

China Steel Corporation

**Standalone Financial Statements for the
Years Ended December 31, 2018 and 2017 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, 2018 and 2017, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other independent auditors (refer to the other matter paragraph below), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2018 and 2017, and 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. Based on our audits and the report of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As disclosed in Note 3 to the standalone financial statements, the Corporation 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. Our opinion is not modified in respect of this matter.

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, 2018. 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, 2018 are stated as follows:

Inventory Valuation

As of December 31, 2018, inventories of the Corporation amounted to NT\$50,931,887 thousand, representing 11% of the Corporation's total assets. Due to the drastic fluctuations in the prices of raw materials and finished goods in the steel industry, inventory valuation, which involved critical accounting estimates, is deemed to be a key audit matter. Refer to Notes 4, 5 and 12 to the Corporation's financial statements for the related accounting policies and disclosures on inventory valuation.

We focused on inventory valuation, and the audit procedures we performed included the following:

1. We evaluated the appropriateness of the approach applied to the inventory valuation.
2. We verified the completeness of inventory included in inventory valuation.
3. We tested the net realizable value of inventory items on a sample basis and evaluated the underlying assumptions and supporting documents, re-performed and calculated the appropriateness of net realizable value and the value written-off.

Valuation of Financial Assets At Fair Value Through Other Comprehensive Income - Formosa Ha Tinh (Cayman) Limited

As of December 31, 2018, the Corporation's investment in Formosa Ha Tinh (Cayman) Limited (FHC) amounted to NT\$29,358,000 thousand, representing 6% of the Corporation's total assets. Such investment is an unlisted investment with no active market. Therefore, the Corporation engaged an appraiser who made an appraisal and issued a valuation report, which was used as the basis for determining the fair value of the investment. Assets of FHC were mainly from its wholly-owned subsidiary, Formosa Ha Tinh Steel Corporation (FHS). The appraiser adopted the market approach to appraise FHS which involved various assumptions and unobservable inputs, including comparable companies, market multiplier, discount for lack of marketability and control premium. As a result, the fair value of the investment in FHC is deemed to be a key audit matter. Refer to Notes 4 and 5 to the Corporation's standalone financial statements for the related accounting policies on valuation of financial assets.

The audit procedures we performed included the following:

1. We assessed the professional qualifications, competence, objectivity and independence of the appraiser hired by the Corporation.
2. We discussed with the management the scope of work performed by the independent appraiser, reviewed the contract terms and conditions signed by the Corporation and the appraiser, and we identified no concerns over the appraiser's objectivity or any restriction imposed on the scope of the work.
3. We confirmed the valuation method adopted by the independent appraiser is complied with IFRSs.

We also consulted our internal valuation experts in the assessment of the appropriateness of the appraisal and in verifying the key assumptions and the reasonableness of key inputs, including the comparable companies, market multiplier, discount for lack of marketability and control premium.

Other Matter

Certain investments accounted for using the equity method in the Corporation's standalone financial statements for the year ended December 31, 2017 were based on financial statements audited by other independent auditors. The share of comprehensive income amounted to loss of NT\$875,298 thousand, representing 6% of the Corporation's total comprehensive income, for the year ended December 31, 2017.

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, 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 Corporation 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, 2018 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 audit resulting in this independent auditors' report are Lee-Yuan Kuo and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2019

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

CHINA STEEL CORPORATION

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018		December 31, 2017		LIABILITIES AND EQUITY	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,619,772	2	\$ 2,923,910	1	Short-term borrowings and bank overdraft (Notes 18, 30 and 31)	\$ 17,328,763	4	\$ 10,722,766	2
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	112,155	-	-	-	Short-term bills payable (Note 18)	-	-	6,296,753	1
Available-for-sale financial assets - current (Notes 4 and 9)	-	-	111,603	-	Derivative financial liabilities for hedging - current (Note 10)	-	-	20,674	-
Derivative financial assets for hedging - current (Note 10)	-	-	44,469	-	Financial liabilities for hedging - current (Note 10)	4,192,300	1	-	-
Financial assets for hedging - current (Note 10)	811,156	-	-	-	Contract liabilities - current (Notes 4 and 24)	1,788,593	-	-	-
Contract assets - current (Notes 4 and 24)	204,993	-	-	-	Accounts payable	7,205,398	1	4,145,456	1
Notes receivable (Notes 4 and 11)	686,507	-	681,901	-	Accounts payable - related parties (Note 30)	2,277,200	-	1,813,858	-
Notes receivable - related parties (Notes 4, 11 and 30)	428,768	-	223,073	-	Other payables (Notes 20 and 30)	18,238,258	4	16,253,268	3
Accounts receivable, net (Notes 4 and 11)	2,872,455	1	2,246,631	1	Current tax liabilities (Note 26)	2,857,677	1	2,103,954	1
Accounts receivable - related parties (Notes 4, 11 and 30)	1,893,989	1	2,526,127	1	Provisions - current (Notes 4 and 21)	4,933,753	1	2,239,559	1
Other receivables	1,356,235	-	805,299	-	Current portion of bonds payable (Note 19)	5,649,340	1	7,698,974	2
Other receivables - loans to related parties (Note 30)	10,794,160	2	7,356,950	2	Current portion of long-term bank borrowings (Note 18)	-	-	9,860,615	2
Inventories (Notes 4, 5 and 12)	50,931,887	11	48,024,231	10	Refund liabilities - current (Notes 20 and 21)	3,040,059	1	-	-
Noncurrent assets held for sale (Notes 4 and 17)	594,606	-	-	-	Other current liabilities	500,564	-	3,910,313	1
Other financial assets - current (Notes 15 and 31)	6,070,843	1	6,869,408	1					
Other current assets	934,428	-	1,889,815	-	Total current liabilities	68,011,905	14	65,066,190	14
Total current assets	85,311,954	18	73,703,417	16					
NONCURRENT ASSETS					NONCURRENT LIABILITIES				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	1,651,808	-	-	-	Derivative financial liabilities for hedging - noncurrent (Note 10)	-	-	8,112	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	46,868,501	10	-	-	Financial liabilities for hedging - noncurrent (Note 10)	4,350,730	1	-	-
Available-for-sale financial assets - noncurrent (Notes 4, 5 and 9)	-	-	16,418,690	3	Bonds payable (Note 19)	72,304,214	15	59,967,190	13
Derivative financial assets for hedging - noncurrent (Note 10)	-	-	12,583	-	Long-term bank borrowings (Note 18)	-	-	20,653,020	5
Financial assets for hedging - noncurrent (Note 10)	767	-	-	-	Long-term bills payable (Note 18)	5,897,729	1	5,899,102	1
Debt investments with no active market - noncurrent (Notes 4 and 13)	-	-	1,761,421	-	Deferred tax liabilities (Notes 4 and 26)	10,722,181	2	10,715,281	2
Investments accounted for using equity method (Notes 4 and 14)	180,223,533	38	207,523,641	44	Net defined benefit liabilities (Notes 4 and 22)	6,887,381	2	6,048,974	1
Property, plant and equipment (Notes 4, 16 and 30)	155,897,997	32	162,042,223	34	Other noncurrent liabilities	-	-	59,580	-
Investment properties (Notes 4 and 17)	6,532,164	1	7,129,792	2					
Intangible assets	34,847	-	44,810	-	Total noncurrent liabilities	100,162,235	21	103,351,259	22
Deferred tax assets (Notes 4 and 26)	4,500,087	1	3,371,609	1					
Refundable deposits	60,519	-	100,092	-	Total liabilities	168,174,140	35	168,417,449	36
Other financial assets - noncurrent (Note 15)	-	-	319,234	-					
Total noncurrent assets	395,770,223	82	398,724,095	84	EQUITY (Notes 4 and 23)				
					Share capital				
					Ordinary shares	157,348,610	33	157,348,610	33
					Preference shares	382,680	-	382,680	-
					Total share capital	157,731,290	33	157,731,290	33
					Capital surplus	38,545,884	8	38,211,082	8
					Retained earnings				
					Legal reserve	63,228,774	13	61,538,216	13
					Special reserve	27,649,488	6	27,655,869	6
					Unappropriated earnings	31,804,134	6	20,033,060	4
					Total retained earnings	122,682,396	25	109,227,145	23
					Other equity	2,595,167	1	7,372,935	2
					Treasury shares	(8,646,700)	(2)	(8,532,389)	(2)
					Total equity	312,908,037	65	304,010,063	64
TOTAL	\$ 481,082,177	100	\$ 472,427,512	100	TOTAL	\$ 481,082,177	100	\$ 472,427,512	100

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche audit report dated March 25, 2019)

CHINA STEEL CORPORATION

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 24 and 30)	\$ 235,403,151	100	\$ 207,098,630	100
OPERATING COSTS (Notes 12 and 30)	<u>210,430,943</u>	<u>89</u>	<u>187,568,805</u>	<u>90</u>
GROSS PROFIT	24,972,208	11	19,529,825	10
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(63,751)</u>	<u>-</u>	<u>147,162</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>24,908,457</u>	<u>11</u>	<u>19,676,987</u>	<u>10</u>
OPERATING EXPENSES				
Selling and marketing expenses	3,093,162	1	2,836,946	1
General and administrative expenses	3,715,086	2	3,544,812	2
Research and development expenses	<u>1,783,578</u>	<u>1</u>	<u>1,720,185</u>	<u>1</u>
Total operating expenses	<u>8,591,826</u>	<u>4</u>	<u>8,101,943</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>16,316,631</u>	<u>7</u>	<u>11,575,044</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 25 and 30)	1,587,435	1	1,383,476	1
Other gains and losses (Notes 25 and 30)	(61,193)	-	268,918	-
Finance costs (Notes 25 and 30)	(1,652,214)	(1)	(1,919,054)	(1)
Share of profit of subsidiaries and associates	<u>10,206,731</u>	<u>5</u>	<u>7,212,280</u>	<u>3</u>
Total non-operating income and expenses	<u>10,080,759</u>	<u>5</u>	<u>6,945,620</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	26,397,390	12	18,520,664	9
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,943,238</u>	<u>1</u>	<u>1,615,076</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>24,454,152</u>	<u>11</u>	<u>16,905,588</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(757,319)	-	(1,179,124)	-

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CHINA STEEL CORPORATION

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2018		2017	
	Amount	%	Amount	%
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ (1,154,367)	(1)	\$ -	-
Gains and losses on hedging instruments	(117,906)	-	-	-
Share of the other comprehensive income of subsidiaries and associates	432,420	-	(188,829)	-
Income tax benefit relating to items that will not be reclassified subsequently to profit or loss	158,592	-	200,451	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	92,177	-	(1,726,614)	(1)
Unrealized gains and losses on available-for-sale financial assets	-	-	895,527	-
The effective portion of gains and losses on hedging instruments in a cash flow hedge	-	-	(30,552)	-
Gains and losses on hedging instruments	(207,788)	-	-	-
Share of the other comprehensive income of subsidiaries and associates	104,052	-	(451,326)	-
Income tax benefit relating to items that may be reclassified subsequently to profit or loss	-	-	5,194	-
Other comprehensive income (loss) for the year, net of income tax	(1,450,139)	(1)	(2,475,273)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 23,004,013	10	\$ 14,430,315	7
EARNINGS PER SHARE (Note 27)				
Basic	\$ 1.58		\$ 1.09	
Diluted	\$ 1.57		\$ 1.09	

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche audit report dated March 25, 2019)

(Concluded)

CHINA STEEL CORPORATION

STANDALONE STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Other Equity													
	Share Capital			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Available-For-Sale Financial Assets	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	The Effective Portion of Gains and Losses on Hedging Instruments in a Cash Flow Hedge	Gains and Losses on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2017	\$ 157,348,610	\$ 382,680	\$ 37,807,466	\$ 59,934,379	\$ 29,786,846	\$ 17,196,041	\$ (32,048)	\$ 8,650,573	\$ -	\$ 62,181	\$ -	\$ 8,680,706	\$ (8,576,842)	\$ 302,559,886
Appropriation of 2016 earnings (Note 23)														
Legal reserve	-	-	-	1,603,837	-	(1,603,837)	-	-	-	-	-	-	-	-
Special reserve (reversal)	-	-	-	-	(2,130,614)	2,130,614	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.85 per share	-	-	-	-	-	(13,374,632)	-	-	-	-	-	-	-	(13,374,632)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(363)	363	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	-	-	16,905,588	-	-	-	-	-	-	-	16,905,588
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(1,167,502)	(2,078,545)	964,290	-	(193,516)	-	(1,307,771)	-	(2,475,273)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	15,738,086	(2,078,545)	964,290	-	(193,516)	-	(1,307,771)	-	14,430,315
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(19,595)	(19,595)
Disposal of the Corporation's shares held by subsidiaries	-	-	28,066	-	-	-	-	-	-	-	-	-	64,048	92,114
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	267,245	-	-	-	-	-	-	-	-	-	-	267,245
Adjustment from changes in equity of subsidiaries and associates	-	-	108,305	-	-	-	-	-	-	-	-	-	-	108,305
BALANCE AT DECEMBER 31, 2017	157,348,610	382,680	38,211,082	61,538,216	27,655,869	20,033,060	(2,110,593)	9,614,863	-	(131,335)	-	7,372,935	(8,532,389)	304,010,063
Effect of retrospective application (Note 3)	-	-	-	-	-	3,842,218	(4,005,260)	(9,614,863)	5,251,741	131,335	3,972,776	(4,264,271)	-	(422,053)
Balance after adjustments at January 1, 2018	157,348,610	382,680	38,211,082	61,538,216	27,655,869	23,875,278	(6,115,853)	-	5,251,741	-	3,972,776	3,108,664	(8,532,389)	303,588,010
Appropriation of 2017 earnings (Note 23)														
Legal reserve	-	-	-	1,690,558	-	(1,690,558)	-	-	-	-	-	-	-	-
Special reserve (reversal)	-	-	-	-	(5,992)	5,992	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.88 per share	-	-	-	-	-	(13,846,677)	-	-	-	-	-	-	-	(13,846,677)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(389)	389	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	24,454,152	-	-	-	-	-	-	-	24,454,152
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(826,559)	196,229	-	(950,911)	-	131,102	(623,580)	-	(1,450,139)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	23,627,593	196,229	-	(950,911)	-	131,102	(623,580)	-	23,004,013
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(115,054)	(115,054)
Disposal of the Corporation's shares held by subsidiaries	-	-	262	-	-	-	-	-	-	-	-	-	378	640
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	281,424	-	-	-	-	-	-	-	-	-	-	281,424
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(110,083)	-	-	110,083	-	-	110,083	-	-
Adjustment from changes in equity of subsidiaries and associates	-	-	53,116	-	-	(4,225)	-	-	-	-	-	-	365	49,256
BALANCE AT DECEMBER 31, 2018	\$ 157,348,610	\$ 382,680	\$ 38,545,884	\$ 63,228,774	\$ 27,649,488	\$ 31,804,134	\$ (5,919,624)	\$ -	\$ 4,410,913	\$ -	\$ 4,103,878	\$ 2,595,167	\$ (8,646,700)	\$ 312,908,037

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche audit report dated March 25, 2019)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 26,397,390	\$ 18,520,664
Adjustments for:		
Depreciation	17,609,689	17,394,877
Amortization	9,963	9,975
Net gain on financial assets at fair value through profit or loss	(3,802)	-
Finance costs	1,652,214	1,919,054
Interest income	(197,865)	(146,636)
Dividend income	(363,401)	(335,909)
Share of profit of subsidiaries and associates	(10,206,731)	(7,212,280)
Loss on disposal of property, plant and equipment	51,676	9,721
Gain on disposal of investments	-	(771,464)
Impairment loss recognized on financial assets	-	532,792
Impairment loss recognized on nonfinancial assets	-	40,311
Write-down (reversal of) inventories	42,812	(551,871)
Unrealized (realized) gain on the transactions with subsidiaries and associates	63,751	(147,162)
Recognition of provisions	1,783,317	774,194
Others	(154,575)	49,800
Changes in operating assets and liabilities		
Financial assets for hedging	118,500	-
Contract assets	(137,438)	-
Notes receivable	(4,606)	(209,708)
Notes receivable - related parties	(205,695)	101,384
Accounts receivable	(625,824)	(988,974)
Accounts receivable - related parties	632,138	(710,728)
Other receivables	(543,113)	321,472
Inventories	(2,790,464)	(4,988,766)
Other current assets	955,387	(1,071,405)
Contract liabilities	(814,399)	-
Accounts payable	3,059,942	3,396
Accounts payable - related parties	463,342	844,470
Other payables	3,277,721	1,377,976
Provisions	-	(939,437)
Other current liabilities	46,449	584,464
Net defined benefit liabilities	81,088	84,024
Refund liabilities	1,215,587	-
Cash generated from operations	41,413,053	24,494,234
Income taxes paid	(2,369,887)	(1,355,517)
Net cash generated from operating activities	<u>39,043,166</u>	<u>23,138,717</u>

(Continued)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (15,000)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	16	-
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	107,527	-
Proceeds from disposal of available-for-sale financial assets	-	841,250
Proceeds from the capital reduction on available-for-sale financial assets	-	1,284
Acquisition of financial liabilities for hedging	3,642,472	-
Derecognition of financial liabilities for hedging	(18,406,432)	-
Acquisition of investments accounted for using equity method	(826,000)	(779,498)
Proceeds from the capital reduction on investments accounted for using equity method	1,529,916	-
Acquisition of property, plant and equipment	(10,914,218)	(11,701,039)
Proceeds from disposal of property, plant and equipment	-	419
Decrease (increase) in refundable deposits	39,573	(44,404)
Increase in other receivables - loans to related parties	(3,437,210)	(145,141)
Decrease in other financial assets	198,391	466,929
Interest received	190,042	144,903
Dividends received from subsidiaries and associates	5,859,772	4,963,105
Other dividends received	<u>363,401</u>	<u>350,463</u>
Net cash used in investing activities	<u>(21,667,750)</u>	<u>(5,901,729)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	21,006,626	17,971,900
Repayments of short-term borrowings	(17,508,172)	(16,590,000)
Proceeds from short-term bills payable	80,103,247	122,646,753
Repayments of short-term bills payable	(86,400,000)	(116,350,000)
Issuance of bonds payable	18,000,000	-
Repayments of bonds payable	(7,700,000)	(5,200,000)
Repayments of long-term bank borrowings	(7,598,710)	(4,242,113)
Dividends paid	(13,892,306)	(13,428,207)
Interest paid	<u>(1,797,782)</u>	<u>(2,088,514)</u>
Net cash used in financing activities	<u>(15,787,097)</u>	<u>(17,280,181)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,588,319	(43,193)

(Continued)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31	
	2018	2017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	\$ <u>829,222</u>	\$ <u>872,415</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ <u>2,417,541</u>	\$ <u>829,222</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, 2018 and 2017:		
Cash and cash equivalents in the standalone balance sheets	\$ 7,619,772	\$ 2,923,910
Bank overdraft	<u>(5,202,231)</u>	<u>(2,094,688)</u>
Cash and cash equivalents in the standalone statements of cash flows	\$ <u>2,417,541</u>	\$ <u>829,222</u>

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche audit report dated March 25, 2019)

(Concluded)

CHINA STEEL CORPORATION

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Corporation (the Corporation) was incorporated on December 3, 1971. It manufactures and sells steel products and engages in mechanical, communications, and electrical engineering.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since December 1974. As of December 31, 2018, the Ministry of Economic Affairs (MOEA), Republic of China owned 20.05% of the Corporation's issued ordinary shares.

The standalone financial statements are presented in the Corporation's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the board of directors and authorized for issue on March 25, 2019.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation's accounting policies:

- 1) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively from January 1, 2018, and the other requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Corporation has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Corporation's financial assets and financial liabilities as at January 1, 2018.

	Measurement Category	
	IAS 39	IFRS 9
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Derivative financial instruments	Derivative financial assets for hedging	Financial assets for hedging
Equity investment	Available-for-sale	Designated as at fair value through other comprehensive income (FVTOCI) - financial assets
Notes and accounts receivable (including related parties) and other receivables (including loans to related parties)	Loans and receivables	Amortized cost
Debt investments with no active market	Loans and receivables	Mandatorily at fair value through profit or loss (FVTPL)
Pledged time deposits	Loans and receivables	Amortized cost
Time deposits with original maturity of more than 3 months	Loans and receivables	Amortized cost
Hedging foreign-currency deposits	Loans and receivables	Financial assets for hedging
Refundable deposits	Loans and receivables	Amortized cost
Deposits for projects	Loans and receivables	Amortized cost
Financial Liabilities		
Derivative financial instruments	Derivative financial liabilities for hedging	Financial liabilities for hedging
Short-term borrowings and bank overdraft	Amortized cost	Amortized cost
Short-term bills payable	Amortized cost	Amortized cost
Accounts payable (including related parties)	Amortized cost	Amortized cost
Other payables	Amortized cost	Amortized cost
Bonds payable	Amortized cost	Amortized cost
Long-term bank borrowings	Amortized cost	Financial liabilities for hedging
Long-term bills payable	Amortized cost	Amortized cost
Deposits received	Amortized cost	Amortized cost

	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi - cations	Remea - surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018
Fair value through profit or loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From loans and receivables (IAS 39)						
Mandatorily at FVTPL as of January 1, 2018	-	1,761,421	(205,353)	1,556,068	(205,353)	-
	-	1,761,421	(205,353)	1,556,068	(205,353)	-
FVTOCI - equity instrument	-	-	-	-	-	-
From available for sale (IAS 39)	-	16,530,293	-	16,530,293	4,117,536	(4,117,536)
	-	16,530,293	-	16,530,293	4,117,536	(4,117,536)

(Continued)

	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi - cations	Remea - surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018
Amortized cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From loans and receivables (IAS 39)	-	23,133,217	-	23,133,217	-	-
	-	23,133,217	-	23,133,217	-	-
	<u>\$ -</u>	<u>\$ 41,424,931</u>	<u>\$ (205,353)</u>	<u>\$ 41,219,578</u>	<u>\$ 3,912,183</u>	<u>\$ (4,117,536)</u>

(Concluded)

The impact on assets, liabilities and equity when retrospectively applying IFRS 9 on January 1, 2018 is detailed below:

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application of IFRS 9	IFRS 9 Carrying Amount as of January 1, 2018
<u>Impact on assets, liabilities and equity</u>			
Financial assets at fair value through other comprehensive income - current	\$ -	\$ 111,603	\$ 111,603
Available-for-sale financial assets - current	111,603	(111,603)	-
Derivative financial assets for hedging - current	44,469	(44,469)	-
Financial assets for hedging - current	-	963,877	963,877
Other financial assets - current	6,869,408	(919,408)	5,950,000
Financial assets at fair value through profit or loss - noncurrent	-	1,556,068	1,556,068
Financial assets at fair value through other comprehensive income - noncurrent	-	16,418,690	16,418,690
Available-for-sale financial assets - noncurrent	16,418,690	(16,418,690)	-
Derivative financial assets for hedging - noncurrent	12,583	(12,583)	-
Financial assets for hedging - noncurrent	-	12,583	12,583
Debt investments with no active market - noncurrent	1,761,421	(1,761,421)	-
Investments accounted for using equity method	207,523,641	686	207,524,327
Deferred tax assets	<u>3,371,609</u>	<u>(217,793)</u>	<u>3,153,816</u>
Total effect on assets	<u>\$ 236,113,424</u>	<u>\$ (422,460)</u>	<u>\$ 235,690,964</u>
Derivative financial liabilities for hedging - current	\$ 20,674	\$ (20,674)	\$ -
Financial liabilities for hedging - current	-	9,881,289	9,881,289
Current portion of long-term bank borrowings	9,860,615	(9,860,615)	-
Derivative financial liabilities for hedging - noncurrent	8,112	(8,112)	-

(Continued)

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application of IFRS 9	IFRS 9 Carrying Amount as of January 1, 2018
Financial liabilities for hedging - noncurrent	\$ -	\$ 20,661,132	\$ 20,661,132
Long-term bank borrowings	20,653,020	(20,653,020)	-
Deferred tax liabilities	<u>10,715,281</u>	<u>(407)</u>	<u>10,714,874</u>
Total effect on liabilities	<u>\$ 41,257,702</u>	<u>\$ (407)</u>	<u>\$ 41,257,295</u>
Retained earnings	\$ 109,227,145	\$ 3,842,218	\$ 113,069,363
Exchange differences on translating foreign operations	(2,110,593)	(4,005,260)	(6,115,853)
Unrealized gains and losses on financial assets at fair value through other comprehensive income	-	5,251,741	5,251,741
Unrealized gains and losses on available-for-sale financial assets	9,614,863	(9,614,863)	-
The effective portion of gains and losses on hedging instruments in a cash flow hedge	(131,335)	131,335	-
Gains and losses on hedging instruments	<u>-</u>	<u>3,972,776</u>	<u>3,972,776</u>
Total effect on equity	<u>\$ 116,600,080</u>	<u>\$ (422,053)</u>	<u>\$ 116,178,027</u> (Concluded)

Explanations for the main adjustments are as follows:

- The Corporation elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gains and losses on available-for-sale financial assets of NT\$9,614,863 thousand was reclassified to other equity - unrealized gains and losses on financial assets at FVTOCI.
- The Corporation recognized impairment loss on certain investments in equity securities previously classified as available-for-sale under IAS 39. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of NT\$4,117,536 thousand in other equity - unrealized gains and losses on financial assets at FVTOCI and an increase of NT\$4,117,536 thousand in retained earnings on January 1, 2018.
- Hedges of net investments in foreign operations included in other equity - exchange differences on translating the financial statements of foreign operations of NT\$4,005,260 thousand under IAS 39 was reclassified to other equity - gains and losses on hedging instruments under IFRS 9.

Hedge accounting

Due to the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, all derivative and non-derivative financial assets and financial liabilities which are designated as hedging instruments are presented as financial assets and financial liabilities for hedging from January 1, 2018.

The impact on assets, liabilities and equity in the current year of the initial application of the treatment of hedging accounting in IFRS 9 is not material.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Please refer to Note 4 for related accounting policies.

The Corporation elected to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

	IAS 11 and IAS 18 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application of IFRS 15	IFRS 15 Carrying Amount as of January 1, 2018
Impact on asset - contract assets - current	\$ <u>-</u>	\$ <u>67,555</u>	\$ <u>67,555</u>
Contract liabilities - current	\$ -	\$ 2,543,412	\$ 2,543,412
Other payables	16,253,268	(1,755,008)	14,498,260
Provisions - current	2,239,559	910,877	3,150,436
Refund liabilities - current	-	1,824,472	1,824,472
Other current liabilities	3,910,313	(3,456,198)	454,115
Contract liabilities - noncurrent	-	59,580	59,580
Other noncurrent liabilities	<u>59,580</u>	<u>(59,580)</u>	<u>-</u>
Impact on liabilities	\$ <u>22,462,720</u>	\$ <u>67,555</u>	\$ <u>22,530,275</u>

If the Corporation continues to adopt IAS 11/IAS 18 in 2018, the impact on the current year of the application of IFRS 15 is detailed below:

Impact on assets, liabilities and equity for current year

	December 31, 2018
Decrease in contract assets - current	\$ (204,993)
Increase in amounts due from customers for construction contracts	<u>-</u>
Decrease in assets	\$ <u>(204,993)</u>
Decrease in contract liabilities - current	\$ (1,788,593)
Increase in amounts due to customers for construction contracts	2,865,550
Increase in other payables	2,765,525
Decrease in provisions - current	(2,155,160)
Increase in other current liabilities	1,147,744
Decrease in refund liabilities - current	<u>(3,040,059)</u>
Decrease in liabilities	\$ <u>(204,993)</u>

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Corporation shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for identifying lease agreements and the accounting of lessor and lessee, and will supersede IAS 17 “Lease”, IFRIC 4 “Determining whether an Arrangement Contains a Lease” and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Corporation will elect to apply the guidance of IFRS 16, in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Corporation as lessee

Upon initial application of IFRS 16, the Corporation will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the standalone balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the standalone statements of comprehensive income, the Corporation will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the standalone statements of cash flows, cash payments for the principal and interest portion of lease liabilities will be classified within financing activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the standalone statements of cash flows. Leased assets and lease payables are recognized for contracts classified as finance leases.

The Corporation anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the rate the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at either an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedients which are to be applied, the Corporation will apply IAS 36 to all right-of-use assets.

The Corporation expects to apply the following practical expedients:

- a) The Corporation will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Corporation will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Corporation will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Corporation will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be determined as the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The Corporation as lessor

The Corporation will not make any adjustments for leases in which it is a lessor in transitional period and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Except for the adjustments arising from initial application mentioned below, the accounting of the Corporation as lessor and lessee is not expected to have a material impact.

Anticipated impact on assets, liabilities and equity

	December 31, 2018	Adjustments Arising from Initial Application	January 1, 2019
Right - of - use assets	\$ -	\$ 1,603,338	\$ 1,603,338
Total effect on assets	\$ -	\$ 1,603,338	\$ 1,603,338
Lease liabilities - current	\$ -	\$ 306,672	\$ 306,672
Lease liabilities - noncurrent	-	1,296,666	1,296,666
Total effect on liabilities	\$ -	\$ 1,603,338	\$ 1,603,338

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Corporation should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Corporation concludes that it is probable that the taxation authority will

accept an uncertain tax treatment, the Corporation should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Corporation should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Corporation has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the accounting of the Corporation is not expected to have a material impact.

Except for the above impact, as of the date the standalone financial statements were authorized for issue, the Corporation assessed that there would be no material impact of the initial application of other standards and the amendments to interpretations on its financial position and results of operations.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
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, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note2: The Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note3: The Corporation shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the standalone financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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 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.

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 twelve 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 on the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange difference 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 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) 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 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 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 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-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.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

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 over the subsidiary are accounted for as equity transaction. Differences between the carrying amounts of the investment and the fair value of 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 entire carrying amount of the investment 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 is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. 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.

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 Tangible and Intangible Assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible 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. Noncurrent assets held for sale

Noncurrent 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 noncurrent 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.

l. 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

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, 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, commercial papers and bonds with repurchase agreements 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.

2017

Financial assets held by the Corporation include available-for-sale financial assets and loans and receivables.

i Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity investments are recognized when the Corporation's right to receive the dividends is established.

ii Loans and receivables

Loans and receivables (including cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables (including loans to related parties), debt investments with no active market, refundable deposits and other financial assets) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits, commercial papers and bonds with repurchase agreements with original maturity within three months from the date of acquisition, high liquidity, 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.

b) Impairment of financial assets and contract assets

2018

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivables, and contract assets. For all other financial instruments, the Group 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.

2017

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as accounts receivable, are assessed for impairment on a collective basis even if there is no objective evidence of impairment individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortized cost, if, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, higher probability that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an 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.

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Starting from 2018, 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. However, 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

i 2018

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.

ii 2017

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at amortized cost. However, if it is probable to pay the amount of the contract obligation, they are subsequently measured at the higher of the best estimate of the obligation under the contract and amortization 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

Changes in the fair value of 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.

Before 2017, hedge accounting is discontinued prospectively when the Corporation revokes the designated hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when the hedging instrument no longer meets the criteria for hedge accounting. Starting from 2018, 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 changes in the fair value of 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.

Before 2017, hedge accounting is discontinued prospectively when the Corporation revokes the designated hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when the hedging instrument no longer meets the criteria for hedge accounting.

Starting from 2018, 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 other comprehensive income and accumulated under the heading of foreign currency translation reserve in and before 2017. From 2018, it 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.

m. 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.

n. 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.

o. Revenue Recognition

Contracts applicable to IFRS 15 starting from 2018

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.

Revenues are 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.

Contracts prior to 2018 without retrospective application of IFRS 15

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods are transferred to the customers as follows: domestic sales - when products are move out of the Corporation's premises for delivery to customers; exports - when products are loaded onto vessels. Revenues are recognized because the earning process is accomplished and revenue is realized or realizable.

Revenues are 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. But if the related receivable is due within one year, the difference between its present value and undiscounted amount is immaterial, and sales transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash to be received.

2) Rendering of services

Service revenue is recognized according to the contract and the percentage of completion of the services. If a service contract is estimated to bear a loss prior to completion, the Corporation recognizes the full amount of the loss immediately. However, if the loss is estimated to be smaller in future years, the difference is reversed and recognized as a gain in the year of determination.

