

# **China Steel Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2019 and 2018 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

China Steel Corporation

### Introduction

We have reviewed the accompanying consolidated balance sheets of China Steel Corporation (the Corporation) and its subsidiaries as of March 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

The engagement partners on the reviews resulting in this independent auditor's review report are Jui Hsuan Hsu and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 6, 2019

Notice to Readers

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

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

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 20,341,750	3	\$ 18,287,242	3	\$ 13,814,944	2
Financial assets at fair value through profit or loss - current (Note 7)	4,021,780	1	2,594,485	-	5,347,661	1
Financial assets at fair value through other comprehensive income - current (Note 8)	3,484,510	1	2,969,038	1	2,112,674	-
Financial assets for hedging - current (Note 10)	3,183,092	-	2,484,391	-	2,575,329	1
Contract assets - current (Note 25)	11,123,233	2	11,536,389	2	11,375,753	2
Notes receivable (Note 11)	1,800,761	-	1,853,631	-	1,582,783	-
Notes receivable - related parties (Notes 11 and 31)	318,404	-	488,680	-	411,942	-
Accounts receivable, net (Note 11)	14,627,993	2	15,270,077	2	12,701,801	2
Accounts receivable - related parties (Notes 11 and 31)	422,306	-	789,032	-	313,207	-
Other receivables (Note 31)	2,088,172	-	2,198,312	-	2,229,694	-
Current tax assets	219,816	-	171,737	-	214,311	-
Inventories (Note 12)	100,084,288	15	101,084,885	15	86,793,587	13
Non-current assets held for sale	478,331	-	839,218	-	212,780	-
Other financial assets - current (Notes 14 and 32)	10,233,953	1	9,353,900	2	8,929,800	1
Other current assets	4,523,611	1	4,386,727	1	4,086,633	1
<b>Total current assets</b>	<b>176,952,000</b>	<b>26</b>	<b>174,307,744</b>	<b>26</b>	<b>152,702,899</b>	<b>23</b>
<b>NONCURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - noncurrent (Note 7)	1,889,339	-	1,879,072	-	1,900,978	-
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	56,939,542	8	56,780,774	9	57,578,463	9
Financial assets at amortized cost - noncurrent (Note 9)	17,918	-	17,580	-	52,373	-
Financial assets for hedging - noncurrent (Note 10)	3,161	-	109,643	-	10,547	-
Investments accounted for using equity method (Note 13)	14,587,563	2	14,767,074	2	14,589,732	2
Property, plant and equipment (Notes 15 and 32)	394,346,711	58	398,733,684	59	409,851,494	62
Right-of-use assets (Note 16)	14,497,036	2	-	-	-	-
Investment properties (Notes 17 and 32)	9,693,691	2	9,570,503	2	11,055,686	2
Intangible assets	1,791,073	-	1,850,508	-	1,900,207	-
Deferred tax assets	8,583,819	1	8,332,662	1	7,268,976	1
Refundable deposits	554,631	-	582,235	-	595,105	-
Other financial assets - noncurrent (Notes 14 and 32)	2,294,084	-	2,290,486	-	2,287,473	-
Other noncurrent assets	3,313,684	1	5,304,631	1	5,426,569	1
<b>Total noncurrent assets</b>	<b>508,512,252</b>	<b>74</b>	<b>500,218,852</b>	<b>74</b>	<b>512,517,603</b>	<b>77</b>
<b>TOTAL</b>	<b>\$ 685,464,252</b>	<b>100</b>	<b>\$ 674,526,596</b>	<b>100</b>	<b>\$ 665,220,502</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings and bank overdraft (Notes 18 and 32)	\$ 36,412,508	5	\$ 42,010,006	6	\$ 34,819,995	5
Short-term bills payable (Note 18)	31,509,983	5	22,412,046	3	50,728,313	8
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	2,608	-
Financial liabilities for hedging - current (Note 10)	4,400,169	1	4,405,228	1	9,966,446	1
Contract liabilities - current (Note 25)	8,784,984	1	7,555,264	1	6,221,414	1
Notes payable	1,495,936	-	1,786,843	-	902,562	-
Accounts payable (Note 20)	16,015,296	2	19,354,016	3	11,100,419	2
Accounts payable - related parties (Notes 20 and 31)	40,748	-	66,171	-	134,382	-
Other payables (Notes 21 and 31)	22,781,596	3	25,625,388	4	19,947,460	3
Current tax liabilities	5,886,872	1	4,854,183	1	4,129,166	-
Provisions - current (Note 22)	6,949,883	1	7,276,429	1	5,386,263	1
Lease liabilities - current (Note 16)	861,533	-	-	-	-	-
Current portion of bonds payable (Note 19)	16,349,117	2	12,899,340	2	11,199,307	2
Current portion of long-term bank borrowings (Notes 18 and 32)	3,278,325	1	2,974,653	1	4,622,625	1
Refund liabilities - current (Note 22)	4,380,693	1	2,868,815	-	2,333,807	-
Other current liabilities	1,608,349	-	1,250,323	-	1,817,742	-
<b>Total current liabilities</b>	<b>160,755,992</b>	<b>23</b>	<b>155,338,705</b>	<b>23</b>	<b>163,312,509</b>	<b>24</b>
<b>NONCURRENT LIABILITIES</b>						
Financial liabilities for hedging - noncurrent (Note 10)	4,356,339	1	4,350,730	1	14,769,102	2
Bonds payable (Note 19)	95,488,068	14	98,933,304	15	83,855,727	13
Long-term bank borrowings (Notes 18 and 32)	25,537,006	4	27,494,745	4	21,867,111	3
Long-term bills payable (Note 18)	16,144,100	2	21,319,494	3	22,001,235	4
Provisions - noncurrent (Note 22)	900,661	-	862,059	-	840,614	-
Deferred tax liabilities	12,764,209	2	12,708,119	2	12,688,130	2
Lease liabilities - noncurrent (Note 16)	11,553,021	2	-	-	-	-
Net defined benefit liabilities (Note 4)	9,256,634	1	9,361,721	1	8,248,437	1
Other noncurrent liabilities	1,072,752	-	1,360,001	-	1,305,449	-
<b>Total noncurrent liabilities</b>	<b>177,072,790</b>	<b>26</b>	<b>176,390,173</b>	<b>26</b>	<b>165,575,805</b>	<b>25</b>
<b>Total liabilities</b>	<b>337,828,782</b>	<b>49</b>	<b>331,728,878</b>	<b>49</b>	<b>328,888,314</b>	<b>49</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 24)</b>						
Share capital						
Ordinary shares	157,348,610	23	157,348,610	23	157,348,610	24
Preference shares	382,680	-	382,680	-	382,680	-
<b>Total share capital</b>	<b>157,731,290</b>	<b>23</b>	<b>157,731,290</b>	<b>23</b>	<b>157,731,290</b>	<b>24</b>
Capital surplus	38,539,833	6	38,545,884	6	38,219,390	6
Retained earnings						
Legal reserve	63,228,774	9	63,228,774	9	61,538,216	9
Special reserve	27,649,487	4	27,649,488	4	27,655,869	4
Unappropriated earnings	35,415,183	5	31,804,134	5	28,506,584	4
<b>Total retained earnings</b>	<b>126,293,444</b>	<b>18</b>	<b>122,682,396</b>	<b>18</b>	<b>117,700,669</b>	<b>17</b>
Other equity	3,054,172	-	2,595,167	-	2,697,601	-
Treasury shares	(8,646,700)	(1)	(8,646,700)	(1)	(8,532,299)	(1)
<b>Total equity attributable to owners of the Corporation</b>	<b>316,972,039</b>	<b>46</b>	<b>312,908,037</b>	<b>46</b>	<b>307,816,651</b>	<b>46</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>30,663,431</b>	<b>5</b>	<b>29,889,681</b>	<b>5</b>	<b>28,515,537</b>	<b>5</b>
<b>Total equity</b>	<b>347,635,470</b>	<b>51</b>	<b>342,797,718</b>	<b>51</b>	<b>336,332,188</b>	<b>51</b>
<b>TOTAL</b>	<b>\$ 685,464,252</b>	<b>100</b>	<b>\$ 674,526,596</b>	<b>100</b>	<b>\$ 665,220,502</b>	<b>100</b>

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

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 31)	\$ 96,229,631	100	\$ 93,389,662	100
OPERATING COSTS (Notes 12 and 31)	<u>86,958,277</u>	<u>90</u>	<u>83,779,531</u>	<u>90</u>
GROSS PROFIT	<u>9,271,354</u>	<u>10</u>	<u>9,610,131</u>	<u>10</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,726,793	2	1,399,829	1
General and administrative expenses	1,707,009	2	1,641,459	2
Research and development expenses	585,329	1	530,754	1
Reversal of expected credit loss	<u>(1,706)</u>	<u>-</u>	<u>(2,954)</u>	<u>-</u>
Total operating expenses	<u>4,017,425</u>	<u>5</u>	<u>3,569,088</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>5,253,929</u>	<u>5</u>	<u>6,041,043</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 26 and 31)	352,074	1	330,171	1
Other gains and losses (Notes 26 and 31)	167,816	-	6,772	-
Finance costs (Note 26)	(822,328)	(1)	(869,564)	(1)
Reversal of expected credit loss	-	-	2,867	-
Share of the profit of associates	<u>182,257</u>	<u>-</u>	<u>223,803</u>	<u>-</u>
Total non-operating income and expenses	<u>(120,181)</u>	<u>-</u>	<u>(305,951)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	5,133,748	5	5,735,092	6
INCOME TAX (Notes 4 and 27)	<u>990,644</u>	<u>1</u>	<u>275,743</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>4,143,104</u>	<u>4</u>	<u>5,459,349</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (Notes 24 and 27)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gains and losses on investments in equity instruments designated as at fair value through other comprehensive income	349,875	-	657,557	1
Gains and losses on hedging instruments	60,497	-	(237,753)	-

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# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of the other comprehensive income of associates	\$ 3,391	-	\$ 15,936	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	(14,532)	-	52,046	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	379,493	1	(1,523,581)	(2)
Gains and losses on hedging instruments	(19,273)	-	523,474	-
Share of the other comprehensive income of associates	(35,196)	-	131,529	-
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	<u>(5,583)</u>	<u>-</u>	<u>8,632</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>718,672</u>	<u>1</u>	<u>(372,160)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 4,861,776</u>	<u>5</u>	<u>\$ 5,087,189</u>	<u>5</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 3,608,213	4	\$ 4,608,560	5
Non-controlling interests	<u>534,891</u>	<u>-</u>	<u>850,789</u>	<u>1</u>
	<u>\$ 4,143,104</u>	<u>4</u>	<u>\$ 5,459,349</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 4,070,053	4	\$ 4,220,243	4
Non-controlling interests	<u>791,723</u>	<u>1</u>	<u>866,946</u>	<u>1</u>
	<u>\$ 4,861,776</u>	<u>5</u>	<u>\$ 5,087,189</u>	<u>5</u>
<b>EARNINGS PER SHARE (Note 28)</b>				
Basic	<u>\$ 0.23</u>		<u>\$ 0.30</u>	
Diluted	<u>\$ 0.23</u>		<u>\$ 0.30</u>	

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

(Concluded)

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation						Other Equity					Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total 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 Designated as at Fair Value Through Other Comprehensive Income	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
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings										
BALANCE AT JANUARY 1, 2019	\$ 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	\$ 29,889,681	\$ 342,797,718
Reversal of special reserve	-	-	-	-	(1)	1	-	-	-	-	-	-	-	-	-	-
Net profit for the three months ended March 31, 2019	-	-	-	-	-	3,608,213	-	-	-	-	-	-	-	3,608,213	534,891	4,143,104
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	(32)	311,158	-	123,531	-	27,183	461,872	-	461,840	256,832	718,672
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	3,608,181	311,158	-	123,531	-	27,183	461,872	-	4,070,053	791,723	4,861,776
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	2,867	-	-	(2,867)	-	-	(2,867)	-	-	-	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,973)	(17,973)
Adjustment of other equity	-	-	(6,051)	-	-	-	-	-	-	-	-	-	-	(6,051)	-	(6,051)
BALANCE AT MARCH 31, 2019	\$ 157,348,610	\$ 382,680	\$ 38,539,833	\$ 63,228,774	\$ 27,649,487	\$ 35,415,183	\$ (5,608,466)	\$ -	\$ 4,531,577	\$ -	\$ 4,131,061	\$ 3,054,172	\$ (8,646,700)	\$ 316,972,039	\$ 30,663,431	\$ 347,635,470
BALANCE AT JANUARY 1, 2018	\$ 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	\$ 27,941,924	\$ 331,951,987
Effect of retrospective application	-	-	-	-	-	3,842,218	(4,005,260)	(9,614,863)	5,251,741	131,335	3,972,776	(4,264,271)	-	(422,053)	(14,538)	(436,591)
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	27,927,386	331,515,396
Net profit for the three months ended March 31, 2018	-	-	-	-	-	4,608,560	-	-	-	-	-	-	-	4,608,560	850,789	5,459,349
Other comprehensive income for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	5,392	(1,361,763)	-	639,556	-	328,498	(393,709)	-	(388,317)	16,157	(372,160)
Total comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	4,613,952	(1,361,763)	-	639,556	-	328,498	(393,709)	-	4,220,243	866,946	5,087,189
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(278,795)	(278,795)
Adjustment of other equity	-	-	8,308	-	-	-	-	-	-	-	-	-	90	8,398	-	8,398
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	17,354	-	-	(17,354)	-	-	(17,354)	-	-	-	-
BALANCE AT MARCH 31, 2018	\$ 157,348,610	\$ 382,680	\$ 38,219,390	\$ 61,538,216	\$ 27,655,869	\$ 28,506,584	\$ (7,477,616)	\$ -	\$ 5,873,943	\$ -	\$ 4,301,274	\$ 2,697,601	\$ (8,532,299)	\$ 307,816,651	\$ 28,515,537	\$ 336,332,188

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

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 5,133,748	\$ 5,735,092
Adjustments for:		
Depreciation expense	9,161,114	8,293,399
Amortization expense	80,283	76,812
Reversal of expected credit loss	(1,706)	(5,821)
Net gain on financial assets and liabilities at fair value through profit or loss	(78,400)	(49,585)
Finance costs	822,328	869,564
Interest income	(79,980)	(56,036)
Dividends income	-	(29,829)
Share of the profit of associates	(185,559)	(227,951)
Loss on disposal of property, plant and equipment	50,100	39,499
Gain on disposal of investments	(53,344)	(14,724)
Reversal of impairment loss recognized on non-financial assets	(7,535)	(1,438)
Write-down (reversal of) inventories	(5,469)	478,993
Recognition of (reversal of) provisions	(268,267)	3,523,082
Others	5,462	7,397
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(1,167,557)	(23,501)
Financial assets for hedging	220,377	(356,597)
Contract assets	456,356	(179,849)
Notes receivable	52,870	215,155
Notes receivable - related parties	170,276	(102,355)
Accounts receivable	647,954	317,371
Accounts receivable - related parties	366,726	41,870
Other receivables	130,176	(567,653)
Inventories	1,003,605	791,659
Other current assets	200,904	(35,574)
Financial liabilities for hedging	(25,885)	-
Contract liabilities	1,226,181	(879,438)
Notes payable	(290,907)	(285,592)
Accounts payable	(3,338,720)	(2,161,066)
Accounts payable - related parties	(25,423)	97,005
Other payables	(2,258,501)	(2,000,293)
Provisions	(21,161)	(3,411,726)
Other current liabilities	374,123	76,705
Net defined benefit liabilities	(105,087)	(73,343)
Refund liabilities	1,511,878	751,607
Cash generated from operations	13,700,960	10,852,839

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# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
Income taxes paid	\$ (221,216)	\$ (60,362)
Net cash generated from operating activities	<u>13,479,744</u>	<u>10,792,477</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(549,130)	(299,817)
Proceeds from disposal of financial assets at fair value through other comprehensive income	273,590	75,351
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	-	106,602
Proceeds from disposal of financial assets at amortized cost	-	71,301
Acquisition of financial assets at fair value through profit or loss	(221,301)	(1,511,200)
Proceeds from disposal of financial assets at fair value through profit or loss	25,857	1,646,932
Acquisition of financial assets for hedging	(743,344)	(188,766)
Derecognition of financial liabilities for hedging	(5,450)	(5,889,720)
Proceeds from disposal of investments accounted for using equity method	14,892	16,023
Disposal of subsidiaries	33,863	-
Acquisition of property, plant and equipment	(5,277,555)	(4,582,466)
Proceeds from disposal of property, plant and equipment	45,413	4,242
Decrease in refundable deposits	27,604	105,541
Acquisition of intangible assets	(3,461)	(18,312)
Acquisition right-of-use assets	(11,937)	-
Acquisition of investment properties	-	(97,673)
Decrease (increase) in other financial assets	(883,651)	261,546
Increase in other noncurrent assets	(55,946)	(25,198)
Interest received	88,497	56,220
Dividends received from associates	241,835	180,297
Dividends received from others	<u>-</u>	<u>29,852</u>
Net cash used in investing activities	<u>(7,000,224)</u>	<u>(10,059,245)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	63,920,429	61,865,606
Repayments of short-term borrowings	(69,227,766)	(61,665,970)
Proceeds from in short-term bills payable	39,667,851	70,083,778
Repayments of in short-term bills payable	(30,569,914)	(43,991,047)
Proceeds from long-term bank borrowings	8,719,900	8,630,000
Repayments of long-term bank borrowings	(10,418,990)	(26,952,554)
Proceeds from long-term bills payable	303,362	1,100,119
Repayments of long-term bills payable	(5,478,756)	(6,712,043)

(Continued)

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
Repayments of principal of lease liabilities	\$ (239,273)	\$ -
Increase (decrease) in other noncurrent liabilities	(1,145)	26,709
Dividends paid to owners of the Corporation	(1,181)	-
Interest paid	(938,529)	(1,034,331)
Decrease in non-controlling interests	<u>(17,973)</u>	<u>(278,795)</u>
Net cash generated from (used in) financing activities	<u>(4,281,985)</u>	<u>1,071,472</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>214,832</u>	<u>(289,659)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,412,367	1,515,045
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>12,522,832</u>	<u>9,883,529</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 14,935,199</u>	<u>\$ 11,398,574</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2019 and 2018:		
Cash and cash equivalents in the consolidated balance sheets	\$ 20,341,750	\$ 13,814,944
Bank overdraft	<u>(5,406,551)</u>	<u>(2,416,370)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 14,935,199</u>	<u>\$ 11,398,574</u>

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

(Concluded)

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

The shares of the Corporation and its subsidiaries, including China Steel Structure Co., Ltd., China Steel Chemical Corporation, CHC Resources Corporation, China Ecotek Corporation and Chung Hung Steel Corporation Ltd., have been listed on the Taiwan Stock Exchange. The shares of the subsidiary Thintech Materials Technology Co., Ltd. have been traded on the Taipei Exchange. The subsidiary Dragon Steel Corporation has issued shares to the public.

As of March 31, 2019, the Ministry of Economic Affairs (MOEA), Republic of China owned 20.05 % of the Corporation's issued ordinary shares.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Corporation's board of directors and approved for issue on May 6, 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 and its subsidiaries' accounting policies:

#### IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

#### 1) Definition of a lease

The Corporation and its subsidiaries 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 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

## 2) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries 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 consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Corporation and its subsidiaries 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 consolidated statements of cash flows, cash payments for the principal and interest portion of lease liabilities are classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contract were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Corporation and its subsidiaries elect to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Corporation and its subsidiaries apply IAS 36 to all right-of-use assets.

The Corporation and its subsidiaries also apply the following practical expedients:

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

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.40%. The difference between the lease liabilities recognized and future minimum lease payments of non-cancellable operating lease commitments disclosed on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 15,581,780
Less: Recognition exemption for short-term leases or leases of low-value assets	<u>(63,376)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 15,518,404</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 12,332,884
Add: Finance lease liabilities on December 31, 2018	300,690
Add: Adjustments as a result of a different treatment of extension and termination options	<u>15,842</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 12,649,416</u>

3) The Corporation and its subsidiaries as lessor

The Corporation and its subsidiaries do not make any adjustments for leases in which they are lessor, and they account for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Other current assets	\$ 4,386,727	\$ (14,936)	\$ 4,371,791
Property, plant and equipment	398,733,684	(279,454)	398,454,230
Right-of-use assets	-	14,707,809	14,707,809
Other noncurrent assets	<u>5,304,631</u>	<u>(2,061,545)</u>	<u>3,243,086</u>
Total effect on assets	<u>\$ 408,425,042</u>	<u>\$ 12,351,874</u>	<u>\$ 420,776,916</u>
Other payables	\$ 25,625,388	\$ 105	\$ 25,625,493
Lease liabilities - current	-	826,168	826,168
Other current liabilities	1,250,323	(11,543)	1,238,780
Lease liabilities - noncurrent	-	11,823,248	11,823,248
Other noncurrent liabilities	<u>1,360,001</u>	<u>(286,104)</u>	<u>1,073,897</u>
Total effect on liabilities	<u>\$ 28,235,712</u>	<u>\$ 12,351,874</u>	<u>\$ 40,587,586</u>

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 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)

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 Corporation and its subsidiaries 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.

Note 3: The Corporation and its subsidiaries shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiaries are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

##### b. Basis of consolidation

##### 1) Subsidiaries included in consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2018	December 31, 2017	March 31, 2017	
China Steel Corporation	China Steel Express Corporation	Shipping services for raw materials	100	100	100	
	C. S. Aluminium Corporation (CSAC)	Production and sale of aluminum and non-ferrous metal products	100	100	100	
	Gains Investment Corporation	General investment	100	100	100	
	China Prosperity Development Corporation (CPDC)	Real estate development	100	100	100	
	China Steel Asia Pacific Holdings Pte. Ltd. (CSAPH)	General investment	100	100	100	
	China Steel Global Trading Corporation (CSGT)	Buy and sell, and act as an agency for steel products	100	100	100	
	China Steel Machinery Corporation (CSMC)	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	74	74	74	Direct and indirect ownerships amounted to 100%
	China Steel Security Corporation	On-site security, systematic security	100	100	100	
	INFOCHAMP SYSTEMS CORPORATION	Enterprise information system integration services	100	100	100	
	CSC Steel Australia Holdings Pty Ltd	General investment	100	100	100	
	HIMAG Magnetic Corporation	Production and sale of industrial magnetic, chemical, and iron oxides	69	69	69	Direct and indirect ownerships amounted to 88%
	Dragon Steel Corporation (DSC)	Hot-rolled coils, H beams, billets, flat steels	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2018	December 31, 2017	March 31, 2017	
	China Steel Management Consulting Corporation	Business management and management consulting service	100	100	100	
	China Ecotek Corporation (CEC)	Environmental engineering, M&E engineering, and O&M engineering	45	45	45	Refer to 2) below
	China Steel Chemical Corporation (CSCC)	Manufacture of coal chemistry and speciality chemical	29	29	29	Refer to 1) below
	Chung Hung Steel Corporation (CHS)	Manufacture and sale of steel products	41	41	41	Refer to 1) below
	CHC RESOURCES CORPORATION(CHC)	Manufacture and sale of GBFS powder, surveys and remediation of soil and groundwater, BOFS and air-cooled BFS, intermediate solidification, reutilization of resources	20	20	20	Direct and indirect ownerships amounted to 36%, and refer to 2) below
	CHINA STEEL STRUCTURE CO., LTD.(CSSC)	Manufacture and sale of products of steel structure	33	33	33	Direct and indirect ownerships amounted to 36%, and refer to 2) below
	China Steel Sumikin Vietnam Joint Stock Company (CSVC)	Manufacture and sale of steel products	56	56	56	
	China Steel Corporation India Pvt. Ltd. (CSCI)	Electrical steel	100	100	100	
	Kaohsiung Rapid Transit Corporation (KRTC)	Mass Rapid Transit service	43	43	43	Direct and indirect ownerships amounted to 51%
	China Steel Resources Corporation	Other non metallic mineral products manufacturing	100	100	100	
	CSC Precision Metal Industrial Corporation	Other non-ferrous metal basic industries	100	100	100	
	Eminent Venture Capital Corporation	General investment	-	-	-	Indirect ownership was 55%
	White BioTech Corporation	Biotechnology introduction and development	87	87	87	
	CSC Solar Corporation	Solar energy generation	55	55	55	Direct and indirect ownerships amounted to 100%
	United Steel International Co., Ltd.	General investment	80	80	-	Investment from CSAPH in June 2018; direct and indirect ownerships amounted to 100%
	Sing Da Marine Structure Corporation	Foundation of offshore wind power	100	100	-	Investment in April 2018
	China Steel Power Holding Corporation	General investment	100	100	-	Investment in June 2018
China Steel Express Corporation	CSE Transport Corporation	Shipping services for raw materials	100	100	100	
	CSEI Transport (Panama) Corporation	Shipping services for raw materials	100	100	100	
	Transyang Shipping Pte Ltd	Shipping services for raw materials	-	-	51	End of settlement in July 2018
	Transglory Investment Corporation (TIC)	General investment	50	50	50	Direct and indirect ownerships amounted to 100%
	Kaohsiung Port Cargo Handling Services Corporation	Ship cargo loading and unloading industry	66	66	66	
C.S. Aluminium Corporation	ALU Investment Offshore Corporation	Holding and investment	100	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corporation	General investment	65	65	65	Direct and indirect ownerships amounted to 79%
United Steel International Development Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	100	100	100	
Gains Investment Corporation	Eminence Investment Corporation	General investment	100	100	100	
	Gainsplus Asset Management Inc.	General investment	100	100	100	
	Winning Investment Corporation (WIC)	General investment	49	49	49	Direct and indirect ownerships amounted to 58%
	Mentor Consulting Corporation	Management consulting services	100	100	100	
	Betacera Inc. (BETACERA)	Manufacturing and trading of electronic ceramics	48	48	48	Refer to 1) below
	Universal Exchange Inc.	Wholesale of computer software, software design services, digital information supply services	64	64	64	Direct and indirect ownerships amounted to 99%
	Thintech Materials Technology Co., Ltd. (TTMTC)	Sputtering target manufacturing and sales	32	32	32	Direct and indirect ownerships amounted to 40%, and refer to 2) below
Eminence Investment Corporation	Shin Mau Investment Corporation	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
	Gau Ruei Investment Corporation	General investment	25	25	25	Direct and indirect ownerships amounted to 100%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2018	December 31, 2017	March 31, 2017	
	Ding Da Investment Corporation	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
	Chiun Yu Investment Corporation	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
	Chi-Yi Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
	Sheng Lih Dar Investment Corporation	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd.	Trading of electronic ceramics and life saving products	100	100	100	
Lefkara Ltd.	Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	100	100	100	
	Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	100	100	100	
	Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	International trade and investment	100	100	100	
	Thintech United Limited	International trade and investment	100	100	100	
Thintech Global Limited	Taicang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	100	100	100	
Thintech United Limited	Thintech United Metal Resources (Taicang) Co., Ltd.	Precious metal refining and sales	-	100	84	Disposal in March 2019
China Prosperity Development Corporation	CK Japan Co., Ltd.	Real estate sales and lease	80	80	80	Direct and indirect ownerships amounted to 100%
China Steel Asia Pacific Holdings Pte. Ltd.	CSC Steel Holdings Berhad (CSHB)	General investment	46	46	46	Refer to 1) below
	Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	70	70	70	
	China Steel Precision Metals Qingdao Co., Ltd. (CSMQ)	Cutting and processing of steel products	60	60	60	Direct and indirect ownerships amounted to 70%
	United Steel International Co., Ltd.	General investment	-	-	80	Reorganization to the Corporation in June 2018; direct and indirect ownerships amounted to 100%
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCM)	Manufacture and sale of steel products	100	100	100	
	Group Steel Corporation (M) Sdn. Bhd.	General investment	100	100	100	
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	General investment	100	100	100	
United Steel International Co., Ltd.	China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Cutting and processing of steel products	100	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Investment, buy and sell	100	100	100	
	CSGT (Singapore) Pte. Ltd.	Buy and sell, and act as an agency for steel products	100	100	100	
	Chung Mao Trading (BVI) Corporation	Buy and sell, and act as an agency for steel products	65	65	65	
	Wabo Global Trading Corporation	Buy and sell, and act as an agency for steel products	44	44	44	Direct and indirect ownerships amounted to 50%
	CSGT International Corporation	Investment, buy and sell	100	100	100	
Chung Mao Trading (Samoa) Corporation	CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	100	100	100	
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Buy and sell, and act as an agency for steel products	100	100	100	
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Cutting and processing of steel products	54	54	54	Direct and indirect ownerships amounted to 60%
	CSGT Trading India Private Limited	Buy and sell, and act as an agency for steel products	99	99	99	Direct and indirect ownerships amounted to 100%
Wabo Global Trading Corporation	CSGT JAPAN Co., Ltd.	Buy and sell, and act as an agency for steel products	100	100	100	
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	General investment	100	100	100	
	CHINA STEEL MACHINERY VIETNAM CO., LTD.	Machines manufacturing	100	100	100	

