, adding direct reduction iron to blast furnaces, co-production of steel and chemicals, using more scraps in basic oxygen furnaces, and other mid to long-term various routes to lower emissions. The Task Force also researches and develops relevant carbon reduction technologies and allocates necessary resources in response to the global trend of carbon neutrality and the challenges faced.

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

In the 15th meeting of the 17th Board of Directors on August 6, 2021, the merger with 100% owned subsidiary, CSC Precision Metal Industrial Corporation, was passed. The reference date of the merger was October 1, 2021. CSC will be the surviving company while CSC Precision Metal Industrial Corporation will be dissolved. The expected benefit will be to simplify the investment structure. There is no material impact on CSC's balance sheet and shareholders' rights.

In the 18th meeting of the 11th Board of Directors on November 4, 2021, CHC Resources Corporation agreed to merge its 100% owned subsidiary, Mao Lian Enterprise Co., Ltd. with the reference date of the merger set at December 22, 2021. After the merge, CHC Resources Corporation will be the surviving company while Mao Lian Enterprise Co., Ltd. will be dissolved. The expected benefit will be to simplify the management process, enhance operating efficiency, and strengthen company competency.

In the 14th meeting of the 9th Board of Directors on August 6, 2021, China Steel Global Trading Corporation agreed to purchase 100% shares of China Steel Precision Metals Kunshan Co., Ltd. from United Steel International Co., Ltd., 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 December 6, 2021 and 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 countries and 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 2021 up to the publication date of this annual report (March 31, 2022).

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

No such circumstance was found from 2021 up to the publication date of this annual report (March 31, 2022).

(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 LU009. 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. Taiwan High Court Kaohsiung Branch Court, the court for the second instance, opened the first sessions on December 30, 2016. By March 7, 2022, preliminary proceeding has gone through 15 court sessions. While requiring both parties to file pleadings with the court by April 22, 2022, the judge mentioned that the last preliminary proceeding would be held on May 2, 2022 and announced that the oral argument session is scheduled to commence on June 22, 2022. Hence, the litigation proceedings of the second instance are expected to be concluded by the end of 2022.
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	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. Dragon Steel Corporation has filed an appeal on April 17, 2020. The Supreme Administrative Court issued Judgment 2020 Shang-Tzu No. 576, stating that "The

		<p>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. 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>			original judgment, except for the confirmed portion and the litigation costs of it, is vacated and remanded to the Taichung High Administrative Court.”
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	The 6th and 7th sessions of the first instance were held on October 5, 2021 and December 2, 2021, respectively. The judge ruled in favor of Far East Steel's demand for the extension of civil judgment (where the amount of compensation requested was raised from NT\$130,347,384 to NT\$178,928,016) and ordered the plaintiff to prove the losses caused by the failure to meet the guaranteed volume indicated in Contract A (contract term from 2012 to 2016). As for the failure to meet the guaranteed volume of aluminum coils to be delivered as indicated in Contract B (contract term from 2017 to 2021), the defendant was requested to prove whether the slitting of aluminum coils with a width of <515 mm was fully commissioned to the plaintiff under the circumstance that the plaintiff's quality of work was recognized. In addition, both parties remain in dispute over the failure of the product portfolio to meet the guaranteed volume and whether C.S.Aluminum Corporation has infringed on Far East Steel's rights. Therefore, the judge said that if both parties agree to a reappraisal, the lawyers representing both parties have to hold negotiations and reach a consensus in advance. Both parties are currently debating on the appraisal unit, the scope of appraisal, and appraisal costs.
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 &amp; Construction Corporation undertook mechanical, electrical, and renovation works at Po-Cheng International Hospital. Thereafter, Po-Cheng International Hospital issued a letter</p>	NT\$202 million	On January 27, 2021, the plaintiff submitted the civil complaint to Taiwan Kaohsiung District Court.	Despite two mediation sessions held separately on September 17, 2021 and December 21, 2021, both mediation sessions failed due to huge disagreements between both parties. Therefore, litigation proceedings will continue. This case is currently awaiting notice from the court.

		<p>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 &amp; 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>			
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</p>	NT\$117 million	<p>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>	<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> <ul style="list-style-type: none"> <li>(1) The appeal (Armroc sued China Steel Machinery): Armroc failed.</li> <li>(2) The countercharge (China Steel Machinery sued Armroc): China Steel Machinery won partially, and lost partial cases.</li> <li>(3) China Steel Machinery could initiate provisional execution by providing NT\$23.61 million to the court as security.</li> </ul> <p>2. Armroc International Corporation filed the second instance, and the first court session is set on April 14, 2022 (in preparation).</p>



		<p>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>			
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(XV) Other significant risks: None.

VII. Other Significant Matters: None.

## **Chapter VIII. Special Disclosures**

### **I. Information on Affiliated Companies**

(I) 2021 Consolidated Financial Statements of Affiliated Companies: None.

## 1.



## 2. Basic Information on Affiliated Companies

(As of March 31, 2022)

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
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 CSMC (Cayman) International Limited	2016.01.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Rd., P.O. Box 32052, Grand Cayman KY1-1208 Cayman Islands	US\$	20,000	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	Holding and investment
China Ecotek India Private Limited	2012.08.17	B-33, 2F, Janki Residency, Undera-Koyali Rd., Undera, Vadodara, Gujarat, India	INR\$	50,000	Engineering design-build services
CEC Development Corporation	2017.05.16	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	US\$	16,000	Holding and 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	Engineering design-build services
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\$	4,180	Holding and investment
China Steel Structure Holding Co., Ltd.	2003.11.03	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	10	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 Formosa 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\$	135,014	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	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	7F, No. 1, Jungan Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	26,000	Technical services
China Steel Machinery Corporation	2001.09.20	No. 3, Taichai 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.
China Steel Machinery Vietnam Co., Ltd.	2013.04.15	32 Hoang Viet, Ngoc Ha Neighborhood, Phu My Town, Phu My Ward, Ba Ria Vung Tau Prov., Vietnam	US\$	300	Machinery manufacturing
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	No. 288, Si-Ming East Rd., High-Tech Development Zone, Fenghua Dist., Ningbo City, Zhejiang, China	US\$	49,000	Production and trading of aluminum products
China Steel Express Corporation	1996.02.13	24F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	4,225,453	Dry bulk shipping business
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\$	7,499,638	General investment
CSE Transport Corporation	1996.10.04	78E, No. 30, Loma Alegre, San Francisco, 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
Taichang Thintech Materials Co., Ltd.	2011.07.28	No. 98, Beitawuan 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, Xiaomugiao 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
Chiu 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., Quianzhen 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	Porteullis 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
Chung Mao Trading (BVI) Corporation	1997.08.15	P.O. Box 3321, Road Town, Tortola B.V.I	US\$	502	Holding and investment
CSGT Hong Kong Limited	1998.01.14	Rm. 1407, 14F, World-Wide House, 19 Des Voeux Road Central, Hong Kong, China	HK\$	1,000	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	215, Atrium Unit No. 101-102 1F, A-Wing, Andheri Kurla Rd., Andheri- E, Mumbai, 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\$	184,396	Holding and investment
CSC Steel Holdings Berhad	2004.01.20	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	413,163	General investment
Group Steel Corporation (M) Sdn. Bhd.	1994.12.19	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	1,000	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
United Steel International Co., Ltd.	2003.11.19	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	15,000	Holding and investment

### 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, 2022)

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. (Formerly China 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
	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 nickle based alloy 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 Hong Kong Limited	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
Investment holding companies	Hung Kao Investment Corporation	A subsidiary of Chung Hung Steel Corporation
	Ever Wealthy International Corporation	A subsidiary of China Steel Chemical Corporation
	Formosa Ha Tinh CCCC (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.I) 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 and China Steel Chemical 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 subsidiary of Gains Investment Corporation
	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
	Chi-Yi Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and China Steel Structure Co., Ltd.

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Investment holding companies	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
	Chung Mao Trading (BVI) 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
	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 Berhad
	Group Steel Corporation (M) Sdn. Bhd.	A subsidiary of CSC Steel Holdings Berhad
Management consulting companies	United Steel International Co., Ltd.	A joint-company invested by China Steel Corporation and Chung Mao Trading (Samoa) Corporation
	ChinaSteel Management Consulting Corporation	Providing business management and consulting services management for CSC Group
Other metal products manufacturing	Mentor Consulting Corporation	A subsidiary of Gains Investment Corporation
	Union Steel Development Corporation	Processing refractory from China Steel Corporation
Fire protection, security and business management services	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
Machinery manufacturing and assembly	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 Steel Machinery Vietnam Co., Ltd.	Providing repair & maintenance and manufacturing service of mechanical equipment for China Steel and Nippon Steel Vietnam Joint Stock Company
	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.

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
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
	United Steel Construction (Vietnam) Co., Ltd.	A subsidiary of United Steel Engineering & Construction Corporation
Engineering services	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
	Sing Da Marine Structure Corporation	Purchasing plate from China Steel Corporation
Green energy	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, 2022)

Unit: shares, %

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Chung Hung Steel Corporation	Chairman	China Steel Corporation (Representative: Min-Hsiung Liu)	582,673,153	40.59%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	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	Director and President	China Steel Corporation (Representative: Kuei-Sung Tseng)	582,673,153	40.59%
	Chairman	Chung Hung Steel Corporation (Representative: Chia-Wen Luo)	2,600,000	100.00%
	Chairman	China Steel Corporation (Representative: Ching-Fang Tu)	68,787,183	29.04%
China Steel Chemical Corporation	Director	China Steel Corporation (Representative: Chao-Tung Wong)	68,787,183	29.04%
	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	Chris 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%
	Chairman	China Steel Chemical Corporation (Representative: Ming-Da Fang)	104,574,982	100.00%
	President	Yi-Hung Chen	0	0.00%
Ever Wealthy International Corporation	Chairman	Ever Wealthy International Corporation (Representative: Ming-Da Fang)	CNY\$ 39,950,000	100.00%
	Director	Ever Wealthy International Corporation (Representative: Ching-Fang Tu)	CNY\$ 39,950,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Formosa Ha Tinh CSCE (Cayman) International Limited	Supervisor	Ever Wealthy International Corporation (Representative: Yi-Hung Chen)	CNY\$ 39,950,000	100.00%
	Director and President	Ever Wealthy International Corporation (Representative: Chien-Ping Chao)	CNY\$ 39,950,000	100.00%
	Chairman	Formosa Ha Tinh (Cayman) Limited (Representative: Fu-Ning Jang)	10,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Ching-Fang Tu)	10,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Ming-Da Fang)	10,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	10,000,000	50.00%
	Director	Formosa Ha Tinh (Cayman) Limited (Representative: Yao-Kang Lin)	10,000,000	50.00%
	Director	Formosa Ha Tinh (Cayman) Limited (Representative: Hung-Ming Lu)	10,000,000	50.00%
	President	Hsin-Yao Chang	0	0.00%
	Chairman	China Steel Corporation (Representative: Chung-Te Chen)	55,393,138	44.76%
China Ecotek Corporation	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%
	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)	3,923,000	3.17%
	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	CEC Development Corporation (Representative: Ya-Min Chuang)	USD\$ 6,000,000	100.00%
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	IHI Corporation (Representative: Tao-Peng Lin)	11,061,690	5.53%
	Director	Great Grandeur Steel Co., Ltd (Representative: Chih-Hao Kuo)	3,899,000	1.95%
	Director	Dragon Steel Corporation (Representative: Chao-Shyang Lee)	3,500,000	1.75%
	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%
United Steel Engineering & Construction Corporation	Independent Director	Hsiu-Ling Lee	0	0.00%
	Independent Director	Hwa-Teng Lee	0	0.00%
	Independent Director	Wei Lo	0	0.00%
	Director and President	China Steel Corporation (Representative: Jui-Teng Chen)	66,487,844	33.24%
United Steel Engineering & Construction Corporation	Chairman	China Steel Structure Co., Ltd. (Representative: Hsiu-Chi Chang)	80,000,000	100.00%
	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	80,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Structure Co., Ltd. (Representative: Jui-Teng Chen)	80,000,000	100.00%
	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%
United Steel Construction (Vietnam) Co., Ltd.	Chairman	United Steel Engineering & Construction Corporation (Representative: Hsiu-Chi Chang)	USD\$ 1,000,000	100.00%
United Steel Investment Pte Ltd	Director	United Steel Engineering & Construction Corporation (Representative: Hsiu-Chi Chang)	4,180,000	100.00%
	Director	Choon-Chiaow 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: Hsiang-Ya Huang)	49,289,597	19.83%
	Director	Taiwan Cement Corporation (Representative: Wei-Chueh Hong)	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: Ying-Fong Chang)	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%



Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Yu Cheng Lime Corporation	Independent Director	Fu-Tien Cheng	0	100.00%
	Director and President	China Steel Corporation (Representative: Shih-Ho Shang Kuan)	49,289,597	19.83%
	Chairman and President Supervisor	CHC Resources Corporation (Representative: Hung-Shu Chung)	108,000	90.00%
Union Steel Development Corporation	Supervisor	Ching-An Lin	0	100.00%
	Chairman	CHC Resources Corporation (Representative: Shih-Ho Shang Kuan)	4,668,333	93.37%
	Supervisor President	Kuo-Yuan Chen	0	100.00%
Pao Good Industrial Co., Ltd.	Chairman	Chia-Hao Chang	0	100.00%
	Chairman	CHC Resources Corporation (Representative: Ming-Chang Chiu)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Hung-Shu Chung)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Shih-Ho Shang Kuan)	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	100.00%
	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%
CHC Resources Vietnam Co., Ltd	Director	CHC Resources Corporation (Representative: Shih-Ho Shang Kuan)	USD\$ 21,250,000	85.00%
	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	25,036,986	99.96%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
		(Representative: Shyi-Chin Wang)		
	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%
	Chairman	China Steel Security Corporation (Representative: Sheng-Te Lin)	13,000,000	100.00%
Steel Castle Technology Corporation	Director	China Steel Security Corporation (Representative: Kuo-Tse Chen)	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 And Maintenance For Buildings 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 Steel Management Consulting 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	Wei-Chang Lu	0	0.00%
China Prosperity Development Corporation	Chairman and President	China Prosperity Development Corporation (Representative: Wei-Chang Lu)	8,032,500	60.00%
	Director	China Prosperity Development Corporation (Representative: Hou-Chih Pan)	8,032,500	60.00%
	Director	United Steel Engineering & Construction Corporation (Representative: Hsiu-Chi Chang)	5,355,000	40.00%
	Supervisor	I-Fang Kao	0	0.00%
	Chairman	Wabo Global Trading Corporation (Representative: Wei-Ting Chen)	960	20.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Prosperity Development Corporation (Representative: Fu-Chang Huang)	3,840	80.00%
	Director	China Prosperity Development Corporation (Representative: Wei-Chang 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: Kai-Ching Huang)	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
MagnPower Corporation	Chairman	HIMAG Magnetic Corporation (Representative: Fong-Fu Lin)	21,800,000	54.50%
	Director	HIMAG Magnetic Corporation (Representative: Ching-Yi Huang)	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: Yung-Fu Hsu)	3,000,000	7.50%
	President	Chi-Lih Chen	0	0
Eminent Venture Capital Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	6,750,000	50.00%
	Director	Gains Investment Corporation (Representative: Chun-Hui Wu)	6,750,000	50.00%
	Director	Mega International Commercial Bank Co., Ltd. (Representative: Yi-Chian Wang)	3,375,000	25.00%
	Director	Mega International Commercial Bank Co., Ltd. (Representative: Yen-Hua Huang)	3,375,000	25.00%
	Director	Oriental Union Chemical Corporation (Representative: Hsi-Chin Tsai)	1,350,000	10.00%
	Director	Taiwan Fertilizer Co., Ltd. (Representative: Tzung-Wu Tsai)	1,350,000	10.00%
	Director	TaiAn Technologies Corporation	1,350	0.01%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
		(Representative: Yueh-Kun Yang)		
	Supervisor	China Steel Chemical Corporation (Representative: Ming-Da Fang)	675,000	5.00%
	President	Shih-Chia Lin	0	0.00%
Sing Da Marine Structure Corporation	Chairman	China Steel Corporation (Representative: Rong-Yuan Hsieh)	122,695,000	46.71%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	122,695,000	46.71%
	Director	China Steel Corporation (Representative: Bao-Tuan Hung)	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: Jui-Teng Chen)	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%
	Chairman	China Steel Corporation (Representative: Shyi-Chin Wang)	377,349,000	51.00%
China Steel Power Holding Corporation	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%
China Steel Power Corporation	Director	China Steel Power Holding Corporation (Representative: Kuan-Fu Chen)	739,299,990	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSC Solar Corporation	Director	China Steel Power Holding Corporation (Representative: Bor-Chih Hwang)	739,299,990	100.00%
	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: Chung-Te Chen)	34,880,000	20.00%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	95,920,000	55.00%
	Director	China Steel Corporation (Representative: Yung-Yu Chiang)	95,920,000	55.00%
	Supervisor	Dragon Steel Corporation (Representative: Chien-Chou Chen)	17,440,000	10.00%
	President	Ching-Sung Tu	0	0.00%
China Steel Resources Corporation	Chairman	China Steel Corporation (Representative: Hung-Ta Lin)	98,112,000	100.00%
InfoChamp Systems Corporation	Chairman	China Steel Corporation (Representative: Jih-Jau Jeng)	41,465,634	99.99%
	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: Hung-Tai Chou)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Chang-Chi Liu)	41,465,634	99.99%
	Supervisor	Tsyt-Ling Su	0	0.00%
	President	Chin-Long Wu	0	0.00%
	Director	InfoChamp Systems Corporation (Representative: Jih-Jau Jeng)	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%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Kaohsiung Rapid Transit Corporation	Chairman	China Steel Corporation (Representative: Yueh-Kun Yang)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: Pai-Chien Huang)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: Kuo-Hua Sun)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: Hsiu-Chi Chang)	120,799,811	43.36%
	Director	National Development Fund, Executive Yuan (Representative: Chi-Kuo Lin)	38,560,638	13.84%
	Director	Asia Cement Corporation (Representative: Chan-Fong Cheng)	15,873,243	5.70%
	Director	China Prosperity Development Corporation (Representative: Wei-Chang 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%
Taiwan Intelligent Transportation Co., Ltd.	Supervisor	Hsieh-Hsing Huang	0	0.00%
	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: Wen-Ho Chiu)	2,600,000	100.00%
	Chairman	China Steel Corporation (Representative: Chia-Chi Chang)	100,066,400	73.97%
	Director	China Steel Corporation (Representative: Pai-Chien Huang)	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%
China Steel Machinery Corporation	President	Shou-Kang Yin	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
China Steel Machinery Vietnam Co., Ltd.	Chairman	China Steel Machinery Corporation (Representative: Shou-Kang Yin)	USD\$ 300,000	100.00%
	President	Hsin-Fa Li	USD\$ 0	0.00%
Dragon Steel Corporation	Chairman	China Steel Corporation (Representative: Shyi-Chin Wang)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	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%
C.S.Aluminium Corporation	Director	China Steel Corporation (Representative: Pai-Chien Huang)	840,122,049	99.98%
	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: Chih-Che Chang)	1	100.00%
ALU Investment Offshore Corporation	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: Chih-Che Chang)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Ying-Pin Hsieh)	31,650,000	64.59%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	ALU Investment Offshore Corporation (Representative: Huan-Chien Tung)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Li-Chung Chen)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Chun-Jen Su)	31,650,000	64.59%
	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	United Steel International Development Corporation (Representative: Jye-Long Lee)	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: 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%
Ningbo Huayang Aluminium-Tech Co., Ltd.	Director	United Steel International Development Corporation (Representative: Li-Chung Chen)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Chun-Jen Su)	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: Jan-San Chen)	USD\$ 49,000,000	100.00%



Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	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%
	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%
	President	Ming-Feng Tsai	0	0.00%
	Chairman	China Steel Corporation (Representative: Chiu-Po Chang)	422,545,250	100.00%
China Steel Express Corporation	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Shou-Tao Chen)	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%
Kaoport Stevedoring Corporation	Director	China Steel Express Corporation (Representative: Chin-Chun Lin)	3,275,000	65.50%
	Director	Eastern Media International Corporation (Representative: Chin-Chi Chen)	750,000	15.00%
	Supervisor	Hsueh-I Chen	750,000	15.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Transglory Investment Corporation	Chairman	China Steel Express Corporation (Representative: Chien-Chih Hwang)	374,138,548	49.89%
	Supervisor	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	69,000,960	9.20%
	President	Pai-Chien Huang	0	0.00%
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%
	Chairman	China Steel Corporation (Representative: Pai-Chien Huang)	559,375,112	100.00%
Gains Investment Corporation	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	Chun-Hui Wu	0	0.00%
	Chairman	Gains Investment Corporation (Representative: Chung-Chia Huang)	23,423,016	31.87%
	Director	Gains Investment Corporation (Representative: Pai-Chien Huang)	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%
Thintech Materials Technology Co., Ltd.	Independent Director	Mi-Ching Tsai	0	0.00%
	Independent Director	Su-Mei Liang	0	0.00%
	Independent Director	Cheng-Hwa Fang	0	0.00%
	President	Yung-Chun Pan	0	0.00%
Thintech Global Limited	Chairman	Thintech Materials Technology Co., Ltd. (Representative: Yung-Chun Pan)	6,800,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
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 (Representative: Yu-Chuan Lin)	USD\$ 6,800,000	100.00%
	Supervisor	Thintech Global Limited (Representative: Chang-Ming Lin)	USD\$ 6,800,000	100.00%
	President	Liang-Wen Pan	USD\$ 0	0%
Winning Investment Corporation	Chairman and President	Gains Investment Corporation (Representative: Chun-Hui Wu)	112,700,000	49.00%
	Director	Gains Investment Corporation (Representative: Min-Hsiung Liu)	112,700,000	49.00%
	Director	Gains Investment Corporation (Representative: Kuan-Fu Chen)	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: Liang-Ching Chen)	20,555,253	48.05%
Betacera Inc.	Vice Chairman	Ping-Yang Chien	430,000	1.01%
	Director	Gains Investment Corporation (Representative: Pai-Chien Huang)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Yu-Chen Lee)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Cheng-Hsiung 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: Kai-Ching Huang)	1,000	0.00%
	Supervisor	Chih-Lu Fan	0	0.00%
	President	Chih-Chang Wei	179,465	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Lefkara Ltd.	Chairman	Betacera Inc. (Representative: Liang-Ching Chen)	13,623,000	100.00%
	Director	Betacera Inc. (Representative: Ping-Yang Chien)	13,623,000	100.00%
	Director	Betacera Inc. (Representative: Chen-Yu Yu)	13,623,000	100.00%
Betacera (Su Zhou) Co., Ltd.	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 4,400,000	100.00%
	Director	Lefkara Ltd. (Representative: Liang-Ching Chen)	USD\$ 4,400,000	100.00%
	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 4,400,000	100.00%
	Supervisor	Lefkara Ltd. (Representative: Kai-Ching Huang)	USD\$ 4,400,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 15,000,000	100.00%
Suzhou Betacera Technology Co., Ltd.	Director	Lefkara Ltd. (Representative: Liang-Ching Chen)	USD\$ 15,000,000	100.00%
	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 15,000,000	100.00%
	Supervisor	Lefkara Ltd. (Representative: Kai-Ching Huang)	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: Liang-Ching Chen)	USD\$ 1,194,000	99.50%
Shanghai Xike Ceramic Electronic Co., Ltd.	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 1,194,000	99.50%
	Director	Shanghai Xike Special Ceramics Electric Factory (Representative: Yun Zhang)	USD\$ 6,000	0.50%
	Supervisor	Lefkara Ltd. (Representative: Kai-Ching Huang)	USD\$ 1,194,000	99.50%
	Chairman	Gains Investment Corporation (Representative: Ching-Chen Huang)	10,533,713	63.67%
	Director	Gains Investment Corporation (Representative: Chun-Hui Wu)	10,533,713	63.67%
Universal Exchange Inc.	Director	InfoChamp Systems Corporation (Representative: Chun-Long Wu)	5,825,030	35.21%
	Supervisor	Ding Da Investment Corporation (Representative: Chia-Jui Hsu)	1,600	0.01%
	President	Tai-Chen Chen	184,571	1.12%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Pro-Ascentek Investment Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	6,000,000	5.00%
	Director	Chung Hung Steel Corporation (Representative: Chia-Wen Luo)	20,000,000	16.67%
	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: Jui-Teng Chen)	4,000,000	3.33%
	Director	C.S.Aluminium Corporation (Representative: Chih-Che Chang)	3,000,000	2.50%
	Supervisor	Dragon Steel Corporation (Representative: Chien-Hui Lee)	10,000,000	8.33%
	Supervisor	Super Electronics Co., Ltd. (Representative: Chi-Ping Li)	3,000,000	2.50%
	President	Chun-Hui Wu	0	0.00%
Mentor Consulting Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	1,000,000	100.00%
	President	Chun-Hui Wu	0	0.00%
Eminence Investment Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	150,000,000	100.00%
	President	Chun-Hui Wu	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%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Hung-Chuan Investment Corporation	Chairman and President	Shin Mau Investment Corporation (Representative: Wan-Fei Wu)	100,000	5.00%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	600,000	30.00%
Chi-Yi Investment Corporation	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-Cheng-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 Rwei Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Yung-Chung Lin)	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 Rwei 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 Rwei 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: Chien-Chih Hwang)	78,827,362	100.00%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	78,827,362	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	78,827,362	100.00%
	Supervisor	Ming-Rea Kao	0	0.00%
	President	Chen-Jung Huang	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Wabo Global Trading Corporation	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	5,236,000	44.00%
	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: Chang-Yi Tsai)	595,000	5.00%
	Director and President	China Steel Global Trading Corporation (Representative: Sheng-Feng Tsai)	5,236,000	44.00%
CSGT Japan Co., Ltd.	Director and President	Wabo Global Trading Corporation (Representative: Sheng-Feng Tsai)	800	100.00%
Chung Mao Trading (Samoa) Corporation	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	8,800,000	100.00%
	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%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSGT (Shanghai) Co., Ltd.	Chairman	Chung Mao Trading (Samoa) Corporation (Representative: Chien-Chih Hwang)	USD\$ 600,000	100.00%
	Director	Chung Mao Trading (Samoa) Corporation (Representative: Min-Hsiung Liu)	USD\$ 600,000	100.00%
	Director	Chung Mao Trading (Samoa) Corporation (Representative: Chen-Jung 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%
	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	326,300	65.00%
Chung Mao Trading (BVI) Corporation	Director	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Ming-Yuan Chen)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Yu-Chuan Lu)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Che-Chia Chang)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Yen-Hui Lin)	326,300	65.00%
	Director	Chang Yee Steel Co., Ltd. (Representative: Ching-Wen Yun)	50,200	10.00%
	Director	Jo & Dave Company Ltd. (Representative: Jean-Jean Wang)	37,650	7.50%
	Director	Chun Yuan Steel Industry Co., Ltd (Representative: Charng-Yi Tsai)	37,650	7.50%
	Director	Vulcan Industrial Corporation (Representative: Sung-Shyong Hong)	25,100	5.00%
	Director	Cathay Gen International Co., Ltd. (Representative: Fu-Lin Kao)	12,550	2.50%
	Director	Mayer Steel Pipe Corp. (Representative: Lung-Chi Wu)	12,550	2.50%
	Director and President	China Steel Global Trading Corporation (Representative: Hsiao-Sheng Wang)	326,300	65.00%



Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSGT Hong Kong Limited	Chairman	Chung Mao Trading (BVI) Corporation (Representative: Min-Hsiung Liu)	1,000,000	100.00%
	Director and President	Chung Mao Trading (BVI) Corporation (Representative: Pai-Cheng Chang)	1,000,000	100.00%
CSGT International Corporation	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	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%
CSGT Trading India Private Limited	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 President	CSGT International Corporation (Representative: Chen-Jung Huang)	4,752,000	99.00%
	Director	CSGT International Corporation (Representative: Han-Chuan Lai)	4,752,000	99.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
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: Wei-Tei Chen)	6,100,000	100.00%
China Steel Precision Metals Qingdao Co., Ltd.	Chairman	Chung Mao Trading (Samoa) Corporation (Representative: Chen-Jung Huang)	USD\$ 2,000,000	10.00%
	Director	China Steel Global Trading Corporation (Representative: Shen-Chin Huang)	USD\$ 12,000,000	60.00%
	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	Hsi-Chang Ou	USD\$ 0	0.00%
	Chairman	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	USD\$ 520,000	65.00%
CSGT (Shenzhen) Co., Ltd.	Director	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	USD\$ 520,000	65.00%
	Director	China Steel Global Trading Corporation (Representative: Yu-Chuan Lu)	USD\$ 520,000	65.00%
	Director	China Steel Global Trading Corporation (Representative: Chen-Jung 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%
	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			

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Mayer Steel Pipe Corp. (Representative: Lung-Chi Wu)	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%
China Steel Precision Metals Kunshan Co., Ltd.	Director	China Steel Global Trading Corporation (Representative: Shen-Chin Huang)	USD\$ 15,000,000	100.00%
	Supervisor	China Steel Global Trading Corporation (Representative: Hsi-Chang Ou)	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%
	Director	China Steel Corporation (Representative: Wen-Chou Li)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Tse-Wei Hsu)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Wei-Ting Chen)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Yeong-Kuen Chen)	514,304,000	56.00%
China Steel and Nippon Steel Vietnam Joint Stock Company	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%
CSC Steel Australia Holdings Pty Ltd	Director and President	Nippon Steel Corporation (Representative: Koshiro Chikamatsu)	275,520,000	30.00%
	Director	China Steel Corporation (Representative: John Toigo)	594,638	100.00%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	594,638	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CSC Sonoma Pty Ltd	Director	China Steel Corporation (Representative: Hsin-Tien Lin)	594,638	100.00%
	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: Kuei-Sung Tseng)	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%
	Director and President	China Steel Corporation (Representative: Han-Chuan Lai)	253,567,202	100.00%
China Steel Asia Pacific Holdings Pte Ltd	Director	China Steel Corporation (Representative: Wei-Tei Chen)	184,396,342	100.00%
	Director	China Steel Corporation (Representative: Fu-Chang Huang)	184,396,342	100.00%
	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Min-Hsiung Liu)	171,000,000	46.30%
CSC Steel Holdings Berhad	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%
Group Steel Corporation (M) Sdn. Bhd.	Director and President	China Steel Asia Pacific Holdings Pte Ltd (Representative: Ping-Tung Chiu)	171,000,000	46.30%
	Executive Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Yi-Chien Chen)	171,000,000	46.30%
	Director and President	CSC Steel Holdings Berhad (Representative: Shou-Kang Yin)	1,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
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: Horng-Yih Liou)	USD\$ 30,520,000	70.00%
	Director	Concord Industries Ltd. (Representative: Chih-Ta Wang)	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%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	12,000,000	80.00%
United Steel International Co., Ltd.	Director	Chung Mao Trading (Samoa) Corporation (Representative: Min-Hsiung Liu)	3,000,000	20.00%

## 6. Operating Overview of Affiliated Companies for 2021

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	37,476,240	14,914,842	22,561,398	53,733,214	6,514,174	6,350,411	4.42
Hung Kao Investment Corporation	26,000	49,414	3,094	46,320	10,798	9,356	7,554	2.91
China Steel Chemical Corporation	2,369,044	11,090,186	3,739,017	7,351,169	7,810,018	1,066,482	1,098,394	4.73
Ever Wealthy International Corporation	1,045,750	1,877,041	4,636	1,872,405	111,490	110,379	114,157	1.09
Changzhou China Steel New Materials Technology Co., Ltd.	173,543	386,389	223,222	163,167	215,205	11,876	11,484	NA
Formosa Ha Tinh CISC (Cayman) International Limited	668,800	1,045,915	512,439	533,476	0	(3,808)	(3,559)	(0.18)
China Ecotek Corporation	1,237,426	6,753,779	3,523,811	3,229,968	8,371,228	238,999	403,880	3.26
China Ecotek Construction Corporation (Note 1)	0	0	0	0	0	0	154	0.06
CEC International Corporation	30,642	40,116	0	40,116	0	0	991	0.10
China Ecotek India Private Limited	27,097	37,332	57	37,275	0	(1,139)	1,073	0.21
CEC Holding Company Limited (Note 1)	0	0	0	0	0	(69)	296	0.02
CEC Development Corporation	494,146	984,625	0	984,625	0	(401)	38,823	2.28
China Ecotek Vietnam Company Limited	302,065	824,022	110,458	713,564	113,385	6,965	34,196	NA
Xiamen Ecotek PRC Company Limited	166,080	180,877	2,086	178,791	0	(2,049)	2,813	NA
China Steel Structure Co., Ltd.	2,000,000	12,197,986	7,014,475	5,183,511	12,762,319	360,482	494,044	2.49
United Steel Engineering & Construction Corporation	740,000	3,551,520	1,947,836	1,603,684	3,292,237	112,852	123,375	1.67
United Steel Construction (Vietnam) Co., Ltd.	33,129	71,149	15,713	55,436	3,372	(853)	119	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 Investment Pte Ltd	126,806	129,997	0	129,997	0	(527)	(6,915)	(1.65)
China Steel Structure Holding Co., Ltd.	0	10,809	0	10,809	0	(62)	22,385	NA
China Steel Structure Investment Pte. Ltd. (Note 1)	0	0	0	0	0	0	11,949	NA
CHC Resources Corporation	2,485,404	12,190,825	6,429,308	5,761,517	9,886,540	800,883	710,208	2.86
Mao Lian Enterprise Co., Ltd. (Note 1)	0	0	0	0	11,215	9,713	7,771	NA
Yu Cheng Lime Corporation	12,000	183,813	47,387	136,426	12,197	1,990	1,606	13.38
Union Steel Development Corporation	50,000	231,312	106,036	125,276	579,590	50,548	44,191	8.84
Pao Good Industrial Co., Ltd.	106,050	410,464	231,054	179,410	288,155	26,998	20,551	1.94
CHC Resources Vietnam Co., Ltd	761,573	1,149,398	392,930	756,468	503,979	2,660	5,042	NA
China Steel Security Corporation	250,470	1,250,471	715,088	535,383	1,434,161	70,831	88,460	3.53
Steel Castle Technology Corporation	130,000	709,932	436,687	273,245	1,232,165	22,761	17,225	1.33
China Steel Management And Maintenance For Buildings Corpora	10,000	18,320	3,570	14,750	29,381	2,334	1,882	1.88
China Steel Management Consulting Corporation	10,000	20,974	2,654	18,320	38,907	4,235	3,363	3.36
China Prosperity Development Corporation	5,098,095	7,083,130	467,938	6,615,192	2,120,263	876,033	812,821	1.59
China Prosperity Construction Corporation	133,875	151,792	374	151,418	0	(1,571)	(963)	(0.07)
CK Japan Co., Ltd.	189,408	441,824	229,915	211,909	51,621	22,533	13,003	2,708.96
HIMAG Magnetic Corporation	276,055	813,576	152,118	661,458	1,110,172	114,797	112,455	4.07
MagnPower Corporation	400,000	632,924	432,037	200,887	141,349	10,444	11,775	0.29
Eminent Venture Capital Corporation	270,027	279,281	23,636	255,645	100,138	99,643	98,510	3.65
Sing Da Marine Structure Corporation	226,950	7,224,828	5,750,074	1,474,754	1,473,657	(1,987,858)	(1,991,085)	(5.94)

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
China Steel Power Holding Corporation	7,399,000	6,839,044	631	6,838,413	0	(2,219)	(163,595)	(0.57)
China Steel Power Corporation	7,393,000	7,662,222	826,916	6,835,306	0	(167,228)	(161,156)	(0.57)
CSC Solar Corporation	1,744,000	4,019,204	2,113,753	1,905,451	457,875	175,602	128,163	0.73
CSC Precision Metal Industrial Corporation (Note 1)	0	0	0	0	11,308	(4,725)	(4,251)	(0.13)
China Steel Resources Corporation	981,120	2,373,522	1,376,179	997,343	667,967	19,635	10,575	0.11
InfoChamp Systems Corporation	414,706	1,824,691	984,356	840,335	1,997,621	206,334	175,120	4.22
Info-Champ System (B.V.I) Corporation	6,828	25,434	0	25,434	0	(88)	7,366	36.65
Wuhan InfoChamp I.T. Co., Ltd.	5,536	87,320	61,908	25,412	140,953	8,293	7,455	NA
Kaohsiung Rapid Transit Corporation	2,786,064	6,621,879	4,130,566	2,491,313	1,949,201	(559,567)	(319,963)	(1.15)
Taiwan Intelligent Transportation Co., Ltd.	26,000	81,895	50,955	30,940	114,221	2,761	2,261	0.87
China Steel Machinery Corporation	1,352,824	5,469,958	3,412,357	2,057,601	6,002,090	429,319	392,308	2.90
China Steel Machinery Vietnam Co., Ltd.	8,960	16,777	2,442	14,335	56,017	8,342	6,868	NA
Dragon Steel Corporation	86,125,861	169,445,079	55,038,370	114,406,709	124,484,643	22,028,580	17,282,913	2.01
C.S.Aluminium Corporation	8,402,512	27,347,797	19,055,370	8,292,427	20,769,031	853,821	646,905	0.77
ALU Investment Offshore Corporation	1,063,593	343,514	1,054	342,460	0	(324)	(65,050)	NA
United Steel International Development Corporation	1,646,637	531,823	0	531,823	0	(131)	(100,212)	(2.05)
Ningbo Huayang Aluminium-Tech Co., Ltd.	1,356,320	1,348,773	826,087	522,686	1,372,896	(71,068)	(99,468)	NA
China Steel Express Corporation	4,225,453	27,499,051	13,038,944	14,460,107	23,404,953	2,566,918	3,186,651	7.54
Kaoport Stevedoring Corporation	50,000	120,081	39,180	80,901	302,920	23,242	20,796	4.16
Transglory Investment Corporation	7,499,638	9,471,337	110,058	9,361,279	79,855	70,209	69,511	0.09



Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
CSE Transport Corporation	316	6,826,831	3,337,877	3,488,954	2,033,066	712,301	704,732	NA
Gains Investment Corporation	5,593,820	12,370,701	2,974,374	9,396,327	659,061	594,637	568,423	1.02
Thintech Materials Technology Co., Ltd.	734,980	1,571,112	399,775	1,171,337	2,744,818	78,224	70,311	0.96
Thintech Global Limited	205,435	55,103	0	55,103	0	0	7,786	1.15
Taichang Thintech Materials Co., Ltd.	188,224	317,255	262,152	55,103	326,228	14,106	7,786	NA
Winning Investment Corporation	2,300,000	5,642,375	1,268,704	4,373,671	47,882	41,506	31,398	0.14
Betacera Inc.	427,803	3,617,525	1,740,783	1,876,742	2,577,920	347,463	318,279	7.44
Lefkara Ltd.	438,904	1,370,029	5,399	1,364,630	0	(104)	75,303	5.53
Betacera (Su Zhou) Co., Ltd.	121,792	911,437	401,694	509,743	1,602,887	50,797	38,849	NA
Suzhou Betacera Technology Co., Ltd.	415,200	657,837	75,919	581,918	503,638	30,980	25,817	NA
Shanghai Xike Ceramic Electronic Co., Ltd.	33,216	169,549	32,810	136,739	256,705	14,081	10,621	NA
Universal Exchange Inc.	165,450	226,430	28,362	198,068	115,825	25,637	21,427	1.30
Pro-Ascentek Investment Corporation	1,200,000	1,294,222	16,801	1,277,421	48,037	24,341	20,687	0.17
Mentor Consulting Corporation	10,000	77,111	47,132	29,979	88,446	12,085	9,710	9.71
Eminence Investment Corporation	1,500,000	3,151,496	768,892	2,382,604	161,384	157,639	127,210	0.85
Shin Mau Investment Corporation	29,900	77,191	36	77,155	2,706	2,685	2,649	0.89
Hung-Chuan Investment Corporation	20,000	56,880	6	56,874	482	472	466	0.23
Chi-Yi Investment Corporation	20,000	57,257	6	57,251	485	474	468	0.23
Ding Da Investment Corporation	29,900	71,869	0	71,869	2,874	2,746	2,746	0.92
Jiing-Cheng-Fa Investment Corporation	23,000	59,521	0	59,521	1,302	1,292	1,292	0.56
Gau Ruei Investment Corporation	29,900	94,726	1,719	93,007	13,333	11,105	9,388	3.14
Li-Ching-Long Investment Corporation	20,000	56,873	0	56,873	482	472	472	0.24
Sheng Lih Dar Investment Corporation	24,000	66,566	28	66,538	1,829	1,819	1,791	0.75

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Chiun Yu Investment Corporation	29,900	89,312	1,967	87,345	12,860	11,995	10,029	3.35
Gainsplus Asset Management Inc. (Note 1)	0	0	0	0	0	(8)	(30)	(0.30)
China Steel Global Trading Corporation	788,298	6,086,349	3,229,392	2,856,957	19,379,368	401,384	716,053	9.08
Waboo Global Trading Corporation	119,000	172,422	12,487	159,935	30,040	13,283	22,150	1.86
CSGT Japan Co., Ltd.	10,160	58,800	33,228	25,572	94,396	6,151	4,521	5,651.25
Chung Mao Trading (Samoa) Corporation	376,066	628,910	150	628,760	0	(500)	43,549	3.69
CSGT (Shanghai) Co., Ltd.	16,608	51,436	17,221	34,215	31,166	5,478	6,189	NA
Chung Mao Trading (BVI) Corporation	16,705	26,591	12,146	14,445	0	(1,264)	(1,797)	(3.58)
CSGT Hong Kong Limited	4,273	12,148	0	12,148	0	(602)	(534)	(0.53)
CSGT International Corporation	631,983	972,887	140	972,747	0	(760)	160,159	7.72
CSGT Metals Vietnam Joint Stock Company	420,509	1,598,548	951,857	646,691	2,929,671	198,824	197,032	8.90
CSGT Trading India Private Limited	23,695	27,542	262	27,280	9,305	6,920	7,068	1.47
CSGT (Singapore) Pte. Ltd.	136,396	567,432	33,660	533,772	116,266	49,513	293,977	48.19
China Steel Precision Metals Qingdao Co., Ltd.	553,600	1,130,697	531,331	599,366	1,345,474	39,763	32,191	NA
CSGT (Shenzhen) Co., Ltd.	22,144	34,313	370	33,943	33,031	16,633	11,777	NA
China Steel Precision Metals Kunshan Co., Ltd.	415,200	1,211,027	766,767	444,260	2,377,699	127,264	81,535	NA
China Steel and Nippon Steel Vietnam Joint Stock Company	17,387,235	21,111,887	8,044,774	13,067,113	26,404,573	2,957,959	2,789,274	3.04
CSC Steel Australia Holdings Pty Ltd	17,359,623	21,928,027	1,154,236	20,773,791	0	(1,782)	3,710,786	6,240.41
CSC Sonoma Pty Ltd	479,943	222,267	31,556	190,711	17,928	(10,468)	(10,952)	(0.67)

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
China Steel Corporation India Pvt. Ltd. (Renamed as CSC Steel Corporation India Pvt. Ltd. in February, 2022)	1,928,874	5,545,594	4,173,973	1,371,621	5,263,142	809,931	718,357	2.83
China Steel Asia Pacific Holdings Pte Ltd	6,713,754	4,564,029	394	4,563,635	0	(534)	433,111	2.35
CSC Steel Holdings Berhad	5,580,321	5,691,825	384	5,691,441	860	(2,824)	553,745	1.50
Group Steel Corporation (M) Sdn. Bhd.	13,506	17,085	0	17,085	0	(44)	(44)	(0.04)
CSC Steel Sdn. Bhd.	4,848,775	6,593,682	1,041,444	5,552,238	9,546,336	593,201	553,950	1.54
Constant Mode Sdn. Bhd.	10,130	6,432	122	6,310	427	198	158	0.21
Changzhou China Steel Precision Materials Co., Ltd.	1,206,848	2,563,556	1,092,673	1,470,883	3,052,949	255,618	211,007	NA
United Steel International Co., Ltd.	450,000	444,587	3,222	441,365	0	0	100,738	6.72

Note 1: Gainsplus Asset Management Inc. completed liquidation process in March 2021; CEC Holding Company Limited completed liquidation process in May 2021; China Ecotek Construction Corporation completed liquidation process in June 2021; China Steel Structure Investment Pte. Ltd. completed liquidation process in August 2021; CSC Precision Metal Industrial Corporation merged with China Steel Corporation in October 2021 and ceased to exist after the merger; Mao Lian Enterprise Co., Ltd. merged with CHC Resources Corporation in December 2021 and ceased to exist after the merger.  
Therefore, the aforementioned companies recorded no balance sheet items, whereas statements of comprehensive income is presented for fiscal year ended December 31, 2021.