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 and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

4) According to Income Tax Law and related regulations, the Corporation files a consolidated tax return with its 100% owned subsidiary. The appropriation of the income tax relating to the subsidiary is recognized as other receivables or other payables.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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 29, 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	
	2018	2017
Cash on hand	\$ 18,824	\$ 18,698
Checking accounts and demand deposits	2,600,948	1,613,494
Cash equivalents (investments with original maturities less than three months)		
Time deposits	5,000,000	-
Commercial papers with repurchase agreements	-	914,418
Bonds with repurchase agreements	-	377,300
	<u>\$ 7,619,772</u>	<u>\$ 2,923,910</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2018
Noncurrent	
Unlisted preference shares - overseas	
East Asia United Steel Corporation (EAUS) - preference A	<u>\$ 1,651,808</u>

Above investments were classified as debt investments with no active market under IAS 39 (Note 13). However, under IFRS 9, they were classified mandatorily as at FVTPL.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2018
Current	
Domestic investments	
Listed shares	<u>\$ 112,155</u>
Noncurrent	
Domestic investments	
Listed shares	\$ 10,356,678
Unlisted shares	845,486
	<u>11,202,164</u>

(Continued)

	December 31, 2018
Foreign investments	
Listed shares	\$ 2,171,073
Unlisted shares	<u>33,495,264</u>
	<u>35,666,337</u>
	<u>\$ 46,868,501</u>
	(Concluded)

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. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3 and 9 for information relating to reclassification and comparative information for 2017.

Dividends of NT\$363,401 thousand were recognized for the year ended December 31, 2018, all of which was related to investments still held as of December 31, 2018.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December, 31 2017
<u>Current</u>	
Domestic investments	
Listed shares	<u>\$ 111,603</u>
<u>Noncurrent</u>	
Domestic investments	
Listed shares	\$ 8,886,307
Emerging market shares and unlisted shares	<u>821,594</u>
	<u>9,707,901</u>
Foreign investments	
Listed shares	2,112,543
Unlisted shares	<u>4,598,246</u>
	<u>6,710,789</u>
	<u>\$ 16,418,690</u>

10. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2018	December 31, 2017
<hr/> Financial assets for hedging - current <hr/>		
Foreign exchange forward contracts	\$ 7,162	\$ -
Hedging foreign-currency deposits (Note 15)	<u>803,994</u>	<u>-</u>
	<u>\$ 811,156</u>	<u>\$ -</u>
<hr/> Financial assets for hedging - noncurrent <hr/>		
Foreign exchange forward contracts	<u>\$ 767</u>	<u>\$ -</u>
<hr/> Financial liabilities for hedging - current <hr/>		
Foreign exchange forward contracts	\$ 15,191	\$ -
Bank loans (Note 18)	<u>4,177,109</u>	<u>-</u>
	<u>\$ 4,192,300</u>	<u>\$ -</u>
<hr/> Financial liabilities for hedging - noncurrent <hr/>		
Foreign exchange forward contracts	\$ 2,168	\$ -
Bank loans (Note 18)	<u>4,348,562</u>	<u>-</u>
	<u>\$ 4,350,730</u>	<u>\$ -</u>
<hr/> Derivative financial assets for hedging - current <hr/>		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 44,469</u>
<hr/> Derivative financial assets for hedging - noncurrent <hr/>		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 12,583</u>
<hr/> Derivative financial liabilities for hedging - current <hr/>		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 20,674</u>
<hr/> Derivative financial liabilities for hedging - noncurrent <hr/>		
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 8,112</u>

Refer to Note 29 for information relating to financial instruments for hedging.

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

	December 31	
	2018	2017
Notes receivable		
Operating	\$ 1,115,275	\$ 904,974
Non-operating	-	-
	<u>1,115,275</u>	<u>904,974</u>
Less: Allowance for impairment loss	-	-
	<u>\$ 1,115,275</u>	<u>\$ 904,974</u>
Accounts receivable	\$ 4,766,444	\$ 4,772,758
Less: Allowance for impairment loss	-	-
	<u>\$ 4,766,444</u>	<u>\$ 4,772,758</u>

For the year ended December 31, 2018

The Corporation makes prudent assessment of all 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, 2018

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 5,739,242	\$ 142,477	\$ -	\$ -	\$ 5,881,719
Loss allowance (Lifetime ECL)	-	-	-	-	-
Amortized cost	<u>\$ 5,739,242</u>	<u>\$ 142,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,881,719</u>

For the year ended December 31, 2017

The Corporation has the same credit policy in 2017 and 2018.

The allowance for doubtful accounts was recognized based on estimated irrecoverable amounts determined by reference to the account aging analysis, past default experience of the customers and analysis of customers' current financial position. In determining the recoverability of notes and accounts receivable, the Corporation considered any change in the credit quality of the notes and accounts receivable since the credit was initially granted to the end of the reporting period. For the past due notes and accounts receivable

not collected after executing legal procedures, the Corporation will recognize 100% allowance for doubtful accounts.

The Corporation had not recognized an allowance for some notes and accounts receivable that are past due at the end of the reporting period because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Corporation did not hold any collateral or other credit enhancement for these balances.

The aging of notes and accounts receivable was as follows (the past due notes and accounts receivable were unimpaired):

	December 31, 2017
Not past due	\$ 5,535,818
1-30 days	141,914
31-60 days	-
61-365 days	-
	<u>\$ 5,677,732</u>

Above analysis of notes and accounts receivable was based on the past due days from end of credit term.

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 is empowered to sell 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, 2018						
Mega Bank	\$ 3,946,637	\$ 10,988,135	\$ 10,625,300	\$ 4,309,472	1.05-1.68	NT\$9 billion
Bank of Taiwan	1,473,874	4,194,030	4,085,875	1,582,029	1.05-1.68	NT\$3 billion
Bank of Taiwan	649,515	5,843,018	6,000,810	491,723	0.55-3.47	USD130,000 thousand
Taishin Bank	1,626,213	9,471,752	7,756,173	3,341,792	2.00-3.00	USD120,000 thousand
CTBC Bank	677,245	3,143,818	2,774,972	1,046,091	2.00-3.47	USD40,000 thousand
Mizuho Bank	-	202,522	189,150	13,372	2.19-2.92	USD10,000 thousand
	<u>\$ 8,373,484</u>	<u>\$ 33,843,275</u>	<u>\$ 31,432,280</u>	<u>\$ 10,784,479</u>		
For the Year Ended December 31, 2017						
Mega Bank	\$ 3,407,655	\$ 10,454,377	\$ 9,915,395	\$ 3,946,637	1.02-1.68	NT\$9 billion
Bank of Taiwan	1,305,411	4,022,227	3,853,764	1,473,874	1.02-1.68	NT\$3 billion
Bank of Taiwan	658,609	5,912,848	5,921,942	649,515	1.84-2.49	USD130,000 thousand
Taishin Bank	1,944,923	7,724,850	8,043,560	1,626,213	1.59-2.00	USD123,000 thousand
CTBC Bank	552,811	2,567,555	2,443,121	677,245	1.59-2.02	USD40,000 thousand
	<u>\$ 7,869,409</u>	<u>\$ 30,681,857</u>	<u>\$ 30,177,782</u>	<u>\$ 8,373,484</u>		

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	\$ 11,501,847	\$ 12,097,386
Work in progress	17,171,433	16,280,300
Raw materials	8,481,807	8,914,391
Supplies	3,995,010	3,636,407
Raw materials and supplies in transit	9,668,574	6,981,833
By-products	<u>113,216</u>	<u>113,914</u>
	<u>\$ 50,931,887</u>	<u>\$ 48,024,231</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2018 and 2017 was NT\$203,825,079 thousand and NT\$181,850,825 thousand, respectively, including loss on inventory value decline of NT\$42,812 thousand and reversal of inventories NT\$551,871 thousand, respectively.

13. DEBT INVESTMENTS WITH NO ACTIVE MARKET - NONCURRENT

	December 31, 2017
Unlisted preference shares - overseas	
East Asia United Steel Corporation (EAUS) - Preference A	<u>\$ 1,761,421</u>

In July 2003, the Corporation and Sumitomo Metal Industries, Ltd. (renamed as Nippon Steel & Sumitomo Metal Corp. in October 2012) and Sumitomo Corporation established the joint venture company EAUS in Japan. The Corporation invested JPY10 billion in EAUS to acquire 10,000 shares of preference A. The Corporation also signed a long-term purchase agreement with EAUS and promised to purchase certain amount of slabs annually. In 2015, the Corporation sold 3,333 shares of preference A of EAUS to Nippon Steel & Sumitomo Metal Corp.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	\$ 177,001,964	\$ 204,006,310
Investments in associates	<u>3,221,569</u>	<u>3,517,331</u>
	<u>\$ 180,223,533</u>	<u>\$ 207,523,641</u>

a. Investments in subsidiaries

	December 31			
	2018	% of	2017	% of
	Amount	Owner - ship	Amount	Owner - ship
Listed companies				
Chung Hung Steel Corporation (CHS)	\$ 6,083,601	41	\$ 4,886,391	41
China Steel Chemical Corporation (CSCC)	2,094,831	29	1,955,790	29
China Steel Structure Co., Ltd. (CSSC)	1,270,135	33	1,358,447	33
China Ecotek Corporation (CEC)	1,161,560	45	1,201,380	45
CHC Resources Corporation (CHC)	<u>896,440</u>	20	<u>776,888</u>	20
	11,506,567		10,178,896	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>2,076,756</u>		<u>2,036,818</u>	
	<u>9,429,811</u>		<u>8,142,078</u>	
Unlisted companies				
Dragon Steel Corporation (DSC)	105,260,525	100	101,500,932	100
CSC Steel Australia Holdings Pty Ltd. (CSCAU)	16,010,187	100	15,753,650	100
China Steel Express Corporation (CSE)	11,840,131	100	11,129,193	100
C. S. Aluminium Corporation (CSAC)	8,151,379	100	8,696,161	100
China Steel Sumikin Vietnam Joint Stock Company (CSVC)	7,034,874	56	6,896,002	56
Gains Investment Corporation (GIC)	7,016,034	100	7,040,641	100
China Steel Asia Pacific Holdings Pte. Ltd. (CSAPH)	4,142,730	100	36,127,072	100
China Prosperity Development Corporation (CPDC)	3,706,884	100	3,695,653	100
China Steel Global Trading Corporation (CSGT)	2,189,379	100	2,111,723	100
China Steel Corporation India Pvt. Ltd. (CSCI)	1,688,762	100	2,228,405	100
Kaohsiung Rapid Transit Corporation (KRTC)	1,334,447	43	1,312,936	43
China Steel Machinery Corporation (CSMC)	1,070,002	74	956,927	74
China Steel Resources Corporation (CSRC)	994,965	100	994,103	100
Sing Da Marine Structure Corporation (SDMS)	754,140	100	-	-
InfoChamp Systems Corporation (ICSC)	742,119	100	756,401	100
CSC Solar Corporation (CSCSC)	692,176	55	657,994	55
China Steel Security Corporation (CSS)	530,435	100	529,945	100
Himag Magnetic Corporation (HMC)	386,104	69	390,505	69
CSC Precision Metal Industrial Corporation (CSCPM)	289,338	100	842,328	100
United Steel International Co., Ltd. (USICL)	266,381	80	-	-
White Biotech Corporation (WBC)	19,220	87	722,626	87
China Steel Management Consulting Corporation (CSMCC)	16,957	100	16,606	100
China Steel Power Holding Corporation (CPHC)	<u>4,928</u>	100	<u>-</u>	-
	174,142,097		202,359,803	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>6,569,944</u>		<u>6,495,571</u>	
	<u>167,572,153</u>		<u>195,864,232</u>	
	<u>\$ 177,001,964</u>		<u>\$ 204,006,310</u>	

In January 2016, the Corporation's investment in CSAPH amounted to NT\$11,063,857 thousand (USD329,135 thousand), and CSAPH deployed all of the capital injection in Formosa Ha Tinh (Cayman) Limited (FHC) with its shareholding ratio increasing from 19% to 25%. In July 2017 and April 2018, the Corporation's subsidiary CSAPH did not participate in the cash capital increase of FHC and decreased its shareholding ratio. Since the Corporation and its subsidiary CSAPH have no right to participate in the financial and operating policy decisions of FHC, the investment was reclassified to

available-for-sale financial assets.

Due to structural adjustment resolved by CSAPH's board of directors, CSAPH reduced its capital in shares and in cash on June 1, 2018. The capital in shares and in cash pertaining to the shareholdings of FHC and USICL in CSAPH were returned to the Corporation.. In addition, the capital in cash returned to the Corporation amounted to NT\$283,510 thousand, and the total shareholding percentage remained unchanged. Starting from June 1, 2018, FHC and USICL are reclassified to financial assets at FVTOCI-noncurrent and investments accounted for using equity method, respectively.

In June 2017, the subsidiary WBC's board of directors resolved to change WBC's operating strategy. The Corporation thus recognized an impairment loss of NT\$40,311 thousand. On January 16, 2018, the subsidiary WBC reduced its capital by NT\$696,406 thousand; the total shareholding percentage remained unchanged.

In December 2017, the Corporation increased its investment in CSCSC by NT\$330,000 thousand and acquired 33,000 thousand common shares where the total shareholding percentage remained unchanged.

In March 2018, the Corporation's board of directors resolved to invested NT\$3,420,000 thousand to establish SDMS. The Corporation continued to invest NT\$21,000 thousand and NT\$800,000 thousand in April and August 2018, respectively. SDMS mainly engages in the offshore wind power business.

In June 2018, the Corporation invested NT\$5,000 thousand for 100% shareholding in CPHC, which mainly engages in general investment.

October 31, 2018, the subsidiary CSCPM reduced its capital. The total reduction amounted to NT\$550,000 thousand where the total shareholding percentage remained unchanged.

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

	December 31	
	2018	2017
CSCC	\$ 9,423,844	\$ 8,770,366
CHS	\$ 6,234,603	\$ 7,225,147
CHC	\$ 2,469,409	\$ 2,643,715
CSSC	\$ 1,751,955	\$ 1,306,486
CEC	\$ 1,645,176	\$ 2,365,287

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

b. Investments in associates

	December 31			
	2018		2017	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Taiwan Rolling Stock Co., Ltd. (TRSCL)	\$ 1,007,233	48	\$ 1,194,880	48
Honley Auto. Parts Co., Ltd. (HAPC)	569,839	38	655,653	38
Kaohsiung Arena Development Corporation (KADC)	510,552	18	500,091	18

(Continued)

	December 31			
	2018		2017	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Eminent II Venture Capital Corporation (EVCC II)	\$ 394,784	46	\$ 435,370	46
Hsin Hsin Cement Enterprise Corp. (HHCEC)	370,263	31	361,293	31
Dyna Rechi Co., Ltd. (DRC)	296,830	25	305,297	25
Overseas Investment & Development Corp. (OIDC)	58,761	6	50,326	6
TaiAn Technologies Corporation (TTC)	<u>13,307</u>	17	<u>14,421</u>	17
	<u>\$ 3,221,569</u>		<u>\$ 3,517,331</u>	

(Concluded)

In July 2017, the Corporation increased its investment in TRSCL by NT\$449,498 thousand, and increased the total shareholding from 36% to 48%.

In August 2017, the subsidiaries CSMC and Union Steel Development Corp. increased investments in OIDC where the Corporation's total equity in OIDC increases to 21%, including 6% directly owned and 15% indirectly owned through CSMC and Union Steel Development Corp. As a result, the investment was reclassified from available-for-sale financial assets to investments accounted for using equity method.

The Corporation's total equity in KADC is 29%, including 18% directly owned and 11% indirectly owned through United Steel Construction Corporation and CPDC. The Corporation's total equity in TTC is 22%, including 17% directly owned and 5% indirectly owned through CSCC.

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

	For the Year Ended December 31	
	2018	2017
The Corporation's share of		
Net profit (loss) for the year	\$ (225,309)	\$ (28,919)
Other comprehensive income	<u>(15,677)</u>	<u>(229,723)</u>
Total comprehensive income	<u>\$ (240,986)</u>	<u>\$ (258,642)</u>

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

15. OTHER FINANCIAL ASSETS

	December 31	
	2018	2017
Current		
Pledged time deposits (Note 31)	\$ 5,850,000	\$ 5,850,000
Hedging foreign-currency deposits	-	919,408

(Continued)

	December 31	
	2018	2017
Current		
Time deposits with original maturities more than three months	\$ 100,000	\$ 100,000
Deposits for projects	<u>120,843</u>	<u>-</u>
	\$ 6,070,843	\$ 6,869,408
Noncurrent		
Deposits for projects	<u>\$ -</u>	<u>\$ 319,234</u>
		(Concluded)

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, 2018 and 2017, the balance of the foreign-currency deposits, which were designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT\$803,994 thousand (USD5,935 thousand, EUR17,287 thousand and JPY47,432 thousand) and NT\$919,408 thousand (USD16,310 thousand, EUR10,793 thousand and JPY189,728 thousand). As of December 31, 2018 and 2017 cash outflows would be expected from aforementioned contracts for the period through 2019 and through 2018, respectively.

Under IFRS 9, hedging foreign - currency deposits are reclassified to financial assets for hedging.

16. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2018

Cost	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2018	\$ 52,264,108	\$ 4,716,932	\$ 66,207,180	\$ 356,770,164	\$ 2,138,681	\$ 6,576,876	\$ 6,325,097	\$ 15,782,874	\$ 510,781,912
Additions	-	-	739,363	15,541,180	55,256	398,495	662,655	(5,882,832)	11,514,117
Disposals	-	(4,328)	(1,700)	(2,270,667)	(30,839)	(408,254)	(555,164)	-	(3,270,952)
Reclassification	-	-	(18,665)	(1,318,019)	(576)	1,317,629	-	-	(19,631)
Balance at December 31, 2018	<u>\$ 52,264,108</u>	<u>\$ 4,712,604</u>	<u>\$ 66,926,178</u>	<u>\$ 368,722,658</u>	<u>\$ 2,162,522</u>	<u>\$ 7,884,746</u>	<u>\$ 6,432,588</u>	<u>\$ 9,900,042</u>	<u>\$ 519,005,446</u>
Accumulated depreciation									
Balance at January 1, 2018	\$ -	\$ 4,497,592	\$ 35,911,133	\$ 298,461,456	\$ 1,700,068	\$ 5,512,785	\$ 2,656,655	\$ -	\$ 348,739,689
Depreciation	-	36,990	2,171,846	13,876,287	131,984	565,533	804,641	-	17,587,281
Disposals	-	(4,328)	(502)	(2,222,080)	(30,477)	(406,725)	(555,164)	-	(3,219,276)
Reclassification	-	-	820	(41,624)	24	40,535	-	-	(245)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 4,530,254</u>	<u>\$ 38,083,297</u>	<u>\$ 310,074,039</u>	<u>\$ 1,801,599</u>	<u>\$ 5,712,128</u>	<u>\$ 2,906,132</u>	<u>\$ -</u>	<u>\$ 363,107,449</u>
Carrying amount at December 31, 2018	<u>\$ 52,264,108</u>	<u>\$ 182,350</u>	<u>\$ 28,842,881</u>	<u>\$ 58,648,619</u>	<u>\$ 360,923</u>	<u>\$ 2,172,618</u>	<u>\$ 3,526,456</u>	<u>\$ 9,900,042</u>	<u>\$ 155,897,997</u>

For the Year Ended December 31, 2017

Cost	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2017	\$ 49,110,712	\$ 4,716,932	\$ 65,814,949	\$ 355,016,570	\$ 2,086,543	\$ 6,260,801	\$ 6,790,392	\$ 12,706,157	\$ 502,503,056
Additions	3,153,296	-	422,099	3,973,872	150,943	461,970	578,753	3,076,717	11,817,650
Disposals	-	-	(3,136)	(2,219,831)	(98,805)	(146,342)	(1,044,048)	-	(3,512,162)
Reclassification	100	-	(26,732)	(447)	-	447	-	-	(26,632)
Balance at December 31, 2017	<u>\$ 52,264,108</u>	<u>\$ 4,716,932</u>	<u>\$ 66,207,180</u>	<u>\$ 356,770,164</u>	<u>\$ 2,138,681</u>	<u>\$ 6,576,876</u>	<u>\$ 6,325,097</u>	<u>\$ 15,782,874</u>	<u>\$ 510,781,912</u>

(Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<u>Accumulated depreciation</u>									
Balance at January 1, 2017	\$ -	\$ 4,449,953	\$ 33,730,800	\$ 286,889,119	\$ 1,673,159	\$ 5,222,191	\$ 2,905,672	\$ -	\$ 334,870,894
Depreciation	-	47,639	2,184,308	13,786,131	125,484	434,405	795,031	-	17,372,998
Disposals	-	-	(1,794)	(2,213,626)	(98,575)	(143,979)	(1,044,048)	-	(3,502,022)
Reclassification	-	-	(2,181)	(168)	-	168	-	-	(2,181)
Balance at December 31, 2017	\$ -	\$ 4,497,592	\$ 35,911,133	\$ 298,461,456	\$ 1,700,068	\$ 5,512,785	\$ 2,656,655	\$ -	\$ 348,739,689
Carrying amount at December 31, 2017	\$ 52,264,108	\$ 219,340	\$ 30,296,047	\$ 58,308,708	\$ 438,613	\$ 1,064,091	\$ 3,668,442	\$ 15,782,874	\$ 162,042,223

(Concluded)

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	2-60 years
Facility	8-40 years
Mechanical and electrical facilities	10-15 years
Trellis and corrugated iron building	3-20 years
Road	7-8 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	3-10 years

Transportation equipment

Railway equipment	5-20 years
Telecommunication equipment	5 years
Transportation equipment	3-10 years

Other equipment

Office and extinguishment equipment	5-10 years
Computer equipment	3-10 years
Air condition equipment	5-8 years

17. INVESTMENT PROPERTIES

For the Year Ended December 31, 2018

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 6,130,771	\$ 1,240,531	\$ 7,371,302
Transferred from property, plant and equipment	-	19,631	19,631
Transferred to noncurrent assets held for sale	(594,606)	-	(594,606)
Balance at December 31, 2018	\$ 5,536,165	\$ 1,260,162	\$ 6,796,327

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2018	\$ -	\$ 241,510	\$ 241,510
Depreciation	-	22,408	22,408
Transferred from property, plant and equipment	-	245	245
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 264,163</u>	<u>\$ 264,163</u>
Carrying amount at December 31, 2018	<u>\$ 5,536,165</u>	<u>\$ 995,999</u>	<u>\$ 6,532,164</u> (Concluded)

For the Year Ended December 31, 2017

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2017	\$ 6,130,871	\$ 1,213,799	\$ 7,344,670
Transferred from property, plant and equipment	-	26,732	26,732
Transferred to property, plant and equipment	(100)	-	(100)
Balance at December 31, 2017	<u>\$ 6,130,771</u>	<u>\$ 1,240,531</u>	<u>\$ 7,371,302</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2017	\$ -	\$ 217,450	\$ 217,450
Depreciation	-	21,879	21,879
Transferred from property, plant and equipment	-	2,181	2,181
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ 241,510</u>	<u>\$ 241,510</u>
Carrying amount at December 31, 2017	<u>\$ 6,130,771</u>	<u>\$ 999,021</u>	<u>\$ 7,129,792</u>

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

Buildings

Main structure	10-60 years
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The Corporation participated in the “Qianzhen Residential Building Project”, which was jointly conducted by its subsidiary CPDC, and signed the land sales agreements with its employees. According to the agreements, payment for the land received from employees were deposited in the Bank of Taiwan and recognized as other financial assets while other liabilities were recognized simultaneously. After acquiring the building use permit in November 2018, the “Qianzhen Residential Building Project” was reclassified to noncurrent assets held for sale.

The fair value of the investment properties was arrived at on the basis of valuation carried out in January 2013, September 2013, December 2014, April 2015, December 2015, March 2017 and July 2017 by independent appraisers, who are not related parties. Lands were valued under market approach, income approach and land developing analysis approach. Buildings were evaluated using Level 3 inputs under market approach, cost approach and income approach. In December 2016, due to the significant change in the present value assessed for several pieces of land, the Corporation, based on the actual land sale prices in the vicinity, reappraised the land value. The important assumptions and fair value were as follows:

	December 31	
	2018	2017
Fair value	\$ <u>23,924,857</u>	\$ <u>24,625,526</u>
Depreciation rate (%)	1.90-2.71	1.90-2.71
Discount rate (%)	0.99-2.56	0.99-2.56

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

18. BORROWINGS

a. Short-term borrowings and bank overdraft

	December 31	
	2018	2017
Unsecured loans - interest at 0.47%-0.50% p.a. and 0.42%-0.45% p.a. as of December 31, 2018 and 2017, respectively	\$ 11,500,000	\$ 7,490,000
Bank overdraft (Note 31) - interest at 0.14%-0.27% p.a. as of December 31, 2018 and 2017	5,202,231	2,094,688
Export bill loans - interest at 0.21%-3.36% p.a. and 0.37%-6.45% p.a. as of December 31, 2018 and 2017, respectively	612,035	780,207
Letters of credit - interest at 0% p.a. as of December 31, 2018 and 2017	14,497	7,871
Loans from related parties (Note 30) - interest at 0.50%-0.51% p.a. as of December 31, 2017	<u>-</u>	<u>350,000</u>
	<u>\$ 17,328,763</u>	<u>\$ 10,722,766</u>

b. Short-term bills payable

	December 31	
	2018	2017
Commercial paper - interest at 0.39%-0.43% p.a. as of December 31, 2017	\$ -	\$ 6,300,000
Less: Unamortized discounts	<u>-</u>	<u>3,247</u>
	<u>\$ -</u>	<u>\$ 6,296,753</u>

The above commercial paper was unsecured, and the financial institutions included International Bills Finance Corporation, Mega Bills Finance Corporation, China Bills Finance Corporation and E.SUN Bank.

c. Long-term borrowings

	December 31	
	2018	2017
Unsecured loans		
Due on various dates through December 2021, interest at 0.29%-3.57% p.a. and 0.28%-2.57% p.a. as of December 31, 2018 and 2017, respectively	\$ 8,525,671	\$ 11,181,049
Syndicated bank loans		
Banks of Taiwan and other banks		
USD500,000 thousand, repayable in several installments from February 2020, repaid in February and May 2018, respectively, in advance, interest at 2.94% p.a. as of December 31, 2017	-	14,880,000
Mizuho Bank and other banks		
USD150,000 thousand, repaid in August 2018, interest at 2.50%-2.57% p.a. as of December 31, 2017	-	4,464,000
	8,525,671	30,525,049
Less: Syndicated loan fee	-	11,414
	8,525,671	30,513,635
Less: Current portion	-	9,860,615
Financial liabilities for hedging - current	4,177,109	-
Financial liabilities for hedging - noncurrent	4,348,562	-
	<u>\$ -</u>	<u>\$ 20,653,020</u>

In July and August 2015, the Corporation entered into syndicated credit facility agreements with Mizuho Bank along with 7 other banks and Bank of Taiwan along with 14 other banks for USD150,000 thousand and USD500,000 thousand unsecured non-revolving credit lines, respectively. Loans from Bank of Taiwan had been repaid in May and February 2018, respectively; loans from Mizuho bank had been repaid in August 2018. Under the agreements, the Corporation should meet some financial ratios and criteria which were based on reviewed consolidated financial statements for the six months ended June 30 and audited annual consolidated financial statements. If the Corporation breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare the Corporation's outstanding principal and interest to maturity as due, and request the Corporation to settle immediately. The above syndicated credit facility agreements obtained by the Corporation are intended to hedge the exchange rate fluctuations of the foreign currency equity investment of the subsidiary CSAPH.

However, the subsidiary CSAPH carried out a capital reduction in shares in June 2018, which resulted in the change on its risk management strategy and the hedge relationship became ineffective. The Corporation was in compliance with the syndicated credit facility agreements based on its consolidated financial statements for the six months ended June 30, 2018 and for the year ended December 31, 2017.

The amount of USD183,548 thousand and JPY10.38 billion (NT\$8,525,671 thousand), which is included in the above bank loans as of December 31, 2018 and the amount of USD933,548 thousand and JPY10.38 billion (NT\$30,525,049 thousand), which is included in the above bank loans and syndicated bank loans as of December 31, 2017 were used to hedge the exchange rate fluctuations on equity investments in EAUS, CSAPH, CSVC, Maruichi Steel Tube Ltd. and Yodogawa Steel Works, Ltd. At the adoption of IFRS 9, long-term borrowings used to hedge exchange rate fluctuation risk were reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	December 31	
	2018	2017
Commercial paper - interest at 0.51%-0.79% p.a. and 0.52%-0.72% p.a. as of December 31, 2018 and 2017, respectively	\$ 5,900,000	\$ 5,900,000
Less: Unamortized discounts	<u>2,271</u>	<u>898</u>
	<u>\$ 5,897,729</u>	<u>\$ 5,899,102</u>

The Corporation entered into unsecured commercial paper contracts with Cathay United Bank, CTBC Bank and Taishin Bank in February 2016, March 2016 and May 2016, 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.

19. BONDS PAYABLE

	December 31	
	2018	2017
7-year unsecured bonds - issued at par in:		
October 2011; repayable in October 2017 and October 2018; interest at 1.57% p.a., payable annually	\$ -	\$ 5,200,000
August 2012; repayable in August 2018 and August 2019; interest at 1.37% p.a., payable annually	2,500,000	5,000,000
July 2013; repayable in July 2019 and July 2020; interest at 1.44% p.a., payable annually	6,300,000	6,300,000
January 2014; repayable in January 2020 and January 2021; interest at 1.75% p.a., payable annually	6,900,000	6,900,000
May 2018; repayable in May 2024 and May 2025; interest at 0.95% p.a., payable annually	6,000,000	-
October 2018; repayable 25% in October 2024 and 75% in October 2025; interest at 0.90% p.a., payable annually	4,150,000	-
10-year unsecured bonds - issued at par in:		
August 2012; repayable in August 2021 and August 2022; interest at 1.50% p.a., payable annually	15,000,000	15,000,000
July 2013; repayable in July 2022 and July 2023; interest at 1.60% p.a., payable annually	9,700,000	9,700,000
January 2014; repayable in January 2023 and January 2024; interest at 1.95% p.a., payable annually	7,000,000	7,000,000
August 2018; repayable in August 2027 and August 2028; interest at 1.10% p.a., payable annually	5,600,000	-
October 2018; repayable in October 2027 and October 2028; interest at 1.05% p.a., payable annually	2,250,000	-
15-year unsecured bonds - issued at par in:		
July 2013; repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest at 1.88% p.a., payable annually	3,600,000	3,600,000

(Continued)

	December 31	
	2018	2017
January 2014; repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	\$ 9,000,000	\$ 9,000,000
	78,000,000	67,700,000
Less: Issuance cost of bonds payable	46,446	33,836
Current portion	<u>5,649,340</u>	<u>7,698,974</u>
	<u>\$ 72,304,214</u>	<u>\$ 59,967,190</u>
		(Concluded)

20. OTHER PAYABLES

	December 31	
	2018	2017
Salaries and incentive bonus	\$ 4,406,050	\$ 3,982,131
Purchase of equipment	3,472,471	3,013,928
Consignment payable	2,339,590	939,626
Employee compensation and remuneration of directors	1,776,755	1,236,147
Outsourced repair and construction	893,148	784,534
Interest payable	800,597	804,809
Sales returns and discounts	-	1,755,008
Others	<u>4,549,647</u>	<u>3,737,085</u>
	<u>\$ 18,238,258</u>	<u>\$ 16,253,268</u>

Under IFRS 15, sales returns and discounts are reclassified to refund liability - current.