(Continued)



Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2018	December 31, 2017	March 31, 2017	
	China Steel Machinery Corporation India Private Limited	Machines manufacturing	99	99	99	Started the liquidation procedures in September 2017; direct and indirect ownerships amounted to 100% End of settlement in October, 2018
China Steel Machinery Holding Corporation	CSMC (Shanghai) Global Trading Co., Ltd.	Wholesale and retail trade	-	-	100	
China Steel Security Corporation	Steel Castle Technology Corporation	Firefighting engineering and mechatronic engineering	100	100	100	
	China Steel Management And Maintenance For Buildings Corporation	Management and maintenance for buildings	100	100	100	
INFOCHAMP SYSTEMS CORPORATION	Info-Champ System (B.V.I.) Corporation	General investment	100	100	100	
Info-Champ System (B.V.I.) Corporation	Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	100	100	100	
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Investments in mining industry	100	100	100	
HIMAG Magnetic Corporation	MagnPower Corporation	Powder metallurgy	55	55	55	
China Ecotek Corporation	CEC International Corporation	General investment	100	100	100	
	CEC Development Corporation	General investment	100	100	100	
	CEC Holding Company Limited	General investment	100	100	100	
	China Ecotek Construction Corporation	Engineering service industry	100	100	100	
	Econova Technology Corporation	Environmental engineering, M&E engineering, and O&M engineering	100	100	100	Investment in March 2018
CEC International Corporation	China Ecotek India Private Limited	Projects designs, construction and related services	100	100	100	
CEC Development Corporation	China Ecotek Vietnam Company Limited	Projects designs, construction and related services	100	100	100	
	Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	100	100	100	
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	International trade and investment	100	100	100	
	Ever Wealthy International Corporation	General investment	100	100	100	
	Formosa Ha Tinh CSCC (Cayman) International Limited	International trade and investment	50	50	50	
Ever Wealthy International Corporation	China Steel Carbon Materials Technology Co., Ltd.	General investment	-	-	100	End of settlement in December 2018
	Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	100	100	-	Reorganization to Ever Wealthy International Corporation in December 2018
China Steel Carbon Materials Technology Co., Ltd.	Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	-	-	100	Reorganization to Ever Wealthy International Corporation in December 2018
Chung Hung Steel Corporation	Taiwan Steel Corporation (TSC)	Iron and steel industry chain industry	100	100	100	
	Hung Kao Investment Corporation	General investment	100	100	100	
	Hung Li Steel Corporation (HLS)	Cutting and processing of steel products	-	-	100	Merged with CHS in June 2018
CHC RESOURCES CORPORATION	UNION STEEL DEVELOPMENT CORPORATION	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	93	93	93	
	PAO GOOD INDUSTRIAL CO., LTD.	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	51	51	51	
	Yu Cheng Lime Corporation	Real estate sales and lease, management of raw materials	90	90	90	
	CHC Resources Vietnam Co., Ltd.	GBFS and GGBFS (slag powder) sales	85	85	85	
	Hsieh Sheng Development Corporation (HSDC)	Real estate sales and lease	100	100	-	Investment in June 2018
CHINA STEEL STRUCTURE CO., LTD.	United Steel Engineering & Construction Corporation	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	100	
	China Steel Structure Investment Pte. Ltd.	Holding and investment	100	100	100	
United Steel Engineering & Construction Corporation	United Steel Investment Pte. Ltd.	Holding and investment	100	100	100	
	United Steel Construction (Vietnam) Co., Ltd.	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	100	
	United Steel Development Co., Ltd.	Residential and building development and rental industry	100	100	100	
China Steel Structure Investment Pte. Ltd.	China Steel Structure Holding Co., Ltd. (SAMOA)	Holding and investment	63	63	63	Direct and indirect ownerships amounted to 100%
China Steel Structure Holding Co., Ltd. (SAMOA)	CHINA STEEL STRUCTURE INVESTMENT CO., LTD.	Holding and investment	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			March 31, 2018	December 31, 2017	March 31, 2017	
CHINA STEEL STRUCTURE INVESTMENT CO., LTD.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	100	100	100	
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd. (TITC)	Technical service	100	100	-	Investment in September 2018
White Biotech Corporation	Renergy Biotech Corporation	Ethanol manufacturing	-	-	100	End of settlement in August 2018 (Concluded)

2) Explanations for subsidiaries which are less than 50% owned but included in the consolidated entities are as follows:

- a) The actual operations of CSCC, CHS and BETACERA are controlled by the respective board of directors. The Corporation and other subsidiaries jointly had more than half of the seats in the board of directors of CSCC, CHS and BETACERA. The actual operation of CSHB is also controlled by the board of directors. The Corporation's subsidiaries had control of more than half of the voting rights in the board of directors. Therefore, the Corporation had control-in-substance over the aforementioned entities and included them in the consolidated entities.
- b) The chairman and general manager of CEC, CHC, CSSC and TMTC are designated by the Corporation and other subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over aforementioned subsidiaries and included it in the consolidated entities.

3) The subsidiary, China Steel Machinery Corporation, acquired 50% of shareholding in Senergy Wind Power Co., Ltd. Under the shareholders' agreement, the subsidiary China Steel Machinery Corporation and the other shareholder of the company each hold half of the seats in the board of directors, respectively. The chairman of the board of directors and chief executive officer are served in turns and actual operations should be approved by more than half of the seats in the board of directors. Thus, the Corporation and its subsidiaries have no control over the company. The management of the Corporation and its subsidiaries, however, believe that they are able to exercise significant influence over the company and therefore classified the company as an associate of the Corporation and its subsidiaries. Senergy Wind Power Co., Ltd. ended its settlement in November 2018.

4) The Corporation had no subsidiary with material non-controlling interests.

c. Other significant accounting policy

Except for the following, refer to the summary of significant accounting policy and basis of preparation in the consolidated financial statements for the year ended December 31, 2018.

1) Leases

2019

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

a) The Corporation and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Corporation and its subsidiaries assess the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Corporation and its subsidiaries. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Corporation and its subsidiaries as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation and its subsidiaries' net investment in the leases. Finance lease income is

allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation and its subsidiaries' net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b) The Corporation and its subsidiaries as lessee

Assets held under finance leases are initially recognized as assets of the Corporation and its subsidiaries at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

c) Leasehold land for own use

When a lease includes both land and building elements, the Corporation and its subsidiaries assess the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Corporation and its subsidiaries. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	\$ 46,936	\$ 49,926	\$ 46,887
Checking accounts and demand deposits	11,254,649	9,653,003	8,973,702
Cash equivalents (investments with original maturities less than three months)			
Time deposits	7,310,859	7,912,749	4,287,377
Bonds with repurchase agreements	840,000	-	-
Commercial papers with repurchase agreements	<u>889,306</u>	<u>671,564</u>	<u>506,978</u>
	<u>\$ 20,341,750</u>	<u>\$ 18,287,242</u>	<u>\$ 13,814,944</u>

Cash and cash equivalents shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets. The reconciliation information as of March 31, 2019 and 2018 was shown in the consolidated statements of cash flows; the reconciliation information as of December 31, 2018 was as follows:

	December 31, 2018
Cash and cash equivalents	\$ 18,287,242
Bank overdraft	<u>(5,764,410)</u>
	<u>\$ 12,522,832</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Listed shares	\$ 513,050	\$ 423,640	\$ 1,733,801
Mutual funds	3,237,835	1,902,173	3,159,665
Convertibles bonds	49,200	46,440	233,695
Emerging market shares	213,152	217,281	215,693
Foreign exchange forward contracts (a)	2	-	4,760
Future contracts (b)	<u>8,541</u>	<u>4,951</u>	<u>47</u>
	<u>\$ 4,021,780</u>	<u>\$ 2,594,485</u>	<u>\$ 5,347,661</u>

(Continued)

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets at FVTPL - noncurrent</u>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,840,032	\$ 1,834,226	\$ 1,805,183
Emerging market shares	<u>49,307</u>	<u>44,846</u>	<u>95,795</u>
	<u>\$ 1,889,339</u>	<u>\$ 1,879,072</u>	<u>\$ 1,900,978</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Foreign exchange forward contracts (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,608</u> (Concluded)

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.

- a. The subsidiaries entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, some of those contracts were not accounted for by using hedge accounting. The outstanding foreign exchange forward contracts not under hedge accounting of the subsidiaries at the end of the reporting period were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2019</u>			
Sell	USD/NTD	April 2019	USD2,000/NTD61,620
<u>March 31, 2018</u>			
Sell	USD/NTD	April 2018-May 2018	USD10,205/NTD298,713
Sell	HKD/NTD	April 2018	HKD58,000/NTD216,644
Sell	JPY/NTD	April 2018-December 2018	JPY311,184/NTD90,842
Buy	NTD/JPY	December 2018	NTD27,250/JPY100,000

- b. The subsidiary entered into precious metals futures contracts to manage fair value exposures arising from price fluctuation on precious metals. However, some of those contracts were not accounted for by using hedge accounting. As of the balance sheet date, the outstanding precious metals futures contracts were as follows:

Maturity Date	Weight (Kilograms)	Amount (In thousands)
<hr/> March 31, 2019 <hr/>		
June 15, 2019	2,116	\$ 36,475 (RMB 7,964 thousand)
<hr/> December 31, 2018 <hr/>		
June 15, 2019	2,281	37,659 (RMB 8,421 thousand)
<hr/> March 31, 2018 <hr/>		
June 15, 2018	150	2,571 (RMB 553 thousand)

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

	March 31, 2019	December 31, 2018	March 31, 2018
<hr/> Current <hr/>			
Domestic investments			
Listed shares	\$ 3,430,688	\$ 2,916,952	\$ 2,058,866
Emerging market shares and unlisted shares	<u>53,822</u>	<u>52,086</u>	<u>53,808</u>
	<u>\$ 3,484,510</u>	<u>\$ 2,969,038</u>	<u>\$ 2,112,674</u>
<hr/> Noncurrent <hr/>			
Domestic investments			
Listed shares	\$ 11,924,221	\$ 10,670,938	\$ 8,973,916
Emerging market shares and unlisted shares	2,105,767	1,821,200	2,405,012
Private placement shares of listed companies	<u>131,959</u>	<u>147,368</u>	<u>145,853</u>
	<u>14,161,947</u>	<u>12,639,506</u>	<u>11,524,781</u>
Foreign investments			
Listed shares	2,043,487	2,188,927	2,121,252
Unlisted shares	39,911,588	41,161,772	43,145,248
Certificate of entitlement	<u>822,520</u>	<u>790,569</u>	<u>787,182</u>
	<u>42,777,595</u>	<u>44,141,268</u>	<u>46,053,682</u>
	<u>\$ 56,939,542</u>	<u>\$ 56,780,774</u>	<u>\$ 57,578,463</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes. Dividends of \$26,945 thousand were recognized for the three months ended March 31, 2018. All of the amounts related to investments held as of March 31, 2018.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Noncurrent</u>			
Bonds	\$ 13,760	\$ 13,436	\$ 48,447
Subordinated financial bonds	<u>4,158</u>	<u>4,144</u>	<u>3,926</u>
	<u>\$ 17,918</u>	<u>\$ 17,580</u>	<u>\$ 52,373</u>

## 10. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets for hedging - current</u>			
Hedging foreign-currency deposits	\$ 2,759,254	\$ 2,255,386	\$ 2,506,155
Foreign exchange forward contracts	<u>423,838</u>	<u>229,005</u>	<u>69,174</u>
	<u>\$ 3,183,092</u>	<u>\$ 2,484,391</u>	<u>\$ 2,575,329</u>
<u>Financial assets for hedging - noncurrent</u>			
Foreign exchange forward contracts	<u>\$ 3,161</u>	<u>\$ 109,643</u>	<u>\$ 10,547</u>
<u>Financial liabilities for hedging - current</u>			
Bank loans (Note 18)	\$ 4,190,356	\$ 4,177,109	\$ 9,786,275
Borrowed precious metals from bank	176,113	201,997	125,524
Foreign exchange forward contracts	33,700	26,122	51,756
Interest rate swap contracts	<u>-</u>	<u>-</u>	<u>2,891</u>
	<u>\$ 4,400,169</u>	<u>\$ 4,405,228</u>	<u>\$ 9,966,446</u>
<u>Financial liabilities for hedging - noncurrent</u>			
Bank loans (Note 18)	\$ 4,355,626	\$ 4,348,562	\$ 14,397,123
Foreign exchange forward contracts	<u>713</u>	<u>2,168</u>	<u>371,979</u>
	<u>\$ 4,356,339</u>	<u>\$ 4,350,730</u>	<u>\$ 14,769,102</u>

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation and its subsidiaries purchased foreign-currency deposits and entered into foreign exchange forward contracts. As of March 31, 2019, December 31, 2018 and March 31, 2018, the balance of the foreign-currency deposits, which consist of those designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT\$2,759,254 thousand (JPY0.31 billion, RMB36,060 thousand, USD47,724 thousand, EUR30,391 thousand and GBP332 thousand), NT\$2,255,386 thousand (JPY0.46 billion, RMB42,966 thousand, USD31,349 thousand, EUR27,251 thousand and GBP332 thousand) and NT\$2,506,155 thousand (JPY0.82 billion, RMB52,059 thousand, USD31,104 thousand, EUR19,868 thousand and GBP332 thousand), respectively. As of March 31, 2019, December 31, 2018 and March 31, 2018, cash outflows would be expected from aforementioned contracts during the periods from 2019, 2019 and 2018, respectively.



Refer to Note 30 for information relating to financial instruments for hedging.

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

	March 31, 2019	December 31, 2018	March 31, 2018
Notes receivable			
Operating	\$ 2,119,002	\$ 2,341,981	\$ 1,994,725
Non-operating	163	330	-
	<u>2,119,165</u>	<u>2,342,311</u>	<u>1,994,725</u>
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,119,165</u>	<u>\$ 2,342,311</u>	<u>\$ 1,994,725</u>
Accounts receivable	\$ 15,121,149	\$ 16,130,968	\$ 13,064,581
Less: Allowance for impairment loss	<u>70,850</u>	<u>71,859</u>	<u>49,573</u>
	<u>\$ 15,050,229</u>	<u>\$ 16,059,109</u>	<u>\$ 13,015,008</u>

The Corporation and its subsidiaries make 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 and its subsidiaries continue to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast GDP and direction of economic conditions at the reporting date.

The Corporation and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

### March 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 15,988,375	\$ 784,548	\$ 276,848	\$ 129,079	\$ 61,464	\$ 17,240,314
Loss allowance (Lifetime ECL)	<u>(24,312)</u>	<u>(7)</u>	<u>(705)</u>	<u>(23,006)</u>	<u>(22,820)</u>	<u>(70,850)</u>
Amortized cost	<u>\$ 15,964,063</u>	<u>\$ 784,541</u>	<u>\$ 276,143</u>	<u>\$ 106,073</u>	<u>\$ 38,644</u>	<u>\$ 17,169,464</u>

### December 31, 2018

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 17,377,232	\$ 771,240	\$ 83,355	\$ 176,412	\$ 65,040	\$ 18,473,279
Loss allowance (Lifetime ECL)	<u>(4,628)</u>	<u>(14)</u>	<u>(20,378)</u>	<u>(19,276)</u>	<u>(27,563)</u>	<u>(71,859)</u>
Amortized cost	<u>\$ 17,372,604</u>	<u>\$ 771,226</u>	<u>\$ 62,977</u>	<u>\$ 157,136</u>	<u>\$ 37,477</u>	<u>\$ 18,401,420</u>

March 31, 2018

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 13,997,732	\$ 705,404	\$ 130,932	\$ 136,817	\$ 88,421	\$ 15,059,306
Loss allowance (Lifetime ECL)	<u>(5,554)</u>	<u>(4,453)</u>	<u>(2,986)</u>	<u>(435)</u>	<u>(36,145)</u>	<u>(49,573)</u>
Amortized cost	<u>\$ 13,992,178</u>	<u>\$ 700,951</u>	<u>\$ 127,946</u>	<u>\$ 136,382</u>	<u>\$ 52,276</u>	<u>\$ 15,009,733</u>

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

	For the Three Months Ended March 31	
	2019	2018
Balance, beginning of period	\$ 71,859	\$ 52,297
Reversal	(1,706)	(2,963)
Effect of foreign currency exchange difference	<u>697</u>	<u>239</u>
Balance, end of period	<u>\$ 70,850</u>	<u>\$ 49,573</u>

Retentions receivable from construction contracts included in the accounts receivable did not bear interests they were expected to be received upon the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months.

The Corporation and its subsidiaries CHSC and CSAC entered into accounts receivable factoring agreements (without recourse) with Mega Bank and other financial institutions. Under the agreements, the Corporation and its subsidiaries are empowered to sell accounts receivable to the banks upon the delivery of products to customers and are required to complete related formalities at the next banking day.

For the three months ended March 31, 2019 and 2018, the related information for the Corporation and its subsidiaries CHSC's and CASC's sale of accounts receivable was as follows.

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line
For the Three Months Ended March 31, 2019						
Mega Bank	\$ 4,309,472	\$ 2,699,707	\$ 2,964,132	\$ 4,045,047	1.05-1.75	NT\$9 billion
Bank of Taiwan	1,582,029	1,199,037	918,034	1,863,032	1.05-1.75	NT\$3 billion
Bank of Taiwan	491,723	925,106	1,008,099	408,730	0.60-3.86	USD130,000 thousand
Taishin Bank	3,341,792	2,688,784	2,503,506	3,527,070	3.00-3.39	USD120,000 thousand
CTBC Bank	1,046,091	537,337	538,453	1,044,975	3.09-3.47	USD40,000 thousand
Mizuho Bank	13,372	83,518	94,090	2,800	2.83-3.19	USD10,000 thousand
Mega Bank	1,033,187	804,718	748,622	1,089,283	1.27	NT\$3 billion
Bank of Taiwan	199,960	3,082	94,765	108,277	4.02	USD20,000 thousand
	<u>\$ 12,017,626</u>	<u>\$ 8,941,289</u>	<u>\$ 8,869,701</u>	<u>\$ 12,089,214</u>		
For the Three Months Ended March 31, 2018						
Mega Bank	\$ 3,946,637	\$ 2,667,040	\$ 2,711,936	\$ 3,901,741	1.05-1.68	NT\$9 billion
Bank of Taiwan	1,473,874	1,056,510	964,048	1,566,336	1.05-1.68	NT\$3 billion
Bank of Taiwan	649,515	2,013,350	2,150,752	512,113	0.55-2.62	USD130,000 thousand

(Continued)

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line
Taishin Bank	\$ 1,626,213	\$ 2,012,479	\$ 1,381,752	\$ 2,256,940	2.00-2.15	USD123,000 thousand
CTBC Bank	677,245	745,872	682,637	740,480	2.02-2.23	USD40,000 thousand
Mizuho Bank	-	147	-	147	2.19	USD10,000 thousand
Mega Bank	1,088,226	846,731	741,780	1,193,177	1.19	NT\$3 billion
Bank of Taiwan	62,805	112,053	62,805	112,053	3.07	USD30,000 thousand
Bank of Taiwan	157,681	110,511	182,191	86,001	2.70	USD15,000 thousand
	<u>\$ 9,682,196</u>	<u>\$ 9,564,693</u>	<u>\$ 8,877,901</u>	<u>\$ 10,368,988</u>		

(Concluded)

## 12. INVENTORIES

	March 31, 2019	December 31, 2018	March 31, 2018
Work in progress	\$ 26,398,849	\$ 25,240,250	\$ 22,479,413
Finished goods	25,860,201	26,664,139	24,464,172
Raw materials	23,836,767	20,789,812	19,821,711
Supplies	12,783,681	12,389,277	11,500,876
Raw materials and supplies in transit	7,483,251	11,672,473	5,578,111
Buildings and lands under construction	3,504,088	4,071,736	2,778,197
Others	<u>217,451</u>	<u>257,198</u>	<u>171,107</u>
	<u>\$ 100,084,288</u>	<u>\$ 101,084,885</u>	<u>\$ 86,793,587</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2019 and 2018 was NT\$71,847,511 thousand and NT\$72,804,146 thousand, respectively, including reversal of loss on inventory NT\$5,469 thousand and loss on inventory NT\$478,993 thousand, respectively.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2019	December 31, 2018	March 31, 2018
Material associates			
7623704 Canada Inc.	\$ 8,330,255	\$ 8,306,551	\$ 7,926,907
Associates that are not individually material	<u>6,257,308</u>	<u>6,460,523</u>	<u>6,662,825</u>
	<u>\$ 14,587,563</u>	<u>\$ 14,767,074</u>	<u>\$ 14,589,732</u>

### a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			March 31, 2019	December 31, 2018	March 31, 2018
7623704 Canada Inc.	Mineral Investment	Canada	25	25	25

The summarized financial information below represents amounts shown in the financial statements of 7623704 Canada Inc. prepared in accordance with IFRSs, and converted to the Corporation's functional currency and adjusted for the purposes of applying equity method.

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Current assets	\$ 126,392	\$ 63,126	\$ 326,690
Noncurrent assets	33,901,913	33,785,917	32,014,799
Current liabilities	<u>(82,684)</u>	<u>(18)</u>	<u>(39,503)</u>
Equity	<u>\$ 33,945,621</u>	<u>\$ 33,849,025</u>	<u>\$ 32,301,986</u>
Percentage of the Corporation and its subsidiaries' ownership (%)	25	25	25
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	<u>\$ 8,330,255</u>	<u>\$ 8,306,551</u>	<u>\$ 7,926,907</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2019</b>	<b>2018</b>
Net profit for the period		<u>\$ 904,909</u>	<u>\$ 840,978</u>
Total comprehensive income for the period		<u>\$ 731,003</u>	<u>\$ 1,316,879</u>
Dividends received from 7623704 Canada Inc.		<u>\$ 228,568</u>	<u>\$ 162,525</u>
Comprehensive income attributable to the Corporation and its subsidiaries		<u>\$ 179,388</u>	<u>\$ 323,162</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
The Corporation and its subsidiaries' share of		
Net profit (loss) for the period	\$ (36,506)	\$ 21,575
Other comprehensive income	<u>10,871</u>	<u>30,679</u>
Total comprehensive income	<u>\$ (25,635)</u>	<u>\$ 52,254</u>

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Chateau International Development Co., Ltd.	<u>\$ 614,021</u>	<u>\$ 674,749</u>	<u>\$ 750,442</u>

Except for the investments in some companies, investments accounted for using equity method as of March 31, 2019 and 2018, and the share of profit or loss and other comprehensive income of associates for the three months ended March 31, 2019 and 2018, were calculated based on the reviewed financial

statements. The Corporation's management considered the use of unreviewed financial statements as acceptable and will not have material impact on both the investments and income accounted for using the equity method.

Refer to Table 9 "Information on Investments" for the nature of main business, principle of business and countries of incorporation of associates that are not individually material.

#### 14. OTHER FINANCIAL ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Pledged time deposits	\$ 6,470,748	\$ 6,419,409	\$ 6,532,425
Time deposits with original maturities more than three months	3,760,353	2,609,083	1,897,135
Deposits for projects	<u>2,852</u>	<u>325,408</u>	<u>500,240</u>
	<u>\$ 10,233,953</u>	<u>\$ 9,353,900</u>	<u>\$ 8,929,800</u>
<u>Noncurrent</u>			
Pledged receivables	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Pledged time deposits	268,769	266,649	263,205
Time deposits	21,710	21,710	22,144
Deposits for projects	<u>3,605</u>	<u>2,127</u>	<u>2,124</u>
	<u>\$ 2,294,084</u>	<u>\$ 2,290,486</u>	<u>\$ 2,287,473</u>

Refer to Note 32 for information relating to other financial assets pledged as collateral.

