

# **China Steel Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 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 June 30, 2019 and 2018, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2019 and 2018, and the consolidated statements of changes in equity and of cash flows for the six months ended June 30, 2019 and 2018, and the notes to the 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 June 30, 2019 and 2018, its consolidated financial performance for the three months and six months ended June 30, 2019 and 2018, and its consolidated cash flows for the six months ended June 30, 2019 and 2018 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

August 12, 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	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 27,373,448	4	\$ 18,287,242	3	\$ 22,426,280	3
Financial assets at fair value through profit or loss - current (Note 7)	4,662,987	1	2,594,485	-	5,352,652	1
Financial assets at fair value through other comprehensive income - current (Note 8)	3,902,457	1	2,969,038	1	2,164,400	-
Financial assets for hedging - current (Note 10)	3,294,067	-	2,484,391	-	2,583,567	1
Contract assets - current (Note 25)	10,791,508	1	11,536,389	2	11,380,516	2
Notes receivable (Note 11)	1,770,046	-	1,853,631	-	1,796,392	-
Notes receivable - related parties (Notes 11 and 31)	316,063	-	488,680	-	512,860	-
Accounts receivable, net (Note 11)	13,284,514	2	15,270,077	2	15,168,215	2
Accounts receivable - related parties (Notes 11 and 31)	606,196	-	789,032	-	812,320	-
Other receivables (Note 31)	2,533,115	-	2,198,312	-	2,252,283	-
Current tax assets	223,128	-	171,737	-	248,295	-
Inventories (Note 12)	104,869,582	15	101,084,885	15	88,642,705	13
Non-current assets held for sale	68,180	-	839,218	-	1,442,532	-
Other financial assets - current (Notes 14 and 32)	11,692,320	2	9,353,900	2	14,915,453	2
Other current assets	4,598,133	1	4,386,727	1	4,522,654	1
Total current assets	189,985,744	27	174,307,744	26	174,221,124	25
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent (Note 7)	1,937,825	-	1,879,072	-	1,910,359	-
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	62,123,518	9	56,780,774	9	59,811,199	9
Financial assets at amortized cost - noncurrent (Note 9)	17,777	-	17,580	-	42,744	-
Financial assets for hedging - noncurrent (Note 10)	12,412	-	109,643	-	79,676	-
Investments accounted for using equity method (Note 13)	14,721,706	2	14,767,074	2	14,910,234	2
Property, plant and equipment (Notes 15 and 32)	392,692,816	56	398,733,684	59	408,272,012	60
Right-of-use assets (Note 16)	14,619,632	2	-	-	-	-
Investment properties (Notes 17 and 32)	9,696,245	2	9,570,503	2	9,663,271	2
Intangible assets	1,750,682	-	1,850,508	-	1,856,572	-
Deferred tax assets	8,542,880	1	8,332,662	1	7,339,809	1
Refundable deposits	540,487	-	582,235	-	616,746	-
Other financial assets - noncurrent (Notes 14 and 32)	2,294,795	-	2,290,486	-	2,285,888	-
Other noncurrent assets	3,129,548	1	5,304,631	1	5,588,587	1
Total noncurrent assets	512,080,323	73	500,218,852	74	512,377,097	75
TOTAL	\$ 702,066,067	100	\$ 674,526,596	100	\$ 686,598,221	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings and bank overdraft (Notes 18 and 32)	\$ 51,821,742	7	\$ 42,010,006	6	\$ 45,777,597	7
Short-term bills payable (Note 18)	32,241,113	5	22,412,046	3	37,888,871	6
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	25,122	-
Financial liabilities for hedging - current (Note 10)	524,059	-	4,405,228	1	4,706,718	1
Contract liabilities - current (Note 25)	9,019,938	1	7,555,264	1	6,521,196	1
Notes payable	1,357,602	-	1,786,843	-	1,231,250	-
Accounts payable (Note 20)	17,374,880	3	19,354,016	3	14,509,730	2
Accounts payable - related parties (Notes 20 and 31)	37,778	-	66,171	-	130,923	-
Other payables (Notes 21 and 31)	42,268,104	6	25,625,388	4	37,910,478	6
Current tax liabilities	2,295,547	-	4,854,183	1	2,646,639	-
Provisions - current (Note 22)	5,671,474	1	7,276,429	1	5,661,538	1
Lease liabilities - current (Note 16)	905,922	-	-	-	-	-
Current portion of bonds payable (Note 19)	18,049,531	3	12,899,340	2	14,949,641	2
Current portion of long-term bank borrowings (Notes 18 and 32)	2,590,685	-	2,974,653	1	13,310,737	2
Refund liabilities - current (Note 22)	4,991,146	1	2,868,815	-	2,980,318	-
Other current liabilities	1,242,105	-	1,250,323	-	1,480,774	-
Total current liabilities	190,391,626	27	155,338,705	23	189,731,532	28
NONCURRENT LIABILITIES						
Financial liabilities for hedging - noncurrent (Note 10)	4,465,371	1	4,350,730	1	3,940,317	1
Bonds payable (Note 19)	86,542,071	12	98,933,304	15	89,344,016	13
Long-term bank borrowings (Notes 18 and 32)	34,372,102	5	27,494,745	4	25,190,883	4
Long-term bills payable (Note 18)	10,816,490	2	21,319,494	3	23,703,094	3
Provisions - noncurrent (Note 22)	935,965	-	862,059	-	844,451	-
Deferred tax liabilities	13,541,980	2	12,708,119	2	12,649,122	2
Lease liabilities - noncurrent (Note 16)	11,713,714	2	-	-	-	-
Net defined benefit liabilities (Note 4)	9,233,545	1	9,361,721	1	8,262,512	1
Other noncurrent liabilities	1,068,136	-	1,360,001	-	1,338,114	-
Total noncurrent liabilities	172,689,374	25	176,390,173	26	165,272,509	24
Total liabilities	363,081,000	52	331,728,878	49	355,004,041	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 24)						
Share capital						
Ordinary shares	157,348,610	22	157,348,610	23	157,348,610	23
Preference shares	382,680	-	382,680	-	382,680	-
Total share capital	157,731,290	22	157,731,290	23	157,731,290	23
Capital surplus	38,560,049	6	38,545,884	6	38,256,960	5
Retained earnings						
Legal reserve	65,674,189	9	63,228,774	9	63,228,774	9
Special reserve	27,803,892	4	27,649,488	4	27,649,848	4
Unappropriated earnings	20,625,818	3	31,804,134	5	19,256,143	3
Total retained earnings	114,103,899	16	122,682,396	18	110,134,765	16
Other equity	7,654,779	1	2,595,167	-	5,699,581	1
Treasury shares	(8,646,700)	(1)	(8,646,700)	(1)	(8,635,544)	(1)
Total equity attributable to owners of the Corporation	309,403,317	44	312,908,037	46	303,187,052	44
NON-CONTROLLING INTERESTS	29,581,750	4	29,889,681	5	28,407,128	4
Total equity	338,985,067	48	342,797,718	51	331,594,180	48
TOTAL	\$ 702,066,067	100	\$ 674,526,596	100	\$ 686,598,221	100

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

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 31)	\$ 94,880,949	100	\$ 100,324,415	100	\$ 191,110,580	100	\$ 193,714,077	100
OPERATING COSTS (Notes 12 and 31)	85,647,901	90	87,801,689	87	172,606,178	90	171,581,220	88
GROSS PROFIT	9,233,048	10	12,522,726	13	18,504,402	10	22,132,857	12
OPERATING EXPENSES								
Selling and marketing expenses	1,656,154	2	1,507,286	1	3,382,947	2	2,907,115	1
General and administrative expenses	1,760,015	2	1,723,095	2	3,467,024	2	3,364,554	2
Research and development expenses	507,159	1	524,467	1	1,092,488	1	1,055,221	1
Loss (reversal) of expected credit loss	2,630	-	2,190	-	924	-	(764)	-
Total operating expenses	3,925,958	5	3,757,038	4	7,943,383	5	7,326,126	4
PROFIT FROM OPERATIONS	5,307,090	5	8,765,688	9	10,561,019	5	14,806,731	8
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 26 and 31)	486,061	1	404,600	-	838,135	1	734,771	-
Other gains and losses (Notes 26 and 31)	295,301	-	(146,961)	-	463,117	-	(140,189)	-
Finance costs (Note 26)	(789,475)	(1)	(860,264)	(1)	(1,611,803)	(1)	(1,729,828)	(1)
Reversal of expected credit loss	-	-	1,016	-	-	-	3,883	-
Share of the profit (loss) of associates	95,511	-	(18,858)	-	277,768	-	204,945	-
Total non-operating income and expenses	87,398	-	(620,467)	(1)	(32,783)	-	(926,418)	(1)
PROFIT BEFORE INCOME TAX	5,394,488	5	8,145,221	8	10,528,236	5	13,880,313	7
INCOME TAX (Notes 4 and 27)	1,159,699	1	551,509	-	2,150,343	1	827,252	-
NET PROFIT FOR THE PERIOD	4,234,789	4	7,593,712	8	8,377,893	4	13,053,061	7
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 at fair value through other comprehensive income	5,394,295	6	1,192,263	1	5,744,170	3	1,849,820	1

(Continued)

# 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 June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Gains and losses on hedging instruments	\$ 108,699	-	\$ 485,156	1	\$ 169,196	-	\$ 247,403	-
Share of the other comprehensive income of associates	19,442	-	(2,891)	-	22,833	-	13,045	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	(961,002)	(1)	(89,493)	-	(975,534)	-	(37,447)	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	62,859	-	1,869,507	2	442,352	-	345,926	-
Gains and losses on hedging instruments	(47,376)	-	(653,755)	(1)	(66,649)	-	(130,281)	-
Share of the other comprehensive income of associates	99,371	-	289,058	-	64,175	-	420,587	-
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	(4,567)	-	(10,143)	-	(10,150)	-	(1,511)	-
Other comprehensive income for the period, net of income tax	4,671,721	5	3,079,702	3	5,390,393	3	2,707,542	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 8,906,510</u>	<u>9</u>	<u>\$ 10,673,414</u>	<u>11</u>	<u>\$ 13,768,286</u>	<u>7</u>	<u>\$ 15,760,603</u>	<u>8</u>
<b>NET PROFIT</b>								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 3,572,291	4	\$ 6,559,951	7	\$ 7,180,504	4	\$ 11,168,511	6
Non-controlling interests	662,498	-	1,033,761	1	1,197,389	-	1,884,550	1
	<u>\$ 4,234,789</u>	<u>4</u>	<u>\$ 7,593,712</u>	<u>8</u>	<u>\$ 8,377,893</u>	<u>4</u>	<u>\$ 13,053,061</u>	<u>7</u>
<b>TOTAL COMPREHENSIVE INCOME</b>								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 8,199,498	8	\$ 9,336,328	9	\$ 12,269,551	6	\$ 13,556,571	7
Non-controlling interests	707,012	1	1,337,086	2	1,498,735	1	2,204,032	1
	<u>\$ 8,906,510</u>	<u>9</u>	<u>\$ 10,673,414</u>	<u>11</u>	<u>\$ 13,768,286</u>	<u>7</u>	<u>\$ 15,760,603</u>	<u>8</u>
<b>EARNINGS PER SHARE</b>								
(Note 28)								
Basic	\$ 0.23		\$ 0.42		\$ 0.46		\$ 0.72	
Diluted	\$ 0.23		\$ 0.42		\$ 0.46		\$ 0.72	

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

(Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation															Non-controlling Interests	Total Equity
	Other Equity																
	Share Capital			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Available-For-Sale Financial Assets	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Effective Portion of Gains and Losses on Hedging Instruments in a Cash Flow Hedge	Gains and Losses on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Corporation			
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	
Appropriation of 2018 earnings (Note 24)																	
Legal reserve	-	-	-	2,445,415	-	(2,445,415)	-	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	154,480	(154,480)	-	-	-	-	-	-	-	-	-	-	
Cash dividends to ordinary shareholders - NT\$1.0 per share	-	-	-	-	-	(15,734,861)	-	-	-	-	-	-	-	(15,734,861)	-	(15,734,861)	
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	-	(53,575)	-	(53,575)	
Reversal of special reserve	-	-	-	-	(76)	76	-	-	-	-	-	-	-	-	-	-	
Net profit for the six months ended June 30, 2019	-	-	-	-	-	7,180,504	-	-	-	-	-	-	-	7,180,504	1,197,389	8,377,893	
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	(32)	426,580	-	4,609,366	-	53,133	5,089,079	-	5,089,047	301,346	5,390,393	
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	7,180,472	426,580	-	4,609,366	-	53,133	5,089,079	-	12,269,551	1,498,735	13,768,286	
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,806,666)	(1,806,666)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	29,467	-	-	(29,467)	-	-	(29,467)	-	-	-	-	
Adjustment of other equity	-	-	14,165	-	-	-	-	-	-	-	-	-	-	14,165	-	14,165	
BALANCE AT JUNE 30, 2019	\$ 157,348,610	\$ 382,680	\$ 38,560,049	\$ 65,674,189	\$ 27,803,892	\$ 20,625,818	\$ (5,493,044)	\$ -	\$ 8,990,812	\$ -	\$ 4,157,011	\$ 7,654,779	\$ (8,646,700)	\$ 309,403,317	\$ 29,581,750	\$ 338,985,067	
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	
Appropriation of 2017 earnings (Note 24)																	
Legal reserve	-	-	-	1,690,558	-	(1,690,558)	-	-	-	-	-	-	-	-	-	-	
Special reserve (reversal)	-	-	-	-	(5,992)	5,992	-	-	-	-	-	-	-	-	-	-	
Cash dividends to ordinary shareholders - NT\$0.88 per share	-	-	-	-	-	(13,846,677)	-	-	-	-	-	-	-	(13,846,677)	-	(13,846,677)	
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	-	(53,575)	-	(53,575)	
Reversal of special reserve	-	-	-	-	(29)	29	-	-	-	-	-	-	-	-	-	-	
Net profit for the six months ended June 30 2018	-	-	-	-	-	11,168,511	-	-	-	-	-	-	-	11,168,511	1,884,550	13,053,061	
Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	7,132	502,871	-	1,825,833	-	52,224	2,380,928	-	2,388,060	319,482	2,707,542	
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	11,175,643	502,871	-	1,825,833	-	52,224	2,380,928	-	13,556,571	2,204,032	15,760,603	
Acquisition of the Corporation's shares held by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(103,520)	(103,520)	(72,798)	(176,318)	
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,651,492)	(1,651,492)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(209,989)	-	-	209,989	-	-	209,989	-	-	-	-	
Adjustment of other equity	-	-	45,878	-	-	-	-	-	-	-	-	-	365	46,243	-	46,243	
BALANCE AT JUNE 30, 2018	\$ 157,348,610	\$ 382,680	\$ 38,256,960	\$ 63,228,774	\$ 27,649,848	\$ 19,256,143	\$ (5,612,982)	\$ -	\$ 7,287,563	\$ -	\$ 4,025,000	\$ 5,699,581	\$ (8,635,544)	\$ 303,187,052	\$ 28,407,128	\$ 331,594,180	

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 Six Months Ended June 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 10,528,236	\$ 13,880,313
Adjustments for:		
Depreciation expense	18,271,971	16,582,702
Amortization expense	140,947	148,889
Recognition (reversal) of expected credit loss	924	(4,647)
Net gain on financial assets and liabilities at fair value through profit or loss	(103,164)	(67,031)
Finance costs	1,611,803	1,729,828
Interest income	(217,607)	(160,862)
Dividends income	(194,174)	(142,668)
Share of the profit of associates	(276,409)	(223,586)
Loss on disposal of property, plant and equipment	66,229	49,549
Gain on disposal of investments	(55,414)	(56,860)
Reversal of impairment loss recognized on non-financial assets	(7,530)	(1,438)
Write-downs of inventories	1,113,966	791,394
Recognition (reversal) of provisions	(1,498,430)	392,118
Others	15,351	6,825
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(1,741,514)	(260,819)
Financial assets for hedging	427,937	918,120
Contract assets	778,120	23,167
Notes receivable	83,585	1,546
Notes receivable - related parties	172,617	(203,273)
Accounts receivable	1,989,534	(2,151,371)
Accounts receivable - related parties	182,836	(457,243)
Other receivables	(176,845)	(227,746)
Inventories	(4,899,512)	(1,366,554)
Other current assets	536,533	(259,903)
Financial liabilities for hedging	(47,966)	(23,929)
Contract liabilities	1,462,604	(594,530)
Notes payable	(429,241)	43,096
Accounts payable	(1,979,136)	1,248,245
Accounts payable - related parties	(28,393)	93,546
Other payables	1,438,896	1,705,685
Provisions	(33,593)	(6,538)
Other current liabilities	7,879	(261,378)
Net defined benefit liabilities	(128,176)	(59,268)
Refund liabilities	2,122,331	1,398,118
Cash generated from operations	29,135,195	32,483,497
Income taxes paid	(5,122,411)	(2,409,996)
Net cash generated from operating activities	24,012,784	30,073,501