21. PROVISIONS - CURRENT

	December 31	
	2018	2017
Onerous contracts (a)	\$ 4,933,298	\$ 2,210,635
Sales discounts (b)	-	28,469
Construction warranties (c)	<u>455</u>	<u>455</u>
	<u>\$ 4,933,753</u>	<u>\$ 2,239,559</u>

	Onerous Contracts	Sales Discounts	Construction Warranties	Total
Balance at January 1, 2018	\$ 2,210,635	\$ 28,469	\$ 455	\$ 2,239,559
Adjustment on initial application of IFRS 15	939,346	(28,469)	-	910,877
Recognized	<u>1,783,317</u>	<u>-</u>	<u>-</u>	<u>1,783,317</u>
Balance at December 31, 2018	<u>\$ 4,933,298</u>	<u>\$ -</u>	<u>\$ 455</u>	<u>\$ 4,933,753</u>
				(Continued)

	Onerous Contracts	Sales Discounts	Construction Warranties	Total
Balance at January 1, 2017	\$ 2,404,802	\$ -	\$ -	\$ 2,404,802
Recognized (reversal)	(194,167)	967,906	455	774,194
Paid	<u>-</u>	<u>(939,437)</u>	<u>-</u>	<u>(939,437)</u>
Balance at December 31, 2017	<u>\$ 2,210,635</u>	<u>\$ 28,469</u>	<u>\$ 455</u>	<u>\$ 2,239,559</u> (Concluded)

- 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. Under IFRS 15, expected loss of construction contracts were reclassified to the provision for onerous contracts.
- b. The provision for sales discounts, recognized as a reduction of operating revenues, represents the annual rewards estimated on the basis of historical experience, management's judgments and other known reasons. Under IFRS 15, the provision for sales discounts were reclassified to refund liability - current.
- c. 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.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Corporation has no right to influence the investment policy and strategy. Starting from August 1999, the Corporation has also made contributions, equal to a certain percentage of salaries of management personnel (vice president above), to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation has also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The amount of defined benefit plans included in the standalone balance sheets were as follows:

	December 31	
	2018	2017
Present value of defined benefit obligation	\$ 22,454,011	\$ 22,864,140
Fair value of plan assets	<u>(15,497,311)</u>	<u>(16,739,964)</u>
Deficit	6,956,700	6,124,176
Net defined benefit liabilities - recognized in other payables	<u>(69,319)</u>	<u>(75,202)</u>
Net defined benefit liabilities	<u>\$ 6,887,381</u>	<u>\$ 6,048,974</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	<u>\$ 22,864,140</u>	<u>\$ (16,739,964)</u>	<u>\$ 6,124,176</u>
Service cost			
Current service cost	598,881	-	598,881
Interest expense (income)	<u>200,061</u>	<u>(148,819)</u>	<u>51,242</u>
Recognized in profit or loss	<u>798,942</u>	<u>(148,819)</u>	<u>650,123</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(549,152)	(549,152)
Actuarial loss - changes in financial assumptions	798,554	-	798,554
Actuarial loss - experience adjustments	<u>507,917</u>	<u>-</u>	<u>507,917</u>
Recognized in other comprehensive income	<u>1,306,471</u>	<u>(549,152)</u>	<u>757,319</u>
Contributions from the employer	-	(504,204)	(504,204)
Benefits paid	(2,522,511)	2,451,797	(70,714)
Contributions of employee returning to the Corporation	<u>6,969</u>	<u>(6,969)</u>	<u>-</u>
	<u>(2,515,542)</u>	<u>1,940,624</u>	<u>(574,918)</u>
Balance at December 31, 2018	<u>\$ 22,454,011</u>	<u>\$ (15,497,311)</u>	<u>\$ 6,956,700</u>
Balance at January 1, 2017	<u>\$ 23,398,429</u>	<u>\$ (18,525,309)</u>	<u>\$ 4,873,120</u>
Service cost			
Current service cost	617,383	-	617,383
Interest expense (income)	<u>204,736</u>	<u>(164,495)</u>	<u>40,241</u>
Recognized in profit or loss	<u>822,119</u>	<u>(164,495)</u>	<u>657,624</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,631)	(11,631)
Actuarial loss - changes in demographic assumptions	948	-	948

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial loss - changes in financial assumptions	\$ 498,915	\$ -	\$ 498,915
Actuarial loss - experience adjustments	<u>690,892</u>	<u>-</u>	<u>690,892</u>
Recognized in other comprehensive income	<u>1,190,755</u>	<u>(11,631)</u>	<u>1,179,124</u>
Contributions from the employer	-	(541,849)	(541,849)
Benefits paid	(2,550,296)	2,506,453	(43,843)
Contributions of employee returning to the Corporation	<u>3,133</u>	<u>(3,133)</u>	<u>-</u>
	<u>(2,547,163)</u>	<u>1,961,471</u>	<u>(585,692)</u>
Balance at December 31, 2017	<u>\$ 22,864,140</u>	<u>\$ (16,739,964)</u>	<u>\$ 6,124,176</u> (Concluded)

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

	For the Year Ended December 31	
	2018	2017
Operating costs	\$ 457,350	\$ 478,765
Operating expenses	192,276	178,659
Others	<u>497</u>	<u>200</u>
	<u>\$ 650,123</u>	<u>\$ 657,624</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	2017
Discount rate (%)	0.875	0.875
Expected rate of salary increase (%)	2.500	1.875
Turnover rate (%)	0.000-0.100	0.000-0.100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	2017
Discount rate		
0.25% increase	<u>\$ (333,203)</u>	<u>\$ (341,787)</u>
0.25% decrease	<u>\$ 342,913</u>	<u>\$ 351,621</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 332,659</u>	<u>\$ 342,358</u>
0.25% decrease	<u>\$ (324,974)</u>	<u>\$ (334,519)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	2017
The expected contributions to the plan for the next year	<u>\$ 468,682</u>	<u>\$ 535,793</u>
The average duration of the defined benefit obligation	6.1 years	6.3 years

23. EQUITY

a. Share capital

	December 31	
	2018	2017
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>

(Continued)

	December 31	
	2018	2017
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>
		(Concluded)

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

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, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. 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, 2018 and 2017, the outstanding depositary receipts were 769,313 units and 1,019,241 units, equivalent to 15,386,570 ordinary shares (including 310 fractional shares) and 20,385,130 ordinary shares (including 310 fractional shares), which represented 0.09% and 0.13% of the outstanding ordinary shares, respectively.

b. Capital surplus

	December 31	
	2018	2017
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	329,558	329,296
Others	8,099	8,099
	<u>31,492,423</u>	<u>31,492,161</u>
May be used to offset deficits only (see 2 below)		
Treasury share transactions	6,429,481	6,148,057
Share of change in equity of subsidiaries	507,077	467,953
Share of change in equity of associates	116,903	102,911
	<u>7,053,461</u>	<u>6,718,921</u>
	<u>\$ 38,545,884</u>	<u>\$ 38,211,082</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 2017 and 2016 had been approved in the shareholders' meeting in June 2018 and 2017, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	2017	2016	2017	2016
Legal reserve	\$ 1,690,558	\$ 1,603,837		
Reversal of special reserve	(5,992)	(2,130,614)		
Preference shares				
Cash dividends	53,575	53,575	<u>\$ 1.40</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	13,846,677	13,374,632	<u>\$ 0.88</u>	<u>\$ 0.85</u>

The appropriations of earnings for 2018 had been proposed by the Corporation's board of directors on March 25, 2019 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 2,445,415	
Special reserve	154,480	
Preference shares		
Cash dividends	53,575	<u>\$ 1.40</u>
Ordinary shares		
Cash dividends	15,734,861	<u>\$ 1.00</u>

The appropriations of earnings for 2018 are subject to the resolution of the shareholder's meeting to be held in June 2019.

d. Special reserves

	For the Year Ended December 31	
	2018	2017
Balance, beginning of year	\$ 27,655,869	\$ 29,786,846
Reversal of special reserve		
The difference between carrying amount of the Corporation's shares held by subsidiaries	(5,992)	(2,130,614)
Disposal of property, plant and equipment	<u>(389)</u>	<u>(363)</u>
Balance, end of year	<u>\$ 27,649,488</u>	<u>\$ 27,655,869</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2018	2017
Balance, beginning of year (IAS 39)	\$ (2,110,593)	\$ (32,048)
Adjustment on initial application of IFRS 9	<u>(4,005,260)</u>	<u>-</u>
Balance, beginning of year (IFRS 9)	<u>(6,115,853)</u>	<u>(32,048)</u>
Recognized during the year		
Exchange differences arising on translating foreign operations	92,177	(4,015,339)
Share from subsidiaries and associates accounted for using the equity method	104,052	(351,931)
Gains and losses on hedging instruments designated in hedges of the net investment in foreign operations	<u>-</u>	<u>2,288,725</u>
Other comprehensive income recognized in the year	<u>196,229</u>	<u>(2,078,545)</u>
Balance, end of year	<u>\$ (5,919,624)</u>	<u>\$ (2,110,593)</u>

2) Unrealized gains and losses on available-for-sale financial assets

	Amount
Balance at January 1, 2018 (IAS 39)	\$ 9,614,863
Adjustment on initial application of IFRS 9	<u>(9,614,863)</u>
Balance at January 1, 2018 (IFRS 9)	<u>\$ -</u>
Balance at January 1, 2017	<u>\$ 8,650,573</u>
Recognized during the year	
Unrealized gains and losses on available-for-sale financial assets	1,134,199
Share from subsidiaries and associates accounted for using the equity method	68,763
Reclassification adjustment	
Reclassified to profit or loss on disposal of available-for-sale financial assets	(771,464)
Impairment on available-for-sale financial assets	<u>532,792</u>
Other comprehensive income recognized in the year	<u>964,290</u>
Balance at December 31, 2017	<u>\$ 9,614,863</u>

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

	For the Year Ended December 31, 2018
Balance at January 1, 2018 (IAS 39)	\$ -
Adjustment on initial application of IFRS 9	<u>5,251,741</u>
Balance at January 1, 2018 (IFRS 9)	<u>5,251,741</u>

(Continued)

	For the Year Ended December 31, 2018
Recognized during the year	
Unrealized gains and losses - equity instruments	\$ (1,154,367)
Share from subsidiaries and associates accounted for using the equity method	<u>203,456</u>
Other comprehensive income recognized in the year	<u>(950,911)</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>110,083</u>
Balance at December 31, 2018	<u>\$ 4,410,913</u> (Concluded)

4) The effective portion of gains and losses on hedging instruments in a cash flow hedge

	Amount
Balance at January 1, 2018 (IAS 39)	\$ (131,335)
Adjustment on initial application of IFRS 9	<u>131,335</u>
Balance at January 1, 2018 (IFRS 9)	<u>\$ -</u>
Balance at January 1, 2017	\$ 62,181
Fair value changes of hedging instruments	(56,570)
Income tax relating to fair value changes	9,617
Fair value changes of hedging instruments transferred to adjust carrying amount of hedged items	26,018
Income tax relating to amounts transferred to adjust carrying amount of hedged items	(4,423)
Share from of subsidiaries and associates accounted for using the equity method	<u>(168,158)</u>
Balance at December 31, 2017	<u>\$ (131,335)</u>

5) Gains and losses on hedging instrument

	Cash Flow Hedges	Fair Value Hedges	Hedges of Net Investments in Foreign Operations	Total
Balance at January 1, 2018 (IAS 39)	\$ -	\$ -	\$ -	\$ -
Adjustment on initial application of IFRS 9	<u>(131,335)</u>	<u>98,851</u>	<u>4,005,260</u>	<u>3,972,776</u>
Balance at January 1, 2018 (IFRS 9)	(131,335)	98,851	4,005,260	3,972,776
Increase (decrease) in the year	<u>422,186</u>	<u>(83,296)</u>	<u>(207,788)</u>	<u>131,102</u>
Balance at December 31, 2018	<u>\$ 290,851</u>	<u>\$ 15,555</u>	<u>\$ 3,797,472</u>	<u>\$ 4,103,878</u>

a) Cash flow hedges

	For the Year Ended December 31, 2018
Balance at January 1, 2018 (IAS 39)	\$ -
Adjustment on initial application of IFRS 9	<u>(131,335)</u>
Balance at January 1, 2018 (IFRS 9)	<u>(131,335)</u>
Effect of change in tax rate	(1,387)
Recognized during the year	
Foreign currency risk - hedging foreign - currency deposits	23,504
Foreign currency risk - foreign exchange forward contracts	(37,696)
Tax effect	2,838
Share from subsidiaries and associates accounted for using the equity method	451,261
Reclassification adjustment	
Foreign currency risk - hedging foreign - currency deposits	(20,418)
Tax effect	<u>4,084</u>
Other comprehensive income recognized in the year	<u>422,186</u>
Balance at December 31, 2018	<u>\$ 290,851</u>

b) Fair value hedges

	For the Year Ended December 31, 2018
Balance at January 1, 2018 (IAS 39)	\$ -
Adjustment on initial application of IFRS 9	<u>98,851</u>
Balance at January 1, 2018 (IFRS 9)	<u>98,851</u>
Recognized during the year	
Foreign currency risk - bank loans	<u>(83,296)</u>
Balance at December 31, 2018	<u>\$ 15,555</u>

c) Hedges of net investments in foreign operations

	For the Year Ended December 31, 2018
Balance at January 1, 2018 (IAS 39)	\$ -
Adjustment on initial application of IFRS 9	<u>4,005,260</u>
Balance at January 1, 2018 (IFRS 9)	<u>4,005,260</u>
Recognized during the year	
Foreign currency risk - bank loans	<u>(207,788)</u>
Balance at December 31, 2018	<u>\$ 3,797,472</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, 2018					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>315,166</u>	<u>4,878</u>	<u>40</u>	<u>320,004</u>	<u>\$8,646,700</u>
For the year ended December 31, 2017					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>318,007</u>	<u>804</u>	<u>3,645</u>	<u>315,166</u>	<u>\$8,532,389</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). 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 of treasury shares was due to acquisition of the Corporation's shares by subsidiaries in which the Corporation has less than 50% shareholding. The decrease of treasury shares was mainly due to subsidiaries' sale of the Corporation's shares and change in percentage of ownership.

Refer to Table 3 for the Corporation's shares held by subsidiaries. For the year ended December 31, 2018, a total of 55 thousand shares of the Corporation held by its subsidiaries were sold for proceeds of NT\$1,334 thousand. Calculated based on the percentage of shares held, the proceeds of treasury shares sold were NT\$640 thousand, and after deducting book values, the remainders amounted to NT\$262 thousand, recorded as addition to the capital surplus. As of December 31, 2018 and 2017, the market values of the treasury shares calculated by combined holding percentage were NT\$7,761,396 thousand and NT\$7,801,566 thousand, respectively.

24. OPERATING REVENUES

	For the Year Ended December 31	
	2018	2017
Revenue from sale of goods	\$ 229,993,271	\$ 201,669,087
Other revenues	<u>5,409,880</u>	<u>5,429,543</u>
	<u>\$ 235,403,151</u>	<u>\$ 207,098,630</u>

a. Contract balances

	December 31, 2018
Notes and accounts receivable (Note 11)	\$ <u>5,881,719</u>
Contract assets	
Construction contracts	\$ <u>204,993</u>
Contract liabilities	
Sale of goods	\$ 1,037,999
Construction contracts	690,158
Advances received	<u>60,436</u>
	<u>\$ 1,788,593</u>

The changes in the balance of contract assets and contract liabilities primarily resulted from the timing difference between the Corporation's performance and the respective customer's payment. There is no significant changes in the balance of contract assets and contract liabilities of the Corporation for the year ended December 31, 2018.

b. Disaggregation of revenue

For the year ended December 31, 2018

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 229,993,271	\$ -	\$ 229,993,271
Others	<u>-</u>	<u>5,409,880</u>	<u>5,409,880</u>
	<u>\$ 229,993,271</u>	<u>\$ 5,409,880</u>	<u>\$ 235,403,151</u>

c. Partially completed contracts

The transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31, 2018
Construction contracts	
In 2018	\$ 1,170,010
In 2019	2,284,244
In 2020 and the following years	<u>8,642,485</u>
	<u>\$ 12,096,739</u>

25. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2018	2017
Rental income	\$ 526,855	\$ 418,182
Dividend income	363,401	335,909
Interest income	197,865	146,636
Royalty income	155,064	125,314
Others	<u>344,250</u>	<u>357,435</u>
	<u>\$ 1,587,435</u>	<u>\$ 1,383,476</u>

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Net foreign exchange gain	\$ 394,597	\$ 423,946
Loss on disposal of property, plant and equipment	(51,676)	(9,721)
Gain arising on financial assets at fair value through profit or loss	3,802	-
Impairment loss	-	(573,103)
Gain on disposal of investments	-	771,464
Other losses	<u>(407,916)</u>	<u>(343,668)</u>
	<u>\$ (61,193)</u>	<u>\$ 268,918</u>

The components of net foreign exchange gain were as follows:

	For the Year Ended December 31	
	2018	2017
Foreign exchange gain	\$ 1,018,473	\$ 1,197,237
Foreign exchange loss	<u>(623,876)</u>	<u>(773,291)</u>
Net exchange gain	<u>\$ 394,597</u>	<u>\$ 423,946</u>

The components of impairment loss were as follows:

	For the Year Ended December 31, 2017
Available-for-sale financial assets	\$ 532,792
Investments accounted for using equity method	<u>40,311</u>
	<u>\$ 573,103</u>

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest of bonds payable	\$ 1,179,089	\$ 1,209,980
Interest of short-term borrowings and bank overdraft	529,249	770,132
Interest of bills payable	<u>85,232</u>	<u>88,964</u>
Total interest expense for financial liabilities measured at amortized cost	1,793,570	2,069,076
Less: Amounts included in the cost of qualifying assets	<u>141,356</u>	<u>150,022</u>
	<u>\$ 1,652,214</u>	<u>\$ 1,919,054</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2018	2017
Capitalized amounts	\$ 141,356	\$ 150,022
Capitalized annual rates (%)	1.21-1.40	1.27-1.55

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 17,587,281	\$ 17,372,998
Investment properties	22,408	21,879
Intangible assets	<u>9,963</u>	<u>9,975</u>
	<u>\$ 17,619,652</u>	<u>\$ 17,404,852</u>
An analysis of depreciation by function		
Operating costs	\$ 16,410,561	\$ 16,299,935
Operating expenses	1,085,787	1,072,979
Others	<u>113,341</u>	<u>21,963</u>
	<u>\$ 17,609,689</u>	<u>\$ 17,394,877</u>
An analysis of amortization by function		
Operating costs	\$ 9,956	\$ 9,956
Operating expenses	<u>7</u>	<u>19</u>
	<u>\$ 9,963</u>	<u>\$ 9,975</u>

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2018	2017
Direct operating expenses of investment properties that generated rental income	<u>\$ 52,389</u>	<u>\$ 53,852</u>

f. Employee benefits

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits		
Salaries	\$ 17,706,124	\$ 16,978,709
Labor and health insurance	960,646	928,497
Others	<u>625,479</u>	<u>551,301</u>
	<u>19,292,249</u>	<u>18,458,507</u>
Post-employment benefits		
Defined contribution plans	258,614	233,755
Defined benefit plans (Note 22)	<u>650,123</u>	<u>657,624</u>
	<u>908,737</u>	<u>891,379</u>
Termination benefits	<u>78,722</u>	<u>77,106</u>
	<u>\$ 20,279,708</u>	<u>\$ 19,426,992</u>
Analysis of employee benefits by function		
Operating costs	\$ 16,639,396	\$ 15,916,983
Operating expenses	3,481,047	3,344,099
Others	<u>159,265</u>	<u>165,910</u>
	<u>\$ 20,279,708</u>	<u>\$ 19,426,992</u>

As of December 31, 2018 and 2017, the Corporation's number of employees were 10,431 and 10,236, respectively, and the headcount basis was the same as the basis of employee benefits expenses.

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation, the article stipulates the Corporation distributed employees' compensation 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 employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017 which have been approved by the Corporation's board of directors in March 2019 and 2018, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2018	2017
Employees' compensation	\$ 1,744,054	\$ 1,213,396
Remuneration of directors	32,701	22,751

Accrual Rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation (%)	6.19	6.14
Remuneration of directors (%)	0.12	0.12

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.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the board of directors are available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	\$ 3,715,188	\$ 1,880,933
Income tax on unappropriated earnings	15,363	229,337
In respect of prior years	(607,057)	(181,498)
Deferred tax		
In respect of the current year	(567,545)	(115,766)
In respect of prior years	(180,413)	(197,930)
Changes in tax rates	<u>(432,298)</u>	<u>-</u>
	<u>\$ 1,943,238</u>	<u>\$ 1,615,076</u>

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

	For the Year Ended December 31	
	2018	2017
Profit before income tax	<u>\$ 26,397,390</u>	<u>\$ 18,520,664</u>
Income tax expense calculated at the statutory rate	\$ 5,279,478	\$ 3,148,513
Non-deductible expenses in determining taxable income	12,361	9,945
Tax-exempt income	(2,106,903)	(1,383,223)
Changes in tax rates	(432,298)	-
Income tax on unappropriated earnings	15,363	229,337
Investment credits in respect of the current year	(9,643)	(10,068)
Adjustments for prior years' tax in respect of the current year	(787,470)	(379,428)
Realized investment loss on investees' capital reduction to cover losses	<u>(27,650)</u>	<u>-</u>
	<u>\$ 1,943,238</u>	<u>\$ 1,615,076</u>

In 2017, the applicable corporate income tax rate used by the Corporation is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of appropriations of earnings for 2019 is uncertain, the potential income tax consequences of 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2018	2017
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 116	\$ 92
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	<u>(116)</u>	<u>(92)</u>
	<u>\$ -</u>	<u>\$ -</u>

c. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Changes in tax rates - remeasurement of defined benefit plans	\$ 1,595	\$ -
Changes in tax rates - fair value changes of cash flow hedges	(1,387)	-
Current - fair value changes of cash flow hedges	2,838	9,617
Current - remeasurement of defined benefit plan	151,462	200,451
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>4,084</u>	<u>(4,423)</u>
	<u>\$ 158,592</u>	<u>\$ 205,645</u>

d. Current tax

	December 31	
	2018	2017
Current tax liabilities		
Income tax payable	<u>\$ 2,857,677</u>	<u>\$ 2,103,954</u>

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2018

	Balance, Beginning of Year	Adjustment on Initial Application of IFRS 9	Changes in Tax Rates	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
Deferred tax assets							
Temporary differences							
Defined benefit pension plan	\$ 1,041,110	\$ -	\$ 183,725	\$ 15,041	\$ 151,462	\$ -	\$ 1,391,338
Unrealized loss on inventories	643,528	-	113,564	8,563	-	-	765,655
Impairment loss on financial assets	216,935	(216,935)	-	-	-	-	-

(Continued)

	Balance, Beginning of Year	Adjustment on Initial Application of IFRS 9	Changes in Tax Rates	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
Provision	\$ 375,808	\$ -	\$ 66,319	\$ 68,456	\$ -	\$ -	\$ 510,583
Unrealized gain on the transactions with subsidiaries and associates	165,498	-	29,206	12,750	-	-	207,454
Unrealized settlement loss on foreign exchange forward for hedging	71,719	-	12,656	(9,892)	-	-	74,483
Unrealized construction loss	231,932	-	40,929	529,031	-	-	801,892
Estimated preferential severance pay	18,597	-	3,282	655	-	-	22,534
Foreign investment loss	542,778	(35,767)	89,473	10,611	-	-	607,095
Others	63,704	34,909	17,403	3,037	-	-	119,053
	<u>\$ 3,371,609</u>	<u>\$ (217,793)</u>	<u>\$ 556,557</u>	<u>\$ 638,252</u>	<u>\$ 151,462</u>	<u>\$ -</u>	<u>\$ 4,500,087</u>
Deferred tax liabilities							
Temporary differences							
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,011,916
Difference between tax reporting and financial reporting - depreciation methods	584,937	-	103,224	(103,911)	-	-	584,250
Unrealized exchange gains, net	64,004	(407)	11,223	(3,313)	-	-	71,507
Unrealized gain on revaluation increment	32,776	-	5,784	-	-	(116)	38,444
Unrealized gain on cash flow hedge	7,862	-	1,387	-	(6,922)	-	2,327
Others	13,786	-	2,433	(2,482)	-	-	13,737
	<u>\$ 10,715,281</u>	<u>\$ (407)</u>	<u>\$ 124,051</u>	<u>\$ (109,706)</u>	<u>\$ (6,922)</u>	<u>\$ (116)</u>	<u>\$ 10,722,181</u>

(Concluded)

For the Year Ended December 31, 2017

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
Deferred tax assets					
Temporary differences					
Defined benefit pension plan	\$ 828,430	\$ 12,229	\$ 200,451	\$ -	\$ 1,041,110
Unrealized loss on inventories	737,346	(93,818)	-	-	643,528
Impairment loss on financial assets	126,361	90,574	-	-	216,935
Provision	408,816	(33,008)	-	-	375,808
Unrealized gain on the transactions with subsidiaries and associates	190,516	(25,018)	-	-	165,498
Unrealized settlement loss on foreign exchange forward for hedging	85,239	(13,520)	-	-	71,719
Unrealized construction loss	-	231,932	-	-	231,932
Estimated preferential severance pay	20,214	(1,617)	-	-	18,597
Foreign investment loss	461,423	81,355	-	-	542,778
Others	78,129	(14,425)	-	-	63,704
	<u>\$ 2,936,474</u>	<u>\$ 234,684</u>	<u>\$ 200,451</u>	<u>\$ -</u>	<u>\$ 3,371,609</u>
Deferred tax liabilities					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Difference between tax reporting and financial reporting - depreciation methods	669,334	(84,397)	-	-	584,937
Unrealized exchange gains, net	54,670	9,334	-	-	64,004
Unrealized gain on revaluation increment	32,868	-	-	(92)	32,776
Unrealized gain on cash flow hedge	13,056	-	(5,194)	-	7,862
Others	17,735	(3,949)	-	-	13,786
	<u>\$ 10,799,579</u>	<u>\$ (79,012)</u>	<u>\$ (5,194)</u>	<u>\$ (92)</u>	<u>\$ 10,715,281</u>

f. Income tax assessments

The Corporation's income tax returns through 2016 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

	For the Year Ended December 31	
	2018	2017
Net profit for the year	\$ 24,454,152	\$ 16,905,588
Less: Dividends on preference shares	<u>53,575</u>	<u>53,575</u>
Net profit used in computation of basic earnings per share	24,400,577	16,852,013
Add: Dividends on preference shares	<u>53,575</u>	<u>-</u>
Net profit used in computation of diluted earnings per share	<u>\$ 24,454,152</u>	<u>\$ 16,852,013</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in computation of basic earnings per share	15,416,806	15,420,290
Effect of dilutive potential ordinary shares:		
Employees' compensation	84,201	60,344
Convertible preference shares	<u>38,268</u>	<u>-</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,539,275</u>	<u>15,480,634</u>

Preference shares were not included in the calculation of diluted earnings per share for the year ended December 31, 2017 because of their anti-dilutive effect.

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CAPITAL MANAGEMENT

The management of the Corporation 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.

Except for Note 18, the Corporation is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial instruments that are not measured at fair value, such as cash and cash equivalent, receivables and payables approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2018</u>				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	\$ -	\$ -	\$ 1,651,808	\$ 1,651,808
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 10,468,833	\$ -	\$ -	\$ 10,468,833
Foreign listed shares	2,171,073	-	-	2,171,073
Domestic unlisted shares	-	-	845,486	845,486
Foreign unlisted shares	-	-	33,495,264	33,495,264
	<u>\$ 12,639,906</u>	<u>\$ -</u>	<u>\$ 34,340,750</u>	<u>\$ 46,980,656</u>
Financial assets for hedging				
Foreign exchange forward contracts	\$ -	\$ 7,929	\$ -	\$ 7,929
Financial liabilities for hedging				
Foreign exchange forward contracts	\$ -	\$ 17,359	\$ -	\$ 17,359
<u>December 31, 2017</u>				
Available-for-sale financial assets				
Domestic listed shares	\$ 8,997,910	\$ -	\$ -	\$ 8,997,910
Foreign listed shares	2,112,543	-	-	2,112,543
Domestic emerging market shares and unlisted shares	-	-	821,594	821,594
Foreign unlisted shares	-	-	4,598,246	4,598,246
	<u>\$ 11,110,453</u>	<u>\$ -</u>	<u>\$ 5,419,840</u>	<u>\$ 16,530,293</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Derivative financial assets for hedging Foreign exchange forward contracts	\$ <u> -</u>	\$ <u> 57,052 </u>	\$ <u> -</u>	\$ <u> 57,052 </u>
Derivative financial liabilities for hedging Foreign exchange forward contracts	\$ <u> -</u>	\$ <u> 28,786 </u>	\$ <u> -</u>	\$ <u> 28,786 </u> (Concluded)

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2018 and 2017.

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

For the year ended December 31, 2018

	Equity Instruments Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of year (IAS 39)	\$ -	\$ -	\$ -
Adjustment on initial application of IFRS 9	<u>1,556,068</u>	<u>5,419,840</u>	<u>6,975,908</u>
Balance, beginning of year (IFRS 9)	1,556,068	5,419,840	6,975,908
Recognized in profit or loss	95,740	-	95,740
Recognized in other comprehensive income	-	(2,711,547)	(2,711,547)
Capital reduction in shares from subsidiary	-	31,725,000	31,725,000
Purchases	-	15,000	15,000
Disposal	-	(16)	(16)
Capital reduction	<u>-</u>	<u>(107,527)</u>	<u>(107,527)</u>
Balance, end of year	\$ <u>1,651,808</u>	\$ <u>34,340,750</u>	\$ <u>35,992,558</u>

For the year ended December 31, 2017

	Amount
Balance, beginning of year	\$ 6,281,794
Recognized in profit or loss - other gains and losses	(532,792)
Recognized in other comprehensive income - unrealized gains and losses on available-for-sale financial assets	471,487
Reclassification	(50,000)
Transfer out of Level 3	(749,365)
Capital reduction	<u>(1,284)</u>
Balance, end of year	\$ <u>5,419,840</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

- a) For emerging market shares, fair values were estimated on the basis of the closing price and liquidity.
- b) For domestic unlisted shares and some foreign unlisted shares, fair values were determined based on industry types, valuations of similar companies and operations.
- c) For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected return by using discounted cash flow model. Significant unobservable inputs were as follows; if the long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	December 31	
	2018	2017
Long-term pre-tax operating income rate (%)	9.79-58.59	11.08-52.06
Discount rate (%)	8.50-10.37	6.52-10.37

If the below input to the valuation model was changed to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the equity investment would increase (decrease) as follows:

	December 31	
	2018	2017
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 195,918</u>	<u>\$ 199,149</u>
Decrease 1%	<u>\$ (197,357)</u>	<u>\$ (200,299)</u>
Discount rate		
Increase 1%	<u>\$ (497,271)</u>	<u>\$ (579,987)</u>
Decrease 1%	<u>\$ 606,196</u>	<u>\$ 716,859</u>

- d) For the remaining few foreign unlisted shares, their fair values were measured under the market approach. In particular significant unobservable inputs included discount for lack of marketability and control premium. If discount for lack of marketability decreased or control premium increased, the fair values of the investments would increase.

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at fair value through profit or loss	\$ 1,651,808	\$ -
Derivative instruments in designated hedge accounting relationships	-	57,052
Financial assets for hedging	811,923	-
Loans and receivables 1)	-	25,814,046
Available-for-sale financial assets	-	16,530,293
Financial assets at amortized cost 2)	31,783,248	-
Financial assets at fair value through other comprehensive income	46,980,656	-
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	-	28,786
Financial liabilities for hedging	8,543,030	-
Measured at amortized cost 3)	132,013,487	144,693,866

- 1) The balances as of December 31, 2017 included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including loans to related parties), debt investments with no active market, refundable deposits and other financial assets.
- 2) The balances as of December 31, 2018 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.
- 3) 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 33.

The Corporation was mainly exposed to the currency USD. The following table details the sensitivity to a 1% increase in NTD against the relevant foreign currency.

	USD Impact			
	For the Year Ended			
	December 31			
	2018		2017	
Pre-tax profit or loss	\$	35,766 i	\$	9,302 i
Equity		54,554 ii		272,970 ii

i. These were mainly attributable to the exposure of cash, outstanding receivables and payables, deposits received 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, other financial assets and financial liabilities for hedging that were designated as hedging instruments in foreign equity investments and net investments in foreign operations 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 long-term foreign currency borrowing as a hedge to manage its foreign currency risk:

i) Currency risks on foreign equity investments are accounted for as fair value hedge. Changes in the fair value of hedging instruments are recognized, based on the nature of hedged items, either in other gains or losses or other comprehensive income. The Corporation performs assessment of hedging effectiveness and it expects that the value of long-term 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 long-term foreign currency borrowing as a hedge instrument to hedge the investment in subsidiary CSVC, which has USD as their functional currency.