#### 15. PROPERTY, PLANT AND EQUIPMENT

For the three months ended March 31, 2019

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Rental Assets	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>										
Balance at January 1, 2019	\$ 68,051,676	\$ 5,070,779	\$ 125,285,948	\$ 639,144,466	\$ 26,549,694	\$ 17,650,303	\$ 10,238,637	\$ 323,003	\$ 18,581,794	\$ 910,896,300
Adjustments on initial application of IFRS 16	-	-	-	-	-	-	-	(323,003)	-	(323,003)
Balance at January 1, 2019, as restated	68,051,676	5,070,779	125,285,948	639,144,466	26,549,694	17,650,303	10,238,637	-	18,581,794	910,573,297
Additions	-	44,232	1,751,143	2,623,689	34,480	70,435	440,605	-	(89,252)	4,875,332
Disposals	(45,127)	-	(20,125)	(817,231)	(31,071)	(81,575)	(321,859)	-	(3,092)	(1,320,080)
Reclassification	(136,776)	-	500,000	(524,981)	2,944	(1,449)	-	-	-	(160,262)
Disposal of subsidiaries	-	-	(83,173)	(24,452)	-	(10,244)	-	-	-	(117,869)
Effect of foreign currency exchange difference	691	1,849	100,606	292,187	31,320	15,996	-	-	2,783	445,432
Balance at March 31, 2019	<u>\$ 67,870,464</u>	<u>\$ 5,116,860</u>	<u>\$ 127,534,399</u>	<u>\$ 640,693,678</u>	<u>\$ 26,587,367</u>	<u>\$ 17,643,466</u>	<u>\$ 10,357,383</u>	<u>\$ -</u>	<u>\$ 18,492,233</u>	<u>\$ 914,295,850</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2019	\$ 25,546	\$ 4,697,736	\$ 52,172,169	\$ 424,512,529	\$ 11,945,801	\$ 14,212,434	\$ 4,552,853	\$ 43,548	\$ -	\$ 512,162,616
Adjustments on initial application of IFRS 16	-	-	-	-	-	-	-	(43,548)	-	(43,548)
Balance at January 1, 2019, as restated	25,546	4,697,736	52,172,169	424,512,529	11,945,801	14,212,434	4,552,853	-	-	512,119,068
Depreciation	-	17,203	993,708	6,869,793	390,961	270,372	360,889	-	-	8,902,926
Disposals	(19,176)	-	(12,187)	(771,280)	(30,776)	(69,288)	(316,369)	-	-	(1,219,076)
Reversal of impairment	-	-	-	(5,314)	-	(2,222)	-	-	-	(7,536)
Reclassification	-	-	110,000	(116,262)	2,917	(1,022)	-	-	-	(4,367)
Disposal of subsidiaries	-	-	(20,416)	(15,383)	-	(9,290)	-	-	-	(45,089)
Effect of foreign currency exchange difference	-	578	32,699	144,212	12,881	12,843	-	-	-	203,213
Balance at March 31, 2019	<u>\$ 6,370</u>	<u>\$ 4,715,517</u>	<u>\$ 53,275,973</u>	<u>\$ 430,618,295</u>	<u>\$ 12,321,784</u>	<u>\$ 14,413,827</u>	<u>\$ 4,597,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519,949,139</u>
Carrying amount at December 31, 2018	<u>\$ 68,026,130</u>	<u>\$ 373,043</u>	<u>\$ 73,113,779</u>	<u>\$ 214,631,937</u>	<u>\$ 14,603,893</u>	<u>\$ 3,437,869</u>	<u>\$ 5,685,784</u>	<u>\$ 279,455</u>	<u>\$ 18,581,794</u>	<u>\$ 398,733,684</u>
Carrying amount at March 31, 2019	<u>\$ 67,864,094</u>	<u>\$ 401,343</u>	<u>\$ 74,258,426</u>	<u>\$ 210,075,383</u>	<u>\$ 14,265,583</u>	<u>\$ 3,229,639</u>	<u>\$ 5,760,010</u>	<u>\$ -</u>	<u>\$ 18,492,233</u>	<u>\$ 394,346,711</u>

For the three months ended March 31, 2018

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Rental Assets	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>										
Balance at January 1, 2018	\$ 66,834,670	\$ 5,048,345	\$ 123,645,228	\$ 621,534,099	\$ 27,536,534	\$ 17,475,257	\$ 10,300,464	\$ 323,003	\$ 22,984,632	\$ 895,682,232
Additions	-	-	76,202	1,080,196	35,300	189,652	210,303	-	3,428,613	5,020,266
Disposals	-	-	(873)	(1,030,387)	(7,303)	(276,253)	(256,910)	-	(928)	(1,572,654)
Reclassification	-	468	7,516	(636)	1,292	(1,339)	(5,051)	-	(25,145)	(22,895)
Effect of foreign currency exchange difference	1,910	(4,606)	(83,826)	(352,637)	(1,078,928)	197	-	-	1,861	(1,516,029)
Balance at March 31, 2018	\$ 66,836,580	\$ 5,044,207	\$ 123,644,247	\$ 621,230,635	\$ 26,486,895	\$ 17,387,514	\$ 10,248,806	\$ 323,003	\$ 26,389,033	\$ 897,590,920
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2018	\$ 25,546	\$ 4,639,818	\$ 48,315,409	\$ 399,247,555	\$ 11,765,360	\$ 13,592,055	\$ 4,242,407	\$ 32,846	\$ -	\$ 481,860,996
Depreciation	-	16,077	957,637	6,290,014	384,135	278,784	350,283	2,676	-	8,279,606
Disposals	-	-	(873)	(987,829)	(7,270)	(276,031)	(256,910)	-	-	(1,528,913)
Impairment losses reversed	-	-	-	(1,438)	-	-	-	-	-	(1,438)
Effect of foreign currency exchange difference	-	(1,081)	4,106	767	(876,491)	1,874	-	-	-	(870,825)
Balance at March 31, 2018	\$ 25,546	\$ 4,654,814	\$ 49,276,279	\$ 404,549,069	\$ 11,265,734	\$ 13,596,682	\$ 4,335,780	\$ 35,522	\$ -	\$ 487,739,426
Carrying amount at March 31, 2018	\$ 66,811,034	\$ 389,393	\$ 74,367,968	\$ 216,681,566	\$ 15,221,161	\$ 3,790,832	\$ 5,913,026	\$ 287,481	\$ 26,389,033	\$ 409,851,494

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

Land improvements

Bridge	40 years
Drainage system	40 years
Wharf	20-40 years
Wall	20-40 years
Others	5-15 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
Others	3-10 years

Machinery and equipment

Power equipment	3-25 years
Process equipment	8-40 years
Lifting equipment	5-25 years
Electrical equipment	3-16 years
High-temperature equipment	3-17 years
Examination equipment	3-10 years
Others	2-25 years

Transportation Equipment

Ship equipment	18-25 years
Railway equipment	5-20 years
Telecommunication equipment	5 years
Transportation equipment	3-10 years
Others	2-3 years

Other equipment

Leasehold improvement	2-35 years
Office, air condition and extinguishment equipment	5-25 years
Computer equipment	3-10 years
Others	2-35 years

Rental assets

Financial lease assets	31 years
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The subsidiary CHSC bought farmlands for warehousing at the Jia Xing Section and Quing Shui Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHSC from registering the title of these farmlands in CHSC's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHSC in freely changing the land title to CHSC or to other name of other under CHSC instructions. Meanwhile, the land had been pledged to CHSC as collateral. As of March 31, 2019, December 31, 2018 and March 31, 2018, the book values of the farmlands were NT\$55,433 thousand, recorded as land.

Refer to Note 32 for the carrying amount of property, plant and equipment that had been pledged by the Corporation and its subsidiaries to secure borrowings.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets - 2019

	<b>March 31, 2019</b>
<u>Carrying amounts</u>	
Land	\$ 13,072,334
Land improvements	455,737
Buildings	600,315
Machinery	22,021
Office equipment	202
Transportation equipment	90,489
Others	<u>255,938</u>
	<u>\$ 14,497,036</u>
	<b>For the Three Months Ended March 31, 2019</b>
Additions to right-of-use assets	<u>\$ 28,660</u>
Depreciation charge for right-of-use assets	
Land	\$ 179,080
Land improvements	15,504
Buildings	30,622
Machinery	2,450
Office equipment	10
Transportation equipment	13,453
Others	<u>3,353</u>
	<u>\$ 244,472</u>

b. Lease liabilities - 2019

	<b>March 31, 2019</b>
<u>Carrying amounts</u>	
Current	\$ 861,533
Non-current	<u>11,553,021</u>
	<u>\$ 12,414,554</u>

Range of discount rate for lease liabilities was as follows:

	<b>March 31, 2019</b>
Land (%)	0.55-2.21
Land improvements (%)	0.92-1.31
Buildings (%)	0.85-4.79
Machinery (%)	0.88-1.47
Office equipment (%)	6.07
Transportation equipment (%)	0.54-4.79
Others (%)	2.01

c. Material lease activities and terms

The Corporation leases land with a total of 261,207.62 square meter from Taiwan International Ports Corporation, Ltd. The rent is calculated by an annual rate of 5% based on the aforementioned announced land value. The lease term started from January 2018 to December 2027.

The Corporation leases No. 101 berth in Kaohsiung Harbor from Taiwan International Ports Corporation, Ltd. for the use of cargo handling of raw materials, including coal and iron ore, as well as GBFS with a lease term started from December 2016 to December 2027.

The subsidiary DSC leases No. 96 to 99 berth from Taiwan International Ports Corporation, Ltd. Taichung branch for the use of cargo handling of raw materials, including coal, iron ore and finished goods with a lease term started from December 2004 to November 2054.

The subsidiary DSC leases land with a total of 2,626,966 square meter from Taiwan International Ports Corporation, Ltd. Taichung branch. The rent is calculated by an annual rate of 2.5%-5% based on section values or announced land value. The lease term started from December 2004 to November 2054.

To expand its operation in central Taiwan, the subsidiary CHC rented land from Taiwan International Ports Corporation, Ltd. Taichung branch for 20 years, which is from January 1, 2007 to December 31, 2026. Rental cost consists of rent and fixed as well as floating operating royalties during operating period. Rental duration may be extended when due. Each extension is limited to no more than 20 years until such extension is not permitted. The conditions of the extension shall be negotiated when extended.

To expand storage of GBFS and mid to long-term utilization, the subsidiary CHC continued to rent several pieces of land in the Port of Taichung industrial area from Taiwan International Ports Corporation, Ltd. Taichung branch with a lease period from 2016 to 2036. Rental duration may be extended when expired, with conditions of the extension to be negotiated.



d. Other lease information

	<b>For the Three Months Ended March 31, 2019</b>
Expenses relating to short-term leases and low-value asset leases	\$ <u>67,480</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	\$ <u>112</u>
Total cash outflow for leases	\$ <u>(355,831)</u>

For land and buildings which qualify as short-term leases and some office and transportation equipments which qualify as low-value asset leases, the Corporation and its subsidiaries have elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

**17. INVESTMENT PROPERTIES**

For the three months ended March 31, 2019

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 8,126,680	\$ 2,719,497	\$ 10,846,177
Transfer from property, plant and equipment	136,776	-	136,776
Effect of foreign currency exchange difference	<u>56</u>	<u>588</u>	<u>644</u>
Balance at March 31, 2019	<u>\$ 8,263,512</u>	<u>\$ 2,720,085</u>	<u>\$ 10,983,597</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 237,364	\$ 1,038,310	\$ 1,275,674
Depreciation	-	13,716	13,716
Effect of foreign currency exchange difference	<u>-</u>	<u>516</u>	<u>516</u>
Balance at March 31, 2019	<u>\$ 237,364</u>	<u>\$ 1,052,542</u>	<u>\$ 1,289,906</u>
Carrying amount at December 31, 2018	<u>\$ 7,889,316</u>	<u>\$ 1,681,187</u>	<u>\$ 9,570,503</u>
Carrying amount at March 31, 2019	<u>\$ 8,026,148</u>	<u>\$ 1,667,543</u>	<u>\$ 9,693,691</u>

For the three months ended March 31, 2018

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2018	\$ 8,353,534	\$ 3,825,457	\$ 12,178,991
Additions	-	97,673	97,673

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Disposals	\$ -	\$ (11,301)	\$ (11,301)
Effect of foreign currency exchange difference	<u>5,510</u>	<u>12,482</u>	<u>17,992</u>
Balance at March 31, 2018	<u>\$ 8,359,044</u>	<u>\$ 3,924,311</u>	<u>\$ 12,283,355</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 237,364	\$ 985,549	\$ 1,222,913
Depreciation	-	13,793	13,793
Disposals	-	(11,301)	(11,301)
Effect of foreign currency exchange difference	<u>-</u>	<u>2,264</u>	<u>2,264</u>
Balance at March 31, 2018	<u>\$ 237,364</u>	<u>\$ 990,305</u>	<u>\$ 1,227,669</u>
Carrying amount at March 31, 2018	<u>\$ 8,121,680</u>	<u>\$ 2,934,006</u>	<u>\$ 11,055,686</u> (Concluded)

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

Buildings 3-60 years

The Corporation and its subsidiaries participated in the “Qianzhen Residential Building Project”, which was jointly conducted by its subsidiary CPDC, 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.

To encourage its employees and enhance employees’ welfare, the subsidiary DSC began to build “Lohas Center” in August 2004, which was approved by the board of directors to sell to employees in November 2017. Lohas Center is estimated to be sold out within 12 months and was transferred to noncurrent asset held for sale in June 2018 after acquiring the building use permit.

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fair value	<u>\$ 24,423,320</u>	<u>\$ 24,172,985</u>	<u>\$ 27,157,557</u>
Depreciation rate (%)	1.20-2.00	1.20-2.00	1.20-2.00
Discount rate (%)	2.11	0.85-2.13	0.85-2.13

All of the Corporation and its subsidiaries’ investment properties are held under freehold interests. Refer to Note 32 for the carrying amount of the investment properties that had been pledged by the Corporation and its subsidiaries to secure borrowings.

## 18. BORROWINGS

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

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured loans - interest at 0.48%-9.29% p.a., 0.47%-12% p.a. and 0.43%-9.00% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	\$ 28,650,324	\$ 32,723,437	\$ 30,198,700
Bank overdraft (Note 32) - interest at 0.14%-4.79% p.a., 0.14%-8.33% p.a. and 0.14%-4.79% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	5,406,551	5,764,410	2,416,370
Letters of credit - interest at 0%-3.36% p.a., 0%-1.17% p.a. and 0%-1.25% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	1,337,705	1,834,030	1,365,055
Secured loans (Note 32) - interest at 0.88%-5.00% p.a., 0.88%-5.00% p.a. and 0.88%-5.37% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	<u>1,017,928</u>	<u>1,688,129</u>	<u>839,870</u>
	<u>\$ 36,412,508</u>	<u>\$ 42,010,006</u>	<u>\$ 34,819,995</u>

Starting from January 2016, the subsidiary CCSPMC entered into several credit facility agreements with ANZ (China) and several banks for total amount of USD47,000 thousand (or equal amount in RMB, the credit line remained unchanged) and RMB195,000 thousand credit line. Under the agreements, the Corporation and its subsidiaries should collectively hold over 50% of the CCSPMC's equity and half or more of the seats in the board of directors and supervisors. As of March 31, 2019, the subsidiary CSAPH held 70% equity of CCSPMC and three-quarters of the seats in the board of directors and supervisors.

Starting from December 2015, the subsidiary CSMK entered into short-term financing contract with ANZ (China) and several Banks for USD31,000 thousand credit line (or equal amount in RMB, the credit line remained unchanged) and USD110,000 thousand credit line. Under the agreements, the Corporation and its subsidiaries should directly or indirectly hold 100% of CSMK issued shares and all of the seats in the board of directors. As of March 31, 2019, the Corporation and CSGT, collectively held 100% equity of CSMK and all of the seats in the board of directors.

Starting from March 2014, the subsidiary CSCI entered into short-term financing contracts with CTBC Bank and several banks for INR 2.91 billion short-term credit line. Under the agreements, the Corporation should collectively hold at least 60% or 75% of CSCI's issued shares and hold half or two-thirds or more of the seats in the board of directors. As of March 31, 2019, the Corporation held 100% equity of CSCI and all of the seats in the board of directors.

Starting from March 2014, the subsidiary CSVC continuously entered into short-term financing contracts with Standard Chartered Bank and several banks for USD42,500 thousand short-term credit line. Under the agreements, the Corporation should hold at least 56% of CSVC's issued shares and half or more of the seats in the board of directors. As of March 31, 2019, the Corporation held 56% equity of CSVC and half or more of the seats in the board of directors.

Starting from September 2017, the subsidiary QCSPMC entered into short-term financing contracts with MUFG Bank (China) for USD 10,000 thousand short-term credit lines (or equal amount in RMB, the credit line remained unchanged). Under the agreements, the Corporation and its subsidiaries should collectively hold at least 70% of QCSPMC's issued shares and half or more of the seats in the board of directors. As of March 31, 2019, the subsidiaries CSAPH held 70% equity of QCSPMC and two-thirds seats in the board of directors.

b. Short-term bills payable

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Commercial paper - interest at 0.40%-1.25% p.a., 0.40%-1.15% p.a. and 0.21%-1.15% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	\$ 31,518,000	\$ 22,417,000	\$ 50,740,000
Less: Unamortized discounts	<u>8,017</u>	<u>4,954</u>	<u>11,687</u>
	<u>\$ 31,509,983</u>	<u>\$ 22,412,046</u>	<u>\$ 50,728,313</u>

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taching Bills Finance Ltd., Taiwan Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Union Bank of Taiwan, Bank of Taiwan, Taiwan Cooperative Bank, Grand Bills Finance Corp., Dah Chung Bills Finance Corp., Shanghai Commercial & Savings Bank and Bangkok Bank, etc.

c. Long-term borrowings

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Syndicated bank loans			
Bank of Taiwan and other banks loan to DSC			
Repayable in 14 equal semiannual installments from January 2012 to July 2018, interest at 1.14% p.a. and 1.14% p.a. as of March 31, 2018	\$ -	\$ -	\$ 3,258,540
Bank of Taiwan and other banks loan to the Corporation			
Repayable in several installments from February 2020, repaid in February and May, 2018, respectively, in advance, interest at 3.35% p.a. as of March 31, 2018	-	-	8,731,500
Mizuho Bank and other banks loan to the Corporation			
Repayable in August 2018, interest at 3.00%-3.07% p.a. as of March 31, 2018	-	-	4,365,750
			(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Mega Bank and other banks loan to CSVC Repayable in 10 semiannual installments from September 2015 to March 2020, interest at 3.55% p.a., 3.71% p.a. and 2.69% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	\$ 2,329,992	\$ 2,515,558	\$ 2,567,061
CTBC Bank and other banks loan to CSCI Repayable in 5 semiannual installments from June 2017 to June 2019, interest at 4.12% p.a., 4.37% p.a. and 3.69% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	3,389,740	3,365,664	3,185,340
Mortgage loans (Note 32) Due on various dates through April 2032, interest at 1.26%-3.93% p.a., 1.26%-3.50% p.a. and 1.26%-3.00% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	6,175,599	6,747,390	7,052,769
Unsecured loans Due on various dates through June 2025, interest at 0.28%-3.57% p.a., 0.29%-3.57% p.a. and 0.28%-3.06% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	<u>25,465,982</u> 37,361,313	<u>26,366,457</u> 38,995,069	<u>21,528,013</u> 50,688,973
Less: Syndicated loan fee	<u>-</u> 37,361,313	<u>-</u> 38,995,069	<u>15,839</u> 50,673,134
Less: Current portion	3,278,325	2,974,653	4,622,625
Financial liabilities for hedging - current	4,190,356	4,177,109	9,786,275
Financial liabilities for hedging - noncurrent	<u>4,355,626</u>	<u>4,348,562</u>	<u>14,397,123</u>
	<u>\$ 25,537,006</u>	<u>\$ 27,494,745</u>	<u>\$ 21,867,111</u> (Concluded)

- 1) In July 2012, the subsidiary DSC entered into a syndicated credit facility agreement with Bank of Taiwan and 17 other banks for a NT\$35 billion credit line, which consists of NT\$30 billion secured loans with a non-revolving credit line which was repaid in July 2018 and NT\$5 billion secured commercial paper with a revolving credit line recognized as long - term bills payable; in February 2008, DSC entered into a syndicated credit facility agreement with Bank of Taiwan and 13 other banks for a NT\$51.7 billion credit line which was repaid in July 2018. Under the agreements, the Corporation and its associates should collectively hold at least 80% and 40% of DSC's issued shares and hold half or more of the seats in the board of directors. Starting from 2012, DSC should meet some financial ratios and criteria.
- 2) In October 2012, the subsidiary CSVC entered into a syndicated credit facility agreement with Mega Bank and 11 other banks for a USD246,000 thousand credit line, which has been re-signed in December 2017 for a USD126,000 thousand credit line. Under the agreements, the Corporation should hold at least 51% of CSVC's issued shares and hold half or more of the seats in the board of directors. Starting from 2015, CSVC should meet some financial ratios and criteria. CSVC was in compliance with the syndicated credit facility agreement based on its 2018 audited financial

statements. As of March 31, 2019, the Corporation held 56% equity of CSVC and half or more of the seats in the board of directors.

- 3) In January 2013, the subsidiary CSCI entered into a syndicated credit facility agreement with CTBC Bank and several banks for a USD110,000 thousand credit line. 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. The syndicated credit facility agreement has been re-signed in November 2016. CSCI should meet some financial ratios and criteria required by the new syndicated credit facility agreement based on the Corporation's reviewed financial statements for the six months ended June 30 and audited annual financial statements as well as CSCI's unreviewed financial statements for the six months ended September 30 and audited annual financial statements. CSCI was in compliance with the syndicated credit facility agreement based on its financial statements for the six months ended September 30, 2018 and 2018 audited consolidated financial statements. As of March 31, 2019, the Corporation held 100% equity of CSCI and held all of the seats in the board of directors.
- 4) In May 2018, the subsidiary CSCC entered into a credit facility agreement with KGI Bank for a NT\$500,000 thousand credit line. Under the agreement, based on CSCC's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly, the consolidated profit from operations of CSCC shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operations become positive. CSCC was in compliance with the agreement based on its financial statements for each quarter ended in 2018.
- 5) In July and August 2015, the Corporation entered into a syndicated credit facility agreement with Mizuho bank with 7 other banks and Bank of Taiwan with 14 other banks for a USD150,000 thousand and USD500,000 thousand unsecured non-revolving credit line, respectively. Loans from Bank of Taiwan had been repaid in February and May 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 year ended December 31, 2018.

The above unsecured loans and syndicated credit facility agreements included those obtained by the Corporation in JPY and USD to hedge the exchange rate fluctuations on equity investments in EAUS, CSAPH, CSVC, Maruichi Steel Tube Ltd. and Yodogawa Steel Works, Ltd. which were reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Commercial paper - interest at 0.50%-1.10% p.a., 0.51%-1.20% p.a. and 0.42%-1.00% p.a. as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively	\$ 16,150,000	\$ 21,330,000	\$ 22,010,000
Less: Unamortized discounts	<u>5,900</u>	<u>10,506</u>	<u>8,765</u>
	<u>\$ 16,144,100</u>	<u>\$ 21,319,494</u>	<u>\$ 22,001,235</u>

The Corporation and its subsidiaries entered into commercial paper contracts with bills finance corporations and banks. The duration of the contracts is three to five years and the cycle of issuance is fifteen to sixty days, during which the Corporation and its subsidiaries only have to pay service fees and interests. Therefore, the Corporation and its subsidiaries recorded those commercial papers issued as long-term bills payable.

The above commercial paper was secured by Mega Bank, Agricultural Bank of Taiwan, Taishin Bank, ANZ (Taiwan) Bank, Bangkok Bank, Hua Nan Commercial Bank, Bank of Taiwan and Bank BNP Paribas etc.

## 19. BONDS PAYABLE

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
5-year unsecured bonds - issued at par by DSC in:			
June 2014; repayable in June 2018 and June 2019; interest at 1.40% p.a., payable annually	\$ 3,500,000	\$ 3,500,000	\$ 7,000,000
June 2015; repayable in June 2019 and June 2020; interest at 1.45% p.a., payable annually	7,500,000	7,500,000	7,500,000
June 2016; repayable in June 2020 and June 2021; interest at 0.89% p.a., payable annually	5,400,000	5,400,000	5,400,000
June 2018; repayable in June 2022 and June 2023; interest at 0.91% p.a., payable annually	4,500,000	4,500,000	-
December 2018; repayable in December 2022 and December 2023; interest at 0.97% p.a., payable annually	3,250,000	3,250,000	-
7-year unsecured bonds - issued at par by the Corporation 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	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	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	6,900,000
May 2018; repayable in May 2024 and May 2025; interest at 0.95% p.a., payable annually	6,000,000	6,000,000	-

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
October 2018; repayable 25% in October 2024 and 75% in October 2025; interest at 0.90% p.a., payable annually	\$ 4,150,000	\$ 4,150,000	\$ -
7-year unsecured bonds - issued at par by DSC in:			
June 2014; repayable in June 2020 and June 2021; interest at 1.75% p.a., payable annually	5,000,000	5,000,000	5,000,000
June 2015; repayable in June 2021 and June 2022; interest at 1.72% p.a., payable annually	2,500,000	2,500,000	2,500,000
June 2018; repayable in June 2024 and June 2025; interest at 1.00% p.a., payable annually	2,250,000	2,250,000	-
10-year unsecured bonds - issued at par by the Corporation in:			
August 2012; repayable in August 2021 and August 2022; interest at 1.50% p.a., payable annually	15,000,000	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	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	7,000,000
August 2018; repayable in August 2027 and August 2028; interest at 1.10% p.a., payable annually	5,600,000	5,600,000	-
October 2018; repayable in October 2027 and October 2028; interest at 1.05% p.a., payable annually	2,250,000	2,250,000	-
15-year unsecured bonds - issued at par by the Corporation 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	3,600,000
January 2014; repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
	111,900,000	111,900,000	95,100,000
Less: Issuance cost of bonds payable	62,815	67,356	44,966
Current portion	<u>16,349,117</u>	<u>12,899,340</u>	<u>11,199,307</u>
	<u>\$ 95,488,068</u>	<u>\$ 98,933,304</u>	<u>\$ 83,855,727</u> (Concluded)

## 20. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Accounts payable includes advances received on construction contracts. Advances received on construction contracts bears no interests and are expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within the normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months.



## 21. OTHER PAYABLES

	March 31, 2019	December 31, 2018	March 31, 2018
Salaries and incentive bonus	\$ 5,001,113	\$ 8,185,624	\$ 4,753,596
Purchase of equipment	3,005,111	3,446,049	2,987,466
Employees' compensation and remuneration of directors and supervisors	2,969,026	2,424,866	2,158,246
Interest payable	1,016,281	1,077,354	971,850
Outsourced repair and construction	992,399	1,432,612	769,597
Others	<u>9,797,666</u>	<u>9,058,883</u>	<u>8,306,705</u>
	<u>\$ 22,781,596</u>	<u>\$ 25,625,388</u>	<u>\$ 19,947,460</u>

## 22. PROVISIONS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Onerous contracts (a)	\$ 6,531,459	\$ 6,880,915	\$ 4,972,420
Construction warranties (b)	332,396	292,043	310,141
Others	<u>86,028</u>	<u>103,471</u>	<u>103,702</u>
	<u>\$ 6,949,883</u>	<u>\$ 7,276,429</u>	<u>\$ 5,386,263</u>
<u>Noncurrent</u>			
Provision for stabilization funds (c)	\$ 845,876	\$ 844,090	\$ 831,177
Others	<u>54,785</u>	<u>17,969</u>	<u>9,437</u>
	<u>\$ 900,661</u>	<u>\$ 862,059</u>	<u>\$ 840,614</u>

	Onerous Contracts	Construction Warranties	Sale Returns and Discounts (d)	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2019	\$ 6,880,915	\$ 292,043	\$ -	\$ 844,090	\$ 121,440	\$ 8,138,488
Recognized (Reversal)	(349,003)	40,998	-	1,836	39,738	(266,431)
Paid	-	(645)	-	(50)	(20,466)	(21,161)
Effect of foreign currency exchange differences	<u>(453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>(352)</u>
Balance at March 31, 2019	<u>\$ 6,531,459</u>	<u>\$ 332,396</u>	<u>\$ -</u>	<u>\$ 845,876</u>	<u>\$ 140,813</u>	<u>\$ 7,850,544</u>
Balance at January 1, 2018	\$ 3,573,465	\$ 309,472	\$ 55,946	\$ 828,352	\$ 110,289	\$ 4,877,524
Adjustment on initial application of IFRS 15	1,291,026	-	(55,946)	-	-	1,235,080
Recognized	107,940	813	-	2,928	4,352	116,033
Paid	-	(144)	-	(103)	(1,502)	(1,749)
Effect of foreign currency exchange differences	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
Balance at March 31, 2018	<u>\$ 4,972,420</u>	<u>\$ 310,141</u>	<u>\$ -</u>	<u>\$ 831,177</u>	<u>\$ 113,139</u>	<u>\$ 6,226,877</u>

- a. The provision for onerous contracts represents the present value of the future payments that the Corporation and its subsidiaries were presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts, and the difference

between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation and its subsidiaries from non-cancellable construction contracts.

- b. The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries' obligations for warranties. The estimate had been made on the basis of historical warranty trends.
- c. The provision for stabilization funds represents the provision recognized in accordance with the build-operate-transfer contract by the subsidiary KRTC. The provision was used for capital demand due to force majeure, exceptional events, operating deficits, etc. The provision for stabilization funds was recognized based on increase in stabilization funds.
- d. Under IFRS 15, the provision for sales returns and discounts is reclassified to refund liability - current.