(Continued)



# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (1,123,161)	\$ (458,580)
Proceeds from disposal of financial assets at fair value through other comprehensive income	534,010	147,522
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	-	106,602
Acquisition of financial assets at fair value through profit or loss	(410,302)	(1,150,948)
Proceeds from disposal of financial assets at fair value through profit or loss	227,688	1,364,551
Acquisition of financial assets at amortized cost	-	(13,625)
Proceeds from disposal of financial assets at amortized cost	-	93,692
Acquisition of financial assets for hedging	(986,810)	(1,460,674)
Acquisition of financial liabilities for hedging	-	2,885,352
Derecognition of financial liabilities for hedging	(3,889,714)	(17,623,452)
Acquisition of investments accounted for using equity method	(15,486)	(54,309)
Proceeds from disposal of investments accounted for using equity method	53,334	125,882
Net cash outflow on acquisition of subsidiaries	-	(1,138,500)
Disposal of subsidiaries	33,863	-
Acquisition of property, plant and equipment	(11,901,680)	(8,764,120)
Proceeds from disposal of property, plant and equipment	44,617	19,638
Decrease in refundable deposits	41,748	81,100
Acquisition of intangible assets	(9,652)	(25,557)
Acquisition of right-of-use assets	(11,937)	-
Acquisition of investment properties	-	(171,686)
Increase in other financial assets	(2,342,729)	(5,792,471)
Increase in other noncurrent assets	(194,702)	(134,006)
Interest received	210,396	144,327
Dividends received from associates	244,258	180,387
Dividends received from others	92,718	71,444
Net cash used in investing activities	<u>(19,403,541)</u>	<u>(31,567,431)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	134,606,921	136,103,390
Repayments of short-term borrowings	(124,769,555)	(126,340,420)
Proceeds from short-term bills payable	68,063,925	140,507,544
Repayment of short-term bills payable	(58,234,858)	(127,254,255)
Issuance of bonds payable	-	12,750,000
Repayments of bonds payable	(7,250,000)	(3,500,000)
Proceeds from long-term bank borrowings	22,869,900	24,530,000
		(Continued)

# CHINA STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
Repayments of long-term bank borrowings	\$ (16,493,057)	\$ (38,948,535)
Proceeds from long-term bills payable	2,475,017	1,899,370
Repayments of long-term bills payable	(12,978,021)	(5,809,435)
Repayments of principal of lease liabilities	(438,790)	-
Increase (decrease) in other noncurrent liabilities	(5,761)	61,190
Dividends paid to owners of the Corporation	(2,856)	(2,217)
Acquisition of the Corporation's shares held by subsidiaries	-	(176,318)
Interest paid	(1,855,412)	(1,978,358)
Decrease in non-controlling interests	<u>(1,806,666)</u>	<u>(1,651,492)</u>
Net cash generated from financing activities	<u>4,180,787</u>	<u>10,190,464</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>423,063</u>	<u>311,720</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,213,093	9,008,254
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>\$ 21,735,925</u>	<u>\$ 18,891,783</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2019 and 2018:		
Cash and cash equivalents in the consolidated balance sheets	\$ 27,373,448	\$ 22,426,280
Bank overdraft	<u>(5,637,523)</u>	<u>(3,534,497)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 21,735,925</u>	<u>\$ 18,891,783</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 SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

---

### 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 June 30, 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 August 12, 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. The IFRSs endorsed by FSC for application starting from 2020

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

Note 1: 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 2: 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.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021

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

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. However, the accompanying consolidated financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

a. Statement of compliance

The 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
			June 30, 2019	December 31, 2018	June 30, 2018	
China Steel Corporation	China Steel Express Corporation	Shipping services for raw materials	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			June 30, 2019	December 31, 2018	June 30, 2018	
China Steel Express Corporation	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)	Holding and 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	ERP systems automation control systems service	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	
	Dragon Steel Corporation (DSC)	Hot-rolled coils, H beams, billets, flat steels	100	100	100	
	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 1) 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 2) below
	CHC Resources Corporation(CHC)	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, China Steel Structure Co., Ltd., intermediate solidification, reutilization of resources	20	20	20	Direct and indirect ownerships amounted to 36%, and refer to 1) 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 1) 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.	Holding and investment	80	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	100	Investment in April 2018
	China Steel Power Holding Corporation	General investment	100	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%
C.S. Aluminium Corporation	Kaoport Stevedoring Corporation	Ship cargo loading and unloading industry	66	66	66	
	ALU Investment Offshore Corporation	Holding and investment	100	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corporation	Holding and 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	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			June 30, 2019	December 31, 2018	June 30, 2018	
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 2) 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. (TTMC)	Sputtering target manufacturing and sales	32	32	32	Direct and indirect ownerships amounted to 40%, and refer to 1) 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%
	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	Holding and investment	100	100	100	
	Thintech United Limited	Holding and investment	-	100	100	End of settlement in June 2019
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 2) below
	Changzhou China Steel Precision Materials Co., Ltd. (CCSPMC)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	70	70	70	
	China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	60	60	60	Direct and indirect ownerships amounted to 70%
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCM)	Manufacture and sale of steel products	100	100	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	Holding and investment	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	Holding and investment	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	Holding and investment	100	100	100	

(Continued)



Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			June 30, 2019	December 31, 2018	June 30, 2018	
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	End of settlement in May 2019
	China Steel Machinery Vietnam Co., Ltd.	Machines manufacturing	100	100	100	
	China Steel Machinery Corporation India Private Limited	Machines manufacturing	-	99	99	End of settlement in May 2019
China Steel Machinery Holding Corporation	CSMC (Shanghai) Global Trading Co., Ltd.	Wholesale and retail trade	-	-	100	End of settlement in October 2018
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	Holding and 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	Holding and investment	100	100	100	
	CEC Development Corporation	Holding and investment	100	100	100	
	CEC Holding Company Limited	Holding and investment	100	100	100	
	China Ecotek Construction Corporation (CECC)	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 (CECI)	Projects designs, construction and related services	100	100	100	
CEC Development Corporation	China Ecotek Vietnam Company Limited (CEVC)	Projects designs, construction and related services	100	100	100	
China Steel Chemical Corporation	Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	100	100	100	
	Ever Glory International Co., Ltd.	General 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	
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.	Sale of GBFS	85	85	85	
	Hsieh Sheng Development Corporation	Real estate lease	100	100	100	Investment in June 2018
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation (USECC)	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	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			June 30, 2019	December 31, 2018	June 30, 2018	
China Steel Structure Investment Pte. Ltd.	United Steel Construction (Vietnam) Co., Ltd. (USCVC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	100	Direct and indirect ownerships amounted to 100%
	United Steel Development Co., Ltd. (USDC)	Residential and building development and rental industry	100	100	100	
	China Steel Structure Holding Co., Ltd.	Holding and investment	63	63	63	
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd.	Holding and investment	100	100	100	End of settlement in August 2018
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd. (CKSSC)	Manufacture and sale of products of steel structure	100	100	100	
White Biotech Corporation	Renery Biotech Corporation	Ethanol manufacturing	-	-	100	
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Technical service	100	100	-	Investment in September 2018

(Concluded)

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

- The chairman and general manager of CEC, CCCC, CHC, CSSC and TTMC are designated by the Corporation and other subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over the aforementioned subsidiaries and included them in the consolidated entities.
- The actual operations of 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 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 subsidiaries and included them in the consolidated entities.

3) The subsidiary, CSMC, acquired 50% of shareholding in Senergy Wind Power Co., Ltd. Under the shareholders' agreement, CSMC 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 general manager 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

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	\$ 46,359	\$ 49,926	\$ 48,061
Checking accounts and demand deposits	14,937,355	9,653,003	8,423,302
Cash equivalents (investments with original maturities less than three months)			
Time deposits	9,206,479	7,912,749	13,837,890
Commercial papers with repurchase agreements	2,728,255	671,564	117,027
Bonds with repurchase agreements	<u>455,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,373,448</u>	<u>\$ 18,287,242</u>	<u>\$ 22,426,280</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 June 30, 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

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Mutual funds	\$ 3,985,874	\$ 1,902,173	\$ 3,386,948
			(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Listed shares	\$ 413,192	\$ 423,640	\$ 1,538,720
Emerging market shares	205,483	217,281	207,434
Convertibles bonds	50,814	46,440	218,784
Future contracts (b)	5,770	4,951	34
Foreign exchange forward contracts (a)	<u>1,854</u>	<u>-</u>	<u>732</u>
	<u>\$ 4,662,987</u>	<u>\$ 2,594,485</u>	<u>\$ 5,352,652</u>
<b>Financial assets at FVTPL - noncurrent</b>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,880,573	\$ 1,834,226	\$ 1,819,753
Emerging market shares	<u>57,252</u>	<u>44,846</u>	<u>90,606</u>
	<u>\$ 1,937,825</u>	<u>\$ 1,879,072</u>	<u>\$ 1,910,359</u>
<b>Financial liabilities at FVTPL - current</b>			
Financial liabilities held for trading			
Foreign exchange forward contracts (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,122</u> (Concluded)

In July 2003, the Corporation and Sumitomo Metal Industries, Ltd. (renamed as Nippon Steel Corporation in April 2019) 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 Corporation.

- 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>June 30, 2019</u>			
Sell	USD/NTD	July 2019	USD5,350/NTD167,974
<u>June 30, 2018</u>			
Sell	USD/NTD	July 2018	USD13,011/NTD381,075
Sell	HKD/NTD	July 2018	HKD49,000/NTD182,280
Sell	JPY/NTD	July 2018	JPY370,000/NTD101,245
Sell	USD/RMB	December 2018	USD1,172/CNY7,566
Buy	NTD/JPY	December 2018	NTD49,034/JPY180,000

- 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 did not accounted for by using hedge accounting. As of the balance sheet date, the outstanding precious metals futures contracts were as follows:

<b>Maturity Date</b>	<b>Weight (Kilograms)</b>	<b>Amount (In thousands)</b>
<hr/> <b>June 30, 2019</b> <hr/>		
December 15, 2019	1,606	\$ 27,528 (RMB 6,089 thousand)
<hr/> <b>December 31, 2018</b> <hr/>		
June 15, 2019	2,281	37,659 (RMB 8,421 thousand)
<hr/> <b>June 30, 2018</b> <hr/>		
December 15, 2018	946	17,563 (RMB 3,824 thousand)

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<hr/> <b>Current</b> <hr/>			
Domestic investments			
Listed shares	\$ 3,848,635	\$ 2,916,952	\$ 2,113,842
Emerging market shares and unlisted shares	<u>53,822</u>	<u>52,086</u>	<u>50,558</u>
	<u>\$ 3,902,457</u>	<u>\$ 2,969,038</u>	<u>\$ 2,164,400</u>
<hr/> <b>Noncurrent</b> <hr/>			
Domestic investments			
Listed shares	\$ 14,232,699	\$ 10,670,938	\$ 9,302,123
Emerging market shares and unlisted shares	2,147,484	1,821,200	2,440,160
Private placement shares of listed companies	<u>-</u>	<u>147,368</u>	<u>130,379</u>
	<u>16,380,183</u>	<u>12,639,506</u>	<u>11,872,662</u>
Foreign investments			
Unlisted shares	42,935,435	41,161,772	44,732,678
Listed shares	1,989,163	2,188,927	2,402,602
Certificate of entitlement	<u>818,737</u>	<u>790,569</u>	<u>803,257</u>
	<u>45,743,335</u>	<u>44,141,268</u>	<u>47,938,537</u>
	<u>\$ 62,123,518</u>	<u>\$ 56,780,774</u>	<u>\$ 59,811,199</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 \$191,859 thousand, \$101,037 thousand, \$191,859 thousand and 127,982 thousand were recognized for the three months and six months ended June 30, 2019 and 2018, respectively. All of the amounts related to investments held as of June 30, 2019 and 2018.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2019	December 31, 2018	June 30, 2018
<hr/> Noncurrent <hr/>			
Bonds	\$ 13,587	\$ 13,436	\$ 38,635
Subordinated financial bonds	<u>4,190</u>	<u>4,144</u>	<u>4,109</u>
	<u>\$ 17,777</u>	<u>\$ 17,580</u>	<u>\$ 42,744</u>

## 10. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2019	December 31, 2018	June 30, 2018
<hr/> Financial assets for hedging - current <hr/>			
Hedging foreign-currency deposits	\$ 2,807,758	\$ 2,255,386	\$ 2,513,587
Foreign exchange forward contracts	<u>486,309</u>	<u>229,005</u>	<u>69,980</u>
	<u>\$ 3,294,067</u>	<u>\$ 2,484,391</u>	<u>\$ 2,583,567</u>
<hr/> Financial assets for hedging - noncurrent <hr/>			
Foreign exchange forward contracts	<u>\$ 12,412</u>	<u>\$ 109,643</u>	<u>\$ 79,676</u>
<hr/> Financial liabilities for hedging - current <hr/>			
Bank loans (Note 18)	\$ 350,360	\$ 4,177,109	\$ 4,523,540
Borrowed precious metals from bank	166,265	201,997	169,203
Foreign exchange forward contracts	7,434	26,122	13,032
Interest rate swap contracts	<u>-</u>	<u>-</u>	<u>943</u>
	<u>\$ 524,059</u>	<u>\$ 4,405,228</u>	<u>\$ 4,706,718</u>
<hr/> Financial liabilities for hedging - noncurrent <hr/>			
Bank loans (Note 18)	\$ 4,464,097	\$ 4,348,562	\$ 3,926,260
Foreign exchange forward contracts	<u>1,274</u>	<u>2,168</u>	<u>14,057</u>
	<u>\$ 4,465,371</u>	<u>\$ 4,350,730</u>	<u>\$ 3,940,317</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 June 30, 2019, December 31, 2018 and June 30, 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\$2,807,758 thousand (JPY0.28 billion, RMB32,795 thousand, USD52,045 thousand, EUR26,924 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\$2,513,587 thousand (JPY0.8 billion, RMB47,034 thousand, USD38,385 thousand, EUR25,246 thousand and GBP332 thousand), respectively. As of June 30, 2019, December 31, 2018 and June 30, 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)

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable			
Operating	\$ 2,084,762	\$ 2,341,981	\$ 2,306,681
Non-operating	<u>1,347</u>	<u>330</u>	<u>2,571</u>
	2,086,109	2,342,311	2,309,252
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,086,109</u>	<u>\$ 2,342,311</u>	<u>\$ 2,309,252</u>
Accounts receivable	\$ 13,964,041	\$ 16,130,968	\$ 16,031,911
Less: Allowance for impairment loss	<u>73,331</u>	<u>71,859</u>	<u>51,376</u>
	<u>\$ 13,890,710</u>	<u>\$ 16,059,109</u>	<u>\$ 15,980,535</u>

The Corporation and its subsidiaries make prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation 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.