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

December 31, 2018

Hedging Instruments/ Hedged Items	Currency	Contract Amount (In thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	NTD88,610/ USD2,842	March 2019 - April 2020	28.794-31.790	Financial assets/ liabilities for hedging	\$ 184	\$ 3,255
	NTD/EUR	NTD1,210,328/ EUR34,156	January 2019 - December 2021	33.885-35.933	Financial assets/ liabilities for hedging	7,745	14,104
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	\$ 5,935	-	-	Financial assets for hedging	182,298	-
	EUR	17,287	-	-	Financial assets for hedging	608,500	-
	JPY	47,432	-	-	Financial assets for hedging	13,196	-
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	183,548	April 2019 - April 2021	-	Financial liabilities for hedging	-	5,637,677
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	3,814,000	November 2019 - December 2021	-	Financial liabilities for hedging	-	1,061,055
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	6,567,000	June 2021	-	Financial liabilities for hedging	-	1,826,939

Hedging Instruments/ Hedged Items	Currency	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/	NTD/USD	\$ 21,750	\$ (21,750)	\$ (3,071)	\$ -	NA	NA
Forecast purchases and construction contracts	NTD/EUR	(59,695)	59,695	(6,359)	-	NA	NA
	NTD/JPY	249	(249)	-	-	NA	NA
Hedging foreign-currency deposits/	USD	(5,171)	5,171	6,098	-	NA	NA
Forecast purchases and construction contracts	EUR	7,081	(7,081)	14,568	-	NA	NA
	JPY	1,176	(1,176)	398	-	NA	NA
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	(160,066)	160,066	(169,190)	3,966,662	NA	NA
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	(53,396)	53,377	15,555	-	\$ 2,171,073	\$ (43,077)
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	(91,938)	93,338	NA	NA	1,651,808	(182,134)

For the year ended December 31, 2018

Comprehensive Income	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					
Foreign exchange forward contracts	\$ (37,696)	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	<u>3,086</u>	<u>-</u>	-	<u>-</u>	<u>-</u>
	<u>\$ (34,610)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Net investment hedge in foreign operations					
Foreign currency bank borrowings	<u>\$ (207,788)</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2017

The hedging policy for foreign currency risk is the same in 2018 and 2017 which used the hedging instruments described below.

The terms of the foreign exchange forward contracts are negotiated to match the terms of the respective designated hedged items. The outstanding foreign exchange forward contracts at the end of the reporting period were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2017</u>			
Buy	NTD/USD	March 2018-April 2020	NTD405,923/USD12,959
Buy	NTD/EUR	January 2018-December 2021	NTD1,977,488/EUR56,877
Buy	NTD/JPY	December 2018	NTD12,797/JPY47,432

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>	
	2018	2017
Fair value interest rate risk		
Financial liabilities	\$ 77,953,554	\$ 73,962,917
Cash flow interest rate risk		
Financial liabilities	31,752,163	47,135,503

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, 2018 and 2017 would have been lower/higher by NT\$317,522 thousand and NT\$471,355 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% higher/lower, the other comprehensive income for the year ended December 31, 2018 would have been higher/lower by NT\$126,399 thousand, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

If equity prices had been 1% higher/lower, the other comprehensive income for the year ended December 31, 2017 would have been higher/lower by NT\$111,105 thousand, as a result of the changes in fair value of available-for-sale financial assets.

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, 2018 and 2017, the maximum credit risk of off-balance-sheet guarantees provided to subsidiaries and investees of co-investment for procurement and investment compliance was NT\$29,274,586 thousand and NT\$27,224,137 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, 2018 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 26,920,259	\$ -	\$ -	\$ 26,920,259
Variable interest rate liabilities	21,677,920	10,331,506	-	32,009,426
Fixed interest rate liabilities	7,569,694	41,526,973	35,619,200	84,715,867
Refund liabilities	3,040,059	-	-	3,040,059
Financial guarantee liabilities	<u>320,087</u>	<u>28,460,872</u>	<u>493,627</u>	<u>29,274,586</u>
	<u>\$ 59,528,019</u>	<u>\$ 80,319,351</u>	<u>\$ 36,112,827</u>	<u>\$ 175,960,197</u>
<hr/> December 31, 2017 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 21,407,773	\$ -	\$ -	\$ 21,407,773
Variable interest rate liabilities	21,375,942	27,193,868	-	48,569,810
Fixed interest rate liabilities	15,818,304	38,722,498	25,881,204	80,422,006
Financial guarantee liabilities	<u>191,898</u>	<u>12,491,760</u>	<u>14,540,479</u>	<u>27,224,137</u>
	<u>\$ 58,793,917</u>	<u>\$ 78,408,126</u>	<u>\$ 40,421,683</u>	<u>\$ 177,623,726</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.

30. TRANSACTIONS WITH RELATED PARTIES

- a. The name of the company and its relationship with the Corporation

Company	Relationship
C. S. Aluminium Corporation (CSAC)	Subsidiaries
China Steel Express Corporation (CSE)	Subsidiaries
China Steel Chemical Corporation (CSCC)	Subsidiaries
China Steel Global Trading Corporation (CSGT)	Subsidiaries
CHC Resources Corporation (CHC)	Subsidiaries
China Ecotek Corporation (CEC)	Subsidiaries
China Steel Structure Co., Ltd. (CSSC)	Subsidiaries
Chung Hung Steel Corporation (CHS)	Subsidiaries
China Steel Machinery Corporation (CSMC)	Subsidiaries
Gains Investment Corporation (GIC)	Subsidiaries
China Steel Security Corporation (CSS)	Subsidiaries
China Prosperity Development Corp. (CPDC)	Subsidiaries
InfoChamp Systems Corporation (ICSC)	Subsidiaries
China Steel Management Consulting Corporation	Subsidiaries
Himag Magnetic Corporation	Subsidiaries
Dragon Steel Corporation (DSC)	Subsidiaries
China Steel Sumikin Vietnam Joint Stock Company (CSVC)	Subsidiaries
Chung Mao Trading (BVI) Corporation	Subsidiaries
Chung Mao Trading (Samoa) Corporation	Subsidiaries
CSGT (Singapore) Pte. Ltd.	Subsidiaries
CSE Transport Corporation	Subsidiaries
CSEI Transport (Panama) Corporation	Subsidiaries
Mentor Consulting Corporation	Subsidiaries
Steel Castle Technology Corporation	Subsidiaries
Union Steel Development Corp.	Subsidiaries
Betacera Inc.	Subsidiaries
Wabo Global Trading Corporation	Subsidiaries
Universal Exchange Inc.	Subsidiaries
United Steel Engineering & Construction Corp.	Subsidiaries
Thintech Materials Technology Co., Ltd.	Subsidiaries
CSGT International Corporation	Subsidiaries
CSGT Metals Vietnam Joint Stock Company	Subsidiaries
CSC Steel Sdn. Bhd.	Subsidiaries
CSGT Japan Co., Ltd.	Subsidiaries
CSGT Hong Kong Limited	Subsidiaries
CSGT (Shanghai) Co., Ltd.	Subsidiaries
CSMC (Shanghai) Global Trading Co., Ltd.	Subsidiaries
Changzhou China Steel Precision Materials Co., Ltd. (CCSPMC)	Subsidiaries
China Steel Corporation India Pvt. Ltd. (CSCI)	Subsidiaries
China Steel Precision Metals-Qingdao Co., Ltd. (QCSPMC)	Subsidiaries
Hung Li Steel Corporation Ltd	Subsidiaries

(Continued)

Company	Relationship
China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Subsidiaries
Hung Kao Investment Corporation	Subsidiaries
White Biotech Corporation	Subsidiaries
CSC Precision Metal Industrial Corporation (CSCPM)	Subsidiaries
China Steel Resources Corporation	Subsidiaries
CK Japan Co., Ltd.	Subsidiaries
China Steel Management and Maintenance for Buildings Corporation	Subsidiaries
Kaohsiung Rapid Transit Corporation	Subsidiaries
Taiwan Intelligent Transportation Co., Ltd.	Subsidiaries
Kaohsiung Port Cargo Handling Services Corporation	Subsidiaries
Pao Good Industrial Co., Ltd.	Subsidiaries
CSC Sonoma Pty Ltd	Subsidiaries
China Steel Machinery Vietnam Co., Ltd.	Subsidiaries
CSC Solar Corporation	Subsidiaries
Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries
Sing Da Marine Structure Corporation	Subsidiaries
China Steel Power Holding Corporation (CPHC)	Subsidiaries
CSGT Trading India Private Limited	Subsidiaries
CSC Steel Australia Holdings Pty Ltd (CSCAU)	Subsidiaries
CSC Educational Foundation	Other related parties
HC&C Auto Parts Co., Ltd.	Associates
TaiAn Technologies Corporation	Associates
Hsin Hsin Cement Enterprise Corporation	Associates
Dyna Rechi (Jiujiang) Co., Ltd.	Associates
Tatt Giap Steel Centre Sdn. Bhd.	Associates
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related parties (associates before July 2017)
Formosa Ha Tinh Steel Corporation	Other related parties (associates before July 2017)
TSK Steel Company Limited	Associates
Fukuta Electric & Machinery Co., Ltd.	
PT. MICS Steel Indonesia	Associates
Honley Auto. Parts Co., Ltd. (HAPC)	Associates
Changchun CECK Auto. Parts Co., Ltd. (CCCA)	Associates
Mahindra Auto Steel Private Limited	Associates
Taiwan Rolling Stock Company Ltd.	Associates
Eminent II Venture Capital Corporation	Associates
CSBC Corporation, Taiwan	The Corporation as key management personnel of other related parties
CDIB Bioscience Ventures I, Inc.	The Corporation as key management personnel of other related parties
Rechi Precision Co., Ltd.	The Corporation as key management personnel of other related parties
TCL Rechi (Huizhou) Refrigeration Equipment Ltd.	The Corporation as key management personnel of other related parties

(Continued)

Company	Relationship
Rechi Refrigeration (Dongguan) Co, Ltd.	The Corporation as key management personnel of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management personnel of other related parties
East Asia United Steel Corporation	The Corporation as key management personnel of other related parties
TANG ENG IRON WORKS CO., LTD.	The Corporation as key management personnel of other related parties
Taiwan High Speed Rail Corporation	The Corporation as key management personnel of other related parties
CSC Labor Union	Directors of the Corporation
Overseas Investment & Development Corp.	Associates (reclassified as the Corporation as key management personnel of other related parties before September 2017)
	(Concluded)

b. Operating revenues

Account Items	Related Parties Types /Names	For the Year Ended December 31	
		2018	2017
Revenues from sales of goods	Subsidiaries		
	CHS	\$ 25,132,836	\$ 20,235,517
	Others	18,771,476	16,359,851
	The Corporation as key management personnel of other related parties	2,688,218	1,531,828
	Associates	1,141,724	1,051,740
	Other related parties	-	370,729
		<u>\$ 47,734,254</u>	<u>\$ 39,549,665</u>

Sales to related parties were made at arm's length applied to similar transactions in the market except for terms of sales to CSCI and CSVC, for which the receivables were collected either by account receivable factoring or within 14 days after shipment date, for terms of sales to QCSPMC, for which the receivables were collected within 60 days after shipment date, terms of sales to CSMK, for which the receivables were collected within 85 days after shipment date and term 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	
	2018	2017
Subsidiaries		
DSC	\$ 21,796,702	\$ 18,737,860
Others	14,073,389	11,800,539
Other related parties	2,931,799	70,172
Associates	203,177	180,258
The Corporation as key management personnel of other related parties	<u>73,742</u>	<u>-</u>
	<u>\$ 39,078,809</u>	<u>\$ 30,788,829</u>

Purchased from related parties were made at arm's length 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	
		2018	2017
Notes and accounts receivable	Subsidiaries		
	CHS	\$ 452,156	\$ 1,104,920
	Others	1,189,273	1,277,146
	The Corporation as key management personnel of other related parties	491,957	223,073
	Other related parties	118,409	144,061
	Associates	<u>70,962</u>	<u>-</u>
		<u>\$ 2,322,757</u>	<u>\$ 2,749,200</u>

No guarantee had been received for receivables from related parties. For the years ended December 31, 2018 and 2017, 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	
		2018	2017
Accounts payable	Subsidiaries		
	CSE	\$ 1,215,959	\$ 937,726
	DSC	690,286	539,447
	Others	336,467	314,398
	Associates	<u>34,488</u>	<u>22,287</u>
		<u>\$ 2,277,200</u>	<u>\$ 1,813,858</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	
	2018	2017
Subsidiaries		
CSAC	\$ 3,600,000	\$ 3,600,000
CHS	2,450,000	-
Others	<u>4,744,160</u>	<u>3,756,950</u>
	<u>\$ 10,794,160</u>	<u>\$ 7,356,950</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, 2018 and 2017, the interest rate was 0.54%-3.80% p.a. and 0.50%-4.22% p.a., respectively.

Loans to the Corporation's subsidiaries were unsecured loans with interest income of NT\$60,403 thousand and NT\$60,482 thousand for the years ended December 31, 2018 and 2017, respectively.

- g. Loans from related parties (recognized as short-term borrowings and bank overdraft)

Related Parties Types/Names	December 31	
	2018	2017
Subsidiaries		
CSCPM	\$ -	\$ 300,000
CSS	<u>-</u>	<u>50,000</u>
	<u>\$ -</u>	<u>\$ 350,000</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, 2017, the interest rate was 0.50%-0.51% p.a.

Loans from the Corporation's subsidiaries were unsecured loans with interest expense of NT\$1,396 thousand and NT\$7,002 thousand for the years ended December 31, 2018 and 2017, respectively.

- h. Other related parties transactions

- 1) The Corporation signed brokerage contract with its subsidiary DSC. For the years ended December 31, 2018 and 2017, the commission revenue was NT\$764,391 thousand and NT\$193,400 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	
	2018	2017
Subsidiary		
DSC	<u>\$ 2,339,590</u>	<u>\$ 939,626</u>

- 2) Other revenues which pertained to services, processing of products, utilities, royalties and other services to related parties were recognized as operating revenues and non-operating income as follows.

Related Parties Types	For the Year Ended December 31	
	2018	2017
Subsidiaries	\$ 1,533,853	\$ 1,025,109
The Corporation as key management personnel of other related parties	244,359	7,140
Other related parties	239,656	110,020
Associates	5,279	249,958
Others	<u>47</u>	<u>44</u>
	<u>\$ 2,023,194</u>	<u>\$ 1,392,271</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	
	2018	2017
Subsidiaries	\$ 8,574,057	\$ 8,291,547
Associates	660,035	91,793
Other related parties	11,058	10,143
Others	<u>8,995</u>	<u>7,866</u>
	<u>\$ 9,254,145</u>	<u>\$ 8,401,349</u>

- 4) Capital expenditures

Related Parties Types/Names	For the Year Ended December 31	
	2018	2017
Subsidiaries		
CSMC	\$ 2,298,693	\$ 2,149,334
CEC	1,979,170	991,851
ICSC	24,863	541,370
Others	<u>625,834</u>	<u>6,134</u>
	<u>\$ 4,928,560</u>	<u>\$ 3,688,689</u>

The balances of outsourced repair and construction payable (recognized as other payables) were as follows:

Related Parties Types/Names	December 31	
	2018	2017
Subsidiaries		
CSMC	\$ 128,488	\$ 446,111
ICSC	25,831	572,521
Others	<u>147,508</u>	<u>340,128</u>
	<u>\$ 301,827</u>	<u>\$ 1,358,760</u>

- 5) As of December 31, 2018 and 2017, guarantees provided to the related parties for investment compliance were as follows:

Related Parties Types/Names	December 31	
	2018	2017
Other related parties - FHC		
Amount endorsed	\$ 37,885,002	\$ 30,332,880
Amount utilized	<u>(28,460,872)</u>	<u>(22,833,360)</u>
	<u>\$ 9,424,130</u>	<u>\$ 7,499,520</u>
Subsidiaries		
CPHC		
Amount endorsed	\$ 3,000,000	\$ -
Amount utilized	<u>-</u>	<u>-</u>
	<u>\$ 3,000,000</u>	<u>\$ -</u>
CSCAU		
Amount endorsed	\$ -	\$ 3,720,000
Amount utilized	<u>-</u>	<u>(3,720,000)</u>
	<u>\$ -</u>	<u>\$ -</u>
The Corporation as key management personnel of other related parties		
Amount endorsed	\$ 938,807	\$ 927,582
Amount utilized	<u>(813,714)</u>	<u>(670,777)</u>
	<u>\$ 125,093</u>	<u>\$ 256,805</u>

i. 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	
	2018	2017
Short-term employee benefits	\$ 114,076	\$ 92,973
Post-employment benefits	<u>542</u>	<u>758</u>
	<u>\$ 114,618</u>	<u>\$ 93,731</u>

31. ASSETS PLEDGED AS COLLATERAL OR SECURITY

As of December 31, 2018 and 2017, time deposits pledged as collateral for bank overdraft was both NT\$5,850,000 thousand.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2018 were as follows:

- a. The Corporation provided letters of credits for NT\$6.1 billion guaranteed by financial institutions for several construction and lease contracts.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$4 billion.
- c. Property purchase and construction contracts for NT\$3.6 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 8,060,000 metric tons of coal, 15,910,000 metric tons of iron ore, and 2,180,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2018 were USD3.5 billion (including 6,630,000 metric tons of coal, 29,290,000 metric tons of iron ore, and 460,000 metric tons of limestone).
- e. In October 2012, the subsidiary CSVC entered into a syndicated credit facility agreement with Mega Bank and 11 other banks for a USD0.246 billion credit line. The syndicated credit facility agreement has been re-signed in December 2017 for a USD0.126 billion credit line. In addition, the subsidiary CSVC continually entered into several short-term financing contracts with Standard Chartered Bank and other banks for a total amount of USD92,500 thousand credit line. Under the agreements, the Corporation should hold at least 51% and 56% of CSVC's issued shares and hold half or more of the seats in the board of directors. As of December 31, 2018, the Corporation held 56% equity of CSVC and half or more of the seats in the board of directors.
- f. Starting from May 2014, the subsidiary CSCI entered into several short-term financing contracts with CTBC Bank and other banks for totaling INR1.9 billion credit lines as well as USD0.11 billion syndicated credit facility agreement. The syndicated credit facility agreement has been re-signed in November 2016, with the credit line remained unchanged. Under the agreements, the Corporation should hold at least 75% of CSCI's issued shares and hold two-thirds or more of the seats in the board of directors. If CSCI expands or invites new strategic investors, the Corporation should hold at least 60% of CSCI's issued shares and hold half or more of the seats in the board of directors. As of December 31, 2018, the Corporation held 100% equity of CSCI and all of the seats in the board of directors.
- g. Starting from January 2016, the subsidiary CCSPMC entered into several credit facility agreements with ANZ Bank and other banks for total amount of USD47,000 thousand (or the equal amount in RMB, the credit line remained unchanged) and RMB105,000 thousand. Under the agreements, the Corporation and its subsidiaries should collectively hold over 50% of the CCSPMC's equity and half of the seats in the board of directors and supervisors. As of December 31, 2018, the subsidiary CSAPH held 70% equity of CCSPMC and three-quarters of the seats in the board of directors and supervisors.
- h. Starting from August 2014, the associate CCCA entered into several credit facility agreements with CTBC Bank and other banks for USD11,000 thousand (or the equal amount in EUR, the credit line remained unchanged) and USD 14,000 thousand short and medium term credit lines. Under the agreement, the Corporation and its associates should collectively hold at least 38% or 30% of CCCA's issued shares and one seat in the board of directors. As of December 31, 2018, the Corporation indirectly held 38% equity of CCCA and one seat in the board of directors.
- i. Starting from November 2014, the associate HAPC entered into a construction financing agreement for a NT\$295,000 thousand factory building loan commitment which had been transferred to long-term credit line since March 2016, NT\$150,000 thousand credit line and NT\$100,000 thousand financing commercial paper with Shanghai Commercial and Savings Bank and several financial institutions. Under the agreement, the Corporation and its associates should collectively hold at least 30% of HAPC's issued shares and two seats in the board of directors. As of December 31, 2018, the Corporation held 38% equity of HAPC and two seats in the board of directors.

- j. Starting from March 2015, the subsidiary CSMK entered into several short-term financing contracts with ANZ Bank and other banks for USD26,000 thousand short term credit line (or the equal amount in RMB, the credit line remained unchanged) and RMB50,000 thousand short term credit line. Under the agreements, the Corporation and its subsidiaries should collectively hold 100% of CSMK's issued shares and all of the seats in the board of directors. As of December 31, 2018, the Corporation and the subsidiary CSGT collectively held 100% equity of CSMK and all of the seats in the board of directors.
- k. The amount utilized for guarantees provided to related parties and investees of co-investment for procurement and investment compliances was NT\$29,274,586 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and 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, 2018 <hr/>			
Monetary foreign currency assets			
USD	\$ 85,602	30.7150	\$ 2,630,310
JPY	7,827,352	0.2782	2,177,569
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	1,038,305	30.7150	31,891,532
JPY	7,804,000	0.2782	2,171,073
MYR	225,504	7.1120	1,603,732
Investments accounted for using equity method			
USD	376,199	30.7150	11,443,985
AUD	738,989	21.6650	16,010,187
INR	3,852,103	0.4384	1,688,762
Monetary foreign currency liabilities			
USD	379,694	30.7150	11,662,298
JPY	11,891,411	0.2782	3,308,191
<hr/> December 31, 2017 <hr/>			
Monetary foreign currency assets			
USD	130,471	29.7600	3,882,779
JPY	7,592,275	0.2642	2,005,879
Non-monetary foreign currency assets			
Available-for-sales financial assets			
USD	87,920	29.7600	2,616,509

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
JPY	\$ 7,996,000	\$ 0.2642	\$ 2,112,543
MYR	280,223	7.0720	1,981,737
Investments accounted for using equity method			
USD	1,445,806	29.7600	43,023,074
AUD	679,476	23.1850	15,753,650
INR	4,793,299	0.4649	2,228,405
Monetary foreign currency liabilities			
USD	1,078,963	29.7600	32,109,945
JPY	11,425,187	0.2642	3,018,534
			(Concluded)

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange gains were NT\$394,597 thousand and NT\$423,946 thousand, respectively. 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.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (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 29)
- 10) Information on investees (Table 8)

b. 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 of investees, investment income or 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)
- 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 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)

35. SEGMENT INFORMATION

Disclosure of the segment information in standalone financial statements is waived.

TABLE 1

CHINA STEEL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	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	\$ 3,550,000	\$ 2,150,000	\$ -	0.52%-0.54%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 31,290,803	\$ 62,581,607	Note 2
0	China Steel Corporation	CSC Precision Metal Industrial Corporation	Other receivables	Yes	200,000	-	-	-	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	200,000	200,000	-	-	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	250,000	150,000	150,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	Gains Investment Corporation	Other receivables	Yes	600,000	300,000	300,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Prosperity Development Corporation	Other receivables	Yes	1,500,000	900,000	600,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Steel Express Corporation	Other receivables	Yes	800,000	600,000	600,000	0.50%-0.55%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,260,000	910,000	870,000	0.50%-0.55%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	C.S.Aluminium Corporation	Other receivables	Yes	7,200,000	5,200,000	3,600,000	0.50%-0.55%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Other receivables	Yes	441,470	287,735	134,160	3.80%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Steel Machinery Corporation	Other receivables	Yes	830,000	430,000	430,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	309,550	307,150	-	-	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	CSC Solar Corporation	Other receivables	Yes	150,000	-	-	-	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	China Ecotek Corporation	Other receivables	Yes	470,000	310,000	310,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	550,000	350,000	350,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	Chung Hung Steel Corporation	Other receivables	Yes	5,300,000	3,950,000	2,450,000	0.51%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	CHINA STEEL STRUCTURE CO., LTD.	Other receivables	Yes	1,300,000	700,000	700,000	0.50%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
0	China Steel Corporation	CHC RESOURCES CORPORATION	Other receivables	Yes	450,000	400,000	300,000	0.52%-0.54%	2	-	Operating capital	-	-	-	31,290,803	62,581,607	Note 2
1	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	50,000	50,000	-	0.51%-0.52%	2	-	Operating capital	-	-	-	160,419	213,892	Note 3

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	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			
2	UNITED STEEL INVESTMENT PTE. LTD.	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	\$ 45,152	\$ 19,043	\$ 19,043	5.8%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 50,000	\$ 111,267	Note 4
3	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	37,146	36,858	-	3%	2	-	Operating capital	-	-	-	378,616	567,924	Note 5
4	Group Steel Corporation (M) Sdn. Bhd.	CSC Steel Sdn. Bhd.	Other receivables	Yes	338,400	284,480	284,480	4%	2	-	Operating capital	-	-	-	18,413	18,413	Note 6
5	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	Other receivables	Yes	143,149	143,149	67,080	1.76%-3.25%	2	-	Operating capital	-	-	-	330,892	441,189	Note 7
5	Thintech Materials Technology Co., Ltd.	Thintech United Metal Resources (Taicang) Co., Ltd.	Other receivables	Yes	119,454	105,852	93,912	1.76%-5%	2	-	Operating capital	-	-	-	330,892	441,189	Note 7
6	CSC Precision Metal Industrial Corporation	China Steel Corporation	Other receivables	Yes	300,000	-	-	0.52%-0.54%	2	-	Operating capital	-	-	-	101,268	115,735	Note 8
7	CHC RESOURCES CORPORATION	CHC RESOURCES VIETNAM CO., LTD.	Other receivables	Yes	29,950	-	-	-	2	-	Operating capital	-	-	-	490,039	980,078	Note 9
8	Mentor Consulting Corporation	Gains Investment Corporation	Other receivables	Yes	18,000	-	-	-	2	-	Operating capital	-	-	-	10,427	10,427	Note 10
9	Gains Investment Corporation	Gainsplus Asset Management Inc.	Other receivables	Yes	174,780	-	-	1.83%	2	-	Operating capital	-	-	-	662,732	1,325,465	Note 11
9	Gains Investment Corporation	Mentor Consulting Corporation	Other receivables	Yes	6,000	-	-	-	2	-	Operating capital	-	-	-	662,732	1,325,465	Note 11
9	Gains Investment Corporation	Eminence Investment Corporation	Other receivables	Yes	200,000	-	-	-	2	-	Operating capital	-	-	-	662,732	1,325,465	Note 11
10	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	185,730	184,290	-	-	2	-	Operating capital	-	-	-	3,307,307	3,307,307	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 China Steel Security Corporation (CSSC), 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 the CSSC, respectively.

Note 4: 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 5: 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.

(Continued)

- Note 6: According to “The Process of Financing Others” established by Group Steel Corporation (M) Sdn. Bhd., 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 Group Steel Corporation (M) Sdn. Bhd.
- Note 7: 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 8: 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.
- Note 9: According to “The Process of Financing Others” established by CHC RESOURCES 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 CHC RESOURCES CORPORATION, respectively.
- Note 10: According to “The Process of Financing Others” established by Mentor Consulting 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 Mentor Consulting Corporation.
- Note 11: According to “The Process of Financing Others” established by Gains Investment 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 Gains Investment Corporation, respectively..
- Note 12: 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 both shall not exceed 40% of the net worth of C.S.Aluminium Corporation.

(Concluded)

TABLE 2**CHINA STEEL CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

NO.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum 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	CSC Steel Australia Holdings Pty Ltd	2	\$ 93,872,411	\$ 3,649,375	\$ -	\$ -	\$ -	-	\$ 125,163,214	Y	N	N	Notes 2 and 5
0	China Steel Corporation	China Steel Power Holding Corporation	2	93,872,411	3,000,000	3,000,000	-	-	1	125,163,214	Y	N	N	Notes 2 and 5
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	93,872,411	37,885,002	37,885,002	28,460,872	-	12	125,163,214	N	N	N	Note 5
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	93,872,411	952,143	938,807	813,714	-	-	125,163,214	N	N	N	Note 5
1	CHINA STEEL STRUCTURE CO., LTD.	United Steel Engineering & Construction Corporation	2	8,027,221	167,500	-	-	-	-	8,027,221	N	N	N	Notes 3 and 6
1	CHINA STEEL STRUCTURE CO., LTD.	United Steel Construction (Vietnam) Co., Ltd.	2	1,408,284	245,720	184,290	-	-	4	8,027,221	N	N	N	Note 6
1	CHINA STEEL STRUCTURE CO., LTD.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	2	1,408,284	800,435	789,567	267,126	-	19	8,027,221	N	N	Y	Note 6
1	CHINA STEEL STRUCTURE CO., LTD.	Chungkang Steel Structure (Cambodia) Co., Ltd.	6	1,408,284	59,496	59,034	25,723	-	1	8,027,221	N	N	N	Note 6
2	United Steel Engineering & Construction Corporation	CHINA STEEL STRUCTURE CO., LTD.	3	19,933,590	2,387,811	1,567,675	1,567,675	-	118	19,933,590	N	N	N	Notes 3 and 7
3	Thintech Materials Technology Co., Ltd.	Thintech United Metal Resources (Taicang) Co., Ltd.	2	441,189	123,820	122,860	-	-	11	441,189	N	N	Y	Note 8
3	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	2	441,189	185,730	184,290	140,982	-	17	441,189	N	N	Y	Note 8
4	Chung Hung Steel Corporation	Chung Hung Steel Corporation	1	4,428,974	10,000	10,000	10,000	-	-	7,381,623	N	N	N	Notes 4 and 9
5	INFOCHAMP SYSTEMS CORPORATION	Wuhan InfoChamp I.T. Co., Ltd.	2	238,168	95,726	93,994	63,994	-	12	396,947	N	N	Y	Note 10

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.

(Continued)

Note 2: Endorsements and guarantees provided by the Corporation to its subsidiaries.

Note 3: Performance guarantee regarding the construction contract.

Note 4: For import of goods, letters of credits were provided to Customs Administration, Ministry of Finance Kaohsiung Customs and guaranteed by banks.

Note 5: 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 6: According to “The Process of making endorsements/quadrants” established by CHINA STEEL STRUCTURE CO., LTD., the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed one third and 190% of the net worth of CHINA STEEL STRUCTURE CO., LTD. However, the ceilings on the amounts to United Steel Engineering & Consumption Corporation shall not exceed 190% of the net worth of CHINA STEEL STRUCTURE CO., LTD.

Note 7: According to “The Process of making endorsements/quadrants” established by United Steel Engineering & Construction Corporation, both the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 1500% of the net worth of United Steel Engineering & Construction Corporation.

Note 8: 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 9: According to “The Process of making endorsements/quadrants” established by Chung Hung Steel 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 Chung Hung Steel Corporation, respectively

Note 10: 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.