### 23. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017. An analysis by function of the amounts is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Operating costs	\$ 140,610	\$ 142,610
Operating expenses	63,837	60,950
Others	<u>154</u>	<u>405</u>
	<u>\$ 204,601</u>	<u>\$ 203,965</u>

### 24. EQUITY

- a. Share capital

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Number of shares authorized (in thousands)	<u>17,000,000</u>	<u>17,000,000</u>	<u>17,000,000</u>
Shares authorized	<u>\$ 170,000,000</u>	<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	\$ 15,734,861
Preference shares (in thousands)	<u>38,268</u>	<u>38,268</u>	<u>38,268</u>
	<u>15,773,129</u>	<u>15,773,129</u>	<u>15,773,129</u>
Shares issued			
Ordinary shares	\$ 157,348,610	\$ 157,348,610	\$ 157,348,610
Preference shares	<u>382,680</u>	<u>382,680</u>	<u>382,680</u>
	<u>\$ 157,731,290</u>	<u>\$ 157,731,290</u>	<u>\$ 157,731,290</u>

1) Ordinary shares

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.

2) Preference shares

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 supervisors; 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 March 31, 2019, December 31, 2018, and March 31, 2018, the outstanding depositary receipts were 809,020 units, 769,313 units and 1,321,541 units, equivalent to 16,180,710 ordinary shares (including 310 fractional shares), 15,386,570 ordinary shares (including 310 fractional shares), and 26,431,130 ordinary shares (including 310 fractional shares), which represented 0.10%, 0.09% and 0.17% of the outstanding ordinary shares, respectively.

b. Capital surplus

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
May be used to offset deficits, distribute cash or transfer to share capital (see 1 below)			
Additional paid-in capital	\$ 31,154,766	\$ 31,154,766	\$ 31,154,766
Treasury share transactions	329,558	329,558	329,296
Others	<u>8,099</u>	<u>8,099</u>	<u>8,099</u>
	<u>31,492,423</u>	<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	6,429,481	6,148,057
Share of change in equity of subsidiaries	501,026	507,077	476,261

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Share of change in equity of associates	<u>\$ 116,903</u>	<u>\$ 116,903</u>	<u>\$ 102,911</u>
	<u>7,047,410</u>	<u>7,053,461</u>	<u>6,727,229</u>
	<u>\$ 38,539,833</u>	<u>\$ 38,545,884</u>	<u>\$ 38,219,390</u>
			(Concluded)

- 1) The capital surplus could be used to offset a deficit and distribute as cash dividends or transferred to capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital and once a year).
- 2) The capital surplus included the share of change in equity of subsidiaries recognized without any actual acquisition or disposal of subsidiaries' share by the Corporation or the adjustments to capital surplus of subsidiaries under equity method.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit, should be appropriated in the following order:

- 1) 10% as legal reserve;
- 2) Preference share dividends at 14% of par value;
- 3) Ordinary share dividends at not more than 14% of par value; and
- 4) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

The board of directors should propose the appropriation of earnings. If necessary, it may, after appropriating for preference shares dividends, propose to appropriate a special reserve or to retain certain earnings. These proposals should be submitted to the shareholders' meeting for approval.

The Corporation's steel business is in a phase of stable growth; thus, 75% or more of the appropriation for dividends should be in cash and 25% or less in shares.

Appropriation of earnings to legal reserve could be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve. In addition, if the market price of the Corporation's ordinary shares held by subsidiaries is lower than the carrying value of the Corporation's shares held by subsidiaries, the Corporation should appropriate a special reserve equal to the difference between market price and carrying value multiplied by the percentage of ownership. Any special reserve appropriated may be reversed to the extent of the increase in valuation.

The appropriations of earnings for 2018 and 2017 had been proposed by the board of directors in March 2019 and approved in the shareholders' meeting in June 2018, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividend Per Share (NT\$)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Legal reserve	\$ 2,445,415	\$ 1,690,558		
Special reserve (reversal)	154,480	(5,992)		
Preference shares				
Cash dividends	53,575	53,575	<u>\$ 1.40</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	15,734,861	13,846,677	<u>\$ 1.00</u>	<u>\$ 0.88</u>

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

d. Special reserves

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 27,649,488	\$ 27,655,869
Reversal of special reserve		
Disposal of property, plant and equipment	<u>(1)</u>	<u>-</u>
Balance, end of period	<u>\$ 27,649,487</u>	<u>\$ 27,655,869</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	<u>\$ (5,919,624)</u>	<u>\$ (6,115,853)</u>
Effect of change in tax rate	-	3,113
Recognized during the period		
Exchange differences arising on translating foreign operations	351,447	(1,497,733)
Income tax relating to exchange differences arising on translating the net assets of foreign operations	(3,971)	613
Share from associates accounted for using the equity method	<u>(36,318)</u>	<u>132,244</u>
Other comprehensive income recognized in the period	<u>311,158</u>	<u>(1,361,763)</u>
Balance, end of period	<u>\$ (5,608,466)</u>	<u>\$ (7,477,616)</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	<u>\$ 4,410,913</u>	<u>\$ 5,251,741</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Effect of change in tax rate	\$ -	\$ (1,591)
Recognized during the period		
Unrealized gains and losses - equity instruments	122,660	622,944
Income tax relating to unrealized gains and losses	(1,183)	1,726
Share from associates accounted for using the equity method	<u>2,054</u>	<u>16,477</u>
Other comprehensive income recognized in the period	<u>123,531</u>	<u>639,556</u>
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	<u>(2,867)</u>	<u>(17,354)</u>
Balance, end of period	<u>\$ 4,531,577</u>	<u>\$ 5,873,943</u>

(Concluded)

3) Gains and losses on hedging instrument

	<b>Cash Flow Hedges</b>	<b>Fair Value Hedges</b>	<b>Hedges of Net Investments in Foreign Operations</b>	<b>Total</b>
Balance at January 1, 2019	\$ 290,851	\$ 15,555	\$ 3,797,472	\$ 4,103,878
Increase (Decrease) in the period	<u>46,838</u>	<u>(382)</u>	<u>(19,273)</u>	<u>27,183</u>
Balance at March 31, 2019	<u>\$ 337,689</u>	<u>\$ 15,173</u>	<u>\$ 3,778,199</u>	<u>\$ 4,131,061</u>
Balance at January 1, 2018	\$ (131,335)	\$ 98,851	\$ 4,005,260	\$ 3,972,776
Increase (Decrease) in the period	<u>(157,980)</u>	<u>(36,996)</u>	<u>523,474</u>	<u>328,498</u>
Balance at March 31, 2018	<u>\$ (289,315)</u>	<u>\$ 61,855</u>	<u>\$ 4,528,734</u>	<u>\$ 4,301,274</u>

a) Cash flow hedges

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 290,851	\$ (131,335)
Effect of change in tax rate	-	5,552
Recognized during the period		
Foreign currency risk - foreign exchange forward contracts and hedging foreign - currency deposits	61,294	(205,429)
Interest rate risk - interest rate swaps	-	2,894
Tax effect	(12,081)	38,589
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	(2,969)	470
Tax effect	<u>594</u>	<u>(56)</u>
Other comprehensive income recognized in the period	<u>46,838</u>	<u>(157,980)</u>
Balance, end of period	<u>\$ 337,689</u>	<u>\$ (289,315)</u>

b) Fair value hedges

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 15,555	\$ 98,851
Recognized during the period		
Foreign currency risk - bank loans	<u>(382)</u>	<u>(36,996)</u>
Balance, end of period	<u>\$ 15,173</u>	<u>\$ 61,855</u>

c) Hedges of net investments in foreign operations

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 3,797,472	\$ 4,005,260
Recognized during the period		
Foreign currency risk - bank loans	<u>(19,273)</u>	<u>523,474</u>
Balance, end of period	<u>\$ 3,778,199</u>	<u>\$ 4,528,734</u>

f. Treasury shares

Purpose of Treasury Shares	<b>Thousand Shares</b>			<b>March 31</b>	
	<b>Beginning of Period</b>	<b>Addition</b>	<b>Reduction</b>	<b>Thousand Shares</b>	<b>Book Value</b>
For the three months ended March 31, 2019					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares					
	<u>320,004</u>	<u>-</u>	<u>-</u>	<u>320,004</u>	<u>\$ 8,646,700</u>
For the three months ended March 31, 2018					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares					
	<u>315,166</u>	<u>-</u>	<u>3</u>	<u>315,163</u>	<u>\$ 8,532,299</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. As of March 31, 2019, December 31, 2018, and March 31, 2018, the market values of the treasury shares calculated by combined holding

percentage were NT\$8,097,563 thousand, NT\$7,761,396 thousand, and NT\$7,391,839 thousand, respectively.

g. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 29,889,681	\$ 27,927,386
Attributable to non-controlling interests:		
Effect of change in tax rate	-	6,492
Share of net profit for the period	534,891	850,789
Other comprehensive income in the period		
Exchange difference on translating foreign operations	28,046	(25,848)
Income tax relating to exchange difference on translating foreign operations	(1,612)	2,742
Unrealized gains and losses on financial assets at fair value through other comprehensive income	227,215	34,613
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	(1,451)	(1,391)
Gains and losses on hedging instrument	2,554	1,280
Income tax relating to gains and losses on hedging instrument	(411)	(503)
Fair value changes of hedging instruments transferred to adjust the carrying amount of hedged items	-	28
Share of other comprehensive income of associates accounted for using the equity method	2,491	(1,256)
Non-controlling interests arising from acquisition of subsidiaries	11,771	(200,150)
Dividend distributed by subsidiaries	-	(71,134)
Others	<u>(29,744)</u>	<u>(7,511)</u>
Balance, end of period	<u>\$ 30,663,431</u>	<u>\$ 28,515,537</u>

**25. OPERATING REVENUES**

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Revenue from the sale of goods	\$ 87,662,961	\$ 86,914,326
Construction contracts revenue	6,564,569	4,067,249
Freight and service revenues	1,347,041	1,772,297
Other revenues	<u>655,060</u>	<u>635,790</u>
	<u>\$ 96,229,631</u>	<u>\$ 93,389,662</u>



a. Contract balances

	March 31, 2019	December 31, 2018	March 31, 2018	January 1, 2018
Notes and accounts receivable (Note 11)	\$ 17,169,464	\$ 18,401,420	\$ 15,009,733	\$ 16,768,126
Contract assets				
Construction contracts	\$ 9,186,543	\$ 9,667,413	\$ 9,874,125	\$ 9,245,710
Retentions receivable	1,833,848	1,744,344	1,421,233	1,833,151
Sale of goods	-	-	23,344	-
Others	<u>102,842</u>	<u>124,632</u>	<u>57,051</u>	<u>62,771</u>
	<u>\$ 11,123,233</u>	<u>\$ 11,536,389</u>	<u>\$ 11,375,753</u>	<u>\$ 11,141,632</u>
Contract liabilities				
Construction contracts	\$ 3,877,405	\$ 4,993,926	\$ 3,657,529	\$ 4,901,393
Sale of goods	2,103,221	1,766,034	2,291,817	1,940,756
Sales of real estate	2,763,400	787,335	249,149	249,209
Others	<u>40,958</u>	<u>7,969</u>	<u>22,919</u>	<u>24,915</u>
	<u>\$ 8,784,984</u>	<u>\$ 7,555,264</u>	<u>\$ 6,221,414</u>	<u>\$ 7,116,273</u>

b. Disaggregation of revenue

For the three months ended March 31, 2019

Type of goods or services	Steel Department	Others	Total
Sale of goods	\$ 73,747,655	\$ 13,915,306	\$ 87,662,961
Construction contract	388,316	6,176,253	6,564,569
Service revenue	140,425	1,206,616	1,347,041
Others	<u>551,919</u>	<u>103,141</u>	<u>655,060</u>
	<u>\$ 74,828,315</u>	<u>\$ 21,401,316</u>	<u>\$ 96,229,631</u>

For the three months ended March 31, 2018

Type of goods or services	Steel Department	Others	Total
Sale of goods	\$ 73,962,916	\$ 12,951,410	\$ 86,914,326
Construction contract	624,533	3,442,716	4,067,249
Service revenue	269,053	1,503,244	1,772,297
Others	<u>494,648</u>	<u>141,142</u>	<u>635,790</u>
	<u>\$ 75,351,150</u>	<u>\$ 18,038,512</u>	<u>\$ 93,389,662</u>

## 26. PROFIT BEFORE INCOME TAX

### a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Interest income	\$ 79,980	\$ 56,036
Insurance claim income	38,972	53,728
Rental income	29,171	32,233
Dividends income	-	25,354
Others	<u>203,951</u>	<u>162,820</u>
	<u>\$ 352,074</u>	<u>\$ 330,171</u>

### b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Net foreign exchange gain	\$ 289,111	\$ 174,086
Loss on disposal of property, plant and equipment	(50,100)	(39,499)
Gain (loss) arising on financial assets at fair value through profit or loss	14,851	(46,871)
Gain on disposal of investments	42,578	-
Reversal of impairment loss	7,535	-
Other losses	<u>(136,159)</u>	<u>(80,944)</u>
	<u>\$ 167,816</u>	<u>\$ 6,772</u>

The components of net foreign exchange gain were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gain	\$ 508,546	\$ 538,715
Foreign exchange loss	<u>(219,435)</u>	<u>(364,629)</u>
Net exchange gain	<u>\$ 289,111</u>	<u>\$ 174,086</u>

### c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Total interest expense	\$ 878,690	\$ 932,479
Less: Amounts included in the cost of qualifying assets	<u>56,362</u>	<u>62,915</u>
	<u>\$ 822,328</u>	<u>\$ 869,564</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Capitalized amounts	\$ 56,362	\$ 62,915
Capitalized annual rates (%)	0.69-1.49	0.53-1.49
d. Reversal of impairment loss recognized on non-financial asset		
	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	<u>\$ 7,535</u>	<u>\$ 1,438</u>
Analysis of reversal of impairment loss recognized on non-financial assets by function		
Operating costs	<u>\$ 7,535</u>	<u>\$ 1,438</u>
e. Depreciation and amortization		
	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 8,902,926	\$ 8,279,606
Investment properties	13,716	13,793
Right-of-use assets	244,472	-
Intangible assets	63,192	55,726
Others	<u>17,091</u>	<u>21,086</u>
	<u>\$ 9,241,397</u>	<u>\$ 8,370,211</u>
Analysis of depreciation by function		
Operating costs	\$ 8,664,139	\$ 7,877,437
Operating expenses	444,434	409,436
Others	<u>52,541</u>	<u>6,526</u>
	<u>\$ 9,161,114</u>	<u>\$ 8,293,399</u>
Analysis of amortization by function		
Operating costs	\$ 60,198	\$ 49,611
Operating expenses	17,588	26,756
Others	<u>2,497</u>	<u>445</u>
	<u>\$ 80,283</u>	<u>\$ 76,812</u>

f. Operating expenses directly related to investment properties

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Direct operating expenses of investment properties that generated rental income	<u>\$ 32,672</u>	<u>\$ 33,643</u>

g. Employee benefits

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits		
Salaries	\$ 8,171,146	\$ 7,863,349
Labor and health insurance	543,682	520,465
Others	<u>376,343</u>	<u>379,821</u>
	<u>9,091,171</u>	<u>8,763,635</u>
Post-employment benefits		
Defined contribution plans	220,057	201,814
Defined benefit plans (Note 23)	<u>204,601</u>	<u>203,965</u>
	<u>424,658</u>	<u>405,779</u>
Termination benefits	<u>26,331</u>	<u>24,219</u>
	<u>\$ 9,542,160</u>	<u>\$ 9,193,633</u>
Analysis of employee benefits by function		
Operating costs	\$ 7,678,331	\$ 7,410,544
Operating expenses	1,739,960	1,669,149
Others	<u>123,869</u>	<u>113,940</u>
	<u>\$ 9,542,160</u>	<u>\$ 9,193,633</u>

The numbers of employees of the Corporation and its subsidiaries combined were 28,782 and 28,344 as of March 31, 2019 and 2018, respectively.

h. Employee's 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. For the three months ended March 31, 2019 and 2018, the employees' compensation and remuneration of directors were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	\$ 387,296	\$ 341,018
Remuneration of directors	7,262	6,394

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors (all in cash) for 2018 and 2017 which have been approved by the Corporation's board of directors in March 2019 and 2018, respectively, were as follows:

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

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

## 27. INCOME TAX

### a. Income tax recognized in profit or loss

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current period	\$ 1,121,936	\$ 1,075,818
Income tax on unappropriated earnings	-	258
In respect of prior years	9,072	28,895
Deferred tax		
In respect of the current period	(166,670)	(206,544)
Changes in tax rates	-	(633,121)
In respect of prior years	<u>26,306</u>	<u>10,437</u>
	<u>\$ 990,644</u>	<u>\$ 275,743</u>

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. The effect of the change in tax rate on deferred tax income had been recognized in profit or loss. In addition, the tax rate of the corporate unappropriated earnings in 2018 will be reduced from 10% to 5%.

### b. Income tax benefit (expense) recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Deferred tax		
Changes in tax rates - remeasurement of defined benefit plans	\$ -	\$ 11,183
Changes in tax rates - fair value changes of cash flow hedges	-	6,039

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Changes in tax rates - translations of foreign operations	\$ -	\$ 5,277
Changes in tax rates - unrealized gains and losses on financial assets at fair value through other comprehensive income	-	(3,541)
Current - translation of foreign operations	(5,583)	3,355
Current - unrealized gains and losses on financial assets at fair value through other comprehensive income	(2,634)	335
Current - fair value changes of cash flow hedges	(12,492)	38,086
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>594</u>	<u>(56)</u>
	<u>\$ (20,115)</u>	<u>\$ 60,678</u>

(Concluded)

c. Income tax assessments

The Corporation's income tax returns through 2016 and the subsidiaries' income tax returns through 2013 to 2017 have been assessed by the tax authorities.

## 28. 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 period

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Net profit for the period attributable to owners of the Corporation	\$ 3,608,213	\$ 4,608,560
Less: Dividends on preference shares	<u>13,394</u>	<u>13,394</u>
Net profit used in computation of basic earnings per share	<u>\$ 3,594,819</u>	<u>\$ 4,595,166</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares in computation of basic earnings per share	15,414,857	15,419,696
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>80,419</u>	<u>64,349</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>15,495,276</u>	<u>15,484,045</u>

Preference shares were not included in the calculation of diluted earnings per share for the three months ended March 31, 2019 and 2018 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.

## 29. CAPITAL MANAGEMENT

The management of the Corporation and its subsidiaries optimized the balances of working capital, debt and equity as well as the related cost through monitoring the Corporation and its subsidiaries' capital structure and capital demand by reviewing quantitative data and considering industry characteristics, domestic and international economic environment, interest rate fluctuation, strategies for development, etc.

Except for Note 18, the Corporation and its subsidiaries are not subject to any externally imposed capital requirements.

## 30. FINANCIAL INSTRUMENTS

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

The Corporation and its subsidiaries believe the carrying amounts of financial instruments, including cash and cash equivalents, receivables and payables recognized in the consolidated financial statements approximated their fair values.

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

#### 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2019</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 3,237,835	\$ -	\$ -	\$ 3,237,835
Unlisted shares	-	-	1,840,032	1,840,032
Listed shares	513,050	-	-	513,050
Emerging market shares	-	-	262,459	262,459
Convertible bonds	49,200	-	-	49,200
Foreign exchange forward contracts	-	2	-	2
Future contracts	-	<u>8,541</u>	-	<u>8,541</u>
	<u>\$ 3,800,085</u>	<u>\$ 8,543</u>	<u>\$ 2,102,491</u>	<u>\$ 5,911,119</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 40,734,108	\$ 40,734,108
Domestic listed shares	15,354,909	-	-	15,354,909

(Continued)

	Level 1	Level 2	Level 3	Total
Domestic emerging market shares and unlisted shares	\$ -	\$ -	\$ 2,159,589	\$ 2,159,589
Foreign listed shares	2,043,487	-	-	2,043,487
Private-placement shares of listed companies	<u>-</u>	<u>131,959</u>	<u>-</u>	<u>131,959</u>
	<u>\$ 17,398,396</u>	<u>\$ 131,959</u>	<u>\$ 42,893,697</u>	<u>\$ 60,424,052</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 426,999</u>	<u>\$ -</u>	<u>\$ 426,999</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 34,413</u>	<u>\$ -</u>	<u>\$ 34,413</u>
<u>December 31, 2018</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 1,902,173	\$ -	\$ -	\$ 1,902,173
Unlisted shares	-	-	1,834,226	1,834,226
Listed shares	423,640	-	-	423,640
Emerging market shares	-	-	262,127	262,127
Convertible bonds	46,440	-	-	46,440
Future contracts	<u>-</u>	<u>4,951</u>	<u>-</u>	<u>4,951</u>
	<u>\$ 2,372,253</u>	<u>\$ 4,951</u>	<u>\$ 2,096,353</u>	<u>\$ 4,473,557</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 41,952,341	\$ 41,952,341
Domestic emerging market shares and unlisted shares	-	-	1,873,286	1,873,286
Domestic listed shares	13,587,890	-	-	13,587,890
Foreign listed shares	2,188,927	-	-	2,188,927
Private-placement shares of listed companies	<u>-</u>	<u>147,368</u>	<u>-</u>	<u>147,368</u>
	<u>\$ 15,776,817</u>	<u>\$ 147,368</u>	<u>\$ 43,825,627</u>	<u>\$ 59,749,812</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 338,648</u>	<u>\$ -</u>	<u>\$ 338,648</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 28,290</u>	<u>\$ -</u>	<u>\$ 28,290</u>

(Continued)



	Level 1	Level 2	Level 3	Total
<u>March 31, 2018</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 3,159,665	\$ -	\$ -	\$ 3,159,665
Unlisted shares	-	-	1,805,183	1,805,183
Listed shares	1,733,801	-	-	1,733,801
Emerging market shares	-	-	311,488	311,488
Convertible bonds	233,695	-	-	233,695
Foreign exchange forward contracts	-	4,760	-	4,760
Futures contracts	-	47	-	47
	<u>\$ 5,127,161</u>	<u>\$ 4,807</u>	<u>\$ 2,116,671</u>	<u>\$ 7,248,639</u>
Financial assets at fair value through other comprehensive income				
Equity Instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 43,932,430	\$ 43,932,430
Domestic listed shares	11,032,782	-	-	11,032,782
Domestic emerging market shares and unlisted shares	-	-	2,458,820	2,458,820
Foreign listed shares	2,121,252	-	-	2,121,252
Private-placement shares of listed companies	-	145,853	-	145,853
	<u>\$ 13,154,034</u>	<u>\$ 145,853</u>	<u>\$ 46,391,250</u>	<u>\$ 59,691,137</u>
Financial assets for hedging				
Foreign exchange forward contracts	\$ -	\$ 79,721	\$ -	\$ 79,721
Financial liabilities for hedging				
Foreign exchange forward contracts	\$ -	\$ 423,735	\$ -	\$ 423,735
Interest rate swap contracts	-	2,891	-	2,891
	<u>\$ -</u>	<u>\$ 426,626</u>	<u>\$ -</u>	<u>\$ 426,626</u>
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 2,608	\$ -	\$ 2,608
	<u>\$ -</u>	<u>\$ 2,608</u>	<u>\$ -</u>	<u>\$ 2,608</u>

(Concluded)

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2019 and 2018.

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

For the three months ended March 31, 2019

Financial Assets	Equity Instruments		Total
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	
Balance, beginning of period	\$ 2,096,353	\$ 43,825,627	\$ 45,921,980
Recognized in profit or loss	6,138	-	6,138
Recognized in other comprehensive income	-	(1,187,963)	(1,187,963)
Purchases	-	41,389	41,389
Disposal	-	(8,611)	(8,611)
Reclassification	-	153,687	153,687
Effect of foreign currency exchange difference	-	69,568	69,568
Balance, end of period	<u>\$ 2,102,491</u>	<u>\$ 42,893,697</u>	<u>\$ 44,996,188</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 10,267</u>	<u>\$ -</u>	<u>\$ 10,267</u>

For the three months ended March 31, 2018

Financial Asset	Equity Instruments		Total
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	
Balance, beginning of period	\$ 2,149,775	\$ 46,673,077	\$ 48,822,852
Recognized in profit or loss	64,601	-	64,601
Recognized in other comprehensive income	-	733,241	733,241
Purchases	217	230,154	230,371
Disposal	(33,525)	(11,194)	(44,719)
Transfer out of level 3	(58,820)	(140,133)	(198,953)
Capital reduction	(5,577)	(106,602)	(112,179)
Effect of foreign currency exchange difference	-	(987,293)	(987,293)
Balance, end of period	<u>\$ 2,116,671</u>	<u>\$ 46,391,250</u>	<u>\$ 48,507,921</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 45,866</u>	<u>\$ -</u>	<u>\$ 45,866</u>

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

Financial Instrument	Valuation Techniques and Inputs
Derivative instruments	A discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-option derivatives, and option pricing models for option derivatives. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for the financial instrument.
Private-placement shares of listed companies	Based on information from the Market Observation Post System, the Taipei Exchange, etc. and calculated by using the Black-Scholes Model.

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

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

	March 31, 2019	December 31, 2018	March 31, 2018
Long-term pre-tax operating income rate (%)	9.79-61.58	9.79-58.59	11.08-52.06
Discount rate (%)	10.37-11.75	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:

	March 31, 2019	December 31, 2018	March 31, 2018
Long-term pre-tax operating income rate			
Increase 1%	<u>\$ 168,752</u>	<u>\$ 195,918</u>	<u>\$ 204,591</u>
Decrease 1%	<u>\$ (170,183)</u>	<u>\$ (197,357)</u>	<u>\$ (205,816)</u>

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Discount rate			
Increase 1%	<u>\$ (325,529)</u>	<u>\$ (497,271)</u>	<u>\$ (579,061)</u>
Decrease 1%	<u>\$ 401,224</u>	<u>\$ 606,196</u>	<u>\$ 714,717</u>
			(Concluded)

- 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 value of the investments would increase.

c. Categories of financial instruments

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 5,911,119	\$ 4,473,557	\$ 7,248,639
Financial assets for hedging	3,186,253	2,594,034	2,585,876
Financial assets at amortized cost 1)	52,699,972	51,346,174	42,919,122
Financial assets at fair value through other comprehensive income			
Equity instruments	60,424,052	59,749,812	59,691,137
<u>Financial liabilities</u>			
Fair value through profit or loss			
Held for trading	-	-	2,608
Financial liabilities for hedging	8,756,508	8,755,958	24,735,548
Measured at amortized cost 2)	270,050,911	278,359,303	261,729,355

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, financial assets at amortized cost-noncurrent, refundable deposits and other financial assets.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, notes and accounts payable (including related parties), other payables, refundable liabilities, bonds payable, long-term borrowings, long-term bills payable and deposits received.

d. Financial risk management objectives and policies

The Corporation and its subsidiaries place great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation and its subsidiaries were equipped with sufficient and lower cost working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation for

executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Corporation and its subsidiaries were exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts, foreign deposits or foreign borrowings.

The carrying amounts of the significant non-functional currency monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date were referred to Note 34.

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

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Three Months Ended March 31</b>		<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Pre-tax profit or loss	\$ 10,367	\$ 2,786 i	\$ (12,202)	\$ (13,528) i
Equity	48,651	202,123 ii	(1,796)	(2,416) ii

i. These were mainly attributable to the exposure of outstanding cash, receivables payables and borrowings which were not hedged at the balance sheet date.

ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges, 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 period.

Hedge accounting

The Corporation and its subsidiaries' hedging strategies are as follows:

i. The Corporation and its subsidiaries' hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure of 100% of its foreign currency capital expenditure and sales contracts. 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 investments in the subsidiary CSVC, which have USD as its functional currency.