## June 30, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 14,897,384	\$ 702,233	\$ 316,403	\$ 49,374	\$ 84,756	\$ 16,050,150
Loss allowance (Lifetime ECL)	<u>(24,475)</u>	<u>(4)</u>	<u>(722)</u>	<u>(3,075)</u>	<u>(45,055)</u>	<u>(73,331)</u>
Amortized cost	<u>\$ 14,872,909</u>	<u>\$ 702,229</u>	<u>\$ 315,681</u>	<u>\$ 46,299</u>	<u>\$ 39,701</u>	<u>\$ 15,976,819</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>

## June 30, 2018

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 16,982,944	\$ 670,974	\$ 191,566	\$ 357,570	\$ 138,109	\$ 18,341,163
Loss allowance (Lifetime ECL)	<u>(5,472)</u>	<u>(6)</u>	<u>(13)</u>	<u>(10,368)</u>	<u>(35,517)</u>	<u>(51,376)</u>
Amortized cost	<u>\$ 16,977,472</u>	<u>\$ 670,968</u>	<u>\$ 191,553</u>	<u>\$ 347,202</u>	<u>\$ 102,592</u>	<u>\$ 18,289,787</u>

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

	For the Six Months Ended June 30	
	2019	2018
Balance, beginning of period	\$ 71,859	\$ 52,297
Recognition (reversal)	928	(781)
Written off	-	(525)
Effect of foreign currency exchange difference	<u>544</u>	<u>385</u>
Balance, end of period	<u>\$ 73,331</u>	<u>\$ 51,376</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 six months ended June 30, 2019 and 2018, the related information for the Corporation and its subsidiaries CHS'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 Six Months Ended June 30, 2019						
Mega Bank	\$ 4,309,472	\$ 4,822,998	\$ 5,442,542	\$ 3,689,928	1.05-1.75	NT\$9 billion
Bank of Taiwan	1,582,029	2,264,353	2,233,494	1,612,888	1.05-1.75	NT\$3 billion
Bank of Taiwan	491,723	2,443,500	2,511,984	423,239	0.60-3.86	USD130,000 thousand
Taishin Bank	3,341,792	4,937,706	5,235,081	3,044,417	3.00-3.39	USD120,000 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
CTBC Bank	\$ 1,046,091	\$ 1,084,480	\$ 1,583,973	\$ 546,598	3.09-3.47	USD40,000 thousand
Mizuho Bank	13,372	230,810	243,827	355	2.83-3.34	USD10,000 thousand
Mega Bank	1,033,187	1,357,839	1,546,987	844,039	1.27	NT\$3 billion
Bank of Taiwan	199,960	273,405	203,066	270,299	3.93	USD20,000 thousand
	<u>\$ 12,017,626</u>	<u>\$ 17,415,091</u>	<u>\$ 19,000,954</u>	<u>\$ 10,431,763</u>		
For the Six Months Ended June 30, 2018						
Mega Bank	\$ 3,946,637	\$ 5,297,892	\$ 5,202,284	\$ 4,042,245	1.05-1.68	NT\$9 billion
Bank of Taiwan	1,473,874	2,043,650	2,049,254	1,468,270	1.05-1.68	NT\$3 billion
Bank of Taiwan	649,515	3,130,253	3,232,803	546,965	0.55-3.16	USD130,000 thousand
Taishin Bank	1,626,213	4,390,780	2,856,106	3,160,887	2.00-2.69	USD123,000 thousand
CTBC Bank	677,245	1,551,538	1,140,493	1,088,290	2.00-2.77	USD40,000 thousand
Mizuho Bank	-	2,305	442	1,863	2.19	USD10,000 thousand
Mega Bank	1,088,226	1,590,694	1,438,020	1,240,900	1.19	NT\$3 billion
Bank of Taiwan	62,805	214,916	128,954	148,767	3.33	USD20,000 thousand
Bank of Taiwan	157,681	115,664	273,345	-	2.70	USD15,000 thousand
	<u>\$ 9,682,196</u>	<u>\$ 18,337,692</u>	<u>\$ 16,321,701</u>	<u>\$ 11,698,187</u>		

(Concluded)

## 12. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Work in progress	\$ 29,154,942	\$ 25,240,250	\$ 21,889,449
Finished goods	26,699,868	26,664,139	23,525,791
Raw materials	22,725,350	20,789,812	20,769,383
Supplies	12,838,534	12,389,277	11,728,366
Raw materials and supplies in transit	11,734,279	11,672,473	7,407,057
Buildings and lands under construction	1,466,588	4,071,736	3,076,646
Others	<u>250,021</u>	<u>257,198</u>	<u>246,013</u>
	<u>\$ 104,869,582</u>	<u>\$ 101,084,885</u>	<u>\$ 88,642,705</u>

The cost of inventories recognized as operating costs for the three months and six months ended June 30, 2019 and 2018 was NT\$73,524,779 thousand, NT\$74,862,446 thousand, NT\$145,372,290 thousand and NT\$147,666,592 thousand, respectively, including loss on inventory value decline of NT\$1,119,435 thousand, NT\$312,401 thousand NT\$1,113,966 thousand and NT\$791,394 thousand, respectively.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2019	December 31, 2018	June 30, 2018
Material associates			
7623704 Canada Inc.	\$ 8,448,801	\$ 8,306,551	\$ 8,222,945
Associates that are not individually material	<u>6,272,905</u>	<u>6,460,523</u>	<u>6,687,289</u>
	<u>\$ 14,721,706</u>	<u>\$ 14,767,074</u>	<u>\$ 14,910,234</u>

#### a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			June 30, 2019	December 31, 2018	June 30, 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.

	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 262,689	\$ 63,126	\$ 44,513
Noncurrent assets	34,166,060	33,785,917	33,506,528
Current liabilities	<u>(57)</u>	<u>(18)</u>	<u>(42,708)</u>
Equity	<u>\$ 34,428,692</u>	<u>\$ 33,849,025</u>	<u>\$ 33,508,333</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>\$ 8,448,801</u>	<u>\$ 8,306,551</u>	<u>\$ 8,222,945</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Net profit (loss) for the period	<u>\$ 222,517</u>	<u>\$ (283,333)</u>	<u>\$ 1,127,426</u>	<u>\$ 557,645</u>
Total comprehensive income for the period	<u>\$ 573,731</u>	<u>\$ 980,144</u>	<u>\$ 1,304,734</u>	<u>\$ 2,297,023</u>
Dividends received from 7623704 Canada Inc.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,568</u>	<u>\$ 162,525</u>
Comprehensive income attributable to the Corporation and its subsidiaries	<u>\$ 140,794</u>	<u>\$ 240,527</u>	<u>\$ 320,182</u>	<u>\$ 563,689</u>

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
The Corporation and its subsidiaries' share of Net profit (loss) for the period	\$ 36,245	\$ 65,165	\$ (261)	\$ 86,740
Other comprehensive income	<u>32,626</u>	<u>(23,890)</u>	<u>43,497</u>	<u>6,789</u>
Total comprehensive income	<u>\$ 68,871</u>	<u>\$ 41,275</u>	<u>\$ 43,236</u>	<u>\$ 93,529</u>

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Chateau International Development Co., Ltd.	<u>\$ 569,038</u>	<u>\$ 674,749</u>	<u>\$ 696,116</u>

Except for the investments in some companies, investments accounted for using equity method as of June 30, 2019 and 2018, and the share of profit or loss and other comprehensive income of associates for the three months and six months ended June 30, 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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<b>Current</b>			
Pledged time deposits (Note 32)	\$ 6,444,521	\$ 6,419,409	\$ 6,337,322
Time deposits with original maturities more than three months	5,245,018	2,609,083	8,130,347
Deposits for projects	<u>2,781</u>	<u>325,408</u>	<u>447,784</u>
	<u>\$ 11,692,320</u>	<u>\$ 9,353,900</u>	<u>\$ 14,915,453</u>
<b>Noncurrent</b>			
Pledged receivables	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Pledged time deposits (Note 32)	263,085	266,649	261,618
Time deposits	21,710	21,710	22,144
Deposits for projects	<u>10,000</u>	<u>2,127</u>	<u>2,126</u>
	<u>\$ 2,294,795</u>	<u>\$ 2,290,486</u>	<u>\$ 2,285,888</u>

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

## 15. PROPERTY, PLANT AND EQUIPMENT

For the six months ended June 30, 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	79,933	44,232	2,591,102	6,995,029	1,529,884	574,626	862,255	-	(740,353)	11,936,708
Disposals	(45,127)	-	(24,342)	(1,581,623)	(67,111)	(257,840)	(617,045)	-	-	(2,593,088)
Reclassification	(136,776)	-	500,203	(525,365)	2,944	(1,449)	(3,687)	-	-	(164,130)
Disposal of subsidiaries	-	-	(83,107)	(24,432)	-	(10,236)	-	-	-	(117,775)
Effect of foreign currency exchange difference	1,631	2,614	108,961	377,011	94,309	13,465	-	-	837	598,828
Balance at June 30, 2019	<u>\$ 67,951,337</u>	<u>\$ 5,117,625</u>	<u>\$ 128,378,765</u>	<u>\$ 644,385,086</u>	<u>\$ 28,109,720</u>	<u>\$ 17,968,869</u>	<u>\$ 10,480,160</u>	<u>\$ -</u>	<u>\$ 17,842,278</u>	<u>\$ 920,233,840</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	34,466	34,466	1,990,284	13,688,688	784,714	559,421	684,426	-	-	17,741,999
Disposals	(19,176)	-	(16,212)	(1,520,190)	(65,941)	(243,679)	(611,555)	-	-	(2,476,753)
Impairments loss reversed	-	-	-	(5,310)	-	(2,220)	-	-	-	(7,530)
Reclassification	-	-	110,041	(116,299)	2,917	(1,022)	-	-	-	(4,363)
Disposal of subsidiaries	-	-	(20,400)	(15,371)	-	(9,282)	-	-	-	(45,053)
Effect of foreign currency exchange difference	-	874	26,625	137,154	38,252	10,751	-	-	-	213,656
Balance at June 30, 2019	<u>\$ 6,370</u>	<u>\$ 4,733,076</u>	<u>\$ 54,262,507</u>	<u>\$ 436,681,201</u>	<u>\$ 12,705,743</u>	<u>\$ 14,526,403</u>	<u>\$ 4,625,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 527,541,024</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 June 30, 2019	<u>\$ 67,944,967</u>	<u>\$ 384,549</u>	<u>\$ 74,116,258</u>	<u>\$ 207,703,885</u>	<u>\$ 15,403,977</u>	<u>\$ 3,447,466</u>	<u>\$ 5,854,436</u>	<u>\$ -</u>	<u>\$ 17,842,278</u>	<u>\$ 392,692,816</u>

For the six months ended June 30, 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	-	-	962,284	5,057,918	129,552	328,004	497,450	-	2,632,209	9,607,417
Disposals	-	(4,328)	(3,947)	(2,099,808)	(17,435)	(358,616)	(494,460)	-	(934)	(2,979,528)
Reclassification	(1,581)	462	36,320	(3,090)	1,292	(14,499)	(5,051)	-	(25,121)	(11,268)
Acquisitions through business combinations	1,213,752	-	-	-	100	437	-	-	-	1,214,289
Effect of foreign currency exchange difference	2,080	(3,618)	18,154	330,316	(1,180,264)	6,136	-	-	2,498	(824,698)
Others	-	-	-	-	-	-	(2,700)	-	-	(2,700)
Balance at June 30, 2018	<u>\$ 68,048,921</u>	<u>\$ 5,040,861</u>	<u>\$ 124,658,039</u>	<u>\$ 624,819,435</u>	<u>\$ 26,469,779</u>	<u>\$ 17,436,719</u>	<u>\$ 10,295,703</u>	<u>\$ 323,003</u>	<u>\$ 25,593,284</u>	<u>\$ 902,685,744</u>
<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	-	31,128	1,938,520	12,580,164	770,956	546,533	681,686	5,351	-	16,554,358
Disposals	-	(4,328)	(3,947)	(2,032,684)	(17,281)	(357,641)	(494,460)	-	-	(2,910,341)
Impairment losses reversed	-	-	-	(1,438)	-	-	-	-	-	(1,438)
Reclassification	-	-	46	-	-	-	-	-	-	46
Acquisitions through business combinations	-	-	-	-	83	280	-	-	-	363
Effect of foreign currency exchange difference	-	(984)	15,316	162,666	(1,275,421)	8,171	-	-	-	(1,090,252)
Balance at June 30, 2018	<u>\$ 25,546</u>	<u>\$ 4,665,634</u>	<u>\$ 50,265,344</u>	<u>\$ 409,956,263</u>	<u>\$ 11,243,697</u>	<u>\$ 13,789,418</u>	<u>\$ 4,429,633</u>	<u>\$ 38,197</u>	<u>\$ -</u>	<u>\$ 494,413,732</u>
Carrying amount at June 30, 2018	<u>\$ 68,023,375</u>	<u>\$ 375,227</u>	<u>\$ 74,392,695</u>	<u>\$ 214,863,172</u>	<u>\$ 15,226,082</u>	<u>\$ 3,647,301</u>	<u>\$ 5,866,070</u>	<u>\$ 284,806</u>	<u>\$ 25,593,284</u>	<u>\$ 408,272,012</u>

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

(Continued)

Buildings	
Main structure	3-60 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 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 (Concluded)

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 June 30, 2019, December 31, 2018 and June 30, 2018, the book values of the farmlands were all 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>June 30, 2019</b>
<u>Carrying amounts</u>	
Land	\$ 13,400,181
Land improvements	440,233
Buildings	657,459
	(Continued)

	<b>June 30, 2019</b>
Machinery	\$ 19,572
Office equipment	192
Transportation equipment	101,636
Others	<u>359</u>
	<u>\$ 14,619,632</u>
	(Concluded)

	<b>For the Three Months Ended June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Additions to right-of-use assets		<u>\$ 420,360</u>
Depreciation charge for right-of-use assets		
Land	\$ 190,365	\$ 372,793
Land improvements	15,503	31,007
Buildings	35,229	65,851
Machinery	2,449	4,899
Office equipment	11	21
Transportation equipment	14,446	27,899
Others	<u>4</u>	<u>9</u>
	<u>\$ 258,007</u>	<u>\$ 502,479</u>

b. Lease liabilities - 2019

	<b>June 30, 2019</b>
<u>Carrying amounts</u>	
Current	\$ 905,922
Non-current	<u>11,713,714</u>
	<u>\$ 12,619,636</u>

Range of discount rate for lease liabilities was as follows:

	<b>June 30, 2019</b>
Land (%)	0.55-2.21
Land improvements (%)	0.92-1.31
Buildings (%)	0.55-4.79
Machinery (%)	0.88-1.47
Office equipment (%)	6.07
Transportation equipment (%)	0.60-4.79
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 2008 to December 2027.

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

The subsidiary DSC leases industrial land and port land from Taiwan International Ports Corporation, Ltd. Taichung branch for the use of cargo handling with a lease term started from December 2004 to November 2054. The rent is calculated based on leased portion of land times announced land value and tax rate of land value.

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

To expand storage of GBFS and mid to long-term utilization, the subsidiary CHC continued to rent several pieces of land in the Port of Taichung industrial area from Taiwan International Ports Corporation, Ltd. Taichung branch with a lease period 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 June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 56,140</u>	<u>\$ 123,620</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	<u>\$ 112</u>	<u>\$ 224</u>
Total cash outflow for leases	<u>\$ (307,247)</u>	<u>\$ (663,078)</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 six months ended June 30, 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>5,908</u>	<u>13,059</u>	<u>18,967</u>
Balance at June 30, 2019	<u>\$ 8,269,364</u>	<u>\$ 2,732,556</u>	<u>\$ 11,001,920</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 237,364	\$ 1,038,310	\$ 1,275,674
Depreciation	-	27,493	27,493
Effect of foreign currency exchange difference	<u>-</u>	<u>2,508</u>	<u>2,508</u>
Balance at June 30, 2019	<u>\$ 237,364</u>	<u>\$ 1,068,311</u>	<u>\$ 1,305,675</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 June 30, 2019	<u>\$ 8,032,000</u>	<u>\$ 1,664,245</u>	<u>\$ 9,696,245</u>

For the six months ended June 30, 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	-	171,686	171,686
Transfer from property, plant and equipment	1,581	-	1,581
Transfer to property, plant and equipment	-	(13,302)	(13,302)
Reclassified as noncurrent assets held for sale	(172,778)	(1,269,754)	(1,442,532)
Disposals	-	(11,301)	(11,301)
Effect of foreign currency exchange difference	<u>6,362</u>	<u>13,894</u>	<u>20,256</u>
Balance at June 30, 2018	<u>\$ 8,188,699</u>	<u>\$ 2,716,680</u>	<u>\$ 10,905,379</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 237,364	\$ 985,549	\$ 1,222,913
Depreciation	-	28,344	28,344
Disposals	-	(11,301)	(11,301)
Transfer to property, plant and equipment	-	(46)	(46)
Effect of foreign currency exchange difference	<u>-</u>	<u>2,198</u>	<u>2,198</u>
Balance at June 30, 2018	<u>\$ 237,364</u>	<u>\$ 1,004,744</u>	<u>\$ 1,242,108</u>
Carrying amount at June 30, 2018	<u>\$ 7,951,335</u>	<u>\$ 1,711,936</u>	<u>\$ 9,663,271</u>

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, first recognized as investment properties 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:

	June 30, 2019	December 31, 2018	June 30, 2018
Fair value	\$ 24,412,110	\$ 24,172,985	\$ 25,905,013
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