(Concluded)

TABLE 3**CHINA STEEL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2018****(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, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common Stock	ADIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income - current	5,524,896	\$ 112,155	2	\$ 112,155	
China Steel Corporation	Common Stock	Taiwan High Speed Rail Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	242,148,000	7,397,621	4	7,397,621	
China Steel Corporation	Common Stock	Maruichi Steel Tube Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	1,927,926	2	1,927,926	
China Steel Corporation	Common Stock	TANG ENG IRON WORKS CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	29,860,691	1,373,592	9	1,373,592	
China Steel Corporation	Common Stock	O-Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	103,847,695	830,782	4	830,782	
China Steel Corporation	Common Stock	RECHI PRECISION CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	23,002,022	557,799	5	557,799	
China Steel Corporation	Common Stock	Yodogawa Steel Works, Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	400,000	243,147	1	243,147	
China Steel Corporation	Common Stock	CSBC Corporation,Taiwan	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	7,751,346	196,884	2	196,884	
China Steel Corporation	Common Stock	Formosa Ha Tinh (Cayman) Limited		Financial assets at fair value through other comprehensive income - noncurrent	1,111,418,177	29,358,000	20	29,358,000	
China Steel Corporation	Common Stock	CSN Mineracao S.A.		Financial assets at fair value through other comprehensive income - noncurrent	745,562	2,533,532	-	2,533,532	
China Steel Corporation	Common Stock	Sakura Ferroalloys Sdn. Bhd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	207,290,000	1,281,120	19	1,281,120	
China Steel Corporation	Common Stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income - noncurrent	54,000,000	816,826	5	816,826	
China Steel Corporation	Common Stock	Taiwan International Windpower Training Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	13,740	15	13,740	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common Stock	CDIB BioScience Ventures I, Inc.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,063,534	\$ 10,172	5	\$ 10,172	
China Steel Corporation	Common Stock	PHALANX BIOTECH GROUP, INC.		Financial assets at fair value through other comprehensive income - noncurrent	1,073,812	3,199	2	3,199	
China Steel Corporation	Common Stock	Mega I Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	978,750	1,549	3	1,549	
China Steel Corporation	Common Stock	DB Metal Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	-	4	-	
China Steel Corporation	Preferred Stock	East Asia United Steel Corporation (A)	The held company as its director	Financial assets at fair value through profit or loss - noncurrent	6,667	1,651,808	19	1,651,808	
China Steel Corporation	Preferred Stock	Sakura Ferroalloys Sdn. Bhd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	52,199,745	322,612	19	322,612	
Chung Hung Steel Corporation	Common Stock	Shouh Hwang Enterprise Co., Ltd.		Financial assets at fair value through profit or loss - current	730,000	-	15	-	
Chung Hung Steel Corporation	Common Stock	YIEH UNITED STEEL CORPORATION		Financial assets at fair value through profit or loss - current	39,707,800	217,281	2	217,281	
Chung Hung Steel Corporation	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	33,109,239	802,899	-	802,899	
Chung Hung Steel Corporation	Common Stock	TAIWAN VES-POWER CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	958,333	37,662	2	37,662	
Chung Hung Steel Corporation	Common Stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income - noncurrent	657,936	7,764	3	7,764	
Chung Hung Steel Corporation	Common Stock	PACIFIC HARBOUR STEVEDORING CORP.	The held company as its supervisor	Financial assets at fair value through other comprehensive income - noncurrent	250,000	5,793	5	5,793	
Hung Kao Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,003,980	24,346	-	24,346	
China Steel Chemical Corporation	Common Stock	ADIMMUNE CORPORATION		Financial assets at fair value through profit or loss - current	105,747	2,147	-	2,147	
China Steel Chemical Corporation	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	62,005	-	62,005	
China Steel Chemical Corporation	Preferred Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	9,939	-	9,939	
China Steel Chemical Corporation	Fund	Prudential Financial India Opportunity Bond Fund Acc USD		Financial assets at fair value through profit or loss - current	10,000	3,207	-	3,207	
China Steel Chemical Corporation	Fund	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	3,706,367	50,064	-	50,064	
China Steel Chemical Corporation	Fund	KGI Victory Money Market Fund		Financial assets at fair value through profit or loss - current	4,328,255	50,044	-	50,044	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common Stock	TAISHIN FINANCIAL HOLDING CO., LTD.	Parent company	Financial assets at fair value through profit or loss - current	5,691,783	\$ 74,277	-	\$ 74,277	
Ever Wealthy International Corporation	Common Stock	Mega Financial Holding Co., Ltd.		Financial assets at fair value through profit or loss - current	1,849,000	47,982	-	47,982	
Ever Wealthy International Corporation	Common Stock	International CSRC Investment Holdings Co., LTD.		Financial assets at fair value through profit or loss - current	1,041,454	40,565	-	40,565	
Ever Wealthy International Corporation	Common Stock	TAICHUNG COMMERCIAL BANK CO., LTD.		Financial assets at fair value through profit or loss - current	2,255,990	23,011	-	23,011	
Ever Wealthy International Corporation	Common Stock	TAIWAN BUSINESS BANK,LTD.		Financial assets at fair value through profit or loss - current	1,750,899	18,122	-	18,122	
Ever Wealthy International Corporation	Common Stock	HUA NAN FINANCIAL HOLDINGS CO.,LTD.		Financial assets at fair value through profit or loss - current	1,013,040	17,728	-	17,728	
Ever Wealthy International Corporation	Common Stock	CATHAY FINANCIAL HOLDING CO., LTD.		Financial assets at fair value through profit or loss - current	300,000	14,100	-	14,100	
Ever Wealthy International Corporation	Common Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		Financial assets at fair value through profit or loss - current	1,179,000	11,460	-	11,460	
Ever Wealthy International Corporation	Common Stock	TA CHEN STAINLESS PIPE CO., LTD.		Financial assets at fair value through profit or loss - current	152,047	6,394	-	6,394	
Ever Wealthy International Corporation	Common Stock	Bank of Kaohsiung, CO., LTD.		Financial assets at fair value through profit or loss - current	513,869	4,686	-	4,686	
Ever Wealthy International Corporation	Common Stock	Nishoku Technology Inc.	Parent company	Financial assets at fair value through profit or loss - current	30,400	1,745	-	1,745	
Ever Wealthy International Corporation	Common Stock	China Steel Chemical Corporation		Financial assets at fair value through other comprehensive income - current	4,753,537	651,235	-	651,235	
Ever Wealthy International Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	102,487	-	102,487	
Ever Wealthy International Corporation	Common Stock	YEONG LONG TECHNOLOGIES CO., LTD.		Financial assets at fair value through profit or loss - noncurrent	1,540,000	42,372	4	42,372	
Ever Wealthy International Corporation	Common Stock	Riselink Venture Capital Corp.		Financial assets at fair value through profit or loss - noncurrent	438,624	5,174	2	5,174	
Ever Wealthy International Corporation	Common Stock	National Kaohsiung First University of Science and Technology Investment Corporation		Financial assets at fair value through profit or loss - noncurrent	300,000	2,601	9	2,601	
Ever Wealthy International Corporation	Common Stock	Harbinger Venture III Capital Corp.		Financial assets at fair value through profit or loss - noncurrent	1,000	1,130	1	1,130	
Ever Wealthy International Corporation	Common Stock	E-ONE MOLI ENERGY CORP.		Financial assets at fair value through profit or loss - noncurrent	46,097	453	-	453	
Ever Wealthy International Corporation	Common Stock	Asia Hepato Gene CO.		Financial assets at fair value through profit or loss - noncurrent	133,300	-	2	-	
Ever Wealthy International Corporation	Common Stock	JU-KAO ENGINEERING CO., LTD		Financial assets at fair value through profit or loss - noncurrent	1,774,483	19,406	7	19,406	
Ever Wealthy International Corporation	Preferred Stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets at fair value through profit or loss - current	12,540	776	-	776	
Ever Wealthy International Corporation	Fund	Yuanta De-Li Money Market Fund		Financial assets at fair value through profit or loss - current	1,842,718	29,999	-	29,999	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Fund	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	7,494,756	\$ 101,254	-	\$ 101,254	
Ever Wealthy International Corporation	Fund	SinoPac TWD Money Market Fund		Financial assets at fair value through profit or loss - current	5,675,551	78,890	-	78,890	
Ever Wealthy International Corporation	Fund	Prudential Financial Money Market Fund		Financial assets at fair value through profit or loss - current	1,899,528	29,994	-	29,994	
Ever Glory International Co., Ltd.	Common Stock	Sharp Corporation		Financial assets at fair value through profit or loss - current	20,000	6,132	-	6,132	
Ever Glory International Co., Ltd.	Fund	Neuberger Berman Global Senior Floating Rate Income Fund-A		Financial assets at fair value through profit or loss - current	89,445	30,248	-	30,248	
Ever Glory International Co., Ltd.	Fund	Neuberger Berman Global Senior Floating Rate Income Fund		Financial assets at fair value through profit or loss - current	29,500	10,239	-	10,239	
Ever Glory International Co., Ltd.	Fund	JPMorgan Funds - USD Money Market VNAV Fund - JPM USD Money Market VNAV A (acc) - USD		Financial assets at fair value through profit or loss - current	9,626	30,416	-	30,416	
Ever Glory International Co., Ltd.	Fund	China Southern Dragon Dynamic Fund Sicav-FIS - China New Balance Opportunity Fund-A USD		Financial assets at fair value through profit or loss - current	3,787	16,687	-	16,687	
Ever Glory International Co., Ltd.	Fund	Invesco US Senior Loan Fund		Financial assets at fair value through profit or loss - current	10,925	54,708	-	54,708	
Ever Glory International Co., Ltd.	Fund	Hutchison Port Holdings Trust		Financial assets at fair value through profit or loss - current	3,480,000	25,653	-	25,653	
Ever Glory International Co., Ltd.	Subordinated Financial Bonds	Floating Rate Notes Offering by Australia and New Zealand Banking Group Limited		Financial assets at amortized cost-noncurrent	2,000	4,144	-	4,144	
Ever Glory International Co., Ltd.	Corporate Bond	Gazprombank OJSC Via GPB Eurobond		Financial assets at amortized cost-noncurrent	-	-	-	-	
Ever Glory International Co., Ltd.	Corporate Bond	Gazprombank OJSC Via GPB Eurobond		Financial assets at amortized cost-noncurrent	-	-	-	-	
Ever Glory International Co., Ltd.	Corporate Bond	CNH Bond Offering by ITNL Offshore Pte Limited		Financial assets at amortized cost-noncurrent	30,000	13,436	-	13,436	
China Ecotek Corporation	Common Stock	YEONG LONG TECHNOLOGIES CO., LTD.	The held company as its director	Financial assets at fair value through profit or loss - noncurrent	440,000	12,106	1	12,106	
China Ecotek Corporation	Common Stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through profit or loss - noncurrent	500,000	8,641	2	8,641	
China Ecotek Corporation	Common Stock	ECOTEK INDUSTRIAL AQUACULTURE CORP.		Financial assets at fair value through profit or loss - noncurrent	489,375	-	17	-	
China Ecotek Corporation	Common Stock	HSIN YU ENERGY DEVELOPMENT CO., LTD.	The held company as its director	Financial assets at fair value through profit or loss - noncurrent	391,249	-	-	-	
China Ecotek Corporation	Common Stock	FLEXUP TECHNOLOGIES CORPORATION		Financial assets at fair value through profit or loss - noncurrent	650,000	-	4	-	
China Ecotek Corporation	Common Stock	Asia Pacific Energy Development Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	2,212,590	132,507	11	132,507	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 168,219	-	\$ 168,219	
United Steel Engineering & Construction Corporation	Common Stock	CHINA STEEL STRUCTURE CO., LTD.	Parent company	Financial assets at fair value through other comprehensive income - current	6,804,767	179,306	-	179,306	
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	90,827	-	90,827	
CHC RESOURCES CORPORATION	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	9,201,806	223,144	-	223,144	
CHC RESOURCES CORPORATION	Common Stock	FENG SHEHG ENTERPRISE COMPANY		Financial assets at fair value through other comprehensive income - noncurrent	932,053	11,892	2	11,892	
CHC RESOURCES CORPORATION	Fund	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	2,965,729	40,060	-	40,060	
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	10,278	-	10,278	
UNION STEEL DEVELOPMENT CORPORATION	Fund	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	1,873,009	30,175	-	30,175	
UNION STEEL DEVELOPMENT CORPORATION	Foreign Certificate of Entitlement	Shanghai Baoshunlian Steel Products Co.,Ltd	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	17,167	19	17,167	
China Steel Security Corporation	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,349,975	56,987	-	56,987	
China Steel Security Corporation	Common Stock	Taiwan Secom Corporation		Financial assets at fair value through other comprehensive income - current	2,223	197	-	197	
China Steel Security Corporation	Common Stock	Taiwan Shin Kong Security Corporation		Financial assets at fair value through other comprehensive income - current	3,579	137	-	137	
Steel Castle Technology Corporation	Fund	Yuanta De-Li Money Market Fund		Financial assets at fair value through profit or loss - current	2,457,939	40,017	-	40,017	
Steel Castle Technology Corporation	Fund	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	4,014,480	50,269	-	50,269	
Steel Castle Technology Corporation	Fund	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	1,246,036	20,075	-	20,075	
Steel Castle Technology Corporation	Fund	Union Money Market Fund		Financial assets at fair value through profit or loss - current	1,139,471	15,022	-	15,022	
ChinaSteel Management Consulting Corporaion	Fund	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	348,056	5,607	-	5,607	
China Prosperity Development Corporation	Common Stock	HUA NAN FINANCIAL HOLDINGS CO.,LTD.		Financial assets at fair value through other comprehensive income - current	4,286,955	75,022	-	75,022	
China Prosperity Development Corporation	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	952,979	23,110	-	23,110	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Prosperity Development Corporation	Common Stock	Mega Financial Holding Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - current	463,457	\$ 12,027	-	\$ 12,027	
China Prosperity Development Corporation	Common Stock	Taiwan Cooperative Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income - current	222,789	3,932	-	3,932	
China Prosperity Development Corporation	Common Stock	QUN XIN PROPERITES CO., LTD.		Financial assets at fair value through other comprehensive income - current	6,000,000	48,000	-	48,000	
China Prosperity Development Corporation	Common Stock	HI SCENE WORLD ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	386,535	4,086	-	4,086	
China Prosperity Development Corporation	Fund	Taishin Ta-Chong Money Market Fund		Financial assets at fair value through profit or loss - current	8,460,058	120,002	-	120,002	
China Prosperity Development Corporation	Fund	FSITC MONEY MARKET FUND		Financial assets at fair value through profit or loss - current	561,416	100,003	-	100,003	
HIMAG Magnetic Corporation	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	325,505	7,893	-	7,893	
HIMAG Magnetic Corporation	Common Stock	Superrite Electronics Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	600,000	8,016	2	8,016	
Eminent Venture Capital Corporation	Common Stock	Bionime Corporation	The held company as its supervisor	Financial assets at fair value through profit or loss - current	995,990	47,608	2	47,608	
Eminent Venture Capital Corporation	Common Stock	TAIWAN LIPOSOME CO., LTD.		Financial assets at fair value through profit or loss - current	248,220	22,265	-	22,265	
Eminent Venture Capital Corporation	Common Stock	Savior Lifetec Corporation		Financial assets at fair value through profit or loss - current	1,000,000	16,700	-	16,700	
Eminent Venture Capital Corporation	Common Stock	SynCore Biotechnology Co., Ltd		Financial assets at fair value through profit or loss - current	628,000	15,480	1	15,480	
Eminent Venture Capital Corporation	Common Stock	INTECH BIOPHARM LTD.		Financial assets at fair value through profit or loss - current	510,000	9,716	1	9,716	
Eminent Venture Capital Corporation	Common Stock	Asia Best Healthcare Co., Ltd.		Financial assets at fair value through profit or loss - noncurrent	4,530	18,186	1	18,186	
Eminent Venture Capital Corporation	Common Stock	StemCyte International, Ltd.		Financial assets at fair value through profit or loss - noncurrent	1,080,647	16,267	1	16,267	
Eminent Venture Capital Corporation	Common Stock	Magqu Co. Ltd.		Financial assets at fair value through profit or loss - noncurrent	1,301,000	14,288	7	14,288	
Eminent Venture Capital Corporation	Common Stock	U-Liang Pharmaceutical Co., Ltd.		Financial assets at fair value through profit or loss - noncurrent	557,000	6,075	1	6,075	
Eminent Venture Capital Corporation	Common Stock	Dance Biopharm Holdings, Inc.		Financial assets at fair value through profit or loss - noncurrent	166,394	1,329	1	1,329	
Eminent Venture Capital Corporation	Common Stock	Cellerant Therapeutics, Inc.		Financial assets at fair value through profit or loss - noncurrent	43,900	-	-	-	
Eminent Venture Capital Corporation	Common Stock	New Medical Imaging Co., LTD		Financial assets at fair value through profit or loss - noncurrent	160,368	-	3	-	
Eminent Venture Capital Corporation	Common Stock	INNOPHARMAX, Inc.		Financial assets at fair value through profit or loss - noncurrent	2,567,519	15,076	4	15,076	
Eminent Venture Capital Corporation	Common Stock	HOLY STONE HEALTHCARE CO.,LTD.		Financial assets at fair value through profit or loss - noncurrent	500,000	5,316	1	5,316	
Eminent Venture Capital Corporation	Common Stock	Tekho Marine Biotech Co., Ltd.		Financial assets at fair value through profit or loss - noncurrent	788,824	5,048	4	5,048	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Preferred Stock	BioResource International, Inc.	Parent company	Financial assets at fair value through profit or loss - noncurrent	815,486	\$ 14,941	3	\$ 14,941	
Eminent Venture Capital Corporation	Preferred Stock	Nereus Pharmaceuticals, Inc.		Financial assets at fair value through profit or loss - noncurrent	1,895,531	7,510	2	7,510	
Eminent Venture Capital Corporation	Preferred Stock	BioKey, Inc.		Financial assets at fair value through profit or loss - noncurrent	600,000	608	3	608	
Eminent Venture Capital Corporation	Preferred Stock	Cardiva Medical, Inc.		Financial assets at fair value through profit or loss - noncurrent	612,648	-	1	-	
Eminent Venture Capital Corporation	Preferred Stock	AndroScience Corp.		Financial assets at fair value through profit or loss - noncurrent	2,111,111	-	7	-	
Eminent Venture Capital Corporation	Preferred Stock	Bayhill Therapeutics, Inc.		Financial assets at fair value through profit or loss - noncurrent	1,404,494	-	2	-	
Eminent Venture Capital Corporation	Fund	Franklin Templeton Sinoam Money Market Fund		Financial assets at fair value through profit or loss - current	4,133,629	42,663	-	42,663	
INFOCHAMP SYSTEMS CORPORATION	Common Stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - noncurrent	3,834,338	92,983	-	92,983	
INFOCHAMP SYSTEMS CORPORATION	Common Stock	Lion Corporation Berhad		Financial assets at fair value through other comprehensive income - noncurrent	58	-	-	-	
INFOCHAMP SYSTEMS CORPORATION	Common Stock	TRICORNTECH CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	726,885	5,790	2	5,790	
INFOCHAMP SYSTEMS CORPORATION	Common Stock	Riselink Venture Capital Corp.	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	438,624	5,174	2	5,174	
INFOCHAMP SYSTEMS CORPORATION	Common Stock	GEMINI OPEN CLOUD COMPUTING INC.		Financial assets at fair value through other comprehensive income - noncurrent	889,571	-	5	-	
Dragon Steel Corporation	Common Stock	Union Optronics 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	107,475	-	107,475	
China Steel Express Corporation	Common Stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	8,801,555	213,438	-	213,438	
China Steel Express Corporation	Common Stock	CSBC Corporation,Taiwan		Financial assets at fair value through other comprehensive income - current	4,698	119	-	119	
China Steel Express Corporation	Common Stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income - noncurrent	3,240,000	49,009	-	49,009	
China Steel Express Corporation	Common Stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income - noncurrent	657,936	7,761	3	7,761	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Express Corporation	Common Stock	Huiyang Private Equity Fund Co., Ltd.	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	35,000	\$ 4,456	1	\$ 4,456	Note 1
Transglory Investment Corporation	Common Stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - noncurrent	255,665,331	6,199,884	2	6,199,884	
Gains Investment Corporation	Common Stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.		Financial assets at fair value through other comprehensive income - current	23,129,242	777,142	-	777,142	
Gains Investment Corporation	Common Stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,467,723	165,119	-	165,119	
Gains Investment Corporation	Common Stock	QST INTERNATIONAL CORP.		Financial assets at fair value through other comprehensive income - current	1,349,257	107,940	-	107,940	
Gains Investment Corporation	Common Stock	GLOBAL TEK FABRICATION CO., LTD.		Financial assets at fair value through other comprehensive income - current	2,043,620	89,102	-	89,102	
Gains Investment Corporation	Common Stock	FUSHENG PRECISION CO., LTD.		Financial assets at fair value through other comprehensive income - current	500,000	79,750	-	79,750	
Gains Investment Corporation	Common Stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	930,032	59,708	-	59,708	
Gains Investment Corporation	Common Stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income - current	1,120,000	50,568	-	50,568	
Gains Investment Corporation	Common Stock	SYMTEK AUTOMATION ASIA CO., LTD.		Financial assets at fair value through other comprehensive income - current	579,593	35,297	-	35,297	
Gains Investment Corporation	Common Stock	RAFAEL MICROELECTRONICS, INC.		Financial assets at fair value through other comprehensive income - current	222,000	31,302	-	31,302	
Gains Investment Corporation	Common Stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	373,000	31,146	-	31,146	
Gains Investment Corporation	Common Stock	San Neng Group Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income - current	700,000	30,450	-	30,450	
Gains Investment Corporation	Common Stock	ADIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income - current	1,440,000	29,232	-	29,232	
Gains Investment Corporation	Common Stock	T-MAC TECHVEST PCB CO., LTD.		Financial assets at fair value through other comprehensive income - current	1,893,436	28,970	-	28,970	
Gains Investment Corporation	Common Stock	NAN LIU ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	159,000	24,804	-	24,804	
Gains Investment Corporation	Common Stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	670,661	24,043	-	24,043	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common Stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income - current	407,000	\$ 23,280	-	\$ 23,280	
Gains Investment Corporation	Common Stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income - current	885,300	23,106	-	23,106	
Gains Investment Corporation	Common Stock	I JANG INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	574,000	22,931	-	22,931	
Gains Investment Corporation	Common Stock	BIONIME CORPORATION		Financial assets at fair value through other comprehensive income - current	421,036	20,126	-	20,126	
Gains Investment Corporation	Common Stock	AMAZING MICROELECTRONIC CORP.		Financial assets at fair value through other comprehensive income - current	273,080	19,116	-	19,116	
Gains Investment Corporation	Common Stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	528,000	19,061	-	19,061	
Gains Investment Corporation	Common Stock	C.T.I. TRAFFIC INDUSTRIES CO., LTD.		Financial assets at fair value through other comprehensive income - current	1,501,917	17,497	-	17,497	
Gains Investment Corporation	Common Stock	Enterex International Limited		Financial assets at fair value through other comprehensive income - current	642,000	16,692	-	16,692	
Gains Investment Corporation	Common Stock	APAQ TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	505,149	15,508	-	15,508	
Gains Investment Corporation	Common Stock	CHIEN SHING HARBOUR SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income - current	614,000	14,061	-	14,061	
Gains Investment Corporation	Common Stock	SHIN FOONG SPECIALTY AND APPLIED MATERIALS CO., LTD.		Financial assets at fair value through other comprehensive income - current	264,000	12,778	-	12,778	
Gains Investment Corporation	Common Stock	AAEON TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income - current	174,000	12,632	-	12,632	
Gains Investment Corporation	Common Stock	ZENG HSING INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	91,000	12,285	-	12,285	
Gains Investment Corporation	Common Stock	AIR ASIA COMPANY LIMITED.		Financial assets at fair value through other comprehensive income - current	400,000	10,100	-	10,100	
Gains Investment Corporation	Common Stock	WISECHIP SEMICONDUCTOR INC.		Financial assets at fair value through other comprehensive income - current	210,000	9,660	-	9,660	
Gains Investment Corporation	Common Stock	EXCELSIOR BIOPHARMA INCORPORATION		Financial assets at fair value through other comprehensive income - current	174,000	7,073	-	7,073	
Gains Investment Corporation	Common Stock	TAI-SAW TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	266,000	5,214	-	5,214	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common Stock	CRYOMAX COOLING SYSTEM CORP.	The held company as its director	Financial assets at fair value through other comprehensive income - current	218,625	\$ 4,023	-	\$ 4,023	
Gains Investment Corporation	Common Stock	TAIWAN ENVIRONMENT SCIENTIFIC CO., LTD.		Financial assets at fair value through other comprehensive income - current	203,341	3,660	1	3,660	
Gains Investment Corporation	Common Stock	CHIEF TELECOM INC.		Financial assets at fair value through other comprehensive income - current	15,000	2,258	-	2,258	
Gains Investment Corporation	Common Stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income - current	3,600	671	-	671	
Gains Investment Corporation	Common Stock	Rentian Technology Holdings Ltd.		Financial assets at fair value through profit or loss - noncurrent	18,350	-	-	-	
Gains Investment Corporation	Common Stock	TD HITECH ENERGY INC.		Financial assets at fair value through profit or loss - noncurrent	2,296,000	30,737	8	30,737	
Gains Investment Corporation	Common Stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.		Financial assets at fair value through profit or loss - noncurrent	1,678,788	-	10	-	
Gains Investment Corporation	Common Stock	Gloria Solar International Holding, Inc.		Financial assets at fair value through profit or loss - noncurrent	880,000	-	1	-	
Gains Investment Corporation	Common Stock	EPOCH ELECTRONICS CORPORATION		Financial assets at fair value through profit or loss - noncurrent	199,511	-	3	-	
Gains Investment Corporation	Common Stock	GATETECH TECHNOLOGY INC.		Financial assets at fair value through profit or loss - noncurrent	266,398	-	1	-	
Gains Investment Corporation	Common Stock	GEMINI OPEN CLOUD COMPUTING INC.	The held company as its supervisor	Financial assets at fair value through profit or loss - noncurrent	889,571	-	5	-	
Gains Investment Corporation	Common Stock	FLEXUP TECHNOLOGIES CORPORATION		Financial assets at fair value through profit or loss - noncurrent	1,315,000	-	8	-	
Gains Investment Corporation	Common Stock	ASUS CLOUD CORPORATION		Financial assets at fair value through profit or loss - noncurrent	64,553	-	-	-	
Gains Investment Corporation	Common Stock	AbGenomics Holding Ltd.	The held company as its director	Financial assets at fair value through profit or loss - noncurrent	900,000	-	1	-	
Gains Investment Corporation	Common Stock	Tech alliance Corporation		Financial assets at fair value through profit or loss - noncurrent	1,433,250	-	5	-	
Gains Investment Corporation	Common Stock	SUN WELL SOLAR CORPORATION		Financial assets at fair value through profit or loss - noncurrent	120,000	-	-	-	
Gains Investment Corporation	Common Stock	TBI MOTION TECHNOLOGY CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,975,000	116,525	3	116,525	
Gains Investment Corporation	Common Stock	LUXNET CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	3,193,731	69,464	-	69,464	
Gains Investment Corporation	Common Stock	ULTRA CHIP, INC.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	984,147	34,593	-	34,593	
Gains Investment Corporation	Common Stock	KING POINT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	3,000,000	90,000	8	90,000	
Gains Investment Corporation	Common Stock	Poju International Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	2,127,000	77,931	-	77,931	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common Stock	GREENWAY ENVIRONMENTAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	3,750,000	\$ 60,000	10	\$ 60,000	
Gains Investment Corporation	Common Stock	SUNNY PHARMTECH INC.		Financial assets at fair value through other comprehensive income - noncurrent	1,780,000	56,960	2	56,960	
Gains Investment Corporation	Common Stock	YEONG LONG TECHNOLOGIES CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,980,000	54,478	5	54,478	
Gains Investment Corporation	Common Stock	CHEN NAN IRON WIRE CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	47,600	5	47,600	
Gains Investment Corporation	Common Stock	MITAGRI CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	3,500,000	35,000	15	35,000	
Gains Investment Corporation	Common Stock	CDIB & Partners Investment Holding Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,160,000	32,673	-	32,673	
Gains Investment Corporation	Common Stock	FEMCO STEEL TECHNOLOGY CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,248,000	32,448	3	32,448	
Gains Investment Corporation	Common Stock	CYBERSOFT DIGITAL SERVICES CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	30,000	3	30,000	
Gains Investment Corporation	Common Stock	Yonggu Group Inc.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	543,750	29,585	1	29,585	
Gains Investment Corporation	Common Stock	JUFAN INDUSTRIAL CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	27,540	6	27,540	
Gains Investment Corporation	Common Stock	T-Car Inc.		Financial assets at fair value through other comprehensive income - noncurrent	500,000	17,500	2	17,500	
Gains Investment Corporation	Common Stock	JDV CONTROL VALVES CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	17,282	4	17,282	
Gains Investment Corporation	Common Stock	Riselink Venture Capital Corp.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,096,560	12,935	4	12,935	
Gains Investment Corporation	Common Stock	Ping Ho Environmental Technology Company Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	200,000	10,000	1	10,000	
Gains Investment Corporation	Common Stock	JUMP MEDIA INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	549,122	9,203	2	9,203	
Gains Investment Corporation	Common Stock	MORTECH CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	464,794	5,472	1	5,472	
Gains Investment Corporation	Common Stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	35,000	4,456	1	4,456	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common Stock	Mega I Venture Capital Co., Ltd.	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	675,000	\$ 1,068	2	\$ 1,068	Note 2
Gains Investment Corporation	Common Stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	2,001,000	41,829	5	41,829	
Gains Investment Corporation	Common Stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,080,000	35,528	6	35,528	
Gains Investment Corporation	Common Stock	LINTES TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	498,000	35,039	1	35,039	
Gains Investment Corporation	Common Stock	TRANSCOM, INC.		Financial assets at fair value through other comprehensive income - noncurrent	215,000	13,410	1	13,410	
Gains Investment Corporation	Common Stock	HERAN CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	68,000	6,932	-	6,932	
Gains Investment Corporation	Common Stock	UNITED PERFORMANCE MATERIALS CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	142,000	2,836	-	2,836	
Gains Investment Corporation	Private Placement of Stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income - noncurrent	658,480	122,806	-	122,806	
Gains Investment Corporation	Convertible Bond	Tong Ming Enterprise Co., Ltd. Convertible Bond I		Financial assets at fair value through profit or loss - current	130,000	12,350	-	12,350	
Winning Investment Corporation	Common Stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - noncurrent	160,406,339	3,889,854	-	3,889,854	
Betacera Inc.	Common Stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.		Financial assets at fair value through profit or loss - noncurrent	74,149	-	-	-	
Betacera Inc.	Common Stock	HCT REGENERATIVE CO., LTD		Financial assets at fair value through other comprehensive income - noncurrent	994,153	4,259	17	4,259	
Shanghai Xike Ceramic Electronic Co., Ltd.	Common Stock	Shanghai Join Buy Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	71,820	1,930	-	1,930	
Universal eXchange Inc.	Fund	Union Money Market Fund		Financial assets at fair value through profit or loss - current	618,651	8,156	-	8,156	
Mentor Consulting Corporation	Fund	Union Money Market Fund		Financial assets at fair value through profit or loss - current	1,030,161	13,581	-	13,581	
Eminence Investment Corporation	Common Stock	Capital Futures Corporation		Financial assets at fair value through profit or loss - current	268,401	12,118	-	12,118	
Eminence Investment Corporation	Common Stock	TBI MOTION TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	3,516,000	207,444	-	207,444	
Eminence Investment Corporation	Common Stock	TANG ENG IRON WORKS CO., LTD.		Financial assets at fair value through other comprehensive income - current	3,718,000	171,028	-	171,028	
Eminence Investment Corporation	Common Stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	1,352,564	86,835	-	86,835	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common Stock	BIONIME CORPORATION		Financial assets at fair value through other comprehensive income - current	722,200	\$ 34,521	-	\$ 34,521	
Eminence Investment Corporation	Common Stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income - current	487,000	27,856	-	27,856	
Eminence Investment Corporation	Common Stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income - current	230,000	25,875	-	25,875	
Eminence Investment Corporation	Common Stock	TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.		Financial assets at fair value through other comprehensive income - current	914,000	25,363	-	25,363	
Eminence Investment Corporation	Common Stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income - current	912,450	23,815	-	23,815	
Eminence Investment Corporation	Common Stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income - current	502,000	22,665	-	22,665	
Eminence Investment Corporation	Common Stock	LUXNET CORPORATION		Financial assets at fair value through other comprehensive income - current	890,470	19,368	-	19,368	
Eminence Investment Corporation	Common Stock	QUANG VIET ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	163,000	17,115	-	17,115	
Eminence Investment Corporation	Common Stock	TAISUN INT'L (HOLDING) CORP., TAIWAN BRANCH(CAYMAN)		Financial assets at fair value through other comprehensive income - current	134,400	17,002	-	17,002	
Eminence Investment Corporation	Common Stock	CTBC Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income - current	800,000	16,160	-	16,160	
Eminence Investment Corporation	Common Stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	440,000	15,884	-	15,884	
Eminence Investment Corporation	Common Stock	MICRO-STAR INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	180,000	13,752	-	13,752	
Eminence Investment Corporation	Common Stock	Yulon Finance Corporation		Financial assets at fair value through other comprehensive income - current	150,000	13,590	-	13,590	
Eminence Investment Corporation	Common Stock	PROMATE SOLUTIONS CORPORATION		Financial assets at fair value through other comprehensive income - current	179,000	10,525	-	10,525	
Eminence Investment Corporation	Common Stock	ATEN INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	100,000	8,700	-	8,700	
Eminence Investment Corporation	Common Stock	SHENG YU STEEL CO., LTD.		Financial assets at fair value through other comprehensive income - current	377,000	7,201	-	7,201	
Eminence Investment Corporation	Common Stock	ANPEC ELECTRONICS CORPORATION		Financial assets at fair value through other comprehensive income - current	67,899	4,101	-	4,101	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common Stock	GLOBAL TEK FABRICATION CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,720,943	\$ 75,033	-	\$ 75,033	
Eminence Investment Corporation	Common Stock	TAI-SAW TECHNOLOGY CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	951,323	18,646	-	18,646	
Eminence Investment Corporation	Common Stock	Yonggu Group Inc.		Financial assets at fair value through other comprehensive income - noncurrent	1,081,750	59,552	2	59,552	
Eminence Investment Corporation	Common Stock	SUNNY PHARMTECH INC.		Financial assets at fair value through other comprehensive income - noncurrent	970,000	31,040	1	31,040	
Eminence Investment Corporation	Common Stock	JUFAN INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	27,539	6	27,539	
Eminence Investment Corporation	Common Stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	17,282	4	17,282	
Eminence Investment Corporation	Common Stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,749,000	36,561	4	36,561	
Eminence Investment Corporation	Common Stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,080,000	35,528	6	35,528	
Eminence Investment Corporation	Preferred Stock	Fubon Financial Holding Co., Ltd.(B)		Financial assets at fair value through profit or loss - current	494,000	30,628	-	30,628	
Eminence Investment Corporation	Preferred Stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets at fair value through other comprehensive income - current	833,000	51,563	-	51,563	
Eminence Investment Corporation	Preferred Stock	Yulon Finance Corporation(A)		Financial assets at fair value through other comprehensive income - current	600,000	30,840	-	30,840	
Eminence Investment Corporation	Preferred Stock	TAISHIN FINANCIAL HOLDING CO., LTD.(E)		Financial assets at fair value through other comprehensive income - current	486,000	25,855	-	25,855	
Eminence Investment Corporation	Private Placement of Stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income - noncurrent	131,695	24,561	-	24,561	
Eminence Investment Corporation	Convertible Bond	HY ELECTRONIC (CAYMAN) LIMITED, LTD Convertible Bond I		Financial assets at fair value through profit or loss - current	230,000	17,940	-	17,940	
Eminence Investment Corporation	Convertible Bond	Tong Ming Enterprise Co., Ltd. Convertible Bond I		Financial assets at fair value through profit or loss - current	170,000	16,150	-	16,150	
Shin Mau Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,433,749	34,768	-	34,768	
Hung-Chuan Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,875	38,942	-	38,942	
Chi-Yi Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,616,723	39,206	-	39,206	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ding Da Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,525,494	\$ 36,993	-	\$ 36,993	
Jiing-Cherng-Fa Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,461,875	35,450	-	35,450	
Gau Ruei Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,493,318	36,213	-	36,213	
Li-Ching-Long Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,441	38,932	-	38,932	
Sheng Lih Dar Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,542,138	37,397	-	37,397	
Chiun Yu Investment Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,623,289	39,365	-	39,365	
China Steel Global Trading Corporation	Common Stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,349,507	105,476	-	105,476	
China Steel Global Trading Corporation	Common Stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	1,110	58,065	15	58,065	
China Steel Global Trading Corporation	Preferred Stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	15	48,821	15	48,821	
Wabo Global Trading Corporation	Common Stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	487,367	11,819	-	11,819	
Wabo Global Trading Corporation	Fund	Shin Kong Chi-Shin Money-market Fund		Financial assets at fair value through profit or loss - current	1,624,752	25,129	-	25,129	
Wabo Global Trading Corporation	Fund	Franklin Templeton Sinoam Money Market Fund		Financial assets at fair value through profit or loss - current	4,883,724	50,405	-	50,405	
Wabo Global Trading Corporation	Fund	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	2,978,326	37,294	-	37,294	
Chung Mao Trading (Samoa) Corporation	Foreign Certificate of Entitlement	Maruichi Metal Product (Foshan) Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	274,285	15	274,285	
Chung Mao Trading (Samoa) Corporation	Foreign Certificate of Entitlement	PCMI Metal Products (Chongqing) Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	121,576	8	121,576	
Chung Mao Trading (Samoa) Corporation	Foreign Certificate of Entitlement	Xiamen Chun Yuan Precision Mechatronic Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	34,891	19	34,891	
Chung Mao Trading (Samoa) Corporation	Foreign Certificate of Entitlement	Changshu Baoshunchang Steel Processing Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	1,395	10	1,395	
CSGT International Corporation	Common Stock	NSSB Coil Center (Thailand) Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	3,001	72,401	13	72,401	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
CSGT International Corporation	Foreign Certificate of Entitlement	Hanoi Steel Center Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	\$ 175,307	19	\$ 175,307	
CSC Steel Australia Holdings Pty Ltd	Common Stock	KJTC Pty Ltd		Financial assets at fair value through other comprehensive income - noncurrent	2,623,595	7,187,646	13	7,187,646	
China Steel Asia Pacific Holdings Pte. Ltd.	Foreign Certificate of Entitlement	Wuxi TECO Electric & Machinery Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	111,247	6	111,247	
China Steel Asia Pacific Holdings Pte. Ltd.	Foreign 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	-	54,700	12	54,700	
CSC Steel Holdings Berhad	Common Stock	Astino Berhad		Financial assets at fair value through other comprehensive income - noncurrent	3,574,472	15,924	-	15,924	
CSC Steel Holdings Berhad	Fund	OSK-UOB Cash Management Fund		Financial assets at fair value through profit or loss - current	3,887,608	37,669	-	37,669	
CSC Steel Holdings Berhad	Fund	Affin Hwang Select Cash Fund		Financial assets at fair value through profit or loss - current	957,752	7,145	20	7,145	
Group Steel Corporation (M) Sdn. Bhd.	Fund	Hwang-DBS		Financial assets at fair value through profit or loss - current	99,948,029	745,648	-	745,648	
Constant Mode Sdn. Bhd.	Fund	OSK-UOB Cash Management Fund		Financial assets at fair value through profit or loss - current	190,890	1,850	-	1,850	