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

March 31, 2019

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	Financial assets/liabilities for hedging	\$ 425,516	\$ 26,183
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	2,759,254	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and construction contracts	Financial assets/liabilities for hedging	1,483	8,231
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,061,436
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,827,596
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	5,656,950

Hedging Instruments /Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
			Continuing Hedges	Discounting Hedges		
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ 80,523	\$ (80,523)	\$ 397,717	\$ -	NA	NA

(Continued)

Hedging Instruments / Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
			Continuing Hedges	Discounting Hedges		
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	\$ (19,645)	\$ 19,645	\$ (12,983)	\$ -	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and construction contracts	1,175	(1,175)	NA	NA	\$ 1,497	\$ 1,497
Foreign currency bank borrowings/Financial assets at FVTOCI	(382)	382	15,173	-	2,023,686	(42,696)
Foreign currency bank borrowings/Financial assets at FVTPL	(656)	667	NA	NA	1,655,708	(181,467)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	(19,273)	19,273	(188,463)	3,966,662	NA	NA (Concluded)

March 31, 2018

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases, construction contracts and forecast sales	Financial assets/liabilities for hedging	\$ 69,740	\$ 413,935
Hedging foreign-currency deposits/Forecast purchases and construction contracts	Financial assets for hedging	2,506,155	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and construction contracts	Financial assets/liabilities for hedging	9,981	9,800
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,044,655
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,798,701

(Continued)

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	\$ -	\$ 21,340,042

(Concluded)

Hedging Instruments/Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity Continuing Hedges	Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
Cash flow hedge					
Foreign exchange forward contracts/Forecast purchases, construction contracts and forecast sales	\$ (180,441)	\$ 180,441	\$ (267,271)	\$ -	\$ -
Hedging foreign-currency deposits/Forecast purchases and construction contracts	(23,744)	23,744	(11,039)	-	-
Fair value hedge					
Foreign exchange forward contracts/Forecast purchases and construction contracts	181	(181)	-	181	181
Foreign currency bank borrowings/Financial assets at FVTOCI	(36,996)	36,983	61,855	2,097,307	(59,471)
Foreign currency bank borrowings/Financial assets at FVTPL	(63,700)	60,358	-	1,616,427	(210,802)
Net investment hedge in foreign operations					
Foreign currency bank borrowings/Investment in foreign operations	(290,526)	290,526	4,528,734	-	-

For the three months ended March 31, 2019

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ 60,879	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ (19,273)	\$ -	-	\$ -	\$ -

For the three months ended March 31, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ (203,651)	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ 523,474	\$ -	-	\$ -	\$ -



b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts.

The carrying amounts of the Corporation and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fair value interest rate risk			
Financial liabilities	\$ 143,347,168	\$ 134,244,690	\$ 145,783,347
Cash flow interest rate risk			
Financial liabilities	89,917,921	102,324,569	107,494,364

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the three months ended March 31, 2019 and 2018 would have been lower/higher by NT\$224,795 thousand and NT\$268,736 thousand, respectively.

Hedge accounting

The subsidiary entered into interest rate swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its bank loans.

The following tables summarize the information relating to the hedges of interest rate risk.

March 31, 2018

<b>Hedging Instruments/ Hedged Items</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount</b>	
		<b>Asset</b>	<b>Liability</b>
Interest rate swap contracts/ Syndicated bank loans	Financial liabilities for hedging	\$ -	\$ 2,891
Hedging Instruments/Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments
Interest rate swap contracts/syndicated bank loans	\$ 2,894	\$ (2,894)	\$ -

For the three months ended March 31, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	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
Interest rate swap contracts	\$ 2,894	\$ -	-	\$ -	\$ -

The outstanding interest rate swap contracts of the subsidiary at the balance sheet date were as follows:

<b>Contract Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid (%)</b>	<b>Range of Interest Rates Received</b>
<u>March 31, 2018</u>			
NT\$ 1,791,000	July 2018	1.137-1.140	90 days fixing TAIBOR rate provided by Thomson Reuters

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through their investments in mutual funds, listed shares and private placement shares of listed companies.

If equity prices had been 1% lower/higher, the pre-tax profit for the three months ended March 31, 2019 and 2018 would have been lower/higher by NT\$37,509 thousand and NT\$48,935 thousand, respectively, as a result of the fair value changes of financial assets at fair value through profit or loss, and the other comprehensive income for the three months ended March 31, 2019 and 2018 would have been lower/higher by NT\$ 173,984 thousand and NT\$131,540 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

Hedge accounting

For the three months ended March 31, 2019

A subsidiary minimizes its fair value exposures to price fluctuations of precious metals by entering into precious metals borrowing contracts. The fair value of the precious metals borrowing transactions at the end of the reporting period is determined by the price of the precious metals.

The terms of the precious metals borrowing contracts matched the terms of financial liabilities. The subsidiary performs a qualitative assessment of effectiveness and it expects that the value of the precious metals borrowing contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying prices. The source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the subsidiary's own credit risk on the fair value of the precious metals borrowing contracts, which is not reflected in the fair value of the hedged item attributable to the change in prices. No other sources of ineffectiveness are expected to emerge from these hedging relationships.

The following tables summarize the information relating to the hedges of other price risk.

March 31, 2019

<b>Hedging Instruments</b>	<b>Contract Amount</b>	<b>Maturity</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount Liability</b>	<b>Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness</b>
Fair value hedge					
Precious metals borrowing contracts	\$ 176,113	-	Financial liabilities for hedging	\$ 176,113	\$ -

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Fair value hedge Inventory	\$ <u>176,113</u>	\$ <u>-</u>	\$ <u>-</u>
<u>March 31, 2018</u>			

Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals borrowing contracts	\$ <u>130,358</u>	-	Financial liabilities for hedging	\$ <u>125,524</u>	\$ <u>4,835</u>

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Fair Value of Hedging Items Used for Calculating Hedge Ineffectiveness
Fair value hedge Inventory	\$ <u>130,358</u>	\$ <u>(4,835)</u>	\$ <u>(4,835)</u>

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation and its subsidiaries. As at the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets and the amount of contingent liabilities in relation to financial guarantee issued by the Corporation and its subsidiaries.

The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions and companies.

Counterparties of accounts receivable consisted of a large number of different customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition.

The Corporation and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Corporation and its subsidiaries define counterparties as having similar characteristics if they are related entities.

As of March 31, 2019, December 31, 2018 and March 31, 2018, the maximum credit risk of off-balance-sheet guarantees and amount provided to investees of co-investment for procurement compliance was NT\$29,445,534 thousand, NT\$29,300,309 thousand and NT\$23,756,305 thousand, respectively.

### 3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitors the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to control proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants.

The following table details the undiscounted cash flows of the Corporation and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time span regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

The table below summarized the maturity profile of the Corporation and its subsidiaries' financial liabilities based on contractual undiscounted payments:

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>March 31, 2019</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 38,387,724	\$ 929,571	\$ -	\$ 39,317,295
Lease liabilities	985,547	3,169,404	11,040,038	15,194,989
Variable interest rate liabilities	44,757,501	42,096,909	4,925,186	91,779,596
Fixed interest rate liabilities	78,668,000	32,850,000	18,516,024	130,034,024
Refund liabilities	4,380,693	-	-	4,380,693
Financial guarantee liabilities	<u>369,875</u>	<u>28,558,166</u>	<u>517,493</u>	<u>29,445,534</u>
	<u>\$ 167,549,340</u>	<u>\$ 107,604,050</u>	<u>\$ 34,998,741</u>	<u>\$ 310,152,131</u>
<u>December 31, 2018</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 45,158,801	\$ 596,263	\$ -	\$ 45,755,064
Variable interest rate liabilities	50,246,003	49,224,903	5,082,472	104,553,378
Fixed interest rate liabilities	37,667,979	66,635,850	37,891,700	142,195,529
Refund liabilities	2,868,815	-	-	2,868,815
Financial guarantee liabilities	<u>345,810</u>	<u>28,460,872</u>	<u>493,627</u>	<u>29,300,309</u>
	<u>\$ 136,287,408</u>	<u>\$ 144,917,888</u>	<u>\$ 43,467,799</u>	<u>\$ 324,673,095</u>

(Continued)

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>March 31, 2018</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 30,669,604	\$ 443,367	\$ -	\$ 31,112,971
Variable interest rate liabilities	50,579,962	57,969,828	1,469,059	110,018,849
Fixed interest rate liabilities	60,445,259	70,176,293	22,276,539	152,898,091
Refund liability	2,333,807	-	-	2,333,807
Financial guarantee liabilities	<u>191,571</u>	<u>9,299,047</u>	<u>14,256,429</u>	<u>23,747,047</u>
	<u>\$ 144,220,203</u>	<u>\$ 137,888,535</u>	<u>\$ 38,002,027</u>	<u>\$ 320,110,765</u> (Concluded)

The amounts included above for financial guarantee liabilities were the maximum amounts the Corporation and its subsidiaries could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Corporation and its subsidiaries considered that it is more likely than not that none of the amount will be payable under the arrangement.

### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not in this note. Details of transactions between the Corporation and its subsidiaries and other related parties were disclosed below:

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

<u>Company</u>	<u>Relationship</u>
TaiAn Technologies Corporation	Associates
Fukuta Electric & Machinery Co., Ltd.	Associates
Dyna Rechi Co., Ltd.	Associates
Hsin Hsin Cement Enterprise Corporation	Associates
Eminent III Venture Capital Corporation	Associates
Nikken & CSSC Metal Products Co., Ltd.	Associates
Eminent II Venture Capital Corporation	Associates
Honley Auto.Parts Co., Ltd.	Associates
Ascentek Venture Capital Corporation	Associates
Taiwan Rolling Stock Co., Ltd.	Associates
Kaohsiung Arena Development Corporation	Associates
Overseas Investment & Development Corporation	Associates
Chateau International Development Co., Ltd.	Associates
Chungkang Steel Structure (Cambodia) Co., Ltd.	Associates
HC&C Auto Parts Co., Ltd.	Associates
SINO Vietnam HI-TECH Material Co., Ltd.	Associates
Hanwa Steel Centre (M) Sdn. Bhd. (Renamed from Tatt Giap Steel Centre Sdn. Bhd.)	Associates
TSK Steel Company Limited	Associates

(Continued)

Company	Relationship
Majestic Solid Light Corporation	Associates
DYNA RECHI (JIUJIANG) CO., LTD	Subsidiaries of associates
Changchun CECK Auto. Parts Co., Ltd.	Subsidiaries of associates
CSBC Corporation, Taiwan	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
Rechi Precision Co., Ltd.	The Corporation as key management personnel of other related parties
Taiwan International Windpower Training 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
East Asia United Steel Corporation	The Corporation as key management personnel of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management personnel of other related parties
CSBC Coating Solutions Co., Ltd.	Subsidiaries of the Corporation as key management personnel of other related parties
Rechi Refrigeration Dongguan Co, Ltd.	Subsidiaries of the Corporation as key management personnel of other related parties
Rechi Precision (Qingdao) Electric Machinery Limited	Subsidiaries of the Corporation as key management personnel of other related parties
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Subsidiaries of the Corporation as key management personnel of other related parties
Ministry of Economic Affairs, R.O.C.	Director of the Corporation
CSC Labor Union	Director of the Corporation
Formosa Ha Tinh Steel Corporation	Other related parties
Formosa Ha Tinh (Cayman) Limited	Other related parties
CSC Educational Foundation	Other related parties
iPASS Corporation	Associates before February 2019

(Concluded)

b. Operating revenues

Account Items	Related Parties Types	For the Three Months Ended March 31	
		2019	2018
Revenue from sales of goods	The Corporation as key management personnel of other related parties	\$ 462,988	\$ 444,712

(Continued)

Account Items	Related Parties Types	For the Three Months Ended March 31	
		2019	2018
	Subsidiaries of the Corporation as key management personnel of other related parties	\$ 364,290	\$ 395,119
	Associates	291,810	306,654
	Subsidiaries of associates	11,781	8,877
	Other related parties	<u>91,542</u>	<u>-</u>
		<u>\$ 1,222,411</u>	<u>\$ 1,155,362</u>
Construction contract revenue	Other related parties	\$ 984,807	\$ 251,639
	Associates	-	1,088
	Others	<u>3,520</u>	<u>98</u>
		<u>\$ 988,327</u>	<u>\$ 252,825</u>

(Concluded)

Sales to related parties were made at arm's length. The construction contracts undertaken by the Corporation and its subsidiaries with related parties were different from those with unrelated parties; therefore, the prices were not comparable while collection terms have no material differences.

c. Purchase of goods

Related Parties Types	For the Three Months Ended March 31	
	2019	2018
Other related parties	\$ 2,543,601	\$ 2,455,149
Associates	62,700	69,905
The Corporation as key management personnel of other related parties	<u>34,801</u>	<u>-</u>
	<u>\$ 2,641,102</u>	<u>\$ 2,525,054</u>

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

d. Receivables from related parties

Account Items	Related Parties Types/Names	March 31, 2019	December 31, 2018	March 31, 2018
Notes and accounts receivable	The Corporation as key management personnel of other related parties	\$ 279,927	\$ 492,051	\$ 318,848
	Subsidiaries of the Corporation as key management personnel of other related parties	134,895	162,089	204,718
	Other related parties	249,416	482,390	166,132
	Associates	62,059	72,025	31,744
	Subsidiaries of associates	14,402	69,147	3,697
	Others	<u>11</u>	<u>10</u>	<u>10</u>
		<u>\$ 740,710</u>	<u>\$ 1,277,712</u>	<u>\$ 725,149</u>

(Continued)

Account Items	Related Parties Types/Names	March 31, 2019	December 31, 2018	March 31, 2018
Other receivables	Other related parties			
	FHC	\$ 215,740	\$ 215,005	\$ 203,735
	Others	132,588	3,572	204
	Associates	21,316	21,243	21,153
	Others	<u>1,490</u>	<u>65</u>	<u>-</u>
		<u>\$ 371,134</u>	<u>\$ 239,885</u>	<u>\$ 225,092</u>

(Concluded)

The subsidiary China Ecotek Corporation did not recognize the allowance for doubtful accounts for the three months ended March 31, 2019 and 2018. As of March 31, 2019 and 2018, the allowance for doubtful accounts amounted to NT\$0 thousand and NT\$153 thousand, respectively.

e. Payables to related parties

Account Items	Related Parties Types	March 31, 2019	December 31, 2018	March 31, 2018
Accounts payable	Associates	\$ 31,323	\$ 47,083	\$ 43,191
	Other related parties	<u>9,425</u>	<u>19,088</u>	<u>91,191</u>
		<u>\$ 40,748</u>	<u>\$ 66,171</u>	<u>\$ 134,382</u>
Other payables	Other related parties	\$ 570,756	\$ 568,924	\$ 538,820
	Associates	-	-	5,518
	Directors of the Corporation	<u>19,982</u>	<u>16,595</u>	<u>14,573</u>
		<u>\$ 590,738</u>	<u>\$ 585,519</u>	<u>\$ 558,911</u>

The outstanding payables to related parties were unsecured.

f. Others

Classified as operating and non - operating income by nature:

Account Items	Related Parties Types	For the Three Months Ended March 31	
		2019	2018
Service and other revenues	Other related parties	\$ 111,231	\$ 74,969
	Associates	7,043	9,021
	The Corporation as key management personnel of other related parties	100,014	2,022
	Others	<u>38</u>	<u>43</u>
		<u>\$ 218,326</u>	<u>\$ 86,055</u>



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

Related Party Types/Names	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties - FHC			
Amount endorsed	\$ 38,014,513	\$ 37,885,002	\$ 29,665,271
Amount utilized	<u>(28,558,166)</u>	<u>(28,460,872)</u>	<u>(23,051,160)</u>
	<u>\$ 9,456,347</u>	<u>\$ 9,424,130</u>	<u>\$ 6,614,111</u>
The Corporation as key management personnel of others related parties			
Amount endorsed	\$ 955,672	\$ 938,807	\$ 941,845
Amount utilized	<u>(840,352)</u>	<u>(813,714)</u>	<u>(695,887)</u>
	<u>\$ 115,320</u>	<u>\$ 125,093</u>	<u>\$ 245,958</u>
Associates			
Amount endorsed	\$ 59,236	\$ 59,034	\$ -
Amount utilized	<u>(47,016)</u>	<u>(25,723)</u>	<u>-</u>
	<u>\$ 12,220</u>	<u>\$ 33,311</u>	<u>\$ -</u>

Endorsements and guarantees above are provided to investee by the percentage of shareholdings under joint venture agreements.

h. Compensation of key management personnel

The remuneration to directors and other members of key management personnel were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 28,134	\$ 27,764
Post-employment benefits	<u>360</u>	<u>135</u>
	<u>\$ 28,494</u>	<u>\$ 27,899</u>

### 32. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Corporation and its subsidiaries' assets mortgaged or pledged as collateral for long-term borrowings, short-term borrowings and bank overdraft, performance guarantees and bankers' acceptance bills, etc. were as follows (listed based on their carrying amounts):

	March 31, 2019	December 31, 2018	March 31, 2018
Net property, plant and equipment	\$ 25,105,364	\$ 29,752,437	\$ 119,260,615
Time deposits (Note 14)	6,739,517	6,686,058	6,795,630
Shares (a.)	5,968,270	5,720,575	5,531,855
Pledged receivables (Note 14) (b.)	2,000,000	2,000,000	2,000,000

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Net investment properties	\$ 2,102,489	\$ 2,108,788	\$ 2,115,025
	<u>\$ 41,915,640</u>	<u>\$ 46,267,858</u>	<u>\$ 135,703,125</u> (Concluded)

- a. Shares of the Corporation were pledged by WIC and TIC, both subsidiaries, and were recorded as treasury shares in the consolidated financial statements.
- b. In accordance with revised agreements of build-operate-transfer contract in 2013, the subsidiary KRTC reclassified NT\$2,000,000 thousand including arbitration receivable - Kaohsiung City Government and part of the consideration of transferred assets to operating performance guarantees.

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 18, significant commitments and contingencies of the Corporation and its subsidiaries as of March 31, 2019 were as follows:

- a. The Corporation and its subsidiaries provided letters of credits for NT\$7.7 billion guaranteed by financial institutions for several constructions, lease contracts and payment. Guarantee notes for NT\$50 billion were provided to banks and owners for loans, purchase agreements and warranties.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$8.1 billion.
- c. Property purchase and construction contracts for NT\$6.3 billion were signed but not yet recorded.
- d. Construction contracts for NT\$24.1 billion were not yet being completed.
- e. The Corporation and its subsidiaries entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, China, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 5 years. Contracted annual purchases of 11,700,000 metric tons of coal, 24,000,000 metric tons of iron ore, and 3,390,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of March 31, 2019 were USD7.3 billion (including 14,790,000 metric tons of coal, 55,010,000 metric tons of iron ore, and 180,000 metric tons of limestone).
- f. Starting from May 2015, the associate Changchun CECK Auto. Parts Co., Ltd. (CCCA) entered into credit facility agreements with CTBC and several banks for USD11,000 thousand (or the equal amount in EUR, the credit line remained unchanged) and USD14,000 thousand short and medium term credit lines. Under the agreements, the Corporation and its associates should collectively hold at least 30% and 38% of CCCA's issued shares and one seat in the board of directors. As of March 31, 2019, the Corporation indirectly held 38% equity of CCCA and one seat in the board of directors.
- g. In November 2014, the associate HAPC entered into a construction financing agreement with Shanghai Commercial and Savings Bank and several banks for a NT\$295,000 thousand factory building loan commitment which had been transferred to long-term credit line in March 2016, NT\$150,000 short-term credit line and NT\$100,000 thousand financing commercial paper. 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 March 31, 2019, the Corporation held 38% equity of HAPC and two seats in the board of directors.

h. Refer to Table 2 for information relating to endorsements/guarantees provided.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>March 31, 2019</u>				
Monetary financial assets				
USD	\$ 304,062	30.8200	(USD:NTD)	\$ 9,371,196
USD	24,418	1.4102	(USD:AUD)	752,553
USD	13,745	6.7293	(USD:RMB)	423,624
USD	9,436	25,683.3333	(USD:VND)	290,817
USD	5,907	4.2370	(USD:MYR)	182,060
JPY	6,465,011	0.2783	(JPY:NTD)	1,799,213
RMB	318,808	4.5800	(RMB:NTD)	1,460,139
EUR	31,048	34.6100	(EUR:NTD)	1,074,559
VND	94,811,555	0.00004	(VND:USD)	114,722
EUR	2,941	1.1230	(EUR:USD)	101,799
Non-monetary financial assets				
Available-for-sales financial assets				
USD	994,414	30.8200	(USD:NTD)	30,647,845
JPY	7,271,600	0.2783	(JPY:NTD)	2,023,686
MYR	227,884	7.2740	(MYR:NTD)	1,657,628
Associate accounted for using equity method				
USD	375,491	30.8200	(USD:NTD)	11,517,732
AUD	746,538	21.8550	(AUD:NTD)	16,315,586
INR	3,739,438	0.4455	(INR:NTD)	1,665,920
Monetary financial liabilities				
USD	352,222	30.8200	(USD:NTD)	10,855,478
USD	147,511	69.1807	(USD:INR)	4,546,293
USD	23,707	25,683.3333	(USD:VND)	730,640
USD	14,346	6.7293	(USD:RMB)	442,144
USD	12,811	4.2370	(USD:MYR)	394,823
JPY	11,307,946	0.2783	(JPY:NTD)	3,147,001
<u>December 31, 2018</u>				
Monetary foreign currency assets				
USD	255,559	30.7150	(USD:NTD)	7,849,493
USD	18,125	6.8683	(USD:RMB)	556,706
USD	17,302	1.4177	(USD:AUD)	531,427
USD	6,051	4.3188	(USD:MYR)	185,868

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount (In Thousands of New Taiwan Dollars)</b>
USD	\$ 5,479	70.0616	(USD:INR)	\$ 168,277
USD	5,040	25,595.8333	(USD:VND)	154,814
JPY	8,269,682	0.2782	(JPY:NTD)	2,300,626
RMB	378,145	4.4720	(RMB:NTD)	1,691,064
EUR	2,967	1.1460	(EUR:USD)	104,450
EUR	26,320	35.2000	(EUR:NTD)	926,449
VND	108,673,427	0.00004	(VND:USD)	130,408
<b>Non-monetary foreign currency assets</b>				
Financial assets at fair value through other comprehensive income				
USD	1,042,619	30.7150	(USD:NTD)	32,024,040
JPY	7,804,000	0.2782	(JPY:NTD)	2,171,073
MYR	225,504	7.1120	(MYR:NTD)	1,603,732
Associates accounted for using equity method				
USD	376,199	30.7150	(USD:NTD)	11,443,985
AUD	738,989	21.6650	(AUD:NTD)	16,010,187
INR	3,852,103	0.4384	(INR:NTD)	1,688,762
<b>Monetary foreign currency liabilities</b>				
JPY	12,190,078	0.2782	(JPY:NTD)	3,391,280
USD	425,642	30.7150	(USD:NTD)	13,073,581
USD	145,676	70.0616	(USD:INR)	4,474,438
USD	25,219	25,595.8333	(USD:VND)	774,607
USD	20,143	6.8683	(USD:RMB)	618,701
USD	10,737	4.3188	(USD:MYR)	329,784
<hr/> March 31, 2018 <hr/>				
<b>Monetary financial assets</b>				
USD	271,277	29.1050	(USD:NTD)	7,895,513
USD	17,579	6.2632	(USD:RMB)	511,631
USD	13,304	1.3025	(USD:AUD)	387,201
USD	6,799	4.0056	(USD:MYR)	197,885
USD	5,403	24,254.1667	(USD:VND)	157,244
JPY	7,240,466	0.2739	(JPY:NTD)	1,983,164
RMB	344,607	4.6470	(RMB:NTD)	1,601,387
VND	743,120,656	0.00004	(VND:USD)	854,589
EUR	22,282	35.8700	(EUR:NTD)	799,240
<b>Non-monetary financial assets</b>				
Financial assets at fair value through other comprehensive income				
USD	1,186,516	29.1050	(USD:NTD)	34,533,549
JPY	7,996,000	0.2739	(JPY:NTD)	2,190,104
MYR	277,478	7.2660	(MYR:NTD)	2,016,155
RMB	36,173	0.1597	(RMB:USD)	168,095
HKD	38,658	3.7080	(HKD:NTD)	143,344

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount (In Thousands of New Taiwan Dollars)</b>
Associate accounted for using equity method				
USD	\$ 394,970	29.1050	(USD:NTD)	\$ 11,456,368
AUD	703,308	22.3450	(AUD:NTD)	15,715,424
INR	4,610,278	0.4452	(INR:NTD)	2,052,496
Monetary financial liabilities				
USD	835,708	29.1050	(USD:NTD)	24,323,288
USD	137,506	65.3751	(USD:INR)	4,002,125
USD	27,312	24,254.1667	(USD:VND)	794,917
USD	19,231	6.2632	(USD:RMB)	559,715
JPY	11,259,112	0.2739	(JPY:NTD)	3,083,871
				(Concluded)

For the three months ended March 31, 2019 and 2018, realized and unrealized net foreign exchange gains were \$289,111 thousand and \$174,086 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 of each entity.

### 35. 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 (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments (Note 33)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 9)

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 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
  - c) The amount of property transactions and the amount of the resultant gains or losses (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
  - e) The highest balance, the end of period balance and the interest rate range, and total current period interest with respect to financing of funds (Table 1)
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

### 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

- Steel - manufacture and sell steel products, including the Corporation, DSC, CHSC, CSCM, CSVC, CSCI, HLSC and TSC.

a. Segment revenues and operating results

The following is an analysis of the Corporation and its subsidiaries' revenues and results of operations by reportable segment.

	<b>Steel Department</b>	<b>Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
For the three months ended March 31, 2019				
Revenues from external customers	\$ 74,828,315	\$ 21,401,316	\$ -	\$ 96,229,631
Inter-segment revenues	<u>22,280,838</u>	<u>12,020,633</u>	<u>(34,301,471)</u>	<u>-</u>
Segment revenues	<u>\$ 97,109,153</u>	<u>\$ 33,421,949</u>	<u>\$(34,301,471)</u>	<u>\$ 96,229,631</u>

(Continued)

	Steel Department	Others	Adjustment and Elimination	Total
Segment profit	\$ 3,708,243	\$ 1,978,230	\$ (432,544)	\$ 5,253,929
Interest income	46,916	53,038	(19,974)	79,980
Financial costs	(666,399)	(196,140)	40,211	(822,328)
Share of the profit of associates	1,318,971	247,241	(1,383,955)	182,257
Other non-operating income and expenses	<u>451,830</u>	<u>155,134</u>	<u>(167,054)</u>	<u>439,910</u>
Profit before income tax	4,859,561	2,237,503	(1,963,316)	5,133,748
Income tax	<u>(721,794)</u>	<u>(368,702)</u>	<u>99,852</u>	<u>(990,644)</u>
Net profit for the period	<u>\$ 4,137,767</u>	<u>\$ 1,868,801</u>	<u>\$ (1,863,464)</u>	<u>\$ 4,143,104</u>
For the three months ended March 31, 2018				
Revenues from external customers	\$ 75,351,150	\$ 18,038,512	\$ -	\$ 93,389,662
Inter-segment revenues	<u>23,229,876</u>	<u>13,016,111</u>	<u>(36,245,987)</u>	<u>-</u>
Segment revenues	<u>\$ 98,581,026</u>	<u>\$ 31,054,623</u>	<u>\$ (36,245,987)</u>	<u>\$ 93,389,662</u>
Segment profit	\$ 4,172,138	\$ 1,718,391	\$ 150,514	\$ 6,041,043
Interest income	33,456	39,552	(16,972)	56,036
Financial costs	(735,398)	(145,659)	11,493	(869,564)
Share of the profit of associates	2,510,825	373,799	(2,660,821)	223,803
Other non-operating income and expenses	<u>417,692</u>	<u>22,587</u>	<u>(156,505)</u>	<u>283,774</u>
Profit before income tax	6,398,713	2,008,670	(2,672,291)	5,735,092
Income tax	<u>(23,627)</u>	<u>282,913</u>	<u>16,457</u>	<u>275,743</u>
Net profit for the period	<u>\$ 6,422,340</u>	<u>\$ 1,725,757</u>	<u>(\$ 2,688,748)</u>	<u>\$ 5,459,349</u> (Concluded)

Inter-segment revenues were accounted for according to market price or cost-plus pricing.