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured loans - interest at 0.49%-8.75% p.a., 0.47%-12% p.a. and 0.43%-8.07% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	\$ 44,051,226	\$ 32,723,437	\$ 40,352,601
Bank overdraft (Note 32) - interest at 0.14%-8.07% p.a., 0.14%-8.33% p.a. and 0.14%-8.10% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	5,637,523	5,764,410	3,534,497

(Continued)

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Letters of credit - interest at 0%-1.46% p.a., 0%-1.17% p.a. and 0%-1.20% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	\$ 1,863,305	\$ 1,834,030	\$ 975,757
Secured loans (Note 32) - interest at 3.25%-4.69% p.a., 0.88%-5.00% p.a. and 0.88%-5.06% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	<u>269,688</u>	<u>1,688,129</u>	<u>914,742</u>
	<u>\$ 51,821,742</u>	<u>\$ 42,010,006</u>	<u>\$ 45,777,597</u> (Concluded)

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 RMB230,000 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 June 30, 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 USD41,000 thousand credit line (or equal amount in RMB, the credit line remained unchanged) and USD50,000 thousand credit line. Under the agreements, the Corporation and its subsidiaries should directly or indirectly hold 100% or over 51% of CSMK issued shares and all or over half of the seats in the board of directors. As of June 30, 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 June 30, 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 a USD14,000 thousand (or equal amount in VND, the credit line remained unchanged) and USD27,500 thousand short term credit line. Under the agreements, the Corporation should hold at least 51% or 56% of CSVC's issued shares and half or more of the seats in the board of directors. As of June 30, 2019, the Corporation held 56% equity of CSVC and half or more of the seats in the board of directors.

b. Short-term bills payable

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Commercial paper - interest at 0.47%-1.49% p.a., 0.40%-1.15% p.a. and 0.21%-1.15 p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	\$ 32,250,500	\$ 22,417,000	\$ 37,898,000
Less: Unamortized discounts	<u>9,387</u>	<u>4,954</u>	<u>9,129</u>
	<u>\$ 32,241,113</u>	<u>\$ 22,412,046</u>	<u>\$ 37,888,871</u>

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

c. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
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. as of June 30, 2018	\$ -	\$ -	3,258,540
Mizuho Bank and other banks loan to the Corporation			
Repayable in August 2018, interest at 3.44%-3.47% p.a. as of June 30, 2018	-	-	4,569,000
Mega International Commercial Bank and other banks loan to CSVC			
Repayable in 10 semiannual installments from September 2015 to March 2020, interest at 3.28% p.a., 3.71% p.a. and 3.23% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	2,348,136	2,515,558	2,686,572
CTBC and other banks loan to CSCI			
Repayable in 5 semiannual installments from June 2017 to June 2019, interest at 3.79% p.a., 4.37% p.a. and 3.89% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	3,407,651	3,365,664	3,355,252
Mortgage loans (Note 32)			
Due on various dates through April 2032, interest at 1.26%-3.76% p.a., 1.26%-3.50% p.a. and 1.26%-3.41% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	5,017,000	6,747,390	7,136,880
Due on various dates through June 2025, interest at 0.28%-3.27% p.a., 0.29%-3.57% p.a. and 0.28%-3.47% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	<u>31,004,457</u>	<u>26,366,457</u>	<u>25,947,950</u>
	41,777,244	38,995,069	46,954,194
Less: Syndicated loan fee	-	-	2,774
	41,777,244	38,995,069	46,951,420
Less: Current portions	2,590,685	2,974,653	13,310,737
Financial liabilities for hedging - current	350,360	4,177,109	4,523,540

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Financial liabilities for hedging - non-current	\$ 4,464,097	\$ 4,348,562	\$ 3,926,260
	<u>\$ 34,372,102</u>	<u>\$ 27,494,745</u>	<u>\$ 25,190,883</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 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 with a non-revolving 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 based on DSC's audited annual financial statements, which shall be verified annually. DSC was in compliance with the agreement based on its financial statement for the year ended December 31, 2018.
- 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 June 30, 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 2018 audited financial statements and reviewed consolidated financial statements for the six months ended June 30, 2019. As of June 30, 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 million 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 first two quarters ended in 2019 and each quarter ended in 2018.
- 5) In July 2015, the Corporation entered into a syndicated credit facility agreement with Mizuho bank with 7 other banks for a USD150,000 thousand unsecured non-revolving credit line, which had been repaid in August 2018. Under the agreement, 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 clauses, 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 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, 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

	June 30, 2019	December 31, 2018	June 30, 2018
Commercial paper - interest at 0.50%-1.08% p.a., 0.51%-1.20% p.a. and 0.40%-1.00% p.a. as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively	\$ 10,820,000	\$ 21,330,000	\$ 23,710,000
Less: Unamortized discounts	<u>3,510</u>	<u>10,506</u>	<u>6,906</u>
	<u>\$ 10,816,490</u>	<u>\$ 21,319,494</u>	<u>\$ 23,703,094</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, Bangkok Bank, Hua Nan Commercial Bank, Bank of Taiwan, Bank BNP Paribas and KGI Bank, etc.

## 19. BONDS PAYABLE

	June 30, 2019	December 31, 2018	June 30, 2018
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
June 2015; repayable in June 2019 and June 2020; interest at 1.45% p.a., payable annually	3,750,000	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	4,500,000
			(Continued)

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
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	6,000,000
October 2018; repayable 25% in October 2024 and 75% in October 2025; interest at 0.90% p.a., payable annually	4,150,000	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	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

(Continued)



	June 30, 2019	December 31, 2018	June 30, 2018
January 2014; repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000
	104,650,000	111,900,000	104,350,000
Less: Issuance cost of bonds payable	58,398	67,356	56,343
Current portions	<u>18,049,531</u>	<u>12,899,340</u>	<u>14,949,641</u>
	<u>\$ 86,542,071</u>	<u>\$ 98,933,304</u>	<u>\$ 89,344,016</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

	June 30, 2019	December 31, 2018	June 30, 2018
Dividends payable	\$ 17,795,327	\$ 305,061	\$ 15,596,068
Salaries and bonus	5,998,753	8,185,624	5,871,756
Employees' compensation and remuneration of directors	3,415,840	2,424,866	2,713,156
Purchase of equipment	3,079,966	3,446,049	3,366,459
Outsourced repair and construction	1,333,559	1,432,612	998,214
Interest payable	948,836	1,077,354	956,645
Others	<u>9,695,823</u>	<u>8,753,822</u>	<u>8,408,180</u>
	<u>\$ 42,268,104</u>	<u>\$ 25,625,388</u>	<u>\$ 37,910,478</u>

## 22. PROVISIONS

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Onerous contracts (a)	\$ 5,299,327	\$ 6,880,915	\$ 5,240,379
Construction warranties (b)	294,964	292,043	318,395
Others	<u>77,183</u>	<u>103,471</u>	<u>102,764</u>
	<u>\$ 5,671,474</u>	<u>\$ 7,276,429</u>	<u>\$ 5,661,538</u>

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
<hr/> Noncurrent <hr/>			
Provision for stabilization funds (c)	\$ 846,887	\$ 844,090	\$ 832,111
Others	<u>89,078</u>	<u>17,969</u>	<u>12,340</u>
	<u>\$ 935,965</u>	<u>\$ 862,059</u>	<u>\$ 844,451</u>
			(Concluded)

	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)	(1,579,620)	4,724	-	2,848	76,466	(1,495,582)
Paid	-	(1,803)	-	(51)	(31,739)	(33,593)
Effect of foreign currency exchange differences	<u>(1,968)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>(1,874)</u>
Balance at June 30, 2019	<u>\$ 5,299,327</u>	<u>\$ 294,964</u>	<u>\$ -</u>	<u>\$ 846,887</u>	<u>\$ 166,261</u>	<u>\$ 6,607,439</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	371,948	9,265	-	3,865	10,905	395,983
Paid	-	(342)	-	(106)	(6,090)	(6,538)
Effect of foreign currency exchange differences	<u>3,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,940</u>
Balance at June 30, 2018	<u>\$ 5,240,379</u>	<u>\$ 318,395</u>	<u>\$ -</u>	<u>\$ 832,111</u>	<u>\$ 115,104</u>	<u>\$ 6,505,989</u>

- The provision for onerous contracts represents the present value of the future payments that the Corporation and its subsidiaries were presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts, and the difference between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation and its subsidiaries from non-cancellable construction contracts.
- The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries' obligations for warranties. The estimate had been made on the basis of historical warranty trends.
- The provision for stabilization funds represents the provision recognized in accordance with the build-operate-transfer contract by the subsidiary KRTC. The provision was used for capital demand due to force majeure, exceptional events, operating deficits, etc. The provision for stabilization funds was recognized based on increase in stabilization funds.
- 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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating costs	\$ 140,878	\$ 142,982	\$ 281,488	\$ 285,592
Operating expenses	66,526	61,690	130,363	122,640
Others	<u>183</u>	<u>190</u>	<u>337</u>	<u>595</u>
	<u>\$ 207,587</u>	<u>\$ 204,862</u>	<u>\$ 412,188</u>	<u>\$ 408,827</u>

## 24. EQUITY

### a. Share capital

	June 30, 2019	December 31, 2018	June 30, 2018
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 June 30, 2019, December 31, 2018, and June 30, 2018, the outstanding depositary receipts were 746,676 units, 769,313 units and 1,312,473 units, equivalent to 14,933,830 ordinary shares (including 310 fractional shares), 15,386,570 ordinary shares (including 310 fractional shares), and 26,249,770 ordinary shares (including 310 fractional shares), which represented about 0.09%, 0.09% and 0.16% of the outstanding ordinary shares, respectively.

### b. Capital surplus

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 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	6,759,039	6,759,039	6,477,353
Others	<u>8,099</u>	<u>8,099</u>	<u>8,099</u>
	<u>37,921,904</u>	<u>37,921,904</u>	<u>37,640,218</u>
May be used to offset deficits only (see 2 below)			
Share of change in equity of subsidiaries	500,923	507,077	484,078
Share of change in equity of associates	<u>137,222</u>	<u>116,903</u>	<u>132,664</u>
	<u>638,145</u>	<u>623,980</u>	<u>616,742</u>
	<u>\$ 38,560,049</u>	<u>\$ 38,545,884</u>	<u>\$ 38,256,960</u>

- 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 approved in the shareholders' meeting in June 2019 and 2018, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividend Per Share</b>	
	<b>2018</b>	<b>2017</b>	<b>(NT\$) 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>

As of June 30, 2019 and 2018, the cash dividends declared have not been distributed to shareholders and was recognized as other payables.

d. Special reserves

	<b>For the Six Months</b>	
	<b>Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 27,649,488	\$ 27,655,869
Appropriation in respect of		
Difference due from the Corporation's shares held by subsidiaries in prices lower than carrying amount	154,480	-
Reversal in respect of		
Appreciation of the Corporation's shares held by subsidiaries	-	(5,992)
Disposal of property, plant and equipment	<u>(76)</u>	<u>(29)</u>
Balance, end of period	<u>\$ 27,803,892</u>	<u>\$ 27,649,848</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ (5,919,624)	\$ (6,115,853)
Effect of change in tax rate	-	3,113
Recognized during the period		
Exchange differences arising from translating foreign operations	373,305	85,971
Income tax relating to exchange differences arising from translating the net assets of foreign operations	(8,845)	(4,795)
Share from associates accounted for using the equity method	<u>62,120</u>	<u>418,582</u>
Other comprehensive income recognized in the period	<u>426,580</u>	<u>502,871</u>
Balance, end of period	<u>\$ (5,493,044)</u>	<u>\$ (5,612,982)</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 4,410,913	\$ 5,251,741
Effect of change in tax rate	-	(1,591)
Recognized during the period		
Unrealized gains and losses - equity instruments	5,519,547	1,810,624
Income tax relating to unrealized gains and losses	(932,315)	2,741
Share from accounted for using the equity method	<u>22,134</u>	<u>14,059</u>
Other comprehensive income recognized in the period	<u>4,609,366</u>	<u>1,825,833</u>
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	<u>(29,467)</u>	<u>209,989</u>
Balance, end of period	<u>\$ 8,990,812</u>	<u>\$ 7,287,563</u>

3) Gains and losses on hedging instruments

	<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>159,448</u>	<u>(39,666)</u>	<u>(66,649)</u>	<u>53,133</u>
Balance at June 30, 2019	<u>\$ 450,299</u>	<u>\$ (24,111)</u>	<u>\$ 3,730,823</u>	<u>\$ 4,157,011</u>

(Continued)

	<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, 2018	\$ (131,335)	\$ 98,851	\$ 4,005,260	\$ 3,972,776
Increase (decrease) in the period	<u>259,964</u>	<u>(72,617)</u>	<u>(135,123)</u>	<u>52,224</u>
Balance at June 30, 2018	<u>\$ 128,629</u>	<u>\$ 26,234</u>	<u>\$ 3,870,137</u>	<u>\$ 4,025,000</u> (Concluded)

a) Cash flow hedges

	<b>For the Six Months Ended June 30</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	202,410	318,395
Interest rate risk - interest rate swaps	-	4,842
Income tax effect	(40,144)	(59,423)
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	(3,522)	(11,003)
Income tax effect	<u>704</u>	<u>1,601</u>
Other comprehensive income recognized in the period	<u>159,448</u>	<u>259,964</u>
Balance, end of period	<u>\$ 450,299</u>	<u>\$ 128,629</u>

b) Fair value hedges

	<b>For the Six Months Ended June 30</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>(39,666)</u>	<u>(72,617)</u>
Balance, end of period	<u>\$ (24,111)</u>	<u>\$ 26,234</u>

c) Hedges of net investments in foreign operations

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 3,797,472	\$ 4,005,260 (Continued)

	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Recognized during the period		
Foreign currency risk - bank loans	\$ (66,649)	\$ (135,123)
Balance, end of period	<u>\$ 3,730,823</u>	<u>\$ 3,870,137</u>
		(Concluded)

f. Treasury shares

<b>Purpose of Treasury Shares</b>	<b>Thousand Shares</b>			<b>June 30</b>	
	<b>Beginning of Period</b>	<b>Addition</b>	<b>Reduction</b>	<b>Thousand Shares</b>	<b>Book Value</b>
For the six months ended June 30, 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 six months ended June 30, 2018					
Shares held by subsidiaries					
reclassified from investments					
accounted for using equity method					
to treasury shares	<u>315,166</u>	<u>4,390</u>	<u>3</u>	<u>319,553</u>	<u>\$ 8,635,544</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 June 30, 2019, December 31, 2018, and June 30, 2018, the market values of the treasury shares calculated by combined holding percentage were NT\$7,985,646 thousand, NT\$7,761,396 thousand, and NT\$7,574,663 thousand, respectively.

g. Non-controlling interests

	<b>For the Six Months Ended June 30</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	-	9,791
Share of net profit for the period	1,197,389	1,884,550
Other comprehensive income in the period		
Exchange difference on translating foreign operations	69,047	259,955
		(Continued)



	<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Income tax relating to exchange difference on translating foreign operations	\$ (1,305)	\$ (1,024)
Unrealized gains and losses on financial assets at fair value through other comprehensive income	224,623	39,196
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	(1,949)	(147)
Gains and losses on hedging instrument	9,974	12,546
Income tax relating to gains and losses on hedging instruments	(1,830)	(1,908)
Fair value changes of hedging instruments transferred to adjust the carrying amount of hedged items	-	82
Share of other comprehensive income of associates accounted for using the equity method	2,786	991
Non-controlling interests arising from capital increase (decrease) of subsidiaries	11,771	(196,500)
Dividend distributed by subsidiaries	(1,742,554)	(1,475,206)
Others	<u>(75,883)</u>	<u>(52,584)</u>
Balance, end of period	<u>\$ 29,581,750</u>	<u>\$ 28,407,128</u> (Concluded)

## 25. OPERATING REVENUES

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenue from the sale of goods	\$ 84,149,250	\$ 92,626,624	\$ 171,812,211	\$ 179,540,950
Construction contract revenue	8,681,515	5,426,712	15,246,084	9,493,961
Service revenue	1,409,858	1,666,152	2,756,899	3,438,449
Other revenues	<u>640,326</u>	<u>604,927</u>	<u>1,295,386</u>	<u>1,240,717</u>
	<u>\$ 94,880,949</u>	<u>\$ 100,324,415</u>	<u>\$ 191,110,580</u>	<u>\$ 193,714,077</u>