(Concluded)

Note 1: Parent company's stocks pledged as collateral amounted to 120,100 thousand shares and NT\$2,912,425 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 115,800 thousand shares and NT\$2,808,150 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 YEAR ENDED DECEMBER 31, 2018
 (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)				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	Sing Da Marine Structure Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	-	\$ -	82,100,000	\$ 754,140	-	\$ -	\$ -	\$ -	82,100,000	\$ 754,140
CHC RESOURCES CORPORATION	Common Stock	Hsieh Sheng Development Corporation	Investments accounted for using equity method	-	-	-	-	68,493	1,147,317	-	-	-	-	68,493	1,147,317
CHC RESOURCES CORPORATION	Fund	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,822,152	71,018	32,861,319	484,984	37,683,471	556,239	556,002	237	-	-

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

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 YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Dragon Steel Corporation	Joyful Apartment Complex	2014.08.08	\$ 1,536,968	According to the contract and the construction progress	United Steel Engineering & Construction Corporation	Fellow Company	-	-	-	\$ -	Price negotiation	The construction would be sold to employees	The relevant contracts were signed in August 2014, and the construction was completed in June 2018 and recognized as non-current assets held for sale.
Dragon Steel Corporation	Lohas center	2014.08.08	426,734	According to the contract and the construction progress	United Steel Engineering & Construction Corporation	Fellow Company	-	-	-	-	Price negotiation	Construction for own use	The relevant contracts were signed in August 2014, and the construction was completed in April 2018 and recognized as property, plant and equipment-buildings.
China Steel Chemical Corporation	Carbon material production factory buildings	2014.12.26	261,746	According to the contract and the construction progress	Yusheng steel works co. Ltd	Non-related party	-	-	-	-	Price negotiation	Construction for own use	The relevant contracts were signed in 2015, and the construction was completed in December 2018 and recognized as property, plant and equipment-buildings.
China Steel Chemical Corporation	Carbon material production factory buildings	2014.12.26	127,860	According to the contract and the construction progress	CHINA STEEL STRUCTURE CO., LTD.	Fellow Company	-	-	-	-	Price negotiation	Construction for own use	The relevant contracts were signed in 2015, and the construction was completed in December 2018 and recognized as property, plant and equipment-buildings.

(Continued)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
China Steel Chemical Corporation	Carbon material production factory buildings	2014.12.26	\$ 48,096	According to the contract and the construction progress	United Steel Engineering & Construction Corporation	Fellow Company	-	-	-	\$ -	Price negotiation	Construction for own use	The relevant contracts were signed in 2015, and the construction was completed in December 2018 and recognized as property, plant and equipment-buildings.

(Concluded)

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 YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship			Payment Terms	Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total		Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiaries	Revenue from sale of goods	\$ (25,132,836)	(11)	Letter of credit/Receivables were collected after final acceptance	-	-	\$ 447,912	8	
China Steel Corporation	CHINA STEEL STRUCTURE CO., LTD.	Subsidiaries	Revenue from sale of goods	(4,331,704)	(2)	Letter of credit/Accounts received in advance before shipment date	-	-	7,094	-	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiaries	Revenue from sale of goods	(3,143,818)	(1)	Accounts receivable factoring agreements	-	-	-	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiaries	Revenue from sale of goods	(2,508,707)	(1)	Letter of credit	-	-	190,928	3	
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiaries	Revenue from sale of goods	(2,254,087)	(1)	Accounts receivable factoring agreements/ Receivables were collected within 14 days after shipment date	-	-	214,633	4	
China Steel Corporation	CSBC Corporation, Taiwan	The held company as its director	Revenue from sale of goods	(2,107,441)	(1)	Accounts received in advance before shipment date	-	-	428,768	7	
China Steel Corporation	Dragon Steel Corporation	Subsidiaries	Revenue from sale of goods	(1,523,041)	(1)	Receivables were collected within 5 days after shipment date	-	-	88,169	1	
China Steel Corporation	Dragon Steel Corporation	Subsidiaries	Service and other operating revenue	(1,323,336)	(1)	By contract terms	-	-	71,956	1	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiaries	Revenue from sale of goods	(1,313,935)	(1)	Receivables were collected within 10 days after shipment date	-	-	102,329	2	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiaries	Revenue from sale of goods	(1,105,020)	-	Receivables were collected within 60 days after shipment date	-	-	180,106	3	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiaries	Revenue from sale of goods	(964,175)	-	Receivables were collected within 10 days after shipment date	-	-	4,922	-	
China Steel Corporation	TSK Steel Company Limited	Associates	Revenue from sale of goods	(626,362)	-	Letter of credit/Accounts received in advance before shipment date	-	-	-	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiaries	Revenue from sale of goods	(623,379)	-	Receivables were collected within 14 days after shipment date	-	-	21,148	-	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiaries	Revenue from sale of goods	(574,429)	-	Receivables were collected within 85 days after shipment date	-	-	201,479	3	
China Steel Corporation	Rechi Refrigeration Dongguan Co, Ltd.	The Corporation as key management personnel of other related parties	Revenue from sale of goods	(493,443)	-	Accounts received in advance before shipment date	-	-	-	-	
China Steel Corporation	CHC RESOURCES CORPORATION	Subsidiaries	Revenue from sale of goods	(461,459)	-	Letter of credit	-	-	11,561	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiaries	Service and other operating revenue	(412,610)	-	By contract terms	-	-	41,367	1	

(Continued)

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 Corporation	Fukuta Electric & Machinery Co., Ltd.	Associates	Revenue from sale of goods	\$ (400,214)	-	Letter of credit	-	-	\$ 27	-	
China Steel Corporation	China Steel Machinery Corporation	Subsidiaries	Revenue from sale of goods	(281,140)	-	Receivables were collected within 10 days after shipment date	-	-	669	-	
China Steel Corporation	TANG ENG IRON WORKS CO., LTD.	The held company as its director	Service and other operating revenue	(232,746)	-	By contract terms	-	-	4,203	-	
China Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Service and other operating revenue	(160,404)	-	By contract terms	-	-	118,409	2	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiaries	Revenue from sale of goods	(141,135)	-	Letter of credit	-	-	1,215	-	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiaries	Service and other operating revenue	(131,783)	-	By contract terms	-	-	10,982	-	
China Steel Corporation	CHANG-CHUN CECK AUTO.PARTS CO., LTD.	Associates	Revenue from sale of goods	(110,653)	-	Receivables were collected within 85 days after shipment date	-	-	69,147	1	
China Steel Corporation	Dragon Steel Corporation	Subsidiaries	Purchase of goods	21,796,702	14	Payment within 5 days after shipment date/Payment after final acceptance	-	-	(690,286)	(7)	
China Steel Corporation	China Steel Express Corporation	Subsidiaries	Purchase of goods	9,629,593	6	Payment after shipment date	-	-	(1,215,959)	(13)	
China Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchase of goods	2,931,799	2	Letter of credit	-	-	-	-	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiaries	Purchase of goods	2,655,026	2	Payment after final acceptance	-	-	(181,470)	(2)	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiaries	Purchase of goods	503,157	-	Payment after final acceptance	-	-	(24,776)	-	
China Steel Corporation	CSE Transport Corporation	Subsidiaries	Purchase of goods	426,466	-	Payment after finishing packing and lading	-	-	(70,925)	(1)	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiaries	Purchase of goods	368,979	-	Payment after final acceptance	-	-	(7,319)	-	
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Associates	Purchase of goods	203,177	-	Payment after final acceptance	-	-	(34,488)	-	
China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Subsidiaries	Purchase of goods	121,513	-	Payment after final acceptance	-	-	(4,446)	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Revenue from sale of goods	(21,398,214)	(22)	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	-	-	609,749	16	
Dragon Steel Corporation	Chung Hung Steel Corporation	Fellow subsidiary	Revenue from sale of goods	(10,262,102)	(10)	Letter of credit/Receivables were collected within 5 days after shipment date	-	-	399,223	10	
Dragon Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Fellow subsidiary	Revenue from sale of goods	(7,685,822)	(8)	Receivables were collected within 5 days after shipment date	-	-	477,924	12	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	Fellow subsidiary	Revenue from sale of goods	(4,526,997)	(5)	Receivables were collected within 5 days after shipment date	-	-	214,660	5	
Dragon Steel Corporation	CHINA STEEL STRUCTURE CO., LTD.	Fellow subsidiary	Revenue from sale of goods	(1,496,220)	(2)	Letter of credit	-	-	65,928	2	
Dragon Steel Corporation	China Steel Chemical Corporation	Fellow subsidiary	Revenue from sale of goods	(981,747)	(1)	Receivables were collected within 5 days after shipment date	-	-	47,828	1	
Dragon Steel Corporation	China Steel Corporation	Parent company	Other operating revenue	(398,488)	-	Receivables were collected after final acceptance	-	-	53,880	1	
Dragon Steel Corporation	China Steel Corporation	Parent company	Service revenue	(327,580)	-	Receivables were collected within 5 days after shipment date	-	-	26,657	1	
Dragon Steel Corporation	CHC RESOURCES CORPORATION	Fellow subsidiary	Revenue from sale of goods	(279,480)	-	Letter of credit	-	-	15,414	-	
Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Fellow subsidiary	Revenue from sale of goods	(265,824)	-	Receivables were collected within 5 days after shipment date	-	-	12,899	-	

(Continued)

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 Global Trading Corporation	Fellow subsidiary	Revenue from sale of goods	\$ (131,914)	-	Receivables were collected within 5 days after shipment date	-	-	\$ 4,466	-	
Dragon Steel Corporation	China Steel Express Corporation	Fellow subsidiary	Purchase of goods	5,109,303	8	Payment after finishing packing and lading	-	-	(594,237)	(28)	
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchase of goods	2,009,899	3	Payment within 5 days after shipment date	-	-	(92,451)	(4)	
Dragon Steel Corporation	C.S.Aluminium Corporation	Fellow subsidiary	Purchase of goods	789,500	1	Prepayment/Payment within 30 days after final acceptance	-	-	(72,589)	(3)	
Dragon Steel Corporation	China Steel Global Trading Corporation	Fellow subsidiary	Purchase of goods	220,989	-	Prepayment/Payment within 30 days after final acceptance	-	-	(47,844)	(2)	
Dragon Steel Corporation	UNION STEEL DEVELOPMENT CORPORATION	Fellow subsidiary	Purchase of goods	109,750	-	Payment after final acceptance	-	-	(14,292)	(1)	
Dragon Steel Corporation	CSE Transport Corporation	Fellow subsidiary	Purchase of goods	105,942	-	Payment after finishing packing and lading	-	-	(3,973)	-	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiaries	Revenue from sale of goods	(248,397)	(48)	Net 90 days from the end of the month of when invoice is issued	-	-	126,518	84	
Betacera Inc.	Lefkara Ltd.	Subsidiaries	Service revenue	(126,286)	(24)	T/T as the end of the month of when invoice is issued	-	-	-	-	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiaries	Revenue from sale of goods	(310,662)	(15)	Net 90 days from the end of the month of when invoice is issued	-	-	156,779	34	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiaries	Purchase of goods	1,258,997	40	Net 90 days from the end of the month of when invoice is issued	-	-	(212,538)	(44)	
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Subsidiaries	Purchase of goods	576,630	20	Net 90 days from the end of the month of when invoice is issued	-	-	(161,343)	(33)	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Revenue from sale of goods	(1,259,381)	(90)	Net 90 days from the end of the month of when invoice is issued	-	-	212,380	85	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Purchase of goods	310,912	36	Net 90 days from the end of the month of when invoice is issued	-	-	(156,663)	(44)	
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	Purchase of goods	248,892	29	Net 90 days from the end of the month of when invoice is issued	-	-	(126,424)	(36)	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	Revenue from sale of goods	(576,728)	(100)	Net 90 days from the end of the month of when invoice is issued	-	-	161,223	100	
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(10,221,003)	(62)	Receivables were collected after finishing packing and lading	-	-	1,308,749	68	
China Steel Express Corporation	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(5,420,017)	(33)	Receivables were collected after finishing packing and lading	-	-	609,903	32	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	Service revenue	(429,989)	(76)	Receivables were collected after finishing packing and lading	-	-	119,488	70	
CSE Transport Corporation	China Steel Express Corporation	Parent company	Service revenue	(634,452)	(34)	Receivables were collected after finishing packing and lading	-	-	435,706	67	
CSE Transport Corporation	China Steel Corporation	The ultimate parent company	Service revenue	(428,478)	(23)	Receivables were collected after finishing packing and lading	-	-	70,933	10	
CSE Transport Corporation	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(103,976)	(6)	Receivables were collected after finishing packing and lading	-	-	3,973	-	
Kaohsiung Port Cargo Handling Services Corporation	China Steel Corporation	The ultimate parent company	Service revenue	(207,663)	(85)	Receivables were collected after finishing packing and lading	-	-	7,690	74	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Revenue from sale of goods	(2,655,026)	(13)	Receivables were collected after final acceptance	-	-	181,470	22	

(Continued)

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	
C.S.Aluminium Corporation	Dragon Steel Corporation	Fellow subsidiary	Revenue from sale of goods	\$ (789,500)	(4)	Receivables were collected after final acceptance	-	-	\$ 72,589	9	
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	4,636,607	53	Payment within 14 business days after lading date	-	-	(196,399)	(47)	
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	Fellow subsidiary	Purchase of goods	1,624,079	19	Payment within 7 business days after lading date	-	-	(34,835)	(8)	
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	Fellow subsidiary	Purchase of goods	731,705	8	Payment within 7 business days after lading date	-	-	(61,966)	(15)	
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent company	Purchase of goods	609,097	7	Payment within 14 business days after lading date	-	-	(22,796)	(5)	
Changzhou China Steel Precision Materials Co., Ltd.	China Steel Corporation	The ultimate parent company	Revenue from sale of goods	(120,515)	(5)	Receivables were collected within 14 days after lading date	-	-	4,446	2	
China Steel Precision Metals Qingdao Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	The Corporation as key management personnel of other related parties	Revenue from sale of goods	(945,347)	(73)	Receivables were collected after shipment date	-	-	162,085	65	
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent company	Purchase of goods	1,113,900	100	Payment within 60 days after shipment date	-	-	(180,106)	(97)	
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	Fellow subsidiary	Revenue from sale of goods	(1,662,350)	(3)	T/T within 7 business days after lading date(not included)	-	-	121,361	11	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(349,717)	(1)	T/T as the end of the month of when invoice is issued after final acceptance	NO THIRD-PARTY COULD BE COMPARED	NO THIRD-PARTY COULD BE COMPARED	36,256	3	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchase of goods	25,257,677	61	Letter of credit at sight/Payment after final acceptance	-	-	(582,549)	(91)	
Chung Hung Steel Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	10,349,774	25	Letter of credit at sight/Payment after final acceptance	-	-	-	-	
Chung Hung Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchase of goods	1,584,678	4	Letter of credit at sight/Payment after final acceptance	-	-	-	-	
Chung Hung Steel Corporation	China Steel Global Trading Corporation	Fellow subsidiary	Purchase of goods	416,442	1	Letter of credit at sight/Payment after final acceptance	-	-	-	-	
Hung Li Steel Corporation	China Steel Corporation	The ultimate parent company	Service revenue	(244,292)	(39)	T/T as the end of the month of when invoice is issued	NO THIRD-PARTY COULD BE COMPARED	NO THIRD-PARTY COULD BE COMPARED	-	-	
Hung Li Steel Corporation	Chung Hung Steel Corporation	Parent company	Service revenue	(157,170)	(25)	T/T within a week after final acceptance/T/T as the end of the month of when invoice is issued	NO THIRD-PARTY COULD BE COMPARED	NO THIRD-PARTY COULD BE COMPARED	-	-	
China Steel Chemical Corporation	International CSRC Investment Holdings Co., LTD.	Other related parties as directors of the Corporation	Revenue from sale of goods	(892,054)	(11)	Receivables were collected as the end of every month of when invoice is issued	-	-	-	-	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Other related parties as directors of the Corporation	Revenue from sale of goods	(369,814)	(5)	Receivables were collected as the end of every month of when invoice is issued	-	-	45,543	6	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries	Revenue from sale of goods	(305,716)	(3)	Net 270 days from the end of the month of when invoice is issued	-	-	249,794	34	Note 1
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchase of goods	2,509,963	54	Letter of credit at sight	-	-	(234,541)	(67)	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	980,628	21	Letter of credit at sight	-	-	-	-	
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Subsidiaries	Purchase of goods	915,512	20	Payment after final acceptance	-	-	(70,942)	(20)	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchase of goods	305,716	53	Net 270 days from the end of the month of when invoice is issued	-	-	(249,794)	(100)	

(Continued)

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	
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	Revenue from sale of goods	\$ (915,512)	(79)	Receivables were collected after final acceptance	-	-	\$ 54,324	100	
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh Steel Corporation	Other related parties as directors of the Corporation	Purchase of goods	1,128,324	100	T/T before shipment date/Letter credit at sight	-	-	(1,100)	-	
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	Fellow subsidiary	Revenue from sale of goods	(788,132)	(7)	Receivables were collected after shipment date	-	-	64,722	11	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Revenue from sale of goods	(516,245)	(5)	Receivables were collected after final acceptance	-	-	24,776	4	
China Steel Global Trading Corporation	Chung Hung Steel Corporation	Fellow subsidiary	Revenue from sale of goods	(416,442)	(4)	Receivables were collected after shipment date	-	-	-	-	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(411,873)	(77)	By contract terms	-	-	30,911	92	
China Steel Global Trading Corporation	Dragon Steel Corporation	Fellow subsidiary	Revenue from sale of goods	(220,989)	(2)	Receivables were collected after shipment date	-	-	47,844	8	
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchase of goods	5,845,406	56	Payment from counter-party notice after lading date	-	-	(3,941)	(4)	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchase of goods	1,098,442	10	Payment after shipment date	-	-	(4,922)	(5)	Note 2
China Steel Global Trading Corporation	TANG ENG IRON WORKS CO., LTD.	The held company as its director	Purchase of goods	125,436	1	Prepayment before shipment date	-	-	-	-	
CSGT (Shanghai) Co., Ltd.	China Steel Precision Metals Kunshan Co., Ltd.	Fellow subsidiary	Purchase of goods	290,029	100	Payment after invoice	-	-	(26,034)	(100)	
CSGT Metals Vietnam Joint Stock Company	China Steel Sumikin Vietnam Joint Stock Company	Fellow subsidiary	Purchase of goods	172,906	10	Accounts payable, 30 days term	-	-	(22,657)	(17)	
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent company	Purchase of goods	1,588,740	81	Payment from counter-party notice after lading date	-	-	(115,149)	(80)	Note 2
CHC RESOURCES CORPORATION	China Steel Corporation	Parent company	Service revenue	(1,817,983)	(21)	Receivables were collected next month as 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.	201,097	19	
CHC RESOURCES CORPORATION	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(1,314,070)	(15)	Receivables were collected within 30-70 days as 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.	144,025	14	
CHC RESOURCES CORPORATION	Taiwan Cement Corporation	Other related parties as directors of the Corporation	Revenue from sale of goods	(440,957)	(5)	Receivables were collected after 60 days as 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.	159,911	15	
CHC RESOURCES CORPORATION	China Steel Resources Corporation	Fellow subsidiary	Service revenue	(436,023)	(5)	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.	41,602	4	

(Continued)

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	YA TUNG READY-MIXED CONCRETE CORP.	Other related parties as directors of the Corporation	Revenue from sale of goods	\$ (376,136)	(4)	Receivables were collected after 60 days as 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.	\$ 57,079	5	
CHC RESOURCES CORPORATION	Universal Cement Corporation	Other related parties as directors of the Corporation	Revenue from sale of goods	(202,900)	(2)	Receivables were collected after 60 days as 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.	62,444	6	
CHC RESOURCES CORPORATION	China Steel Corporation	Parent company	Purchase of goods	502,012	20	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.	(11,561)	(3)	
CHC RESOURCES CORPORATION	Chung Hung Steel Corporation	Fellow subsidiary	Purchase of goods	474,583	19	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.	(41,513)	(12)	
CHC RESOURCES CORPORATION	Formosa Ha Tinh Steel Corporation	Other related parties	Purchase of goods	310,072	12	Prepayment 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.	-	-	
CHC RESOURCES CORPORATION	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	279,224	11	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.	(6,584)	(2)	
CHC RESOURCES CORPORATION	Taiwan Cement Corporation	Other related parties as directors of the Corporation	Purchase of goods	137,215	5	Payment after 45 days from bill of lading 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.	(10,737)	(3)	
UNION STEEL DEVELOPMENT CORPORATION	CHC RESOURCES CORPORATION	Parent company	Service revenue	(274,713)	(54)	Receivables were collected after 60 days as 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.	49,447	65	

(Continued)

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	
UNION STEEL DEVELOPMENT CORPORATION	Dragon Steel Corporation	Fellow subsidiary	Revenue from sale of goods	\$ (109,750)	(21)	Receivables were collected after 60 days as 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.	\$ 14,291	19	
INFOCHAMP SYSTEMS CORPORATION	China Steel Corporation	Parent company	Service revenue	(911,326)	(51)	Receivables were collected within 30 days after shipment date	-	-	34,863	37	
CHINA STEEL STRUCTURE CO., LTD.	Dragon Steel Corporation	Fellow subsidiary	Construction contracts revenue	(644,204)	(6)	Contractual period	-	-	44,119	2	
CHINA STEEL STRUCTURE CO., LTD.	United Steel Engineering & Construction Corporation	Subsidiaries	Construction contracts revenue	(461,551)	(4)	Contractual period	-	-	68,784	-	
CHINA STEEL STRUCTURE CO., LTD.	China Steel Corporation	Parent company	Service revenue	(394,496)	(3)	Contractual period	-	-	37,051	2	
CHINA STEEL STRUCTURE CO., LTD.	China Steel Corporation	Parent company	Construction contracts revenue	(124,353)	(1)	Contractual period	-	-	2,632	-	
CHINA STEEL STRUCTURE CO., LTD.	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(118,302)	(1)	Contractual period	-	-	18,076	1	
CHINA STEEL STRUCTURE CO., LTD.	China Steel Corporation	Parent company	Purchase of goods	4,331,704	62	Letter of credit/Prepayment before shipment date	-	Payment term for non-related parties is 7 days end of month.	(8,363)	(1)	
CHINA STEEL STRUCTURE CO., LTD.	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	1,499,200	22	Letter of credit	-	Payment term for non-related parties is 7 days end of month.	(54,868)	(4)	
United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	Fellow subsidiary	Construction contracts revenue	(1,292,603)	(15)	Contractual period	-	-	-	-	
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	Fellow subsidiary	Construction contracts revenue	(924,784)	(11)	Contractual period	-	-	-	-	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	Fellow subsidiary	Construction contracts revenue	(538,608)	(6)	Contractual period	-	-	-	-	
United Steel Engineering & Construction Corporation	CHC RESOURCES CORPORATION	Fellow subsidiary	Construction contracts revenue	(414,898)	(5)	Contractual period	-	-	12,682	2	
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent company	Construction contracts revenue	(395,735)	(5)	Contractual period	-	-	46,480	9	
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Fellow subsidiary	Construction contracts revenue	(256,802)	(3)	Contractual period	-	-	9,247	2	
United Steel Engineering & Construction Corporation	Steel Castle Technology Corporation	Fellow subsidiary	Construction contracts outsourcing	433,435	7	Contractual period	-	-	(135,907)	(7)	
United Steel Engineering & Construction Corporation	CHC RESOURCES CORPORATION	Fellow subsidiary	Purchase of goods	100,821	7	Contractual period	-	-	(8,321)	(1)	
China Ecotek Corporation	China Steel Corporation	Parent company	Construction contracts revenue	(3,476,587)	(37)	Contractual period	-	-	336,491	19	
China Ecotek Corporation	Dragon Steel Corporation	Fellow subsidiary	Construction contracts revenue	(1,369,799)	(15)	Contractual period	-	-	161,102	9	
China Ecotek Corporation	CSC Solar Corporation	Fellow subsidiary	Construction contracts revenue	(1,248,788)	(13)	Contractual period	-	-	523,905	30	
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Construction contracts revenue	(964,522)	(10)	Contractual period	-	-	242,003	14	
China Ecotek Corporation	China Steel Machinery Corporation	Fellow subsidiary	Construction contracts revenue	(106,635)	(1)	Contractual period	-	-	19	-	
China Ecotek Corporation	China Steel Machinery Corporation	Fellow subsidiary	Purchase of goods	448,045	5	Contractual period	-	-	-	-	
China Ecotek Vietnam Company Limited	Formosa Ha Tinh Steel Corporation	Other related parties	Construction contracts revenue	(654,423)	(41)	Contractual period	-	-	114,400	42	
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(297,401)	(23)	By contract terms	-	-	40,007	26	
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent company	Service revenue	(524,698)	(42)	By contract terms	-	-	42,973	34	
Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	Fellow subsidiary	Service revenue	(330,322)	(27)	By contract terms	-	-	55,804	44	
Steel Castle Technology Corporation	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(158,206)	(13)	By contract terms	-	-	18,326	14	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Revenue from sale of goods	(373,274)	(39)	Receivables were collected within 10 days after shipment date	-	-	7,426	8	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Purchase of goods	140,923	23	Letter of credit	-	-	(1,215)	2	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction contracts revenue	(2,904,871)	(43)	Receivables were collected after final acceptance	-	-	204,853	42	

(Continued)

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 Machinery Corporation	Dragon Steel Corporation	Fellow subsidiary	Construction contracts revenue	\$ (551,299)	(8)	Receivables were collected after final acceptance	-	-	\$ 75,855	15	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	Fellow subsidiary	Construction contracts revenue	(465,890)	(7)	Receivables were collected after final acceptance	-	-	1,391	-	
China Steel Machinery Corporation	China Ecotek Corporation	Fellow subsidiary	Construction contracts revenue	(428,438)	(6)	Receivables were collected after final acceptance	-	-	-	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Purchase of goods	287,903	18	Payment were collected after final acceptance	-	-	(669)	-	
China Steel Machinery Corporation	INFOCHAMP SYSTEMS CORPORATION	Fellow subsidiary	Construction contracts outsourcing	168,004	11	Payment were collected after final acceptance	-	-	(1,568)	-	
China Steel Sumikin Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN SALES VIETNAM COMPANY LIMITED	Other related parties	Revenue from sale of goods	(3,929,675)	(19)	Accounts receivable, 30 days term	-	-	54,325	3	
China Steel Sumikin Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Revenue from sale of goods	(678,698)	(3)	Accounts receivable, 30 days term	-	-	144,443	8	
China Steel Sumikin Vietnam Joint Stock Company	Nippon Steel & Sumikin Bussan Vietnam Co., Ltd.	Other related parties	Revenue from sale of goods	(225,215)	(1)	Accounts receivable, 30 days term	-	-	(4,913)	-	Note 3
China Steel Sumikin Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	Fellow subsidiary	Revenue from sale of goods	(190,349)	(1)	Accounts receivable, 30 days term	-	-	24,898	1	
China Steel Sumikin Vietnam Joint Stock Company	SINO VIETNAM HI-TECH MATERIAL CO., LTD.	Associates	Revenue from sale of goods	(174,291)	(1)	Accounts receivable, 30 days term	-	-	45,684	2	
China Steel Sumikin Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchase of goods	10,282,973	58	Payment to the bank after the Corporation's shipment date	-	-	(214,737)	(6)	Note 2
China Steel Sumikin Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	Other related parties as supervisors of the Corporation	Purchase of goods	6,931,240	39	Payment within 60 days after shipment date	-	-	-	-	
China Steel Sumikin Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchase of goods	668,717	4	Payment as the end of every month of when invoice is issued	-	-	(14,047)	-	
China Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchase of goods	3,150,084	99	Payment to the bank after the Corporation's shipment date	-	-	-	-	
Kaohsiung Rapid Transit Corporation	China Steel Corporation	Parent company	Service revenue	(137,395)	(5)	Receivables were collected within 15 days when invoice is issued	-	-	12,035	3	
China Steel Resources Corporation	China Steel Corporation	Parent company	Service revenue	(581,368)	(100)	Receivables were collected next month as the end of the month of when invoice is issued	-	-	54,180	100	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	Service revenue	(170,355)	(100)	Receivables were collected next month as the end of the month of when invoice is issued	-	-	30,866	100	
China Steel Precision Metals Kunshan Co., Ltd.	CSGT (Shanghai) Co., Ltd.	Fellow subsidiary	Revenue from sale of goods	(285,155)	(40)	Receivables were collected within 45 days when invoice is issued	-	-	26,034	9	
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent company	Purchase of goods	580,142	94	Payment within 85 days after shipment date	-	-	(201,479)	(35)	

(Concluded)

Note 1: Income from sales of trial products was included and amounted to NT\$63,112 thousand. The company recorded the amount as deduction of construction in progress.