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Segment assets</u>			
Steel department	\$ 731,609,797	\$ 725,164,836	\$ 721,985,332
Others	223,812,665	214,711,859	240,375,062
Adjustment and elimination	<u>(269,958,210)</u>	<u>(265,350,099)</u>	<u>(297,139,892)</u>
Consolidated total assets	<u>\$ 685,464,252</u>	<u>\$ 674,526,596</u>	<u>\$ 665,220,502</u>
<u>Segment liabilities</u>			
Steel department	\$ 273,151,635	\$ 272,586,581	\$ 276,137,238
Others	92,359,726	86,655,523	82,215,618
			(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Adjustment and Elimination	<u>\$ (27,682,579)</u>	<u>\$ (27,513,226)</u>	<u>\$ (29,464,542)</u>
Consolidated total liabilities	<u>\$ 337,828,782</u>	<u>\$ 331,728,878</u>	<u>\$ 328,888,314</u> (Concluded)



**TABLE 1**

**CHINA STEEL CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE PERIOD ENDED MARCH 31, 2019**

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	\$ 150,000	\$ 150,000	\$ -	0.54%-0.73%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 31,697,203	\$ 63,394,407	Note 2
0	China Steel Corporation	Gains Investment Corporation	Other receivables	Yes	300,000	300,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Prosperity Development Corporation	Other receivables	Yes	900,000	450,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Steel Express Corporation	Other receivables	Yes	600,000	600,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	910,000	910,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	200,000	200,000	-	-	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	Dragon Steel Corporation	Other receivables	Yes	2,150,000	950,000	-	-	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	C.S.Aluminium Corporation	Other receivables	Yes	6,800,000	5,200,000	2,600,000	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Other receivables	Yes	566,300	412,200	137,400	3.8%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Steel Machinery Corporation	Other receivables	Yes	430,000	430,000	130,000	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	445,600	137,400	-	-	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Ecotek Corporation	Other receivables	Yes	310,000	310,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	350,000	350,000	150,000	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	Chung Hung Steel Corporation	Other receivables	Yes	4,950,000	3,450,000	1,200,000	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	China Steel Structure Co., Ltd.	Other receivables	Yes	700,000	700,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
0	China Steel Corporation	CHC Resources Corporation	Other receivables	Yes	400,000	400,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	31,697,203	63,394,407	Note 2
1	United Steel Investment Pte Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	19,108	19,108	19,108	5.80%	2	-	Operating capital	-	-	-	50,000	111,267	Note 3
2	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	37,146	36,984	-	3%	2	-	Operating capital	-	-	-	378,616	567,924	Note 4
3	Group Steel Corporation (M) Sdn. Bhd.	CSC Steel Sdn. Bhd.	Other receivables	Yes	289,040	-	-	-	2	-	Operating capital	-	-	-	18,822	18,822	Note 5

(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 (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
4	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	Other receivables	Yes	\$ 147,342	\$ 146,606	\$ 123,660	3.25%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 340,349	\$ 453,798	Note 6
4	Thintech Materials Technology Co., Ltd.	Thintech United Metal Resources (Taicang) Co., Ltd.	Other receivables	No	108,953	108,409	-	3.25%	2	-	Operating capital	-	-	-	340,349	453,798	Note 6 and 9
5	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	184,920	184,920	-	-	2	-	Operating capital	-	-	-	826,827	1,653,654	Note 7
6	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	-	-	-	-	2	-	Operating capital	-	-	-	160,419	213,892	Note 8

(Concluded)

Note 1: The nature for financing is as follows:

- 1) Business relationship
- 2) The need for short-term financing

Note 2: According to "The Process of Financing Others" established by the Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of the Corporation, respectively.

Note 3: According to "The Process of Financing Others" established by United Steel Investment Pte Ltd., the total available amount for lending to others shall not exceed 40% of the net worth of the company; for short-term financing needs, the total amount for lending to a company shall not exceed NT\$50,000 thousand; however, its wholly-owned subsidiary is free from these limits. Except for the aforementioned, the total available amount for lending to others shall not exceed 40% of the net worth of United Steel Investment Pte Ltd.

Note 4: According to "The Process of Financing Others" established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 5: According to "The Process of Financing Others" established by 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 6: 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 7: 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 20% and 10% of the net worth of C.S.Aluminium Corporation.

Note 8: 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 9: Thintech Materials Technology Co., Ltd. has sold all of its shares in March 2019.

## CHINA STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE PERIOD ENDED MARCH 31, 2019

(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	China Steel Power Holding Corporation	2	\$ 95,091,611	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	1	\$ 126,788,815	Y	N	N	Note 2 and 5
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	95,091,611	38,014,513	38,014,513	28,558,166	-	12	126,788,815	N	N	N	Note 5
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	95,091,611	956,383	955,672	840,352	-	-	126,788,815	N	N	N	Note 5
1	China Steel Structure Co., Ltd.	United Steel Construction (Vietnam) Co., Ltd.	2	1,423,091	184,920	184,920	-	-	4	8,111,619	N	N	N	Note 6
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	2	1,423,091	802,645	801,035	260,117	-	19	8,111,619	N	N	Y	Note 6
1	China Steel Structure Co., Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	6	1,423,091	59,236	59,236	47,016	-	1	8,111,619	N	N	N	Note 6
2	United Steel Engineering & Construction Corporation	China Steel Structure Co., Ltd.	3	19,933,590	1,567,675	1,567,675	1,567,675	-	118	19,933,590	N	N	N	Note 3 and 7
3	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	2	453,798	184,920	184,920	105,805	-	16	453,798	N	N	Y	Note 8
3	Thintech Materials Technology Co., Ltd.	Thintech United Metal Resources (Taicang) Co., Ltd.	1	453,798	123,280	123,280	-	-	11	453,798	N	N	Y	Note 8 and 11
4	Chung Hung Steel Corporation	Chung Hung Steel Corporation	1	4,497,927	10,000	10,000	10,000	-	-	7,496,544	N	N	N	Note 4 and 9
5	Infochamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	238,168	95,869	65,640	65,540	-	8	396,948	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.

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

(Continued)

- 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.
- Note 11: Thintech Materials Technology Co., Ltd. has sold all of its shares in March 2019.

(Concluded)

## CHINA STEEL CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2019

(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	MARCH 31, 2019				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	\$ 116,575	2	\$ 116,575	
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	8,717,328	4	8,717,328	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	1,795,035	2	1,795,035	
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	1,233,247	9	1,233,247	
China Steel Corporation	Common stock	O-Bank Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	103,847,695	814,166	4	814,166	
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	581,951	5	581,951	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	400,000	228,651	1	228,651	
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	218,588	2	218,588	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited		Financial assets at fair value through other comprehensive income-noncurrent	1,111,418,177	29,458,361	20	29,458,361	
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	1,324,174	19	1,324,174	
China Steel Corporation	Common stock	CSN Mineracao S.A.		Financial assets at fair value through other comprehensive income-noncurrent	745,562	1,043,811	-	1,043,811	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	54,000,000	886,059	5	886,059	
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	13,737	15	13,737	
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	8,111	5	8,111	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	PHALANX BIOTECH GROUP, INC.		Financial assets at fair value through other comprehensive income-noncurrent	1,073,812	\$ 2,758	2	\$ 2,758	
China Steel Corporation	Common stock	Mega I Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	978,750	635	3	635	
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 mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	6,667	1,655,708	19	1,655,708	
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	333,454	19	333,454	
Chung Hung Steel Corporation	Common stock	Shouh Hwang Enterprise Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	730,000	-	15	-	
Chung Hung Steel Corporation	Common stock	YIEH UNITED STEEL CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	39,707,800	213,151	2	213,151	
Chung Hung Steel Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	33,109,239	837,664	-	837,664	
Chung Hung Steel Corporation	Common stock	TAIWAN VES-POWER CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	958,333	36,676	2	36,676	
Chung Hung Steel Corporation	Common stock	RiselinK Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	657,936	8,244	3	8,244	
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	6,365	5	6,365	
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	25,400	-	25,400	
China Steel Chemical Corporation	Common stock	ADIMMUNE CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	105,747	2,231	-	2,231	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,556,915	64,690	-	64,690	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	229,000	10,728	-	10,728	
China Steel Chemical Corporation	Mutual fund	JPM China Income Fund CNH Acc		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	133,621	9,354	-	9,354	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Emerging Markets Debt Fund - JPM Emerging Markets Debt A (mth) - USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	47,733	\$ 31,423	-	\$ 31,423	
China Steel Chemical Corporation	Mutual fund	Taishin Global Short-Dated High Yield Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	100,000	31,277	-	31,277	
China Steel Chemical Corporation	Mutual fund	Cathay Senior Secured High Yield Bond Fund A TWD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	483,985	5,145	-	5,145	
China Steel Chemical Corporation	Mutual fund	Prudential Financial India Opportunity Bond Fund Acc USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	10,000	3,302	-	3,302	
China Steel Chemical Corporation	Mutual fund	TCB Taiwan Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	7,882,861	80,078	-	80,078	
China Steel Chemical Corporation	Mutual fund	Taishin 1699 Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,706,367	50,134	-	50,134	
China Steel Chemical Corporation	Mutual fund	KGI Victory Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,328,255	50,110	-	50,110	
China Steel Chemical Corporation	Mutual fund	Jih Sun Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,376,964	50,024	-	50,024	
Ever Wealthy International Corporation	Common stock	International CSRC Investment Holdings Co., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,041,454	43,533	-	43,533	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,349,000	37,839	-	37,839	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,191,783	30,795	-	30,795	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,255,990	25,718	-	25,718	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	300,000	13,485	-	13,485	
(Ever Wealthy International Corporation	Common stock	TAIWAN BUSINESS BANK,LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	837,899	10,055	-	10,055	
Ever Wealthy International Corporation	Common stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	679,000	6,994	-	6,994	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	152,047	6,911	-	6,911	
Ever Wealthy International Corporation	Common stock	HUA NAN FINANCIAL HOLDINGS CO.,LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	313,040	6,073	-	6,073	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	Bank of Kaohsiung, CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	493,869	\$ 4,786	-	\$ 4,786	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	30,400	1,678	-	1,678	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	4,753,537	639,351	-	639,351	
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	106,925	-	106,925	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,540,000	43,201	4	43,201	
Ever Wealthy International Corporation	Common stock	RiselinK Venture Capital Corp.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	438,624	5,497	2	5,497	
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	300,000	2,601	9	2,601	
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,000	1,130	1	1,130	
Ever Wealthy International Corporation	Common stock	E-ONE MOLI ENERGY CORP.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	46,097	453	-	453	
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	133,300	-	2	-	
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,774,483	19,406	7	19,406	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD.(E)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	164,139	9,060	-	9,060	
Ever Wealthy International Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	12,540	784	-	784	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,338,922	15,335	-	15,335	
Ever Wealthy International Corporation	Mutual fund	UPAMC James Bond Money Market		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,197,340	20,004	-	20,004	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	Shin Kong Chi-Shin Money-market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	645,928	\$ 10,002	-	\$ 10,002	
Ever Wealthy International Corporation	Mutual fund	Taishin Asia-Australia High Yield Bond Fund USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,051,731	25,680	-	25,680	
Ever Wealthy International Corporation	Mutual fund	PineBridge Asia Pacific High Yield Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	405,147	23,290	-	23,290	
Ever Wealthy International Corporation	Mutual fund	Union Asian High Yield Bond Fund TWD A		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	477,295	5,011	-	5,011	
Ever Wealthy International Corporation	Mutual fund	Yuanta De-Li Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,842,718	30,042	-	30,042	
Ever Wealthy International Corporation	Mutual fund	Taishin 1699 Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	7,494,756	101,377	-	101,377	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	5,406,547	80,089	-	80,089	
Ever Wealthy International Corporation	Mutual fund	SinoPac TWD Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	5,675,551	79,007	-	79,007	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,798,322	60,070	-	60,070	
Ever Wealthy International Corporation	Mutual fund	Yuanta De- Bao Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,498,917	30,028	-	30,028	
Ever Wealthy International Corporation	Mutual fund	FSITC Taiwan Money Market		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,962,323	30,020	-	30,020	
Ever Glory International Co., Ltd.	Common stock	Sharp Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	10,000	3,390	-	3,390	
Ever Glory International Co., Ltd.	Mutual fund	JPMorgan Investment Funds - Global Income Fund A (acc) - USD (hedged)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,724	15,691	-	15,691	
Ever Glory International Co., Ltd.	Mutual fund	Neuberger Berman Global Senior Floating Rate Income Fund-A		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	89,445	31,454	-	31,454	
Ever Glory International Co., Ltd.	Mutual fund	Neuberger Berman Global Senior Floating Rate Income Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	29,500	10,665	-	10,665	
Ever Glory International Co., Ltd.	Mutual fund	JPMorgan Funds - USD Money Market VNAV Fund - JPM USD Money Market VNAV A (acc) - USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,776	15,233	-	15,233	
Ever Glory International Co., Ltd.	Mutual fund	China Southern Dragon Dynamic Fund Sicav-FIS - China New Balance Opportunity Fund-A USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,200	12,454	-	12,454	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Glory International Co., Ltd.	Mutual fund	Invesco US Senior Loan Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	10,925	\$ 57,030	-	\$ 57,030	
Ever Glory International Co., Ltd.	Mutual fund	Hutchison Port Holdings Trust		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,480,000	25,741	-	25,741	
Ever Glory International Co., Ltd.	Subordinated financial bond	Floating Rate Notes Offering by Australia and New Zealand Banking Group Limited		Financial assets at amortized cost - noncurrent	2,000	4,158	-	4,158	
Ever Glory International Co., Ltd.	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited		Financial assets at amortized cost - noncurrent	30,000	13,760	-	13,760	
China Ecotek Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	440,000	12,343	1	12,343	
China Ecotek Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	500,000	8,900	2	8,900	
China Ecotek Corporation	Common stock	ECOTEK INDUSTRIAL AQUACULTURE CORP.	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	489,375	-	17	-	
China Ecotek Corporation	Common stock	HSIN YU ENERGY DEVELOPMENT CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	391,249	-	-	-	
China Ecotek Corporation	Common stock	FLEXUP TECHNOLOGIES CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	650,000	-	4	-	
China Ecotek Corporation	Common stock	Asia Pacific Energy Development Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,212,590	145,673	11	145,673	
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	175,503	-	175,503	
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	179,646	-	179,646	
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	94,760	-	94,760	
CHC Resources Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	9,201,806	232,806	-	232,806	
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	Mutual fund	Taishin 1699 Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	749,401	10,137	-	10,137	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 10,723	-	\$ 10,723	
Union Steel Development Corporation	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,493,218	40,221	-	40,221	
Union Steel Development Corporation	Certificate of entitlement	Shanghai Bao Shan Lian Steel Products Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	-	17,283	19	17,283	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,349,975	59,454	-	59,454	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation		Financial assets at fair value through other comprehensive income-current	2,223	193	-	193	
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	
China Steel Security Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	967,633	10,000	-	10,000	
Steel Castle Technology Corporation	Mutual fund	Yuanta De-Li Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,840,412	30,004	-	30,004	
Steel Castle Technology Corporation	Mutual fund	Mega Diamond Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,014,480	50,333	-	50,333	
Steel Castle Technology Corporation	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,246,036	20,101	-	20,101	
Steel Castle Technology Corporation	Mutual fund	Union Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,515,278	20,003	-	20,003	
ChinaSteel Management Consulting Corporaion	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	348,056	5,615	-	5,615	
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	83,167	-	83,167	
China Prosperity Development Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	952,979	24,110	-	24,110	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	463,457	13,000	-	13,000	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	222,789	4,344	-	4,344	
China Prosperity Development Corporation	Common stock	QUN XIN PROPERITES CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income-current	6,000,000	49,740	-	49,740	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Prosperity Development Corporation	Common stock	HI SCENE WORLD ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	386,535	\$ 4,082	-	\$ 4,082	
China Prosperity Development Corporation	Mutual fund	FSITC MONEY MARKET FUND		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,121,469	200,043	-	200,043	
China Prosperity Development Corporation	Mutual fund	Taishin Ta-Chong Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	13,379,741	190,036	-	190,036	
China Prosperity Development Corporation	Mutual fund	Jih Sun Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	11,814,722	175,015	-	175,015	
China Prosperity Development Corporation	Mutual fund	Eastspring Investments Well Pool Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	5,881,964	80,004	-	80,004	
China Prosperity Development Corporation	Mutual fund	Prudential Financial Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,162,215	50,010	-	50,010	
China Prosperity Development Corporation	Mutual fund	Cathay Taiwan Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,019,196	50,009	-	50,009	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-noncurrent	325,505	8,235	-	8,235	
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		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	995,990	51,991	2	51,991	
Eminent Venture Capital Corporation	Common stock	TAIWAN LIPOSOME CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	248,220	22,836	-	22,836	
Eminent Venture Capital Corporation	Common stock	SynCore Biotechnology Co., Ltd		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	483,000	13,693	1	13,693	
Eminent Venture Capital Corporation	Common stock	INTECH BIOPHARM LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	510,000	13,209	1	13,209	
Eminent Venture Capital Corporation	Common stock	Savior Lifetec Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	557,000	12,170	-	12,170	
Eminent Venture Capital Corporation	Common stock	Asia Best Healthcare Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	4,530	18,413	1	18,413	
Eminent Venture Capital Corporation	Common stock	StemCyte International, Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,080,647	16,033	1	16,033	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Common stock	Magqu Co. Ltd.	The held company as its supervisor	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,301,000	\$ 15,653	7	\$ 15,653	
Eminent Venture Capital Corporation	Common stock	U-Liang Pharmaceutical Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	557,000	6,071	1	6,071	
Eminent Venture Capital Corporation	Common stock	Dance Biopharm Holdings, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	166,394	1,333	1	1,333	
Eminent Venture Capital Corporation	Common stock	Cellerant Therapeutics, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	43,900	-	-	-	
Eminent Venture Capital Corporation	Common stock	New Medical Imaging Co., LTD		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	160,368	-	3	-	
Eminent Venture Capital Corporation	Common stock	INNOPHARMAX, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	2,567,519	19,267	4	19,267	
Eminent Venture Capital Corporation	Common stock	HOLY STONE HEALTHCARE CO.,LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	500,000	5,744	1	5,744	
Eminent Venture Capital Corporation	Common stock	Tekho Marine Biotech Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	788,824	4,891	4	4,891	
Eminent Venture Capital Corporation	Preferred stock	BioResource International, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	815,486	14,778	3	14,778	
Eminent Venture Capital Corporation	Preferred stock	Nereus Pharmaceuticals, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,895,531	7,536	2	7,536	
Eminent Venture Capital Corporation	Preferred stock	BioKey, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	600,000	533	3	533	
Eminent Venture Capital Corporation	Preferred stock	Cardiva Medical, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	612,648	-	1	-	
Eminent Venture Capital Corporation	Preferred stock	AndroScience Corp.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	2,111,111	-	7	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Preferred stock	Bayhill Therapeutics, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,404,494	\$ -	2	\$ -	
Eminent Venture Capital Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,133,629	42,721	-	42,721	
Infochamp Systems Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-noncurrent	3,834,338	97,009	-	97,009	
Infochamp Systems Corporation	Common stock	Lion Corporation Berhad		Financial assets at fair value through other comprehensive income-noncurrent	58	-	-	-	
Infochamp Systems Corporation	Common stock	iPASS Corporation		Financial assets at fair value through other comprehensive income-noncurrent	4,000,000	36,246	4	36,246	
Infochamp Systems Corporation	Common stock	TRICORNTECH CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	726,885	5,645	2	5,645	
Infochamp Systems Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	438,624	5,497	2	5,497	
Infochamp Systems Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.		Financial assets at fair value through other comprehensive income-noncurrent	889,571	-	5	-	
Kaohsiung Rapid Transit Corporation	Common stock	iPASS Corporation	Investee accounted for using equity method	Financial assets at fair value through other comprehensive income-noncurrent	13,000,000	117,757	11	117,757	
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	Parent company	Financial assets at fair value through other comprehensive income-current	4,431,944	112,128	-	112,128	
China Steel Express Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	8,801,555	222,679	-	222,679	
China Steel Express Corporation	Common stock	CSBC Corporation,Taiwan		Financial assets at fair value through other comprehensive income-current	1,564,258	44,112	-	44,112	
China Steel Express Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	3,240,000	53,163	-	53,163	
China Steel Express Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	657,936	8,246	3	8,246	
China Steel Express Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	35,000	4,952	1	4,952	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Transglory Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	255,665,331	\$ 6,468,333	2	\$ 6,468,333	Note1
Gains Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.		Financial assets at fair value through other comprehensive income-current	23,129,242	824,557	-	824,557	
Gains Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income-current	1,467,723	179,062	-	179,062	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.		Financial assets at fair value through other comprehensive income-current	1,340,257	108,561	-	108,561	
Gains Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.		Financial assets at fair value through other comprehensive income-current	2,043,620	87,978	-	87,978	
Gains Investment Corporation	Common stock	FUSHENG PRECISION CO., LTD.		Financial assets at fair value through other comprehensive income-current	500,000	81,500	-	81,500	
Gains Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income-current	1,388,000	65,305	-	65,305	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	935,032	65,078	-	65,078	
Gains Investment Corporation	Common stock	I JANG INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	787,000	39,350	-	39,350	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.		Financial assets at fair value through other comprehensive income-current	579,593	36,514	-	36,514	
Gains Investment Corporation	Common stock	RAFAEL MICROELECTRONICS, INC.		Financial assets at fair value through other comprehensive income-current	222,000	34,854	-	34,854	
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income-current	700,000	34,230	-	34,230	
Gains Investment Corporation	Common stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	373,000	34,092	-	34,092	
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-current	1,440,000	30,384	-	30,384	
Gains Investment Corporation	Common stock	NAN LIU ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	159,000	26,315	-	26,315	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income-current	885,300	25,718	-	25,718	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	407,000	24,257	-	24,257	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	670,661	\$ 22,903	-	\$ 22,903	
Gains Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.		Financial assets at fair value through other comprehensive income-current	638,000	22,298	-	22,298	
Gains Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income-current	421,036	21,978	-	21,978	
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	20,651	-	20,651	
Gains Investment Corporation	Common stock	SHIN FOONG SPECIALTY AND APPLIED MATERIALS CO., LTD.		Financial assets at fair value through other comprehensive income-current	364,000	20,639	-	20,639	
Gains Investment Corporation	Common stock	ZENG HSING INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	129,000	19,350	-	19,350	
Gains Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	528,000	19,219	-	19,219	
Gains Investment Corporation	Common stock	Enterex International Limited		Financial assets at fair value through other comprehensive income-current	642,000	17,141	-	17,141	
Gains Investment Corporation	Common stock	KING CHOU MARINE TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	420,000	16,191	-	16,191	
Gains Investment Corporation	Common stock	APAQ TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	505,149	16,089	-	16,089	
Gains Investment Corporation	Common stock	AMAZING MICROELECTRONIC CORP.		Financial assets at fair value through other comprehensive income-current	200,080	15,586	-	15,586	
Gains Investment Corporation	Common stock	AAEON TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income-current	193,000	14,668	-	14,668	
Gains Investment Corporation	Common stock	CHIEN SHING HARBOUR SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income-current	614,000	14,490	-	14,490	
Gains Investment Corporation	Common stock	WISECHIP SEMICONDUCTOR INC.		Financial assets at fair value through other comprehensive income-current	210,000	11,172	-	11,172	
Gains Investment Corporation	Common stock	AIR ASIA COMPANY LIMITED.		Financial assets at fair value through other comprehensive income-current	400,000	9,440	-	9,440	
Gains Investment Corporation	Common stock	EXCELSIOR BIOPHARMA INCORPORATION		Financial assets at fair value through other comprehensive income-current	124,000	6,659	-	6,659	
Gains Investment Corporation	Common stock	TAI-SAW TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	266,000	5,307	-	5,307	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	CRYOMAX COOLING SYSTEM CORP.		Financial assets at fair value through other comprehensive income-current	218,625	\$ 4,056	-	\$ 4,056	
Gains Investment Corporation	Common stock	TAIWAN ENVIRONMENT SCIENTIFIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	174,341	3,138	1	3,138	
Gains Investment Corporation	Common stock	CHIEF TELECOM INC.		Financial assets at fair value through other comprehensive income-current	15,000	2,588	-	2,588	
Gains Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-current	3,600	601	-	601	
Gains Investment Corporation	Common stock	Rentian Technology Holdings Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	18,350	-	-	-	
Gains Investment Corporation	Common stock	TD HITECH ENERGY INC.	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	2,296,000	29,848	8	29,848	
Gains Investment Corporation	Common stock	SUN WELL SOLAR CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	120,000	-	-	-	
Gains Investment Corporation	Common stock	Gloria Solar International Holding, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	880,000	-	1	-	
Gains Investment Corporation	Common stock	EPOCH ELECTRONICS CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	199,511	-	3	-	
Gains Investment Corporation	Common stock	GATETECH TECHNOLOGY INC.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	266,398	-	1	-	
Gains Investment Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	889,571	-	5	-	
Gains Investment Corporation	Common stock	FLEXUP TECHNOLOGIES CORPORATION	The held company as its supervisor	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,315,000	-	8	-	
Gains Investment Corporation	Common stock	ASUS CLOUD CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	64,553	-	-	-	
Gains Investment Corporation	Common stock	AbGenomics Holding Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	900,000	-	1	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	Tech alliance Corporation	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,433,250	\$ -	5	\$ -	
Gains Investment Corporation	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,678,788	-	10	-	
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	137,065	3	137,065	
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	83,835	-	83,835	
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	44,975	-	44,975	
Gains Investment Corporation	Common stock	KING POINT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	3,500,000	105,000	9	105,000	
Gains Investment Corporation	Common stock	Poju International Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	2,127,000	77,931	-	77,931	
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	55,544	5	55,544	
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	CDIB & Partners Investment Holding Corporation	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,160,000	35,442	-	35,442	
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	FEMCO STEEL TECHNOLOGY CO., LTD.		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	28,044	6	28,044	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 17,800	4	\$ 17,800	
Gains Investment Corporation	Common stock	T-Car Inc.		Financial assets at fair value through other comprehensive income-noncurrent	500,000	17,500	-	17,500	
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	13,743	4	13,743	
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	4,969	1	4,969	
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	35,000	4,952	1	4,952	
Gains Investment Corporation	Common stock	Mega I Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	675,000	438	2	438	
Gains Investment Corporation	Common stock	TRANSCOM, INC.		Financial assets at fair value through other comprehensive income-noncurrent	615,000	40,498	2	40,498	
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	2,001,000	40,020	5	40,020	
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,080,000	39,727	6	39,727	
Gains Investment Corporation	Common stock	LINTES TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	422,000	38,729	1	38,729	
Gains Investment Corporation	Common stock	HERAN CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	76,000	9,441	-	9,441	
Gains Investment Corporation	Common stock	UNITED PERFORMANCE MATERIALS CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	142,000	2,860	-	2,860	
Gains Investment Corporation	Other stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-noncurrent	658,480	109,966	-	109,966	
Gains Investment Corporation	Convertible bond	Tong Ming Enterprise Co., Ltd. Convertible Bond I		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	130,000	12,649	-	12,649	
Winning Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	160,406,339	4,058,280	-	4,058,280	Note2