### a. Contract balances

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>	<b>January 1, 2018</b>
Notes and accounts receivable (Note 11)	<u>\$ 15,975,472</u>	<u>\$ 18,401,090</u>	<u>\$ 18,287,216</u>	<u>\$ 16,768,126</u>
Contract assets				
Construction contracts	\$ 9,091,973	\$ 9,667,413	\$ 9,923,378	\$ 9,245,710
Retentions receivable	1,609,604	1,744,344	1,386,053	1,833,151
Others	<u>89,931</u>	<u>124,632</u>	<u>71,085</u>	<u>62,771</u>
	<u>\$ 10,791,508</u>	<u>\$ 11,536,389</u>	<u>\$ 11,380,516</u>	<u>\$ 11,141,632</u>

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Contract liabilities				
Construction contracts	\$ 5,422,188	\$ 4,993,926	\$ 3,906,418	\$ 4,901,393
Sale of goods	2,170,329	1,766,034	2,164,237	1,940,756
Sales of real estate	1,391,538	787,335	440,108	249,209
Others	<u>35,883</u>	<u>7,969</u>	<u>10,433</u>	<u>24,915</u>
	<u>\$ 9,019,938</u>	<u>\$ 7,555,264</u>	<u>\$ 6,521,196</u>	<u>\$ 7,116,273</u> (Concluded)

b. Disaggregation of revenue

For the six months ended June 30, 2019

	Steel Department	Construction Department	Others	Total
Type of goods or services				
Revenue from the sale of goods	\$ 144,699,981	\$ 1,091,205	\$ 26,021,025	\$ 171,812,211
Construction contract revenue	1,125,695	12,694,361	1,426,028	15,246,084
Service revenue	296,013	253,526	2,207,360	2,756,899
Other revenue	<u>1,113,975</u>	<u>10,703</u>	<u>170,708</u>	<u>1,295,386</u>
	<u>\$ 147,235,664</u>	<u>\$ 14,049,795</u>	<u>\$ 29,825,121</u>	<u>\$ 191,110,580</u>

For the six months ended June 30, 2018

	Steel Department	Construction Department	Others	Total
Type of goods or services				
Revenue from the sale of goods	\$ 152,880,258	\$ 1,464,314	\$ 25,196,378	\$ 179,540,950
Construction contract revenue	619,444	7,874,027	1,000,490	9,493,961
Service revenue	575,212	257,531	2,605,706	3,438,449
Other revenue	<u>994,088</u>	<u>8,446</u>	<u>238,183</u>	<u>1,240,717</u>
	<u>\$ 155,069,002</u>	<u>\$ 9,604,318</u>	<u>\$ 29,040,757</u>	<u>\$ 193,714,077</u>

## 26. PROFIT BEFORE INCOME TAX

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest income	\$ 137,627	\$ 104,826	\$ 217,607	\$ 160,862
Dividends income	165,090	93,405	165,090	118,759
Insurance claim income	51,962	10,650	90,934	64,378
Rental income	34,128	33,682	63,299	65,915
Others	<u>97,254</u>	<u>162,037</u>	<u>301,205</u>	<u>324,857</u>
	<u>\$ 486,061</u>	<u>\$ 404,600</u>	<u>\$ 838,135</u>	<u>\$ 734,771</u>

b. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Gain on disposal of non-current assets held for sale	\$ 428,935	\$ -	\$ 428,935	\$ -
Net foreign exchange gain (loss)	134,226	(16,105)	423,337	157,981
Gain on disposal of investments	-	-	42,578	-
Gain (loss) arising from financial assets at fair value through profit or loss	2,149	6,048	17,000	(40,823)
Reversal (recognition) of impairment loss	(5)	-	7,530	-
Loss on disposal of property, plant and equipment	(16,129)	(10,050)	(66,229)	(49,549)
Other losses	<u>(253,875)</u>	<u>(126,854)</u>	<u>(390,034)</u>	<u>(207,798)</u>
	<u>\$ 295,301</u>	<u>\$ (146,961)</u>	<u>\$ 463,117</u>	<u>\$ (140,189)</u>

The components of net foreign exchange gain (loss) were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Foreign exchange gain	\$ 461,470	\$ 390,658	\$ 970,016	\$ 929,373
Foreign exchange loss	<u>(327,244)</u>	<u>(406,763)</u>	<u>(546,679)</u>	<u>(771,392)</u>
Net exchange gain (loss)	<u>\$ 134,226</u>	<u>\$ (16,105)</u>	<u>\$ 423,337</u>	<u>\$ 157,981</u>

c. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Total interest expense	\$ 848,503	\$ 928,822	\$ 1,727,193	\$ 1,861,301
Less: Amounts included in the cost of qualifying assets	<u>59,028</u>	<u>68,558</u>	<u>115,390</u>	<u>131,473</u>
	<u>\$ 789,475</u>	<u>\$ 860,264</u>	<u>\$ 1,611,803</u>	<u>\$ 1,729,828</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Capitalized amounts	\$ 59,028	\$ 68,558	\$ 115,390	\$ 131,473
Capitalized annual rates (%)	0.58-1.49	0.47-1.25	0.58-1.49	0.47-1.49

d. Impairment loss recognized (reversal) non-financial asset

Amounts recognized for the three months ended June 30, 2019 was due to the effect of exchange rate.

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ <u>5</u>	\$ <u>-</u>	\$ <u>(7,530)</u>	\$ <u>(1,438)</u>
Analysis of reversal (recognition) of impairment loss on non-financial assets by function				
Operating costs	\$ <u>5</u>	\$ <u>-</u>	\$ <u>(7,530)</u>	\$ <u>(1,438)</u>

e. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 8,839,073	\$ 8,274,752	\$ 17,741,999	\$ 16,554,358
Investment properties	13,777	14,551	27,493	28,344
Right-of-use assets	258,007	-	502,479	-
Intangible assets	46,537	51,409	109,729	107,135
Others	<u>14,127</u>	<u>20,668</u>	<u>31,218</u>	<u>41,754</u>
	<u>\$ 9,171,521</u>	<u>\$ 8,361,380</u>	<u>\$ 18,412,918</u>	<u>\$ 16,731,591</u>
Analysis of depreciation by function				
Operating costs	\$ 8,617,860	\$ 7,874,000	\$ 17,281,999	\$ 15,751,437
Operating expenses	440,794	408,621	885,228	818,057
Others	<u>52,203</u>	<u>6,682</u>	<u>104,744</u>	<u>13,208</u>
	<u>\$ 9,110,857</u>	<u>\$ 8,289,303</u>	<u>\$ 18,271,971</u>	<u>\$ 16,582,702</u>
Analysis of amortization by function				
Operating costs	\$ 40,936	\$ 49,314	\$ 101,134	\$ 98,925
Operating expenses	17,292	22,316	34,880	49,072
Others	<u>2,436</u>	<u>447</u>	<u>4,933</u>	<u>892</u>
	<u>\$ 60,664</u>	<u>\$ 72,077</u>	<u>\$ 140,947</u>	<u>\$ 148,889</u>

f. Operating expenses directly related to investment properties

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Direct operating expenses from investment properties that generated rental income	\$ <u>36,870</u>	\$ <u>37,913</u>	\$ <u>69,655</u>	\$ <u>71,556</u>

g. Employee benefits

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Short-term benefits				
Salaries	\$ 8,186,082	\$ 8,173,841	\$ 16,357,228	\$ 16,037,190
Labor and health insurance	552,042	506,154	1,095,724	1,026,619
Others	367,816	388,704	744,159	768,525
	<u>9,105,940</u>	<u>9,068,699</u>	<u>18,197,111</u>	<u>17,832,334</u>
Post-employment benefits				
Defined contribution plan	230,539	201,722	450,596	403,536
Defined benefit plans (Note 23)	207,587	204,862	412,188	408,827
	<u>438,126</u>	<u>406,584</u>	<u>862,784</u>	<u>812,363</u>
Termination benefits	<u>8,750</u>	<u>10,001</u>	<u>35,081</u>	<u>34,220</u>
	<u>\$ 9,552,816</u>	<u>\$ 9,485,284</u>	<u>\$ 19,094,976</u>	<u>\$ 18,678,917</u>
Analysis of employee benefits by function				
Operating costs	\$ 7,706,468	\$ 7,659,087	\$ 15,384,799	\$ 15,069,631
Operating expenses	1,737,154	1,725,246	3,477,114	3,394,395
Others	109,194	100,951	233,063	214,891
	<u>\$ 9,552,816</u>	<u>\$ 9,485,284</u>	<u>\$ 19,094,976</u>	<u>\$ 18,678,917</u>

The numbers of employees of the Corporation and its subsidiaries combined were 28,529 and 28,207 as of June 30, 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 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 and six months ended June 30, 2019 and 2018, the employees' compensation and the remuneration of directors were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Employees' compensation	\$ 387,297	\$ 471,339	\$ 774,593	\$ 812,357
Remuneration of directors	7,262	8,838	14,524	15,232

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 the accounting estimate.

The appropriations of employees' compensation and remuneration of directors (all in cash) for 2018 and 2017 having been resolved by the 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 June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current tax				
In respect of the current period	\$ 807,266	\$ 1,435,860	\$ 1,929,202	\$ 2,511,678
Income tax on unappropriated earnings	473,334	38,500	473,334	38,758
In respect of prior periods	(61,640)	(600,976)	(52,568)	(572,081)
Deferred tax				
In respect of the current period	(86,121)	(144,251)	(252,791)	(350,795)
Effect of change in tax rates	-	4,733	-	(628,388)
In respect of prior periods	<u>26,860</u>	<u>(182,357)</u>	<u>53,166</u>	<u>(171,920)</u>
	<u>\$ 1,159,699</u>	<u>\$ 551,509</u>	<u>\$ 2,150,343</u>	<u>\$ 827,252</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20%. 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 recognized directly in equity

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current tax				
Reversal of special reserve due to disposal of property, plant and equipment	\$ 23	\$ 9	\$ 23	\$ 9

(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Deferred tax				
Reversal of special reserve due to disposal of property, plant and equipment	\$ (23)	\$ (9)	\$ (23)	\$ (9)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				(Concluded)

c. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Deferred tax				
Changes in tax rates - remeasurement of defined benefit plans	\$ -	\$ 5,039	\$ -	\$ 16,222
Changes in tax rates - fair value changes of cash flow hedges	-	-	-	6,039
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	(4,567)	(9,174)	(10,150)	(5,819)
Current - unrealized gains and losses financial assets at fair value through other comprehensive income	(931,630)	2,259	(934,264)	2,594
Current - fair value changes of cash flow hedges	(29,482)	(99,417)	(41,974)	(61,331)
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>110</u>	<u>1,657</u>	<u>704</u>	<u>1,601</u>
	<u>\$ (965,569)</u>	<u>\$ (99,636)</u>	<u>\$ (985,684)</u>	<u>\$ (38,958)</u>

d. Income tax assessments

The Corporation's income tax returns through 2016 and the subsidiaries' income tax returns through 2015 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 June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net profit for the period attributable to owners of the Corporation	\$ 3,572,291	\$ 6,559,951	\$ 7,180,504	\$ 11,168,511
Less: Dividends on preference shares	<u>13,394</u>	<u>13,394</u>	<u>26,788</u>	<u>26,788</u>
Net profit used in computation of basic earnings per share	3,558,897	6,546,557	7,153,716	11,141,723
Add: Dividends on preference shares	<u>-</u>	<u>13,394</u>	<u>-</u>	<u>26,788</u>
Net profit used in computation of diluted earnings per share	<u>\$ 3,558,897</u>	<u>\$ 6,559,951</u>	<u>\$ 7,153,716</u>	<u>\$ 11,168,511</u>

### The weighted average number of ordinary shares outstanding (in thousand of shares)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares in computation of basic earnings per share	15,414,857	15,417,615	15,414,857	15,418,655
Effect of dilutive potential ordinary shares:				
Employees' compensation	31,046	34,277	63,422	59,043
Convertible preference shares	<u>-</u>	<u>38,268</u>	<u>-</u>	<u>38,268</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>15,445,903</u>	<u>15,490,160</u>	<u>15,478,279</u>	<u>15,515,966</u>

Preference shares were not included in the calculation of diluted earnings per share for the three months and six months ended June 30, 2019 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
June 30, 2019				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 3,985,874	\$ -	\$ -	\$ 3,985,874
Unlisted shares	-	-	1,880,573	1,880,573
Listed shares	413,192	-	-	413,192
Emerging market shares	-	-	262,735	262,735
Convertible bonds	50,814	-	-	50,814
Foreign exchange forward contracts	-	1,854	-	1,854
Future contracts	-	5,770	-	5,770
	<u>\$ 4,449,880</u>	<u>\$ 7,624</u>	<u>\$ 2,143,308</u>	<u>\$ 6,600,812</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 43,754,172	\$ 43,754,172
Domestic listed shares	18,081,334	-	-	18,081,334
Domestic emerging market shares and unlisted shares	-	-	2,201,306	2,201,306
Foreign listed shares	<u>1,989,163</u>	-	-	<u>1,989,163</u>
	<u>\$ 20,070,497</u>	<u>\$ -</u>	<u>\$ 45,955,478</u>	<u>\$ 66,025,975</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 498,721</u>	<u>\$ -</u>	<u>\$ 498,721</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities for hedging				
Foreign exchange forward contracts	\$ -	\$ 8,708	\$ -	\$ 8,708
<hr/> December 31, 2018 <hr/>				
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	-	4,951	-	4,951
	<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	-	147,368	-	147,368
	<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	\$ -	\$ 338,648	\$ -	\$ 338,648
Financial liabilities for hedging				
Foreign exchange forward contracts	\$ -	\$ 28,290	\$ -	\$ 28,290
<hr/> June 30, 2018 <hr/>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 3,386,948	\$ -	\$ -	\$ 3,386,948
Unlisted shares	-	-	1,819,753	1,819,753
Listed shares	1,538,720	-	-	1,538,720
Emerging market shares	-	-	298,040	298,040
Convertible bonds	218,784	-	-	218,784
Foreign exchange forward contracts	-	732	-	732
Futures contracts	-	34	-	34
	<u>\$ 5,144,452</u>	<u>\$ 766</u>	<u>\$ 2,117,793</u>	<u>\$ 7,263,011</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity Instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 45,535,935	\$ 45,535,935
Domestic listed shares	11,415,965	-	-	11,415,965
Domestic emerging market shares and unlisted shares	-	-	2,490,718	2,490,718
Foreign listed shares	2,402,602	-	-	2,402,602
Private-placement shares of listed companies	-	130,379	-	130,379
	<u>\$ 13,818,567</u>	<u>\$ 130,379</u>	<u>\$ 48,026,653</u>	<u>\$ 61,975,599</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 149,656</u>	<u>\$ -</u>	<u>\$ 149,656</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	\$ -	\$ 27,089	\$ -	\$ 27,089
Interest rate swap contracts	-	943	-	943
	<u>\$ -</u>	<u>\$ 28,032</u>	<u>\$ -</u>	<u>\$ 28,032</u>
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 25,122</u>	<u>\$ -</u>	<u>\$ 25,122</u>
				(Concluded)

There was no transfer between Level 1 and Level 2 For the six months ended June 30, 2019 and 2018.

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

For the six months ended June 30, 2019

	Equity Instruments		
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of period	\$ 2,096,353	\$ 43,825,627	\$ 45,921,980
Recognized in profit or loss	87,308	-	87,308
Recognized in other comprehensive income	-	1,872,601	1,872,601
Purchases	-	86,591	86,591
Disposal	(40,353)	(16,121)	(56,474)
Reclassification	-	153,687	153,687
Transfer out of level 3	-	(8,297)	(8,297)
			(Continued)

	<b>Equity Instruments</b>		<b>Total</b>
	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	
Effect of foreign currency exchange difference	\$ -	\$ 41,390	\$ 41,390
Balance, end of period	\$ 2,143,308	\$ 45,955,478	\$ 48,098,786
Unrealized gains and losses recognized in profit or loss	\$ 79,323	\$ -	\$ 79,323
			(Concluded)

For the six months ended June 30, 2018

	<b>Equity Instruments</b>		<b>Total</b>
	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	
<b>Financial Asset</b>			
Balance, beginning of period	\$ 2,149,775	\$ 46,673,077	\$ 48,822,852
Recognized in profit or loss	77,422	-	77,422
Recognized in other comprehensive income	-	1,298,958	1,298,958
Purchases	217	294,615	294,832
Disposal	(45,224)	475,740	430,516
Transfer out of level 3	(58,820)	(157,612)	(216,432)
Capital reduction	(5,577)	(106,602)	(112,179)
Effect of foreign currency exchange difference	-	(451,523)	(451,523)
Balance, end of period	\$ 2,117,793	\$ 48,026,653	\$ 50,144,446
Unrealized gains and losses recognized in profit or loss	\$ 48,703	\$ -	\$ 48,703

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

<b>Financial Instrument</b>	<b>Valuation Techniques and Inputs</b>
Derivative instruments	A discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-option derivatives, and option pricing models for option derivatives. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for the financial instrument.
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, 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.