Note 2: Balance sheet: December 31, 2021; income statement: for the year ended December 31, 2021.

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	( 27.6800)	JPY	( 0.240500)	SGD	( 20.4600)	MYR	( 6.35500)	HKD	( 3.5490)
	RMB	( 4.3440)	VND	( 0.001195)	AUD	( 20.0800)	INR	( 0.37100)		
Exchange rates on income statement:	USD	( 28.0110)	JPY	( 0.255360)	SGD	( 20.8519)	MYR	( 6.47555)	HKD	( 3.6034)
	RMB	( 4.3412)	VND	( 0.001155)	AUD	( 21.0439)	INR	( 0.37783)		

(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, 2022): None.

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

From January 1, 2021 to March 31, 2022

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% (Note 5)	2021	0	0	0	NA	None	0	2,400,000
				Current year up to the publication date of this annual report	0	0	0	33,109,239 shares 1,289,605 thousand	None	0	2,400,000
Hung Kao Investment Corporation	26,000	Own funds	100% (Note 5)	2021	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 39,105 thousand	None	0	0
China Steel Chemical Corporation	2,369,044	Own funds	29.44% (Note 5)	2021	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 99,592 thousand 229,000 preferred shares 12,114 thousand	None	0	0
Ever Wealthy International Corporation	1,045,750	Own funds	100% (Note 5)	2021	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 164,613 thousand	None	0	0
China Steel Structure Co., Ltd.	2,000,000	Own funds	35.60% (Note 5)	2021	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 270,191 thousand	None	0	0
United Steel Engineering & Construction Corporation	800,000	Own funds	100% (Note 5)	2021	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 145,886 thousand	None	0	0
CHC Resources Corporation	2,485,404	Own funds	35.61% (Note 5)	2021	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 358,410 thousand	None	0	0
Union Steel Development Corporation	50,000	Own funds	93.37% (Note 5)	2021	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	423,849 shares 16,509 thousand	None	0	0
China Steel Security Corporation	250,470	Own funds	99.96%	2021	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 91,532 thousand	None	0	0
China Prosperity Development Corporation	5,098,095	Own funds	100%	2021	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	952,979 shares 37,119 thousand	None	0	0
HIMAG Magnetic Corporation	276,055	Own funds	87.64% (Note 5)	2021	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	325,505 shares 12,679 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%	2021	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 149,348 thousand	None	0	0
C.S.Aluminium Corporation	8,402,512	Own funds	99.98%	2021	0	0	0	NA	None	0	5,200,000
				Current year up to the publication date of this annual report	0	0	0	4,431,944 shares 172,624 thousand	None	0	5,200,000
China Steel Express Corporation	4,225,453	Own funds	100%	2021	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 342,821 thousand	None	0	0
Transglory Investment Corporation	7,499,638	Own funds	100% (Note 5)	2021	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 10,001,010 thousand		0	0
Winning Investment Corporation	2,300,000	Own funds	58.00% (Note 5)	2021	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 6,216,667 thousand		0	0
Shin Mau Investment Corporation	29,900	Own funds	100% (Note 5)	2021	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 55,845 thousand	None	0	0
Hung-Chuan Investment Corporation	20,000	Own funds	100% (Note 5)	2021	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 62,549 thousand	None	0	0
Chi-Yi Investment Corporation	20,000	Own funds	100% (Note 5)	2021	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 62,971 thousand	None	0	0
Ding Da Investment Corporation	29,900	Own funds	100% (Note 5)	2021	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 59,418 thousand	None	0	0
Jiing-Cherng-Fa Investment Corporation	23,000	Own funds	100% (Note 5)	2021	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 56,940 thousand	None	0	0
Gau Ruei Investment Corporation	29,900	Own funds	100% (Note 5)	2021	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 58,165 thousand	None	0	0
Li-Ching-Long Investment Corporation	20,000	Own funds	100% (Note 5)	2021	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 62,532 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)	2021	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 60,066 thousand	None	0	0
Chiun Yu Investment Corporation	29,900	Own funds	100% (Note 5)	2021	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 63,227 thousand	None	0	0
China Steel Global Trading Corporation	788,298	Own funds	100%	2021	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 169,413 thousand	None	0	0
Wabo Global Trading Corporation	119,000	Own funds	50% (Note 5)	2021	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	487,367 shares 18,983 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.

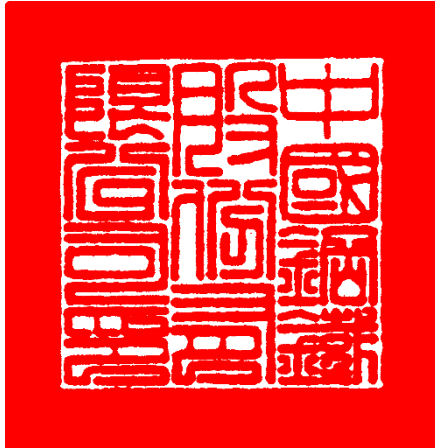
Note 6: Pledging of shares has no significant impact on the financial performance and condition of the Company.

#### IV. Other Supplementary Matters: None

**Chapter IX. During 2021 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:**

None.

# China Steel Corporation



Chao-Tung Wong  
Chairman

*Chao-Tung Wong*





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



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## China Steel Corporation 2021 Annual Report Annex: Financial Statements



Stock Code: 2002



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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](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.

**2021 Annual Report**  
Annex: Financial Statements

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Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report .....	Annex 2
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## **China Steel Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 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, 2021, 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

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Chao-Tung Wong  
Chairman

February 25, 2022



## 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, 2021 and 2020, 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, 2021 and 2020, 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 (FSC) 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 auditing standards generally accepted in 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, 2021. 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, 2021 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 approximately 80% 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 37 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 and unit price 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 sales by confirming the correctness on the shipping documents or bill of lading and cash collection receipts.
4. We obtained subsequent details of the abovementioned specific sales and tested for any unusual sales returns and allowances on a sample basis 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, 2021 and 2020 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 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2021 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 Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 25, 2022

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, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 23,969,128	4	\$ 16,140,326	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,610,451	-	4,425,282	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 5 and 8)	6,228,593	1	5,179,109	1
Financial assets for hedging - current (Notes 4 and 9)	1,483,163	-	1,458,618	-
Contract assets - current (Notes 4 and 24)	8,298,068	1	10,158,521	2
Notes receivable (Notes 4 and 10)	2,241,592	-	1,602,893	-
Notes receivable - related parties (Notes 4, 10 and 32)	557	-	118,989	-
Accounts receivable, net (Notes 4 and 10)	15,519,834	2	11,480,441	2
Accounts receivable - related parties (Notes 4, 10 and 32)	416,810	-	199,624	-
Other receivables (Notes 4 and 32)	4,118,509	1	1,733,785	-
Current tax assets	628,373	-	710,432	-
Inventories (Notes 4, 5 and 11)	129,532,646	20	76,177,207	12
Non-current assets held for sale (Note 4)	315,557	-	-	-
Other financial assets - current (Notes 13 and 33)	10,152,556	1	8,601,911	1
Other current assets	4,499,511	1	3,350,746	1
Total current assets	210,015,348	31	141,337,884	23
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	921,949	-	1,015,359	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	53,673,631	8	54,879,242	9
Financial assets at amortized cost - noncurrent (Note 4)	-	-	3,939	-
Financial assets for hedging - noncurrent (Notes 4 and 9)	224	-	4,561	-
Investments accounted for using the equity method (Notes 4 and 12)	13,419,640	2	13,708,257	2
Property, plant and equipment (Notes 4, 14 and 33)	370,663,701	55	384,332,644	61
Right-of-use assets (Notes 4, 15 and 33)	12,488,317	2	13,720,878	2
Investment properties (Notes 4, 16 and 33)	9,438,554	1	9,718,233	2
Intangible assets (Note 4)	1,478,279	-	1,654,972	-
Deferred tax assets (Notes 4 and 26)	8,881,613	1	8,863,670	1
Refundable deposits	1,104,101	-	683,498	-
Other financial assets - noncurrent (Notes 13 and 33)	3,012,629	-	3,079,366	-
Other noncurrent assets	2,896,983	-	3,080,194	-
Total noncurrent assets	477,979,621	69	494,744,813	77
<b>TOTAL</b>	<b>\$ 687,994,969</b>	<b>100</b>	<b>\$ 636,082,697</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings and bank overdraft (Notes 17 and 33)	\$ 33,061,226	5	\$ 22,510,392	4
Short-term bills payable (Note 17)	15,836,410	2	32,072,318	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	736	-
Financial liabilities for hedging - current (Notes 4 and 9)	1,283,279	-	1,880,889	-
Contract liabilities - current (Notes 4 and 24)	5,385,147	1	5,564,585	1
Notes payable	1,570,913	-	1,561,308	-
Accounts payable (Note 19)	22,235,715	3	17,138,527	3
Accounts payable - related parties (Notes 19 and 32)	175,204	-	37,588	-
Other payables (Notes 20 and 32)	34,065,602	5	23,055,595	4
Current tax liabilities	13,331,213	2	883,896	-
Provisions - current (Notes 4 and 21)	6,831,852	1	6,501,683	1
Lease liabilities - current (Notes 4 and 15)	963,887	-	954,695	-
Current portion of bonds payable (Note 18)	17,474,085	3	17,399,351	3
Current portion of long-term bank borrowings (Notes 17 and 33)	4,647,406	1	2,215,129	-
Refund liabilities - current	3,698,912	1	2,148,949	-
Other current liabilities	1,369,894	-	1,400,912	-
Total current liabilities	161,930,745	24	135,326,553	21
<b>NONCURRENT LIABILITIES</b>				
Financial liabilities for hedging - noncurrent (Notes 4 and 9)	139,082	-	338,608	-
Contract liabilities - noncurrent (Note 24)	72,086	-	-	-
Bonds payable (Note 18)	62,336,121	9	79,800,146	13
Long-term bank borrowings (Notes 17 and 33)	26,442,943	4	42,157,426	7
Long-term bills payable (Note 17)	14,392,922	2	18,673,657	3
Provisions - noncurrent (Notes 4 and 21)	1,074,359	-	1,041,882	-
Deferred tax liabilities (Notes 4 and 26)	14,583,004	2	14,267,718	2
Lease liabilities - noncurrent (Notes 4 and 15)	10,112,044	1	10,966,743	2
Net defined benefit liabilities (Notes 4 and 22)	8,761,472	1	9,267,896	1
Other noncurrent liabilities	1,195,171	-	1,135,087	-
Total noncurrent liabilities	139,109,204	19	177,649,163	28
Total liabilities	301,039,949	43	312,975,716	49
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 23)</b>				
Share capital				
Ordinary shares	157,348,610	23	157,348,610	25
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	23	157,731,290	25
Capital surplus	39,238,636	6	39,077,456	6
Retained earnings				
Legal reserve	66,611,343	10	66,532,412	10
Special reserve	27,639,574	4	27,912,065	4
Unappropriated earnings	70,863,295	10	13,897,589	2
Total retained earnings	165,114,212	24	108,342,066	16
Other equity	(4,405,952)	(1)	(3,187,669)	-
Treasury shares	(8,649,421)	(1)	(8,664,198)	(1)
Total equity attributable to owners of the Corporation	349,028,765	51	293,298,945	46
<b>NON-CONTROLLING INTERESTS</b>	37,926,255	6	29,808,036	5
Total equity	386,955,020	57	323,106,981	51
<b>TOTAL</b>	<b>\$ 687,994,969</b>	<b>100</b>	<b>\$ 636,082,697</b>	<b>100</b>

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			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 32 and 37)	\$ 468,327,501	100	\$ 314,783,301	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>373,012,890</u>	<u>80</u>	<u>299,665,781</u>	<u>95</u>
GROSS PROFIT	<u>95,314,611</u>	<u>20</u>	<u>15,117,520</u>	<u>5</u>
OPERATING EXPENSES				
Selling and marketing expenses	5,102,276	1	4,441,752	1
General and administrative expenses	7,894,624	2	6,441,564	2
Research and development expenses	2,435,385	-	1,947,816	1
Loss (reversal) of expected credit loss	<u>125,053</u>	<u>-</u>	<u>(9,849)</u>	<u>-</u>
Total operating expenses	<u>15,557,338</u>	<u>3</u>	<u>12,821,283</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>79,757,273</u>	<u>17</u>	<u>2,296,237</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	228,589	-	302,888	-
Other income (Notes 25 and 32)	4,320,278	1	2,151,834	1
Other gains and losses (Notes 25 and 32)	690,795	-	(105,969)	-
Finance costs (Notes 4 and 25)	(1,761,141)	-	(2,460,078)	(1)
Share of the profit of associates	<u>1,177,854</u>	<u>-</u>	<u>583,250</u>	<u>-</u>
Total non-operating income and expenses	<u>4,656,375</u>	<u>1</u>	<u>471,925</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	84,413,648	18	2,768,162	1
INCOME TAX (Notes 4 and 26)	<u>15,507,576</u>	<u>3</u>	<u>510,329</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>68,906,072</u>	<u>15</u>	<u>2,257,833</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(863,212)	-	(177,312)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(376,646)	-	(1,125,935)	(1)

(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			
	2021		2020	
	Amount	%	Amount	%
Gains and losses on hedging instruments	\$ 43,796	-	\$ (71,637)	-
Share of the other comprehensive income (loss) of associates	39,462	-	(158,505)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	963,854	-	(293,735)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(2,182,474)	-	(358,528)	-
Unrealized gains and losses on investments in debt instruments designated as at fair value through other comprehensive income	(494)	-	-	-
Gains and losses on hedging instruments	-	-	5,115	-
Share of the other comprehensive income (loss) of associates	399,121	-	(742,571)	-
Income tax benefit relating to items that may be reclassified subsequently to profit or loss	<u>4,310</u>	<u>-</u>	<u>29,425</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,972,283)</u>	<u>-</u>	<u>(2,893,683)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 66,933,789</u>	<u>15</u>	<u>\$ (635,850)</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 62,053,033	13	\$ 885,865	-
Non-controlling interests	<u>6,853,039</u>	<u>2</u>	<u>1,371,968</u>	<u>1</u>
	<u>\$ 68,906,072</u>	<u>15</u>	<u>\$ 2,257,833</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 60,327,896	14	\$ (1,538,770)	(1)
Non-controlling interests	<u>6,605,893</u>	<u>1</u>	<u>902,920</u>	<u>1</u>
	<u>\$ 66,933,789</u>	<u>15</u>	<u>\$ (635,850)</u>	<u>-</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.02</u>		<u>\$ 0.05</u>	
Diluted	<u>\$ 3.98</u>		<u>\$ 0.05</u>	

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											Non-controlling Interests	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	Total Other Equity	Treasury Shares			Total Equity Attributable to Owners of the Corporation
BALANCE AT JANUARY 1, 2020	\$ 157,348,610	\$ 382,680	\$ 38,877,269	\$ 65,674,189	\$ 27,803,906	\$ 21,998,036	\$ (6,838,836)	\$ 2,124,342	\$ 3,852,535	\$ (861,939)	\$ (8,664,198)	\$ 302,558,533	\$ 29,655,977	\$ 332,214,510
Appropriation of 2019 earnings (Note 23)	-	-	-	-	-	(858,223)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	858,223	110,524	(110,524)	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.5 per share	-	-	-	-	-	(7,867,430)	-	-	-	-	-	(7,867,430)	-	(7,867,430)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	(53,575)	-	(53,575)
Reversal of special reserve	-	-	-	-	(2,365)	2,365	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	885,865	-	-	-	-	-	885,865	1,371,968	2,257,833
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(134,429)	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(2,424,635)	(469,048)	(2,893,683)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	751,436	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(1,538,720)	902,920	(635,880)
Acquisition of the Corporation's shares held by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,780)	(1,780)	-	(1,780)
Disposal of the Corporation's shares held by subsidiaries	-	-	271	-	-	-	-	-	-	-	1,780	2,051	-	2,051
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	160,443	-	-	-	-	-	-	-	-	160,443	-	160,443
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(750,861)	(750,861)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	35,504	-	(35,504)	-	(35,504)	-	-	-	-
Adjustment of other equity	-	-	39,473	-	-	-	-	-	-	-	-	39,473	-	39,473
BALANCE AT DECEMBER 31, 2020	\$ 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	\$ 29,808,036	\$ 323,106,981
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	\$ 29,808,036	\$ 323,106,981
Appropriation of 2020 earnings (Note 23)	-	-	-	-	-	(78,931)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	78,931	(272,355)	272,355	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.3 per share	-	-	-	-	-	(4,720,458)	-	-	-	-	-	(4,720,458)	-	(4,720,458)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	(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	6,853,039	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)	(247,146)	(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	6,605,893	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
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,512,326	1,512,326
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	105,398	-	(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	\$ 37,976,255	\$ 386,955,020

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)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 84,413,648	\$ 2,768,162
Adjustments for:		
Depreciation expense	32,461,671	33,247,153
Amortization expense	265,436	263,724
Expected credit loss (reversal)	125,053	(9,849)
Net gain on financial assets and liabilities at fair value through profit or loss	(541,576)	(246,293)
Finance costs	1,761,141	2,460,078
Interest income	(228,589)	(302,888)
Dividend income	(3,610,743)	(1,134,446)
Share of the profit of associates	(1,215,491)	(584,960)
Loss (gain) on disposal of property, plant and equipment	178,139	(799,655)
Gain on disposal of investment properties	(26,755)	-
Gain on disposal of non-current assets held for sale	(33,545)	-
Gain on disposal of investments	(33,033)	(434,206)
Impairment loss recognized on financial assets	3,878	-
Write-down (reversal) of inventories	2,014,820	(3,008,823)
Impairment loss recognized on non-financial assets	3,369,085	576,317
Recognition of provisions	576,180	2,693,284
Others	30,785	(14,192)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(228,664)	354,202
Financial assets for hedging	(97,173)	428,090
Contract assets	1,893,484	(174,051)
Notes receivable	(638,699)	(386,081)
Notes receivable - related parties	118,432	106,190
Accounts receivable	(4,144,546)	(479,850)
Accounts receivable - related parties	(217,186)	196,918
Other receivables	(2,275,959)	(69,760)
Inventories	(55,361,848)	26,492,408
Other current assets	(1,107,903)	888,737
Financial liabilities for hedging	(62,883)	52,678
Contract liabilities	(107,352)	(639,373)
Notes payable	9,605	(86,910)
Accounts payable	5,097,188	2,517,477
Accounts payable - related parties	137,616	(33,138)
Other payables	10,559,172	(195,466)
Provisions	(216,228)	(51,228)
Other current liabilities	(31,018)	(54,381)
Net defined benefit liabilities	(1,369,636)	(307,692)
Refund liabilities	1,549,963	409,248
Cash generated from operations	73,016,469	64,441,424

(Continued)

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Income taxes paid	\$ (1,712,720)	\$ (1,226,065)
Net cash generated from operating activities	<u>71,303,749</u>	<u>63,215,359</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(8,194,697)	(5,611,851)
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,687,917	4,535,280
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	-	8,382
Acquisition of financial assets at fair value through profit or loss	(7,472,949)	(9,376,248)
Proceeds from disposal of financial assets at fair value through profit or loss	9,886,910	8,689,326
Derecognition of financial liabilities for hedging	(631,020)	(2,682,577)
Acquisition of investments accounted for using the equity method	-	(375,000)
Proceeds from disposal of investments accounted for using the equity method	83,438	354,191
Net cash outflow on acquisition of subsidiaries	-	(1,099,447)
Disposal of subsidiaries	28,856	748,920
Proceeds from the capital reduction on investments accounted for using the equity method	20,647	296,526
Proceeds from disposal of non-current assets held for sale	176,233	-
Acquisition of property, plant and equipment	(21,065,106)	(26,815,441)
Proceeds from disposal of property, plant and equipment	121,631	1,072,657
Increase in refundable deposits	(457,003)	(59,596)
Acquisition of intangible assets	(39,328)	(188,199)
Acquisition of right-of-use assets	(1,397)	-
Acquisition of investment properties	-	(10,483)
Proceeds from disposal of investment properties	60,185	-
Increase in other financial assets	(1,483,908)	(485,950)
Decrease (increase) in other noncurrent assets	187,375	(15,503)
Interest received	234,316	289,993
Dividends received from associates	1,087,867	726,219
Dividends received from others	<u>3,600,701</u>	<u>1,134,062</u>
Net cash used in investing activities	<u>(16,169,332)</u>	<u>(28,864,739)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	248,531,047	262,134,157
Repayments of short-term borrowings	(239,606,200)	(277,705,304)
Proceeds from short-term bills payable	129,521,775	135,830,659
Repayments of short-term bills payable	(145,757,683)	(142,794,272)
Issuance of bonds payable	-	13,800,000

(Continued)

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Repayments of bonds payable	\$ (17,400,000)	\$ (15,550,000)
Proceeds from long-term bank borrowings	34,937,675	58,466,497
Repayments of long-term bank borrowings	(48,101,224)	(59,256,509)
Proceeds from long-term bills payable	3,979,156	13,099,578
Repayments of long-term bills payable	(8,259,891)	(8,520,814)
Repayment of principal of lease liabilities	(992,141)	(1,006,431)
Increase in other noncurrent liabilities	60,084	26,629
Dividends paid to owners of the Corporation	(4,778,721)	(7,915,869)
Partial disposal of interests in subsidiaries without loss of control	32,655	-
Interest paid	(2,238,443)	(2,860,426)
Increase (decrease) in non-controlling interests	<u>1,512,326</u>	<u>(750,861)</u>
Net cash used in financing activities	<u>(48,559,585)</u>	<u>(33,002,966)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(410,591)</u>	<u>(572,329)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,164,241	775,325
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,806,364</u>	<u>12,031,039</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 18,970,605</u>	<u>\$ 12,806,364</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, 2021 and 2020:		
Cash and cash equivalents in the consolidated balance sheets	\$ 23,969,128	\$ 16,140,326
Bank overdraft	<u>(4,998,523)</u>	<u>(3,333,962)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 18,970,605</u>	<u>\$ 12,806,364</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, 2021, 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 25, 2022.

### 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 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to

the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were reported to the board of directors 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’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
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, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are 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 4: 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.

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’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 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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, 2021	December 31, 2020	
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 speciality 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, surveys and remediation of soil and groundwater, intermediate solidification, 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 36%, 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%

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2021	December 31, 2020	
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 (CSVC)	Manufacture and sale of steel products	56	56	
China Steel Corporation	China Steel Corporation India Pvt. Ltd. (CSCI)	Electrical steel	100	100	
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	-	100	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%
China Steel Corporation	Sing Da Marine Structure Corporation (SDMS)	Foundation of offshore wind power	100	100	
China Steel Corporation	United Steel International Co., Ltd. (USICL)	Holding and investment	80	80	Direct and indirect ownerships amounted to 100%
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	-	100	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	-	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%

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2021	December 31, 2020	
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%
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	CSEI Transport (Panama) Corporation (CSEIP)	Shipping services for raw materials	-	-	End of settlement in September 2020
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) (Renamed from United Steel Development Corporation Limited)	Real estate development	60	60	Direct and indirect ownerships amounted to 100% and renamed in January 2020
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	60	Direct and indirect ownerships amounted to 70%
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	Ever Glory International Co., Ltd. (EVERGLORY)	International trading and general investment	-	-	End of settlement in September 2020
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	65	

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2021	December 31, 2020	
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	100	Investment in September 2020, and not increasing in shares proportionally to percentage of ownership in May 2021
China Steel Global Trading Corporation	China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Cutting and processing of steel products	100	-	Investment restructuring in December 2021
Chung Mao Trading (Samoa) Corporation	CSGT (Shanghai) Co., Ltd. (CSGTSPRC)	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	100	
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)	Sales of GBFS	85	85	
CHC Resources Corporation	Mao Lian Enterprise Co., Ltd. (Mao Lian)	Real estate lease	-	100	Acquired in October 2020, and 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	37	Investment restructuring in April 2021
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd. (CSSIPL)	Holding and investment	-	100	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 Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd. (CSSICL)	Holding and investment	-	-	Disposal in May 2020
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd. (CKSSKC)	Manufacture and sale of products of steel structure	-	-	Disposal in May 2020
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	-	100	End of settlement in June 2021
China Ecotek Corporation	CEC Holding Company Limited (CHC)	Holding and investment	-	100	End of settlement in May 2021
China Ecotek Corporation	Econova Technology Corporation (ETC)	Environmental engineering, M&E engineering, and O&M engineering	-	-	End of settlement in September 2020
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. (CSMK)	Cutting and processing of steel products	-	100	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, CCCC, 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 and 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, after reassessment, 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 for production, supply or administrative purposes are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. 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.

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 Corporation and its subsidiaries 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 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 and 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. 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 31.

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 instruments

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 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 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 of the hedge 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.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the exchange differences on translating the financial statements of foreign operations 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 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 Corporation and its subsidiaries consider the economic implications of the COVID-19 when making critical accounting 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. Valuation 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 31, 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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 45,745	\$ 47,840
Checking accounts and demand deposits	18,279,102	12,375,487
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits and negotiable certificates of deposit	821,297	2,290,657
Commercial papers with repurchase agreements	4,822,984	1,381,305
Bonds with repurchase agreements	-	45,037
	<u>\$ 23,969,128</u>	<u>\$ 16,140,326</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ 2,320,468	\$ 3,894,345
Listed shares	212,018	158,219
Emerging market shares	13,996	242,410
Convertible bonds	63,626	130,308
Foreign exchange forward contracts (a)	343	-
	<u>\$ 2,610,451</u>	<u>\$ 4,425,282</u>

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<hr/>		
Financial assets at FVTPL - noncurrent		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ 892,700	\$ 982,947
Emerging market shares	<u>29,249</u>	<u>32,412</u>
	<u>\$ 921,949</u>	<u>\$ 1,015,359</u>
<hr/>		
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Foreign exchange forward contracts (a)	<u>\$ -</u>	<u>\$ 736</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:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<hr/>			
December 31, 2020			
Sell	USD/NTD	2021.12-2022.02	USD6,100/NTD169,221
<hr/>			
December 31, 2020			
Sell	USD/NTD	2021.01-2021.03	USD2,690/NTD75,862

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<hr/>		
Current		
Domestic investments		
Listed shares	\$ 6,173,813	\$ 5,120,061
Emerging market shares and unlisted shares	40,018	29,158
Corporate bonds	<u>14,762</u>	<u>29,890</u>
	<u>\$ 6,228,593</u>	<u>\$ 5,179,109</u>
<hr/>		
Noncurrent		
Domestic investments		
Listed shares	\$ 10,260,799	\$ 10,644,288
Emerging market shares and unlisted shares	<u>3,268,895</u>	<u>2,360,670</u>
	<u>13,529,694</u>	<u>13,004,958</u>

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign investments		
Unlisted shares	\$ 37,006,514	\$ 39,493,848
Listed shares	2,247,316	1,520,440
Certificate of entitlement	<u>890,107</u>	<u>859,996</u>
	<u>40,143,937</u>	<u>41,874,284</u>
	<u>\$ 53,673,631</u>	<u>\$ 54,879,242</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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets for hedging - current</u>		
Hedging foreign-currency deposits	\$ 1,483,162	\$ 1,436,312
Foreign exchange forward contracts	<u>1</u>	<u>22,306</u>
	<u>\$ 1,483,163</u>	<u>\$ 1,458,618</u>
<u>Financial assets for hedging - noncurrent</u>		
Foreign exchange forward contracts	<u>\$ 224</u>	<u>\$ 4,561</u>
<u>Financial liabilities for hedging - current</u>		
Bank loans (Note 17)	\$ 1,081,649	\$ 1,625,611
Borrowed precious metals from bank	162,512	217,190
Foreign exchange forward contracts	<u>39,118</u>	<u>38,088</u>
	<u>\$ 1,283,279</u>	<u>\$ 1,880,889</u>
<u>Financial liabilities for hedging - noncurrent</u>		
Bank loans (Note 17)	\$ -	\$ 335,428
Foreign exchange forward contracts	53,770	3,180
Interest rate swap contracts	<u>85,312</u>	<u>-</u>
	<u>\$ 139,082</u>	<u>\$ 338,608</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. As of December 31, 2021 and 2020, the balance of the foreign-currency deposits, which consist of those designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT\$1,483,162 thousand (JPY0.54 billion, RMB7,186

thousand, USD33,883 thousand and EUR12,261 thousand) and NT\$1,436,312 thousand (JPY0.22 billion, RMB20,524 thousand, USD33,043 thousand and EUR9,871 thousand), respectively. As of December 31, 2021 and 2020, cash outflows were expected from the aforementioned contracts during the periods from 2022 and 2021, respectively.

Refer to Note 31 for information relating to financial instruments for hedging.

# 10. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2021	2020
Notes receivable		
Operating	\$ 2,242,149	\$ 1,721,882
Non-operating	-	-
	<u>\$ 2,242,149</u>	<u>\$ 1,721,882</u>
Accounts receivable	\$ 16,097,978	\$ 11,720,332
Less: Allowance for impairment loss	<u>161,334</u>	<u>40,267</u>
	<u>\$ 15,936,644</u>	<u>\$ 11,680,065</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, 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>



## December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 12,739,430	\$ 625,353	\$ 6,089	\$ 34,228	\$ 37,114	\$ 13,442,214
Loss allowance (Lifetime ECL)	(7,526)	(506)	(3,219)	(1,978)	(27,038)	(40,267)
Amortized cost	<u>\$ 12,731,904</u>	<u>\$ 624,847</u>	<u>\$ 2,870</u>	<u>\$ 32,250</u>	<u>\$ 10,076</u>	<u>\$ 13,401,947</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of year	\$ 40,267	\$ 71,669
Recognition (reversal)	127,792	(11,741)
Written off	(5,818)	(18,827)
Effect of foreign currency exchange difference	<u>(907)</u>	<u>(834)</u>
Balance, end of year	<u>\$ 161,334</u>	<u>\$ 40,267</u>

The Corporation and its subsidiaries CHS entered into accounts receivable factoring agreements (without recourse) with Mega Bank and other financial institutions. Under the agreements, the Corporation and its subsidiaries 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, 2021 and 2020, 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, 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>		
For the Year Ended December 31, 2020						
Mega Bank	\$ 3,468,167	\$ 8,272,733	\$ 9,165,285	\$ 2,575,615	0.99-1.75	NT\$9 billion
Bank of Taiwan	1,474,316	2,974,314	3,569,472	879,158	0.99-1.75	NT\$3 billion
Bank of Taiwan	716,373	4,996,125	5,515,669	196,829	0.60-3.75	USD130,000 thousand
Taishin Bank	2,184,170	9,348,121	7,758,647	3,773,644	0.89-2.82	USD150,000 thousand
CTBC Bank	608,287	1,852,675	1,702,612	758,350	0.94-3.22	USD40,000 thousand

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
Mizuho Bank	\$ 31,380	\$ 437,648	\$ 448,430	\$ 20,598	1.02-2.99	USD10,000 thousand
Mega Bank	926,731	2,243,387	2,568,873	601,245	1.09	NT\$855,000 thousand
Bank of Taiwan	-	193,763	126,489	67,274	1.09	NT\$200,000 thousand
Bank of Taiwan	124,214	195,829	305,466	14,577	2.06	USD20,000 thousand
	<u>\$ 9,533,638</u>	<u>\$ 30,514,595</u>	<u>\$ 31,160,943</u>	<u>\$ 8,887,290</u>		

## 11. INVENTORIES

	December 31	
	2021	2020
Work in progress	\$ 32,560,458	\$ 20,683,426
Finished goods	33,181,681	17,068,238
Raw materials	31,403,295	13,498,088
Supplies	11,983,577	12,459,433
Raw materials and supplies in transit	18,353,054	10,303,866
Buildings and lands under construction	23,922	1,097,511
Others	<u>2,026,659</u>	<u>1,066,645</u>
	<u>\$ 129,532,646</u>	<u>\$ 76,177,207</u>

The costs of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 were NT\$313,193,438 thousand and NT\$256,643,486 thousand, respectively, including loss on inventories of NT\$2,014,820 thousand and reversal of loss on inventories of NT\$3,008,823 thousand, respectively. Reversal of loss on inventory was mainly due to the impact of price fluctuations in the steel market and a decrease in stock costs.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Material associate		
9404-5515 Québec Inc	\$ 7,548,117	\$ 7,693,698
Associates that are not individually material	<u>5,871,523</u>	<u>6,014,559</u>
	<u>\$ 13,419,640</u>	<u>\$ 13,708,257</u>

### a. Material associate

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)	
			December 31, 2021	December 31, 2020
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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 310,199	\$ 23,611
Noncurrent assets	30,448,308	31,328,138
Current liabilities	<u>(83)</u>	<u>(84)</u>
Equity	<u>\$ 30,758,424</u>	<u>\$ 31,351,665</u>
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	<u>\$ 7,548,117</u>	<u>\$ 7,693,698</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net profit for the year	<u>\$ 4,254,206</u>	<u>\$ 2,638,638</u>
Total comprehensive income (loss) for the year	<u>\$ 6,086,405</u>	<u>\$ (426,160)</u>
Dividends received from 9404-5515 Québec Inc.	<u>\$ 999,202</u>	<u>\$ 662,614</u>
Comprehensive income (loss) attributable to the Corporation and its subsidiaries	<u>\$ 1,493,604</u>	<u>\$ (104,580)</u>

b. Information about associates that are not individually material was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The Corporation and its subsidiaries' share of		
Net profit (loss) for the year	\$ 171,509	\$ (62,562)
Other comprehensive income (loss)	<u>(11,039)</u>	<u>(148,974)</u>
Total comprehensive income (loss)	<u>\$ 160,470</u>	<u>\$ (211,536)</u>

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Chateau International Development Co., Ltd.	<u>\$ 719,732</u>	<u>\$ 643,260</u>

Refer to Table 9 "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	
	2021	2020
<b>Current</b>		
Pledged time deposits (Note 33)	\$ 7,035,150	\$ 6,509,891
Time deposits with original maturities more than three months	1,811,066	1,767,510
Deposits for projects	1,006,340	324,510
Pledged demand deposits (Note 33)	<u>300,000</u>	<u>-</u>
	<u>\$ 10,152,556</u>	<u>\$ 8,601,911</u>
<b>Noncurrent</b>		
Pledged receivables (Note 33)	\$ 2,000,000	\$ 2,000,000
Deposits for projects	753,654	842,382
Pledged time deposits (Note 33)	230,655	208,708
Time deposits	<u>28,320</u>	<u>28,276</u>
	<u>\$ 3,012,629</u>	<u>\$ 3,079,366</u>

Refer to Note 33 for information relating to other financial assets pledged as collateral.