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Betacera Inc.	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	74,149	\$ -	-	\$ -	
Betacera Inc.	Common stock	HCT REGENERATIVE CO., LTD		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	2,477	-	2,477	
Universal Exchange Inc.	Mutual fund	Union Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	959,620	12,668	-	12,668	
Mentor Consulting Corporation	Mutual fund	Union Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	537,611	7,097	-	7,097	
Eminence Investment Corporation	Common stock	HON HAI PRECISION INDUSTRY CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	287,000	21,095	-	21,095	
Eminence Investment Corporation	Common stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,000,000	10,300	-	10,300	
Eminence Investment Corporation	Common stock	GLOBALWAFERS CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	30,000	9,090	-	9,090	
Eminence Investment Corporation	Common stock	UPC TECHNOLOGY CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	722,000	8,989	-	8,989	
Eminence Investment Corporation	Common stock	The Coca-Cola Company		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	5,491	7,930	-	7,930	
Eminence Investment Corporation	Common stock	Facebook, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,510	7,757	-	7,757	
Eminence Investment Corporation	Common stock	PRESIDENT CHAIN STORE CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	25,000	7,588	-	7,588	
Eminence Investment Corporation	Common stock	WAFER WORKS CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	198,000	7,306	-	7,306	
Eminence Investment Corporation	Common stock	Adobe Systems Incorporated		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	828	6,801	-	6,801	
Eminence Investment Corporation	Common stock	Salesforce.Com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,355	6,614	-	6,614	
Eminence Investment Corporation	Common stock	Align Technology, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	750	6,572	-	6,572	
Eminence Investment Corporation	Common stock	Edwards Lifesciences Corp		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	960	5,661	-	5,661	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	CATCHER TECHNOLOGY CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	22,000	\$ 5,214	-	\$ 5,214	
Eminence Investment Corporation	Common stock	Tableau Software, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,205	4,727	-	4,727	
Eminence Investment Corporation	Common stock	Fubon Financial Holding Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	100,000	4,600	-	4,600	
Eminence Investment Corporation	Common stock	Apple Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	600	3,513	-	3,513	
(Eminence Investment Corporation	Common stock	Applied Materials, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,500	3,056	-	3,056	
Eminence Investment Corporation	Common stock	Nokia Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	15,380	2,711	-	2,711	
Eminence Investment Corporation	Common stock	Capital Futures Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	26,000	1,223	-	1,223	
Eminence Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	3,470,000	240,818	-	240,818	
Eminence Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.		Financial assets at fair value through other comprehensive income-current	3,718,000	153,553	-	153,553	
Eminence Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	1,352,564	94,138	-	94,138	
Eminence Investment Corporation	Common stock	TAIWAN CEMENT CORPORATION		Financial assets at fair value through other comprehensive income-current	1,118,000	46,118	-	46,118	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED		Financial assets at fair value through other comprehensive income-current	167,000	40,999	-	40,999	
Eminence Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income-current	722,200	37,699	-	37,699	
Eminence Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income-current	725,000	34,111	-	34,111	
Eminence Investment Corporation	Common stock	TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.		Financial assets at fair value through other comprehensive income-current	914,000	33,772	-	33,772	
Eminence Investment Corporation	Common stock	FORMOSA PLASTICS CORPORATION		Financial assets at fair value through other comprehensive income-current	285,000	31,208	-	31,208	
Eminence Investment Corporation	Common stock	CTBC Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	1,500,000	30,675	-	30,675	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	619,000	\$ 30,641	-	\$ 30,641	
Eminence Investment Corporation	Common stock	FORMOSA CHEMICALS & FIBRE CORP.		Financial assets at fair value through other comprehensive income-current	272,000	30,464	-	30,464	
Eminence Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	487,000	29,025	-	29,025	
Eminence Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income-current	230,000	28,060	-	28,060	
Eminence Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income-current	912,450	26,507	-	26,507	
Eminence Investment Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	930,000	26,087	-	26,087	
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	300,000	25,950	-	25,950	
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.		Financial assets at fair value through other comprehensive income-current	1,144,000	24,138	-	24,138	
Eminence Investment Corporation	Common stock	QUANG VIET ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	163,000	22,983	-	22,983	
Eminence Investment Corporation	Common stock	LUXNET CORPORATION		Financial assets at fair value through other comprehensive income-current	867,470	22,771	-	22,771	
Eminence Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	440,000	16,016	-	16,016	
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	424,000	14,967	-	14,967	
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION		Financial assets at fair value through other comprehensive income-current	211,000	13,462	-	13,462	
Eminence Investment Corporation	Common stock	POWERTECH TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income-current	178,000	12,958	-	12,958	
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.		Financial assets at fair value through other comprehensive income-current	117,000	8,389	-	8,389	
Eminence Investment Corporation	Common stock	SHENG YU STEEL CO., LTD.		Financial assets at fair value through other comprehensive income-current	377,000	7,389	-	7,389	
Eminence Investment Corporation	Common stock	SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.		Financial assets at fair value through other comprehensive income-current	195,000	6,884	-	6,884	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	TYC BROTHER INDUSTRIAL CO, LTD.		Financial assets at fair value through other comprehensive income-current	191,000	\$ 5,100	-	\$ 5,100	
Eminence Investment Corporation	Common stock	MACAUTO INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	55,000	4,950	-	4,950	
Eminence Investment Corporation	Common stock	ANPEC ELECTRONICS CORPORATION		Financial assets at fair value through other comprehensive income-current	67,899	4,434	-	4,434	
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	74,087	-	74,087	
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	18,979	-	18,979	
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	28,044	6	28,044	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	17,800	4	17,800	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,080,000	39,727	6	39,727	
Eminence Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,749,000	34,980	4	34,980	
Eminence Investment Corporation	Preferred stock	Fubon Financial Holding Co., Ltd.(B)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	494,000	31,122	-	31,122	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets at fair value through other comprehensive income-current	833,000	52,063	-	52,063	
Eminence Investment Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD.(E)		Financial assets at fair value through other comprehensive income-current	560,000	30,912	-	30,912	
Eminence Investment Corporation	Other stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-noncurrent	131,695	21,993	-	21,993	
Eminence Investment Corporation	Mutual fund	FUBON CHINA CSI 500 INDEX ETF (NTD)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	50,000	1,001	-	1,001	
Eminence Investment Corporation	Mutual fund	Cathay Taiwan Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	9,644,364	120,000	-	120,000	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Convertible bond	HY ELECTRONIC (CAYMAN) LIMITED, LTD Convertible Bond I		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	230,000	\$ 20,010	-	\$ 20,010	
Eminence Investment Corporation	Convertible bond	Tong Ming Enterprise Co., Ltd. Convertible Bond I		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	170,000	16,541	-	16,541	
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	36,274	-	36,274	
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	40,629	-	40,629	
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	40,903	-	40,903	
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	38,595	-	38,595	
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	36,985	-	36,985	
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	37,781	-	37,781	
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	40,618	-	40,618	
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	39,016	-	39,016	
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	41,069	-	41,069	
Gainsplus Asset Management Inc.	Common stock	Google Inc.-Class A(GOOG)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	212	7,690	-	7,690	
Gainsplus Asset Management Inc.	Common stock	Xilinx, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,590	6,213	-	6,213	
Gainsplus Asset Management Inc.	Common stock	Microsoft Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,507	5,478	-	5,478	
Gainsplus Asset Management Inc.	Common stock	Amazon.com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	95	5,214	-	5,214	
Gainsplus Asset Management Inc.	Common stock	Advanced Micro Devices, Inc		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,380	3,445	-	3,445	
Gainsplus Asset Management Inc.	Common stock	Microchip Technology Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,160	2,966	-	2,966	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gainsplus Asset Management Inc.	Common stock	NVIDIA Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	472	\$ 2,612	-	\$ 2,612	
Gainsplus Asset Management Inc.	Common stock	Phillips 66		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	114	334	-	334	
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	110,043	-	110,043	
China Steel Global Trading Corporation	Common stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	1,110	63,784	15	63,784	
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	12,330	-	12,330	
Wabo Global Trading Corporation	Mutual fund	Shin Kong Chi-Shin Money-market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,624,752	25,158	-	25,158	
Wabo Global Trading Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	4,883,724	50,473	-	50,473	
Wabo Global Trading Corporation	Mutual fund	Mega Diamond Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,978,326	37,342	-	37,342	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Maruichi Metal Product (Foshan) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	290,523	15	290,523	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	PCMI Metal Products (Chongqing) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	123,975	8	123,975	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Xiamen Chun Yuan Precision Mechatronic Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	31,935	19	31,935	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Changshu Baoshunchang Steel Processing Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	1,356	10	1,356	
CSGT International Corporation	Common stock	NSSB Coil Center (Thailand) Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	3,001	75,571	13	75,571	
CSGT International Corporation	Certificate of entitlement	Hanoi Steel Center Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	182,934	19	182,934	
CSC Steel Australia Holdings Pty Ltd	Common stock	KJTC Pty Ltd	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,623,595	7,250,872	13	7,250,872	
China Steel Asia Pacific Holdings Pte Ltd	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	-	117,349	6	117,349	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	MARCH 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	QINGDAO TECO PRECISION MECHATRONICS CO., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	-	\$ 57,165	12	\$ 57,165	
CSC Steel Holdings Berhad	Common stock	Astino Berhad		Financial assets at fair value through other comprehensive income-noncurrent	3,574,472	17,323	-	17,323	
CSC Steel Holdings Berhad	Mutual fund	OSK-UOB Cash Management Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,887,608	38,866	-	38,866	
CSC Steel Holdings Berhad	Mutual fund	Affin Hwang Select Cash Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,222,888	9,349	-	9,349	
Group Steel Corp. (M) Sdn. Bhd.	Mutual fund	Hwang-DBS		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	6,777,228	51,808	-	51,808	
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	120,182,757	918,733	-	918,733	
Constant Mode Sdn. Bhd.	Mutual fund	OSK-UOB Cash Management Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	201,891	2,019	-	2,019	

(Concluded)

Note 1: Parent company's stocks pledged as collateral amounted to 120,100 thousand shares and NT\$3,038,530 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 115,800 thousand shares and NT\$2,929,740 thousand.

**CHINA STEEL CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE PERIOD ENDED MARCH 31, 2019  
(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	130,000,000	\$ 1,242,730	-	\$ -	\$ -	\$ -	212,100,000	\$ 1,996,870
CSC Steel Holdings Berhad	Common stock	CSC Steel Sdn. Bhd.	Investments accounted for using equity method	Subsidiary	Subsidiary	220,000,000	4,559,344	139,000,000	1,087,713	-	-	-	-	359,000,000	5,647,057
Group Steel Corp. (M) Sdn. Bhd.	Mutual fund	Hwang-DBS	Financial assets mandatorily classified as at fair value through profit or loss (including measurement)	-	-	99,948,029	745,648	1,034,166	22,885	94,204,967	717,887	716,725	1,162	6,777,228	51,808
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS	Financial assets mandatorily classified as at fair value through profit or loss (including measurement)	-	-	-	-	120,182,757	918,733	-	-	-	-	120,182,757	918,733

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

**CHINA STEEL CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE PERIOD ENDED March 31, 2019  
(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	INDOOR YARD	2015.12.14	\$ 1,541,407	According to the contract	United Steel Engineering & Construction Corporation, CHINA STEEL STRUCTURE CO., LTD., China Ecotek Corporation	Fellow Company	-	-	-	\$ -	Price negotiation	Construction for own use	The relevant contracts were signed in December 2015, and the construction was completed in January 2019 and recognized as property, plant and equipment-buildings.

## 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 THREE MONTHS ENDED MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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	Chung Hung Steel Corporation	Subsidiary	Sales	\$ (4,900,293 )	(9 )	Letter of credit / Receivables were collected after final acceptance	\$ -	-	\$ 905,812	16	-
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiary	Sales	(1,298,597 )	(2 )	Accounts receivable factoring agreements / Receivables were collected within 14 days after shipment date	-	-	117,886	2	-
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	Sales	(825,110 )	(2 )	Accounts receivable factoring agreements	-	-	288,240	5	-
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales	(540,335 )	(1 )	Letter of credit	-	-	185,321	3	-
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales	(502,286 )	(1 )	Receivables were collected within 10 days after shipment date	-	-	36,343	1	-
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales	(475,624 )	(1 )	Letter of credit / Accounts received in advance before shipment date	-	-	9,321	-	-
China Steel Corporation	CSBC Corporation, Taiwan	The Corporation as director of the board of related party	Sales	(462,988 )	(1 )	Accounts received in advance before shipment date	-	-	250,043	4	-
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales	(309,957 )	(1 )	Receivables were collected within 30 days after shipment date	-	-	138,987	2	-
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales	(281,074 )	(1 )	Receivables were collected within 60 days after shipment date	-	-	204,078	4	-
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales	(209,565 )	-	Receivables were collected within 5 days after shipment date	-	-	9,169	-	-
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales	(177,496 )	-	Receivables were collected within 14 days after shipment date	-	-	115,423	2	-
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales	(147,866 )	-	Letter of credit / Accounts received in advance before shipment date	-	-	-	-	-
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales	(144,874 )	-	Letter of credit	-	-	10,408	-	-
China Steel Corporation	Rechi Refrigeration Dongguan Co, Ltd.	The Corporation as director of the board of related party's parent company	Sales	(139,911 )	-	Accounts received in advance before shipment date	-	-	-	-	-
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales	(102,098 )	-	Receivables were collected within 85 days after shipment date	-	-	91,560	2	-
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(162,008 )	-	By contract terms	-	-	39,759	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	Dragon Steel Corporation	Subsidiary	Purchases	\$ 5,557,225	14	Payment within 5 days after shipment date / Payment after final acceptance	\$ -	-	\$ (1,712,191 )	(21 )	-
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	2,055,242	5	Payment against copy of B/L	-	-	(1,003,989 )	(13 )	-
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Purchases	576,861	1	Payment after final acceptance	-	-	(159,769 )	(2 )	-
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	194,147	-	Payment against copy of B/L	-	-	(64,306 )	(1 )	-
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Purchases	112,701	-	Payment after final acceptance	-	-	(29,115 )	-	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(5,459,558 )	(23 )	Receivables were collected within 5 days after shipment date / Receivables were collected after final acceptance	-	-	1,812,447	40	-
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(2,745,614 )	(12 )	Letter of credit / Receivables were collected within 5 days after shipment date	-	-	360,448	8	-
Dragon Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	The same parent company	Sales	(1,251,750 )	(5 )	Receivables were collected within 5 days after shipment date	-	-	108,977	2	-
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(1,097,964 )	(5 )	Receivables were collected within 5 days after shipment date	-	-	128,940	3	-
Dragon Steel Corporation	China Steel Structure Co., Ltd.	The same parent company	Sales	(415,611 )	(2 )	Letter of credit	-	-	49,255	1	-
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(192,974 )	(1 )	Receivables were collected within 5 days after shipment date	-	-	25,059	1	-
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Sales	(181,604 )	(1 )	Receivables were collected within 5 days after shipment date	-	-	1,248	-	-
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	1,249,850	7	Payment against copy of B/L	-	-	(860,362 )	(40 )	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	240,451	1	Payment within 5 days after shipment date	-	-	(13,063 )	(1 )	-
Dragon Steel Corporation	C.S.Aluminium Corporation	The same parent company	Purchases	169,729	1	Payment in advance / Payment within 30 days after final acceptance	-	-	(41,922 )	(2 )	-
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(239,444 )	(2 )	T/T within 7 working days against copy of B/L	-	NOTHIRD-PARTYCOU LDBECOMPARED	8,927	-	-
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(114,762 )	(1 )	T/T as the end of the month of when invoice is issued after final acceptance	-	NOTHIRD-PARTYCOU LDBECOMPARED	42,788	2	-
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	4,927,498	53	Letter of credit at sight / Payment after final acceptance	-	NOTHIRD-PARTYCOU LDBECOMPARED	(1,227,691 )	(95 )	-
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	2,807,077	30	Letter of credit at sight	-	NOTHIRD-PARTYCOU LDBECOMPARED	-	-	-
Chung Hung Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	122,810	1	Letter of credit at sight	-	NOTHIRD-PARTYCOU LDBECOMPARED	-	-	-
China Ecotek Corporation	China Steel Corporation	Parent company	Construction revenue	(644,153 )	(31 )	By contract terms	-	-	179,182	14	-
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(555,151 )	(27 )	By contract terms	-	-	124,605	10	-
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(285,697 )	(14 )	By contract terms	-	-	76,889	6	-
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(175,261 )	(8 )	By contract terms	-	-	391,238	31	-
China Ecotek Corporation	China Steel Machinery Corporation	The same parent company	Purchases	177,608	9	By contract terms	-	-	(5,396 )	(1 )	-
China Ecotek Vietnam Company Limited	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(429,656 )	(67 )	By contract terms	-	-	10,189	9	-
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(324,224 )	(17 )	Receivables are collected as the end of every month of when invoice is issued	-	-	112,999	15	-

(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 Chemical Corporation	China Steel Corporation	Parent company	Purchases	\$ 540,335	54	Letter of credit at sight	\$ -	-	\$ (232,237 )	75	-
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	234,074	23	Payment after final acceptance	-	-	-	-	-
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	192,974	19	Letter of credit at sight	-	-	-	-	-
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	Sales	(112,748 )	(5 )	Net 60 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	142,197	14	-
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(527,379 )	(24 )	Net 60 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	314,971	31	-
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(303,097 )	(14 )	Net 30-70 days from the end of the month of when invoice is issued	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	149,374	15	-
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(105,914 )	(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.	34,470	3	-
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	158,535	24	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.	(10,402 )	(4 )	-
CHC Resources Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	117,842	18	Prepaid before shipping	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	-	-	-
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	109,075	17	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.	(46,519 )	(17 )	-
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(119,789 )	(4 )	Contractual period	-	-	-	-	Note 2
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Purchases	475,624	42	Letter of credit / Prepaid before shipment date	-	-	(10,682 )	(1 )	-
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Purchases	416,308	37	Letter of credit	-	-	(41,678 )	(3 )	-
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(300,030 )	(20 )	Contractual period	-	-	180,614	39	Note 2
United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	The same parent company	Construction revenue	(162,542 )	(11 )	Contractual period	-	-	-	-	Note 2
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(110,528 )	(7 )	Contractual period	-	-	-	-	Note 2

(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
Infochamp Systems Corporation	China Steel Corporation	Parent company	Service revenue	\$ (177,218 )	(46 )	Receivables were collected within 30 days after shipment date	\$ -	-	\$ 49,971	17	-
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(190,854 )	(6 )	Receivables were collected after shipment date	-	-	58,926	10	-
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(112,701 )	(4 )	Receivables were collected after final acceptance	-	-	29,115	5	-
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,892,218	60	Payment from counter-party notice after shipping	-	-	(9,425 )	(6 )	-
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	685,300	22	Payment after shipment date	-	-	(36,343 )	(24 )	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	345,170	70	Payment from counter-party notice after shipping	-	-	(148,641 )	(84 )	Note 1
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(235,715 )	(89 )	Net 90 days from the end of the month of when invoice is issued	-	-	160,321	88	-
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(104,611 )	(99 )	Net 90 days from the end of the month of when invoice is issued	-	-	137,983	99	-
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	235,765	53	Net 90 days from the end of the month of when invoice is issued	-	-	(171,292 )	(36 )	-
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Subsidiary	Purchases	104,634	24	Net 90 days from the end of the month of when invoice is issued	-	-	(187,564 )	(39 )	-
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(2,244,404 )	(61 )	Payment after shipping document specified	-	-	1,030,119	54	-
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(1,307,004 )	(36 )	Payment after shipping document specified	-	-	871,183	45	-
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(194,468 )	(59 )	Payment after shipping document specified	-	-	64,312	23	-
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Sales	(576,861 )	(11 )	Receivables were collected after final acceptance	-	-	159,769	24	-
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(169,729 )	(3 )	Receivables were collected after final acceptance	-	-	41,922	6	-
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(496,060 )	(31 )	Payment after final acceptance	-	-	283,525	45	-
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(194,310 )	(12 )	Payment after final acceptance	-	-	201,737	32	-
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(186,071 )	(12 )	Payment after final acceptance	-	-	37,464	6	-
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(102,879 )	(29 )	By contract terms	-	-	24,715	17	-
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(138,859 )	(43 )	By contract terms	-	-	52,385	66	-
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	22,510,826	100	Payment within 85 days after shipment date	-	-	(19,189,533 )	(85 )	-
China Steel Precision Metals Qingdao Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	The parent company as the director of other related party's parent company	Sales	(208,289 )	(66 )	Receivables were collected after shipment date	-	-	134,899	48	-
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	282,798	100	60 days after B/L	-	-	(204,078 )	(98 )	-
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	1,139,697	61	Payment after shipping document specified	-	-	(286,330 )	(70 )	-
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	235,465	13	Payment after shipping document specified	-	-	(8,716 )	(2 )	-
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	183,897	10	Payment after shipping document specified	-	-	(57,526 )	(14 )	-
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	173,949	9	Payment after shipping document specified	-	-	(32,825 )	(8 )	-
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(137,936 )	(100 )	Net 60 days from the end of the month of when invoice is issued	-	-	46,725	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
China Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchases	\$ 827,354	99	Payment to the bank after the Corporation's shipment date	\$ -	-	\$ -	-	-
China Steel Sumikin Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN SALES VIETNAM COMPANY LIMITED	Other related parties	Sales	(644,891 )	(14 )	Accounts receivable, 30 days term	-	-	91,554	6	-
China Steel Sumikin Vietnam Joint Stock Company	Nippon Steel & Sumikin Bussan Vietnam Co., Ltd.	Other related parties	Sales	(243,019 )	(5 )	Accounts receivable, 30 days term	-	-	-	-	-
China Steel Sumikin Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Sales	(183,829 )	(4 )	Accounts receivable, 30 days term	-	-	149,649	10	-
China Steel Sumikin Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	2,620,171	66	Receivables were collected within 120 days after shipment date	-	-	(87,008 )	(2 )	Note1
China Steel Sumikin Vietnam Joint Stock Company	NIPPON STEEL TRADING	Supervisor	Purchases	1,216,916	31	Receivables were collected within 14 days after shipment date	-	-	(217,164 )	(5 )	-
China Steel Sumikin Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	132,378	3	Prepaid before shipment date	-	-	-	-	-

(Concluded)

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

Note 2: Construction revenue is recognized according to percentage of completion method.

## CHINA STEEL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	\$ 2,601,792	-	\$ -		\$ 6	\$ -	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	1,528,417	-	-		298,394	-	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	908,659	29	-		908,329	-	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	288,240	23	-		288,240	-	
China Steel Corporation	CSBC Corporation,Taiwan	The Corporation as director of the board of related party	250,043	5	-		1,349	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	223,914	11	-		222,788	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	211,447	-	-		211,447	-	Note
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	204,078	6	-		-	-	
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	150,152	-	-		24	-	Note
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	138,995	-	-		-	-	Note
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	138,987	10	-		81,841	-	
China Steel Corporation	China Steel Machinery Corporation	Subsidiary	130,119	-	-		8	-	Note
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiary	125,070	30	-		125,070	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	115,423	10	-		115,423	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	1,914,927	17	-		449,712	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	360,448	29	-		360,448	-	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	128,940	26	-		128,940	-	
Dragon Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	The same parent company	108,977	17	-		108,977	-	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	147,107	2	-		26,168	-	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	160,321	5	-		84,884	-	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	137,983	3	-		41,269	-	
Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	Subsidiary	124,939	-	-		179	-	Note
China Steel Express Corporation	China Steel Corporation	Parent company	1,030,119	8	-		472,233	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	871,183	7	-		173,775	-	
CSE Transport Corporation	China Steel Express Corporation	Parent company	137,649	-	-		-	-	Note
C.S.Aluminium Corporation	China Steel Corporation	Parent company	159,769	14	-		96,859	-	
China Steel Precision Metals Qingdao Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	The parent company as the director of other related party's parent company	29,453,905	6	-		13,670,690	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	295,086	-	-		-	-	Note
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	217,634	1	-		-	-	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	112,999	16	-		112,999	-	
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	215,740	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Director of the board	215,740	-	-		-	-	Note
CHC Resources Corporation	China Steel Corporation	Parent company	314,971	8	-		87,578	-	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	149,374	8	28,287	Receivable on demand	68,308	-	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	142,197	4	7,940	Receivable on demand	54,061	-	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	180,614	13	-		62,968	-	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	391,238	2	-		-	-	
China Ecotek Corporation	China Steel Corporation	Parent company	179,182	11	-		132,902	-	

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	\$ 124,605	12	\$ -		\$ -	\$ -	
China Steel Machinery Corporation	China Steel Corporation	Parent company	283,525	8	-		232,528	-	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	203,182	8	-		203,182	-	
China Steel Sumikin Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	149,649	-	-		22,626	-	Note

(Concluded)

Note: Other receivables.