Note 2: Purchase amount includes the Corporation's sales commitment to Dragon Steel Corporation.

Note 3: Balance of accounts payable is accounts received in advance.

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, 2018****(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	Subsidiaries	\$ 3,614,454	-	\$ -		\$ 2,001,169	\$ -	Note 1
China Steel Corporation	Chung Hung Steel Corporation	Subsidiaries	2,590,128	-	-		2,558,632	-	Note 1
China Steel Corporation	China Steel Resources Corporation	Subsidiaries	870,487	-	-		710,420	-	Note 1
China Steel Corporation	CHINA STEEL STRUCTURE CO., LTD.	Subsidiaries	702,114	-	-		701,704	-	Note 1
China Steel Corporation	China Prosperity Development Corporation	Subsidiaries	600,415	-	-		600,415	-	Note 1
China Steel Corporation	China Steel Express Corporation	Subsidiaries	600,390	-	-		550,364	-	Note 1
China Steel Corporation	Chung Hung Steel Corporation	Subsidiaries	452,156	32	-		452,156	-	
China Steel Corporation	China Steel Machinery Corporation	Subsidiaries	431,801	-	-		430,279	-	Note 1
China Steel Corporation	CSBC Corporation, Taiwan	The held company as its director	428,768	6	-		428,768	-	
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiaries	350,253	-	-		350,229	-	Note 1
China Steel Corporation	China Ecotek Corporation	Subsidiaries	310,544	-	-		310,209	-	Note 1
China Steel Corporation	CHC RESOURCES CORPORATION	Subsidiaries	309,287	-	-		306,723	-	Note 1
China Steel Corporation	Gains Investment Corporation	Subsidiaries	300,191	-	-		300,191	-	Note 1
China Steel Corporation	China Steel Chemical Corporation	Subsidiaries	232,295	12	-		227,890	-	
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiaries	232,070	7	-		225,488	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiaries	204,084	-	-		204,084	-	Note 1
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiaries	202,632	3	-		150,377	-	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiaries	181,286	5	-		181,286	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiaries	160,125	24	-		91,416	-	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiaries	150,084	-	-		100,062	-	Note 1
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiaries	134,443	-	-		-	-	Note 1
China Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	118,409	1	-		51,796	-	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiaries	102,329	17	-		102,329	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	690,286	35	-		690,286	-	
Dragon Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Fellow subsidiary	477,924	22	-		477,924	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	Fellow subsidiary	399,223	40	-		399,223	-	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	Fellow subsidiary	214,660	29	-		214,660	-	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiaries	126,518	2	-		45,683	-	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiaries	156,779	2	-		54,666	-	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	212,380	6	-		212,380	-	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	161,223	3	-		67,665	-	
China Steel Express Corporation	China Steel Corporation	Parent company	1,308,749	9	-		1,308,749	-	
China Steel Express Corporation	Dragon Steel Corporation	Fellow subsidiary	609,903	13	-		521,454	-	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	119,488	4	-		-	-	
CSE Transport Corporation	China Steel Express Corporation	Parent company	435,706	1	-		91,376	-	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	181,470	14	-		148,056	-	
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Parent company	988,568	-	-		988,568	-	Note 2
Group Steel Corporation (M) Sdn. Bhd.	CSC Steel Sdn. Bhd.	Fellow subsidiary	284,480	-	-		284,480	-	Note 1
China Steel Precision Metals Qingdao Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	The Corporation as key management personnel of other related parties	162,085	6	-		40,551	-	

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Chung Hung Steel Corporation	China Steel Corporation	Parent company	\$ 302,696	-	\$ -		\$ -	\$ -	Note 1
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	Fellow subsidiary	121,361	21	-		121,361	-	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries	249,794	2	-		43,275	-	
China Steel Chemical Corporation	China Steel Corporation	Parent company	134,205	-	-		35,483	-	
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh Steel Corporation	Other related parties	215,005	-	-		-	-	Note 2
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	215,005	-	-		-	-	Note 2
CHC RESOURCES CORPORATION	China Steel Corporation	Parent company	201,097	7	86,703	Subsequent collection	201,097	-	
CHC RESOURCES CORPORATION	Taiwan Cement Corporation	Other related parties as directors of the Corporation	159,911	4	25,476	Subsequent collection	103,937	-	
CHC RESOURCES CORPORATION	Dragon Steel Corporation	Fellow subsidiary	144,025	11	10,954	Receivable on demand	130,368	-	
China Ecotek Corporation	CSC Solar Corporation	Fellow subsidiary	523,905	2	-		365,929	-	
China Ecotek Corporation	China Steel Corporation	Parent company	336,491	11	-		335,216	-	
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	242,003	7	-		224,297	-	
China Ecotek Corporation	Dragon Steel Corporation	Fellow subsidiary	161,102	9	-		101,653	-	
China Ecotek Vietnam Company Limited	Formosa Ha Tinh Steel Corporation	Other related parties	114,400	9	-		98,210	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	204,853	13	-		184,836	-	
China Steel Sumikin Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	144,443	7	-		144,443	-	

(Concluded)

Note 1: Other receivables.

Note 2: Dividends receivables.

TABLE 8

CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2018

(Amounts 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, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
China Steel Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	\$ 5,539,872	\$ 5,539,872	582,673,153	41	\$ 6,083,601	\$ 3,033,223	\$ 1,180,608	Subsidiaries
China Steel Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	334,285	334,285	68,787,183	29	2,094,831	1,508,446	431,255	Subsidiaries
China Steel Corporation	CHINA STEEL STRUCTURE CO., LTD.	Republic of China	Manufacture and sale of products of steel structure	1,024,194	1,024,194	66,487,844	33	1,270,135	117,581	(55,710)	Subsidiaries
China Steel Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	554,268	554,268	55,393,138	45	1,161,560	97,864	31,485	Subsidiaries
China Steel Corporation	CHC RESOURCES CORPORATION	Republic of China	Manufacture and sale of GBFS powder, surveys and remediation of soil and groundwater, BOFS and air-cooled BFS, intermediate solidification, reutilization of resources	261,677	261,677	49,289,597	20	896,440	834,880	163,339	Subsidiaries
China Steel Corporation	Dragon Steel Corporation	Republic of China	Hot-rolled coils, H beams, billets, flat steels	95,779,069	95,779,069	8,612,586,123	100	105,260,525	5,905,680	6,140,934	Subsidiaries
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	16,010,187	280,704	280,704	Subsidiaries
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	11,840,131	1,797,301	1,663,394	Subsidiaries
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	8,151,379	(521,995)	(521,696)	Subsidiaries
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Vietnam	Manufacture and sale of steel products	9,651,239	9,651,239	514,304,000	56	7,034,874	(144,447)	(80,890)	Subsidiaries
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	7,016,034	372,128	299,840	Subsidiaries
China Steel Corporation	China Steel Asia Pacific Holdings Pte. Ltd.	Singapore	General investment	6,625,316	38,902,967	195,914,332	100	4,142,730	152,311	152,311	Subsidiaries
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	3,706,884	190,215	189,374	Subsidiaries
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	2,189,379	545,096	541,065	Subsidiaries
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	728,690,559	100	1,688,762	(415,444)	(415,444)	Subsidiaries
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	1,303,873	1,303,873	120,799,811	43	1,334,447	71,681	31,081	Subsidiaries
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	86,338,564	74	1,070,002	209,694	115,571	Subsidiaries
China Steel Corporation	China Steel Resources Corporation	Republic of China	Other non metallic mineral products manufacturing	981,120	981,120	98,112,000	100	994,965	11,286	11,286	Subsidiaries
China Steel Corporation	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power	821,000	-	82,100,000	100	754,140	(66,860)	(66,860)	Subsidiaries
China Steel Corporation	INFOCHAMP SYSTEMS CORPORATION	Republic of China	Enterprise information system integration services	357,602	357,602	41,465,634	100	742,119	170,293	173,936	Subsidiaries
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	660,000	660,000	66,000,000	55	692,176	62,150	34,182	Subsidiaries
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	530,435	110,952	108,840	Subsidiaries
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	386,104	29,560	20,342	Subsidiaries
China Steel Corporation	CSC Precision Metal Industrial Corporation	Republic of China	Other non-ferrous metal basic industries	872,500	872,500	32,250,000	100	289,338	(2,990)	(2,990)	Subsidiaries
China Steel Corporation	United Steel International Co., Ltd.	Samoa	General investment	269,141	-	12,000,000	80	266,381	(6,476)	10,263	Subsidiaries
China Steel Corporation	White BioTech Corporation	Republic of China	Biotechnology introduction and development	130,594	827,000	13,059,360	87	19,220	(8,048)	(7,000)	Subsidiaries
China Steel Corporation	ChinaSteel Management Consulting Corporaion	Republic of China	Business management and management consulting services	15,144	15,144	999,993	100	16,957	2,892	2,892	Subsidiaries

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
China Steel Corporation	China Steel Power Holding Corporation	Republic of China	General investment	\$ 5,000	\$ -	500,000	100	\$ 4,928	\$ (72)	\$ (72)	Subsidiaries
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	985,625	985,625	95,527,811	48	1,007,233	(394,877)	(188,593)	Associates
China Steel Corporation	Honley Auto.Parts Co., Ltd.	Republic of China	Manufacture of automotive components	825,000	825,000	82,500,000	38	569,839	(202,573)	(77,727)	Associates
China Steel Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	450,000	450,000	45,000,000	18	510,552	158,114	28,460	Associates
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	500,000	500,000	50,000,000	46	394,784	(4,517)	(2,088)	Associates
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	370,263	27,670	10,948	Associates
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	25	296,830	(24,543)	(6,136)	Associates
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	58,761	129,598	7,206	Associates
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	833,350	17	13,307	15,726	2,621	Associates
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	289,620,871	41	2,462,217	217,245	-	Subsidiaries
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	30,427	3,143	-	Subsidiaries
Chung Hung Steel Corporation	Taiwan Steel Corporation	Republic of China	Iron and steel industry chain industry	1,000	1,000	100,000	100	933	(6)	-	Subsidiaries
China Steel Chemical Corporation	CHC RESOURCES CORPORATION	Republic of China	Manufacture and sale of GBFS powder, surveys and remediation of soil and groundwater, BOFS and air-cooled BFS, intermediate solidification, reutilization of resources	91,338	91,338	15,019,341	6	295,984	834,880	-	Subsidiaries
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	-	12,675	117,581	-	Subsidiaries
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,241,844	108,069	-	Subsidiaries
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	65,132,128	9	553,713	217,245	-	Subsidiaries
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	International trade and investment	100,320	100,320	10,000,000	50	370,339	14,527	-	Subsidiaries
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	International trade and investment	39,920	39,920	1,300,000	100	345,637	(54,773)	-	Subsidiaries
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	180,000	180,000	18,000,000	15	188,775	62,150	-	Subsidiaries
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	68,839	68,839	2,450,000	5	52,028	(306,812)	-	Subsidiaries
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	43,722	29,560	-	Subsidiaries
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	25,320	6,061	-	Subsidiaries
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	13,855	1,376	-	Subsidiaries
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	22,500	30,000	2,250,000	5	12,096	(13,836)	-	Subsidiaries
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	80,000	80,000	8,000,000	9	77,529	(24,772)	-	Associates
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	23,520	2,116,800	6	26,330	9,605	-	Associates
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	249,999	5	3,991	15,726	-	Associates
Ever Wealthy International Corporation	CHINA STEEL STRUCTURE CO., LTD.	Republic of China	Manufacture and sale of products of steel structure	-	56,667	-	-	-	117,581	-	Subsidiaries
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	91,878	43,481	-	Subsidiaries
Ever Wealthy International Corporation	China Steel Carbon Materials Technology Co., Ltd.	Samoa	General investment	196,859	196,859	6,506,000	100	177,046	24,071	-	Subsidiaries
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	32,052	29,560	-	Subsidiaries
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,768	1,392	-	Subsidiaries
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	16,751	3,137	-	Subsidiaries

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	\$ 10,495	\$ 10,495	897,000	30	\$ 16,360	\$ 4,558	\$ -	Subsidiaries
China Ecotek Corporation	CEC Development Corporation	USA	General investment	494,146	494,146	489	100	1,161,617	41,382	-	Subsidiaries
China Ecotek 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	329,174	329,174	30,374,606	26	427,477	209,694	-	Subsidiaries
China Ecotek Corporation	CEC Holding Company Limited	Samoa	General investment	339,339	339,339	14,860,000	100	201,593	(11,198)	-	Subsidiaries
China Ecotek Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	240,000	240,000	24,000,000	20	198,426	62,150	-	Subsidiaries
China Ecotek Corporation	CEC Holding Company Limited	Samoa	General investment	30,642	30,642	10,000,000	100	45,863	2,049	-	Subsidiaries
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	Engineering service industry	25,000	25,000	2,500,000	100	26,546	(735)	-	Subsidiaries
China Ecotek Corporation	Econova Technology Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	25,000	-	2,500,000	100	24,508	(492)	-	Subsidiaries
China Ecotek Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	23,593	3,812	-	Subsidiaries
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	15,897	1,404	-	Subsidiaries
China Ecotek Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	15,118	1,655	-	Subsidiaries
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,846	1,392	-	Subsidiaries
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	8,262	8,262	300,000	1	6,346	(306,813)	-	Subsidiaries
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	48,456	(24,772)	-	Associates
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,920	352,800	1	4,392	9,605	-	Associates
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	41,562	815	-	Subsidiaries
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	915,279	68,877	-	Subsidiaries
CEC Development Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	42	815	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	CHC RESOURCES CORPORATION	Republic of China	Manufacture and sale of GBFS powder, surveys and remediation of soil and groundwater, BOFS and air-cooled BFS, intermediate solidification, reutilization of resources	132,715	132,715	23,182,738	9	457,207	834,880	-	Subsidiaries
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	65,000,000	100	1,285,762	95,578	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	CHINA STEEL STRUCTURE INVESTMENT PTE. LTD.	Singapore	Holding and investment	134,578	134,578	4,100,000	100	229,930	(23,824)	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	China Steel Structure Holding Co., Ltd. (SAMOA)	Samoa	Holding and investment	148,264	148,264	4,400,000	37	133,127	(37,619)	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	Chiun Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	20,644	3,812	-	Subsidiaries
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	15,579	29,560	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,923	1,404	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,875	1,376	-	Subsidiaries
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	11,031	43,520	-	Subsidiaries
CHINA STEEL STRUCTURE CO., LTD.	Ascentek Venture Capital Corporation	Republic of China	General investment	15,876	17,640	1,587,600	5	19,727	9,605	-	Associates
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	4,547	1,007	-	Associates
United Steel Engineering & Construction Corporation	UNITED STEEL INVESTMENT PTE. LTD.	Singapore	Holding and investment	126,806	126,806	4,180,000	100	278,169	12,089	-	Subsidiaries
United Steel Engineering & Construction Corporation	United Steel Development Co., Ltd.	Republic of China	Residential and building development and rental industry	53,550	53,550	5,355,000	100	60,453	389	-	Subsidiaries
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	57,001	2,063	-	Subsidiaries

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	\$ 13,754	\$ 13,754	1,196,000	40	\$ 22,717	\$ 3,379	\$ -	Subsidiaries
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	15,433	15,433	1,543,276	1	16,927	71,681	-	Subsidiaries
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	113,456	158,114	-	Associates
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	51,786	129,598	-	Associates
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,292	5,880	529,200	2	6,562	9,605	-	Associates
UNITED STEEL INVESTMENT PTE. LTD.	Chungkang Steel Structure (Cambodia) Co., Ltd.	Cambodia	Building materials manufacturing, construction engineering	96,283	96,283	310	31	98,047	14,026	-	Associates
China Steel Structure Holding Co., Ltd. (SAMOA)	CHINA STEEL STRUCTURE INVESTMENT CO., LTD.	Samoa	Holding and investment	397,075	397,075	12,000,000	100	363,012	(37,620)	-	Subsidiaries
CHINA STEEL STRUCTURE INVESTMENT PTE. LTD.	China Steel Structure Holding Co., Ltd. (SAMOA)	Samoa	Holding and investment	248,811	248,811	7,600,000	63	229,914	(37,619)	-	Subsidiaries
CHC RESOURCES CORPORATION	Hsieh Sheng Development Corporation	Republic of China	Real estate sales and lease	1,142,189	-	68,493	100	1,147,317	5,127	-	Subsidiaries
CHC RESOURCES CORPORATION	Yu Cheng Lime Corporation	Republic of China	Real estate sales and lease, management of raw materials	126,010	126,010	108,000	90	141,317	1,903	-	Subsidiaries
CHC RESOURCES CORPORATION	CHC RESOURCES VIETNAM CO., LTD.	Vietnam	GBFS and GGBFS (slag powder) sales	129,922	55,191	-	85	134,265	25,056	-	Subsidiaries
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	119,012	24,949	-	Subsidiaries
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	99,091	22,435	-	Subsidiaries
CHC RESOURCES CORPORATION	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	22,155	6,062	-	Subsidiaries
CHC RESOURCES CORPORATION	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	21,813	4,558	-	Subsidiaries
CHC RESOURCES CORPORATION	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	19,145	3,137	-	Subsidiaries
CHC RESOURCES CORPORATION	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	17,278	1,655	-	Subsidiaries
CHC RESOURCES CORPORATION	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	17,038	3,379	-	Subsidiaries
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	9,994	29,560	-	Subsidiaries
CHC RESOURCES CORPORATION	United Steel International Development Corporation	British Virgin Islands	General investment	8,254	8,254	300,000	1	6,347	(306,813)	-	Subsidiaries
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	108,773	27,670	-	Associates
CHC RESOURCES CORPORATION	Eminent III Venture Capital Corporation	Republic of China	General investment	15,000	15,000	1,500,000	2	14,537	(24,772)	-	Associates
CHC RESOURCES CORPORATION	Ascentek Venture Capital Corporation	Republic of China	General investment	10,584	11,760	1,058,400	3	13,165	9,605	-	Associates
UNION STEEL DEVELOPMENT CORPORATION	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	1,522	1,522	106,445	-	1,479	3,033,223	-	Subsidiaries
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	31,257	31,257	13,000,000	100	318,413	59,797	-	Subsidiaries
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	17,000	17,000	1,700,000	1	18,773	71,681	-	Subsidiaries
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	12,601	1,046	-	Subsidiaries
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	5,000	5,000	500,000	1	4,846	(24,772)	-	Associates
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,920	352,800	1	4,388	9,605	-	Associates
China Prosperity Development Corporation	Chateau International Development Co., Ltd.	Republic of China	Development of leisure business	131,921	131,921	22,491,623	20	343,977	20,560	-	Associates
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate development	151,526	151,526	3,840	80	162,900	12,716	-	Subsidiaries
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	143,724	71,681	-	Subsidiaries
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	198,548	158,114	-	Associates

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	\$ 7,056	\$ 7,840	705,600	2	\$ 8,778	\$ 9,605	\$ -	Associates
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	170,703	(47,200)	-	Subsidiaries
White BioTech Corporation	Renergy Biotech Corporation	Republic of China	Ethanol manufacturing	9,990	9,990	-	-	-	(67)	-	Subsidiaries
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	64,601	12,391	-	Subsidiaries
INFOCHAMP SYSTEMS CORPORATION	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	57,551	71,681	-	Subsidiaries
INFOCHAMP SYSTEMS CORPORATION	INFO-CHAMP SYSTEM (B.V.I.) CORPORATION	British Virgin Islands	General investment	6,816	6,816	201,000	100	13,598	1,825	-	Subsidiaries
INFOCHAMP SYSTEMS CORPORATION	iPASS Corporation	Republic of China	Electronic stored value cards, electronic payment	40,000	40,000	4,000,000	4	36,136	(5,250)	-	Associates
INFOCHAMP SYSTEMS CORPORATION	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	2,314	968	-	Associates
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	-	2,600,000	100	27,286	1,286	-	Subsidiaries
Kaohsiung Rapid Transit Corporation	iPASS Corporation	Republic of China	Electronic stored value cards, electronic payment	130,000	130,000	13,000,000	11	112,868	1,355	-	Associates
China Steel Machinery Corporation	CHINA STEEL MACHINERY VIETNAM CO., LTD.	Vietnam	Machines manufacturing	9,215	8,928	-	100	22,459	4,510	-	Subsidiaries
China Steel Machinery Corporation	China Steel Machinery Corporation India Private Limited	India	Machines manufacturing	9,122	8,839	1,966,424	99	-	(1,796)	-	Subsidiaries
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	Samoa	General investment.	9,307	9,017	303,000	100	-	171	-	Subsidiaries
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	112,661	129,598	-	Associates
China Steel Machinery Corporation	Senergy Wind Power Co., Ltd.	Republic of China	Wind power energy generation	249,990	249,990	24,999,000	50	-	12,862	-	Associates
China Steel Machinery Holding Corporation	China Steel Machinery Corporation India Private Limited	India	Machines manufacturing	92	89	19,836	1	-	(1,796)	-	Subsidiaries
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	81,190	117,581	-	Subsidiaries
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	120,000	120,000	12,000,000	10	125,850	62,150	-	Subsidiaries
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	672,107	(198,170)	-	Subsidiaries
C.S.Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	23,520	2,116,800	6	26,330	9,605	-	Associates
ALU Investment Offshore Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	1,063,593	1,063,593	31,650,000	65	672,098	(306,813)	-	Subsidiaries
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,840	705,600	2	8,777	9,605	-	Associates
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	353,160,881	50	3,002,690	217,245	-	Subsidiaries
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	2,836,374	129,610	-	Subsidiaries
China Steel Express Corporation	CSEI Transport (Panama) Corporation	Panama	Shipping services for raw materials	316	316	10	100	475,772	(47,377)	-	Subsidiaries
China Steel Express Corporation	Kaohsiung Port Cargo Handling Services Corporation	Republic of China	Ship cargo loading and unloading industry	35,013	35,013	3,275,000	66	42,914	7,743	-	Subsidiaries
China Steel Express Corporation	Transyang Shipping Pte Ltd	Singapore	Shipping services for raw materials	-	39,134	-	-	-	(728)	-	Subsidiaries
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	23,520	2,116,800	6	26,330	9,605	-	Associates
China Steel Express Corporation	Senergy Wind Power Co., Ltd.	Republic of China	Wind power energy generation	-	7	-	-	-	12,862	-	Associates
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	239,694	128,368	-	Subsidiaries
Gains Investment Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	212,912	212,912	23,423,016	32	351,517	43,481	-	Subsidiaries
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	1,668,534	74,258	-	Subsidiaries
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,305,002	128,368	-	Subsidiaries
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	725,990	332,020	-	Subsidiaries

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	\$ 225,000	\$ 300,000	22,500,000	50	\$ 120,955	\$ (13,836)	\$ -	Subsidiaries
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	116,818	12,391	-	Subsidiaries
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	3,072	2,976	100,000	100	55,193	(5,374)	-	Subsidiaries
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	58,784	58,784	1,850,000	4	39,333	(306,813)	-	Subsidiaries
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	25,909	25,909	1,000,000	100	26,068	7,202	-	Subsidiaries
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	544,748	407,558	8,090,395	20	688,718	223,785	-	Associates
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	200,000	200,000	20,000,000	22	193,822	(24,772)	-	Associates
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	International trade and investment	205,435	205,435	6,800,000	100	28,530	(10,243)	-	Subsidiaries
Thintech Materials Technology Co., Ltd.	Thintech United Limited	Samoa	International trade and investment	277,173	262,191	9,308,598	100	4,792	(14,971)	-	Subsidiaries
Betacera Inc.	Lefkara Ltd.	British Virgin Islands	Trading of electronic ceramics and life saving products	418,430	405,420	13,623,000	100	1,397,667	231,088	-	Subsidiaries
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	25,000	25,000	2,500,000	3	24,228	(24,772)	-	Associates
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,920	352,800	1	4,388	9,605	-	Associates
Eminence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	17,038	3,379	-	Subsidiaries
Eminence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	16,360	4,558	-	Subsidiaries
Eminence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	15,825	6,062	-	Subsidiaries
Eminence Investment Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	14,746	3,812	-	Subsidiaries
Eminence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	11,875	1,376	-	Subsidiaries
Eminence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	9,970	3,137	-	Subsidiaries
Eminence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	9,956	1,404	-	Subsidiaries
Eminence Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	8,941	1,655	-	Subsidiaries
Eminence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	7,897	1,392	-	Subsidiaries
Eminence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	27,900	28,500	142,171	-	21,074	223,785	-	Associates
Shin Mau Investment Corporation	CHC RESOURCES CORPORATION	Republic of China	Manufacture and sale of GBFS powder, surveys and remediation of soil and groundwater, BOFS and air-cooled BFS, intermediate solidification, reutilization of resources	5,454	5,454	512,685	-	10,352	834,880	-	Subsidiaries
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	-	7,654	117,581	-	Subsidiaries
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,974	1,392	-	Subsidiaries
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	1,967	1,404	-	Subsidiaries
Ding Da Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	17,404	17,404	474,220	-	14,739	1,508,446	-	Subsidiaries
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	1,857	1,655	-	Subsidiaries
Ding Da Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	35	332,020	-	Subsidiaries
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	-	17	12,391	-	Subsidiaries
Jiing-Cherng-Fa Investment Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	7,874	7,874	302,052	-	7,257	97,864	-	Subsidiaries
Gau Ruei Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	17,584	17,584	474,220	-	14,739	1,508,446	-	Subsidiaries

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	\$ 1,000	\$ 1,000	100,000	4	\$ 1,996	\$ 3,137	\$ -	Subsidiaries
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,979	1,376	-	Subsidiaries
Sheng Lih Dar Investment Corporation	CHC RESOURCES CORPORATION	Republic of China	Manufacture and sale of GBFS powder, surveys and remediation of soil and groundwater, BOFS and air-cooled BFS, intermediate solidification, reutilization of resources	5,678	5,678	512,535	-	10,352	834,880	-	Subsidiaries
Chiun Yu Investment Corporation	CHINA STEEL STRUCTURE CO., LTD.	Republic of China	Manufacture and sale of products of steel structure	4,204	4,204	325,896	-	7,228	117,581	-	Subsidiaries
Chiun Yu Investment Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	5,764	5,764	275,469	-	6,652	97,864	-	Subsidiaries
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Investment, buy and sell	631,983	631,983	20,740,000	100	940,936	63,784	-	Subsidiaries
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Investment, buy and sell	212,822	212,822	11,800,000	100	658,959	21,844	-	Subsidiaries
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	388,499	122,643	-	Subsidiaries
China Steel Global Trading Corporation	Wabo 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	80,891	43,520	-	Subsidiaries
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Buy and sell, and act as an agency for steel products	32,591	32,591	1,301,300	65	58,815	7,312	-	Subsidiaries
China Steel Global Trading Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	69,232	69,232	2,220,000	5	47,144	(306,813)	-	Subsidiaries
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	172	2,531	-	Subsidiaries
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,840	705,600	2	8,773	9,605	-	Associates
Wabo Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate development	37,488	37,488	960	20	40,618	12,716	-	Subsidiaries
Wabo Global Trading Corporation	CSGT JAPAN Co., Ltd.	Japan	Buy and sell, and act as an agency for steel products	10,160	10,160	800	100	19,967	931	-	Subsidiaries
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	General investment	86,140	83,462	3,000,000	20	66,595	(6,476)	-	Subsidiaries
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	3,944	3,822	1,000,000	100	25,361	11,717	-	Subsidiaries
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	228,972	221,852	11,950,830	54	282,370	79,059	-	Subsidiaries
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	23,884	23,142	4,752,000	99	17,045	2,531	-	Subsidiaries
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	88,708	85,950	408,000	34	195,569	10,024	-	Associates
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	84,712	82,078	16,782,500	25	98,384	46,467	-	Associates
CSGT International Corporation	Tatt Giap Steel Centre Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	57,942	56,141	5,600,000	14	4,086	(51,748)	-	Associates
CSGT (Singapore) Pte, Ltd.	CSCD Limited	Cyprus	International trade and investment	114,695	59,280	1,876,795	49	309,162	168,660	-	Associates
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	356,173	381,161	16,440,001	100	131,480	(28,476)	-	Subsidiaries
CSC Steel Australia Holdings Pty Ltd	7623704 Canada Inc.	Canada	Investments in mining industry	5,720,076	6,121,392	270,122,727	25	8,306,551	1,214,366	-	Associates
China Steel Asia Pacific Holdings Pte. Ltd.	CSC Steel Holdings Berhad	Malaysia	General investment	1,113,002	1,078,396	171,000,000	46	2,642,517	154,535	-	Subsidiaries
China Steel Asia Pacific Holdings Pte. Ltd.	United Steel International Co., Ltd.	Samoa	General investment	-	382,356	-	-	-	(6,476)	-	Subsidiaries
China Steel Asia Pacific Holdings Pte. Ltd.	SINO VIETNAM HI-TECH MATERIAL CO., LTD.	Vietnam	Color coated steel coil	61,430	59,520	-	20	41,384	5,037	-	Associates
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	2,117,904	2,105,992	220,000,000	100	4,559,344	124,245	-	Subsidiaries
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	528,657	1,508,691	1,000,000	100	46,022	35,930	-	Subsidiaries
CSC Steel Holdings Berhad	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	19,700	19,590	1,328,940	6	31,561	79,059	-	Subsidiaries
CSC Steel Holdings Berhad	Tatt Giap Steel Centre Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	58,486	58,157	8,000,000	20	5,838	(51,748)	-	Associates
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,334	5,304	750,000	100	6,490	195	-	Subsidiaries

(Concluded)

TABLE 9

CHINA STEEL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 December 31, 2017(Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017(Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	\$ 36,858	2	\$ 36,674	\$ -	\$ -	\$ 36,674	\$ 7,792	100	\$ 7,753	\$ 106,708	\$ -	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	22,209	2	18,429	-	-	18,429	3,991	100	3,991	32,794	30,684	Note 3 (1)
CSMC (Shanghai) Global Trading Co., Ltd.	Wholesale and retail trade	-	2	9,214	-	9,214	-	1,673	100	1,673	-	3,679	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	6,143	2	6,143	-	-	6,143	1,957	100	1,957	13,153	55,453	Note 3 (1)
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	368,580	2	368,580	-	-	368,580	(37,620)	100	(37,620)	362,985	-	Note 3 (1)
Taicang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	208,862	2	208,862	-	-	208,862	(10,243)	100	(10,243)	28,530	-	Note 3 (1)
Wuhan WISCO YUTEK Environment Technology Co, Ltd.	Environmental protection mechanical and electrical engineering and generation of operations	-	2	340,580	-	-	340,580	-	-	-	-	-	Note 3 (1), Note 6
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	122,860	2	13,822	-	-	13,822	(95,092)	30	(28,528)	63,049	-	Note 3 (1), Note 4
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	614,300	2	430,010	-	-	430,010	33,891	70	23,725	436,063	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,075,025	2	30,715	76,788	-	107,502	320	10	32	103,230	-	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	199,832	2	199,832	-	-	199,832	24,070	100	24,070	177,046	-	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,339,174	2	937,422	-	-	937,422	94,686	70	66,280	821,313	-	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	184,290	2	184,290	-	-	184,290	1,456	100	1,456	174,584	-	Note 3 (1)
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,505,035	2	1,190,820	-	-	1,190,820	(306,827)	79	(242,393)	815,542	15,796	Note 3 (1)
China Steel Precision Metals Kunshan Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	460,725	2	493,283	-	-	493,283	(6,476)	100	(6,476)	48,476	-	Note 3 (1)
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	135,146	2	135,146	-	-	135,146	60,132	100	60,132	396,830	-	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	460,725	2	460,725	-	-	460,725	21,327	100	21,327	558,441	-	Note 3 (1)
Thintech United Metal Resources (Taicang) Co., Ltd.	Precious metal refining and sales	322,508	2	270,906	15,008	-	285,914	(16,666)	100	(14,971)	4,792	-	Note 3 (1)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
China Steel Corporation	\$ 1,808,130	\$ 1,808,130	\$ -
China Steel Chemical Corporation	275,084	275,084	4,191,122
CHINA STEEL STRUCTURE CO., LTD.	368,580	368,580	2,534,912
China Ecotek Corporation	547,906	679,296	1,798,690
C.S.Aluminium Corporation	972,130	972,130	4,960,961
Gains Investment Corporation	56,823	56,823	3,976,397

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
Thintech Materials Technology Co., Ltd.	\$ 494,776	\$ 494,776	\$ 661,783
Betacera Inc.	632,545	632,545	906,543
China Steel Global Trading Corporation	246,703	246,703	1,342,470
China Steel Machinery Corporation	-	-	985,900
INFOCHAMP SYSTEMS CORPORATION	6,143	6,143	476,337
CHC RESOURCES CORPORATION	9,214	9,214	2,940,236

(Concluded)

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2018.