### 14. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 12 for the movements of property, plant and equipment for the year ended December 31, 2021 and 2020.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Land improvements	
Bridge	40 years
Drainage system	40 years
Wharf	20-40 years
Wall	20-40 years
Others	3-15 years
Buildings	
Main structure	5-60 years
Facility	5-40 years
Mechanical and electrical facilities	10-15 years
Trellis and corrugated iron building	3-20 years
Others	3-10 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-40 years
Lifting equipment	5-25 years
Electrical equipment	3-16 years
High-temperature equipment	3-17 years
Examination equipment	3-14 years
Others	2-25 years

Transportation Equipment	
Ship equipment	18-25 years
Railway equipment	5-20 years
Telecommunication equipment	5-8 years
Transportation equipment	5-10 years
Others	2 years
Other equipment	
Leasehold improvement	2-35 years
Office, air condition and extinguishment equipment	3-25 years
Computer equipment	3-15 years
Others	2-35 years

The subsidiary CHS bought farmlands for warehousing at the Jia Xing Section and Quing Shui Section of 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. As of December 31, 2021 and 2020, the book value of the farmlands was both NT\$55,433 thousand and 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 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. Besides, the continuous pickling line in the Picking & Galvanizing Mill had been suspended. The management determined there are no future recoverable amounts of the relevant assets and thus the subsidiary CHS recognized an impairment loss of NT\$576,317 thousand in December 2020. Both impairment losses were recognized in operating costs in December 2021 and 2020, respectively.

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.

Refer to Note 33 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	
	2021	2020
Carrying amounts		
Land	\$ 11,451,872	\$ 12,608,800
Land improvements	290,839	347,211

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Buildings	\$ 627,318	\$ 640,920
Machinery	2,363	8,053
Transportation equipment	85,284	96,218
Office equipment	15,003	14,751
Others	<u>15,638</u>	<u>4,925</u>
	<u>\$ 12,488,317</u>	<u>\$ 13,720,878</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 1,045,612</u>	<u>\$ 583,425</u>
Depreciation charge for right-of-use assets		
Land	\$ 793,966	\$ 806,793
Land improvements	56,372	62,015
Buildings	185,011	181,595
Machinery	7,334	11,099
Transportation equipment	55,534	56,124
Office equipment	6,315	2,368
Others	<u>2,950</u>	<u>941</u>
	<u>\$ 1,107,482</u>	<u>\$ 1,120,935</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amounts</u>		
Current	\$ 963,887	\$ 954,695
Non-current	<u>10,112,044</u>	<u>10,966,743</u>
	<u>\$ 11,075,931</u>	<u>\$ 11,921,438</u>

Range of discount rate (%) for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	0.56-2.21	0.70-2.21
Land improvements	1.31	0.92-1.31
Buildings	0.56-5.44	0.70-5.44
Machinery	0.57-0.93	0.70-0.93
Transportation equipment	0.36-5.44	0.59-5.44
Office equipment	0.59-6.07	0.86-6.07
Others	0.59-2.01	0.70-2.03

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.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 474,095</u>	<u>\$ 312,175</u>
Expenses relating to variable lease payments	\$ 1,392	\$ 1,443
Covid-19-related rent concessions	<u>-</u>	<u>(13,867)</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	<u>\$ 1,392</u>	<u>\$ (12,424)</u>
Total cash outflow for leases	<u>\$ (1,642,692)</u>	<u>\$ (1,501,697)</u>

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 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, 2021

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<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>

For the year ended December 31, 2020

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 8,262,206	\$ 2,717,256	\$ 10,979,462
Additions	10,483	-	10,483
Transferred from property, plant and equipment	3,525	8,480	12,005
Effect of foreign currency exchange difference	<u>170</u>	<u>1,497</u>	<u>1,667</u>
Balance at December 31, 2020	<u>\$ 8,276,384</u>	<u>\$ 2,727,233</u>	<u>\$ 11,003,617</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 137,379	\$ 1,091,436	\$ 1,228,815
Depreciation	-	50,803	50,803
Transferred from property, plant and equipment	-	5,283	5,283
Effect of foreign currency exchange difference	<u>-</u>	<u>483</u>	<u>483</u>
Balance at December 31, 2020	<u>\$ 137,379</u>	<u>\$ 1,148,005</u>	<u>\$ 1,285,384</u>
Carrying amount at December 31, 2020	<u>\$ 8,139,005</u>	<u>\$ 1,579,228</u>	<u>\$ 9,718,233</u>



The above items of investment properties are depreciated on a straight-line basis over the following useful lives:

Buildings 6-60 years

The fair value of the investment properties was arrived at on the basis of valuations carried out in 2013, 2014, 2015, 2017, 2019 and 2021 by independent appraisers, who are not related parties. The valuation was measured under the market approach, income approach, cost approach and land developing analysis approach of similar properties' market price using Level 3 inputs. In December 2016 and 2021, due to the significant change in the present value of several plots of land, the Corporation, based on the actual selling prices of land sale in the vicinity, reappraised the land value. The important assumptions and fair value were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value	\$ <u>26,601,290</u>	\$ <u>23,336,069</u>
Depreciation rate (%)	1.20-2.00	1.20-2.00
Discount rate (%)	2.11	2.11

All of the Corporation and its subsidiaries' investment properties are held under freehold interests. Refer to Note 33 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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured loans	\$ 26,340,938	\$ 17,572,865
Bank overdraft (Note 33)	4,998,523	3,333,962
Letters of credit and export bill loans	2,442,377	1,507,271
Secured loans (Note 33)	<u>69,070</u>	<u>96,294</u>
	33,850,908	22,510,392
Less: Financial liabilities for hedging - current	<u>789,682</u>	<u>-</u>
	\$ <u>33,061,226</u>	\$ <u>22,510,392</u>
Range of interest rate (%)	0-5.40	0-5.75

b. Short-term bills payable

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Commercial paper	\$ 15,840,000	\$ 32,079,000
Less: Unamortized discounts	<u>3,590</u>	<u>6,682</u>
	<u>\$ 15,836,410</u>	<u>\$ 32,072,318</u>
Range of interest rate (%)	0.25-1.47	0.23-1.47

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, Grand Bills Finance Corporation, Union Bank of Taiwan and Shanghai Commercial & Savings Bank, etc.

c. Long-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Syndicated bank loans	\$ 3,584,911	\$ 4,550,128
Mortgage loans (Note 33)	7,729,662	14,399,416
Unsecured loans	<u>20,067,743</u>	<u>27,384,050</u>
	31,382,316	46,333,594
Less: Current portion	4,647,406	2,215,129
Financial liabilities for hedging - current	291,967	1,625,611
Financial liabilities for hedging - noncurrent	<u>-</u>	<u>335,428</u>
	<u>\$ 26,442,943</u>	<u>\$ 42,157,426</u>
Range of interest rate (%)	0.32-3.25	0.24-2.99

- 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 was in compliance with the syndicated credit facility agreement based on its audited financial statements for 2020 and 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, 2021 and 2020.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Commercial paper	\$ 14,397,000	\$ 18,680,000
Less: Unamortized discounts	<u>4,078</u>	<u>6,343</u>
	<u>\$ 14,392,922</u>	<u>\$ 18,673,657</u>
Range of interest rate (%)	0.27-0.91	0.20-0.96

The Corporation and its subsidiaries entered into commercial paper contracts with bills finance corporations and banks. The duration of the contracts is three to five 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, Bank of Taiwan and Bank BNP Paribas, etc.

## 18. BONDS PAYABLE

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured domestic bonds	\$ 79,850,000	\$ 97,250,000
Less: Issuance cost of bonds payable	39,794	50,503
Current portion	<u>17,474,085</u>	<u>17,399,351</u>
	<u>\$ 62,336,121</u>	<u>\$ 79,800,146</u>

The major terms of unsecured domestic bonds are as follows:

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	January 2014 to January 2021	\$ 6,900,000	1.75	Repayable in January 2020 and January 2021; interest payable annually
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 2014 to June 2021	5,000,000	1.75	Repayable in June 2020 and June 2021; interest payable annually
DSC	June 2016 to June 2021	5,400,000	0.89	Repayable in June 2020 and June 2021; 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	
	2021	2020
Salaries and bonus	\$ 11,726,249	\$ 6,781,680
Compensation of employees and remuneration of directors	6,433,724	312,632
Purchase of equipment	3,853,382	3,232,591
Outsourced repair and construction	788,957	925,379
Interest payable	642,643	805,838
Dividends payable	316,843	320,666
Others	<u>10,303,804</u>	<u>10,676,809</u>
	<u>\$ 34,065,602</u>	<u>\$ 23,055,595</u>

## 21. PROVISIONS

		December 31	
		2021	2020
Current			
Onerous contracts (a)		\$ 6,401,336	\$ 6,001,108
Construction warranties (b)		400,904	460,577
Others		<u>29,612</u>	<u>39,998</u>
		<u>\$ 6,831,852</u>	<u>\$ 6,501,683</u>
Noncurrent			
Provision for stabilization funds (c)		\$ 687,581	\$ 856,182
Construction warranties (b)		165,352	2,724
Others		<u>221,426</u>	<u>182,976</u>
		<u>\$ 1,074,359</u>	<u>\$ 1,041,882</u>

	Onerous Contracts	Construction Warranties	Provision for Stabilization Funds	Others	Total
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>
Balance at January 1, 2020	\$ 3,476,626	\$ 333,167	\$ 850,168	\$ 235,458	\$ 4,895,419
Recognized	2,524,532	150,778	6,140	17,974	2,699,424
Paid	-	(20,644 )	(126 )	(30,458 )	(51,228 )
Effect of foreign currency exchange difference	<u>(50 )</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50 )</u>
Balance at December 31, 2020	<u>\$ 6,001,108</u>	<u>\$ 463,301</u>	<u>\$ 856,182</u>	<u>\$ 222,974</u>	<u>\$ 7,543,565</u>

- The provision for onerous contracts represents the present value of the future payments that the Corporation and its subsidiaries were presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts, and the difference between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation and its subsidiaries from non-cancellable construction 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 25,239,528	\$ 26,867,911
Fair value of plan assets	<u>(16,458,275)</u>	<u>(17,566,154)</u>
Deficit	8,781,253	9,301,757
Net defined benefit liabilities - recognized as other payables, other current assets or other noncurrent assets	<u>(19,781)</u>	<u>(33,861)</u>
Net defined benefit liabilities	<u>\$ 8,761,472</u>	<u>\$ 9,267,896</u>

Movements of net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
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	<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>
Balance at January 1, 2020	<u>\$ 28,468,259</u>	<u>\$ (19,008,490)</u>	<u>\$ 9,459,769</u>
Service cost			
Current service cost	685,587	-	685,587
Past service cost and loss on settlements	93,899	-	93,899
Interest expense (income)	<u>186,073</u>	<u>(126,079)</u>	<u>59,994</u>
Recognized in profit or loss	<u>965,559</u>	<u>(126,079)</u>	<u>839,480</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(663,247)	(663,247)
Actuarial loss - changes in demographic assumptions	23,862	-	23,862
Actuarial loss - changes in financial assumptions	493,652	-	493,652
Actuarial loss - experience adjustments	<u>322,958</u>	<u>-</u>	<u>322,958</u>
Recognized in other comprehensive income	<u>840,472</u>	<u>(663,247)</u>	<u>177,225</u>
Contributions from the employer	-	(1,051,041)	(1,051,041)
Benefits paid	(3,393,722)	3,282,703	(111,019)
Liabilities extinguished on settlement	(11,667)	-	(11,667)
Others	<u>(990)</u>	<u>-</u>	<u>(990)</u>
	<u>(3,406,379)</u>	<u>2,231,662</u>	<u>(1,174,717)</u>
Balance at December 31, 2020	<u>\$ 26,867,911</u>	<u>\$ (17,566,154)</u>	<u>\$ 9,301,757</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 490,062	\$ 619,508
Operating expenses	208,087	217,811
Others	<u>737</u>	<u>2,161</u>
	<u>\$ 698,886</u>	<u>\$ 839,480</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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate (%)	0.375-1.625	0.375-1.625
Expected rate of salary increase (%)	2.000-3.250	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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (623,829)</u>	<u>\$ (626,497)</u>
0.25% decrease	<u>\$ 649,973</u>	<u>\$ 653,100</u>



	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Expected rate of salary increase		
0.25% increase	<u>\$ 633,144</u>	<u>\$ 637,431</u>
0.25% decrease	<u>\$ (610,346)</u>	<u>\$ (614,198)</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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The expected contributions to the plan for the next year	<u>\$ 1,061,028</u>	<u>\$ 785,203</u>
The average duration of the defined benefit obligation	5.9-17.8 years	5.7-16.7 years

## 23. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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, 2021 and 2020, the outstanding depositary receipts were 669,847 units and 634,512 units, equivalent to 13,397,250 ordinary shares (including 310 fractional shares), and 12,690,550 ordinary shares (including 310 fractional shares), which represented about 0.08% of all the issued shares.

b. Capital surplus

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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	7,336,666	7,239,784
Others	<u>8,099</u>	<u>8,099</u>
	<u>38,499,531</u>	<u>38,402,649</u>
May be used to offset deficits only (see 2 below)		
Share of change in equity of subsidiaries	579,555	515,257
Share of change in equity of associates	<u>159,550</u>	<u>159,550</u>
	<u>739,105</u>	<u>674,807</u>
	<u>\$ 39,238,636</u>	<u>\$ 39,077,456</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 2020 and 2019 that had been approved in the shareholders' meeting in August 2021 and June 2020, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividend Per Share (NT\$)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Legal reserve	\$ 78,931	\$ 858,223		
Special reserve (reversal)	(272,355)	110,524		
Preference shares				
Cash dividends	53,575	53,575	<u>\$ 1.40</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	4,720,458	7,867,430	<u>\$ 0.30</u>	<u>\$ 0.50</u>

The appropriations of earnings for 2021 had been proposed by the Corporation's board of directors on February 25, 2022 as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 6,154,632	
Reversal of special reserve	(723,473)	
Preference shares		
Cash dividends	118,631	<u>\$ 3.1</u>
Ordinary shares		
Cash dividends	48,778,069	<u>\$ 3.1</u>

The appropriations of earnings for 2021 are subject to the resolution of the shareholder's meeting to be held in June 2022.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 27,912,065	\$ 27,803,906
Appropriation in respect of		
Difference due from the Corporation's shares held by subsidiaries in prices lower than carrying amount	-	110,524
Reversal in respect of		
Appreciation of the Corporation's shares held by subsidiaries	(272,355)	-
Disposal of property, plant and equipment	<u>(136)</u>	<u>(2,365)</u>
Balance, end of the year	<u>\$ 27,639,574</u>	<u>\$ 27,912,065</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ <u>(7,528,950)</u>	\$ <u>(6,838,836)</u>
Recognized during the year		
Exchange differences arising on translating foreign operations	(2,051,534)	24,772
Income tax relating to exchange differences arising on translating the net assets of foreign operations	11,572	23,353
Share from associates accounted for using the equity method	<u>401,830</u>	<u>(738,239)</u>
Other comprehensive income (loss) recognized in the year	<u>(1,638,132)</u>	<u>(690,114)</u>
Balance, end of the year	<u>\$ (9,167,082)</u>	<u>\$ (7,528,950)</u>

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ <u>543,417</u>	\$ <u>2,124,342</u>
Recognized during the year		
Unrealized gains and losses - equity instruments	(326,034)	(1,089,224)
Unrealized gains and losses - debt instruments	(144)	(248)
Income tax relating to unrealized gains and losses	802,710	(340,726)
Share from accounted for using the equity method	<u>37,426</u>	<u>(115,223)</u>
Other comprehensive income (loss) recognized in the year	<u>513,958</u>	<u>(1,545,421)</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(105,398)</u>	<u>(35,504)</u>
Balance, end of the year	<u>\$ 951,977</u>	<u>\$ 543,417</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, 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>
Balance at January 1, 2020	\$ 34,535	\$ 23,945	\$ 3,794,055	\$ 3,852,535
Decrease in the year	<u>(48,258)</u>	<u>(1,144)</u>	<u>(5,269)</u>	<u>(54,671)</u>
Balance at December 31, 2020	<u>\$ (13,723)</u>	<u>\$ 22,801</u>	<u>\$ 3,788,786</u>	<u>\$ 3,797,864</u>

a) Cash flow hedges

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	<u>\$ (13,723)</u>	<u>\$ 34,535</u>
Recognized during the year		
Foreign currency risk - foreign exchange forward contracts and hedging foreign - currency deposits	(77,854)	(74,119)
Interest rate risk - interest rate swap contracts	(85,312)	-
Share from accounted for using the equity method	1,249	379
Income tax effect	20,705	16,514
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	25,150	11,210
Income tax effect	<u>(5,030)</u>	<u>(2,242)</u>
Other comprehensive income (loss) recognized in the year	<u>(121,092)</u>	<u>(48,258)</u>
Balance, end of the year	<u>\$ (134,815)</u>	<u>\$ (13,723)</u>

b) Fair value hedges

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 22,801	\$ 23,945
Recognized during the year		
Foreign currency risk - bank loans	<u>132,381</u>	<u>(1,144)</u>
Balance, end of the year	<u>\$ 155,182</u>	<u>\$ 22,801</u>

c) Hedges of net investments in foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 3,788,786	\$ 3,794,055
Recognized during the year		
Foreign currency risk - bank loans	<u>-</u>	<u>(5,269)</u>
Balance, end of the year	<u>\$ 3,788,786</u>	<u>\$ 3,788,786</u>

f. Treasury shares

<b>Purpose of Treasury Shares</b>	<b>Thousand Shares</b>			<b>December 31</b>	
	<b>Beginning of Year</b>	<b>Addition</b>	<b>Reduction</b>	<b>Thousand Shares</b>	<b>Book Value</b>
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>
For the year ended December 31, 2020					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,765</u>	<u>90</u>	<u>90</u>	<u>320,765</u>	<u>\$ 8,664,198</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, 2021 were 517,246 thousand shares regardless of the percentage of ownership held by the Corporation. As of December 31, 2021 and 2020 the market values of the treasury shares calculated by combined holding percentage were NT\$11,318,753 thousand and NT\$7,940,725 thousand, respectively.

g. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 29,808,036	\$ 29,655,977

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Attributable to non-controlling interests:		
Share of net profit for the year	\$ 6,853,039	\$ 1,371,968
Other comprehensive income (loss) for the year		
Exchange difference on translating foreign operations	(130,940)	(383,300)
Income tax relating to exchange difference on translating foreign operations	(7,262)	3,476
Unrealized gains and losses on financial assets at fair value through other comprehensive income	(50,962)	(36,463)
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	2,810	(2,031)
Gains and losses on hedging instrument	49,431	2,800
Income tax relating to gains and losses on hedging instrument	2,466	(640)
Remeasurement of defined benefit plans	(113,960)	(7,637)
Income tax relating to remeasurement of defined benefit plans	3,166	2,814
Share of other comprehensive income (loss) of associates accounted for using the equity method	(1,895)	(48,067)
Non-controlling interests arising from capital increase (decrease) of subsidiaries	3,120,354	913,144
Dividend distributed by subsidiaries	(1,765,794)	(1,663,290)
Others	<u>157,766</u>	<u>(715)</u>
Balance, end of the year	<u>\$ 37,926,255</u>	<u>\$ 29,808,036</u>

## 24. OPERATING REVENUE

### a. Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes and accounts receivable (Note 10)	<u>\$ 18,178,793</u>	<u>\$ 13,401,947</u>	<u>\$ 12,881,783</u>
Contract assets			
Construction contracts	\$ 7,432,208	\$ 9,087,148	\$ 8,512,064
Retentions receivable	749,964	971,816	1,373,103
Others	<u>115,896</u>	<u>99,557</u>	<u>99,112</u>
	<u>\$ 8,298,068</u>	<u>\$ 10,158,521</u>	<u>\$ 9,984,279</u>
Contract liabilities			
Construction contracts	\$ 3,052,467	\$ 3,139,927	\$ 4,280,397
Sale of goods	2,275,688	1,761,228	1,882,540
Sales of real estate	-	610,538	-
Others	<u>129,078</u>	<u>52,892</u>	<u>41,021</u>
	<u>\$ 5,457,233</u>	<u>\$ 5,564,585</u>	<u>\$ 6,203,958</u>

b. Disaggregation of revenue

For the year ended December 31, 2021

	<b>Steel Department</b>	<b>Shipping Department</b>	<b>Others</b>	<b>Total</b>
<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>2,178,375</u>	<u>21,031,583</u>	<u>27,198,467</u>
	<u>\$ 378,777,988</u>	<u>\$ 2,178,375</u>	<u>\$ 87,371,138</u>	<u>\$ 468,327,501</u>

For the year ended December 31, 2020

	<b>Steel Department</b>	<b>Shipping Department</b>	<b>Others</b>	<b>Total</b>
<u>Type of goods or services</u>				
Revenue from the sale of goods	\$ 244,117,592	\$ -	\$ 45,864,172	\$ 289,981,764
Construction contract, service and other revenue	<u>4,581,104</u>	<u>3,147,615</u>	<u>17,072,818</u>	<u>24,801,537</u>
	<u>\$ 248,698,696</u>	<u>\$ 3,147,615</u>	<u>\$ 62,936,990</u>	<u>\$ 314,783,301</u>

c. Partially completed contracts

As of December 31, 2021 and 2020, the transaction prices allocated to the performance obligations that were not fully satisfied amounted to NT\$39,027,899 thousand and NT\$40,617,748 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 September 2025.

## 25. PROFIT BEFORE INCOME TAX

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	\$ 129,943	\$ 190,169
Others	<u>98,646</u>	<u>112,719</u>
	<u>\$ 228,589</u>	<u>\$ 302,888</u>



b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Dividends income	\$ 3,229,451	\$ 810,311
Rental income	152,839	145,270
Insurance claim income	58,105	169,446
Others	<u>879,883</u>	<u>1,026,807</u>
	<u>\$ 4,320,278</u>	<u>\$ 2,151,834</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net foreign exchange gain	\$ 928,071	\$ 124,740
Gain arising from financial assets at fair value through profit or loss	328,232	184,117
Gain on disposal of non-current assets held for sale	33,545	-
Gain on disposal of investment properties	26,755	-
Gain on disposal of investments	30,753	425,837
Loss on disposal of property, plant and equipment	(178,139)	(104,375)
Other losses	<u>(478,422)</u>	<u>(736,288)</u>
	<u>\$ 690,795</u>	<u>\$ (105,969)</u>

The components of net foreign exchange gain were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gain	\$ 2,142,667	\$ 1,411,593
Foreign exchange loss	<u>(1,214,596)</u>	<u>(1,286,853)</u>
Net exchange gain	<u>\$ 928,071</u>	<u>\$ 124,740</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Total interest expense	\$ 2,074,289	\$ 2,703,169
Less: Amounts included in the cost of qualifying assets	<u>313,148</u>	<u>243,091</u>
	<u>\$ 1,761,141</u>	<u>\$ 2,460,078</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Capitalized amounts	\$ 313,148	\$ 243,091
Capitalized annual rates (%)	0.40-3.25	0.30-2.30

e. Impairment loss recognized on non-financial assets

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment (recorded under operating costs)	\$ 3,368,528	\$ 576,317
Investment properties	<u>557</u>	<u>-</u>
	<u>\$ 3,369,085</u>	<u>\$ 576,317</u>
Analysis of recognition of impairment loss on non-financial assets by function		
Operating costs	<u>\$ 3,369,085</u>	<u>\$ 576,317</u>

f. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 31,306,529	\$ 32,075,415
Right-of use assets	1,107,482	1,120,935
Investment properties	47,660	50,803
Intangible assets	222,270	210,329
Others	<u>43,166</u>	<u>53,395</u>
	<u>\$ 32,727,107</u>	<u>\$ 33,510,877</u>
Analysis of depreciation by function		
Operating costs	\$ 31,003,503	\$ 31,404,013
Operating expenses	1,421,352	1,714,908
Others	<u>36,816</u>	<u>128,232</u>
	<u>\$ 32,461,671</u>	<u>\$ 33,247,153</u>
Analysis of amortization by function		
Operating costs	\$ 191,094	\$ 197,483
Operating expenses	74,254	64,956
Others	<u>88</u>	<u>1,285</u>
	<u>\$ 265,436</u>	<u>\$ 263,724</u>

g. Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits		
Salaries	\$ 44,296,755	\$ 27,126,888
Labor and health insurance	2,332,011	2,084,616
Others	<u>1,782,787</u>	<u>1,398,529</u>
	<u>48,411,553</u>	<u>30,610,033</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits		
Defined contribution plans	\$ 1,006,146	\$ 906,871
Defined benefit plans (Note 22)	<u>698,886</u>	<u>839,480</u>
	<u>1,705,032</u>	<u>1,746,351</u>
Termination benefits	<u>104,783</u>	<u>92,721</u>
	<u>\$ 50,221,368</u>	<u>\$ 32,449,105</u>
Analysis of employee benefits by function		
Operating costs	\$ 40,895,168	\$ 26,064,522
Operating expenses	8,731,139	5,788,012
Others	<u>595,061</u>	<u>596,571</u>
	<u>\$ 50,221,368</u>	<u>\$ 32,449,105</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, 2021 and 2020 which have been approved by the Corporation's board of directors in February 2022 and 2021, respectively, were as follows:

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	\$ 4,525,464	\$ 82,057
Remuneration of directors	84,852	1,539

Accrual Rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees (%)	5.98	7.52
Remuneration of directors (%)	0.11	0.14

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 2020 and 2019 which had been approved by the Corporation's board of directors in February 2021 and March 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 82,057	\$ 1,539	\$ 622,979	\$ 11,681
Amounts recognized in the annual financial statements	<u>82,057</u>	<u>1,539</u>	<u>621,160</u>	<u>11,647</u>
Differences	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,819</u>	<u>\$ 34</u>

The above differences were adjusted to profit and loss for the year ended December 31, 2020.

Information on the compensation of employees and remuneration of directors resolved by the board of directors is available at 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	
	2021	2020
Current tax		
In respect of the current year	\$ 14,201,356	\$ 1,280,125
Income tax on unappropriated earnings	17,016	174,058
In respect of prior years	30,744	(642,315)
Deferred tax		
In respect of the current year	1,220,228	(327,180)
In respect of prior years	<u>38,232</u>	<u>25,641</u>
	<u>\$ 15,507,576</u>	<u>\$ 510,329</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 84,413,648</u>	<u>\$ 2,768,162</u>
Income tax expense calculated at the statutory rate	\$ 16,349,080	\$ 840,624
Non-deductible expenses in determining taxable income	41,358	35,755
Tax-exempt income	(797,381)	(507,983)
Realized investment losses	(647,072)	(3,528)
Others	28,371	14,903
Additional income tax under the Alternative Minimum Tax Act	27,698	-
Income tax on unappropriated earnings	17,016	174,058
Separate taxation on repatriated offshore funds	106,468	114,222
Unrecognized deductible temporary differences	792,404	104,705
Unrecognized loss carryforwards	(458,348)	354,800

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Unrecognized investment credits	\$ (20,994)	\$ (553)
In respect of prior years	<u>68,976</u>	<u>(616,674)</u>
	<u>\$ 15,507,576</u>	<u>\$ 510,329</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation and its subsidiaries only deduct the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In addition, in accordance with Rule No. 10904558730 issued by the Ministry of Finance of Taiwan (MOF), the Corporation and its subsidiaries have deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Income tax recognized directly in equity

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 42	\$ 732
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	<u>(42)</u>	<u>(732)</u>
	<u>\$ -</u>	<u>\$ -</u>

c. Income tax expense recognized in other comprehensive income (loss)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax		
Current - remeasurement of defined benefit plans	\$ 140,193	\$ 37,986
Current - translation of foreign operations	4,310	26,829
Current - unrealized gains and losses on financial assets at fair value through other comprehensive income	805,520	(342,757)
Current - fair value changes of cash flow hedges	23,171	15,874
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>(5,030)</u>	<u>(2,242)</u>
	<u>\$ 968,164</u>	<u>\$ (264,310)</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 13 for information relating to changes of deferred tax assets and liabilities.

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Loss carryforwards	<u>\$ 7,675,967</u>	<u>\$ 11,717,664</u>
Investment credits (tax)		
Investment expenditure	<u>\$ -</u>	<u>\$ 93</u>
Deductible temporary differences	<u>\$ 3,378,837</u>	<u>\$ 2,663,975</u>

The unrecognized loss carryforwards will expire from 2022 to 2031.

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised of:

<b>Unused Amount</b>	<b>Expire Year</b>
<u>\$ 7,996,607</u>	2022-2031

- g. Income tax assessments

The Corporation's income tax returns through 2017 and the subsidiaries' income tax returns through 2017 to 2020 have been assessed by the tax authorities.

## 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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net profit for the year attributable to owners of the Corporation	\$ 62,053,033	\$ 885,865
Less: Dividends on preference shares	<u>150,550</u>	<u>53,575</u>
Net profit used in computation of basic earnings per share	61,902,483	832,290
Add: Dividends on preference shares	<u>150,550</u>	<u>-</u>
Net profit used in computation of diluted earnings per share	<u>\$ 62,053,033</u>	<u>\$ 832,290</u>

Number of shares (in thousand shares)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,564	15,414,073
Effect of dilutive potential ordinary shares:		
Compensation of employees	128,525	10,450
Convertible preference shares	<u>38,268</u>	<u>-</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,581,357</u>	<u>15,424,523</u>

Preference shares were not included in the calculation of diluted earnings per share for the years ended December 31, 2020 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. BUSINESS COMBINATIONS**

a. Consideration received

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Acquired (%)</b>	<b>Consideration Transferred</b>
Mao Lian Enterprise Co., Ltd. (Mao Lian)	Real estate lease	October 2020	100	<u>\$1,100,440</u>

To meet the demand of operation, the subsidiary CHC acquired 100% shareholding of Mao Lian Enterprise Co., Ltd., for NT\$1,100,440 thousand. Mao Lian Enterprise Co., Ltd. is originally a non-related party whose main assets comprise of land. The shareholding was transferred in October 2020 and the consideration transferred was negotiated based on the appraisal report.

b. Assets acquired and liabilities assumed at the date of acquisition - 2020

Current assets	
Cash	\$ 993
Other current assets	451
Non-current assets	
Property, plant and equipment	1,099,004
Current liabilities	
Other current liabilities	<u>(8)</u>
	<u>\$ 1,100,440</u>

c. Net cash outflow on the acquisition of subsidiaries - 2020

Consideration paid in cash	\$ 1,100,440
Less: Cash balances acquired	<u>993</u>
	<u>\$ 1,099,447</u>

d. Impact of acquisitions on the results of the Corporation and its subsidiaries

After the date of the business combination, the operations results of the subsidiary were immaterial. Therefore, the business combination had no material impact on the Corporation and its subsidiaries' revenue and profit for the year ended December 31, 2020.

## 29. DISPOSAL OF SUBSIDIARIES

The subsidiary CSSC sold its entire shares of CSSICL in May 2020 and thus CSSC lost control of CSSICL and CKSSKC due to the disposal.

a. Consideration received from disposals

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Total consideration received	<u>\$ 28,856</u>	<u>\$ 751,677</u>

According to the contract, the consideration received will be adjusted as interests and obligations have been transferred. The subsidiary CSSC will adjust the amount of consideration received based on the progress of completion of the contract in the future.

b. Analysis of assets and liabilities on the date control was lost - 2020

	<b>CSSICL and CKSSKC</b>
Current assets	
Cash and cash equivalents	\$ 2,757
Contract assets	59,003
Notes receivable	29,993
Accounts receivable, net	49,561
Other receivables	9,577
Prepayments	1,937
Non-current assets	
Property, plant and equipment	155,033
Right-of-use assets	59,729
Current liabilities	
Short-term borrowings	(92,158)
Accounts payable	(6,755)
Other payables	<u>(3,805)</u>
Net assets on disposal date	<u>\$ 264,872</u>



c. Gain on disposals of subsidiaries

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Consideration received	\$ 28,856	\$ 751,677
Net assets on disposal date	-	(264,872)
Accumulated exchange differences from the reclassification of the subsidiaries' net assets from equity to profit or loss due to loss control of subsidiaries	<u>-</u>	<u>(44,930)</u>
Gain on disposals	<u>\$ 28,856</u>	<u>\$ 441,875</u>

d. Net cash inflow on disposals of subsidiaries

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Consideration received in cash and cash equivalents	\$ 28,856	\$ 751,677
Less: Cash and cash equivalent balances on disposal date	<u>-</u>	<u>(2,757)</u>
	<u>\$ 28,856</u>	<u>\$ 748,920</u>

### 30. 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.

### 31. 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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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

	Level 1	Level 2	Level 3	Total
Listed shares	\$ 212,018	\$ -	\$ -	\$ 212,018
Convertible bonds	63,626	-	-	63,626
Foreign exchange forward contracts	-	343	-	343
	<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	14,762	-	-	14,762
	<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	\$ -	\$ 225	\$ -	\$ 225
Financial liabilities for hedging				
Interest rate swap contracts	\$ -	\$ 85,312	\$ -	\$ 85,312
Foreign exchange forward contracts	-	92,888	-	92,888
	<u>\$ -</u>	<u>\$ 178,200</u>	<u>\$ -</u>	<u>\$ 178,200</u>
<u>December 31, 2020</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 3,894,345	\$ -	\$ -	\$ 3,894,345
Unlisted shares	-	-	982,947	982,947
Emerging market shares	-	-	274,822	274,822
Listed shares	158,219	-	-	158,219
Convertible bonds	130,308	-	-	130,308
	<u>\$ 4,182,872</u>	<u>\$ -</u>	<u>\$ 1,257,769</u>	<u>\$ 5,440,641</u>
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 736	\$ -	\$ 736

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 40,353,844	\$ 40,353,844
Domestic listed shares	15,764,349	-	-	15,764,349
Domestic emerging market shares and unlisted shares	-	-	2,389,828	2,389,828
Foreign listed shares	1,520,440	-	-	1,520,440
Corporate bonds	<u>29,890</u>	<u>-</u>	<u>-</u>	<u>29,890</u>
	<u>\$ 17,314,679</u>	<u>\$ -</u>	<u>\$ 42,743,672</u>	<u>\$ 60,058,351</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 26,867</u>	<u>\$ -</u>	<u>\$ 26,867</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 41,268</u>	<u>\$ -</u>	<u>\$ 41,268</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended December 31, 2021

	Equity Instruments		
	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>

For the year ended December 31, 2020

	<b>Equity Instruments</b>		
	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance, beginning of the year	\$ 2,003,969	\$ 41,544,480	\$ 43,548,449
Recognized in profit or loss	118,738	-	118,738
Recognized in other comprehensive income (loss)	-	476,597	476,597
Purchases	-	390,416	390,416
Transfer out of Level 3	-	(93,697)	(93,697)
Disposal	(862,284)	(203,024)	(1,065,308)
Reduction of capital cash return	(2,654)	(8,382)	(11,036)
Others	-	80,670	80,670
Effect of foreign currency exchange difference	<u>-</u>	<u>556,612</u>	<u>556,612</u>
Balance, end of the year	<u>\$ 1,257,769</u>	<u>\$ 42,743,672</u>	<u>\$ 44,001,441</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 119,568</u>	<u>\$ -</u>	<u>\$ 119,568</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<b>Financial Instrument</b>	<b>Valuation Techniques and Inputs</b>
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
- For emerging market shares, fair values were estimated on the basis of the closing price and liquidity.
  - 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.
  - 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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Long-term pre-tax operating income rate (%)	5.97-20.48	7.98-54.07
Discount rate (%)	8.10-19.87	7.62-10.69

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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 206,905</u>	<u>\$ 268,384</u>
Decrease 1%	<u>\$ (210,038)</u>	<u>\$ (270,220)</u>
Discount rate		
Increase 1%	<u>\$ (219,650)</u>	<u>\$ (479,780)</u>
Decrease 1%	<u>\$ 308,478</u>	<u>\$ 652,297</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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 3,532,400	\$ 5,440,641
Financial assets for hedging	1,483,387	1,463,179
Financial assets at amortized cost 1)	60,731,190	43,803,846
Financial assets at fair value through other comprehensive income		
Equity and debt instruments	59,902,224	60,058,351
<b>Financial liabilities</b>		
Fair value through profit or loss		
Held for trading	-	736
Financial liabilities for hedging	1,422,361	2,219,497
Financial liabilities at amortized cost 2)	236,298,397	259,109,778

- 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 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 35.

The Corporation and its subsidiaries were mainly exposed to the USD and RMB. The following table details the sensitivity to a 1% increase in the functional currencies against the relevant foreign currencies.

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Pre-tax profit or loss	\$ 104,229	\$ 18,957 i	\$ (13,584)	\$(13,797) i
Equity	(9,379)	(9,411) ii	(483)	(1,068) ii

i. These were mainly attributable to the exposure of cash, outstanding 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 to avoid exchange rate exposure of its foreign currency capital expenditure. Those transactions are designated as cash flow hedges.

- ii. The Corporation has designated certain 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 investment.

The following tables summarize the information relating to the hedges of foreign currency risk.

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	-	-	-

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 Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
			Continuing Hedges	Discontinuing Hedges		
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	-	-	(177,876)	3,966,662	NA	NA

December 31, 2020

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	\$ 26,867	\$ 40,841
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	1,436,312	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and raw materials	Financial liabilities for hedging	-	427
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,053,808
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	907,231
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 Adjustments
			Continuing Hedges	Discontinuing Hedges	Asset	Asset
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ (79,860)	\$ 79,860	\$ (13,974)	\$ (2,787)	NA	NA
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	9,747	(9,747)	(41,511)	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	383	(383)	NA	NA	\$ -	\$ -
Foreign currency bank borrowings/Financial assets at FVTOCI	(1,144)	1,144	22,801	-	1,495,004	(50,321)
Foreign currency bank borrowings/Financial assets at FVTPL	(985)	1,000	NA	NA	843,818	(97,386)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	(177,876)	3,966,662	NA	NA

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)	\$ -	-	\$ -	\$ -

For the year ended December 31, 2020

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	\$ (70,113)	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	(5,269)	-	-	-	-

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, 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

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	NTD/USD	2021.01-2023.03	NTD784,653/USD26,240
Buy	NTD/JPY	2018.12-2023.03	NTD157,322/JPY562,809
Buy	NTD/EUR	2020.10-2022.12	NTD746,896/EUR22,079
Buy	NTD/CNY	2021.02-2023.01	NTD142,589/CNY33,921
Buy	INR/USD	2020.12-2021.02	INR132,430/USD1,789
Sell	USD/NTD	2021.01-2021.03	USD1,649/NTD46,702

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>	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 106,722,547	\$ 141,193,253
Cash flow interest rate risk		
Financial liabilities	79,626,146	87,517,643

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, 2021 and 2020 would have been lower/higher by NT\$796,261 thousand and NT\$875,176 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, 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	Carrying Amount			
	Balance Sheet	Asset	Liability		
Fair value hedge					
Interest rate swap	Financial assets	\$	-	\$	85,312
contracts/Expected bank interest	liabilities for hedging				
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	\$ (85,312)	\$ 85,312	\$ (85,312)	\$	-
contracts/Expected bank interest					

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, 2021 and 2020 would have been lower/higher by NT\$25,325 thousand and NT\$40,526 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, 2021 and 2020 would have been lower/higher by NT\$186,819 thousand and NT\$172,848 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, 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)

December 31, 2020

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	\$ 241,625	-	Financial liabilities for hedging	\$ 217,190	\$ 24,435

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	\$ 217,190	\$ (24,435)	\$ (24,435)

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, 2021 and 2020, the maximum credit risk of off-balance-sheet guarantees and amount provided to investees of co-investment for procurement compliance was NT\$12,825,724 thousand and NT\$34,939,451 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:

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<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>
<hr/> December 31, 2020 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 40,717,903	\$ 269,277	\$ -	\$ 40,987,180
Lease liabilities	1,101,308	3,235,082	10,577,981	14,914,371
Variable interest rate liabilities	26,931,649	59,647,998	2,439,694	89,019,341

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Fixed interest rate liabilities	\$ 51,320,879	\$ 57,840,119	\$ 25,385,730	\$ 134,546,728
Refund liabilities	2,148,949	-	-	2,148,949
Financial guarantee liabilities	<u>7,475,847</u>	<u>22,599,316</u>	<u>4,864,288</u>	<u>34,939,451</u>
	<u>\$ 129,696,535</u>	<u>\$ 143,591,792</u>	<u>\$ 43,267,693</u>	<u>\$ 316,556,020</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.