## CHINA STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2019  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total assets or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Corporation	Chung Hung Steel Corporation	1	Sales	\$ 4,900,293	Letter of credit/Receivables were collected after final acceptance	5
0	China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	1	Sales	1,298,597	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	1
0	China Steel Corporation	China Steel Corporation India Pvt. Ltd.	1	Sales	825,110	Accounts receivable factoring agreements	1
0	China Steel Corporation	China Steel Chemical Corporation	1	Sales	540,335	Letter of credit	1
0	China Steel Corporation	China Steel Global Trading Corporation	1	Sales	502,286	Receivables were collected within 10 days after shipment date	1
0	China Steel Corporation	China Steel Structure Co., Ltd.	1	Sales	475,624	Letter of credit/Accounts received in advance before shipment date	-
0	China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	1	Sales	309,957	Receivables were collected within 30 days after shipment date	-
0	China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	1	Sales	281,074	Receivables were collected within 60 days after shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Sales	209,565	Receivables were collected within 5 days after shipment date	-
0	China Steel Corporation	CSC Steel Sdn. Bhd.	1	Sales	177,496	Receivables were collected within 14 days after shipment date	-
0	China Steel Corporation	CHC Resources Corporation	1	Sales	144,874	Letter of credit	-
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	1	Sales	102,098	Receivables were collected within 85 days after shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Service revenue and other operating revenue	162,008	By contract terms	-
0	China Steel Corporation	Dragon Steel Corporation	1	Purchases	5,557,225	Payment within 5 days after shipment date/Payment after final acceptance	6
0	China Steel Corporation	China Steel Express Corporation	1	Purchases	2,055,242	Payment against copy of B/L	2
0	China Steel Corporation	C.S.Aluminium Corporation	1	Purchases	576,861	Payment after final acceptance	1
0	China Steel Corporation	CSE Transport Corporation	1	Purchases	194,147	Payment against copy of B/L	-
0	China Steel Corporation	China Steel Global Trading Corporation	1	Purchases	112,701	Payment after final acceptance	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
1	Dragon Steel Corporation	China Steel Corporation	2	Sales	\$ 5,459,558	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	6
1	Dragon Steel Corporation	Chung Hung Steel Corporation	3	Sales	2,745,614	Letter of credit/Receivables were collected within 5 days after shipment date	3
1	Dragon Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	3	Sales	1,251,750	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	1,097,964	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	China Steel Structure Co., Ltd.	3	Sales	415,611	Letter of credit	-
1	Dragon Steel Corporation	China Steel Chemical Corporation	3	Sales	192,974	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Sales	181,604	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Express Corporation	3	Purchases	1,249,850	Payment against copy of B/L	1
1	Dragon Steel Corporation	China Steel Corporation	2	Purchases	240,451	Payment within 5 days after shipment date	-
1	Dragon Steel Corporation	C.S.Aluminium Corporation	3	Purchases	169,729	Payment in advance/Payment within 30 days after final acceptance	-
2	Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	239,444	T/T within 7 working days against copy of B/L	-
2	Chung Hung Steel Corporation	China Steel Corporation	2	Service revenue	114,762	T/T as the end of the month of when invoice is issued after final acceptance	-
2	Chung Hung Steel Corporation	China Steel Corporation	2	Purchases	4,927,498	Letter of credit at sight/Payment after final acceptance	5
2	Chung Hung Steel Corporation	Dragon Steel Corporation	3	Purchases	2,807,077	Letter of credit at sight	3
3	China Ecotek Corporation	China Steel Corporation	2	Construction revenue	644,153	By contract terms	1
3	China Ecotek Corporation	Dragon Steel Corporation	3	Construction revenue	285,697	By contract terms	-
3	China Ecotek Corporation	CSC Solar Corporation	3	Construction revenue	175,261	By contract terms	-
3	China Ecotek Corporation	China Steel Machinery Corporation	3	Purchases	177,608	By contract terms	-
4	China Steel Chemical Corporation	China Steel Corporation	2	Purchases	540,335	Letter of credit at sight	1
4	China Steel Chemical Corporation	Dragon Steel Corporation	3	Purchases	192,974	Letter of credit at sight	-
5	CHC Resources Corporation	China Steel Corporation	2	Service revenue	527,379	Net 60 days from the end of the month of when invoice is issued	1
5	CHC Resources Corporation	Dragon Steel Corporation	3	Service revenue	303,097	Net 30~70 days from the end of the month of when invoice is issued	-
5	CHC Resources Corporation	China Steel Resources Corporation	3	Service revenue	105,914	By contract terms	-
5	CHC Resources Corporation	China Steel Corporation	2	Purchases	158,535	Letter of credit	-
5	CHC Resources Corporation	Chung Hung Steel Corporation	3	Purchases	109,075	Letter of credit	-
6	China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	3	Construction revenue	119,789	Contractual period	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
6	China Steel Structure Co., Ltd.	China Steel Corporation	2	Purchases	\$ 475,624	Letter of credit/Prepaid before shipment date	-
6	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Purchases	416,308	Letter of credit	-
7	United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	300,030	Contractual period	-
7	United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	3	Construction revenue	162,542	Contractual period	-
7	United Steel Engineering & Construction Corporation	China Steel Corporation	2	Construction revenue	110,528	Contractual period	-
8	Infochamp Systems Corporation	China Steel Corporation	2	Service revenue	177,218	Receivables were collected within 30 days after shipment date	-
9	China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	3	Sales	190,854	Receivables were collected after shipment date	-
9	China Steel Global Trading Corporation	China Steel Corporation	2	Sales	112,701	Receivables were collected after final acceptance	-
9	China Steel Global Trading Corporation	China Steel Corporation	2	Purchases (Note 2)	685,300	Payment after shipment date	1
10	CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	345,170	Payment from counter-party notice after shipping	-
11	Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	2	Sales	235,715	Net 90 days from the end of the month of when invoice is issued	-
12	Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	2	Sales	104,611	Net 90 days from the end of the month of when invoice is issued	-
13	Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	1	Purchases	235,765	Net 90 days from the end of the month of when invoice is issued	-
13	Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	1	Purchases	104,634	Net 90 days from the end of the month of when invoice is issued	-
14	China Steel Express Corporation	China Steel Corporation	2	Service revenue	2,244,404	Payment after shipping document specified	2
14	China Steel Express Corporation	Dragon Steel Corporation	3	Service revenue	1,307,004	Payment after shipping document specified	1
15	CSE Transport Corporation	China Steel Corporation	2	Service revenue	194,468	Payment after shipping document specified	-
16	C.S.Aluminium Corporation	China Steel Corporation	2	Sales	576,861	Receivables were collected after final acceptance	1
16	C.S.Aluminium Corporation	Dragon Steel Corporation	3	Sales	169,729	Receivables were collected after final acceptance	-
17	China Steel Machinery Corporation	China Steel Corporation	2	Construction revenue	496,060	Payment after final acceptance	1
17	China Steel Machinery Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	194,310	Payment after final acceptance	-
17	China Steel Machinery Corporation	Dragon Steel Corporation	3	Construction revenue	186,071	Payment after final acceptance	-
18	China Steel Security Corporation	China Steel Corporation	2	Service revenue	102,879	By contract terms	-
19	Steel Castle Technology Corporation	China Steel Corporation	2	Service revenue	138,859	By contract terms	-
20	China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	2	Purchases	22,510,826	Payment within 85 days after shipment date	23

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
21	China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	2	Purchases	\$ 282,798	60 days after B/L	-
22	CSC Steel Sdn. Bhd.	Dragon Steel Corporation	3	Purchases	1,139,697	Payment after shipping document specified	1
22	CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	3	Purchases	235,465	Payment after shipping document specified	-
22	CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	3	Purchases	183,897	Payment after shipping document specified	-
22	CSC Steel Sdn. Bhd.	China Steel Corporation	2	Purchases	173,949	Payment after shipping document specified	-
23	China Steel Resources Corporation	China Steel Corporation	2	Sales	137,936	Net 60 days from the end of the month of when invoice is issued	-
24	China Steel Corporation India Pvt. Ltd.	China Steel Corporation	2	Purchases	827,354	Payment to the bank after the Corporation's shipment date	1
25	China Steel Sumikin Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	2,620,171	Receivables were collected within 120 days after shipment date	3

(Concluded)

Note 1: The relationships with counterparties are as follows:

- 1) Parent to subsidiaries
- 2) Subsidiaries to parent
- 3) Subsidiaries to subsidiaries

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

## CHINA STEEL CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2019

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	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	\$ 6,130,607	\$ 77,935	\$ 34,040	Subsidiary
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	2,216,808	390,544	119,883	Subsidiary
China Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	1,024,194	1,024,194	66,487,844	33	1,320,918	20,901	24,685	Subsidiary
China Steel Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	554,268	554,268	55,393,138	45	1,208,375	20,380	35,566	Subsidiary
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	939,852	228,715	45,962	Subsidiary
China Steel Corporation	Dragon Steel Corporation	Republic of China	Hot-rolled products, H beams, billets, flat steels	95,779,069	95,779,069	8,612,586,123	100	105,501,823	744,490	229,008	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	16,315,586	208,851	208,851	Subsidiary
China Steel Corporation	China Steel Express Corporation	Republic of China	Shipping services for raw materials	2,504,071	2,504,071	422,545,250	100	10,645,525	343,451	337,211	Subsidiary
China Steel Corporation	C.S.Aluminium Corporation	Republic of China	Production and sale of aluminum and non-ferrous metal products	3,922,801	3,922,801	840,122,049	100	7,964,120	(230,382)	(204,699)	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	7,349,651	64,693	64,693	Subsidiary
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	6,909,602	(266,624)	(149,309)	Subsidiary
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd	Singapore	General investment	6,625,316	6,625,316	195,914,332	100	4,337,506	37,196	36,965	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	4,219,424	481,851	484,015	Subsidiary
China Steel Corporation	China Steel Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	309,502	309,502	78,827,362	100	2,297,816	71,234	71,234	Subsidiary
China Steel Corporation	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power	821,000	821,000	212,100,000	100	1,996,870	(57,269)	(57,269)	Subsidiary
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	728,690,560	100	1,665,920	(49,268)	(49,268)	Subsidiary
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	1,303,873	1,303,873	120,799,811	43	1,352,014	47,975	20,809	Subsidiary
China Steel Corporation	China Steel Machinery Corporation	Republic of China	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	591,748	591,748	86,338,564	74	1,086,777	43,327	15,315	Subsidiary
China Steel Corporation	China Steel Resources Corporation	Republic of China	Other non-metallic mineral products manufacturing	981,120	981,120	98,112,000	100	997,537	2,391	2,572	Subsidiary
China Steel Corporation	Infochamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	765,005	33,099	27,096	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	660,000	660,000	66,000,000	55	704,758	22,551	12,581	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	557,301	26,636	26,806	Subsidiary
China Steel Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	389,497	389,497	19,183,286	69	391,559	7,818	5,455	Subsidiary
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	291,833	2,495	2,495	Subsidiary
China Steel Corporation	United Steel International Co., Ltd.	Samoa	General investment	269,141	269,141	12,000,000	80	270,624	(2,709)	(2,167)	Subsidiary
China Steel Corporation	White Biotech Corporation	Republic of China	Biotechnology introduction and development	130,594	130,594	13,059,360	87	19,019	(231)	(201)	Subsidiary
China Steel Corporation	ChinaSteel Management Consulting Corporaion	Republic of China	Business management and management consulting services	15,144	15,144	999,993	100	17,613	655	655	Subsidiary

(Continued)



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	Number of Shares	%	Carrying Amount			
China Steel Corporation	China Steel Power Holding Corporation	Republic of China	General investment	\$ 5,000	\$ 5,000	500,000	100	\$ 4,928	\$ -	\$ -	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	985,625	985,625	95,527,811	48	987,241	(40,823)	(19,497)	Associate
China Steel Corporation	Honley Auto.Parts Co., Ltd.	Republic of China	Manufacture of automotive components	825,000	825,000	82,500,000	38	555,830	(53,713)	(20,609)	Associate
China Steel Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	450,000	450,000	45,000,000	18	517,534	38,791	6,982	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	500,000	500,000	50,000,000	46	408,606	31,709	14,666	Associate
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	320,929	320,929	28,658,729	31	369,879	(3,214)	(384)	Associate
China Steel Corporation	Dyna Rechi Co., Ltd.	Republic of China	Production and marketing of Brushless DC Motor (BLDCM)	400,000	400,000	40,000,000	25	290,746	(24,335)	(6,084)	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	58,786	(1,065)	(59)	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	833,350	17	13,894	3,176	529	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	289,620,871	41	2,576,171	(5,059)	-	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	31,857	376	-	Subsidiary
Chung Hung Steel Corporation	Taiwan Steel Corporation	Republic of China	Iron and steel industry chain industry	1,000	1,000	100,000	100	932	(1)	-	Subsidiary
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	309,855	228,715	-	Subsidiary
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	12,790	20,901	-	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,275,404	23,400	-	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	65,132,128	9	579,339	(5,059)	-	Subsidiary
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	371,471	(268)	-	Subsidiary
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	International trade and investment	39,920	39,920	1,300,000	100	355,284	8,465	-	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	180,000	180,000	18,000,000	15	192,158	22,551	-	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	68,839	68,839	2,450,000	5	49,908	(67,165)	-	Subsidiary
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8	44,362	7,818	-	Subsidiary
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,439	1,116	-	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	14,442	(7)	-	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	22,500	22,500	2,250,000	5	13,106	20,213	-	Subsidiary
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	80,000	80,000	8,000,000	9	77,899	4,027	-	Associate
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	2,116,800	6	26,679	(616)	-	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	249,999	5	4,167	3,176	-	Associate
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8	95,390	36,232	-	Subsidiary
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6	32,520	7,818	-	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	18,525	(5)	-	Subsidiary
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	17,464	398	-	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	17,081	773	-	Subsidiary
China Ecotek Corporation	CEC Development Corporation	USA	General investment	494,146	494,146	489	100	1,178,288	3,293	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	Number of Shares	%	Carrying Amount			
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	\$ 438,070	\$ 43,327	\$ -	Subsidiary
China Ecotek Corporation	CEC Holding Company Limited	Samoa	General investment	339,339	339,339	14,860,000	100	205,228	3,635	-	Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	240,000	240,000	24,000,000	20	199,853	22,551	-	Subsidiary
China Ecotek Corporation	CEC International Corporation	Samoa	General investment	30,642	30,642	10,000,000	100	46,739	200	-	Subsidiary
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	Engineering service industry	25,000	25,000	2,500,000	100	26,722	175	-	Subsidiary
China Ecotek Corporation	Econova Technology Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	25,000	25,000	2,500,000	100	24,390	(118)	-	Subsidiary
China Ecotek Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	24,196	(247)	-	Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	16,574	(6)	-	Subsidiary
China Ecotek Corporation	Jiing-Cheng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	15,655	(6)	-	Subsidiary
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	12,350	(5)	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	8,262	8,262	300,000	1	6,088	(67,165)	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	48,686	4,027	-	Associate
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,528	352,800	1	4,504	(616)	-	Associate
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	42,424	185	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	927,085	4,168	-	Subsidiary
CEC Development Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	42	185	-	Subsidiary
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	478,634	228,715	-	Subsidiary
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Republic of China	Construction and management of buildings, roads and railways, and other civil engineering projects	410,000	410,000	74,000,000	100	1,305,053	13,721	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd.	Singapore	Holding and investment	134,578	134,578	4,100,000	100	220,679	(14,748)	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	148,264	148,264	4,400,000	37	127,770	(23,288)	-	Subsidiary
China Steel Structure Co., Ltd.	Chiun Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	21,172	(247)	-	Subsidiary
China Steel Structure Co., Ltd.	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	17,080	17,080	769,829	3	15,807	7,818	-	Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	12,430	(6)	-	Subsidiary
China Steel Structure Co., Ltd.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	12,379	(7)	-	Subsidiary
China Steel Structure Co., Ltd.	Wabo Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	1,500	1,500	714,000	6	11,392	5,483	-	Subsidiary
China Steel Structure Co., Ltd.	Ascentek Venture Capital Corporation	Republic of China	General investment	15,876	15,876	1,587,600	5	19,988	(616)	-	Associate
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	4,568	46	-	Associate
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd	Singapore	Holding and investment	126,806	126,806	4,180,000	100	280,642	2,138	-	Subsidiary
United Steel Engineering & Construction Corporation	United Steel Development Corporation Limited	Republic of China	Residential and building development and rental industry	53,550	53,550	5,355,000	100	60,208	105	-	Subsidiary
United Steel Engineering & Construction Corporation	United Steel Construction (Vietnam) Co., Ltd.	Vietnam	Construction and management of buildings, roads and railways, and other civil engineering projects	33,129	33,129	-	100	57,965	488	-	Subsidiary
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	13,754	13,754	1,196,000	40	23,563	373	-	Subsidiary
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	15,433	15,433	1,543,276	1	17,150	47,975	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	Number of Shares	%	Carrying Amount			
United Steel Engineering & Construction Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	\$ 100,000	\$ 100,000	10,000,000	4	\$ 115,008	\$ 38,791	\$ -	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	51,807	(1,065)	-	Associate
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,292	5,292	529,200	2	6,649	(616)	-	Associate
United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Cambodia	Building materials manufacturing, construction engineering	96,283	96,283	310	31	98,901	1,673	-	Associate
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd.	Samoa	Holding and investment	397,075	397,075	12,000,000	100	348,403	(23,288)	-	Subsidiary
China Steel Structure Investment Pte. Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	248,811	248,811	7,600,000	63	220,663	(23,288)	-	Subsidiary
CHC Resources Corporation	Hsieh Sheng Development Corporation	Republic of China	Real estate lease	1,142,189	1,142,189	68,493	100	1,150,082	2,766	-	Subsidiary
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Sales of GBFS	287,125	129,922	-	85	283,503	6,319	-	Subsidiary
CHC Resources Corporation	Yu Cheng Lime Corporation	Republic of China	Real estate lease, management of raw materials	126,010	126,010	108,000	90	143,336	585	-	Subsidiary
CHC Resources Corporation	Union Steel Development Corporation	Republic of China	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	53,345	53,345	4,668,333	93	129,868	11,037	-	Subsidiary
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	Republic of China	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	50,937	50,937	5,408,550	51	99,740	1,272	-	Subsidiary
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	23,135	1,116	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	22,774	773	-	Subsidiary
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	19,959	398	-	Subsidiary
CHC Resources Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	17,891	(6)	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	17,672	373	-	Subsidiary
CHC Resources Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	10,970	10,970	494,440	2	10,141	7,818	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	8,254	8,254	300,000	1	6,089	(67,165)	-	Subsidiary
CHC Resources Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	73,269	73,269	9,298,583	10	108,812	(3,214)	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	15,000	15,000	1,500,000	2	14,555	1,088	-	Associate
CHC Resources Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	10,584	10,584	1,058,400	3	13,339	(616)	-	Associate
Union Steel Development Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	1,522	1,522	106,445	-	1,495	77,935	-	Subsidiary
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	31,257	31,257	13,000,000	100	333,735	15,322	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	17,000	17,000	1,700,000	1	19,008	47,975	-	Subsidiary
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation	Republic of China	Management and maintenance for buildings	10,000	10,000	1,000,000	100	13,036	435	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	5,000	5,000	500,000	1	4,852	1,088	-	Associate
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,528	352,800	1	4,446	(616)	-	Associate
China Prosperity Development Corporation	Chateau International Development Co., Ltd.	Republic of China	Development of leisure business	131,921	131,921	22,491,623	20	341,996	(9,232)	-	Associate
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	151,526	151,526	3,840	80	167,768	6,055	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	145,707	47,975	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	175,000	175,000	17,500,000	7	201,015	38,791	-	Associate
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,056	705,600	2	8,694	(616)	-	Associate
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	164,194	(11,943)	-	Subsidiary
Infochamp Systems Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	60,784	60,784	5,825,030	35	65,518	3,954	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	Number of Shares	%	Carrying Amount			
Infochamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	\$ 40,265	\$ 40,265	5,200,319	2	\$ 58,270	\$ 47,975	\$ -	Subsidiary
Infochamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	General investment	6,816	6,816	201,000	100	14,148	231	-	Subsidiary
Infochamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	2,071	(540)	-	Associate
Infochamp Systems Corporation	iPASS Corporation	Republic of China	Electronic stored value cards, electronic payment	-	40,000	-	-	-	-	-	Associate
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	26,000	2,600,000	100	28,934	1,647	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	9,246	9,215	-	100	24,557	1,906	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Corporation India Private Limited	India	Machines manufacturing	9,154	9,122	1,966,424	99	-	-	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	Samoa	General investment.	92	9,307	3,000	100	-	-	-	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	112,707	(1,065)	-	Associate
Dragon Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	98,266	98,266	3,500,000	2	81,422	20,901	-	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	120,000	120,000	12,000,000	10	128,105	22,551	-	Subsidiary
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	644,727	(43,382)	-	Subsidiary
C.S.Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	2,116,800	6	26,679	(616)	-	Associate
ALU Investment Offshore Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	1,063,593	1,063,593	31,650,000	65	644,718	(67,165)	-	Subsidiary
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,056	705,600	2	8,893	(616)	-	Associate
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	353,160,881	50	3,141,657	(5,059)	-	Subsidiary
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	2,838,562	(7,507)	-	Subsidiary
China Steel Express Corporation	CSEI Transport (Panama) Corporation	Panama	Shipping services for raw materials	316	316	10	100	479,994	2,595	-	Subsidiary
China Steel Express Corporation	Kaoport Stevedoring Corporation	Republic of China	Ship cargo loading and unloading industry	35,013	35,013	3,275,000	66	44,080	1,781	-	Subsidiary
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	2,116,800	6	26,679	(616)	-	Associate
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	254,464	(4,316)	-	Subsidiary
Gains Investment Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	212,912	212,912	23,423,016	32	361,564	36,233	-	Subsidiary
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	1,738,507	16,437	-	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,385,416	(4,316)	-	Subsidiary
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	764,652	53,200	-	Subsidiary
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	225,000	225,000	22,500,000	50	131,062	20,213	-	Subsidiary
Gains Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	170,432	170,432	10,533,713	64	119,336	3,954	-	Subsidiary
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	3,082	3,072	100,000	100	61,231	6,038	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	58,784	58,784	1,850,000	4	37,731	(67,165)	-	Subsidiary
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	25,909	25,909	1,000,000	100	22,814	2,562	-	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	538,688	544,748	8,000,395	20	683,462	8,315	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	200,000	200,000	20,000,000	22	194,745	4,027	-	Associate
Thintech Materials Technology Co., Ltd.	Thintech United Limited	Samoa	International trade and investment	277,173	277,173	9,308,598	100	34,406	35,050	-	Subsidiary
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	International trade and investment	205,435	205,435	6,800,000	100	23,900	(3,616)	-	Subsidiary
Betacera Inc.	Lefkara Ltd.	British Virgin Islands	Trading of electronic ceramics and life saving products	419,861	418,430	13,623,000	100	1,461,379	36,454	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	Number of Shares	%	Carrying Amount			
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	\$ 25,000	\$ 25,000	2,500,000	3	\$ 24,343	\$ 124,100	\$ -	Associate
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,528	352,800	1	4,446	(616)	-	Associate
Eminence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	17,672	373	-	Subsidiary
Eminence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	17,081	773	-	Subsidiary
Eminence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	16,525	1,116	-	Subsidiary
Eminence Investment Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	15,123	(247)	-	Subsidiary
Eminence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	12,379	(7)	-	Subsidiary
Eminence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	10,394	398	-	Subsidiary
Eminence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	10,379	(6)	-	Subsidiary
Eminence Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	9,259	(6)	-	Subsidiary
Eminence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	8,233	(5)	-	Subsidiary
Eminence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	10,800	27,900	80,000	-	10,808	8,315	-	Associate
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	-	10,778	228,715	-	Subsidiary
Shin Mau Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	5,619	5,619	341,896	-	7,678	20,901	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,058	(5)	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	2,051	(6)	-	Subsidiary
Ding Da Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	17,404	17,404	474,220	-	15,488	390,544	-	Subsidiary
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	1,923	(6)	-	Subsidiary
Ding Da Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	37	53,200	-	Subsidiary
Ding Da Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	17	17	1,600	-	18	3,954	-	Subsidiary
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	-	7,265	20,380	-	Subsidiary
Gau Ruei Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	17,584	17,584	474,220	-	15,488	390,544	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	2,081	398	-	Subsidiary
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,063	(7)	-	Subsidiary
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	-	10,778	228,715	-	Subsidiary
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	-	7,252	20,901	-	Subsidiary
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	-	6,659	20,380	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Investment, buy and sell	631,983	631,983	20,740,000	100	950,784	(11,857)	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Investment, buy and sell	212,822	212,822	11,800,000	100	676,497	(2,213)	-	Subsidiary
China Steel Global Trading Corporation	CSGT (Singapore) Pte. Ltd.	Singapore	Buy and sell, and act as an agency for steel products	22,600	22,600	6,100,000	100	392,255	8,114	-	Subsidiary
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	83,540	5,483	-	Subsidiary
China Steel Global Trading Corporation	United Steel International Development Corporation	British Virgin Islands	General investment	69,232	69,232	2,220,000	5	45,223	(67,165)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	March 31, 2018	Number of Shares	%	Carrying Amount			
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Buy and sell, and act as an agency for steel products	\$ 18,741	\$ 32,591	326,300	65	\$ 29,008	\$ 124	\$ -	Subsidiary
China Steel Global Trading Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	240	240	48,000	1	177	226	-	Subsidiary
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,056	705,600	2	8,889	(616)	-	Associate
Wabo Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	41,942	6,055	-	Subsidiary
Wabo Global Trading Corporation	CSGT Japan Co., Ltd.	Japan	Buy and sell, and act as an agency for steel products	10,160	10,160	800	100	18,078	(1,910)	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	General investment	86,435	86,140	3,000,000	20	67,656	(2,709)	-	Subsidiary
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	3,958	3,944	1,000,000	100	26,123	735	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	229,754	228,972	11,950,830	54	294,638	15,506	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	23,966	23,884	4,752,000	99	17,549	226	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	89,011	88,708	408,000	34	167,605	(56,956)	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	85,002	84,712	16,782,500	25	102,815	11,375	-	Associate
CSGT International Corporation	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	58,140	57,942	5,600,000	14	1,412	(19,715)	-	Associate
CSGT (Singapore) Pte. Ltd.	CSCD Limited	Cyprus	International trade and investment	116,072	114,695	1,876,795	49	308,006	8,313	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	359,296	356,173	16,440,001	100	132,397	(237)	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	7623704 Canada Inc.	Canada	Investments in mining industry	5,770,240	5,720,076	270,122,727	25	8,330,255	904,909	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,116,807	1,113,002	171,000,000	46	2,716,488	28,264	-	Subsidiary
China Steel Asia Pacific Holdings Pte Ltd	SINO Vietnam HI-TECH Material Co., Ltd.	Vietnam	Color coated steel coil	61,640	61,430	-	20	42,482	3,738	-	Associate
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	3,177,232	2,117,904	359,000,000	100	5,647,057	23,022	-	Subsidiary
CSC Steel Holdings Berhad	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	20,149	19,700	1,328,940	6	32,764	15,497	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	540,699	528,657	1,000,000	100	18,857	4,497	-	Subsidiary
CSC Steel Holdings Berhad	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	59,818	58,486	8,000,000	20	2,016	(19,711)	-	Associate
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,456	5,334	750,000	100	6,691	53	-	Subsidiary

(Concluded)

## CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2019 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	\$ 36,984	2	\$ 36,799	\$ -	\$ -	\$ 36,799	\$ 2,040	100	\$ 2,030	\$ 111,813	\$ -	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	18,492	2	18,492	-	-	18,492	(2,362)	100	(2,362)	31,214	30,684	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	6,164	2	6,164	-	-	6,164	231	100	231	13,702	55,453	Note 3 (1)
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	369,840	2	369,840	-	-	369,840	(23,288)	100	(23,288)	348,377	-	Note 3 (1)
Taicang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	209,576	2	209,576	-	-	209,576	(3,616)	100	(3,616)	23,900	-	Note 3 (1)
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	123,280	2	13,869	-	-	13,869	2,319	30	696	65,271	-	Note 3 (1), Note 4
Wuhan WISCO YUTEK Environment Technology Co., Ltd.	Environmental protection mechanical and electrical engineering and generation of operations	-	2	341,744	-	-	341,744	-	-	-	-	-	Note 6
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	462,300	2	494,969	-	-	494,969	(2,709)	100	(2,709)	338,256	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	616,400	2	431,480	-	-	431,480	6,481	70	4,536	451,121	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,078,700	2	107,870	-	-	107,870	(8,141)	10	(814)	104,901	-	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	182,971	2	200,515	-	-	200,515	(307)	100	(307)	181,013	-	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,343,752	2	940,626	-	-	940,626	28,001	70	19,601	860,770	-	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	184,920	2	184,920	-	-	184,920	(630)	100	(630)	178,168	-	Note 3 (1)
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,510,180	2	1,194,891	-	-	1,194,891	(67,084)	79	(53,076)	781,963	15,796	Note 3 (1)
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	135,608	2	135,608	-	-	135,608	2,846	100	2,846	409,247	-	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	462,300	2	462,300	-	-	462,300	2,169	100	2,169	574,072	-	Note 3 (1)
Thintech United Metal Resources (Taicang) Co., Ltd.	Precious metal refining and sales	323,610	2	286,891	-	-	286,891	(4,041)	-	(4,041)	-	-	Note 3 (1), Note 7

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2019 (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	\$ 1,814,311	\$ 1,814,311	\$ -
China Steel Chemical Corporation	276,024	276,024	4,452,572
CHINA STEEL STRUCTURE CO., LTD.	369,840	369,840	2,561,564
China Ecotek Corporation	549,779	681,618	1,827,440
C.S. Aluminium Corporation	975,453	975,453	4,960,961
Gains Investment Corporation	57,017	57,017	3,976,397
Thintech Materials Technology Co., Ltd.	496,467	496,467	680,697

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2019 (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)
Betacera Inc.	\$ 634,707	\$ 634,707	\$ 906,543
China Steel Global Trading Corporation	247,546	247,546	1,342,470
INFOCHAMP SYSTEMS CORPORATION	6,164	6,164	476,337
CHC RESOURCES CORPORATION	9,246	9,246	3,077,620

(Concluded)

Note 1: The amounts were calculated based on the foreign exchange rate as of March 31, 2019.

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 March 31, 2019, NT\$205,217 thousand has not been collected yet.

Note 7: The process of disposal and equity transfer were completed in March 2019. As of March 31, 2019, the related receivable has not been collected yet.