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
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:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Long-term pre-tax operating income rate			
Increase 1%	<u>\$ 168,955</u>	<u>\$ 195,918</u>	<u>\$ 208,209</u>
Decrease 1%	<u>\$ (170,338)</u>	<u>\$ (197,357)</u>	<u>\$ (209,991)</u>

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Discount rate			
Increase 1%	<u>\$ (330,087)</u>	<u>\$ (497,271)</u>	<u>\$ (597,572)</u>
Decrease 1%	<u>\$ 406,411</u>	<u>\$ 606,196</u>	<u>\$ 736,671</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

	June 30, 2019	December 31, 2018	June 30, 2018
<hr/> Financial assets <hr/>			
Fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 6,600,812	\$ 4,473,557	\$ 7,263,011
Financial assets for hedging	3,306,479	2,594,034	2,663,243
Financial assets at amortized cost 1)	60,747,624	51,346,174	60,829,181
Financial assets at fair value through other comprehensive income			
Equity instruments	66,025,975	59,749,812	61,975,599
<hr/> Financial liabilities <hr/>			
Fair value through profit or loss			
Held for trading	-	-	25,122
Financial liabilities for hedging	4,989,430	8,755,958	8,647,035
Measured at amortized cost 2)	303,082,115	278,359,303	304,534,296

- 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.

	USD Impact			RMB Impact		
	For the Six Months Ended June 30			For the Six Months Ended June 30		
	2019	2018		2019	2018	
Pre-tax profit or loss	\$ 3,458	\$ 62,298	i	\$ (9,257)	\$ (16,070)	i
Equity	10,891	45,249	ii	(1,625)	(2,278)	ii

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

ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges, 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 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 subsidiary CSVC, which have USD as their functional currency.

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

June 30, 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	\$ 496,806	\$ 5,353			
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	2,807,758	-			
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	Financial assets/liabilities for hedging	1,915	3,355			
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,100,720			
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,895,236			
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	1,818,501			
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	Discounting 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 raw materials	\$ 174,260	\$ (174,260)	\$ 491,454	\$ -	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 Continuing Hedges	Other Equity Discounting Hedges	Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	\$ 34,601	\$ (34,601)	\$ 41,263	\$ -	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	4,154	(4,154)	NA	NA	\$ (1,193)	\$ (1,193)
Foreign currency bank borrowings/Financial assets at FVTOCI	(39,666)	39,651	\$ (24,111)	\$ -	1,969,291	(3,426)
Foreign currency bank borrowings/Financial assets at FVTPL	(68,297)	69,337	NA	NA	1,720,092	(112,797)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	(20,199)	20,199	(235,839)	3,966,662	NA	NA (Concluded)

#### June 30, 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	\$ 145,320	\$ 19,957
Hedging foreign-currency deposits/Forecast purchases and construction contracts	Financial assets for hedging	2,513,587	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and construction contracts	Financial assets/liabilities for hedging	4,336	7,132
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,050,376
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,808,552
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	5,590,872

	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
			Continuing Hedges	Discontinuing Hedges		
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and forecast sales	\$ 287,627	\$ (287,627)	\$ 125,363	\$ -	NA	NA
Hedging foreign-currency deposits/Forecast purchases and construction contracts	33,546	(33,546)	(182)	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and construction contracts	15,767	(15,767)	NA	NA	\$ 2,841	\$ 2,841
Foreign currency bank borrowings/Financial assets at FVTOCI	(42,717)	42,701	\$ 26,234	\$ -	2,379,897	(53,752)
Foreign currency bank borrowings/Financial assets at FVTPL	(73,551)	74,670	NA	NA	1,628,533	(200,802)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	(113,261)	113,261	(96,525)	3,966,662	NA	NA

For the three months ended June 30, 2019

				Amount Reclassified to P/L and Adjusted Line Item	
	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffec - tiveness is Included	Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Comprehensive Income					
Cash flow hedge	\$ 147,983	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ (47,376)	\$ -	-	\$ -	\$ -

For the three months ended June 30, 2018

				Amount Reclassified to P/L and Adjusted Line Item	
	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffec - tiveness is Included	Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Comprehensive Income					
Cash flow hedge	\$ 523,671	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ (658,597)	\$ -	-	\$ -	\$ -

For the six months ended June 30, 2019

				Amount Reclassified to P/L and Adjusted Line Item	
	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffec - tiveness is Included	Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Comprehensive Income					
Cash flow hedge	\$ 208,862	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operation	\$ (66,649)	\$ -	-	\$ -	\$ -

For the six months ended June 30, 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 Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ 320,020	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operation	\$ (135,123)	\$ -	-	\$ -	\$ -

The outstanding foreign exchange forward contracts of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>June 30, 2019</u>			
Buy	NTD/USD	July 2019-January 2023	NTD7,946,140/USD272,842
Buy	NTD/EUR	July 2019-December 2021	NTD505,562/EUR14,247
Buy	NTD/JPY	July 2019-November 2021	NTD798,624/JPY2,845,203
Buy	INR/USD	July 2019-September 2019	INR457,075/USD6,515
Sell	USD/NTD	July 2019-August 2019	USD399/NTD12,426
<u>December 31, 2018</u>			
Buy	NTD/USD	January 2019-April 2020	NTD9,818,288/USD336,771
Buy	NTD/EUR	January 2019-December 2021	NTD1,411,081/EUR40,166
Buy	NTD/JPY	January 2019-October 2021	NTD248,726/JPY904,687
Buy	INR/USD	January 2019-February 2019	INR343,858/USD4,788
<u>June 30, 2018</u>			
Buy	NTD/USD	July 2018-April 2020	NTD10,136,617/USD347,523
Buy	NTD/EUR	July 2018-December 2021	NTD1,835,544/EUR52,303
Buy	NTD/JPY	November 2018-March 2021	NTD158,656/JPY583,621
Buy	INR/USD	September 2018	INR9,071/USD133
Sell	USD/NTD	July 2018-August 2018	USD111/NTD3,267

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:

	June 30, 2019	December 31, 2018	June 30, 2018
Fair value interest rate risk			
Financial liabilities	\$ 136,832,715	\$ 134,244,690	\$ 142,182,528
Cash flow interest rate risk			
Financial liabilities	104,415,476	102,324,569	116,432,111

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 six months ended June 30, 2019 and 2018

would have been lower/higher by NT\$522,078 thousand and NT\$582,161 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.

### June 30, 2018

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount			
		Asset		Liability	
Interest rate swap contracts/syndicated bank loans	Financial liabilities for hedging	\$ -		\$ 943	
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
Interest rate swap contracts/syndicated bank loans	\$ 4,842	\$ (4,842 )	\$ (943 )	\$ -	\$ -

### For the three months ended June 30, 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	\$ 1,948	\$ -	-	\$ 4,945	\$ -

### For the six months ended June 30, 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	\$ 4,842	\$ -	-	\$ 4,945	\$ -

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

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid (%)	Range of Interest Rates Received
June 30, 2018			
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 six months ended June 30, 2019 and 2018 would have been lower/higher by NT\$43,991 thousand and NT\$49,257 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 six months ended June 30, 2019 and 2018 would have been lower/higher by NT\$200,705 thousand and NT\$138,186 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

Hedge accounting

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

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

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

June 30, 2019

Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change in Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Fair value hedge					
Precious metals borrowing contracts	\$ 166,265	-	Financial liabilities for hedging	\$ 166,265	\$ -

  

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Fair value hedge			
Inventory	\$ 166,265	\$ -	\$ -

June 30, 2018

Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change in Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals borrowing contracts	\$ <u>169,203</u>	-	Financial liabilities for hedging	\$ <u>169,203</u>	\$ <u>-</u>

  

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Fair value hedge Inventory	\$ <u>169,203</u>	\$ <u>-</u>	\$ <u>-</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 June 30, 2019, December 31, 2018 and June 30, 2018, the maximum credit risk of off-balance-sheet guarantees and amount provided to investees of co-investment for procurement compliance was NT\$39,186,902 thousand, NT\$29,300,309 thousand and NT\$23,635,027 thousand, respectively.

## 3) Liquidity risk

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

The following table details the undiscounted cash flows of the Corporation and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time span regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<hr/> June 30, 2019 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 59,055,845	\$ 1,033,683	\$ -	\$ 60,089,528
Lease liabilities	1,065,646	3,276,018	11,438,392	15,780,056
Variable interest rate liabilities	55,711,461	44,962,104	5,905,881	106,579,446
Fixed interest rate liabilities	52,571,218	61,244,944	30,035,082	143,851,244
Refund liability	4,991,146	-	-	4,991,146
Financial guarantee liabilities	<u>362,855</u>	<u>33,545,545</u>	<u>5,278,502</u>	<u>39,186,902</u>
	<u>\$ 173,758,171</u>	<u>\$ 144,062,294</u>	<u>\$ 52,657,857</u>	<u>\$ 370,478,322</u>
<hr/> December 31, 2018 <hr/>				
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>
<hr/> June 30, 2018 <hr/>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 52,265,300	\$ 560,436	\$ -	\$ 52,825,736
Variable interest rate liabilities	64,597,220	48,803,971	4,932,425	118,333,616
Fixed interest rate liabilities	55,185,217	63,897,588	30,528,063	149,610,868
Refund liability	2,980,318	-	-	2,980,318
Financial guarantee liabilities	<u>206,561</u>	<u>22,924,150</u>	<u>504,316</u>	<u>23,635,027</u>
	<u>\$ 175,234,616</u>	<u>\$ 136,186,145</u>	<u>\$ 35,964,804</u>	<u>\$ 347,385,565</u>

The amounts included above for financial guarantee liabilities were the maximum amounts the Corporation and its subsidiaries could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Corporation and its subsidiaries considered that it is more

likely than not that none of the amount will be payable under the arrangement.

### 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

Company	Relationship
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
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
CDIB Bioscience Ventures I, Inc.	The Corporation as key management personnel of other related parties

(Continued)



<b>Company</b>	<b>Relationship</b>
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 (FHC)	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 June 30		For the Six Months Ended June 30	
		2019	2018	2019	2018
Revenue from sales of goods	The Corporation as key management personnel of other related parties	\$ 381,470	\$ 392,568	\$ 844,458	\$ 837,280
	Subsidiaries of Corporation as management personnel of other related parties	320,380	392,819	684,670	787,938
	Associates	201,082	309,969	492,892	616,623
	Subsidiaries of associates	21,312	11,871	33,093	20,748
	Other related parties	<u>16,915</u>	<u>-</u>	<u>108,457</u>	<u>-</u>
		<u>\$ 941,159</u>	<u>\$ 1,107,227</u>	<u>\$ 2,163,570</u>	<u>\$ 2,262,589</u>
Construction contract revenue	Other related parties	\$ 327,140	\$ 330,918	\$ 1,311,947	\$ 582,557
	Associates	1,828	7,246	1,828	8,334
	Others	<u>3,697</u>	<u>-</u>	<u>7,217</u>	<u>98</u>
		<u>\$ 332,665</u>	<u>\$ 338,164</u>	<u>\$ 1,320,992</u>	<u>\$ 590,989</u>

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

c. Purchase of goods

Related Parties Types	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Other related parties	\$ 2,835,460	\$ 2,040,963	\$ 5,379,061	\$ 4,496,112
Associates	65,790	70,424	128,490	140,329
The Corporation as key management personnel of other related parties	<u>54,189</u>	<u>-</u>	<u>88,990</u>	<u>-</u>
	<u>\$ 2,955,439</u>	<u>\$ 2,111,387</u>	<u>\$ 5,596,541</u>	<u>\$ 4,636,441</u>

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

d. Receivables from related parties

Account Items	Related Parties Types/Name	June 30, 2019	December 31, 2018	June 30, 2018
Notes and accounts receivable	The Corporation as key management personnel of other related parties	\$ 357,856	\$ 492,051	\$ 406,066
	Other related parties	350,144	482,390	587,311
	Subsidiaries of the Corporation as key management personnel of other related parties	140,491	162,089	221,996
	Associates	52,488	72,025	98,672
	Subsidiaries of associates	21,270	69,147	11,124
	Others	<u>10</u>	<u>10</u>	<u>11</u>
		<u>\$ 922,259</u>	<u>\$ 1,277,712</u>	<u>\$ 1,325,180</u>
Other receivables	Other related parties			
	FHC	\$ 217,420	\$ 215,005	\$ 213,220
	Others	61,731	3,572	414
	Associates	24,648	21,243	21,829
	Others	<u>12</u>	<u>65</u>	<u>-</u>
		<u>\$ 303,811</u>	<u>\$ 239,885</u>	<u>\$ 235,463</u>

The subsidiary China Ecotek Corporation recognized the allowance for doubtful accounts of NT\$612 thousand both for the three months and six months ended June 30, 2018. As of June 30, 2018, the allowance for doubtful accounts amounted to NT\$758 thousand.

e. Payables to related parties

Account Items	Related Parties Types	June 30, 2019	December 31, 2018	June 30, 2018
Accounts payable	Associates	\$ 32,357	\$ 47,083	\$ 45,957
	Other related parties	<u>5,421</u>	<u>19,088</u>	<u>84,966</u>
		<u>\$ 37,778</u>	<u>\$ 66,171</u>	<u>\$ 130,923</u>
Other payables	Other related parties	\$ 582,807	\$ 568,924	\$ 563,905
	Associates	-	-	656
	Others	<u>23,612</u>	<u>16,595</u>	<u>18,992</u>
		<u>\$ 606,419</u>	<u>\$ 585,519</u>	<u>\$ 583,553</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 June 30		For the Six Months Ended June 30	
		2019	2018	2019	2018
Service and other revenues	The Corporation as key management personnel of other related parties	\$ 142,920	\$ 3,295	\$ 242,934	\$ 5,317
	Other related parties	44,634	66,315	155,865	141,284
	Associates	5,934	11,452	12,977	20,473
	Others	418	44	456	87
		<u>\$ 193,906</u>	<u>\$ 81,106</u>	<u>\$ 412,232</u>	<u>\$ 167,161</u>

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

Related Party Types/Name	June 30, 2019	December 31, 2018	June 30, 2018
Other related parties -FHC			
Amount endorsed	\$ 38,310,538	\$ 37,885,002	\$ 28,224,586
Amount utilized	<u>(38,310,538)</u>	<u>(28,460,872)</u>	<u>(22,866,276)</u>
	<u>\$ -</u>	<u>\$ 9,424,130</u>	<u>\$ 5,358,310</u>
The Corporation as key management personnel of other related parties			
Amount endorsed	\$ 1,049,385	\$ 938,807	\$ 952,143
Amount utilized	<u>(837,509)</u>	<u>(813,714)</u>	<u>(758,910)</u>
	<u>\$ 211,876</u>	<u>\$ 125,093</u>	<u>\$ 193,233</u>
Associates			
Amount endorsed	\$ 160,798	\$ 59,034	\$ 11,331
Amount utilized	<u>(38,855)</u>	<u>(25,723)</u>	<u>(9,841)</u>
	<u>\$ 121,943</u>	<u>\$ 33,311</u>	<u>\$ 1,490</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 June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 25,981	\$ 30,155	\$ 54,115	\$ 57,919
Post-employment benefits	<u>359</u>	<u>136</u>	<u>719</u>	<u>271</u>
	<u>\$ 26,340</u>	<u>\$ 30,291</u>	<u>\$ 54,834</u>	<u>\$ 58,190</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, bankers' acceptance bills, etc. were as follows (listed based on their carrying amounts):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Net property, plant and equipment	\$ 24,422,617	\$ 29,752,437	\$ 115,783,470
Time deposits (Note 14)	6,707,606	6,686,058	6,598,940
Shares (a.)	5,885,705	5,720,575	5,590,830
Pledged receivables (Note 14) (b.)	2,000,000	2,000,000	2,000,000
Net investment properties	<u>1,164,059</u>	<u>2,108,788</u>	<u>2,116,767</u>
	<u>\$ 40,179,987</u>	<u>\$ 46,267,858</u>	<u>\$ 132,090,007</u>