### 32. 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:

- a. 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
Ascentek Venture Capital Corporation	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
TSK Steel Company Limited	Associate
Changchun CECK Auto. Parts Co., Ltd.	Subsidiary of associates
Dyna Rechi (Jiujiang) Co., Ltd	Subsidiary of associates
CSBC Corporation, Taiwan	The Corporation as key management of other related parties
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

<b>Company</b>	<b>Relationship</b>
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
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
Formosa Ha Tinh Steel Corporation	Other related party
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related party
CSC Educational Foundation	Other related party
Hanwa Steel Centre (M) Sdn. Bhd.	Associate before April 2021

b. Operating revenues

<b>Account Items</b>	<b>Related Parties Types</b>	<b>For the Year Ended December 31</b>	
		<b>2021</b>	<b>2020</b>
Revenue from sale of goods	The Corporation as key management of parent Company	\$ 1,185,513	\$ 784,602
	Associates	997,995	758,431
	The Corporation as key management of other related parties	605,789	931,753
	Subsidiaries of associates	233,257	155,157
	Other related party	103,704	237,795
	Others	-	10,165
		<u>\$ 3,126,258</u>	<u>\$ 2,877,903</u>

Account Items	Related Parties Types	For the Year Ended December 31	
		2021	2020
Construction contract revenue	The Corporation as key management of other related parties	\$ 207,350	\$ 214,189
	Other related party	64,912	204,571
	Others	<u>3,234</u>	<u>19,782</u>
		<u>\$ 275,496</u>	<u>\$ 438,542</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	
	2021	2020
Other related party	\$ 20,927,606	\$ 7,241,405
Others	<u>646,993</u>	<u>410,762</u>
	<u>\$ 21,574,599</u>	<u>\$ 7,652,167</u>

Purchases from related parties were made at arm's length.

d. Receivables from related parties

Account Items	Related Parties Types/ Name	December 31	
		2021	2020
Notes and accounts receivable	The Corporation as key management of other related parties	\$ 279,403	\$ 161,769
	The Corporation as key management of parent parties	74,321	53,617
	Subsidiaries of associates	33,234	63,928
	Other related party	25,173	20,882
	Associates	5,225	18,406
	Others	<u>11</u>	<u>11</u>
		<u>\$ 417,367</u>	<u>\$ 318,613</u>
Other receivables	Other related party		
	FHC	\$ 193,760	\$ 199,360
	Others	97,377	66,287
	Associates	17,830	18,812
	Others	<u>8</u>	<u>15</u>
		<u>\$ 308,975</u>	<u>\$ 284,474</u>



e. Payables to related parties

Account Items	Related Parties Types	December 31	
		2021	2020
Accounts payable	Other related party	\$ 108,995	\$ 6,952
	The Corporation as key management of other related parties	34,443	-
	Associates	<u>31,766</u>	<u>30,636</u>
		<u>\$ 175,204</u>	<u>\$ 37,588</u>
Other payables	Other related party	\$ 512,959	\$ 530,928
	Director of the Corporation	42,426	769
	Associates	<u>-</u>	<u>381,555</u>
		<u>\$ 555,385</u>	<u>\$ 913,252</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	
		2021	2020
Service and other revenues and other income - other	The Corporation as key management of other related parties	\$ 472,459	\$ 535,629
	Other related party	356,592	278,607
	Others	<u>14,146</u>	<u>23,532</u>
		<u>\$ 843,197</u>	<u>\$ 837,768</u>

g. Endorsements and guarantees provided by the Corporation and its subsidiaries

Related Parties Types/Names	December 31	
	2021	2020
Other related party - FHC		
	Amount endorsed	\$ 11,748,534
	Amount utilized	<u>(11,748,534)</u>
	<u>\$ -</u>	<u>\$ -</u>
The Corporation as key management of other related parties		
	Amount endorsed	\$ 1,267,752
	Amount utilized	<u>(984,444)</u>
	<u>\$ 283,308</u>	<u>\$ 395,781</u>

Related Parties Types/Names	December 31	
	2021	2020
Associates		
Amount endorsed	\$ 133,002	\$ 136,846
Amount utilized	<u>(11,648)</u>	<u>(19,099)</u>
	<u>\$ 121,354</u>	<u>\$ 117,747</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	
	2021	2020
Short-term employee benefits	\$ 223,686	\$ 52,960
Post-employment benefits	<u>1,132</u>	<u>1,368</u>
	<u>\$ 224,818</u>	<u>\$ 54,328</u>

### 33. 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	
	2021	2020
Net property, plant and equipment	\$ 25,719,404	\$ 32,176,561
Shares (a)	17,576,716	6,316,200
Time deposits	7,265,805	6,718,599
Pledged receivables (b)	2,000,000	2,000,000
Net investment properties	1,058,527	1,128,870
Demand deposits	300,000	-
Right-of-use assets - land	<u>152,861</u>	<u>-</u>
	<u>\$ 54,073,313</u>	<u>\$ 48,340,230</u>

- a. As of December 31, 2021, the shares of the Subsidiaries CPHC and ZN in the amount of NT\$3,487,591 thousand and NT\$6,835,306 thousand were mortgaged or pledged as collateral for their long-term borrowings and financing amount. As of December 31, 2021 and 2020, shares of the Corporation which were pledged by WIC and TIC were NT\$7,253,819 thousand and NT\$6,316,200 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.

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation and its subsidiaries as of December 31, 2021 were as follows:

- a. The Corporation and its subsidiaries provided letters of credits for NT\$14.2 billion guaranteed by financial institutions for several constructions, lease contracts and payment. Guarantee notes for NT\$35.6 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\$11.2 billion.
- c. Property purchase and construction contracts for NT\$9.9 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 11,500,000 metric tons of coal, 25,030,000 metric tons of iron ore, and 3,350,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2021 were US\$7.4 billion (including 6,520,000 metric tons of coal, 47,340,000 metric tons of iron ore, and 860,000 metric tons of limestone).
- e. Refer to Table 2 for information relating to endorsements/guarantees provided.

### 35. 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, 2021 <hr/>				
Monetary foreign assets				
USD	\$ 323,362	27.6800	(USD:NTD)	\$ 8,950,653
RMB	343,579	4.3440	(RMB: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

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
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
<hr/> December 31, 2020 <hr/>				
Monetary foreign assets				
USD	251,453	28.4800	(USD:NTD)	7,161,384
JPY	5,339,071	0.2763	(JPY:NTD)	1,475,185
RMB	357,770	4.3770	(RMB:NTD)	1,565,959
Non-monetary foreign assets				
Financial assets at fair value through other comprehensive income				
USD	851,071	28.4800	(USD:NTD)	24,238,494
JPY	5,410,800	0.2763	(JPY:NTD)	1,495,004
MYR	227,523	6.7895	(MYR:NTD)	1,544,767
Associates accounted for using equity method				
USD	373,863	28.4800	(USD:NTD)	10,645,842
AUD	949,559	21.9500	(AUD:NTD)	20,842,831
INR	1,795,671	0.3845	(INR:NTD)	690,435
Monetary foreign liabilities				
JPY	8,693,083	0.2763	(JPY:NTD)	2,401,899
USD	255,727	28.4800	(USD:NTD)	7,283,105
USD	38,584	74.0702	(USD:INR)	1,098,884

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.

### 36. 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 (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
  - 9) Trading in derivative instruments (Note 30)
  - 10) Intercompany relationships and significant intercompany transactions (Table 8)
  - 11) Information on investees (Table 9)
- 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 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 10)
  - 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 6)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
    - 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 11)

### 37. 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.

- Shipping department - cargo handling, vessel shipping and trade in vessels, including CSE, CSEP, CSEIP and KPC.

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	Shipping Department	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2021</u>					
Revenue from external customers	\$ 378,777,988	\$ 2,178,375	\$ 87,371,138	\$ -	\$ 468,327,501
Inter-segment revenue	<u>100,436,390</u>	<u>23,562,563</u>	<u>36,539,203</u>	<u>(160,538,156)</u>	<u>-</u>
Segment revenue	<u>\$ 479,214,378</u>	<u>\$ 25,740,938</u>	<u>\$ 123,910,341</u>	<u>\$(160,538,156)</u>	<u>\$ 468,327,501</u>
Segment profit	\$ 73,308,117	\$ 3,302,462	\$ 5,531,116	\$ (2,384,422)	\$ 79,757,273
Interest income	116,805	11,060	137,828	(37,104)	228,589
Financial costs	(1,339,913)	(115,824)	(444,938)	139,534	(1,761,141)
Share of the profit (loss) of associates	29,733,503	753,026	3,637,850	(32,946,525)	1,177,854
Other non-operating income and expenses	<u>2,287,950</u>	<u>97,066</u>	<u>3,415,209</u>	<u>(789,152)</u>	<u>5,011,073</u>
Profit before income tax	104,106,462	4,047,790	12,277,065	(36,017,669)	84,413,648
Income tax	<u>14,358,523</u>	<u>135,612</u>	<u>1,496,720</u>	<u>(483,279)</u>	<u>15,507,576</u>
Net profit for the year	<u>\$ 89,747,939</u>	<u>\$ 3,912,178</u>	<u>\$ 10,780,345</u>	<u>\$ (35,534,390)</u>	<u>\$ 68,906,072</u>
<u>For the year ended December 31, 2020</u>					
Revenue from external customers	\$ 248,698,696	\$ 3,147,615	\$ 62,936,990	\$ -	\$ 314,783,301
Inter-segment revenue	<u>74,466,424</u>	<u>12,839,078</u>	<u>34,721,923</u>	<u>(122,027,425)</u>	<u>-</u>
Segment revenue	<u>\$ 323,165,120</u>	<u>\$ 15,986,693</u>	<u>\$ 97,658,913</u>	<u>\$(122,027,425)</u>	<u>\$ 314,783,301</u>
Segment profit	\$ (1,297,784)	\$ 2,138,395	\$ 3,900,775	\$ (2,445,149)	\$ 2,296,237
Interest income	158,114	22,983	191,996	(70,205)	302,888
Financial costs	(1,987,616)	(164,085)	(483,732)	175,355	(2,460,078)
Share of the profit (loss) of associates	(411,996)	635,106	1,888,296	(1,528,156)	583,250
Other non-operating income and expenses	<u>2,347,885</u>	<u>(13,243)</u>	<u>647,296</u>	<u>(936,073)</u>	<u>2,045,865</u>
Profit before income tax	(1,191,397)	2,619,156	6,144,631	(4,804,228)	2,768,162
Income tax	<u>(205,580)</u>	<u>86,363</u>	<u>1,136,032</u>	<u>(506,486)</u>	<u>510,329</u>
Net profit for the year	<u>\$ (985,817)</u>	<u>\$ 2,532,793</u>	<u>\$ 5,008,599</u>	<u>\$ (4,297,742)</u>	<u>\$ 2,257,833</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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Segment assets</u>		
Steel department	\$ 740,152,869	\$ 666,719,566
Shipping department	34,445,963	31,733,695
Others	226,168,500	205,598,841
Adjustment and elimination	<u>(312,772,363)</u>	<u>(267,969,405)</u>
Consolidated total assets	<u>\$ 687,994,969</u>	<u>\$ 636,082,697</u>

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Segment liabilities</b>		
Steel department	\$ 234,165,024	\$ 244,247,448
Shipping department	16,416,002	15,468,033
Others	81,368,441	79,837,066
Adjustment and elimination	<u>(30,909,518)</u>	<u>(26,576,831)</u>
Consolidated total liabilities	<u>\$ 301,039,949</u>	<u>\$ 312,975,716</u>

c. Revenue from major products and services

Revenue from major products and services of the Corporation and its subsidiaries were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Steel products	\$ 381,007,910	\$ 248,548,690
Non-ferrous materials	40,358,570	30,296,962
Construction contract, service and other revenue	<u>46,961,021</u>	<u>35,937,649</u>
	<u>\$ 468,327,501</u>	<u>\$ 314,783,301</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:

	<b>Revenue from External Customers</b>		<b>Noncurrent Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Taiwan	\$ 415,450,147	\$ 279,277,831	\$ 373,481,488	\$ 386,684,482
Vietnam	28,527,477	17,503,904	11,747,570	12,708,187
Malaysia	9,546,860	7,276,503	1,114,367	1,524,849
China	9,198,578	6,969,221	2,453,500	2,605,763
India	5,260,823	2,891,291	3,537,198	3,871,203
Others	<u>343,616</u>	<u>864,551</u>	<u>4,631,711</u>	<u>5,112,437</u>
	<u>\$ 468,327,501</u>	<u>\$ 314,783,301</u>	<u>\$ 396,965,834</u>	<u>\$ 412,506,921</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, 2021 and 2020.

TABLE 1

## CHINA STEEL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE PERIOD ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	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	900,000	600,000	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	150,000	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	2,500,000	2,500,000	1,600,000	0.35%-0.48%	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	China Steel Express Corporation	Other receivables	Yes	500,000	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	Gains Investment Corporation	Other receivables	Yes	100,000	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,050,000	1,050,000	962,000	0.42%-0.57%	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	C.S. Aluminum Corporation	Other receivables	Yes	5,200,000	5,200,000	3,600,000	0.35%-0.49%	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	China Steel Precision Metals Corporation	Other receivables	Yes	394,560	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	Kunshan Co., Ltd. Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	131,520	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	1,300,000	1,300,000	800,000	0.35%-0.50%	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	Chung Hung Steel Corporation	Other receivables	Yes	3,150,000	2,400,000	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	China Steel Structure Co., Ltd.	Other receivables	Yes	450,000	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	CHC Resources Corporation	Other receivables	Yes	400,000	-	-	N/A	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
0	China Steel Corporation	China Steel Power Holding Corporation	Other receivables	Yes	360,000	360,000	-	0.70%	2	-	Operating capital	-	-	-	34,902,876	69,805,752	Note 2
1	United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	17,692	17,162	17,162	5.80%	2	-	Operating capital	-	-	-	50,000	51,998	Note 3
2	Ever Weathy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	175,455	69,200	69,200	1.00%-1.10%	2	-	Operating capital	-	-	-	374,481	561,721	Note 4
3	Thinech Materials Technology Co., Ltd.	Taiyang Thintech Materials Co., Ltd.	Other receivables	Yes	105,479	104,517	96,871	2.80%	2	-	Operating capital	-	-	-	351,401	468,535	Note 5
4	C.S. Aluminum Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	513,630	498,240	-	N/A	2	-	Repayments of bank borrowings	-	-	-	829,242	1,658,485	Note 6
5	China Prosperity Development Corporation	China Steel Corporation	Other receivables	Yes	3,200,000	1,600,000	1,600,000	0.34%-0.62%	2	-	Operating capital	-	-	-	2,646,076	2,646,076	Note 7



No.	Financing Company	Counterparty	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			
6	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	100,000	50,000	50,000	0.35%-0.59%	2	-	Operating capital	-	-	-	160,614	214,153	Note 8
7	CSC Precision Metal Industrial Corporation	China Steel Corporation	Other receivables	No	100,000	-	-	0.43%	2	-	Operating capital	-	-	-	106,993	122,278	Note 9
8	China Steel Power Holding Corporation	China Steel Power Corporation	Other receivables	Yes	550,000	-	-	0.70%	2	-	Operating capital	-	-	-	2,735,365	2,735,365	Note 10
9	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Other receivables	Yes	57,070	55,360	-	N/A	2	-	Operating capital	-	-	-	187,674	375,348	Note 11
10	CSGT (Shanghai) Co., Ltd.	CSGT (Shenzhen) Co., Ltd.	Other receivables	Yes	8,768	-	-	4.12%	2	-	Operating capital	-	-	-	10,266	13,689	Note 12

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 others and the total 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 CSC Precision Metal Industrial Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 35% of the net worth of CSC Precision Metal Industrial Corporation, respectively. The company has been dissolved after the merger with CSC.

Note 10: According to “The Process of Financing Others” established by China Steel Power Holding 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 Power Holding Corporation, respectively.

Note 11: 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 12: According to “The Process of Financing Others” established by CSGT (Shanghai) 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 CSGT (Shanghai) Co., Ltd., respectively.

TABLE 2

## CHINA STEEL CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE PERIOD ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

NO.	Endorsement/Guarantee Provider	Endorsee/Guaranteee		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 Endorsement/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	104,708,629	9,736,210	9,736,210	1,850,591	3,487,591	3	139,611,505	Y	N	N	Notes 2 and 4
0	China Steel Corporation	Formosa Hu Tinh (Cayman) Limited	6	104,708,629	33,797,756	11,748,534	11,748,534	-	3	139,611,505	N	N	N	Note 4
0	China Steel Corporation	Sukun Ferrollloys Sdn. Bhd.	6	104,708,629	1,319,454	1,267,752	984,444	-	-	139,611,505	N	N	N	Note 4
1	China Steel Structure Co., Ltd.	Chongking Steel Structure (Cambodia) Co., Ltd.	6	1,727,837	137,111	133,002	11,648	-	3	9,848,671	N	N	N	Note 5
2	United Steel Engineering & Construction Corporation	China Steel Structure Co., Ltd.	3	24,055,237	71,300	71,300	71,300	-	4	24,055,237	N	N	N	Notes 3 and 6
3	Thainect Materials Technology Co., Ltd.	Taiyang Thinect Materials Co., Ltd.	2	468,535	242,548	235,280	69,054	-	20	468,535	N	N	Y	Note 7
4	InfoChamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	252,100	108,602	46,415	46,415	-	6	420,167	N	N	Y	Note 8
4	InfoChamp Systems Corporation	Tang Steel International Engineering Technology Corp.	5	252,100	40,923	40,549	40,549	-	5	420,167	N	N	Y	Note 8
5	Wuhan InfoChamp I.T. Co., Ltd.	InfoChamp Systems Corporation	3	127,091	40,427	40,058	40,058	-	158	152,509	N	N	N	Note 9
5	Wuhan InfoChamp I.T. Co., Ltd.	Tang Steel International Engineering Technology Corp.	5	127,091	40,923	40,549	40,549	-	160	152,509	N	N	Y	Note 9
6	China Steel Express Corporation	CSE Transport Corporation	2	4,338,032	1,950,640	1,941,120	941,120	-	13	5,784,042	N	N	N	Note 10
7	China Steel Power Holding Corporation	China Steel Power Corporation	2	341,920,64	739,300	739,300	197,6063	6835306	108	341,920,64	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 & Construction 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, 2021

(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, 2021				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	7,167,581	4	7,167,581	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	1,225,107	2	1,225,107	
China Steel Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	29,860,691	1,067,520	9	1,067,520	
China Steel Corporation	Common stock	O-Bank Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	103,847,695	830,781	3	830,781	
China Steel Corporation	Common stock	CSN Mineracao S.A.	Financial assets at fair value through other comprehensive income - noncurrent	22,366,860	749,005	-	749,005	
China Steel Corporation	Common stock	RECHI PRECISION CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	23,002,022	439,339	5	439,339	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	400,000	244,829	1	244,829	
China Steel Corporation	Common stock	CSBC Corporation, Taiwan	Financial assets at fair value through other comprehensive income - noncurrent	7,751,346	170,142	1	170,142	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited	Financial assets at fair value through other comprehensive income - noncurrent	1,111,418,177	25,226,525	20	25,226,525	
China Steel Corporation	Common stock	Sakura Ferroalloys Sdn. Bhd.	Financial assets at fair value through other comprehensive income - noncurrent	207,290,000	954,668	19	954,668	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation	Financial assets at fair value through other comprehensive income - noncurrent	54,000,000	880,508	5	880,508	
China Steel Corporation	Common stock	Taiwan International Windpower Training Corporation Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	14,296	15	14,296	
China Steel Corporation	Common stock	DB Metal Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	9,961	1	9,961	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	CDIB BioScience Ventures I, Inc.	Financial assets at fair value through other comprehensive income - noncurrent	1,063,534	7,922	5	7,922	5
China Steel Corporation	Common stock	PHALANX BIOTECH GROUP, INC.	Financial assets at fair value through other comprehensive income - noncurrent	332,881	3,145	1	3,145	1
China Steel Corporation	Preferred stock	East Asia United Steel Corporation (A)	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	3,333	731,198	10	731,198	10
China Steel Corporation	Preferred stock	Sakura Ferroalloys Sdn. Bhd.	Financial assets at fair value through other comprehensive income - noncurrent	56,443,634	259,949	19	259,949	19
Chung Hung Steel Corporation	Common stock	Shouh Hwang Enterprise Co., Ltd.	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	730,000	-	15	-	15
Chung Hung Steel Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	33,109,239	1,170,412	-	1,170,412	-
Chung Hung Steel Corporation	Common stock	TAIWAN VES-POWER CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	958,333	55,114	2	55,114	2
Chung Hung Steel Corporation	Common stock	PACIFIC HARBOUR STEVEDORING CORP.	Financial assets at fair value through other comprehensive income - noncurrent	250,000	6,535	5	6,535	5
Chung Hung Steel Corporation	Common stock	Riselinck Venture Capital Corp.	Financial assets at fair value through other comprehensive income - noncurrent	3,948	391	3	391	3
Hung Kao Investment Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	1,003,980	35,490	-	35,490	-
China Steel Chemical Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	2,556,915	90,387	-	90,387	-
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	229,000	11,908	-	11,908	-
China Steel Chemical Corporation	Mutual fund	PineBridge ESG Quantitative Global Equity Fund A (USD)	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	14,587	-	14,587	-
China Steel Chemical Corporation	Mutual fund	Taishin China Policy Trends Fund A USD	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	52,974	13,798	-	13,798	-
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Global Healthcare Fund - JPM Global Healthcare A (acc) - USD	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	855	12,186	-	12,186	-
China Steel Chemical Corporation	Mutual fund	UG Great Wall Absolute Return Fund B Class	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	18,514	9,239	-	9,239	-
China Steel Chemical Corporation	Mutual fund	JPMorgan Pacific Technology Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,854	9,125	-	9,125	-

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	Taishin CSI Lead Cons and Serv Ind USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	275,391	6,974	-	6,974	
China Steel Chemical Corporation	Mutual fund	Jih Sun China Strategy A Share Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	285,225	4,005	-	4,005	
China Steel Chemical Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,427,115	15,761	-	15,761	
China Steel Chemical Corporation	Mutual fund	Taishin Efficient Fallen Angels High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	80,950	22,725	-	22,725	
China Steel Chemical Corporation	Mutual fund	Taishin US Enhanced High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	42,951	12,626	-	12,626	
China Steel Chemical Corporation	Mutual fund	Cathay Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,195,438	15,013	-	15,013	
China Steel Chemical Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	626,975	10,026	-	10,026	
China Steel Chemical Corporation	Convertible bond	SOFTBK 4 5/8 07/06/28	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,514	-	13,514	
China Steel Chemical Corporation	Convertible bond	STANLN 4.3 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,335	-	13,335	
China Steel Chemical Corporation	Convertible bond	INTNED 4 1/4 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,053	-	13,053	
China Steel Chemical Corporation	Convertible bond	MEX 3 3/4 04/19/71	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	12,397	-	12,397	
China Steel Chemical Corporation	Convertible bond	STANLN 4.3 02/19/27	No relation	Financial assets at fair value through other comprehensive income - current	5,000	14,762	-	14,762	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,020,057	47,178	-	47,178	
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)	257,000	9,136	-	9,136	
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)	95,748	5,984	-	5,984	
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)	219,521	4,160	-	4,160	
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)	24,400	2,233	-	2,233	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	113,965	1,385	-	1,385	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	4,753,537	572,801	-	572,801	
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	4,226,265	149,398	-	149,398	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	1,540,000	49,632	4	49,632	
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	300,000	2,367	9	2,367	
Ever Wealthy International Corporation	Common stock	TICC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	194,679	1,791	-	1,791	
Ever Wealthy International Corporation	Common stock	Risalink Venture Capital Corp.	No relation	2,632	261	2	261	
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	1,000	21	1	21	
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	133,300	-	2	-	
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	1,961,493	27,131	7	27,131	
Ever Wealthy International Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation	1,000,000	31,000	1	31,000	
Ever Wealthy International Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	No relation	800,000	50,400	-	50,400	
Ever Wealthy International Corporation	Preferred stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	No relation	175,000	10,518	-	10,518	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares II	No relation	164,139	8,519	-	8,519	
Ever Wealthy International Corporation	Preferred stock	Cathay Financial Holding Co., Ltd. (B)	No relation	12,540	796	-	796	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	Cathay High Dividend Taiwan Equity Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	18,980	-	18,980	
Ever Wealthy International Corporation	Mutual fund	Taishin 2000 High Technology Equity Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	94,158	6,533	-	6,533	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Taiwan Sustainable Growth and Dividend Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	6,170	-	6,170	
Ever Wealthy International Corporation	Mutual fund	UPAMC All Weather Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,690	5,959	-	5,959	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Global Environmental Growth Equity Fund-TWD-A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,520,248	24,850	-	24,850	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Global Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	973,403	20,062	-	20,062	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Global Smart Car Fund (TWD A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,017,113	17,830	-	17,830	
Ever Wealthy International Corporation	Mutual fund	KGI Global Trend Fund -TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,130	-	10,130	
Ever Wealthy International Corporation	Mutual fund	FSITC AI Global Precision Medicine Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	726,183	10,072	-	10,072	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,947	10,024	-	10,024	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	622,579	7,913	-	7,913	
Ever Wealthy International Corporation	Mutual fund	FSITC GIBI Artificial Intelligence Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	355,619	6,554	-	6,554	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI Robotics and Smart Auto TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	254,842	5,084	-	5,084	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI FinTech TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	260,960	5,039	-	5,039	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial China Brands Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	281,333	4,786	-	4,786	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,664	-	4,664	
Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	3,688	-	3,688	



Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Pet Care Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,315	-	3,315
Ever Wealthy International Corporation	Mutual fund	FSITC Global Health & Weight Loss Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,294	-	3,294
Ever Wealthy International Corporation	Mutual fund	Yuantia Global Agribusiness Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	142,857	3,192	-	3,192
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors China Strategic Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	91,715	2,703	-	2,703
Ever Wealthy International Corporation	Mutual fund	Jin Sun China Strategy A Share Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	135,218	1,899	-	1,899
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,529,469	20,486	-	20,486
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,470,504	15,246	-	15,246
Ever Wealthy International Corporation	Mutual fund	Taishin High Dividend Yield Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	106,520	6,011	-	6,011
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	70,755	3,397	-	3,397
Ever Wealthy International Corporation	Mutual fund	Jin Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	8,156	-	8,156
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Emerging Markets Bond Fund(A)USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	12,943	-	12,943
Ever Wealthy International Corporation	Mutual fund	Taishin Strategy Senior Total Return High Yield Bond Fund Acc TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,008,875	10,418	-	10,418
Ever Wealthy International Corporation	Mutual fund	PGIM USD High Yield Bond Fund-TWD(A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,050	-	5,050
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	29,458	-	29,458
Ever Wealthy International Corporation	Mutual fund	KGI Taiwan Premium Assets Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,373,084	27,972	-	27,972
Ever Wealthy International Corporation	Mutual fund	KGI Next Generation Multi-Asset Fund - TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	6,445	-	6,445
Ever Wealthy International Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	698,334	9,623	-	9,623

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International 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)	515,843	6,529	-	6,529	
Ever Wealthy International Corporation	Mutual fund Taishin North American Income Trust Fund TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	12,440	-	12,440	
Ever Wealthy International Corporation	Mutual fund Jih Sun Long-Term Care REITS Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	9,160	-	9,160	
Ever Wealthy International Corporation	Mutual fund Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,024,645	16,386	-	16,386	
Ever Wealthy International Corporation	Mutual fund Yuantia De- Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	599,104	7,267	-	7,267	
Ever Wealthy International Corporation	Mutual fund FSITC Taiwan Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	319,843	4,949	-	4,949	
Ever Wealthy International Corporation	Mutual fund PGIM Jennison Global Equity Opportunities Fund USD T Accumulation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,056	5,929	-	5,929	
Ever Wealthy International Corporation	Corporate bond CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	3,910	-	3,910	
China Ecotek Corporation	Common stock JDV CONTROL VALVES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	352,000	13,996	1	13,996	
China Ecotek Corporation	Common stock LOCUS CELL CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	4,000,000	40,000	2	40,000	
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	14,180	1	14,180	
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	132,068	11	132,068	
China Ecotek Corporation	Mutual fund PineBridge Global ESG Quantitative Bond Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	982,422	10,001	-	10,001	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Ecotek Corporation	Mutual fund	FSITC US Top 100 Bond Fund (TWD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,007,692	9,725	-	9,725	
China Ecotek Corporation	Mutual fund	PineBridge Global Strategic Quantitative Bond Fund A (NTD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	4,980	-	4,980	
China Ecotek Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	9,447,478	130,183	-	130,183	
China Ecotek 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)	3,164,609	50,092	-	50,092	
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	245,219	-	245,219	
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	132,401	-	132,401	
CHC Resources Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	9,201,806	325,284	-	325,284	
CHC Resources Corporation	Common stock	Feng Sheng Enterprise Corporation	No relation	Financial assets at fair value through other comprehensive income - noncurrent	932,053	13,712	2	13,712	
CHC Resources 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)	3,656,494	50,016	-	50,016	
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	14,983	-	14,983	
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	-	17,115	19	17,115	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,349,975	83,072	-	83,072	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation	No relation	Financial assets at fair value through other comprehensive income - current	2,223	231	-	231	
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	142	-	142	
China Steel Security Corporation	Mutual fund	Yuanta De- Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,648,818	20,000	-	20,000	
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	5,672	-	5,672	
China Prosperity Development Corporation	Common stock	HUA NAN FINANCIAL HOLDINGS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	4,899,912	103,878	-	103,878	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Prosperity Development Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	952,979	33,688	-	33,688	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.	Financial assets at fair value through other comprehensive income - current	463,457	16,476	-	16,476	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.	Financial assets at fair value through other comprehensive income - current	241,083	6,136	-	6,136	
China Prosperity Development Corporation	Common stock	iPASS Corporation	Financial assets at fair value through other comprehensive income - current	2,528,218	21,540	-	21,540	
China Prosperity Development Corporation	Common stock	QUN XIN PROPERTIES CO., LTD.	Financial assets at fair value through other comprehensive income - current	2,400,000	14,616	-	14,616	
China Prosperity Development Corporation	Common stock	HI SCENE WORLD ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - current	386,535	3,861	-	3,861	
China Prosperity Development Corporation	Mutual fund	Jih Sun Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	9,431,783	141,355	-	141,355	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	325,505	11,507	-	11,507	
HIMAG Magnetic Corporation	Common stock	Supertite Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	600,000	9,351	2	9,351	
Eminent Venture Capital Corporation	Common stock	SYNMOSA BIOPHARMA CORPORATION	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	536,235	12,655	-	12,655	
Eminent Venture Capital Corporation	Common stock	Asia Best Healthcare Co., Ltd.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	4,530	18,000	1	18,000	
Eminent Venture Capital Corporation	Common stock	StemCite International, Ltd.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,080,647	11,783	1	11,783	
Eminent Venture Capital Corporation	Common stock	Cellerant Therapeutics, Inc.	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.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	166,394	-	1	-	
Eminent Venture Capital Corporation	Common stock	HOLY STONE HEALTHCARE CO., LTD.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	103,000	2,117	-	2,117	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	6,768	-	6,768	
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	Jin Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,031,259	75,404	-	75,404	
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)	3,934,971	41,135	-	41,135	
InfoChamp Systems Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	3,834,338	135,544	-	135,544	
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	iPASS Corporation	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,828,188	32,613	3	32,613	
InfoChamp Systems Corporation	Common stock	LOCUS CELL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	19,704	-	19,704	
InfoChamp Systems Corporation	Common stock	TRICORNTech CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	726,885	6,716	2	6,716	
InfoChamp Systems Corporation	Common stock	Risalink Venture Capital Corp.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,632	261	2	261	
InfoChamp Systems Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	889,571	-	5	-	
InfoChamp Systems Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,502,816	40,024	-	40,024	
InfoChamp Systems 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)	2,372,057	40,022	-	40,022	
InfoChamp Systems Corporation	Mutual fund		No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,135,855	30,003	-	30,003	
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	84,449	9	84,449	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				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	-	-	-	
Dragon Steel Corporation	Common stock	Kuei Hung Industrial CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	5,602,000	-	-	-	
C.S.Aluminium Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	4,431,944	156,669	-	156,669	
China Steel Express Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	8,801,555	311,135	-	311,135	
China Steel Express Corporation	Common stock	CDIB & Partners Investment Holding Corporation	Financial assets at fair value through other comprehensive income - noncurrent	3,240,000	52,831	-	52,831	
China Steel Express Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	35,000	3,821	1	3,821	
China Steel Express Corporation	Common stock	Riselinke Venture Capital Corp.	Financial assets at fair value through other comprehensive income - noncurrent	3,948	391	3	391	
Transglory Investment Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	256,765,331	9,076,654	2	9,076,654	Note 1
Gains Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.	Financial assets at fair value through other comprehensive income - current	22,829,242	880,067	-	880,067	
Gains Investment Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	Financial assets at fair value through other comprehensive income - current	9,485,000	438,681	-	438,681	
Gains Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.	Financial assets at fair value through other comprehensive income - current	2,431,620	123,040	-	123,040	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.	Financial assets at fair value through other comprehensive income - current	877,610	101,364	-	101,364	
Gains Investment Corporation	Common stock	FUSHENG PRECISION CO., LTD.	Financial assets at fair value through other comprehensive income - current	513,000	99,522	-	99,522	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.	Financial assets at fair value through other comprehensive income - current	1,212,257	72,493	-	72,493	
Gains Investment Corporation	Common stock	Capital Futures Corporation	Financial assets at fair value through other comprehensive income - current	1,726,000	67,228	-	67,228	
Gains Investment Corporation	Common stock	HOTAI FINANCE CO., LTD.	Financial assets at fair value through other comprehensive income - current	712,000	65,646	-	65,646	
Gains Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	Financial assets at fair value through other comprehensive income - current	97,000	59,655	-	59,655	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	LUXNET CORPORATION	Financial assets at fair value through other comprehensive income - current	2,927,969	58,852	-	58,852	
Gains Investment Corporation	Common stock	WAH LEE INDUSTRIAL CORP.	Financial assets at fair value through other comprehensive income - current	500,220	53,524	-	53,524	
Gains Investment Corporation	Common stock	JI JANG INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,012,000	52,725	-	52,725	
Gains Investment Corporation	Common stock	CHENFULL INTERNATIONAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,275,000	52,530	-	52,530	
Gains Investment Corporation	Common stock	ACTER GROUP CORPORATION LIMITED	Financial assets at fair value through other comprehensive income - current	230,117	51,086	-	51,086	
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.	Financial assets at fair value through other comprehensive income - current	1,035,000	49,680	-	49,680	
Gains Investment Corporation	Common stock	TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO.,LTD.	Financial assets at fair value through other comprehensive income - current	1,011,000	49,084	-	49,084	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - current	772,032	49,024	-	49,024	
Gains Investment Corporation	Common stock	SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION	Financial assets at fair value through other comprehensive income - current	680,000	45,016	-	45,016	
Gains Investment Corporation	Common stock	NOVA TECHNOLOGY CORP.	Financial assets at fair value through other comprehensive income - current	241,000	40,729	-	40,729	
Gains Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.	Financial assets at fair value through other comprehensive income - current	837,159	39,430	-	39,430	
Gains Investment Corporation	Common stock	CHC Healthcare Group	Financial assets at fair value through other comprehensive income - current	969,000	36,870	-	36,870	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION	Financial assets at fair value through other comprehensive income - current	805,300	35,554	-	35,554	
Gains Investment Corporation	Common stock	Yonggu Group Inc.	Financial assets at fair value through other comprehensive income - current	588,319	34,181	-	34,181	
Gains Investment Corporation	Common stock	ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - current	197,000	32,505	-	32,505	
Gains Investment Corporation	Common stock	ARCADYAN TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	250,000	31,875	-	31,875	
Gains Investment Corporation	Common stock	JETWELL COMPUTER CO., LTD.	Financial assets at fair value through other comprehensive income - current	614,997	31,057	-	31,057	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	UNICTRON TECHNOLOGIES CORPORATION	No relation	153,000	30,829	-	30,829	
Gains Investment Corporation	Common stock	SUPREME ELECTRONICS CO., LTD.	No relation	580,000	29,290	-	29,290	
Gains Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	No relation	667,000	26,080	-	26,080	
Gains Investment Corporation	Common stock	FENG HSIN STEEL CO., LTD.	No relation	298,000	24,883	-	24,883	
Gains Investment Corporation	Common stock	ASIA TECH IMAGE INC.	No relation	425,000	23,587	-	23,587	
Gains Investment Corporation	Common stock	EVERGREEN STEEL CORPORATION	No relation	420,000	23,100	-	23,100	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.	No relation	407,000	21,734	-	21,734	
Gains Investment Corporation	Common stock	HIGHLIGHT TECH CORPORATION	No relation	350,000	21,420	-	21,420	
Gains Investment Corporation	Common stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.	No relation	118,000	20,709	-	20,709	
Gains Investment Corporation	Common stock	HERAN CO., LTD.	No relation	165,000	19,470	-	19,470	
Gains Investment Corporation	Common stock	GSD Technologies Co., Ltd. Taiwan Branch (Cayman Islands)	No relation	306,453	18,908	-	18,908	
Gains Investment Corporation	Common stock	ZHEN YU HARDWARE CO., LTD.	No relation	151,000	18,497	-	18,497	
Gains Investment Corporation	Common stock	ARDENTEC CORPORATION	No relation	300,000	16,650	-	16,650	
Gains Investment Corporation	Common stock	BRILLIAN NETWORK & AUTOMATION INTEGRATED SYSTEM CO., LTD.	No relation	77,000	15,438	-	15,438	
Gains Investment Corporation	Common stock	ARGOSY RESEARCH INC.	No relation	106,000	14,310	-	14,310	
Gains Investment Corporation	Common stock	TAIWAN HON CHUAN ENTERPRISE CO., LTD.	No relation	190,000	13,604	-	13,604	
Gains Investment Corporation	Common stock	PEGAVISION CORPORATION	No relation	30,000	12,810	-	12,810	



Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	LASER TEK TAIWAN CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	294,000	12,039	-	12,039
Gains Investment Corporation	Common stock	ZENG HSING INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	75,000	10,950	-	10,950
Gains Investment Corporation	Common stock	MOSA INDUSTRIAL CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	188,000	7,924	-	7,924
Gains Investment Corporation	Common stock	KWONG LUNG ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	160,000	6,488	-	6,488
Gains Investment Corporation	Common stock	ASROCK INC.	No relation	Financial assets at fair value through other comprehensive income - current	20,000	5,630	-	5,630
Gains Investment Corporation	Common stock	I SHENG ELECTRIC WIRE & CABLE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	130,000	5,577	-	5,577
Gains Investment Corporation	Common stock	CHEN SHING HARBOUR SERVICE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	100,000	5,390	-	5,390
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	70,000	3,125	-	3,125
Gains Investment Corporation	Common stock	BRIGHTEN OPTIX CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	10,000	2,995	-	2,995
Gains Investment Corporation	Common stock	MetaTech (AP) Inc.	No relation	Financial assets at fair value through other comprehensive income - current	43,000	2,692	-	2,692
Gains Investment Corporation	Common stock	LINTES TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	6,000	738	-	738
Gains Investment Corporation	Common stock	Rentian Technology Holdings Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	18,350	-	-	-
Gains Investment Corporation	Common stock	Tech alliance Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	182,000	-	5	-
Gains Investment Corporation	Common stock	AltruBio Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	500,000	-	-	-
Gains Investment Corporation	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,678,788	-	10	-
Gains Investment Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	889,571	-	5	-

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	ULTRA CHIP, INC.	Financial assets at fair value through other comprehensive income - noncurrent	953,430	243,125	-	243,125	
Gains Investment Corporation	Common stock	TRANSCOM, INC.	Financial assets at fair value through other comprehensive income - noncurrent	990,638	211,006	2	211,006	
Gains Investment Corporation	Common stock	TIBI MOTION TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,975,000	98,651	-	98,651	
Gains Investment Corporation	Common stock	KING POINT ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	3,500,000	105,000	9	105,000	
Gains Investment Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	2,500,000	77,500	1	77,500	
Gains Investment Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	75,600	-	75,600	
Gains Investment Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,980,000	63,812	5	63,812	
Gains Investment Corporation	Common stock	SUNNY PHARMTECH INC.	Financial assets at fair value through other comprehensive income - noncurrent	2,189,333	61,301	2	61,301	
Gains Investment Corporation	Common stock	LOCUS CELL CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	6,000,000	60,000	3	60,000	
Gains Investment Corporation	Common stock	Poju International Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	2,263,000	50,963	5	50,963	
Gains Investment Corporation	Common stock	GE TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - noncurrent	700,000	48,300	6	48,300	
Gains Investment Corporation	Common stock	GREENWAY ENVIRONMENTAL TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	3,750,000	46,070	10	46,070	
Gains Investment Corporation	Common stock	CYBERSOFT DIGITAL SERVICES CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	1,444,996	45,550	5	45,550	
Gains Investment Corporation	Common stock	FOXCONN GLOBAL NETWORK CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	3,000,000	43,500	9	43,500	
Gains Investment Corporation	Common stock	CDIB & Partners Investment Holding Corporation	Financial assets at fair value through other comprehensive income - noncurrent	2,160,000	35,220	-	35,220	
Gains Investment Corporation	Common stock	ULTRADISPLAY INC.	Financial assets at fair value through other comprehensive income - noncurrent	1,446,891	34,494	9	34,494	
Gains Investment Corporation	Common stock	Lianyou Metals Co., Ltd	Financial assets at fair value through other comprehensive income - noncurrent	326,000	26,080	2	26,080	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	GREEN SHEPHERD CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	1,120,000	23,000	8	23,000	8
Gains Investment Corporation	Common stock	YONGDA FOOD TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,413,500	14,410	5	14,410	5
Gains Investment Corporation	Common stock	MITAGRI CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	3,500,000	13,707	15	13,707	15
Gains Investment Corporation	Common stock	T-Car Inc.	Financial assets at fair value through other comprehensive income - noncurrent	500,000	11,576	2	11,576	2
Gains Investment Corporation	Common stock	MUTUAL-PAK TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,300,000	6,453	8	6,453	8
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	35,000	3,821	1	3,821	1
Gains Investment Corporation	Common stock	Riselinke Venture Capital Corp.	Financial assets at fair value through other comprehensive income - noncurrent	6,579	651	4	651	4
Gains Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,260,000	73,030	5	73,030	5
Gains Investment Corporation	Common stock	AMPAK TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - noncurrent	629,000	67,888	1	67,888	1
Gains Investment Corporation	Common stock	BRIGHTTEK OPTOELECTRONIC CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,137,000	63,808	2	63,808	2
Gains Investment Corporation	Common stock	CHENFULL PRECISION CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	789,287	63,377	1	63,377	1
Gains Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,050,000	41,748	4	41,748	4
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	1,188,000	40,316	6	40,316	6
Gains Investment Corporation	Common stock	Ping Ho Environmental Technology Company Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	740,650	40,203	3	40,203	3
Gains Investment Corporation	Common stock	GREENFILTEC LTD.	Financial assets at fair value through other comprehensive income - noncurrent	220,000	36,126	1	36,126	1
Gains Investment Corporation	Common stock	CHEN NAN IRON WIRE CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	34,656	5	34,656	5
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	1,079,872	34,366	2	34,366	2

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	FEMCO STEEL TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,248,000	34,305	3	34,305
Gains Investment Corporation	Common stock	FLASHAIM INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	770,000	31,462	6	31,462
Gains Investment Corporation	Common stock	NORBEL BABY CO., LTD	No relation	Financial assets at fair value through other comprehensive income - noncurrent	200,000	28,712	1	28,712
Gains Investment Corporation	Common stock	LIAN HONG ART CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	500,000	27,260	1	27,260
Gains Investment Corporation	Common stock	GMT GLOBAL INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	728,325	21,005	2	21,005
Gains Investment Corporation	Common stock	SUN RISE E&T CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	731,000	15,240	2	15,240
Gains Investment Corporation	Common stock	ALLIANCE MATERIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	303,000	12,572	1	12,572
Gains Investment Corporation	Common stock	STUDY KING CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	309,600	11,808	2	11,808
Gains Investment Corporation	Common stock	DAS TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	147,000	8,594	-	8,594
Gains Investment Corporation	Common stock	NAN JUEN INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	6,000	294	-	294
Gains Investment Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	181,732	2,042	-	2,042
Gains Investment Corporation	Convertible bond	Lion Travel Service Co., Ltd. 2st Convertible Bond	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	115,000	11,328	-	11,328
Thintech Materials Technology Co., Ltd.	Common stock	Lianyou Metals Co., Ltd	No relation	Financial assets at fair value through other comprehensive income - noncurrent	326,000	26,080	2	26,080
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	5,642,084	1	5,642,084
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	No relation	Financial assets at fair value through other comprehensive income - noncurrent	994,153	7,089	15	7,089
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	2,043	-	2,043

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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)	1,607,943	21,444	-	21,444	
Pro-Ascentek Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	96,000	59,040	-	59,040	
Pro-Ascentek Investment Corporation	Common stock	SYNTEK AUTOMATION ASIA CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	350,000	40,425	-	40,425	
Pro-Ascentek Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	638,000	31,868	-	31,868	
Pro-Ascentek Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	675,000	26,392	-	26,392	
Pro-Ascentek Investment Corporation	Common stock	TOPCO SCIENTIFIC CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	144,000	22,752	-	22,752	
Pro-Ascentek Investment Corporation	Common stock	REALTEK SEMICONDUCTOR CORP.	No relation	Financial assets at fair value through other comprehensive income - current	38,000	22,040	-	22,040	
Pro-Ascentek Investment Corporation	Common stock	QST INTERNATIONAL CORP.	No relation	Financial assets at fair value through other comprehensive income - current	355,000	21,229	-	21,229	
Pro-Ascentek Investment Corporation	Common stock	NAN YA PRINTED CIRCUIT BOARD CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	37,000	21,164	-	21,164	
Pro-Ascentek Investment Corporation	Common stock	INNODISK CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	100,000	20,400	-	20,400	
Pro-Ascentek Investment Corporation	Common stock	SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	300,000	19,860	-	19,860	
Pro-Ascentek Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	370,800	19,801	-	19,801	
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	383,000	18,595	-	18,595	
Pro-Ascentek Investment Corporation	Common stock	HERAN CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	146,000	17,228	-	17,228	
Pro-Ascentek Investment Corporation	Common stock	CHIA HSIN CEMENT CORP.	No relation	Financial assets at fair value through other comprehensive income - current	812,000	16,849	-	16,849	
Pro-Ascentek Investment Corporation	Common stock	FENG HSIN STEEL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	200,000	16,700	-	16,700	
Pro-Ascentek Investment Corporation	Common stock	Yuanta Financial Holding Co., Ltd	No relation	Financial assets at fair value through other comprehensive income - current	600,000	15,180	-	15,180	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Pro-Ascentek Investment Corporation	Common stock	ACER INCORPORATED	Financial assets at fair value through other comprehensive income - current	469,000	14,281	-	14,281	
Pro-Ascentek Investment Corporation	Common stock	ZERO ONE TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	319,109	14,041	-	14,041	
Pro-Ascentek Investment Corporation	Common stock	TAIWAN UNION TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	135,000	13,770	-	13,770	
Pro-Ascentek Investment Corporation	Common stock	TAIWAN HON CHUAN ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - current	182,000	13,031	-	13,031	
Pro-Ascentek Investment Corporation	Common stock	RADIANT OPTO-ELECTRONICS CORPORATION	Financial assets at fair value through other comprehensive income - current	128,000	12,928	-	12,928	
Pro-Ascentek Investment Corporation	Common stock	GIGA-BYTE TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	80,000	12,440	-	12,440	
Pro-Ascentek Investment Corporation	Common stock	GLOBALWAFERS CO., LTD.	Financial assets at fair value through other comprehensive income - current	12,000	10,656	-	10,656	
Pro-Ascentek Investment Corporation	Common stock	CHC Healthcare Group	Financial assets at fair value through other comprehensive income - current	271,000	10,312	-	10,312	
Pro-Ascentek Investment Corporation	Common stock	SUPREME ELECTRONICS CO., LTD.	Financial assets at fair value through other comprehensive income - current	200,000	10,100	-	10,100	
Pro-Ascentek Investment Corporation	Common stock	JETWELL COMPUTER CO., LTD.	Financial assets at fair value through other comprehensive income - current	200,000	10,100	-	10,100	
Pro-Ascentek Investment Corporation	Common stock	ARDENTEC CORPORATION	Financial assets at fair value through other comprehensive income - current	170,000	9,435	-	9,435	
Pro-Ascentek Investment Corporation	Common stock	UNITED INTEGRATED SERVICES CO., LTD.	Financial assets at fair value through other comprehensive income - current	50,000	9,075	-	9,075	
Pro-Ascentek Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION	Financial assets at fair value through other comprehensive income - current	180,000	7,947	-	7,947	
Pro-Ascentek Investment Corporation	Common stock	CHUNGHWA TELECOM CO., LTD.	Financial assets at fair value through other comprehensive income - current	66,000	7,689	-	7,689	
Pro-Ascentek Investment Corporation	Common stock	ARCADYAN TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	60,000	7,650	-	7,650	
Pro-Ascentek Investment Corporation	Common stock	LIANG INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	136,000	7,086	-	7,086	
Pro-Ascentek Investment Corporation	Common stock	WAH LEE INDUSTRIAL CORP.	Financial assets at fair value through other comprehensive income - current	65,000	6,955	-	6,955	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Pro-Ascentek Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.	No relation					
Pro-Ascentek Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.	No relation					
Pro-Ascentek Investment Corporation	Common stock	ARGOSY RESEARCH INC.	No relation					
Pro-Ascentek Investment Corporation	Common stock	WIWYNN CORPORATION	No relation					
Pro-Ascentek Investment Corporation	Common stock	WISTRON NEWEB CORPORATION	No relation					
Pro-Ascentek Investment Corporation	Common stock	Fubon Financial Holding Co., Ltd.	No relation					
Pro-Ascentek Investment Corporation	Common stock	LOTES CO., LTD.	No relation					
Pro-Ascentek Investment Corporation	Common stock	ADVANTECH CO., LTD.	No relation					
Pro-Ascentek Investment Corporation	Common stock	ACCTON TECHNOLOGY CORPORATION	No relation					
Pro-Ascentek Investment Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation					
Pro-Ascentek Investment Corporation	Common stock	GE TECHNOLOGY INC.	No relation					
Pro-Ascentek Investment Corporation	Common stock	Lianyou Metals Co., Ltd	No relation					
Pro-Ascentek Investment Corporation	Common stock	CYBERSOFT DIGITAL SERVICES CORPORATION	No relation					
Pro-Ascentek Investment Corporation	Common stock	GREEN SHEPHERD CORPORATION	No relation					
Pro-Ascentek Investment Corporation	Common stock	CHENFULL PRECISION CO., LTD	No relation					
Pro-Ascentek Investment Corporation	Common stock	GMT GLOBAL INC.	No relation					
Pro-Ascentek Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	No relation					
			Financial assets at fair value through other comprehensive income - current	40,000	6,420	-	6,420	
			Financial assets at fair value through other comprehensive income - current	124,352	5,857	-	5,857	
			Financial assets at fair value through other comprehensive income - current	34,000	4,590	-	4,590	
			Financial assets at fair value through other comprehensive income - current	4,000	4,460	-	4,460	
			Financial assets at fair value through other comprehensive income - current	55,000	4,290	-	4,290	
			Financial assets at fair value through other comprehensive income - current	50,000	3,815	-	3,815	
			Financial assets at fair value through other comprehensive income - current	5,000	3,805	-	3,805	
			Financial assets at fair value through other comprehensive income - current	9,000	3,568	-	3,568	
			Financial assets at fair value through other comprehensive income - current	13,000	3,380	-	3,380	
			Financial assets at fair value through other comprehensive income - current	1,000,000	31,000	1	31,000	
			Financial assets at fair value through other comprehensive income - noncurrent	300,000	20,700	2	20,700	
			Financial assets at fair value through other comprehensive income - noncurrent	200,000	16,000	1	16,000	
			Financial assets at fair value through other comprehensive income - noncurrent	350,000	14,000	1	14,000	
			Financial assets at fair value through other comprehensive income - noncurrent	224,000	4,600	2	4,600	
			Financial assets at fair value through other comprehensive income - noncurrent	360,000	28,907	1	28,907	
			Financial assets at fair value through other comprehensive income - noncurrent	390,000	11,248	1	11,248	
			Financial assets at fair value through other comprehensive income - noncurrent	160,000	9,274	1	9,274	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	DECEMBER 31, 2021				Note
			Financial Statement Account	Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value
Pro-Ascentek Investment Corporation	Common stock	AMPAK TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - noncurrent	81,000	8,742	-	8,742
Pro-Ascentek Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	200,000	7,952	1	7,952
Pro-Ascentek Investment Corporation	Common stock	BRIGHTTEK OPTOELECTRONIC CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	136,000	7,632	-	7,632
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	-	355,507
Pro-Ascentek Investment Corporation	Mutual fund	Fubon FTSE TWSE Taiwan 50 ETF	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	320,000	26,192	-	26,192
Mentor Consulting Corporation	Mutual fund	Union Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,864,359	38,200	-	38,200
Eminence Investment Corporation	Common stock	Visa Inc.	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,650	21,895	-	21,895
Eminence Investment Corporation	Common stock	Amazon.com, Inc.	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	181	16,705	-	16,705
Eminence Investment Corporation	Common stock	Advanced Micro Devices, Inc	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	4,193	16,701	-	16,701
Eminence Investment Corporation	Common stock	Facebook, Inc.	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,700	15,827	-	15,827
Eminence Investment Corporation	Common stock	NVIDIA Corporation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,921	15,639	-	15,639
Eminence Investment Corporation	Common stock	Microsoft Corporation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,351	12,577	-	12,577
Eminence Investment Corporation	Common stock	Apple Inc.	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,057	10,111	-	10,111
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	Financial assets at fair value through other comprehensive income - current	317,000	194,955	-	194,955
Eminence Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	3,294,000	164,535	-	164,535
Eminence Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.	Financial assets at fair value through other comprehensive income - current	3,718,000	132,919	-	132,919
Eminence Investment Corporation	Common stock	TOPCO SCIENTIFIC CO., LTD.	Financial assets at fair value through other comprehensive income - current	700,000	110,600	-	110,600



Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	DECEMBER 31, 2021				Note
			Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.	1,500,000	96,000	-	96,000	
Eminence Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.	1,720,943	87,080	-	87,080	
Eminence Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.	1,286,000	81,661	-	81,661	
Eminence Investment Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	1,530,000	70,763	-	70,763	
Eminence Investment Corporation	Common stock	INNODISK CORPORATION	325,000	66,300	-	66,300	
Eminence Investment Corporation	Common stock	TRANSCOM, INC.	304,983	64,961	-	64,961	
Eminence Investment Corporation	Common stock	GLOBALWAFERS CO., LTD.	72,000	63,936	-	63,936	
Eminence Investment Corporation	Common stock	REALTEK SEMICONDUCTOR CORP.	104,000	60,320	-	60,320	
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.	2,428,517	59,499	-	59,499	
Eminence Investment Corporation	Common stock	ASE Technology Holding Co., Ltd.	533,000	56,765	-	56,765	
Eminence Investment Corporation	Common stock	ZERO ONE TECHNOLOGY CO., LTD.	1,273,725	56,044	-	56,044	
Eminence Investment Corporation	Common stock	Bionine Corporation	722,200	54,743	-	54,743	
Eminence Investment Corporation	Common stock	NAN YA PRINTED CIRCUIT BOARD CORPORATION	93,000	53,196	-	53,196	
Eminence Investment Corporation	Common stock	INTERACTIVE DIGITAL TECHNOLOGIES INC.	630,000	47,880	-	47,880	
Eminence Investment Corporation	Common stock	UNITED INTEGRATED SERVICES CO., LTD.	225,000	40,838	-	40,838	
Eminence Investment Corporation	Common stock	Yonggu Group Inc.	637,416	37,034	-	37,034	
Eminence Investment Corporation	Common stock	MEDIATEK INC.	31,000	36,890	-	36,890	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION	Financial assets at fair value through other comprehensive income - current	515,000	34,145	-	34,145	
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	538,095	30,994	-	30,994	
Eminence Investment Corporation	Common stock	TRIPOD TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	229,000	28,511	-	28,511	
Eminence Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION	Financial assets at fair value through other comprehensive income - current	598,000	26,402	-	26,402	
Eminence Investment Corporation	Common stock	Yuantia Financial Holding Co., Ltd	Financial assets at fair value through other comprehensive income - current	1,000,000	25,300	-	25,300	
Eminence Investment Corporation	Common stock	WIWYNN CORPORATION	Financial assets at fair value through other comprehensive income - current	22,000	24,530	-	24,530	
Eminence Investment Corporation	Common stock	Fubon Financial Holding Co., Ltd.	Financial assets at fair value through other comprehensive income - current	306,373	23,376	-	23,376	
Eminence Investment Corporation	Common stock	WISTRON NEWEB CORPORATION	Financial assets at fair value through other comprehensive income - current	296,000	23,088	-	23,088	
Eminence Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	534,970	22,388	-	22,388	
Eminence Investment Corporation	Common stock	MAKALOT INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	87,000	21,489	-	21,489	
Eminence Investment Corporation	Common stock	LOTES CO., LTD.	Financial assets at fair value through other comprehensive income - current	27,000	20,547	-	20,547	
Eminence Investment Corporation	Common stock	TAIWAN UNION TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	200,000	20,400	-	20,400	
Eminence Investment Corporation	Common stock	ADVANTECH CO., LTD.	Financial assets at fair value through other comprehensive income - current	51,000	20,222	-	20,222	
Eminence Investment Corporation	Common stock	GIGA-BYTE TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	130,000	20,215	-	20,215	
Eminence Investment Corporation	Common stock	ELITE MATERIAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	70,000	19,460	-	19,460	
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - current	363,196	19,395	-	19,395	
Eminence Investment Corporation	Common stock	ACCTON TECHNOLOGY CORPORATION	Financial assets at fair value through other comprehensive income - current	74,000	19,240	-	19,240	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	DECEMBER 31, 2021				Note
			Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	ITEQ CORPORATION					
Eminence Investment Corporation	Common stock	PARADE TECHNOLOGIES, LTD TAIWAN BRANCH(CAYMAN ISLANDS)	133,000	18,886	-	18,886	
Eminence Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.	8,000	16,920	-	16,920	
Eminence Investment Corporation	Common stock	NANYA TECHNOLOGY CORPORATION	303,000	16,180	-	16,180	
Eminence Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.	191,000	14,917	-	14,917	
Eminence Investment Corporation	Common stock	YAGEO CORPORATION	127,000	14,669	-	14,669	
Eminence Investment Corporation	Common stock	RADIANT OPTO-ELECTRONICS CORPORATION	30,000	14,385	-	14,385	
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.	142,000	14,342	-	14,342	
Eminence Investment Corporation	Common stock	TAIWAN PAIHO LIMITED	167,000	13,744	-	13,744	
Eminence Investment Corporation	Common stock	GLOBAL PMX CO., LTD.	160,000	13,072	-	13,072	
Eminence Investment Corporation	Common stock	BizLink Holding Inc.	72,000	13,032	-	13,032	
Eminence Investment Corporation	Common stock	KINSIUS INTERCONNECT TECHNOLOGY CORP.	47,000	12,267	-	12,267	
Eminence Investment Corporation	Common stock	COMPEQ MANUFACTURING COMPANY LIMITED	51,000	11,883	-	11,883	
Eminence Investment Corporation	Common stock	ADATA TECHNOLOGY CO., LTD.	226,000	9,887	-	9,887	
Eminence Investment Corporation	Common stock	FOXSEMICON INTEGRATED TECHNOLOGY INC.	107,000	9,876	-	9,876	
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.	38,000	9,690	-	9,690	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR CO., LTD.	60,000	9,630	-	9,630	
Eminence Investment Corporation	Common stock		121,000	9,511	-	9,511	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	ECCLAT TEXTILE CO., LTD.	Financial assets at fair value through other comprehensive income - current	10,000	6,310	-	6,310	
Eminence Investment Corporation	Common stock	SINO-AMERICAN SILICON PRODUCTS INC.	Financial assets at fair value through other comprehensive income - current	21,000	4,956	-	4,956	
Eminence Investment Corporation	Common stock	TALSAW TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	813,323	32,655	-	32,655	
Eminence Investment Corporation	Common stock	SUNNY PHARMTECH INC.	Financial assets at fair value through other comprehensive income - noncurrent	1,749,841	48,995	1	48,995	
Eminence Investment Corporation	Common stock	FOXCONN GLOBAL NETWORK CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	3,000,000	43,500	9	43,500	
Eminence Investment Corporation	Common stock	GREEN SHEPHERD CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	672,000	13,200	5	13,200	
Eminence Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	2,005,000	116,210	8	116,210	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	1,050,000	41,748	4	41,748	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	Financial assets at fair value through other comprehensive income - noncurrent	1,188,000	40,316	6	40,316	
Eminence Investment Corporation	Common stock	FLASHAIM INC.	Financial assets at fair value through other comprehensive income - noncurrent	385,000	15,731	3	15,731	
Eminence Investment Corporation	Preferred stock	Fubon Financial Holding Co., Ltd. Preferred Shares A	Financial assets at fair value through other comprehensive income - current	823,000	52,014	-	52,014	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd. (A)	Financial assets at fair value through other comprehensive income - current	644,000	40,508	-	40,508	
Eminence Investment Corporation	Preferred stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	Financial assets at fair value through other comprehensive income - current	169,083	10,162	-	10,162	
Eminence Investment Corporation	Mutual fund	Fubon FTSE TWSE Taiwan 50 ETF	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	39,000	3,192	-	3,192	
Shin Mau Investment Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	1,433,749	50,683	-	50,683	
Hung-Chuan Investment Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	1,605,875	56,768	-	56,768	
Chi-Yi Investment Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	1,616,723	57,151	-	57,151	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ding Da Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,525,494	53,926	-	53,926	
Jing-Cheng-Fa Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,461,875	51,677	-	51,677	
Gau Ruei Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,493,318	52,789	-	52,789	
Li-Ching-Long Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,441	56,752	-	56,752	
Sheng Lih Dar Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,542,138	54,515	-	54,515	
Chiun Yu Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,623,289	57,383	-	57,383	
China Steel Global Trading Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	4,349,507	153,755	-	153,755	
China Steel Global Trading Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,110	67,508	15	67,508	
China Steel Global Trading Corporation	Preferred stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	15	48,821	15	48,821	
Wabo Global Trading Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	487,367	17,228	-	17,228	
Wabo Global Trading Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	4,356,848	45,545	-	45,545	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	266,847	15	266,847	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	120,394	8	120,394	
CSGT International Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,001	74,100	13	74,100	
CSGT International Corporation	Certificate of entitlement	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	176,818	19	176,818	
CSC Steel Australia Holdings Pty Ltd	Common stock	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,623,595	10,181,946	13	10,181,946	
China Steel Asia Pacific Holdings Pty Ltd	Certificate of entitlement	The held company as its director and supervisor	Financial assets at fair value through other comprehensive income - noncurrent	-	215,903	6	215,903	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	QINGDAO TECO PRECISION MECHATRONICS CO., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	52,591	12	52,591	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	TOP PRO STEEL JOINT STOCK COMPANY	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	40,439	3	40,439	
CSC Steel Holdings Berhad	Common stock	Astino Berhad	No relation	Financial assets at fair value through other comprehensive income - noncurrent	6,562,727	26,332	-	26,332	
CSC Steel Holdings Berhad	Mutual fund	AFFINHWANG - AIIMAN MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	23,873,962	81,629	-	81,629	
CSC Steel Sdn. Bhd.	Mutual fund	AFFINHWANG - AIIMAN MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	82,888,944	283,410	-	283,410	
CSC Steel Sdn. Bhd.	Mutual fund	HLAM - MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	41,791,095	265,648	-	265,648	
Constant Mode Sdn. Bhd.	Mutual fund	RHB CASH MANAGEMENT FUND 1	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	373,731	2,374	-	2,374	

Note 1: Parent company's stocks pledged as collateral amounted to 82,100 thousand shares and NT\$2,902,234 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 123,100 thousand shares and NT\$4,351,585 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, 2021  
(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)		Disposal (Note)		Gain/Loss on Disposal		Ending Balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
China Steel Corporation	Common stock	China Steel Power Holding Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	102,306,000	858,105	275,043,000	2,605,258	-	-	-	-	377,349,000	3,463,363
Chung Hung Steel Corporation	Common stock	YIEH UNITED STEEL CORPORATION	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	36,728,800	242,410	-	-	36,728,800	560,742	242,410	318,331	-	-
China Ecotek Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-	56,646,854	780,061	47,199,376	650,000	649,878	122	9,447,478	130,183
China Prosperity Development Corporation	Mutual fund	Prudential Financial Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-	18,796,514	300,000	18,796,514	300,265	300,000	265	-	-
China Prosperity Development Corporation	Mutual fund	Tuohin Tu-Chong Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-	20,946,162	300,000	20,946,162	300,163	300,000	163	-	-
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)	-	-	2,224,076	400,000	4,384,164	790,000	6,608,239	1,190,502	1,190,000	502	-	-
China Prosperity Development Corporation	Mutual fund	Cadbury Taiwan Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-	26,324,269	330,000	26,324,269	330,164	330,000	164	-	-
China Steel Power Holding Corporation	Common stock	China Steel Power Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	200,379,990	1,728,318	538,920,000	5,106,988	-	-	-	-	739,299,990	6,835,306
China Steel Machinery Corporation	Mutual fund	Mega Diamond Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-	26,069,240	330,000	26,069,240	330,331	330,000	331	-	-

Company	Type of Marketable Securities	Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition (Note)		Disposal (Note)			Ending Balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units
China Steel Machinery Corporation	Mutual fund	Taishin Tai-Chong Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	16,061,214	230,003	51,303,459	734,997	67,364,673	965,335	965,000	335	-
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)	-	-	-	-	67,931,310	755,385	35,981,681	400,000	399,878	122	31,949,629
China Steel Global Trading Corporation	Certificate of entitlement	China Steel Precision Metals Kunshan Co., Ltd.	Investments accounted for using equity method	Subsidiary	Subsidiary	-	-	-	444,260	-	-	-	-	-
CSC Steel Sdn. Bhd.	Mutual fund	AFFINHWANG - AIMMAN MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	280,605,726	1,020,049	58,798,360	155,800	256,515,142	892,439	892,439	-	82,888,944
United Steel International Co., Ltd.	Certificate of entitlement	China Steel Precision Metals Kunshan Co., Ltd.	Investments accounted for using equity method	Subsidiary	Subsidiary	-	365,471	-	106,584	-	449,894	472,055	(22,161) (Note3)	-
														(Note2)

Note1: The acquisition and disposal include the costs, proceeds from sale, share of profits/losses of investees and other related adjustment.

Note 2: Group reorganized, USICL sold 100% of its shares in CSMK to CSGT.

Note 3: USICL 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, 2021  
(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 Transfer Date			
China Ecotek Corporation	Land and buildings in Special Industrial Zone, Linyuan District, Kaohsiung City	2021.03.22	490,903	Paid off	Natural person	-	-	-	Bargaining, according to the real estate appraisal report	Construction for own use	
China Steel Machinery Corporation	Right-of-use assets	2021.09.15	381,767	According to the contract	China Steel Corporation	Parent company	-	-	Bargaining, according to the real estate appraisal report	Construction for own use	

TABLE 6

## 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, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Purchase/Sale		Relationship		Payment Terms	Abnormal Transaction		Notes/Accounts Receivable (Payable) Ending Balance	% of Total	Note
			Purchase	Sale	Amount	% of Total		Unit Price	Payment Terms			
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	Sales		(7,965,777)	(3)	Letter of credit/Receivables were collected after final acceptance	-		192,065	3	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	Sales		(4,744,141)	(2)	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	-		188,881	3	
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales		(3,809,650)	(1)	Letter of credit/Accounts received in advance before shipment date	-		51,421	1	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	Sales		(3,481,240)	(1)	Accounts receivable factoring agreements	-		-	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales		(2,389,982)	(1)	Letter of credit	-		204,661	3	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales		(2,384,824)	(1)	Receivables were collected within 85 days after shipment date	-		476,690	7	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales		(1,857,406)	(1)	Receivables were collected within 10 days after shipment date	-		72,385	1	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales		(1,756,021)	(1)	Receivables were collected within 5 days after shipment date	-		271,995	4	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales		(1,479,261)	(1)	Receivables were collected within 60 days after shipment date	-		327,975	5	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales		(1,383,593)	(1)	Receivables were collected within 14-28 days after shipment date	-		7,230	-	
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales		(799,842)	-	Letter of credit	-		5,479	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales		(735,529)	-	Receivables were collected within 14 days after shipment date	-		-	-	
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales		(672,497)	-	Letter of credit/Accounts received in advance before shipment date	-		-	-	
China Steel Corporation	CSBC Corporation, Taiwan	The Corporation as director of the board of related party	Sales		(534,498)	-	Accounts received in advance before shipment date	-		-	-	
China Steel Corporation	Rechi Refrigeration Dongguan Co., Ltd.	The Corporation as director of the board of related party's parent company	Sales		(382,932)	-	Accounts received in advance before shipment date	-		-	-	
China Steel Corporation	Fukuta Electric & Machinery Co., Ltd.	Affiliated enterprise	Sales		(300,944)	-	Letter of credit	-		1,103	-	
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	Sales		(244,753)	-	Receivables were collected within 10 days after shipment date	-		2,075	-	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Sales		(192,435)	-	Letter of credit/Accounts received in advance before shipment date	-		4,675	-	

Buyer	Related Party	Relationship	Relationship		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	
China Steel Corporation	CHANGCHUN CECK AUTO. PARTS CO.,LTD	Other related parties	Sales	(169,138)	-	Receivables were collected within 85 days after shipment date	-	Receivables were collected within 85 days after shipment date	-
China Steel Corporation	China Steel Machinery Corporation	Subsidiary	Sales	(102,484)	-	Accounts received in advance before shipment date	-	Accounts received in advance before shipment date	-
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(2,126,676)	(1)	By contract terms	-	By contract terms	1
China Steel Corporation	Tung Eng Iron Works Co., Ltd.	The Corporation as director of the board or related party	Service revenue and other operating revenue	(352,320)	-	By contract terms	-	By contract terms	-
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Service revenue and other operating revenue	(200,110)	-	By contract terms	-	By contract terms	1
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Service revenue and other operating revenue	(105,850)	-	By contract terms	-	By contract terms	-
China Steel Corporation	Taiwan High Speed Rail Corporation	The Corporation as director of the board or related party	Construction revenue	(207,211)	-	By contract terms	-	By contract terms	4
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Purchases	26,146,725	15	Payment within 5 days after shipment date/ Payment after final acceptance	-	Payment within 5 days after shipment date/ Payment after final acceptance	(6)
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	13,648,843	8	Payment against copy of B/L	-	Payment against copy of B/L	(23)
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Purchases	2,773,381	2	Payment after final acceptance	-	Payment after final acceptance	(2)
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	993,625	1	Payment against copy of B/L	-	Payment against copy of B/L	(2)
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Purchases	563,266	-	Payment after final acceptance	-	Payment after final acceptance	(1)
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Purchases	346,967	-	Payment after final acceptance	-	Payment after final acceptance	-
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Affiliated enterprise	Purchases	149,063	-	Payment after final acceptance	-	Payment after final acceptance	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(25,319,611)	(20)	Receivables were collected within 5 days after shipment date/ Receivables were collected after final acceptance	-	Receivables were collected within 5 days after shipment date/ Receivables were collected after final acceptance	20
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(16,210,449)	(13)	Receivables were collected within 5 days after shipment date	-	Receivables were collected within 5 days after shipment date	14
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Sales	(9,062,450)	(7)	Receivables were collected within 5 days after shipment date	-	Receivables were collected within 5 days after shipment date	9
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(4,012,741)	(3)	Receivables were collected within 5 days after shipment date	-	Receivables were collected within 5 days after shipment date	-
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Sales	(1,780,244)	(1)	Receivables were collected within 5 days after shipment date	-	Receivables were collected within 5 days after shipment date	1
Dragon Steel Corporation	China Steel Structure Co., Ltd.	The same parent company	Sales	(1,464,904)	(1)	Receivables were collected within 5 days after shipment date/ Letter of credit	-	Receivables were collected within 5 days after shipment date/ Letter of credit	2
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(901,637)	(1)	Receivables were collected within 5 days after shipment date	-	Receivables were collected within 5 days after shipment date	1
Dragon Steel Corporation	CHC Resources Corporation	The same parent company	Sales	(395,655)	-	Receivables were collected within 5 days after shipment date/ Letter of credit	-	Receivables were collected within 5 days after shipment date/ Letter of credit	-
Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(238,730)	-	Receivables were collected within 5 days after shipment date	-	Receivables were collected within 5 days after shipment date	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Other operating revenue	(827,114)	(1)	Receivables were collected after final acceptance	-	Receivables were collected after final acceptance	2
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	5,952,342	7	Payment against copy of B/L	-	Payment against copy of B/L	(13)

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction			Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	3,081,581	4	Payment within 5 days after shipment date	-	-	(271,995)	(7)	
Dragon Steel Corporation	C.S.Aluminium Corporation	The same parent company	Purchases	1,043,353	1	Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(97,643)	(2)	
Dragon Steel Corporation	CSE Transport Corporation	The same parent company	Purchases	493,620	1	Payment against copy of B/L	-	NO THIRD-PARTY COULD BE COMPARED	(63,882)	(2)	
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	296,096	-	Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(23,298)	(1)	
Dragon Steel Corporation	Union Steel Development Corporation	The same parent company	Purchases	106,094	-	Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(18,447)	-	
Batacera Inc.	Batacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(572,827)	(22)	Net 90 days from the end of the month of when invoice is issued	-	-	133,244	22	
Batacera Inc.	China Steel Corporation	The ultimate parent of the company	Sales	(207,820)	(8)	Receivables were collected after final acceptance	-	-	-	-	
Batacera Inc.	Shanghai Xike Ceramic Electronic Co., Ltd.	Subsidiary	Sales	(111,317)	(4)	Net 90 days from the end of the month of when invoice is issued	-	-	2,131	-	
Batacera Inc.	Batacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	1,339,188	53	Net 90 days from the end of the month of when invoice is issued	-	-	(108,630)	(34)	
Batacera Inc.	Suzhou Batacera Technology Co., Ltd.	Subsidiary	Purchases	502,510	20	Net 90 days from the end of the month of when invoice is issued	-	-	(76,488)	(24)	
Batacera (Su Zhou) Co., Ltd.	Batacera Inc.	Parent company	Sales	(1,340,790)	(84)	Net 90 days from the end of the month of when invoice is issued	-	-	108,693	73	
Batacera (Su Zhou) Co., Ltd.	Batacera Inc.	Parent company	Purchases	574,943	47	Net 90 days from the end of the month of when invoice is issued	-	-	(133,366)	(41)	
Shanghai Xike Ceramic Electronic Co., Ltd.	Batacera Inc.	Parent company	Purchases	111,647	45	Net 30 days from the end of the month of when invoice is issued	-	-	(2,133)	(10)	
Suzhou Batacera Technology Co., Ltd.	Batacera Inc.	Parent company	Sales	(503,565)	(100)	Net 90 days from the end of the month of when invoice is issued	-	-	76,533	98	
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(14,330,740)	(61)	Receivable were collected within 10 working days against copy of B/L	-	-	2,236,059	79	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(6,399,059)	(27)	Receivable were collected within 10 working days against copy of B/L	-	-	539,762	19	
China Steel Express Corporation	CHC Resources Corporation	The same parent company	Service revenue	(482,041)	(2)	Receivable were collected within 10 working days against copy of B/L	-	-	7,382	-	
China Steel Express Corporation	China Steel Global Trading Corporation	The same parent company	Service revenue	(138,364)	(1)	Receivable were collected within 10 working days against copy of B/L	-	-	-	-	
China Steel Express Corporation	Chung Hung Steel Corporation	The same parent company	Service revenue	(109,535)	-	Receivable were collected within 10 working days against copy of B/L	-	-	-	-	
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(969,149)	(48)	Receivable were collected within 10 working days against copy of B/L	-	-	164,866	54	
CSE Transport Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(494,277)	(24)	Receivable were collected within 10 working days against copy of B/L	-	-	63,882	20	
CSE Transport Corporation	China Steel Express Corporation	Parent company	Service revenue	(318,425)	(16)	Receivable were collected within 10 working days against copy of B/L	-	-	70,751	23	
Kaopert Sieveloring Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(204,072)	(64)	Receivable were collected within 30 working days against copy of B/L	-	-	17,246	76	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Sales	(2,773,381)	(13)	Receivables were collected after final acceptance	-	-	157,255	17	