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: Capital increase of USD750 thousand was derived from retained earnings in the third quarter of 2013.

Note 5: As the Corporation has obtained the certificate of qualified for operating headquarters 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.

Note 6: The process of disposal and equity transfer were completed in June 2018. As of December 31, 2018, NT\$201,582 thousand has not been collected yet.

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STATEMENT 1**CHINA STEEL CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Maturity date	Interest Rates (%)	Amount
Cash on hand - including JPY 9,000 thousand (Note)			\$ 18,824
Checking accounts and demand deposits			1,382,863
Foreign currency deposits - including US\$37,284 thousand, JPY143,886 thousand, CNY7,177 thousand and EUR 21 thousand (Note)			1,218,085
Cash equivalents			
Time deposits with original maturities less than three months	2019.01.11-2019.01.30	0.60-0.65	5,000,000
			<u>\$ 7,619,772</u>

Note: US\$1=NT\$30.715, JPY1=NT\$0.2782, CNY1=NT\$4.4720 and EUR1=NT\$ 35.20.

CHINA STEEL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Shares	Per Value (NT\$)	Amount	Interest Rate %	Acquisition Cost	Accumulated Impairment	Fair Value (Note)		Note
							Unit Price (NT\$)	Amount	
Domestic Listed Shares									
ADIMMUNE CORPORATION	5,524,896	\$ 10	<u>\$ 55,249</u>	-	<u>\$ 113,762</u>	<u>\$ -</u>	\$ 20.30	<u>\$ 112,155</u>	

Note: Fair value is measured on the basis of the closing price at the balance sheet date.

STATEMENT 3**CHINA STEEL CORPORATION****STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount (Note 2)
Related Parties	
CSBC Corporation, Taiwan	<u>\$ 428,768</u>
Non-Related Parties	
HOTA INDUSTRIAL MFG. CO., LTD	\$ 514,217
Yung Yu Steel & Iron Engineering Co., LTD	60,629
KING TONY Tools Co. Ltd.	38,286
Others (Note 1)	<u>73,375</u>
	<u>\$ 686,507</u>

Note 1: The amount of individual customer included in others does not exceed 5% of the account balance.

Note 2: There are no notes receivable that are past due but not collected.

STATEMENT 4**CHINA STEEL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount (Note 2)
Related Parties	
Chung Hung Steel Corporation	\$ 452,156
China Steel Chemical Corporation	232,295
China Steel Sumikin Vietnam Joint Stock Company	232,070
China Steel Precision Metals Kunshan Co., Ltd.	202,632
China Steel Precision Metals Qingdao Co., Ltd.	181,286
Dragon Steel Corporation	160,125
Formosa Ha Tinh Steel Corporation	118,409
CSGT Metals Vietnam Joint Stock Company	102,329
Others (Note 1)	<u>212,687</u>
	<u>\$ 1,893,989</u>
Non-Related Parties	
MITUMUNE CORPORATION	\$ 210,430
Department of Rapid Transit Systems, New Taipei City	207,961
Duferco S.A.	141,684
Others (Note 1)	<u>2,312,380</u>
	<u>\$ 2,872,455</u>

Note 1: The amount of individual customer included in others does not exceed 5% of the account balance.

Note 2: There are no accounts receivable that are past due over 1 year.

STATEMENT 5**CHINA STEEL CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount
Consignment receivable	\$ 704,604
Tax refund receivable	443,919
Others	<u>207,712</u>
	<u>\$ 1,356,235</u>

STATEMENT 6**CHINA STEEL CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value (Note)
Finished goods	\$ 11,501,847	\$ 11,732,660
Work in progress	17,171,433	18,372,268
Raw materials	8,481,807	8,853,312
Supplies	3,995,010	3,995,010
Raw materials and supplies in transit	9,668,574	10,258,824
By-products	<u>113,216</u>	<u>141,169</u>
	<u>\$ 50,931,887</u>	<u>\$ 53,353,243</u>

Note: Allowance for loss on inventory value decline of supplies is recognized according to the extent of idleness and valuation at net realizable value. Refer to Note 4 for details.

STATEMENT 7**CHINA STEEL CORPORATION****STATEMENT OF OTHER FINANCIAL ASSETS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Bank Name	Interest Rates (%)	Period	Amount	Note
Pledged time deposits				
Taiwan Business Bank	0.13	2018.01.19-2019.12.26	\$ 2,250,000	Note 1
Mega Bank	0.13	2018.03.15-2019.03.15	1,000,000	Note 1
Bank of Taiwan	0.11	2018.06.26-2019.06.26	1,000,000	Note 1
First Bank	0.13	2018.02.11-2019.12.03	500,000	Note 1
Chang Hwa Bank	0.13	2018.07.13-2019.11.16	500,000	Note 1
Cathay United Bank	0.14	2018.04.26-2019.11.05	<u>600,000</u>	Note 1
			<u>5,850,000</u>	
Time deposits with original maturities more than three months				
Mega Bank	0.22	2018.12.14-2019.12.14	<u>100,000</u>	
Deposits for projects				
Mega Bank			60,253	Note 2
Bank of Taiwan			<u>60,590</u>	Note 3
			<u>120,843</u>	
			<u>\$ 6,070,843</u>	

Note 1: Time deposits pledged as collateral for bank overdraft.

Note 2: Deposits for construction projects.

Note 3: The Corporation participated in the “Qianzhen Residential Building Project”, which was jointly conducted by the subsidiary CPDC and set up the bank account for land payment received.

STATEMENT 8**CHINA STEEL CORPORATION****STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount
Net input VAT	\$ 503,212
Advance payment	191,942
Prepayments to suppliers	122,996
Others	<u>116,278</u>
	<u>\$ 934,428</u>

CHINA STEEL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Name	Balance, January 1, 2018 (Note 5)		Additions		Decrease		Balance, December 31, 2018		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Fair Value (Note1)		
Domestic listed shares										
Taiwan High Speed Rail Corporation	242,148,000	\$ 5,690,478	-	\$ 1,707,143	-	\$ -	242,148,000	\$ 7,397,621	None	
TANG ENG IRON WORKS CO., LTD.	29,860,691	1,403,453	-	-	-	(29,861)	29,860,691	1,373,592	None	
RECHI PRECISION CO., LTD.	23,002,022	659,008	-	-	-	(101,209)	23,002,022	557,799	None	
CSBC Corporation, Taiwan	18,414,641	208,085	-	-	(10,663,295)	(11,201)	7,751,346	196,884	None	Note2
O-Bank Co., Ltd.	103,847,695	925,283	-	-	-	(94,501)	103,847,695	830,782	None	
Domestic unlisted shares										
CDIB & Partners Investment Holding Corporation	54,000,000	805,210	-	11,616	-	-	54,000,000	816,826	None	
CDIB BioScience Ventures I, Inc.	1,156,016	11,154	-	-	(92,482)	(982)	1,063,534	10,172	None	Note3
PHALANX BIOTECH GROUP, INC.	1,073,812	3,224	-	-	-	(25)	1,073,812	3,199	None	
Mega I Venture Capital Co., Ltd.	978,750	2,006	-	-	-	(457)	978,750	1,549	None	
ALLIED MATERIAL TECHNOLOGY CORP.	1,590	-	-	-	(1,590)	-	-	-	None	
Taiwan International Windpower Training Corporation	-	-	1,500,000	13,740	-	-	1,500,000	13,740	None	
Foreign listed shares										
Maruichi Steel Tube Ltd.	2,000,000	1,743,720	-	184,206	-	-	2,000,000	1,927,926	None	
Yodogawa Steel Works, Ltd.	400,000	368,823	-	-	-	(125,676)	400,000	243,147	None	
Foreign unlisted shares										
CSN Mineracao S.A.	745,562	2,616,509	-	-	-	(82,977)	745,562	2,533,532	None	
Sakura Ferroalloys Sdn. Bhd.	207,290,000	1,583,085	-	-	-	(301,965)	207,290,000	1,281,120	None	
Sakura Ferroalloys Sdn. Bhd. (Preferred Shares)	52,199,745	398,652	-	-	-	(76,040)	52,199,745	322,612	None	
DB Metal Co., Ltd.	1,500,000	-	-	-	-	-	1,500,000	-	None	
Formosa Ha Tinh (Cayman) Limited	-	-	1,111,418,177	29,358,000	-	-	1,111,418,177	29,358,000	None	Note4
		<u>\$ 16,418,690</u>		<u>\$ 31,274,705</u>		<u>\$ (824,894)</u>		<u>\$ 46,868,501</u>		

Note 1: Fair values are measured on the basis of the closing price on the balance sheet date or measured using the valuation techniques in Note 29 °

Note 2: Decrease in investment of CSBC Corporation, Taiwan resulted from the capital reduction and valuation adjustments.

Note 3: Decrease in investment of CDIB BioScience Ventures I, Inc. resulted from the capital reduction and valuation adjustments.

Note 4: Increase in investment in Formosa Ha Tinh (Cayman) Limited resulted from China Steel Asia Pacific Holdings Pte. Ltd.'s capital reduction in shares (refer to Note 14) and valuation adjustments.

Note 5: Fair value on January 1, 2018 was the balance after retrospective application of IFRS 9.

CHINA STEEL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Balance, January 1, 2018 (Note)		Additions		Decrease		Balance, December 31, 2018		Collateral	Note
	Shares/Units (In Thousands)	Fair Value	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Fair Value		
Unlisted preference shares - overseas East Asia United Steel Corporation (EAUS) - preference A	6.67	<u>\$ 1,556,068</u>	-	<u>\$ 95,740</u>	-	<u>\$ -</u>	6.67	<u>\$ 1,651,808</u>	None	

Note: Fair value on January 1, 2018 is the balance after retrospective application of IFRS 9.

CHINA STEEL CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investees	Balance, January 1, 2018		Additions (Note 1)		Decrease (Note 1)		Balance, December 31, 2018			Market Value or Net Assets Value		Collateral	Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	% of Ownership	Amount	Unit Price (NT\$)	Total Amount(Note 2)		
Investments in subsidiaries													
Listed companies													
Chung Hung Steel Corporation	582,673	\$ 4,886,391	-	\$ 1,197,210	-	\$ -	582,673	41	\$ 6,083,601	\$ 10.7 (Note3)	\$ 6,234,603	None	
China Steel Chemical Corporation	68,787	1,955,790	-	139,041	-	-	68,787	29	2,094,831	137 (Note3)	9,423,844	None	
China Steel Structure Co., Ltd.	66,488	1,358,447	-	-	-	(88,312)	66,488	33	1,270,135	26.35 (Note3)	1,751,955	None	
China Ecotek Corporation	55,393	1,201,380	-	-	-	(39,820)	55,393	45	1,161,560	29.7 (Note3)	1,645,176	None	
CHC Resources Corporation	44,809	776,888	4,481	119,552	-	-	49,290	20	896,440	50.1 (Note3)	2,469,409	None	
		<u>10,178,896</u>		<u>1,455,803</u>		<u>(128,132)</u>			<u>11,506,567</u>		<u>21,524,987</u>		
Unlisted companies													
Dragon Steel Corporation	8,612,586	101,500,932	-	3,759,593	-	-	8,612,586	100	105,260,525		106,095,659	None	
CSC Steel Australia Holdings Pty Ltd.	595	15,753,650	-	256,537	-	-	595	100	16,010,187		16,010,187	None	
China Steel Express Corporation	422,545	11,129,193	-	710,938	-	-	422,545	100	11,840,131		11,455,836	None	
C. S. Aluminium Corporation	840,122	8,696,161	-	-	-	(544,782)	840,122	100	8,151,379		8,266,615	None	
China Steel Sumikin Vietnam Joint Stock Company	514,304	6,896,002	-	138,872	-	-	514,304	56	7,034,874		7,034,874	None	
Gains Investment Corporation	559,375	7,040,641	-	-	-	(24,607)	559,375	100	7,016,034		6,627,328	None	
China Steel Asia Pacific Holdings Pte. Ltd.	1,696,720	36,127,072	-	-	(1,500,806)	(31,984,342)	195,914	100	4,142,730		4,253,693	None	Note4
China Prosperity Development Corporation	509,803	3,695,653	-	11,231	-	-	509,803	100	3,706,884		5,582,062	None	
China Steel Global Trading Corporation	78,827	2,111,723	-	77,656	-	-	78,827	100	2,189,379		2,237,450	None	
China Steel Corporation India Pvt. Ltd.	728,691	2,228,405	-	-	-	(539,643)	728,691	100	1,688,762		1,688,762	None	
Kaohsiung Rapid Transit Corporation	120,800	1,312,936	-	21,511	-	-	120,800	43	1,334,447		1,334,447	None	
China Steel Machinery Corporation	82,700	956,927	3,639	113,075	-	-	86,339	74	1,070,002		1,215,451	None	
China Steel Resources Corporation	98,112	994,103	-	862	-	-	98,112	100	994,965		994,965	None	
Sing Da Marine Structure Corporation	-	-	82,100	754,140	-	-	82,100	100	754,140		754,140	None	
InfoChamp Systems Corporation	41,466	756,401	-	-	-	(14,282)	41,466	100	742,119		793,815	None	
CSC Solar Corporation	66,000	657,994	-	34,182	-	-	66,000	55	692,176		692,176	None	
China Steel Security Corporation	25,037	529,945	-	490	-	-	25,037	100	530,435		534,516	None	
Himag Magnetic Corporation	19,183	390,505	-	-	-	(4,401)	19,183	69	386,104		388,032	None	
CSC Precision Metal Industrial Corporation	87,250	842,328	-	-	(55,000)	(552,990)	32,250	100	289,338		289,338	None	
United Steel International Co., Ltd.	-	-	12,000	266,381	-	-	12,000	80	266,381		266,381	None	Note4
White Biotech Corporation	82,700	722,626	-	-	(69,641)	(703,406)	13,059	87	19,220		19,220	None	
China Steel Management Consulting Corporation	1,000	16,606	-	351	-	-	1,000	100	16,957		16,957	None	
China Steel Power Holding Corporation	-	-	500	4,928	-	-	500	100	4,928		4,928	None	
		<u>202,359,803</u>		<u>6,150,747</u>		<u>(34,368,453)</u>			<u>174,142,097</u>		<u>176,556,832</u>		
Less: Shares held by subsidiaries accounted for as treasury shares	-	8,532,389	-	114,311	-	-	-		8,646,700		8,646,700		
		<u>204,006,310</u>		<u>7,492,239</u>		<u>(34,496,585)</u>			<u>177,001,964</u>		<u>189,435,119</u>		
Investments in associates													
Unlisted companies													
Taiwan Rolling Stock Co., Ltd.	95,528	1,194,880	-	-	-	(187,647)	95,528	48	1,007,233		1,007,233	None	
Honley Auto. Parts Co., Ltd.	82,500	655,653	-	-	-	(85,814)	82,500	38	569,839		569,839	None	
Kaohsiung Arena Development Corporation	45,000	500,091	-	10,461	-	-	45,000	18	510,552		510,552	None	
Eminent II Venture Capital Corporation	50,000	435,370	-	-	-	(40,586)	50,000	46	394,784		394,784	None	
Hsin Hsin Cement Enterprise Corp.	28,659	361,293	-	8,970	-	-	28,659	31	370,263		390,322	None	
Dyna Rechi Co., Ltd.	40,000	305,297	-	-	-	(8,467)	40,000	25	296,830		296,830	None	
Overseas Investment & Development Corp.	5,000	50,326	-	8,435	-	-	5,000	6	58,761		58,761	None	
TaiAn Technologies Corporation	741	14,421	92	-	-	(1,114)	833	17	13,307		13,307	None	
		<u>3,517,331</u>		<u>27,866</u>		<u>(323,628)</u>			<u>3,221,569</u>		<u>3,241,628</u>		
		<u>\$ 207,523,641</u>		<u>\$ 7,520,105</u>		<u>(\$ 34,820,213)</u>			<u>\$ 180,223,533</u>		<u>\$ 192,676,747</u>		

Note 1: Except for increase in investment, the change in the current year was mainly from the elimination of unrealized profit or loss from downstream transactions, gain and loss from investment, adjustments in equity from investments and dividends received.

Note 2: Market value of listed companies is the closing price at the balance sheet date. Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

Note 3: The unit price is calculated based on the closing price on the Taiwan Stock Exchange at the balance sheet date.

Note 4: Decrease in investment in China Steel Asia Pacific Holdings Pte. Ltd. resulted from its reduction of capital in shares and cash in June 2018 (refer to Note 14).

CHINA STEEL CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS AND BANK OVERDRAFT

DECEMBER 31, 2018

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

Type	Contract Period	Range of Interest Rates (%)	Loan Commitments	Balance, End of Year	Collateral
Unsecured loans					
Mizuho Bank	2018.08.20-2019.02.22	0.47	US\$250,000 thousand and NT\$3.05 billion (Note)	\$ 4,000,000	None
Standard Chartered Bank	2018.11.23-2019.11.22	0.50	US\$70,000 thousand (Note)	2,000,000	None
MUFG Bank	2018.12.14-2019.01.14	0.48	US\$200,000 thousand (Note)	1,000,000	None
Sumitomo Mitsui Banking Corporation	2018.07.23-2019.04.15	0.49	NT\$6 billion	<u>4,500,000</u>	None
				<u>11,500,000</u>	
Bank overdraft	Automatically extend annually	0.14-0.27	NT\$5.515 billion	<u>5,202,231</u>	Note 31
Export bill loans	Automatically renew from credit facility agreement annually	0.21-3.36	US\$351,000 thousand and NT\$1.3 billion	<u>612,035</u>	None
Letters of credit					
Taiwan Cooperative Bank	Each borrowing paid back within 180 days started from bank disbursement	-	NT\$1.65 billion	<u>14,497</u>	None
				<u>\$ 17,328,763</u>	

Note: Credit line denominated in foreign currencies could be denominated in other currencies for equal amount where credit line remains unchanged.

STATEMENT 13**CHINA STEEL CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related Parties	
China Steel Express Corporation	\$ 1,215,959
Dragon Steel Corporation	690,286
C.S. Aluminium Corporation	181,470
Others (Note)	<u>189,485</u>
	<u>\$ 2,277,200</u>
Non-related Parties	
BM Alliance Coal Marketing Pty Ltd.	\$ 1,615,853
Hamersley Iron Pty. Ltd.	528,761
Teck Coal Ltd.	486,934
Sumitomo Corporation	360,670
Others (Note)	<u>4,213,180</u>
	<u>\$ 7,205,398</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

STATEMENT 14**CHINA STEEL CORPORATION****STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount
Receipts under custody	\$ 340,160
Deposits received	72,526
Financial guarantee liabilities	58,443
Others	<u>29,435</u>
	<u>\$ 500,564</u>

CHINA STEEL CORPORATION

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Bonds Name	Trustee	Issuance Date	Interest Payment Date And Repayment Method	Coupon Rate	Amount					Collateral
					Total Amount	Repayment Paid	Balance, End of Year	Issuance Costs	Carrying Value	
7-year unsecured bonds	Taipei Fubon Commercial Bank Co., Ltd.	2012.08-2019.08	Repayable in August 2018 and August 2019; interest payable annually	1.37	\$ 5,000,000	\$ 2,500,000	\$ 2,500,000	\$ (299)	\$ 2,499,701	None
	Mega International Commercial Bank Co., Ltd.	2013.07-2020.07	Repayable in July 2018 and July 2020; interest payable annually	1.44	6,300,000	-	6,300,000	(1,199)	6,298,801	None
	Taipei Fubon Commercial Bank Co., Ltd.	2014.01-2021.01	Repayable in January 2020 and January 2021; interest payable annually	1.75	6,900,000	-	6,900,000	(1,685)	6,898,315	None
	Hua Nan Bank	2018.05-2025.05	Repayable in May 2024 and May 2025; interest payable annually	0.95	6,000,000	-	6,000,000	(6,651)	5,993,349	None
	Taipei Fubon Commercial Bank Co., Ltd.	2018.10-2025.10	Repayable 25% in October 2024 and 70% in October 2025; interest payable annually	0.90	4,150,000	-	4,150,000	(4,713)	4,145,287	None
10-year unsecured bonds	Taipei Fubon Commercial Bank Co., Ltd.	2012.08-2022.08	Repayable in August 2021 and August 2022; interest payable annually	1.50	15,000,000	-	15,000,000	(5,430)	14,994,570	None
	Mega International Commercial Bank Co., Ltd.	2013.07-2023.07	Repayable in July 2022 and July 2023; interest payable annually	1.60	9,700,000	-	9,700,000	(4,875)	9,695,125	None
	Taipei Fubon Commercial Bank Co., Ltd.	2014.01-2024.01	Repayable in January 2023 and January 2024; interest payable annually	1.95	7,000,000	-	7,000,000	(3,439)	6,996,561	None
	Taipei Fubon Commercial Bank Co., Ltd.	2018.08-2028.08	Repayable in August 2027 and August 2028; interest payable annually	1.10	5,600,000	-	5,600,000	(6,725)	5,593,275	None
	Taipei Fubon Commercial Bank Co., Ltd.	2018.10-2028.10	Repayable in October 2027 and October 2028; interest payable annually	1.05	2,250,000	-	2,250,000	(2,886)	2,247,114	None
15-year unsecured bonds	Mega International Commercial Bank Co., Ltd.	2013.07-2028.07	Repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest payable annually	1.88	3,600,000	-	3,600,000	(2,604)	3,597,396	None
	Taipei Fubon Commercial Bank Co., Ltd.	2014.01-2029.01	Repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest payable annually	2.15	9,000,000	-	9,000,000	(5,940)	8,994,060	None
Less: Current portion					80,500,000	2,500,000	78,000,000	(46,446)	77,953,554	
					5,650,000	-	5,650,000	(660)	5,649,340	
					<u>\$ 74,850,000</u>	<u>\$ 2,500,000</u>	<u>\$ 72,350,000</u>	<u>\$ (45,786)</u>	<u>\$ 72,304,214</u>	

CHINA STEEL CORPORATION

STATEMENT OF LONG-TERM BANK BORROWINGS

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Bank Name	Amount, Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31, 2018			Collateral
			Current	Over 1 Year	Total	
Unsecured Loans						
Hua Nan Bank	US\$ 45,000 thousand, repaid in April 2019	3.20	\$ 1,382,175	\$ -	\$ 1,382,175	None
The Shanghai Commercial & Savings Bank, LTD.	US\$ 30,000 thousand, repaid in June 2019	3.48	921,450	-	921,450	None
Bank of Taiwan	US\$ 29,274 thousand, repaid in April 2021	3.10	-	899,151	899,151	None
The Export-Import Bank of the Republic of China	US\$ 29,274 thousand, repaid in April 2021	3.00	-	899,151	899,151	None
Mizuho Bank	JPY 3.284 billion, repaid in June 2021	0.29	-	913,470	913,470	None
Mizuho Bank	JPY 3.284 billion, repaid in June 2021	0.29	-	913,470	913,470	None
Chang Hwa Bank	US\$ 25,000 thousand, repaid in June 2019	3.57	767,875	-	767,875	None
Hua Nan Bank	US\$ 20,000 thousand, repaid in April 2019	3.09	614,300	-	614,300	None
Bank of Taiwan	JPY 1.214 billion, repaid in November 2019	0.42	337,734	-	337,734	None
Taiwan Business Bank	US\$ 5,000 thousand, repaid in April 2019	3.10	153,575	-	153,575	None
Bank of Taiwan	JPY 1.3 billion, repaid in December 2021	0.32	-	361,660	361,660	None
Mega Bank	JPY 1.3 billion, repaid in December 2021	0.32	-	361,660	361,660	None
			4,177,109	4,348,562	8,525,671	
Less: Financial liabilities for hedging-current			(4,177,109)	-	(4,177,109)	
Financial liabilities for hedging-noncurrent			-	(4,348,562)	(4,348,562)	
			\$ -	\$ -	\$ -	

CHINA STEEL CORPORATION**STATEMENT OF LONG-TERM BILLS PAYABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Financial Institution	Period	Interest Rates (%)	Amount		
				Issuance amount	Unamortized Amount	Carrying Amount
Long-term bills payable	Cathay United Bank	2016.02.22-2020.02.22	0.75	\$ 3,200,000	\$ 1,183	\$ 3,198,817
	CTBC Bank	2016.03.30-2020.03.30	0.79	1,500,000	589	1,499,411
	Taishin International Bank	2016.05.31-2020.05.31	0.51	1,200,000	499	1,199,501
				<u>\$ 5,900,000</u>	<u>\$ 2,271</u>	<u>\$ 5,897,729</u>

Note: Commercial papers are issued on revolving basis within the contract period of 4 years, starting from 2016 to 2020, and recorded as long-term bills payable.

STATEMENT 18**CHINA STEEL CORPORATION**
STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantities (Metric Tons)	Amount
Sale of Goods		
Carbon Steel Products		
Cold rolled steel products	3,406,755	\$ 74,032,901
Hot rolled steel products	3,099,588	54,887,530
Wire rods	1,530,206	35,040,936
Commercial slabs	1,459,494	20,512,698
Plates	968,031	20,164,031
Bars	776,079	19,840,756
Pig iron	846	<u>12,697</u>
		224,491,549
Others (non-carbon steel products)		2,538,724
By-products		<u>2,962,998</u>
		229,993,271
Others (Note)		<u>5,409,880</u>
		<u><u>\$ 235,403,151</u></u>

Note: The amount of each item included in others does not exceed 10% of the account balance.

STATEMENT 19**CHINA STEEL CORPORATION****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Raw materials, beginning of year	\$ 8,914,391
Raw material purchased	138,969,133
Gain from physical count	121,382
Raw materials, end of year	<u>(8,481,807)</u>
	139,523,099
Direct labor	6,120,697
Manufacturing expenses	<u>59,694,403</u>
Manufacturing cost	205,338,199
Work in progress, beginning of year	16,280,300
Work in progress, end of year	<u>(17,171,433)</u>
	204,447,066
Finished goods, beginning of year	12,097,386
Finished goods, end of year	<u>(11,501,847)</u>
By-products, beginning of year	113,914
By-products, end of year	<u>(113,216)</u>
Non-manufacturing cost or service cost	(1,444,653)
Others	<u>226,429</u>
Costs of goods sold	203,825,079
Others (Note)	<u>6,605,864</u>
	<u>\$ 210,430,943</u>

Note: The amount of each item in others does not exceed 10% of the account balance.

CHINA STEEL CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$ 740,268	\$ 1,811,888	\$ 928,891	\$ 3,481,047
Professional fee	137,920	668,642	343,160	1,149,722
Depreciation expense, depletion and amortization	330,742	486,229	268,816	1,085,787
Traveling expense	722,218	79,150	11,053	812,421
Packing and processing fee	662,455	30,736	6,738	699,929
Repair and maintenance expense	313,600	146,140	50,580	510,320
Consumables	48,188	50,369	129,054	227,611
Others	<u>137,771</u>	<u>441,932</u>	<u>45,286</u>	<u>624,989</u>
Total	<u>\$ 3,093,162</u>	<u>\$ 3,715,086</u>	<u>\$ 1,783,578</u>	<u>\$ 8,591,826</u>

CHINA STEEL CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
 (In Thousands of New Taiwan Dollars)

	Year Ended December 31,2018				Year Ended December 31,2017			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total
Employee benefits (Note)								
Salaries	\$ 14,650,884	\$ 2,951,748	\$ 67,176	\$ 17,669,808	\$ 14,018,183	\$ 2,857,454	\$ 76,641	\$ 16,952,278
Labor and health insurance	805,494	154,392	760	960,646	778,396	149,183	918	928,497
Post-employment benefits	665,878	242,106	753	908,737	665,914	224,883	582	891,379
Termination benefits	-	38	78,684	78,722	-	-	77,106	77,106
Remuneration of directors	-	36,316	-	36,316	-	26,431	-	26,431
Others	<u>517,140</u>	<u>96,447</u>	<u>11,892</u>	<u>625,479</u>	<u>454,490</u>	<u>86,148</u>	<u>10,663</u>	<u>551,301</u>
	<u>\$ 16,639,396</u>	<u>\$ 3,481,047</u>	<u>\$ 159,265</u>	<u>\$ 20,279,708</u>	<u>\$ 15,916,983</u>	<u>\$ 3,344,099</u>	<u>\$ 165,910</u>	<u>\$ 19,426,992</u>
Depreciation	\$ 16,410,561	\$ 1,085,787	\$ 113,341	\$ 17,609,689	\$ 16,299,935	\$ 1,072,979	\$ 21,963	\$ 17,394,877
Amortization	9,956	7	-	9,963	9,956	19	-	9,975

Note: As of December 31, 2018 and 2017, the Corporation had 10,431 and 10,236 employees, respectively. Among them 7 and 6 directors did not serve concurrently as employees in 2018 and 2017, respectively.