- 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 June 30, 2019 were as follows:

- a. The Corporation and its subsidiaries provided letters of credits for NT\$7 billion guaranteed by financial institutions for several constructions, lease contracts and payment. Guarantee notes for NT\$54.6 billion were provided to banks and owners for loans, purchase agreements and warranties.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$9.5 billion.
- c. Property purchase and construction contracts for NT\$7.6 billion were signed but not yet recorded.
- d. Construction contracts for NT\$24.8 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 11,810,000 metric tons of coal, 25,040,000 metric tons of iron ore, and 3,710,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of June 30, 2019 were USD7.5 billion (including

12,090,000 metric tons of coal, 48,110,000 metric tons of iron ore, and 2,920,000 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 USD14,000 thousand (or the equal amount in EUR, the credit line remained unchanged), USD12,000 thousand and RMB30,000 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 June 30, 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\$100,000 thousand 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 June 30, 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>June 30, 2019</u>			
Monetary financial assets			
USD	\$ 380,466	31.0600 (USD:NTD)	\$ 11,817,260
USD	25,195	1.4251 (USD:AUD)	782,553
USD	6,303	25,883.333 (USD:VND)	195,772
USD	14,193	6.8702 (USD:RMB)	440,833
JPY	7,321,521	0.2886 (JPY:NTD)	2,112,991
RMB	250,439	4.5210 (RMB:NTD)	1,132,237
EUR	27,086	35.3800 (EUR:NTD)	958,300
EUR	3,705	1.1391 (EUR:USD)	131,071
VND	102,102,507	0.00004 (VND:USD)	123,544
Non-monetary financial assets			
Financial assets at fair value through other comprehensive income			
USD	994,585	31.0600 (USD:NTD)	30,891,806
JPY	6,823,600	0.2886 (JPY:NTD)	1,969,291
MYR	233,826	7.2180 (MYR:NTD)	1,687,757

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Associate accounted for using equity method				
USD	\$ 371,042	31.0600	(USD:NTD)	\$ 11,470,679
AUD	843,426	21.7950	(AUD:NTD)	18,382,468
INR	3,618,186	0.4495	(INR:NTD)	1,626,375
Monetary financial liabilities				
USD	13,063	6.8702	(USD:RMB)	405,724
USD	136,751	69.0990	(USD:INR)	4,247,495
USD	9,857	4.3031	(USD:MYR)	306,159
USD	26,458	25,883.3333	(USD:VND)	821,789
USD	289,369	31.0600	(USD:NTD)	8,987,796
JPY	11,305,022	0.2886	(JPY:NTD)	3,262,629
<hr/> December 31, 2018 <hr/>				
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
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
Non-monetary foreign currency assets				
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
Monetary foreign currency liabilities				
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

(Continued)

	Foreign Currencies (In Thousands)		Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
June 30, 2018				
Monetary financial assets				
USD	\$ 375,498	30.4600	(USD:NTD)	\$ 11,437,674
USD	18,705	6.6318	(USD:RMB)	569,760
USD	13,376	1.3541	(USD:AUD)	407,426
USD	3,646	4.1921	(USD:MYR)	111,042
USD	5,830	25,383.3333	(USD:VND)	177,576
JPY	8,651,813	0.2754	(JPY:NTD)	2,382,709
RMB	396,519	4.5930	(RMB:NTD)	1,821,214
VND	919,696,955	0.00004	(VND:USD)	1,103,636
EUR	25,670	35.4000	(EUR:NTD)	908,705
HKD	38,117	3.8810	(HKD:NTD)	147,931
Non-monetary financial assets				
Financial assets at fair value through other comprehensive income				
USD	1,185,532	30.4600	(USD:NTD)	36,111,318
JPY	8,641,600	0.2754	(JPY:NTD)	2,379,897
MYR	264,044	7.2660	(MYR:NTD)	1,918,542
Associate accounted for using equity method				
USD	380,602	30.4600	(USD:NTD)	11,506,157
AUD	714,455	22.4950	(AUD:NTD)	16,071,670
INR	4,120,496	0.4448	(INR:NTD)	1,832,796
Monetary financial liabilities				
USD	575,436	30.4600	(USD:NTD)	17,527,774
USD	147,725	68.4802	(USD:INR)	4,499,711
USD	27,880	25,383.3333	(USD:VND)	849,216
USD	14,668	6.6318	(USD:RMB)	446,797
USD	6,245	4.1921	(USD:MYR)	190,221
JPY	11,172,520	0.2754	(JPY:NTD)	3,076,912
(Concluded)				

For the three months and six months ended June 30, 2019 and 2018, realized and unrealized net foreign exchange gain or loss were gain of NT\$134,226 thousand, loss of NT\$16,105 thousand, gain of NT\$423,337 thousand and gain of NT\$157,981 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 30)
  - 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, CHS, CSCM, CSVC, CSCI, HLSC and TSC.
- Construction - construction, including CPDC, CEC, CECC, CECI, CEVC, CSSC, CKSSC, USDC, USECC and USCVC.

#### 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.

	Steel Department	Construction Department	Others	Adjustment and Elimination	Total
<u>For the six months ended June 30, 2019</u>					
Revenues from external customers	\$ 147,235,664	\$ 14,049,795	\$ 29,825,121	\$ -	\$ 191,110,580
Inter-segment revenues	<u>44,470,275</u>	<u>5,242,218</u>	<u>18,856,349</u>	<u>(68,568,842)</u>	<u>-</u>
Segment revenues	<u>\$ 191,705,939</u>	<u>\$ 19,292,013</u>	<u>\$ 48,681,470</u>	<u>\$ (68,568,842)</u>	<u>\$ 191,110,580</u>
Segment profit	\$ 5,603,741	\$ 2,171,261	\$ 3,320,269	\$ (534,252)	\$ 10,561,019
Interest income	127,116	21,734	105,180	(36,423)	217,607
Financial costs	(1,310,257)	(35,425)	(343,964)	77,843	(1,611,803)
Share of the profit of associates	4,626,030	65,551	532,391	(4,946,204)	277,768
Other non-operating income and expenses	<u>795,748</u>	<u>12,990</u>	<u>263,876</u>	<u>11,031</u>	<u>1,083,645</u>
Profit before income tax	9,842,378	2,236,111	3,877,752	(5,428,005)	10,528,236
Income tax	<u>1,465,808</u>	<u>315,620</u>	<u>512,066</u>	<u>(143,151)</u>	<u>2,150,343</u>
Net profit for the period	<u>\$ 8,376,570</u>	<u>\$ 1,920,491</u>	<u>\$ 3,365,686</u>	<u>\$ (5,284,854)</u>	<u>\$ 8,377,893</u>
<u>For the six months ended June 30, 2018</u>					
Revenues from external customers	\$ 155,069,002	\$ 9,604,318	\$ 29,040,757	\$ -	\$ 193,714,077
Inter-segment revenues	<u>47,090,937</u>	<u>5,478,716</u>	<u>20,228,023</u>	<u>(72,797,676)</u>	<u>-</u>
Segment revenues	<u>\$ 202,159,939</u>	<u>\$ 15,083,034</u>	<u>\$ 49,268,780</u>	<u>\$ (72,797,676)</u>	<u>\$ 193,714,077</u>
Segment profit	\$ 11,144,125	\$ 179,198	\$ 3,188,424	\$ 294,984	\$ 14,806,731
Interest income	106,623	26,057	65,058	(36,876)	160,862
Financial costs	(1,462,075)	(34,827)	(259,176)	26,250	(1,729,828)
Share of the profit of associates	5,123,575	137,201	417,138	(5,472,969)	204,945
Other non-operating income and expenses	<u>542,359</u>	<u>15,524</u>	<u>202,879</u>	<u>(323,159)</u>	<u>437,603</u>
Profit before income tax	15,454,607	323,153	3,614,323	(5,511,770)	13,880,313
Income tax	<u>215,191</u>	<u>30,772</u>	<u>552,247</u>	<u>29,042</u>	<u>827,252</u>
Net profit for the period	<u>\$ 15,239,416</u>	<u>\$ 292,381</u>	<u>\$ 3,062,076</u>	<u>\$ (5,540,812)</u>	<u>\$ 13,053,061</u>

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<hr/> <b>Segment assets</b> <hr/>			
Steel department	\$ 752,498,170	\$ 725,164,836	\$ 738,057,503
Construction department	35,436,186	37,800,386	35,517,336
Others	194,229,261	176,911,473	177,370,947
Adjustment and elimination	<u>(280,097,550)</u>	<u>(265,350,099)</u>	<u>(264,347,565)</u>
Consolidated total assets	<u>\$ 702,066,067</u>	<u>\$ 674,526,596</u>	<u>\$ 686,598,221</u>
<hr/> <b>Segment liabilities</b> <hr/>			
Steel department	\$ 306,271,970	\$ 272,586,581	\$ 299,500,012
Construction department	18,248,327	22,202,880	20,066,090
Others	77,740,633	64,452,643	66,764,975
Adjustment and Elimination	<u>(39,179,930)</u>	<u>(27,513,226)</u>	<u>(31,327,036)</u>
Consolidated total liabilities	<u>\$ 363,081,000</u>	<u>\$ 331,728,878</u>	<u>\$ 355,004,041</u>

**TABLE 1****CHINA STEEL CORPORATION AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS****FOR THE PERIOD ENDED JUNE 30, 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 Prosperity Development Corporation	Other receivables	Yes	\$ 900,000	\$ -	\$ -	0.54%-0.73%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 30,940,331	\$ 61,880,663	Note 2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	400,000	200,000	-	N/A	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	Dragon Steel Corporation	Other receivables	Yes	2,150,000	950,000	-	N/A	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	350,000	300,000	200,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	Gains Investment Corporation	Other receivables	Yes	300,000	300,000	300,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Steel Express Corporation	Other receivables	Yes	1,000,000	600,000	600,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,110,000	1,050,000	840,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	C.S.Aluminium Corporation	Other receivables	Yes	7,200,000	5,200,000	3,600,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Other receivables	Yes	566,300	406,890	113,025	3.80%-4.00%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Steel Machinery Corporation	Other receivables	Yes	530,000	400,000	400,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	445,600	135,630	-	N/A	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Ecotek Corporation	Other receivables	Yes	470,000	310,000	310,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	500,000	350,000	350,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	Chung Hung Steel Corporation	Other receivables	Yes	4,950,000	3,450,000	2,450,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	China Steel Structure Co., Ltd.	Other receivables	Yes	800,000	700,000	700,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
0	China Steel Corporation	CHC Resources Corporation	Other receivables	Yes	600,000	400,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	30,940,331	61,880,663	Note 2
1	United Steel Investment Pte Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	19,592	19,257	19,257	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	37,920	-	-	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	-	-	N/A	2	-	Operating capital	-	-	-	18,646	18,646	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	\$ 144,717	\$ 87,255	3.25%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 349,532	\$ 466,043	Note 6
5	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	185,370	-	-	N/A	2	-	Operating capital	-	-	-	826,827	1,653,654	Note 7
6	China Prosperity Development Corporation	China Steel Corporation	Other receivables	Yes	2,200,000	2,200,000	1,000,000	0.6%-0.62%	2	-	Operating capital	-	-	-	2,232,825	2,232,825	Note 8
7	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	50,000	50,000	-	0.63%	2	-	Operating capital	-	-	-	160,419	213,892	Note 9

(Continued)

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 “Regulations Governing Loaning of Funds” established by China Prosperity Development Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Prosperity Development Corporation.

Note 9: 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.

**TABLE 2****CHINA STEEL CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE PERIOD ENDED JUNE 30, 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	\$ 92,820,995	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	1	\$ 123,761,326	Y	N	N	Notes 2 and 5
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	92,820,995	38,976,593	38,310,538	38,310,538	-	12	123,761,326	N	N	N	Note 5
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	92,820,995	1,058,447	1,049,385	837,509	-	-	123,761,326	N	N	N	Note 5
1	China Steel Structure Co., Ltd.	United Steel Construction (Vietnam) Co., Ltd.	2	1,398,619	189,600	186,360	-	-	4	7,972,127	N	N	N	Note 6
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	2	1,398,619	808,105	798,190	279,010	-	19	7,972,127	N	N	Y	Note 6
1	China Steel Structure Co., Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	6	1,398,619	163,593	160,798	38,855	-	4	7,972,127	N	N	N	Note 6
2	United Steel Engineering & Construction Corporation	China Steel Structure Co., Ltd.	3	19,933,590	1,567,675	1,306,295	1,306,295	-	98	19,933,590	N	N	N	Notes 3 and 7
3	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	2	466,043	189,600	186,360	135,670	-	16	466,043	N	N	Y	Note 8
4	Chung Hung Steel Corporation	Chung Hung Steel Corporation	1	4,523,133	10,000	10,000	10,000	-	-	7,538,555	N	N	N	Notes 4 and 9
5	Infochamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	238,168	109,906	109,906	64,696	-	14	396,947	N	N	Y	Note 10

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

- 1) A company that the Corporation has business relationship with.
- 2) The Corporation owns directly or indirectly over 50% ownership of the investee company.
- 3) The company that owns directly or indirectly hold over 50% ownership of the Corporation.
- 4) In between companies that were held over 90% of voting shares directly or indirectly by an entity.
- 5) The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- 6) Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- 7) According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

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.

(Concluded)