Buyer	Related Party	Relationship	Relationship		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(1,043,353)	(5)	Receivables were collected after final acceptance	-	-	10
C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Subsidiary	Sales	(134,827)	(1)	Receivables were collected after final acceptance	-	-	3
C.S.Aluminium Corporation	CHC Resources Corporation	The same parent company	Sales	(106,503)	(1)	Receivables were collected after final acceptance	-	-	1
Ningbo Huayang Aluminium-Tech Co., Ltd.	C.S.Aluminium Corporation	Parent company	Purchases	134,827	30	Payment after final acceptance	-	-	(5)
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	4,015,107	45	Payment after shipping document specified	-	-	-
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	2,150,687	24	Payment after shipping document specified	-	-	-
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	1,176,654	13	Payment after shipping document specified	-	-	(88)
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	712,960	8	Payment after shipping document specified	-	-	-
China Steel Precision Metals Qingdao Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	The parent company as the director of other related party's parent company	Sales	(762,113)	(56)	Not 7 days from invoice date/Not 30 days from invoice date	-	ES:Payment within 7 days after receipt of invoice; PO:Pay 180 days Banker's acceptance within 30 days after receipt of invoice	46
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	1,490,765	100	60 days after B/L	-	-	(99)
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(2,211,117)	(4)	T/T within 7 working days against copy of B/L	-	NO SIGNIFICANT DIFFERENCE	-
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(564,537)	(1)	T/T as the end of the month of when invoice is issued after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	3
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	16,347,526	34	Letter of credit at sight	-	NO THIRD-PARTY COULD BE COMPARED	-
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	8,085,884	17	Letter of credit at sight/Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(25)
Chung Hung Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	6,402,704	13	Letter of credit at sight/T/T within 7 working days against copy of B/L	-	NO THIRD-PARTY COULD BE COMPARED	-
China Steel Chemical Corporation	Jinyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(1,229,576)	(16)	Receivables are collected as the end of every month of when invoice is issued	-	-	20
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(127,558)	(2)	Receivables were collected within 150 days after shipment date	-	-	16
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	2,382,286	52	Letter of credit at sight	-	-	(84)
China Steel Chemical Corporation	Formosa Ha Trinh Steel Corporation	Other related parties	Purchases	1,232,818	27	Payment within 10 days after shipment date	-	-	-
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	901,637	20	Letter of credit at sight	-	-	-
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	159,007	86	Payment within 150 days after shipment date	-	(99,680)	(100)
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(1,238,803)	(7)	Receivable were collected within 7 working days against copy of B/L	-	169,225	24
China Steel Global Trading Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(768,750)	(4)	Letter of credit at sight/Receivable were collected within 7 working days against copy of B/L	-	-	-
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(563,266)	(3)	Receivables were collected after final acceptance	-	57,179	8

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 Global Trading Corporation	Dragon Steel Corporation	The same parent company	Sales	(296,096)	(2)	Receivables were collected after final acceptance	-	23,298	3	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(321,571)	(77)	By contract terms	-	(34,916)	(5)	Note 2
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	17,613,012	66	Payment from counter-party notice after shipping	-	-	-	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	3,664,009	14	Payment within 10 days after shipment date	-	(72,385)	(35)	Note 1
China Steel Global Trading Corporation	Tang Eng Iron Works Co., Ltd.	The parent company as director of the board of related party	Purchases	438,236	2	Prepaid before shipment date	-	(33,044)	(16)	
China Steel Global Trading Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Purchases	380,201	1	Prepaid before shipment date	-	-	-	
China Steel Global Trading Corporation	Sing Da Marine Structure Corporation	The same parent company	Purchases	159,542	1	Payment within 14 days after shipment date	-	-	-	
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	1,631,300	53	Payment within 14-28 days after shipment date	-	(7,245)	(8)	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Purchases	948,752	32	Payment after shipment date	-	(78,551)	(89)	
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	2,397,813	99	Payment within 85 days after shipment date	-	(476,690)	(99)	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Sales	(673,978)	(7)	Net 60 days from the end of the month of when invoice is issued	-	235,038	25	
CHC Resources Corporation	YA TUNG READY-MIXED CONCRETE CORP.	Subsidiary of director of the board	Sales	(455,619)	(5)	Net 60 days from the end of the month of when invoice is issued	-	67,973	7	
CHC Resources Corporation	Universal Cement Corporation	Director of the board	Sales	(217,957)	(2)	Net 60 days from the end of the month of when invoice is issued	-	26,677	3	
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(2,329,479)	(24)	Net 60 days from the end of the month of when invoice is issued	-	36,405	4	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(1,445,745)	(15)	Net 30-70 days from the end of the month of when invoice is issued	-	132,927	14	
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(509,947)	(5)	By contract terms	-	45,524	5	

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction			Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Service revenue	(113,862)	(1)	Net 60 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	235,038	25	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	825,283	25	Letter of credit	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(5,478)	(2)	
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	479,895	15	Letter of credit	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(40,804)	(18)	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Purchases	395,601	12	Letter of credit	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(2,389)	(1)	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Purchases	158,732	5	45 days after B/L	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(33,124)	(14)	
CHC Resources Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	141,244	4	Prepaid before shipping	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	-	-	
CHC Resources Corporation	C.S. Aluminium Corporation	The same parent company	Purchases	106,503	3	By contract terms	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(13,136)	(6)	
Union Steel Development Corporation	Dragon Steel Corporation	The same parent company	Sales	(106,344)	(18)	Net 60 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	18,546	26	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(297,286)	(51)	Net 60 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	37,538	53	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Purchases	107,989	61	Net 60 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	10,021	48	Note 3
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Service revenue	(138,508)	(27)	Net 10 days from invoice date	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	19,028	81	
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	328,688	93	Prepaid before shipment date	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	-	-	

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	
InfoChamp Systems Corporation	China Steel Corporation	Parent company	Service revenue	(992,201)	(51)	Receivables were collected within 30 days after shipment date	-	149,482	33	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Service revenue	(400,868)	(3)	Contractual period	-	23,140	2	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Service revenue	(107,029)	(1)	Contractual period	-	9,358	1	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Construction revenue	(469,952)	(4)	Contractual period	-	3,535	-	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Construction revenue	(439,957)	(3)	Contractual period	-	48,327	4	
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(280,104)	(2)	Contractual period	-	35,999	3	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Purchases	4,047,999	60	Letter of credit/Prepaid before shipment date	-	(76,423)	(5)	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Purchases	1,467,319	22	Letter of credit	-	(23,512)	(2)	
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(838,076)	(25)	Contractual period	-	48,367	47	
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(370,904)	(11)	Contractual period	-	40,914	40	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(127,574)	(4)	Contractual period	-	-	-	
China Ecotek Corporation	China Steel Corporation	Parent company	Construction revenue	(5,747,840)	(69)	Contractual period	-	530,923	67	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(1,154,986)	(14)	Contractual period	-	149,782	19	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(289,382)	(3)	Contractual period	-	3,248	-	
China Ecotek Corporation	China Steel Machinery Corporation	The same parent company	Purchases	245,267	3	Contractual period	-	-	-	
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(374,659)	(26)	By contract terms	-	8,360	7	
China Steel Security Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(104,619)	(7)	By contract terms	-	2,250	2	
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(581,799)	(47)	By contract terms	-	24,336	37	
Steel Castle Technology Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(161,010)	(13)	By contract terms	-	17,057	26	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Sales	(349,359)	(31)	Receivables were collected after final acceptance	-	1,862	2	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Purchases	192,500	27	Letter of credit/Prepaid before shipment date	-	(3,330)	(7)	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(3,222,233)	(53.69)	Receivables were collected after final acceptance	-	205,839	53	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(569,646)	(9.49)	Receivables were collected after final acceptance	-	6,763	2	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(532,031)	(8.86)	Receivables were collected after final acceptance	-	27,223	7	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Purchases	110,106	17.18	Prepaid before shipment date	-	(52)	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN SALES VIETNAM COMPANY LIMITED	Other related parties	Sales	(2,011,025)	(7.62)	Accounts receivable, 10 days term	-	47,140	3	
China Steel and Nippon Steel Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Sales	(1,202,979)	(4.56)	Accounts receivable, 60 days term	-	274,383	15	
China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(1,003,617)	(3.8)	Accounts receivable, 30 days term	-	79,588	4	
China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Global Trading Corporation	The same parent company	Sales	(381,451)	(1.44)	Accounts received in advance before shipment date	-	(984)	-	Note 2
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel Trading Vietnam Co., Ltd.	Other related parties	Sales	(304,497)	(1.15)	Accounts receivable, 10 days term	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL TRADING CORPORATION	Other related parties	Sales	(204,640)	(0.78)	Receivables were collected within 20 days after shipment date/ Letter of credit	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	14,120,225	63.68	14 days after B/L Payment to the bank after the Corporation's shipment date	-	(117,758)	(3)	Note 1
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL TRADING CORPORATION	Other related parties	Purchases	5,519,419	24.89	14 days after B/L	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,448,875	6.53	08 days after B/L	-	(108,995)	(3)	



Buyer	Related Party	Relationship	Relationship			Abnormal Transaction			Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel and Nippon Steel Vietnam Joint Stock Company China Steel Corporation India Pvt. Ltd.	Nippon Steel & Sumikin Bussan Corporation China Steel Corporation	Director of the board Parent company	Purchases Purchases	1,084,162 3,497,675	4.89 98.65	14 days after B/L Payment to the bank after the Corporation's shipment date	- -	-	(131,723) -	(3) -	
Kaohsiung Rapid Transit Corporation	China Steel Corporation	Parent company	Service revenue and other operating revenue	(205,744)	(10.56)	Net 15 days from the end of the month of when invoice is issued	-	-	87,518	22	
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(667,967)	(100)	Net 60 days from the end of the month of when invoice is issued	-	-	61,005	100	
Sing Da Marine Structure Corporation	China Steel Global Trading Corporation	The same parent company	Other operating revenue	(159,542)	(10.83)	Receivables were collected within 14 days after shipment date	-	-	-	-	
Sing Da Marine Structure Corporation	China Steel Corporation	Parent company	Purchases	244,753	64.37	Payment within 10 days after shipment date	-	-	(2,689)	(17)	
Sing Da Marine Structure Corporation	China Steel Machinery Corporation	The same parent company	Outsourcing construction fee	606,217	18.41	Payment after final acceptance	-	-	-	-	
Sing Da Marine Structure Corporation	China Steel Structure Co., Ltd.	The same parent company	Outsourcing construction fee	253,681	7.71	Payment after final acceptance	-	-	-	-	

Note 1: Purchase amount includes the Corporation's sales commitment to Dragon Steel Corporation.

Note 2: Balance of accounts payable is accounts received in advance.

Note 3: Balance of accounts receivable refers to prepayments.

TABLE 7

## 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, 2021

(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	3,614,117	-	-		12,454	-	Note
China Steel Corporation	Sing Da Marine Structures Corporation	Subsidiary	1,602,035	-	-		-	-	Note
China Steel Corporation	China Steel Resources Corporation	Subsidiary	963,181	-	-		-	-	Note
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	800,488	-	-		100,105	-	Note
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	476,690	4	-		200,290	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	338,940	14	-		338,940	-	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	333,207	-	-		271,646	-	Note
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	329,200	6	-		190,404	-	
China Steel Corporation	Taiwan High Speed Rail Corporation	The Corporation as director of the board of related party	246,400	2	-		-	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	238,646	13	-		238,646	-	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	194,481	58	-		194,392	-	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	192,485	48	-		187,138	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	680,219	53	-		680,219	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	418,584	51	-		418,584	-	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	280,843	21	-		280,843	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	264,858	-	-		-	-	Note
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	133,244	5	-		6,845	-	
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	109,480	9	-		108,584	-	
China Steel Express Corporation	China Steel Corporation	Parent company	2,236,059	11	-		289,366	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	539,762	16	-		293,495	-	
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	164,866	12	-		21,021	-	
C.S. Aluminium Corporation	China Steel Corporation	Parent company	157,255	16	-		151,725	-	Note
China Prosperity Development Corporation	China Steel Corporation	Parent company	1,602,266	-	-		-	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	170,204	-	-		-	-	Note
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	127,344	11	-		127,344	-	
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	193,760	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	193,760	-	-		-	-	Note
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	169,225	11	-		169,225	-	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	235,038	4	64,704	The payment has been received.	71,334	-	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	132,927	10	5,204	The payment has been received.	83,777	-	
InfoChamp Systems Corporation	China Steel Corporation	Parent company	153,870	8	-		139,572	-	
China Ecotek Corporation	China Steel Corporation	Parent company	530,923	10	-		504,898	-	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	149,782	9	-		54,909	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	205,839	9	-		188,821	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	274,383	1	-		128,106	-	

Note: Other receivables.

TABLE 8

## CHINA STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE PERIOD ENDED DECEMBER 31, 2021  
(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	Payment Terms	
0	China Steel Corporation	Chung Hung Steel Corporation	1	Sales	7,965,777	Letter of credit/Receivables were collected after final acceptance	2
0	China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	1	Sales	4,744,141	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	1
0	China Steel Corporation	China Steel Structure Co., Ltd.	1	Sales	3,809,650	Letter of credit/Accounts received in advance before shipment date	1
0	China Steel Corporation	China Steel Corporation India Pvt. Ltd.	1	Sales	3,481,240	Accounts receivable factoring agreements	1
0	China Steel Corporation	China Steel Chemical Corporation	1	Sales	2,389,982	Letter of credit	1
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	1	Sales	2,384,824	Receivables were collected within 85 days after shipment date	1
0	China Steel Corporation	China Steel Global Trading Corporation	1	Sales	1,857,406	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Sales	1,756,021	Receivables were collected within 5 days after shipment date	-
0	China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	1	Sales	1,479,261	Receivables were collected within 60 days after shipment date	-
0	China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	1	Sales	1,383,593	Receivables were collected within 14-28 days after shipment date	-
0	China Steel Corporation	CHC Resources Corporation	1	Sales	799,842	Letter of credit	-
0	China Steel Corporation	CSC Steel Sdn. Bhd.	1	Sales	735,529	Receivables were collected within 14 days after shipment date	-
0	China Steel Corporation	Sing Da Marine Structure Corporation	1	Sales	244,753	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Sales	192,435	Letter of credit/Accounts received in advance before shipment date	-
0	China Steel Corporation	China Steel Machinery Corporation	1	Sales	102,484	Accounts received in advance before shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Service revenue and other operating revenue	2,126,676	By contract terms	-
0	China Steel Corporation	China Steel Chemical Corporation	1	Service revenue and other operating revenue	200,110	By contract terms	-
0	China Steel Corporation	C.S.Aluminium Corporation	1	Service revenue and other operating revenue	105,850	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	Dragon Steel Corporation	1	Purchases	26,146,725	Payment within 5 days after shipment date/Payment after final acceptance	6
0	China Steel Corporation	China Steel Express Corporation	1	Purchases	13,648,843	Payment against copy of B/L	3
0	China Steel Corporation	C.S.Aluminium Corporation	1	Purchases	2,773,381	Payment after final acceptance	1
0	China Steel Corporation	CSE Transport Corporation	1	Purchases	993,625	Payment against copy of B/L	-
0	China Steel Corporation	China Steel Global Trading Corporation	1	Purchases	563,266	Payment after final acceptance	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Purchases	346,967	Payment after final acceptance	-
1	Dragon Steel Corporation	China Steel Corporation	2	Sales	25,319,611	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	16,210,449	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	9,062,450	Receivables were collected within 5 days after shipment date	2
1	Dragon Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	4,012,741	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Sales	1,780,244	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Structure Co., Ltd.	3	Sales	1,464,904	Receivables were collected within 5 days after shipment date/Letter of credit	-
1	Dragon Steel Corporation	China Steel Chemical Corporation	3	Sales	901,637	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	CHC Resources Corporation	3	Sales	395,655	Receivables were collected within 5 days after shipment date/Letter of credit	-
1	Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	3	Sales	238,730	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Corporation	2	Other operating revenue	827,114	Receivables were collected after final acceptance	-
1	Dragon Steel Corporation	China Steel Express Corporation	3	Purchases	5,952,342	Payment against copy of B/L	1
1	Dragon Steel Corporation	China Steel Corporation	2	Purchases	3,081,581	Payment within 5 days after shipment date	1
1	Dragon Steel Corporation	C.S.Aluminium Corporation	3	Purchases	1,043,353	Payment after final acceptance	-
1	Dragon Steel Corporation	CSE Transport Corporation	3	Purchases	493,620	Payment against copy of B/L	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Purchases	296,096	Payment after final acceptance	-
1	Dragon Steel Corporation	Union Steel Development Corporation	3	Purchases	106,094	Payment after final acceptance	-
2	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Sales	572,827	Net 90 days from the end of the month of when invoice is issued	-
2	Betacera Inc.	China Steel Corporation	2	Sales	207,820	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.	Shanghai Xike Ceramic Electronic Co., Ltd.	1	Sales	111,317	Net 90 days from the end of the month of when invoice is issued	-
2	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Purchases	1,339,188	Net 90 days from the end of the month of when invoice is issued	-
2	Betacera Inc.	Suzhou Betacera Technology Co., Ltd.	1	Purchases	502,510	Net 90 days from the end of the month of when invoice is issued	-
3	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Sales	1,340,790	Net 90 days from the end of the month of when invoice is issued	-
3	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Purchases	574,943	Net 90 days from the end of the month of when invoice is issued	-
4	Shanghai Xike Ceramic Electronic Co., Ltd.	Betacera Inc.	2	Purchases	111,647	Net 30 days from the end of the month of when invoice is issued	-
5	Suzhou Betacera Technology Co., Ltd.	Betacera Inc.	2	Sales	503,565	Net 90 days from the end of the month of when invoice is issued	-
6	China Steel Express Corporation	China Steel Corporation	2	Service revenue	14,330,740	Receivable were collected within 10 working days against copy of B/L	3
6	China Steel Express Corporation	Dragon Steel Corporation	3	Service revenue	6,399,059	Receivable were collected within 10 working days against copy of B/L	1
6	China Steel Express Corporation	CHC Resources Corporation	3	Service revenue	482,041	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	138,364	Receivable were collected within 10 working days against copy of B/L	-
6	China Steel Express Corporation	Chung Hung Steel Corporation	3	Service revenue	109,535	Receivable were collected within 10 working days against copy of B/L	-
7	CSE Transport Corporation	China Steel Corporation	2	Service revenue	969,149	Receivable were collected within 10 working days against copy of B/L	-
7	CSE Transport Corporation	Dragon Steel Corporation	3	Service revenue	494,277	Receivable were collected within 10 working days against copy of B/L	-
7	CSE Transport Corporation	China Steel Express Corporation	2	Service revenue	318,425	Receivable were collected within 10 working days against copy of B/L	-
8	Kaoport Stevedoring Corporation	China Steel Corporation	2	Service revenue	204,072	Receivable were collected within 30 working days against copy of B/L	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
9	C.S.Aluminium Corporation	China Steel Corporation	2	Sales	2,773,381	Receivables were collected after final acceptance	1
9	C.S.Aluminium Corporation	Dragon Steel Corporation	3	Sales	1,043,353	Receivables were collected after final acceptance	-
9	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	1	Sales	134,827	Receivables were collected after final acceptance	-
9	C.S.Aluminium Corporation	CHC Resources Corporation	3	Sales	106,503	Receivables were collected after final acceptance	-
10	Ningbo Huayang Aluminium-Tech Co., Ltd.	C.S.Aluminium Corporation	2	Purchases	134,827	Payment after final acceptance	-
11	CSC Steel Sdn. Bhd.	Dragon Steel Corporation	3	Purchases	4,015,107	Payment after shipping document specified	1
11	CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	3	Purchases	2,150,687	Payment after shipping document specified	-
11	CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	3	Purchases	1,176,654	Payment after shipping document specified	-
11	CSC Steel Sdn. Bhd.	China Steel Corporation	2	Purchases	712,960	Payment after shipping document specified	-
12	China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	2	Purchases	1,490,765	60 days after B/L	-
13	Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	2,211,117	T/T within 7 working days against copy of B/L	-
13	Chung Hung Steel Corporation	China Steel Corporation	2	Service revenue	564,537	T/T as the end of the month of when invoice is issued after final acceptance	-
13	Chung Hung Steel Corporation	Dragon Steel Corporation	3	Purchases	16,347,526	Letter of credit at sight	3
13	Chung Hung Steel Corporation	China Steel Corporation	2	Purchases	8,085,884	Letter of credit at sight/Payment after final acceptance	2
13	Chung Hung Steel Corporation	China Steel Global Trading Corporation	3	Purchases	6,402,704	Letter of credit at sight/T/T within 7 working days against copy of B/L	1
14	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	1	Sales	127,558	Receivables were collected within 150 days after shipment date	-
14	China Steel Chemical Corporation	China Steel Corporation	2	Purchases	2,382,286	Letter of credit at sight	1
14	China Steel Chemical Corporation	Dragon Steel Corporation	3	Purchases	901,637	Letter of credit at sight	-
15	Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	2	Purchases	159,007	Payment within 150 days after shipment date	-
16	China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	3	Sales	1,238,803	Receivable were collected within 7 working days against copy of B/L	-
16	China Steel Global Trading Corporation	Chung Hung Steel Corporation	3	Sales	768,750	Letter of credit at sight/Receivable were collected within 7 working days against copy of B/L	-
16	China Steel Global Trading Corporation	China Steel Corporation	2	Sales	563,266	Receivables were collected after final acceptance	-
16	China Steel Global Trading Corporation	Dragon Steel Corporation	3	Sales	296,096	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	
16	China Steel Global Trading Corporation	China Steel Corporation	2	Service revenue	321,571	By contract terms	-
16	China Steel Global Trading Corporation	China Steel Corporation	2	Purchases (Note 2)	3,664,009	Payment within 10 days after shipment date	1
16	China Steel Global Trading Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Purchases	380,201	Prepaid before shipment date	-
16	China Steel Global Trading Corporation	Sing Da Marine Structure Corporation	3	Purchases	159,542	Payment within 14 days after shipment date	-
17	CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	1,631,300	Payment within 14-28 days after shipment date	-
17	CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Purchases	948,752	Payment after shipment date	-
18	China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	2	Purchases	2,397,813	Payment within 85 days after shipment date	1
19	CHC Resources Corporation	China Steel Corporation	2	Service revenue	2,329,479	Net 60 days from the end of the month of when invoice is issued	1
19	CHC Resources Corporation	Dragon Steel Corporation	3	Service revenue	1,445,745	Net 30-70 days from the end of the month of when invoice is issued	-
19	CHC Resources Corporation	China Steel Resources Corporation	3	Service revenue	509,947	By contract terms	-
19	CHC Resources Corporation	China Steel Corporation	2	Purchases	825,283	Letter of credit	-
19	CHC Resources Corporation	Chung Hung Steel Corporation	3	Purchases	479,895	Letter of credit	-
19	CHC Resources Corporation	Dragon Steel Corporation	3	Purchases	395,601	Letter of credit	-
19	CHC Resources Corporation	C.S.Aluminium Corporation	3	Purchases	106,503	By contract terms	-
20	Union Steel Development Corporation	Dragon Steel Corporation	3	Sales	106,344	Net 60 days from the end of the month of when invoice is issued	-
20	Union Steel Development Corporation	CHC Resources Corporation	2	Service revenue	297,286	Net 60 days from the end of the month of when invoice is issued	-
20	Union Steel Development Corporation	CHC Resources Corporation	2	Purchases	107,989	Net 60 days from the end of the month of when invoice is issued	-
21	InfoChamp Systems Corporation	China Steel Corporation	2	Service revenue	992,201	Receivables were collected within 30 days after shipment date	-
22	China Steel Structure Co., Ltd.	China Steel Corporation	2	Service revenue	400,868	Contractual period	-
22	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Service revenue	107,029	Contractual period	-
22	China Steel Structure Co., Ltd.	China Steel Corporation	2	Construction revenue	469,952	Contractual period	-
22	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Construction revenue	439,957	Contractual period	-
22	China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	3	Construction revenue	280,104	Contractual period	-
22	China Steel Structure Co., Ltd.	China Steel Corporation	2	Purchases	4,047,999	Letter of credit/Prepaid before shipment date	1
22	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Purchases	1,467,319	Letter of credit	-
23	United Steel Engineering & Construction Corporation	China Steel Corporation	2	Construction revenue	838,076	Contractual period	-
23	United Steel Engineering & Construction Corporation	Dragon Steel Corporation	3	Construction revenue	370,904	Contractual period	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
23	United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	127,574	Contractual period	-
24	China Ecotek Corporation	China Steel Corporation	2	Construction revenue	5,747,840	Contractual period	1
24	China Ecotek Corporation	Dragon Steel Corporation	3	Construction revenue	1,154,986	Contractual period	-
24	China Ecotek Corporation	CSC Solar Corporation	3	Construction revenue	289,382	Contractual period	-
24	China Ecotek Corporation	China Steel Machinery Corporation	3	Purchases	245,267	Contractual period	-
25	China Steel Security Corporation	China Steel Corporation	2	Service revenue	374,659	By contract terms	-
25	China Steel Security Corporation	Dragon Steel Corporation	3	Service revenue	104,619	By contract terms	-
26	Steel Castle Technology Corporation	China Steel Corporation	2	Service revenue	581,799	By contract terms	-
26	Steel Castle Technology Corporation	Dragon Steel Corporation	3	Service revenue	161,010	By contract terms	-
27	HIMAG Magnetic Corporation	China Steel Corporation	2	Sales	349,359	Receivables were collected after final acceptance	-
27	HIMAG Magnetic Corporation	China Steel Corporation	2	Purchases	192,500	Letter of credit/Prepaid before shipment date	-
28	China Steel Machinery Corporation	China Steel Corporation	2	Construction revenue	3,222,233	Receivables were collected after final acceptance	1
28	China Steel Machinery Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	569,646	Receivables were collected after final acceptance	-
28	China Steel Machinery Corporation	Dragon Steel Corporation	3	Construction revenue	532,031	Receivables were collected after final acceptance	-
28	China Steel Machinery Corporation	China Steel Corporation	2	Purchases	110,106	Prepaid before shipment date	-
29	China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	3	Sales	1,003,617	Accounts receivable, 30 days term	-
29	China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Global Trading Corporation	3	Sales	381,451	Accounts received in advance before shipment date	-
29	China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	14,120,225	14 days after B/L/Payment to the bank after the Corporation's shipment date	3
30	China Steel Corporation India Pvt. Ltd.	China Steel Corporation	2	Purchases	3,497,675	Payment to the bank after the Corporation's shipment date	1
31	Kaohsiung Rapid Transit Corporation	China Steel Corporation	2	Service revenue and other operating revenue	205,744	Net 15 days from the end of the month of when invoice is issued	-
32	China Steel Resources Corporation	China Steel Corporation	2	Sales	667,967	Net 60 days from the end of the month of when invoice is issued	-
33	Sing Da Marine Structure Corporation	China Steel Global Trading Corporation	3	Other operating revenue	159,542	Receivables were collected within 14 days after shipment date	-
33	Sing Da Marine Structure Corporation	China Steel Corporation	2	Purchases	244,753	Payment within 10 days after shipment date	-
33	Sing Da Marine Structure Corporation	China Steel Machinery Corporation	3	Outsourcing construction fee	606,217	Payment after final acceptance	-
33	Sing Da Marine Structure Corporation	China Steel Structure Co., Ltd.	3	Outsourcing construction fee	253,681	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 9

## CHINA STEEL CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE PERIOD ENDED DECEMBER 31, 2021

(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, 2021		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%			
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	6,350,411	2,543,955	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	1,098,393	321,887	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	494,044	134,788	Subsidiary
China Steel Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	261,677	261,677	49,289,597	20	710,207	148,748	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	403,880	40,146	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	17,282,913	16,575,189	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	3,710,786	3,710,786	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	3,186,651	2,781,464	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	568,423	543,873	Subsidiary
China Steel Corporation	C.S. Aluminium Corporation	Republic of China	Production and sale of aluminum and non-ferrous metal products	3,922,801	3,922,801	840,122,049	100	646,905	620,489	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	2,789,274	1,561,994	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	812,821	813,844	Subsidiary
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd	Singapore	Holding and investment	6,377,638	6,516,988	184,396,342	100	433,111	432,232	Subsidiary
China Steel Corporation	China Steel Power Holding Corporation	Republic of China	General investment	3,773,490	1,023,060	377,349,000	51	(163,595)	(83,434)	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	716,053	714,364	Subsidiary
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	253,567,202	100	718,357	718,357	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	(319,963)	(138,833)	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	959,200	959,200	95,920,000	55	128,163	71,122	Subsidiary
China Steel Corporation	China Steel Resources Corporation	Republic of China	Other non-metallic mineral products	981,120	981,120	98,112,000	100	10,575	11,187	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	392,508	42,482	Subsidiary
China Steel Corporation	InfoChamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	175,120	70,916	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	88,460	88,258	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	112,455	78,056	Subsidiary
China Steel Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	269,141	269,141	12,000,000	80	100,738	80,590	Subsidiary
China Steel Corporation	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power	3,421,000	3,421,000	22,695,000	100	(1,991,085)	(1,991,050)	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	3,363	3,363	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
China Steel Corporation	CSC Precision Metal Industrial Corporation	Republic of China	Other non-ferrous metal basic industries	-	322,500	-	-	-	(4,251)	(4,255)	Subsidiary
China Steel Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	-	-	10	-	-	(161,156)	-	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	970,044	970,044	95,527,811	48	793,379	(385,874)	(184,294)	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	542,194	168,146	30,266	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	370,893	13,588	6,612	Associate
China Steel Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	590,876	590,876	59,087,570	35	352,122	(153,808)	(54,048)	Associate
China Steel Corporation	Dyna Rechi Co., Ltd.	Republic of China	Production and marketing of Brushless DC Motor (BLDCM)	400,000	400,000	40,000,000	23	246,581	(119,903)	(28,117)	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	300,000	300,000	30,000,000	46	231,473	(5,150)	(2,382)	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	61,352	189,311	10,522	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	1,666,700	17	23,229	15,582	2,597	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	306,824,279	41	3,829,875	69,511	-	Subsidiary
Chung Hung Steel Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	200,000	-	20,000,000	17	212,903	20,687	-	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	46,320	7,554	-	Subsidiary
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	91,338	91,338	15,019,341	6	347,996	710,207	-	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	-	15,551	494,044	-	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,417,242	114,157	-	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9	861,237	69,511	-	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15	285,818	128,163	-	Subsidiary
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50	266,738	(3,559)	-	Subsidiary
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	-	6,000,000	5	63,871	20,687	-	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	51,792	112,455	-	Subsidiary
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	37,203	9,388	-	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	26,591	(100,212)	-	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	19,905	472	-	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	13,500	13,500	1,350,000	5	12,782	98,510	-	Subsidiary
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9	133,271	123,239	-	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5	6,967	15,582	-	Associate
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	847	-	-	-	(2)	-	Associate
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	97,572	70,311	-	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	37,968	112,455	-	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	25,594	466	-	Subsidiary
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	23,288	1,791	-	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	21,561	2,746	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%			
China Ecotek Corporation China Ecotek Corporation	CEC 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	494,146 329,174	494,146 329,174	17,000,000 35,204,170	100 26	984,625 535,388	- -	Subsidiary Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	General investment	348,800	348,800	34,880,000	20	279,656	-	Subsidiary
China Ecotek Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	-	6,000,000	5	63,871	-	Subsidiary
China Ecotek Corporation	CEC International Corporation	Samoa	Holding and investment	30,642	30,642	10,000,000	100	40,116	-	Subsidiary
China Ecotek Corporation	Chuan Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	34,938	-	Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	22,900	-	Subsidiary
China Ecotek Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	20,832	-	Subsidiary
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	17,062	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,262	8,262	300,000	1	3,244	-	Subsidiary
China Ecotek Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	37	-	Subsidiary
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	Engineering service industry	-	25,000	-	-	-	-	Subsidiary
China Ecotek Corporation	CEC Holding Company Limited	Samoa	Holding and investment	-	163,779	-	-	-	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	100,000	100,000	10,000,000	6	83,294	-	Associate
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	141	-	-	-	-	Associate
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	37,238	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	713,564	-	Subsidiary
China Steel Structure Co., Ltd.	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	132,715	132,715	23,182,738	9	537,549	-	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	74,000,000	100	1,603,683	-	Subsidiary
China Steel Structure Co., Ltd.	Pro-Ascentek Investment Corporation	Republic of China	General investment	40,000	-	4,000,000	3	42,538	-	Subsidiary
China Steel Structure Co., Ltd.	Chuan Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	30,571	-	Subsidiary
China Steel Structure Co., Ltd.	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	17,080	17,080	769,829	3	18,455	-	Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	17,175	-	Subsidiary
China Steel Structure Co., Ltd.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	17,062	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	-	-	10	100	10,809	-	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	9,596	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Investment Pre. Ltd.	China	Holding and investment	-	-	-	-	-	-	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	4,786	-	Associate
China Steel Structure Co., Ltd.	Ascentek Venture Capital Corporation	Republic of China	General investment	-	635	-	-	-	-	Associate
United Steel Engineering & Construction Corporation	United Steel Investment Pre Ltd	China Singapore	Holding and investment	126,806	126,806	4,180,000	100	129,997	-	Subsidiary
United Steel Engineering & Construction Corporation	China Prosperity Construction Corporation	Republic of China	Real estate development	53,550	53,550	5,355,000	40	60,567	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%			
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	55,436	-	Subsidiary
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	13,754	13,754	1,196,000	40	30,862	-	Subsidiary
United Steel Engineering & Construction Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	20,000	-	2,000,000	2	21,333	-	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	13,702	-	Subsidiary
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	120,488	-	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	52,798	-	Associate
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	212	-	-	-	-	Associate
United Steel Engineering & Construction Corporation	Chunglang Steel Structure (Cambodia) Co., Ltd.	Republic of China	Building materials manufacturing, construction engineering	96,283	96,283	310	31	81,226	-	Associate
United Steel Investment Pre Ltd	China Steel Structure Holding Co., Ltd.	Cambodia	Holding and investment	-	-	-	-	-	-	Subsidiary
China Steel Structure Investment Pre Ltd.	CHC Resources Vietnam Co., Ltd	Vietnam	Sales of GBFS	647,338	647,338	-	85	642,997	-	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	139,898	-	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	116,980	-	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	91,499	-	Subsidiary
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	32,552	-	Subsidiary
CHC Resources Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	-	3,000,000	3	31,936	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	28,748	-	Subsidiary
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	26,615	-	Subsidiary
CHC Resources Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	23,808	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	23,147	-	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	11,840	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,254	8,254	300,000	1	3,244	-	Subsidiary
CHC Resources Corporation	Mao Lian Enterprise Co., Ltd.	Republic of China	Real estate lease	-	1,100,440	-	-	-	-	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	111,109	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	30,000	30,000	3,000,000	2	24,988	-	Associate
CHC Resources Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	423	-	-	-	-	Associate
Union Steel Development Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	-	1,522	-	-	-	-	Subsidiary
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	31,257	31,257	13,000,000	100	271,542	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	17,000	17,000	1,700,000	1	15,197	-	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	14,750	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	10,000	10,000	1,000,000	1	8,329	-	Associate
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	141	-	-	-	-	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	381,731	-	Associate
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	151,526	151,526	3,840	80	169,528	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%			
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	116,347	(319,963)	Subsidiary
China Prosperity Development Corporation	China Prosperity Construction Corporation	Republic of China	Real estate development	92,105	92,105	8,032,500	60	90,851	(963)	Subsidiary
China Prosperity Development Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	50,000	-	5,000,000	4	53,228	20,687	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	210,853	168,146	Associate
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	282	-	-	-	(2)	Associate
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	109,483	11,775	Subsidiary
China Steel Power Holding Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	7,393,000	2,003,800	739,299,990	100	6,835,306	(161,156)	Subsidiary
CSC Solar Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	22,974	38,447	725,000	1	24,364	403,880	Subsidiary
CSC Solar Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	-	3,000,000	3	31,936	20,687	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	69,740	21,427	Subsidiary
InfoChamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	46,588	(319,963)	Subsidiary
InfoChamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	Holding and investment	6,816	6,816	201,000	100	25,434	7,366	Subsidiary
InfoChamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	-	(389)	Associate
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	26,000	2,600,000	100	30,940	2,261	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	8,304	8,544	-	100	14,335	6,868	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	114,863	189,311	Associate
Dragon Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	98,266	98,266	3,500,000	2	93,330	494,044	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	174,400	174,400	17,440,000	10	190,545	128,163	Subsidiary
Dragon Steel Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	100,000	-	10,000,000	8	106,452	20,687	Subsidiary
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	342,460	(65,050)	Subsidiary
C.S.Aluminium Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	-	3,000,000	3	31,936	20,687	Subsidiary
C.S.Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	847	-	-	-	(2)	Associate
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	343,505	(100,212)	Subsidiary
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	282	-	-	-	(2)	Associate
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	374,138,548	50	4,670,342	69,511	Subsidiary
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	3,488,954	704,732	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	52,990	20,796	Subsidiary
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	847	-	-	-	(2)	Associate
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	393,630	31,398	Subsidiary
Gains Investment Corporation	ThinTech Materials Technology Co., Ltd.	Republic of China	Spotting target manufacturing and sales	212,912	212,912	23,423,016	32	373,305	70,311	Subsidiary
Gains Investment Corporation	Ennience Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	2,378,555	127,210	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	2,143,099	31,398	Subsidiary
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	901,774	318,279	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	135,000	135,000	13,500,000	50	127,823	98,510	-	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	126,110	21,427	-	Subsidiary
Gains Investment Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	-	6,000,000	5	63,871	20,687	-	Subsidiary
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	25,909	25,909	1,000,000	100	29,979	9,710	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	58,784	58,784	1,850,000	4	20,103	(100,212)	-	Subsidiary
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	-	2,848	-	-	-	(30)	-	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	525,222	525,222	7,800,395	20	650,015	38,437	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	400,000	400,000	40,000,000	22	329,163	123,239	-	Associate
Gains Investment Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	63,311	4,525,411	3	49,551	(133,808)	-	Associate
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	Holding and investment	205,435	205,435	6,800,000	100	53,237	7,786	-	Subsidiary
Thintech Materials Technology Co., Ltd.	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	-	3,000,000	3	31,936	20,687	-	Subsidiary
Betacera Inc.	Lefkara Ltd.	British Virgin Islands	Holding and Investment	377,085	387,983	13,623,000	100	1,364,630	75,303	-	Subsidiary
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	3	41,145	123,239	-	Associate
Pro-Ascentek Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	77,278	-	1,608,491	4	81,142	318,279	-	Subsidiary
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	141	-	-	-	(2)	-	Associate
Eninnence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	23,252	9,388	-	Subsidiary
Eninnence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	23,147	2,649	-	Subsidiary
Eninnence Investment Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	21,836	10,029	-	Subsidiary
Eninnence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	21,561	2,746	-	Subsidiary
Eninnence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	17,062	472	-	Subsidiary
Eninnence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	14,341	468	-	Subsidiary
Eninnence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	13,860	1,791	-	Subsidiary
Eninnence Investment Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	12,321	1,292	-	Subsidiary
Eninnence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	11,375	466	-	Subsidiary
Eninnence Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	-	73,510	-	-	-	318,279	-	Subsidiary
Eninnence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	10,395	13,500	77,000	-	10,344	38,437	-	Associate
Shin Mau Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,454	5,454	512,685	-	12,018	710,207	-	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	-	8,751	494,044	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,844	466	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	2,834	468	-	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	-	14,729	1,098,393	-	Subsidiary
Ding Da Investment Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	2,559	1,292	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Ding Da Investment Corporation	Betucera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	43	318,279	-	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	-	19	21,427	-	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	-	7,779	403,880	-	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	-	14,729	1,098,393	-	Subsidiary
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,844	472	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	2,775	1,791	-	Subsidiary
Sheng Lih Dar Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,678	5,678	512,535	-	12,018	710,207	-	Subsidiary
Chium 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	-	7,206	494,044	-	Subsidiary
Chium Yu Investment Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	5,764	5,764	275,469	-	7,130	403,880	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Holding and investment	631,983	631,983	20,740,000	100	972,747	160,159	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Holding and investment	212,822	212,822	11,800,000	100	628,760	43,549	-	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	533,772	293,977	-	Subsidiary
China Steel Global Trading Corporation	Wabco 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	70,371	22,150	-	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	24,095	(100,212)	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Holding and investment	18,741	18,741	326,300	65	9,389	(1,797)	-	Subsidiary
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	273	7,068	-	Subsidiary
China Steel Global Trading Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	63,311	4,525,411	3	49,979	(153,808)	-	Associate
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	282	-	-	-	(2)	-	Associate
Wabco Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	42,163	13,003	-	Subsidiary
Wabco 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	25,572	4,521	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	77,628	79,872	3,000,000	20	88,273	100,738	-	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	3,657	1,000,000	100	12,148	(534)	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	239,574	246,498	13,279,770	60	388,003	197,032	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	21,524	22,146	4,752,000	99	27,014	7,075	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	79,943	82,253	408,000	34	187,059	62,019	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	76,342	78,548	16,782,500	25	95,678	37,222	-	Associate
CSGT (Singapore) Pte. Ltd.	CSCD Limited	Cyprus	International trade and investment	104,389	101,601	1,876,795	49	469,009	510,385	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	330,115	360,858	16,440,001	100	190,711	(10,952)	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	9404-5515 Quebec Inc.	Canada	Investments in mining industry	5,301,598	5,795,322	270,122,727	25	7,548,117	4,254,206	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,003,024	1,032,014	171,000,000	46	2,635,137	553,745	-	Subsidiary
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	2,775,819	2,965,606	359,000,000	100	5,552,238	553,950	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	472,386	504,684	1,000,000	100	17,128	(44)	-	Subsidiary
CSC Steel Holdings Berhad	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	-	55,834	-	-	-	-	-	Associate
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	4,766	5,092	750,000	100	6,310	158	-	Subsidiary

TABLE 10

## CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE PERIOD ENDED DECEMBER 31, 2021  
(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
Beucera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	121,792	2	121,792	-	-	121,792	38,849	100	38,849	509,743	-	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	16,608	2	16,608	-	-	16,608	6,189	100	6,189	34,215	46,588	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,206,848	2	844,794	-	-	844,794	211,007	70	147,705	1,029,618	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	553,600	2	387,520	-	-	387,520	32,191	70	22,534	419,557	1,658	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	173,543	1	180,086	-	-	180,086	11,484	100	11,484	163,167	-	Note 3 (1)
CSGT (Shenzhen) Co., Ltd.	Buy and sell, and act as an agency for steel products	22,144	1	14,394	-	-	14,394	11,777	65	11,508	22,063	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,107,200	2	110,720	-	-	110,720	17,440	10	1,744	114,876	-	Note 3 (1)
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	110,720	2	12,456	-	-	12,456	16,037	-	4,811	-	-	Note 3 (1)
Ningbo Huoyang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,356,320	2	1,073,154	-	-	1,073,154	(99,468)	79	(78,699)	413,549	93,743	Note 3 (1)
Suzhou Beacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life-saving products	415,200	2	415,200	-	-	415,200	25,817	100	25,817	581,919	-	Note 3 (1)
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	33,216	2	33,050	-	-	33,050	10,621	100	10,568	136,055	-	Note 3 (1)
Taichung Thintech Materials Co., Ltd.	Sourcing target manufacturing and sales	188,224	2	188,224	-	-	188,224	7,786	100	7,786	53,237	-	Note 3 (1)
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	415,200	1	444,541	-	-	444,541	81,535	100	81,404	444,260	-	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	5,536	2	5,536	-	-	5,536	7,455	100	7,455	25,412	55,453	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	166,080	2	166,080	-	-	166,080	2,813	100	2,813	178,791	-	Note 3 (1)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
China Steel Corporation	1,287,674	1,287,674	209,417,259
China Steel Chemical Corporation	247,902	247,902	4,410,701
China Ecotek Corporation	186,840	339,128	1,937,981
C.S.Aluminium Corporation	876,072	876,072	4,975,456
Gains Investment Corporation	51,208	51,208	5,637,796
Thintech Materials Technology Co., Ltd.	188,224	188,224	702,803
Beacera Inc.	570,042	570,042	1,126,045
China Steel Global Trading Corporation	592,353	592,353	-
Infochamp Systems Corporation	8,304	5,536	504,201
CHC Resources Corporation		8,304	3,456,909



Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2021.

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: 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 11****CHINA STEEL CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2021**

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.

**CHINA STEEL CORPORATION AND SUBSIDIARIES**

## For the Year Ended December 31, 2021

—Annex 154—

For the Year Ended December 31, 2020

	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, 2020	\$ 67,949,134	\$ 5,126,619	\$ 129,228,877	\$ 646,085,943	\$ 32,226,430	\$ 18,070,491	\$ 10,766,799	\$ 21,932,824	\$ 931,387,117
Additions	-	816,025	3,325,627	10,951,857	6,118,599	1,354,859	1,274,289	3,565,582	27,406,838
Disposals	-	-	(41,743)	(6,995,408)	(4,716,123)	(299,948)	(1,412,510)	-	(13,465,732)
Reclassification	(3,525)	-	77,395	(147,766)	576	58,989	(23,183)	-	(37,514)
Business combinations	1,091,450	-	15,926	-	-	-	-	-	1,107,376
Disposal of subsidiaries	-	-	(314,755)	-	-	(810)	-	-	(315,565)
Effect of foreign currency exchange differences	(981)	(9,801)	(274,475)	(1,166,650)	(304,589)	(27,471)	-	(12,365)	(1,796,332)
Balance at December 31, 2020	<u>\$ 69,036,078</u>	<u>\$ 5,932,843</u>	<u>\$ 132,016,852</u>	<u>\$ 648,727,976</u>	<u>\$ 33,324,893</u>	<u>\$ 19,156,110</u>	<u>\$ 10,605,395</u>	<u>\$ 25,486,041</u>	<u>\$ 944,286,188</u>
Accumulated depreciation and impairment									
Balance at January 1, 2020	\$ 6,370	\$ 4,754,603	\$ 56,096,408	\$ 447,614,626	\$ 13,373,632	\$ 14,808,363	\$ 4,669,812	\$ -	\$ 541,323,814
Depreciation	-	49,338	3,842,160	23,786,989	2,007,989	1,149,853	1,239,086	-	32,075,415
Disposals	-	-	(19,679)	(6,905,822)	(4,556,661)	(298,059)	(1,412,509)	-	(13,192,730)
Impairment	-	-	-	423,161	-	-	153,156	-	576,317
Reclassification	-	-	37,947	(64,575)	230	18,793	-	-	(7,605)
Business combinations	-	-	8,372	-	-	-	-	-	8,372
Disposal of subsidiaries	-	-	(159,722)	-	-	(810)	-	-	(160,532)
Effect of foreign currency exchange differences	-	(4,208)	(68,388)	(431,331)	(142,436)	(23,144)	-	-	(669,507)
Balance at December 31, 2020	<u>\$ 6,370</u>	<u>\$ 4,799,733</u>	<u>\$ 59,737,098</u>	<u>\$ 464,423,048</u>	<u>\$ 10,682,754</u>	<u>\$ 15,654,996</u>	<u>\$ 4,649,545</u>	<u>\$ -</u>	<u>\$ 559,953,544</u>
Carrying amount at December 31, 2020	<u>\$ 69,029,708</u>	<u>\$ 1,133,110</u>	<u>\$ 72,279,754</u>	<u>\$ 184,304,928</u>	<u>\$ 22,642,139</u>	<u>\$ 3,501,114</u>	<u>\$ 5,955,850</u>	<u>\$ 25,486,041</u>	<u>\$ 384,332,644</u>

TABLE 13

## CHINA STEEL CORPORATION AND SUBSIDIARIES

CHANGES OF DEFERRED TAX ASSETS AND LIABILITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

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

For the Year Ended December 31, 2020

	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	\$ 1,799,940	\$ (48,391)	\$ 19,457	\$ -	\$ -	\$ (98)	\$ 1,770,908
Unrealized loss on inventories	1,778,567	(531,793)	-	-	(257)	-	1,246,517
Provisions	307,828	549,154	-	-	-	-	856,982
Impairment loss on financial assets	1,479	22,299	-	-	-	-	23,778
Unrealized loss on construction	1,013,555	(36,782)	-	-	-	-	976,773
Difference between tax reporting and financial reporting - revenue recognition	156,249	79,822	-	-	(630)	-	235,441
Unrealized gain on the transactions with subsidiaries and associates	201,599	28,663	-	-	-	-	230,262
Unrealized settlement loss on foreign exchange forward for hedging	64,272	(12,965)	-	-	-	-	51,307
Foreign investment loss	826,465	(543,441)	-	-	-	-	283,024
Others	2,334,096	150,021	16,594	-	(511)	103	2,500,303
	8,484,050	(343,413)	36,051	-	(1,398)	5	8,175,295
	413,309	539,736	-	-	190	(264,860)	688,375
Loss carryforwards	\$ 8,897,359	\$ 196,323	\$ 36,051	\$ -	\$ (1,208)	\$ (264,855)	\$ 8,863,670
Deferred tax liabilities							
Temporary differences							
Land value increment tax	\$ 10,314,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,314,586
Difference between tax reporting and financial reporting - depreciation methods	697,596	(73,914)	-	-	(5,431)	-	618,251
Foreign investment income	1,214,797	(35,087)	-	-	-	-	1,179,710
Unrealized gains and losses on financial assets	1,696,702	-	342,757	-	-	(61,773)	1,977,686
Others	155,050	3,785	(42,396)	(732)	-	61,778	177,485
	\$ 14,078,731	\$ (105,216)	\$ 300,361	\$ (732)	\$ (5,431)	\$ 5	\$ 14,267,718

## **China Steel Corporation**

**Standalone Financial Statements for the  
Years Ended December 31, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020, 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 auditing standards generally accepted in 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, 2021. 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, 2021 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 and unit price of the Corporation's steel department sales; and we also reviewed comparative information of a two-year period.
3. We verified the occurrence and validity of the specific sales by confirming the correctness on the shipping documents or bill of lading and cash collection receipts.
4. We obtained subsequent details of the abovementioned specific sales and tested for any unusual sales returns and allowances on a sample basis 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2021 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 Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 25, 2022

#### 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)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,755,569	1	\$ 1,769,860	-
Financial assets for hedging - current (Notes 4, 9 and 28)	382,328	-	514,119	-
Contract assets - current (Notes 4 and 23)	179,901	-	475,313	-
Notes receivable (Notes 4 and 10)	998,439	-	430,648	-
Notes receivable - related parties (Notes 4, 10 and 29)	-	-	111,592	-
Accounts receivable, net (Notes 4 and 10)	3,666,782	1	2,688,128	1
Accounts receivable - related parties (Notes 4, 10 and 29)	2,245,295	1	2,054,455	1
Other receivables	2,742,493	1	1,203,455	-
Other receivables - loans to related parties (Note 29)	6,962,000	1	5,694,000	1
Current tax assets	285,201	-	305,386	-
Inventories (Notes 4, 5 and 11)	68,933,671	14	39,537,983	9
Other financial assets - current (Notes 13 and 30)	6,681,289	1	6,027,185	2
Other current assets	896,757	-	764,085	-
Total current assets	97,729,725	20	61,576,209	14
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	731,198	-	843,818	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	39,251,278	8	38,226,656	9
Financial assets for hedging - noncurrent (Notes 4, 9 and 28)	210	-	1,852	-
Investments accounted for using the equity method (Notes 4, 12 and 30)	201,220,220	40	181,301,445	41
Property, plant and equipment (Notes 4, 14 and 29)	147,119,445	29	148,160,443	33
Right-of-use assets (Notes 4 and 15)	1,158,745	-	1,269,862	-
Investment properties (Notes 4 and 16)	7,336,879	2	7,431,253	2
Intangible assets	4,978	-	14,934	-
Deferred tax assets (Notes 4 and 25)	3,472,579	1	3,836,367	1
Refundable deposits	705,129	-	245,565	-
Prepayments for investments (Note 12)	1,250,000	-	-	-
Other financial assets - noncurrent (Note 13)	-	-	10,003	-
Total noncurrent assets	402,250,661	80	381,342,198	86
<b>TOTAL</b>	<b>\$ 499,980,386</b>	<b>100</b>	<b>\$ 442,918,407</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings and bank overdraft (Notes 17, 29 and 30)	\$ 12,891,338	3	\$ 10,685,874	2
Short-term bills payable (Note 17)	-	-	3,999,092	1
Financial liabilities for hedging - current (Notes 4, 9, 17 and 28)	1,096,047	-	1,660,353	-
Contract liabilities - current (Notes 4 and 23)	1,701,331	-	1,200,242	-
Accounts payable	6,447,758	1	4,141,140	1
Accounts payable - related parties (Note 29)	3,298,103	1	1,066,985	-
Other payables (Notes 19 and 29)	22,824,106	5	15,730,689	4
Current tax liabilities (Note 25)	7,266,069	1	732	-
Provisions - current (Notes 4 and 20)	4,318,852	1	4,287,992	1
Lease liabilities - current (Notes 4 and 15)	269,303	-	286,135	-
Current portion of bonds payable (Note 18)	12,349,085	3	10,949,351	3
Long-term bank borrowings (Note 17)	1,500,000	-	-	-
Refund liabilities - current	3,456,564	1	1,914,682	1
Other current liabilities	482,572	-	508,689	-
Total current liabilities	77,901,128	16	56,431,956	13
<b>NONCURRENT LIABILITIES</b>				
Financial liabilities for hedging - noncurrent (Notes 4, 9, 17 and 28)	17,167	-	338,545	-
Bonds payable (Note 18)	48,224,053	10	60,569,113	13
Long-term bank borrowings (Note 17)	-	-	7,000,000	2
Long-term bills payable (Note 17)	5,897,934	1	6,897,508	2
Deferred tax liabilities (Notes 4 and 25)	11,712,835	2	10,605,707	2
Lease liabilities - noncurrent (Notes 4 and 15)	896,263	-	986,584	-
Net defined benefit liabilities (Note 21)	6,302,241	1	6,790,049	2
Total noncurrent liabilities	73,050,493	14	93,187,506	21
Total liabilities	150,951,621	30	149,619,462	34
<b>EQUITY (Notes 4 and 22)</b>				
Share capital				
Ordinary shares	157,348,610	32	157,348,610	36
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	32	157,731,290	36
Capital surplus	39,238,636	8	39,077,456	9
Retained earnings				
Legal reserve	66,611,343	13	66,532,412	15
Special reserve	27,639,574	6	27,912,065	6
Unappropriated earnings	70,863,295	14	13,897,589	3
Total retained earnings	165,114,212	33	108,342,066	24
Other equity	(4,405,952)	(1)	(3,187,669)	(1)
Treasury shares	(8,649,421)	(2)	(8,664,198)	(2)
Total equity	349,028,765	70	293,298,945	66
<b>TOTAL</b>	<b>\$ 499,980,386</b>	<b>100</b>	<b>\$ 442,918,407</b>	<b>100</b>

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			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 259,782,471	100	\$ 183,841,526	100
OPERATING COSTS (Notes 11 and 29)	<u>209,566,237</u>	<u>81</u>	<u>175,614,789</u>	<u>96</u>
GROSS PROFIT	50,216,234	19	8,226,737	4
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(299,640)</u>	<u>-</u>	<u>(139,358)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>49,916,594</u>	<u>19</u>	<u>8,087,379</u>	<u>4</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,975,236	1	2,613,343	1
General and administrative expenses	4,141,417	2	2,995,856	2
Research and development expenses	<u>2,395,668</u>	<u>1</u>	<u>1,880,953</u>	<u>1</u>
Total operating expenses	<u>9,512,321</u>	<u>4</u>	<u>7,490,152</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>40,404,273</u>	<u>15</u>	<u>597,227</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 24 and 29)	80,141	-	102,760	-
Other income (Notes 24 and 29)	1,490,174	1	1,907,955	1
Other gains and losses (Notes 24 and 29)	201,065	-	(21,342)	-
Finance costs (Notes 24 and 29)	(795,980)	-	(1,092,967)	(1)
Share of profit or loss of subsidiaries and associates	<u>29,671,674</u>	<u>11</u>	<u>(486,257)</u>	<u>-</u>
Total non-operating income and expenses	<u>30,647,074</u>	<u>12</u>	<u>410,149</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	71,051,347	27	1,007,376	-
INCOME TAX EXPENSE (Notes 4 and 25)	<u>8,998,314</u>	<u>3</u>	<u>121,511</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>62,053,033</u>	<u>24</u>	<u>885,865</u>	<u>-</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	(628,138)	-	(56,273)	-

(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			
	2021		2020	
	Amount	%	Amount	%
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ 1,024,622	-	\$ (2,734,065)	(2)
Gains and losses on hedging instruments	98,087	-	33,837	-
Share of the other comprehensive income of subsidiaries and associates	(714,062)	-	1,022,991	1
Income tax benefit relating to items that will not be reclassified subsequently to profit or loss	132,486	-	4,258	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(1,508,504)	(1)	(474,314)	-
Gains and losses on hedging instruments	-	-	(5,269)	-
Share of the other comprehensive income of subsidiaries and associates	<u>(129,628)</u>	<u>-</u>	<u>(215,800)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,725,137)</u>	<u>(1)</u>	<u>(2,424,635)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 60,327,896</u>	<u>23</u>	<u>\$ (1,538,770)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 4.02</u>		<u>\$ 0.05</u>	
Diluted	<u>\$ 3.98</u>		<u>\$ 0.05</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		
	Exchange Differences on Translating Foreign Operations	Unappropriated Earnings	Special Reserve	Legal Reserve	Capital Surplus	Preference Shares						
	Ordinary Shares											
BALANCE AT JANUARY 1, 2020	\$ 157,348,610	\$ 382,680	\$ 38,877,269	\$ 65,674,189	\$ 27,803,906	\$ 21,998,036	\$ (6,838,836)	\$ 2,124,342	\$ 3,852,535	\$ (861,959)	\$ (8,664,198)	\$ 302,558,533
Appropriation of 2019 earnings (Note 22)												
Legal reserve				858,223		(858,223)						
Special reserve					110,524	(110,524)						(7,867,430)
Cash dividends to ordinary shareholders - NT\$0.5 per share						(7,867,430)						(53,575)
Cash dividends to preference shareholders - NT\$1.4 per share						(53,575)						
Reversal of special reserve					(2,365)	2,365						
Net profit for the year ended December 31, 2020	-	-	-	-	-	885,865	-	-	-	-	-	885,865
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax						(134,429)	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(2,424,635)
Total comprehensive income (loss) for the year ended December 31, 2020						751,436	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(1,538,770)
Purchase of the Corporation's shares by subsidiaries											(1,780)	(1,780)
Disposal of the Corporation's shares held by subsidiaries			271								1,780	2,051
Adjustment to capital surplus arising from dividends paid to subsidiaries			160,443									160,443
Disposal of investments in equity instruments at fair value through other comprehensive income												
Adjustment from changes in equity of subsidiaries and associates			39,473			35,504		(35,504)		(35,504)		39,473
BALANCE AT DECEMBER 31, 2020	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)	295,298,945
Appropriation of 2020 earnings (Note 22)												
Legal reserve				78,931		(78,931)						
Special reserve					(272,355)	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
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						105,598		(105,598)		(105,598)		-
BALANCE AT DECEMBER 31, 2021	157,348,610	382,680	39,238,656	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

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)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 71,051,347	\$ 1,007,376
Adjustments for:		
Depreciation expense	15,118,366	15,249,956
Amortization expense	9,956	9,956
Net gain on financial assets at fair value through profit or loss	(4,930)	(117,861)
Finance costs	795,980	1,092,967
Interest income	(80,141)	(102,760)
Dividend income	(451,620)	(478,481)
Share of loss (profit) of subsidiaries and associates	(29,671,674)	486,257
Loss on disposal of property, plant and equipment	42,792	3,107
Write-down (reversal) of inventories	1,258,710	(2,394,332)
Impairment loss on non-financial assets	663,904	-
Unrealized gain on the transactions with subsidiaries and associates	299,640	139,358
Recognition of provisions	30,860	1,776,959
Others	180,798	(120,851)
Changes in operating assets and liabilities		
Financial assets for hedging	92,845	208,759
Contract assets	320,982	(415,069)
Notes receivable	(567,791)	(5,924)
Notes receivable - related parties	111,592	75,832
Accounts receivable	(978,654)	(670,144)
Accounts receivable - related parties	(190,840)	(1,043,549)
Other receivables	(1,529,279)	(174,595)
Inventories	(30,815,057)	18,934,316
Other current assets	(132,140)	(8,769)
Contract liabilities	501,089	99,146
Accounts payable	2,306,618	(825,393)
Accounts payable - related parties	2,231,118	(379,139)
Other payables	7,173,005	579,074
Other current liabilities	(26,117)	(317,604)
Net defined benefit liabilities	(1,115,946)	(266,320)
Refund liabilities	<u>1,541,882</u>	<u>(139,531)</u>
Cash generated from operations	38,167,295	32,202,741
Income taxes paid	<u>(109,328)</u>	<u>(38,307)</u>
Net cash generated from operating activities	<u>38,057,967</u>	<u>32,164,434</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through profit of loss	-	931,520
Derecognition of financial liabilities for hedging	(631,020)	(2,682,577)
Proceeds from the capital reduction on investments accounted for using equity method	-	200,000

(Continued)

# China Steel Corporation

## STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Acquisition of property, plant and equipment	\$ (14,050,610)	\$ (15,729,921)
Proceeds from disposal of property, plant and equipment	88,503	-
Increase in refundable deposits	(459,564)	(139,946)
Increase in other receivables - loans to related parties	(1,268,000)	-
Decrease in other receivables - loans to related parties	-	3,576,000
Net cash inflow on acquisition of subsidiary	46,173	-
Increase in other financial assets	(644,101)	(87,180)
Interest received	78,449	105,950
Dividends received from subsidiaries and associates	9,586,658	1,308,122
Dividends received from others	<u>442,182</u>	<u>478,481</u>
Net cash used in investing activities	<u>(6,811,330)</u>	<u>(12,039,551)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	10,007,707	17,954,753
Repayments of short-term borrowings	(8,855,043)	(25,756,665)
Proceeds from short-term bills payable	22,950,908	32,958,454
Repayments of short-term bills payable	(26,950,000)	(42,950,000)
Issuance of bonds payable	-	5,800,000
Repayments of bonds payable	(10,950,000)	(6,600,000)
Issuance of long-term bank borrowings	6,000,000	13,500,000
Repayments of long-term bank borrowings	(11,500,000)	(10,500,000)
Proceeds from long-term bills payable	426	11,298,821
Repayments of long-term bills payable	(1,000,000)	(6,400,000)
Repayments of principal of lease liabilities	(318,148)	(347,514)
Dividends paid	(4,778,721)	(7,915,869)
Acquisition of subsidiaries	(2,750,430)	(1,018,060)
Interest paid	(1,159,777)	(1,381,944)
Proceeds from the capital reduction of subsidiaries	139,350	-
Increase in prepayments for investments of subsidiaries	<u>(1,250,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(30,413,728)</u>	<u>(21,358,024)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>832,909</b>	<b>(1,233,141)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>(1,409,472)</b></u>	<u><b>(176,331)</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u><b>\$ (576,563)</b></u></u>	<u><u><b>\$ (1,409,472)</b></u></u>

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, 2021 and 2020:

(Continued)



## China Steel Corporation

### STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents in the standalone balance sheets	\$ 3,755,569	\$ 1,769,860
Bank overdraft	<u>(4,332,132)</u>	<u>(3,179,332)</u>
Cash and cash equivalents in the standalone statements of cash flows	<u>\$ (576,563)</u>	<u>\$ (1,409,472)</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, 2021, 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 board of directors and authorized for issue on February 25, 2022.

### 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’s accounting policies:

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the standalone financial statements were reported to the board of directors for issue, the Corporation has assessed that the impact of 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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
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, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

- 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: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are 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 4: 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 reported to the board of directors for issue, the Corporation is in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been 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, after reassessment, 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 Corporations' share of the net fair value of the identifiable assets and liabilities over the

cost of acquisition, after reassessment, 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. 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.

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 and 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. 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 with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and 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 similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge 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.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve 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 Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and the economic environment implications when making critical accounting 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. Valuation 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	
	2021	2020
Cash on hand	\$ 18,485	\$ 18,807
Checking accounts and demand deposits	1,789,369	1,751,053
Cash equivalents (investments with original maturities of less than three months)		
Commercial papers with repurchase agreements	<u>1,947,715</u>	<u>-</u>
	<u>\$ 3,755,569</u>	<u>\$ 1,769,860</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<hr/> Noncurrent <hr/>		
Foreign unlisted preference shares	<u>\$ 731,198</u>	<u>\$ 843,818</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	December 31	
	2021	2020
<hr/> Noncurrent <hr/>		
Domestic investments		
Listed shares	\$ 9,675,363	\$ 10,252,633
Unlisted shares	<u>905,871</u>	<u>853,478</u>
	<u>10,581,234</u>	<u>11,106,111</u>
Foreign investments		
Listed shares	2,218,941	1,495,004
Unlisted shares	<u>26,451,103</u>	<u>25,625,541</u>
	<u>28,670,044</u>	<u>27,120,545</u>
	<u>\$ 39,251,278</u>	<u>\$ 38,226,656</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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Financial assets for hedging - current</b>		
Foreign exchange forward contracts	\$ 1	\$ 21,094
Hedging foreign-currency deposits	<u>382,327</u>	<u>493,025</u>
	<u>\$ 382,328</u>	<u>\$ 514,119</u>
<b>Financial assets for hedging - noncurrent</b>		
Foreign exchange forward contracts	<u>\$ 210</u>	<u>\$ 1,852</u>
<b>Financial liabilities for hedging - current</b>		
Foreign exchange forward contracts	\$ 14,398	\$ 34,742
Bank loans (Note 17)	<u>1,081,649</u>	<u>1,625,611</u>
	<u>\$ 1,096,047</u>	<u>\$ 1,660,353</u>
<b>Financial liabilities for hedging - noncurrent</b>		
Foreign exchange forward contracts	\$ 17,167	\$ 3,117
Bank loans (Note 17)	<u>-</u>	<u>335,428</u>
	<u>\$ 17,167</u>	<u>\$ 338,545</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. As of December 31, 2021 and 2020, the balance of the foreign-currency deposits, which consist of those designated as hedging instruments and those from settlements of expired foreign exchange forward contracts, was NT\$382,327 thousand (US\$5,094 thousand, EUR7,705 thousand and JPY4 thousand) and NT\$493,025 thousand (US\$8,377 thousand and EUR7,267 thousand), respectively. As of December 31, 2021 and 2020, cash outflows on the contracts are expected in 2022 and 2021, respectively.

Refer to Note 28 for information relating to financial instruments for hedging.

## 10. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Notes receivable		
Operating	\$ 998,439	\$ 542,240
Non-operating	<u>-</u>	<u>-</u>
	<u>998,439</u>	<u>542,240</u>
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 998,439</u>	<u>\$ 542,240</u>

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Accounts receivable	\$ 5,912,077	\$ 4,742,583
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 5,912,077</u>	<u>\$ 4,742,583</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, 2021

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 60 Days</b>	<b>61 to 365 Days</b>	<b>Total</b>
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>

#### December 31, 2020

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 60 Days</b>	<b>61 to 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 5,187,291	\$ 97,532	\$ -	\$ -	\$ 5,284,823
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 5,187,291</u>	<u>\$ 97,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,284,823</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, 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>		
For the Year Ended December 31, 2020						
Mega Bank	\$ 3,468,167	\$ 8,272,733	\$ 9,165,285	\$ 2,575,615	0.99-1.75	NT\$9 billion
Bank of Taiwan	1,474,316	2,974,314	3,569,472	879,158	0.99-1.75	NT\$3 billion
Bank of Taiwan	716,373	4,996,125	5,515,669	196,829	0.60-3.75	USD130,000 thousand
Taishin Bank	2,184,170	9,348,121	7,758,647	3,773,644	0.89-2.82	USD150,000 thousand
CTBC Bank	608,287	1,852,675	1,702,612	758,350	0.94-3.22	USD40,000 thousand
Mizuho Bank	31,380	437,648	448,430	20,598	1.02-2.99	USD10,000 thousand
	<u>\$ 8,482,693</u>	<u>\$ 27,881,616</u>	<u>\$ 28,160,115</u>	<u>\$ 8,204,194</u>		

## 11. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 15,455,889	\$ 7,939,742
Work in progress	23,208,571	13,584,111
Raw materials	15,333,339	6,789,880
Supplies	3,714,118	4,185,748
Raw materials and supplies in transit	11,152,281	6,451,881
Others	<u>69,473</u>	<u>586,621</u>
	<u>\$ 68,933,671</u>	<u>\$ 39,537,983</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 were NT\$202,666,679 thousand and NT\$170,497,942 thousand, respectively, including loss on inventories of NT\$1,258,710 thousand and reversal of loss on inventories of NT\$2,394,332 thousand, respectively. Reversal of loss on inventory was mainly due to the impact of price fluctuations in the steel market and a decrease in stock costs.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 198,598,997	\$ 178,454,119
Investments in associates	<u>2,621,223</u>	<u>2,847,326</u>
	<u>\$ 201,220,220</u>	<u>\$ 181,301,445</u>

### a. Investments in subsidiaries

	December 31			
	2021		2020	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Listed companies				
Chung Hung Steel Corporation (CHS)	\$ 8,394,707	41	\$ 6,248,987	41
China Steel Chemical Corporation (CSCC)	2,097,586	29	1,963,954	29
China Steel Structure Co., Ltd. (CSSC)	1,287,731	33	1,330,501	33
CHC Resources Corporation (CHC)	1,050,387	20	991,270	20
China Ecotek Corporation (CEC)	<u>1,042,159</u>	45	<u>1,072,630</u>	45
	13,872,570		11,607,342	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>2,077,752</u>		<u>2,081,642</u>	
	<u>11,794,818</u>		<u>9,525,700</u>	
Unlisted companies				
Dragon Steel Corporation (DSC)	112,686,699	100	96,066,355	100
CSC Steel Australia Holdings Pty Ltd. (CSC SAH)	20,773,791	100	20,842,831	100
China Steel Express Corporation (CSE)	12,162,975	100	12,914,176	100
Gains Investment Corporation (GIC)	8,876,497	100	8,013,031	100
C. S. Aluminium Corporation (CSAC)	8,165,468	100	7,573,118	100
China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC)	7,317,584	56	5,940,973	56
China Prosperity Development Corporation (CPDC)	5,432,575	100	7,166,532	100
China Steel Asia Pacific Holdings Pte. Ltd. (CSAP)	4,312,754	100	4,412,474	100
China Steel Power Holding Corporation (CPHC)	3,463,363	51	858,105	51
China Steel Global Trading Corporation (CSGT)	2,709,723	100	2,341,310	100
China Steel Corporation India Pvt. Ltd. (CSCI)	1,371,621	100	690,435	100
Kaohsiung Rapid Transit Corporation (KRTC)	1,080,333	43	1,227,877	43
CSC Solar Corporation (CSCSOLAR)	1,049,979	55	1,053,611	55
China Steel Resources Corporation (CSRC)	999,510	100	997,036	100
China Steel Machinery Corporation (CSMC)	832,458	74	949,253	74
Infochamp Systems Corporation (Info Champ)	582,315	100	791,557	100
China Steel Security Corporation (CSS)	506,672	100	621,975	100
HIMAG Magnetic Corporation (HIMAG)	455,291	69	382,766	69
United Steel International Co., Ltd. (USICL)	353,092	80	292,395	80
Sing Da Marine Structure Corporation (SDMS)	224,827	100	2,052,107	100

	December 31			
	2021		2020	
	Amount	% of Owner - ship	Amount	% of Owner - ship
China Steel Management Consulting Corporation (CMCC)	\$ 18,321	100	\$ 17,358	100
CSC Precision Metal Industrial Corporation (CPMI)	-	-	305,700	100
China Steel Power Corporation (ZN)	-	-	-	-
	193,375,848		175,510,975	
Less: Shares held by subsidiaries accounted for as treasury shares	6,571,669		6,582,556	
	186,804,179		168,928,419	
	<u>\$ 198,598,997</u>		<u>\$ 178,454,119</u>	

The Corporation subscribed for 33,823 thousand shares of its subsidiary CPHC for a cash consideration of NT\$338,230 thousand in February 2020; the Corporation's percentage of shareholding decreased from 100% to 51%. In July and November 2020 and March, October and December 2021, the Corporation subscribed for 45,900 thousand shares, 22,083 thousand shares and 34,680 thousand shares, 27,285 thousand shares and 213,078 thousand shares of its subsidiary CPHC for cash consideration of NT\$459,000 thousand, NT\$220,830 thousand, 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 in prepayments for investments.

In July 2020, the subsidiary CSCI reduced its capital by NT\$1,866,285 thousand to offset a deficit; the Corporation's percentage of shareholding remained unchanged. In August 2021, the subsidiary CSAP reduced its capital by NT\$139,350 thousand; the Corporation's percentage of shareholding percentage remained unchanged.

Refer to Note 30 for information relating to investments accounted for using equity method as collateral.

In October 2021, the subsidiary CPMI in which the Corporation's percentage of shareholding was 100% was consolidated into, the Corporation by merger. Assets acquired and liabilities assumed at the date of acquisition were as follows:

Current assets	
Cash and cash equivalents	\$ 46,173
Accounts receivable	2,969
Other receivables	310
Other receivables - loans to related parties	100,000
Current tax assets	62
Other current assets	532
Non-current assets	
Property, plant and equipment	153,135
Current liabilities	
Other payables	(1,737)
	<u>\$ 301,444</u>

Fair values (Level 1) of the listed companies accounted for using equity method with available published price quotation are summarized as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
CHS	\$ 23,977,000	\$ 9,177,102
CSCC	\$ 8,288,856	\$ 7,463,409
CSSC	\$ 3,936,080	\$ 2,174,152
CHC	\$ 2,235,283	\$ 2,338,791
CEC	\$ 2,212,956	\$ 1,927,681

The above market prices are calculated on the basis of the closing price at the end of the reporting period.

b. Investments in associates

	<b>December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Amount</b>	<b>% of Owner - ship</b>	<b>Amount</b>	<b>% of Owner - ship</b>
Taiwan Rolling Stock Co., Ltd. (TRSC)	\$ 793,379	48	\$ 976,757	48
Kaohsiung Arena Development Corporation (KADC)	542,194	18	529,928	18
Hsin Hsin Cement Enterprise Corporation (HHCEC)	370,893	31	367,041	31
Honley Auto. Parts Co., Ltd. (HONLEY)	352,122	35	406,411	35
Dyna Rechi Co., Ltd. (DRC)	246,581	23	273,915	23
Eminent II Venture Capital Corporation (EVC II)	231,473	46	213,703	46
Overseas Investment & Development Corporation (OIDC)	61,352	6	55,728	6
TaiAn Technologies Corporation (TAIAN)	<u>23,229</u>	17	<u>23,843</u>	17
	<u>\$ 2,621,223</u>		<u>\$ 2,847,326</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 21%, including 6% directly owned and 15% indirectly owned through the subsidiaries CSMC and Union Steel Development Corporation.

The above associates are not individually material. The related summarized information was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The Corporation's share of		
Net loss for the year	\$ (218,844)	\$ (57,047)
Other comprehensive income (loss)	<u>21,680</u>	<u>(22,984)</u>
Total comprehensive loss	<u>\$ (197,164)</u>	<u>\$ (80,031)</u>

Refer to Table 8 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

### 13. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
<b>Current</b>		
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>731,289</u>	<u>77,185</u>
	<u>\$ 6,681,289</u>	<u>\$ 6,027,185</u>
<b>Noncurrent</b>		
Deposits for projects	<u>\$ -</u>	<u>\$ 10,003</u>

### 14. PROPERTY, PLANT AND EQUIPMENT

#### 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
<b>Cost</b>									
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>
<b>Accumulated depreciation and impairment</b>									
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>\$ 334,557,518</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>

#### For the Year Ended December 31, 2020

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<b>Cost</b>									
Balance at January 1, 2020	\$ 51,334,118	\$ 4,756,836	\$ 67,279,304	\$ 371,590,631	\$ 2,202,983	\$ 7,848,483	\$ 6,977,013	\$ 11,655,107	\$ 523,644,475
Additions	-	7,977	733,232	6,098,961	156,919	538,666	852,066	8,526,594	16,914,415
Disposals	-	-	(16,276)	(6,632,391)	(64,536)	(221,805)	(878,297)	-	(7,813,305)
Reclassification	-	-	(13,563)	1,139,607	576	(1,140,183)	-	-	(13,563)
Balance at December 31, 2020	<u>\$ 51,334,118</u>	<u>\$ 4,764,813</u>	<u>\$ 67,982,697</u>	<u>\$ 372,196,808</u>	<u>\$ 2,295,942</u>	<u>\$ 7,025,161</u>	<u>\$ 6,950,782</u>	<u>\$ 20,181,701</u>	<u>\$ 532,732,022</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2020	\$ -	\$ 4,560,157	\$ 40,209,250	\$ 321,817,754	\$ 1,873,613	\$ 6,058,240	\$ 2,984,308	\$ -	\$ 377,503,322
Depreciation	-	19,900	2,051,148	11,455,907	109,472	537,631	705,915	-	14,879,973
Disposals	-	-	(14,713)	(6,631,652)	(64,452)	(221,084)	(878,297)	-	(7,810,198)
Reclassification	-	-	(1,518)	317,567	230	(317,797)	-	-	(1,518)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 4,580,057</u>	<u>\$ 42,244,167</u>	<u>\$ 326,959,576</u>	<u>\$ 1,918,863</u>	<u>\$ 6,056,990</u>	<u>\$ 2,811,926</u>	<u>\$ -</u>	<u>\$ 384,571,579</u>
Carrying amount at December 31, 2020	<u>\$ 51,334,118</u>	<u>\$ 184,756</u>	<u>\$ 25,738,530</u>	<u>\$ 45,237,232</u>	<u>\$ 377,079</u>	<u>\$ 968,171</u>	<u>\$ 4,138,856</u>	<u>\$ 20,181,701</u>	<u>\$ 148,160,443</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	
Bridge	40 years
Drainage system	40 years
Wall	20-40 years
Wharf	20-40 years
Disposal site	7 years
Buildings	
Main structure	5-60 years
Facility	5-40 years
Mechanical and electrical facilities	10-15 years
Trellis and corrugated iron building	3-20 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-18 years
Lifting equipment	5-12 years
Electrical equipment	3-16 years
High-temperature equipment	3-17 years
Examination equipment	3-14 years
Transportation equipment	
Railway equipment	5-20 years
Telecommunication equipment	5-8 years
Transportation equipment	5-10 years
Other equipment	
Office and extinguishment equipment	3-10 years
Computer equipment	3-10 years
Air conditioning equipment	5-8 years

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	\$ 749,613	\$ 836,416
Land improvements	290,839	347,211
Buildings	99,755	71,460
Machinery	-	4,885
Transportation equipment	5,244	9,890
Others	13,294	-
	<u>\$ 1,158,745</u>	<u>\$ 1,269,862</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	\$ 213,637	\$ 242,965
Depreciation charge for right-of-use assets		
Land	\$ 194,838	\$ 212,435
Land improvements	56,372	62,015
Buildings	57,834	54,354
Machinery	4,885	8,375
Transportation equipment	7,827	10,090
Others	369	-
	<u>\$ 322,125</u>	<u>\$ 347,269</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Carrying amounts		
Current	\$ 269,303	\$ 286,135
Non-current	\$ 896,263	\$ 986,584

Range of discount rate (%) for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	0.59-1.47	0.70-1.47
Land improvements	1.31	0.92-0.31
Buildings	0.59-0.92	0.70-0.92
Machinery	-	0.92
Transportation equipment	0.59-0.92	0.86-0.92
Others	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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases and low-value asset leases	\$ <u>88,557</u>	\$ <u>88,280</u>
Expenses relating to variable leases payments	\$ 2,529,431	\$ 2,672,079
Covid-19-related rent concessions	<u>(1,357)</u>	<u>(4,448)</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	\$ <u>2,528,074</u>	\$ <u>2,667,631</u>
Total cash outflow for leases	\$ <u>(2,945,299)</u>	\$ <u>(3,117,545)</u>

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, 2021

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 6,466,155	\$ 1,277,725	\$ 7,743,880
Transferred from property, plant and equipment	-	9,142	9,142
Transferred to property, plant and equipment	<u>(74,072)</u>	<u>(282)</u>	<u>(74,354)</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
Transferred from property, plant and equipment	-	6,578	6,578
Transferred to property, plant and equipment	<u>-</u>	<u>(268)</u>	<u>(268)</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>

### For the Year Ended December 31, 2020

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 6,466,155	\$ 1,264,162	\$ 7,730,317
Transferred from property, plant and equipment	<u>-</u>	<u>13,563</u>	<u>13,563</u>
Balance at December 31, 2020	\$ <u>6,466,155</u>	\$ <u>1,277,725</u>	\$ <u>7,743,880</u>

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 288,395	\$ 288,395
Depreciation	-	22,714	22,714
Transferred from property, plant and equipment	-	1,518	1,518
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 312,627</u>	<u>\$ 312,627</u>
Carrying amount at December 31, 2020	<u>\$ 6,466,155</u>	<u>\$ 965,098</u>	<u>\$ 7,431,253</u>

The following items of investment properties are depreciated on a straight-line basis over the following useful lives:

Buildings	5-60 years
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The fair value of the investment properties was arrived at on the basis of valuations conducted in 2013, 2014, 2015, 2017, 2019 and 2021 by independent appraisers, who are not related parties. The valuation was measured under the market approach, income approach, cost approach and land developing analysis approach of similar properties' market price using Level 3 inputs. In December 2016 and December 2021, due to the significant change in the present value or fair value of several plots of land, the Corporation, based on the actual selling prices of land sale in the vicinity, reappraised the land value. The important assumptions and fair value were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value	<u>\$ 24,349,509</u>	<u>\$ 25,042,302</u>
Depreciation rate (%)	1.90-2.71	1.90-2.71
Discount rate (%)	0.99-3.07	0.99-2.56

All of the Corporation's investment properties are held under freehold interests.

## 17. BORROWINGS

### a. Short-term borrowings and bank overdraft

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured loans	\$ 6,589,682	\$ 3,900,000
Bank overdraft (Note 30)	4,332,132	3,179,332
Export bill loans	1,034,071	1,039,114
Letters of credit	75,135	17,428
Loans from related parties (Note 29)	<u>1,650,000</u>	<u>2,550,000</u>
	13,681,020	10,685,874
Less: Financial liabilities for hedging - current	<u>789,682</u>	<u>-</u>
	<u>\$ 12,891,338</u>	<u>\$ 10,685,874</u>
Range of interest rates p.a. (%)	0-0.67	0-0.75

b. Short-term bills payable

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Commercial paper	\$ -	\$ 4,000,000
Less: Unamortized discounts	<u>-</u>	<u>908</u>
	<u>\$ -</u>	<u>\$ 3,999,092</u>
Range of interest rates p.a. (%)	-	0.23-0.30

The above commercial paper was unsecured, and the financial institutions included Cathay United Bank, Yuanta Bank and E.SUN Bank.

c. Long-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured loans	\$ 1,791,967	\$ 8,961,039
Less: Current portion	1,500,000	-
Financial liabilities for hedging - current	291,967	1,625,611
Financial liabilities for hedging - noncurrent	<u>-</u>	<u>335,428</u>
	<u>\$ -</u>	<u>\$ 7,000,000</u>
Range of interest rates p.a. (%)	0.32-0.57	0.24-0.60

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Commercial paper	\$ 5,900,000	\$ 6,900,000
Less: Unamortized discounts	<u>2,066</u>	<u>2,492</u>
	<u>\$ 5,897,934</u>	<u>\$ 6,897,508</u>
Range of interest rates p.a. (%)	0.40-0.57	0.20-0.57

The Corporation entered into unsecure commercial paper contracts with Taishin Bank, CTBC Bank and Cathay United Bank in January 2020, April 2020 and December 2019, 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	
	2021	2020
Unsecured domestic bonds	\$ 60,600,000	\$ 71,550,000
Less: Issuance cost of bonds payable	26,862	31,536
Current portion	<u>12,349,085</u>	<u>10,949,351</u>
	<u>\$ 48,224,053</u>	<u>\$ 60,569,113</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
January 2014 to January 2021	6,900,000	1.75	Repayable in January 2020 and January 2021; 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
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	
	2021	2020
Salaries and bonus	\$ 6,216,571	\$ 2,910,323
Compensation of employees and remuneration of directors	4,610,316	83,596

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Purchase of equipment	\$ 4,128,446	\$ 4,087,580
Consignment payable	841,044	938,563
Outsourced repair and construction	643,274	741,277
Interest payable	537,479	650,642
Others	<u>5,846,976</u>	<u>6,318,708</u>
	<u>\$ 22,824,106</u>	<u>\$ 15,730,689</u>

## 20. PROVISIONS - CURRENT

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Onerous contracts (a)	\$ 4,318,852	\$ 4,287,537
Construction warranties (b)	<u>-</u>	<u>455</u>
	<u>\$ 4,318,852</u>	<u>\$ 4,287,992</u>

	<b>Onerous Contracts</b>	<b>Construction Warranties</b>	<b>Total</b>
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>
Balance at January 1, 2020	\$ 2,510,578	\$ 455	\$ 2,511,033
Recognition	<u>1,776,959</u>	<u>-</u>	<u>1,776,959</u>
Balance at December 31, 2020	<u>\$ 4,287,537</u>	<u>\$ 455</u>	<u>\$ 4,287,992</u>

- a. The provision for onerous contracts represents the present value of the future payments that the Corporation was presently obligated to make under non-cancellable onerous purchase contracts, less revenue expected to be earned on the contracts, and the difference between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation from non-cancellable construction 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 18,099,065	\$ 19,775,621
Fair value of plan assets	<u>(11,725,253)</u>	<u>(12,904,754)</u>
Deficit	6,373,812	6,870,867
Net defined benefit liabilities - recognized in other payables	<u>(71,571)</u>	<u>(80,818)</u>
Net defined benefit liabilities	<u>\$ 6,302,241</u>	<u>\$ 6,790,049</u>

Movements of net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
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	<u>813,234</u>	<u>(185,096)</u>	<u>628,138</u>
Contributions from the employer	-	(1,575,914)	(1,575,914)
Benefits paid	(3,060,764)	3,006,001	(54,763)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Contributions of employee returning to the Corporation	\$ <u>16,116</u> <u>(3,044,648)</u>	\$ <u>(16,116)</u> <u>1,413,971</u>	\$ <u>-</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>
Balance at January 1, 2020	\$ <u>21,476,469</u>	\$ <u>(14,395,983)</u>	\$ <u>7,080,486</u>
Service cost			
Current service cost	535,439	-	535,439
Interest expense (income)	<u>134,228</u>	<u>(92,032)</u>	<u>42,196</u>
Recognized in profit or loss	<u>669,667</u>	<u>(92,032)</u>	<u>577,635</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(510,094)	(510,094)
Actuarial loss - changes in financial assumptions	292,292	-	292,292
Actuarial loss - experience adjustments	<u>274,075</u>	<u>-</u>	<u>274,075</u>
Recognized in other comprehensive income	<u>566,367</u>	<u>(510,094)</u>	<u>56,273</u>
Contributions from the employer	-	(773,374)	(773,374)
Benefits paid	(2,944,164)	2,874,011	(70,153)
Contributions of employee returning to the Corporation	<u>7,282</u> <u>(2,936,882)</u>	<u>(7,282)</u> <u>2,093,355</u>	<u>-</u> <u>(843,527)</u>
Balance at December 31, 2020	\$ <u>19,775,621</u>	\$ <u>(12,904,754)</u>	\$ <u>6,870,867</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 340,974	\$ 401,484
Operating expenses	<u>164,510</u>	<u>176,151</u>
	<u>\$ 505,484</u>	<u>\$ 577,635</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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate (%)	0.375	0.375
Expected rate of salary increase (%)	3.000	2.500
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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (282,441)</u>	<u>\$ (292,291)</u>
0.25% decrease	<u>\$ 291,451</u>	<u>\$ 301,285</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 282,269</u>	<u>\$ 293,164</u>
0.25% decrease	<u>\$ (275,070)</u>	<u>\$ (285,978)</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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The expected contributions to the plan for the next year	<u>\$ 564,623</u>	<u>\$ 523,306</u>
The average duration of the defined benefit obligation	5.9 years	5.7 years

## 22. EQUITY

### a. Share capital

	December 31	
	2021	2020
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, 2021 and 2020, the outstanding depositary receipts were 669,847 units and 634,512 units, equivalent to 13,397,250 ordinary shares (including 310 fractional shares), and 12,690,550 ordinary shares (including 310 fractional shares), which represented about

0.08% of all the issued shares.

b. Capital surplus

	December 31	
	2021	2020
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	7,336,666	7,239,784
Others	<u>8,099</u>	<u>8,099</u>
	<u>38,499,531</u>	<u>38,402,649</u>
May be used to offset deficit only (see 2 below)		
Share of change in equity of subsidiaries	579,555	515,257
Share of change in equity of associates	<u>159,550</u>	<u>159,550</u>
	<u>739,105</u>	<u>674,807</u>
	<u>\$ 39,238,636</u>	<u>\$ 39,077,456</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 2020 and 2019 that had been approved in the shareholders’ meeting in August 2021 and June 2020, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividend Per Share (NT\$)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Legal reserve	\$ 78,931	\$ 858,223		
Special reserve (reversal)	(272,355)	110,524		
Preference shares				
Cash dividends	53,575	53,575	<u>\$ 1.40</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	4,720,458	7,867,430	<u>\$ 0.30</u>	<u>\$ 0.50</u>

The appropriations of earnings for 2021 had been proposed by the Corporation’s board of directors on February 25, 2022 as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 6,154,632	
Reversal of special reserve	(723,473)	
Preference shares		
Cash dividends	118,631	<u>\$ 3.10</u>
Ordinary shares		
Cash dividends	48,778,069	<u>\$ 3.10</u>

The appropriations of earnings for 2021 are subject to the resolution of the shareholder’s meeting to be held in June 2022.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 27,912,065	\$ 27,803,906
Appropriation in respect of		
Difference due from the Corporation’s shares held by subsidiaries in prices lower than carrying amount	-	110,524
Reversal of special reserve		
Appreciation of the Corporation’s shares held by subsidiaries	(272,355)	-
Disposal of property, plant and equipment	<u>(136)</u>	<u>(2,365)</u>
Balance, end of the year	<u>\$ 27,639,574</u>	<u>\$ 27,912,065</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ (7,528,950)	\$ (6,838,836)
Recognized during the year		
Exchange differences arising from translating foreign operations	(1,508,504)	(474,314)
Share from subsidiaries and associates accounted for using the equity method	(129,628)	(215,800)
Other comprehensive income (loss) recognized in the year	(1,638,132)	(690,114)
Balance, end of the year	\$ (9,167,082)	\$ (7,528,950)

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 543,417	\$ 2,124,342
Recognized during the year		
Unrealized gains and losses - equity instruments	1,024,622	(2,734,065)
Share from subsidiaries and associates accounted for using the equity method	(510,664)	1,188,644
Other comprehensive income (loss) recognized in the year	513,958	(1,545,421)
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	(105,398)	(35,504)
Balance, end of the year	\$ 951,977	\$ 543,417

3) Gains and losses on hedging instrument

	<b>Cash Flow Hedges</b>	<b>Fair Value Hedges</b>	<b>Hedges of Net Investments in Foreign Operations</b>	<b>Total</b>
Balance at January 1, 2021	\$ (13,723)	\$ 22,801	\$ 3,788,786	\$ 3,797,864
Increase (decrease) in the year	(121,092)	132,381	-	11,289
Balance at December 31, 2021	\$ (134,815)	\$ 155,182	\$ 3,788,786	\$ 3,809,153
Balance at January 1, 2020	\$ 34,535	\$ 23,945	\$ 3,794,055	\$ 3,852,535
Increase (decrease) in the year	(48,258)	(1,144)	(5,269)	(54,671)
Balance at December 31, 2020	\$ (13,723)	\$ 22,801	\$ 3,788,786	\$ 3,797,864

a) Cash flow hedges

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ (13,723)	\$ 34,535
Recognized during the year		
Foreign currency risk - hedging foreign - currency deposits	(27,650)	8,958
Foreign currency risk - foreign exchange forward contracts	(16,441)	19,683
Tax effect	8,818	(5,728)
Share from subsidiaries and associates accounted for using the equity method	(93,657)	(76,243)
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	9,797	6,340
Tax effect	(1,959)	(1,268)
Other comprehensive income (loss) recognized in the year	<u>(121,092)</u>	<u>(48,258)</u>
Balance, end of the year	<u>\$ (134,815)</u>	<u>\$ (13,723)</u>

b) Fair value hedges

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 22,801	\$ 23,945
Recognized during the year		
Foreign currency risk - bank loans	<u>132,381</u>	<u>(1,144)</u>
Other comprehensive income (loss) recognized in the year	<u>132,381</u>	<u>(1,144)</u>
Balance, end of the year	<u>\$ 155,182</u>	<u>\$ 22,801</u>

c) Hedges of net investments in foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 3,788,786	\$ 3,794,055
Recognized during the year		
Foreign currency risk - bank loans	-	(5,269)
Other comprehensive income (loss) recognized in the year	-	(5,269)
Balance, 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, 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>
For the year ended December 31, 2020					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,765</u>	<u>90</u>	<u>90</u>	<u>320,765</u>	<u>\$8,664,198</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, 2021 were 517,246 thousand shares regardless of the percentage of ownership held by the Corporation. As of December 31, 2021 and 2020 the market values of the treasury shares calculated by combined holding percentage were NT\$11,318,753 thousand and NT\$7,940,725 thousand, respectively.

## 23. OPERATING REVENUE

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (Note 10)	<u>\$ 6,910,516</u>	<u>\$ 5,284,823</u>	<u>\$ 3,641,038</u>
Contract assets			
Construction contracts	<u>\$ 179,901</u>	<u>\$ 475,313</u>	<u>\$ 37,687</u>
Contract liabilities			
Sale of goods	<u>\$ 1,367,560</u>	<u>\$ 1,110,181</u>	<u>\$ 960,115</u>
Construction contracts	<u>333,771</u>	<u>90,061</u>	<u>140,981</u>
	<u>\$ 1,701,331</u>	<u>\$ 1,200,242</u>	<u>\$ 1,101,096</u>



b. Disaggregation of revenue

For the year ended December 31, 2021

	<b>Steel Department</b>	<b>Others</b>	<b>Total</b>
<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>

For the year ended December 31, 2020

	<b>Steel Department</b>	<b>Others</b>	<b>Total</b>
<u>Type of goods or services</u>			
Sale of goods	\$ 177,864,295	\$ -	\$ 177,864,295
Others	<u>-</u>	<u>5,977,231</u>	<u>5,977,231</u>
	<u>\$ 177,864,295</u>	<u>\$ 5,977,231</u>	<u>\$ 183,841,526</u>

c. Partially completed contracts

As of December 31, 2021 and 2020, the transaction prices allocated to the performance obligations that were not fully satisfied amounted to NT\$5,670,845 thousand and NT\$6,463,894 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 September 2025.

## 24. PROFIT BEFORE INCOME TAX

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	\$ 16,358	\$ 21,705
Others	<u>63,783</u>	<u>81,055</u>
	<u>\$ 80,141</u>	<u>\$ 102,760</u>

b. Other income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Rental income	\$ 453,079	\$ 550,558
Dividend income	451,620	478,481
Royalty income	195,691	173,645
Others	<u>389,784</u>	<u>705,271</u>
	<u>\$ 1,490,174</u>	<u>\$ 1,907,955</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net foreign exchange gain	\$ 629,814	\$ 340,821
Loss on disposal of property, plant and equipment	(42,792)	(3,107)
Gain arising from financial assets at fair value through profit or loss	4,930	117,861
Other losses	<u>(390,887)</u>	<u>(476,917)</u>
	<u>\$ 201,065</u>	<u>\$ (21,342)</u>

The components of net foreign exchange gain were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gain	\$ 1,240,674	\$ 800,605
Foreign exchange loss	<u>(610,860)</u>	<u>(459,784)</u>
Net exchange gain	<u>\$ 629,814</u>	<u>\$ 340,821</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest of bonds payable	\$ 945,035	\$ 1,055,388
Interest of short-term borrowings and bank overdraft	49,408	117,393
Interest of bills payable	41,961	93,051
Interest of lease liabilities	<u>10,520</u>	<u>14,120</u>
Total interest expense for financial liabilities measured at amortized cost	1,046,924	1,279,952
Less: Amounts included in the cost of qualifying assets	<u>250,944</u>	<u>186,985</u>
	<u>\$ 795,980</u>	<u>\$ 1,092,967</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Capitalized amounts	<u>\$ 250,944</u>	<u>\$ 186,985</u>
Capitalized annual rates (%)	1.03-1.36	1.09-1.20

e. Impairment loss recognized on non-financial assets

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment (recorded under operating costs, Refer to Note 14)	<u>\$ 663,904</u>	<u>\$ -</u>

f. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 14,773,389	\$ 14,879,973
Right-of-use assets	322,125	347,269
Investment properties	22,852	22,714
Intangible assets	<u>9,956</u>	<u>9,956</u>
	<u>\$ 15,128,322</u>	<u>\$ 15,259,912</u>
An analysis of depreciation by function		
Operating costs	\$ 14,206,878	\$ 14,007,500
Operating expenses	881,829	1,120,297
Others	<u>29,659</u>	<u>122,159</u>
	<u>\$ 15,118,366</u>	<u>\$ 15,249,956</u>
An analysis of amortization by function		
Operating costs	<u>\$ 9,956</u>	<u>\$ 9,956</u>

g. Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits		
Salaries	\$ 24,063,918	\$ 12,271,420
Labor and health insurance	1,020,163	927,313
Others	<u>712,032</u>	<u>558,752</u>
	<u>25,796,113</u>	<u>13,757,485</u>
Post-employment benefits		
Defined contribution plans	353,389	327,240
Defined benefit plans (Note 21)	<u>505,484</u>	<u>577,635</u>
	<u>858,873</u>	<u>904,875</u>
Termination benefits	<u>77,824</u>	<u>83,748</u>
	<u>\$ 26,732,810</u>	<u>\$ 14,746,108</u>
Analysis of employee benefits by function		
Operating costs	\$ 22,074,772	\$ 12,120,521
Operating expenses	4,491,117	2,438,846
Others	<u>166,921</u>	<u>186,741</u>
	<u>\$ 26,732,810</u>	<u>\$ 14,746,108</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, 2021 and 2020 which have been approved by the Corporation's board of directors in February 2022 and 2021, respectively, were as follows:

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	\$ 4,525,464	\$ 82,057
Remuneration of directors	84,852	1,539

Accrual Rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees (%)	5.98	7.52
Remuneration of directors (%)	0.11	0.14

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

The appropriations for compensation of employees and remuneration of directors (all in cash) for 2020 and 2019 which had been approved by the Corporation's board of directors in February 2021 and March 2020, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Compensation of Employees</b>	<b>Remuneration of Directors</b>	<b>Compensation of Employees</b>	<b>Remuneration of Directors</b>
Amounts approved in the board of directors' meeting	\$ 82,057	\$ 1,539	\$ 622,979	\$ 11,681
Amounts recognized in the annual financial statements	<u>82,057</u>	<u>1,539</u>	<u>621,160</u>	<u>11,647</u>
Differences	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,819</u>	<u>\$ 34</u>

The above differences were adjusted to profit and loss for the year ended December 31, 2020.

Information on the compensation of employees and remuneration of directors resolved by the board of directors is available at 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:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 7,371,181	\$ 10,385
In respect of prior years	23,689	(475,403)
Deferred tax		
In respect of the current year	1,576,882	544,040
In respect of prior years	<u>26,562</u>	<u>42,489</u>
	<u>\$ 8,998,314</u>	<u>\$ 121,511</u>

The reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before income tax	<u>\$ 71,051,347</u>	<u>\$ 1,007,376</u>
Income tax expense calculated at the statutory rate	\$ 14,210,269	\$ 201,475
Non-deductible expenses in determining taxable income	15,454	16,056
Tax-exempt income	(4,696,088)	140,127
Realized investment loss	(647,072)	(1,844)
Investment credits in respect of the current year	(16,846)	-
Unrecognized loss carryforwards	-	188,284
Separate taxation on repatriated offshore funds	82,346	10,385
Others	-	(58)
Adjustments for prior years' tax in respect of the current year	<u>50,251</u>	<u>(432,914)</u>
	<u>\$ 8,998,314</u>	<u>\$ 121,511</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In addition, in accordance with Rule No. 10904558730 issued by the Ministry of Finance of Taiwan (MOF), the Corporation has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Income tax recognized directly in equity

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 42	\$ 732

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ (42)	\$ (732)
	<u>\$ -</u>	<u>\$ -</u>
c. Income tax benefit recognized in other comprehensive income (loss)		

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current - fair value changes of cash flow hedges	\$ 8,818	\$ (5,728)
Current - remeasurement of defined benefit plan	125,627	11,254
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>(1,959)</u>	<u>(1,268)</u>
	<u>\$ 132,486</u>	<u>\$ 4,258</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Recognized Directly in Equity</b>	<b>Balance, End of Year</b>
<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
Unrealized loss on cash flow hedges	6,527	-	6,859	-	13,386
Provision	581,383	(162,612)	-	-	418,771
Unrealized gain on the transactions with subsidiaries and associates	207,675	59,928	-	-	267,603
Unrealized settlement loss on foreign exchange forward contracts for hedging	51,306	(23,796)	-	-	27,510
Unrealized construction loss	801,892	(356,892)	-	-	445,000
Estimated preferential severance pay	22,033	(4,310)	-	-	17,723
Foreign investment loss	120,195	(120,195)	-	-	-
Others	59,678	84,899	-	-	144,577
	<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
Difference between tax reporting and financial reporting - depreciation method	472,561	(68,550)	-	-	404,011
Unrealized exchange gains, net	75,697	(8,185)	-	-	67,512
Unrealized gain on revaluation increment	37,689	-	-	(42)	37,647
Foreign investment gain	-	1,180,596	-	-	1,180,596
Others	7,844	3,309	-	-	11,153
	<u>\$ 10,605,707</u>	<u>\$ 1,107,170</u>	<u>\$ -</u>	<u>\$ (42)</u>	<u>\$ 11,712,835</u>

For the Year Ended December 31, 2020

	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	\$ 1,416,096	\$ (53,177)	\$ 11,254	\$ -	\$ 1,374,173
Unrealized loss on inventories	1,090,372	(478,867)	-	-	611,505
Unrealized loss on cash flow hedges	13,523	-	(6,996)	-	6,527
Provision	136,695	444,688	-	-	581,383
Unrealized gain on the transactions with subsidiaries and associates	179,803	27,872	-	-	207,675
Unrealized settlement loss on foreign exchange forward contracts for hedging	64,271	(12,965)	-	-	51,306
Unrealized construction loss	801,892	-	-	-	801,892
Estimated preferential severance pay	20,886	1,147	-	-	22,033
Foreign investment loss	654,359	(534,164)	-	-	120,195
Others	108,050	(48,372)	-	-	59,678
	<u>\$ 4,485,947</u>	<u>\$ (653,838)</u>	<u>\$ 4,258</u>	<u>\$ -</u>	<u>\$ 3,836,367</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Difference between tax reporting and financial reporting - depreciation method	541,986	(69,425)	-	-	472,561
Unrealized exchange gains, net	71,199	4,498	-	-	75,697
Unrealized gain on revaluation increment	38,421	-	-	(732)	37,689
Others	10,226	(2,382)	-	-	7,844
	<u>\$ 10,673,748</u>	<u>\$ (67,309)</u>	<u>\$ -</u>	<u>\$ (732)</u>	<u>\$ 10,605,707</u>

e. Income tax assessments

The Corporation's income tax returns through 2017 have been assessed by the tax authorities.

**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>2021</u>	<u>2020</u>
Net profit for the year attributable to owners of the Corporation	\$ 62,053,033	\$ 885,865
Less: Dividends on preference shares	<u>150,550</u>	<u>53,575</u>
Net profit used in computation of basic earnings per share	61,902,483	832,290
Add: Dividends on preference shares	<u>150,550</u>	<u>-</u>
Net profit used in computation of diluted earnings per share	<u>\$ 62,053,033</u>	<u>\$ 832,290</u>

Number of shares (in thousand shares)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,564	15,414,073
Effect of dilutive potential ordinary shares:		
Compensation of employees	128,525	10,450
Convertible preference shares	<u>38,268</u>	<u>-</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,581,357</u>	<u>15,424,523</u>

Preference shares were not included in the calculation of diluted earnings per share for the years ended December 31, 2020 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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>December 31, 2021</u>				
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>



	Level 1	Level 2	Level 3	Total
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	-	-	26,451,103	26,451,103
	<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>
<u>December 31, 2020</u>				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 843,818</u>	<u>\$ 843,818</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 10,252,633	\$ -	\$ -	\$ 10,252,633
Foreign listed shares	1,495,004	-	-	1,495,004
Domestic unlisted shares	-	-	853,478	853,478
Foreign unlisted shares	-	-	25,625,541	25,625,541
	<u>\$ 11,747,637</u>	<u>\$ -</u>	<u>\$ 26,479,019</u>	<u>\$ 38,226,656</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 22,946</u>	<u>\$ -</u>	<u>\$ 22,946</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 37,859</u>	<u>\$ -</u>	<u>\$ 37,859</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended December 31, 2021

	<b>Equity Instruments</b>		
	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
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>

For the year ended December 31, 2020

	<b>Equity Instruments</b>		
	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance, beginning of the year	\$ 1,651,895	\$ 26,936,915	\$ 28,588,810
Recognized in profit or loss	33,702	-	33,702
Recognized in other comprehensive income (loss)	-	(457,896)	(457,896)
Disposals	(841,779)	-	(841,779)
Balance, end of the year	<u>\$ 843,818</u>	<u>\$ 26,479,019</u>	<u>\$ 27,322,837</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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Long-term pre-tax operating income rate (%)	5.97-20.48	7.98-54.07
Discount rate (%)	8.10-19.87	7.62-10.69

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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 206,905</u>	<u>\$ 268,384</u>
Decrease 1%	<u>\$ (210,038)</u>	<u>\$ (270,220)</u>
Discount rate		
Increase 1%	<u>\$ (219,650)</u>	<u>\$ (479,780)</u>
Decrease 1%	<u>\$ 308,478</u>	<u>\$ 652,297</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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	\$ 731,198	\$ 843,818
Financial assets for hedging	382,538	515,971
Financial assets at amortized cost 1)	27,756,996	20,234,891
Financial assets at fair value through other comprehensive income	39,251,278	38,226,656
<b>Financial liabilities</b>		
Financial liabilities for hedging	1,113,214	1,998,898
Financial liabilities at amortized cost 2)	116,681,528	122,714,536

- 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.

	<b>USD Impact</b>	
	<b>For the Year Ended</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Pre-tax profit or loss	\$ 26,791 i	\$ 13,051 i
Equity	(1,410) ii	(2,385) 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's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure of its foreign currency capital expenditure. 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, 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	382,237	-
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
	Calculating	Calculating	Continuing	Discontinuing	Carrying	Value Hedge
	Hedge	Hedge			Amount	Adjustments
	Ineffectiveness	Ineffectiveness	Hedges	Hedges	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	-	-	(177,876)	3,996,662	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 Hedge	Calculating Hedge	Continuing	Discontinuing	Carrying	Adjustments
	Ineffectiveness	Ineffectiveness	Hedges	Hedges	Amount Asset	Asset
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)

### December 31, 2020

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	\$ 22,946	\$ 37,859
Hedging foreign-currency deposits/Forecast purchases and construction contracts	Financial assets for hedging	493,025	-
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	-	1,053,808
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	907,231

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 Hedge	Calculating Hedge	Continuing	Discontinuing	Carrying	Adjustments
	Ineffectiveness	Ineffectiveness	Hedges	Hedges	Amount Asset	Asset
Cash flow hedge						
Foreign exchange forward contracts/ Forecast purchases and construction contracts	\$ 19,683	\$ (19,683)	\$ (14,913)	\$ -	NA	NA
Hedging foreign-currency deposits/ Forecast purchases and construction contracts	15,298	(15,298)	(17,723)	-	NA	NA
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	(177,876)	3,966,662	NA	NA
Fair value hedge						
Foreign currency bank borrowings/Financial assets at FVTOCI	(1,144)	1,144	22,801	-	\$ 1,495,004	\$ (50,321)
Foreign currency bank borrowings/Financial assets at FVTPL	(985)	1,000	NA	NA	843,818	(97,386)

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>

For the year ended December 31, 2020

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	\$ 19,683	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	15,298	-	-	-	-
	<u>\$ 34,981</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Net investment hedge in foreign operations					
Foreign currency bank borrowings	<u>\$ (5,269)</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, 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
<u>December 31, 2020</u>			
Buy	NTD/USD	2021.01-2023.03	NTD673,884/USD22,461
Buy	NTD/EUR	2021.10-2022.12	NTD636,339/EUR18,838
Buy	NTD/JPY	2022.04-2023.03	NTD25,764/JPY89,600

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:

	<u>December 31</u>	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 61,738,704	\$ 76,790,275

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial liabilities	\$ 21,370,921	\$ 26,544,421

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, 2021 and 2020 would have been lower/higher by NT\$213,709 thousand and NT\$265,444 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, 2021 and 2020 would have been lower/higher by NT\$118,943 thousand and NT\$117,476 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, 2021 and 2020, the maximum credit risk of off-balance-sheet guarantees provided to subsidiaries and investees of co-investment for procurement and investment compliance was NT\$14,583,569 thousand and NT\$36,147,590 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
<hr/> December 31, 2021 <hr/>				
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	<u>4,502,676</u>	<u>8,598,100</u>	<u>1,482,793</u>	<u>14,583,569</u>
	<u>\$ 69,423,320</u>	<u>\$ 44,560,410</u>	<u>\$ 22,759,678</u>	<u>\$ 136,743,408</u>
<hr/> December 31, 2020 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 20,288,172	\$ -	\$ -	\$ 20,288,172
Lease liabilities	295,038	636,557	387,511	1,319,106
Variable interest rate liabilities	12,377,323	14,262,601	-	26,639,924
Fixed interest rate liabilities	16,527,524	38,165,006	25,385,730	80,078,260
Refund liabilities	1,914,682	-	-	1,914,682
Financial guarantee liabilities	<u>7,456,748</u>	<u>23,826,554</u>	<u>4,864,288</u>	<u>36,147,590</u>
	<u>\$ 58,859,487</u>	<u>\$ 76,890,718</u>	<u>\$ 30,637,529</u>	<u>\$ 166,387,734</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
CSEI Transport (Panama) 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
China Steel Corporation India Pvt. Ltd. (CSCI)	Subsidiary
China Steel Precision Metals-Qingdao Co., Ltd. (CSMQ)	Subsidiary
China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	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

<b>Company</b>	<b>Relationship</b>
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
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
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

<b>Account Items</b>	<b>Related Parties Types</b>	<b>For the Year Ended December 31</b>	
		<b>2021</b>	<b>2020</b>
Revenue from sales of goods	Subsidiaries	\$ 32,728,117	\$ 34,556,278
	Others	<u>2,165,139</u>	<u>2,094,759</u>
		<u>\$ 34,893,256</u>	<u>\$ 36,651,037</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 and CSVC, in which the receivables were collected within 14 days after shipment, terms of sales to CSGT-VTM, in which the receivables were collected within 28 days after shipment, terms of sales to CSMQ, in which the receivables were collected within 60 days after shipment date, terms of sales to CSMK and CCCA, in which the receivables were collected within 85 days after shipment date, 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	
	2021	2020
Subsidiaries		
DSC	\$ 26,146,725	\$ 13,713,145
Others	18,617,364	9,808,828
Others	<u>152,369</u>	<u>158,299</u>
	<u>\$ 44,916,458</u>	<u>\$ 23,680,272</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 /Names	December 31	
		2021	2020
Notes and accounts receivable	Subsidiaries		
	CSMK	\$ 476,690	\$ 776,853
	Others	1,468,174	1,178,177
	The Corporation as key management of other related parties	266,016	147,529
	Others	<u>34,415</u>	<u>63,488</u>
		<u>\$ 2,245,295</u>	<u>\$ 2,166,047</u>

No guarantee had been received for receivables from related parties. For the years ended December 31, 2021 and 2020, 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	
		2021	2020
Accounts payable	Subsidiaries		
	CSE	\$ 2,228,477	\$ 473,670
	Others	1,045,744	571,886
	Others	<u>23,882</u>	<u>21,429</u>
		<u>\$ 3,298,103</u>	<u>\$ 1,066,985</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	
	2021	2020
Subsidiaries		
CSAC	\$ 3,600,000	\$ 3,600,000
SDMS	1,600,000	700,000
CSRC	962,000	944,000
KRTC	<u>800,000</u>	<u>450,000</u>
	<u>\$ 6,962,000</u>	<u>\$ 5,694,000</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, 2021 and 2020, the interest rate was 0.37 %-0.47 % p.a. and 0.40%-0.51% p.a., respectively.

Loans to the Corporation's subsidiaries were unsecured loans with interest income of NT\$24,268 thousand and NT\$52,469 thousand for the years ended December 31, 2021 and 2020, respectively.

g. Loans from related parties (recognized as short-term borrowings and bank overdraft)

Related Parties Types/Names	December 31	
	2021	2020
Subsidiaries		
CPDC	\$ 1,600,000	\$ 2,350,000
Others	<u>50,000</u>	<u>200,000</u>
	<u>\$ 1,650,000</u>	<u>\$ 2,550,000</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, 2021 and 2020, the interest rate was 0.37 % p.a. and 0.41%-0.46% p.a., respectively.

Loans from the Corporation's subsidiaries were unsecured loans with interest expense of NT\$8,725 thousand and NT\$11,363 thousand for the years ended December 31, 2021 and 2020, respectively.

h. Other related parties transactions

- 1) The Corporation signed brokerage contract with its subsidiary DSC. For the years ended December 31, 2021 and 2020, the commission revenue was NT\$744,449 thousand and NT\$457,746 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	
	2021	2020
DSC	<u>\$ 841,044</u>	<u>\$ 938,563</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	
	2021	2020
Subsidiaries	\$ 2,103,552	\$ 1,914,200
The Corporation as key management of other related parties	568,247	658,366
Other related parties	205,630	151,620
Others	<u>3,928</u>	<u>4,983</u>
	<u>\$ 2,881,357</u>	<u>\$ 2,729,169</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	
	2021	2020
Subsidiaries	\$ 9,254,791	\$ 8,296,100
Associates	376,881	945,946
Others	<u>17,146</u>	<u>97,639</u>
	<u>\$ 9,648,818</u>	<u>\$ 9,339,685</u>

- 4) Capital expenditures

Related Parties Types/Names	For the Year Ended December 31	
	2021	2020
Subsidiaries		
CEC	\$ 4,259,793	\$ 5,019,288
CSMC	2,339,414	3,623,363
Others	<u>1,203,597</u>	<u>1,596,579</u>
	<u>\$ 7,802,804</u>	<u>\$ 10,239,230</u>

The balances of outsourced repair and construction payable (recognized as other payables) were as follows:

Related Parties Types	December 31	
	2021	2020
Subsidiaries		
CEC	\$ 447,533	\$ 640,284
CSMC	166,419	435,575
Others	<u>154,980</u>	<u>151,355</u>
	<u>\$ 768,932</u>	<u>\$ 1,227,214</u>

- 5) As of December 31, 2021 and 2020, guarantees provided to the related parties for investment compliance were as follows:

Related Parties Types/Names	December 31	
	2021	2020
Other related parties - FHC		
Amount endorsed	\$ 11,748,534	\$ 33,904,899
Amount utilized	<u>(11,748,534)</u>	<u>(33,904,899)</u>
	<u>\$ -</u>	<u>\$ -</u>
Subsidiaries		
Amount endorsed	\$ 9,736,210	\$ 2,580,000
Amount utilized	<u>(1,850,591)</u>	<u>(1,308,952)</u>
	<u>\$ 7,885,619</u>	<u>\$ 1,271,048</u>
The Corporation as key management of other related parties		
Amount endorsed	\$ 1,267,752	\$ 1,329,520
Amount utilized	<u>(984,444)</u>	<u>(933,739)</u>
	<u>\$ 283,308</u>	<u>\$ 395,781</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	
	2021	2020
Short-term employee benefits	\$ 223,686	\$ 52,960
Post-employment benefits	<u>1,132</u>	<u>1,368</u>
	<u>\$ 224,818</u>	<u>\$ 54,328</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	
	2021	2020
Other financial assets - time deposits	\$ 5,850,000	\$ 5,850,000
Investments accounted for using the equity method - shares	<u>3,487,591</u>	<u>-</u>
	<u>\$ 9,337,591</u>	<u>\$ 5,850,000</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, 2021 were as follows:

- a. The Corporation provided letters of credits for NT\$2.4 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\$3.4 billion.
- c. Property purchase and construction contracts for NT\$7.8 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 7,170,000 metric tons of coal, 16,560,000 metric tons of iron ore, and 2,140,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2021 were US\$5.0 billion (including 4,620,000 metric tons of coal, 32,000,000 metric tons of iron ore, and 500,000 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\$14,583,569 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)
<hr/> December 31, 2021 <hr/>			
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



	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2020			
Monetary foreign currency assets			
USD	\$ 97,242	28.4800	\$ 2,769,421
JPY	4,957,119	0.2763	1,369,652
CNY	251,557	4.3770	1,101,066
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	845,533	28.4800	24,080,774
JPY	5,410,800	0.2763	1,495,004
MYR	227,523	6.7895	1,544,767
Investments accounted for using the equity method			
USD	373,863	28.4800	10,645,842
AUD	949,559	21.9500	20,842,831
INR	1,795,671	0.3845	690,435
Monetary foreign currency liabilities			
USD	134,692	28.4800	3,836,034
JPY	8,463,676	0.2763	2,338,514

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 95-96)
- 2) Endorsements/guarantees provided (Table 2) (Please refer to Annex Page 97-98)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3) (Please refer to Annex Page 99-125)
- 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 126-127)
- 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 128)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6) (Please refer to Annex Page 129-136)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7) (Please refer to Annex Page 137)
  - 9) Trading in derivative instruments (Note 28)
  - 10) Information on investees (Table 8) (Please refer to Annex Page 144-150 Table 9)
- 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 9) (Please refer to Annex Page 151-152 Table 10)
  - 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 6) (Please refer to Annex Page 129-136)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6) (Please refer to Annex Page 129-136)
    - 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 97-98)
    - 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 95-96)
    - 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 10) (Please refer to Annex Page 153 Table 11)

### **34. SEGMENT INFORMATION**

Disclosure of the segment information in standalone financial statements is waived.