**TABLE 3****CHINA STEEL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 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	JUNE 30, 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	\$ 119,062	2	\$ 119,062	
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	11,066,164	4	11,066,164	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	1,727,560	2	1,727,560	
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	1,194,428	9	1,194,428	
China Steel Corporation	Common stock	O-Bank Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	103,847,695	855,705	4	855,705	
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	600,353	5	600,353	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	400,000	241,731	1	241,731	
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	204,635	2	204,635	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited		Financial assets at fair value through other comprehensive income-noncurrent	1,111,418,177	29,687,758	20	29,687,758	
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	1,348,243	19	1,348,243	
China Steel Corporation	Common stock	CSN Mineracao S.A.		Financial assets at fair value through other comprehensive income-noncurrent	745,562	1,053,850	-	1,053,850	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	54,000,000	904,851	5	904,851	
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	13,276	15	13,276	
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	8,096	5	8,096	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 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	\$ 2,334	2	\$ 2,334	
China Steel Corporation	Common stock	Mega I Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	978,750	570	3	570	
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	1,720,292	19	1,720,292	
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	339,514	19	339,514	
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)	39,576,800	205,483	2	205,483	
Chung Hung Steel Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	33,109,239	826,076	-	826,076	
Chung Hung Steel Corporation	Common stock	TAIWAN VES-POWER CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	958,333	34,529	2	34,529	
Chung Hung Steel Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	657,936	8,423	3	8,423	
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	6,402	5	6,402	
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	25,049	-	25,049	
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	2,279	-	2,279	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,556,915	63,795	-	63,795	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	229,000	10,935	-	10,935	
China Steel Chemical Corporation	Mutual fund	PineBridge China A-Shares Quantitative Equity		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	30,000	9,393	-	9,393	
China Steel Chemical Corporation	Mutual fund	KGI Hospital & Dependency Related Industries Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	8,603	3,293	-	3,293	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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)	198,009	\$ 14,056	-	\$ 14,056	
China Steel Chemical Corporation	Mutual fund	Taishin Senior Secured High Yield Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	150,000	46,697	-	46,697	
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	32,765	-	32,765	
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	31,995	-	31,995	
China Steel Chemical Corporation	Mutual fund	FSITC US Top 100 Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	100,000	31,053	-	31,053	
China Steel Chemical Corporation	Mutual fund	Allianz Global Investors US Short Duration High Income Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	30,000	9,381	-	9,381	
China Steel Chemical Corporation	Mutual fund	Cathay Senior Secured High Yield Bond Fund A USD		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	483,985	5,303	-	5,303	
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	3,386	-	3,386	
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)	4,915,696	50,000	-	50,000	
China Steel Chemical Corporation	Mutual fund	Cathay Taiwan Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,606,026	20,006	-	20,006	
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)	1,490,562	20,190	-	20,190	
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)	1,308,146	15,165	-	15,165	
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)	1,016,714	15,082	-	15,082	
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)	469,454	17,534	-	17,534	
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	12,900	-	12,900	
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)	859,000	10,738	-	10,738	
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)	311,000	9,610	-	9,610	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	TAIWAN BUSINESS BANK,LTD.	Parent company  The ultimate parent company	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	637,283	\$ 8,699	-	\$ 8,699	
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)	598,783	8,563	-	8,563	
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	6,888	-	6,888	
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	6,527	-	6,527	
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)	300,000	2,841	-	2,841	
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	1,488	-	1,488	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation		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		Financial assets at fair value through other comprehensive income - current	4,226,265	105,445	-	105,445	
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	44,940	4	44,940	
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	5,615	2	5,615	
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	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares II		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	\$ 8,470	-	\$ 8,470	
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	781	-	781	
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	15,635	-	15,635	
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	20,032	-	20,032	
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	10,014	-	10,014	
Ever Wealthy International Corporation	Mutual fund	Taishin Senior Secured High Yield Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000,000	20,255	-	20,255	
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	5,129	-	5,129	
Ever Wealthy International Corporation	Mutual fund	TCB Taiwan Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,442,138	35,012	-	35,012	
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)	1,229,871	20,078	-	20,078	
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)	4,540,263	61,499	-	61,499	
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)	3,382,729	50,179	-	50,179	
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)	2,534,826	40,143	-	40,143	
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)	2,804,443	39,088	-	39,088	
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	30,067	-	30,067	
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	30,062	-	30,062	
Ever Wealthy International Corporation	Mutual fund	TAISHIN DRAGON FUND		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,355,583	25,636	-	25,636	
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	3,411	-	3,411	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 16,233	-	\$ 16,233	
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	32,116	-	32,116	
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	10,904	-	10,904	
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)	1,100	5,876	-	5,876	
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	58,346	-	58,346	
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	24,860	-	24,860	
Ever Glory International Co., Ltd.	Mutual fund	JPMorgan Funds - US Aggregate Bond Fund A (acc) – USD		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	29,062	15,779	-	15,779	
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	4,190	-	4,190	
Ever Glory International Co., Ltd.	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited		Financial assets at amortized cost - noncurrent	30,000	13,587	-	13,587	
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	12,840	1	12,840	
China Ecotek Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	500,000	9,292	2	9,292	
China Ecotek Corporation	Common stock	ECOTEK INDUSTRIAL AQUACULTURE CORP.		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	150,198	11	150,198	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Structure Co., Ltd.	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	6,936,878	\$ 173,075	-	\$ 173,075	
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	173,862	-	173,862	
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	93,449	-	93,449	
CHC Resources Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	9,201,806	229,585	-	229,585	
CHC Resources Corporation	Common stock	FENG SHEHG ENTERPRISE COMPANY		Financial assets at fair value through other comprehensive income-noncurrent	932,053	11,740	2	11,740	
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)	2,215,363	30,008	-	30,008	
CHC Resources Corporation	Mutual fund	Jih Sun Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,348,704	20,006	-	20,006	
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	10,575	-	10,575	
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)	3,112,424	50,276	-	50,276	
Union Steel Development Corporation	Certificate entitlement	of Shanghai Bao Shan Lian Steel Products Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	17,079	19	17,079	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,349,975	58,632	-	58,632	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation		Financial assets at fair value through other comprehensive income - current	2,223	197	-	197	
China Steel Security Corporation	Common stock	Taiwan Shin Kong Security Corporation		Financial assets at fair value through other comprehensive income-current	3,579	136	-	136	
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	10,014	-	10,014	
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)	1,227,907	20,046	-	20,046	
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	20,029	-	20,029	
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)	619,199	10,002	-	10,002	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
ChinaSteel Management Consulting Corporaion	Mutual fund	Capital Money Market Fund	Parent company	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	348,056	\$ 5,622	-	\$ 5,622	
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	89,383	-	89,383	
China Prosperity Development Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	952,979	23,777	-	23,777	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income - current	463,457	14,321	-	14,321	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income - current	222,789	4,634	-	4,634	
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	
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)	3,307,089	590,732	-	590,732	
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)	34,561,139	491,529	-	491,529	
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)	24,636,273	365,450	-	365,450	
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)	8,827,265	120,221	-	120,221	
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)	9,243,073	115,140	-	115,140	
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)	7,144,667	113,147	-	113,147	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	325,505	8,121	-	8,121	
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	50,397	2	50,397	
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	20,131	-	20,131	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Common stock	SynCore Biotechnology Co., Ltd	The held company as its supervisor	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	483,000	\$ 13,524	1	\$ 13,524	
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	10,480	1	10,480	
Eminent Venture Capital Corporation	Common stock	Savior Lifetec Corporation		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	390,000	7,429	-	7,429	
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	18,577	1	18,577	
Eminent Venture Capital Corporation	Common stock	Magqu Co. Ltd.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,301,000	18,409	7	18,409	
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	16,232	1	16,232	
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	6,121	1	6,121	
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	1,344	1	1,344	
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	17,418	4	17,418	
Eminent Venture Capital Corporation	Common stock	American BriVision (Holding) Corporation		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	33,334	10,768	-	10,768	
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	5,344	1	5,344	
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	4,316	4	4,316	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Preferred stock	BioResource International, Inc.	Parent company	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	815,486	\$ 15,132	3	\$ 15,132	
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	7,595	2	7,595	
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	-	
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	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	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	42,780	-	42,780	
Infochamp Systems Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - noncurrent	3,834,338	95,667	-	95,667	
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	35,358	4	35,358	
Infochamp Systems Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income - noncurrent	438,624	5,615	2	5,615	
Infochamp Systems Corporation	Common stock	TRICORNTECH CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	726,885	3,445	2	3,445	
Infochamp Systems Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.		Financial assets at fair value through other comprehensive income - noncurrent	889,571	-	5	-	
Infochamp Systems Corporation	Mutual fund	Taishin 1699 Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,953,730	40,009	-	40,009	
Kaohsiung Rapid Transit Corporation	Common stock	iPASS Corporation		Financial assets at fair value through other comprehensive income - noncurrent	13,000,000	114,874	11	114,874	
Dragon Steel Corporation	Common stock	Union Optronics Corp.		Financial assets at fair value through other comprehensive income - noncurrent	103,895	-	-	-	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Dragon Steel Corporation	Common stock	Kuei Hung Industrial CO., LTD.	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	5,602,000	\$ -	-	\$ -	Note 1
C.S.Aluminium Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	4,431,944	110,577	-	110,577	
China Steel Express Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	8,801,555	219,599	-	219,599	
China Steel Express Corporation	Common stock	CSBC Corporation,Taiwan	Parent company	Financial assets at fair value through other comprehensive income - current	1,564,258	41,296	-	41,296	
China Steel Express Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income - noncurrent	3,240,000	54,291	-	54,291	
China Steel Express Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income - noncurrent	657,936	8,423	3	8,423	
China Steel Express Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	35,000	2,491	1	2,491	
Transglory Investment Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - noncurrent	255,665,331	6,378,850	2	6,378,850	
Gains Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.		Financial assets at fair value through other comprehensive income - current	23,129,242	815,306	-	815,306	
Gains Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,467,723	153,377	-	153,377	
Gains Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income - current	662,080	117,188	-	117,188	
Gains Investment Corporation	Common stock	FUSHENG PRECISION CO., LTD.		Financial assets at fair value through other comprehensive income - current	573,000	113,454	-	113,454	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.		Financial assets at fair value through other comprehensive income - current	1,340,257	95,694	-	95,694	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	935,032	84,714	-	84,714	
Gains Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.		Financial assets at fair value through other comprehensive income - current	2,043,620	82,971	-	82,971	
Gains Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income-current	1,538,000	69,056	-	69,056	
Gains Investment Corporation	Common stock	I JANG INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	892,000	40,854	-	40,854	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	RAFAEL MICROELECTRONICS, INC.		Financial assets at fair value through other comprehensive income - current	222,000	\$ 40,182	-	\$ 40,182	
Gains Investment Corporation	Common stock	SHIN FOONG SPECIALTY AND APPLIED MATERIALS CO., LTD.		Financial assets at fair value through other comprehensive income - current	685,000	36,990	-	36,990	
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income - current	700,000	33,670	-	33,670	
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income - current	1,440,000	31,032	-	31,032	
Gains Investment Corporation	Common stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	367,000	30,277	-	30,277	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.		Financial assets at fair value through other comprehensive income - current	579,593	28,806	-	28,806	
Gains Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.		Financial assets at fair value through other comprehensive income - current	614,000	26,156	-	26,156	
Gains Investment Corporation	Common stock	NAN LIU ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	159,000	25,997	-	25,997	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income - current	885,300	25,143	-	25,143	
Gains Investment Corporation	Common stock	HERAN CO., LTD.		Financial assets at fair value through other comprehensive income - current	251,000	24,397	-	24,397	
Gains Investment Corporation	Common stock	ANDES TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income - current	200,000	24,200	-	24,200	
Gains Investment Corporation	Common stock	ZENG HSING INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	161,000	23,587	-	23,587	
Gains Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	670,661	23,205	-	23,205	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income - current	407,000	22,304	-	22,304	
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	22,228	-	22,228	
Gains Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income - current	421,036	21,304	-	21,304	
Gains Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	528,000	18,850	-	18,850	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	AAEON TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income - current	193,000	\$ 16,347	-	\$ 16,347	
Gains Investment Corporation	Common stock	ARDENTEC CORPORATION		Financial assets at fair value through other comprehensive income - current	548,000	15,865	-	15,865	
Gains Investment Corporation	Common stock	KING CHOU MARINE TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	420,000	15,540	-	15,540	
Gains Investment Corporation	Common stock	Enterex International Limited		Financial assets at fair value through other comprehensive income - current	642,000	15,055	-	15,055	
Gains Investment Corporation	Common stock	APAQ TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	505,149	14,877	-	14,877	
Gains Investment Corporation	Common stock	ASIA TECH IMAGE INC.		Financial assets at fair value through other comprehensive income - current	312,000	14,274	-	14,274	
Gains Investment Corporation	Common stock	CHIEN SHING HARBOUR SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income - current	614,000	13,477	-	13,477	
Gains Investment Corporation	Common stock	AIR ASIA COMPANY LIMITED.		Financial assets at fair value through other comprehensive income - current	570,000	12,141	-	12,141	
Gains Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.		Financial assets at fair value through other comprehensive income - current	315,000	11,214	-	11,214	
Gains Investment Corporation	Common stock	ACTER GROUP CORPORATION LIMITED		Financial assets at fair value through other comprehensive income - current	64,000	10,784	-	10,784	
Gains Investment Corporation	Common stock	WISECHIP SEMICONDUCTOR INC.		Financial assets at fair value through other comprehensive income - current	168,000	6,821	-	6,821	
Gains Investment Corporation	Common stock	EXCELSIOR BIOPHARMA INCORPORATION		Financial assets at fair value through other comprehensive income - current	124,000	5,909	-	5,909	
Gains Investment Corporation	Common stock	ZILLTEK TECHNOLOGY CORP.		Financial assets at fair value through other comprehensive income - current	25,000	2,500	-	2,500	
Gains Investment Corporation	Common stock	TAI-SAW TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	117,000	2,223	-	2,223	
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	EPOCH ELECTRONICS CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	199,511	-	3	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	GATETECH TECHNOLOGY INC.	The held company as its supervisor	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		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)	500,000	-	-	-	
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	127,585	-	127,585	
Gains Investment Corporation	Common stock	LUXNET CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	3,079,731	64,212	-	64,212	
Gains Investment Corporation	Common stock	ULTRA CHIP, INC.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	930,147	31,672	-	31,672	
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	5	77,931	
Gains Investment Corporation	Common stock	SUNNY PHARMTECH INC.		Financial assets at fair value through other comprehensive income - noncurrent	2,060,413	65,933	2	65,933	
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	YEONG LONG TECHNOLOGIES CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,980,000	57,781	5	57,781	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	CHEN NAN IRON WIRE CO., LTD.	The held company as its director	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		Financial assets at fair value through other comprehensive income - noncurrent	2,160,000	36,194	-	36,194	
Gains Investment Corporation	Common stock	YONGDA FOOD TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,413,500	35,980	5	35,980	
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	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	28,731	6	28,731	
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	18,585	4	18,585	
Gains Investment Corporation	Common stock	T-Car Inc.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	500,000	17,500	2	17,500	
Gains Investment Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income - noncurrent	1,096,560	14,038	4	14,038	
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	4,905	1	4,905	
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	35,000	2,491	1	2,491	
Gains Investment Corporation	Common stock	Mega I Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	675,000	394	2	394	
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,080,000	45,446	6	45,446	
Gains Investment Corporation	Common stock	TRANSCOM, INC.		Financial assets at fair value through other comprehensive income - noncurrent	615,000	38,142	2	38,142	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	2,001,000	\$ 37,491	5	\$ 37,491	Note 2
Gains Investment Corporation	Common stock	LINTES TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	368,000	29,702	1	29,702	
Gains Investment Corporation	Common stock	FEMCO STEEL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,248,000	27,646	3	27,646	
Gains Investment Corporation	Common stock	UNITED PERFORMANCE MATERIALS CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	29,000	502	-	502	
Gains Investment Corporation	Mutual fund	Cathay Taiwan Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,364,706	17,000	-	17,000	
Gains Investment Corporation	Convertible bond	Tong Ming Enterprise Co., Ltd. Convertible BondI		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	130,000	12,870	-	12,870	
Winning Investment Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income - noncurrent	160,406,339	4,002,138	-	4,002,138	
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	2,299	-	2,299	
Universal Exchange Inc.	Mutual fund	Union Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,489,565	19,689	-	19,689	
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	7,106	-	7,106	
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	22,214	-	22,214	
Eminence Investment Corporation	Common stock	DELTA ELECTRONICS, INC.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	123,000	19,372	-	19,372	
Eminence Investment Corporation	Common stock	Zhen Ding Technology Holding Limited		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	177,000	17,594	-	17,594	
Eminence Investment Corporation	Common stock	WIWYNN CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	32,000	11,312	-	11,312	
Eminence Investment Corporation	Common stock	NVIDIA Corporation		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,010	10,253	-	10,253	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	Visa Inc.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,850	\$ 9,972	-	\$ 9,972	
Eminence Investment Corporation	Common stock	Salesforce.Com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,101	9,901	-	9,901	
Eminence Investment Corporation	Common stock	Google Inc.-Class A(GOOG)		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	270	9,081	-	9,081	
Eminence Investment Corporation	Common stock	Broadcom Ltd(AVGO)		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	980	8,762	-	8,762	
Eminence Investment Corporation	Common stock	NOVATEK MICROELECTRONICS CORP.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	8,650	-	8,650	
Eminence Investment Corporation	Common stock	AMAZING MICROELECTRONIC CORP.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	100,000	8,080	-	8,080	
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	7,513	-	7,513	
Eminence Investment Corporation	Common stock	Worldpay Inc		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,790	6,813	-	6,813	
Eminence Investment Corporation	Common stock	Adobe Systems Incorporated		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	698	6,388	-	6,388	
Eminence Investment Corporation	Common stock	Apple Inc.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	993	6,104	-	6,104	
Eminence Investment Corporation	Common stock	Amazon.com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	92	5,411	-	5,411	
Eminence Investment Corporation	Common stock	Xilinx, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,204	4,410	-	4,410	
Eminence Investment Corporation	Common stock	Microsoft Corporation		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	720	2,996	-	2,996	
Eminence Investment Corporation	Common stock	Facebook, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	460	2,758	-	2,758	
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	1,167	-	1,167	
Eminence Investment Corporation	Common stock	Nokia Corporation		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	4,680	728	-	728	
Eminence Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	3,340,000	215,764	-	215,764	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.		Financial assets at fair value through other comprehensive income - current	3,718,000	\$ 148,162	-	\$ 148,162	
Eminence Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	1,179,564	106,868	-	106,868	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED		Financial assets at fair value through other comprehensive income - current	268,000	64,052	-	64,052	
Eminence Investment Corporation	Common stock	TAIWAN MOBILE CO., LTD.		Financial assets at fair value through other comprehensive income - current	449,000	55,002	-	55,002	
Eminence Investment Corporation	Common stock	CHUNGHWA TELECOM CO., LTD.		Financial assets at fair value through other comprehensive income - current	361,000	40,793	-	40,793	
Eminence Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income - current	722,200	36,543	-	36,543	
Eminence Investment Corporation	Common stock	FORMOSA PLASTICS CORPORATION		Financial assets at fair value through other comprehensive income - current	285,000	32,632	-	32,632	
Eminence Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income - current	725,000	32,552	-	32,552	
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	619,000	31,940	-	31,940	
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	337,000	29,656	-	29,656	
Eminence Investment Corporation	Common stock	FORMOSA CHEMICALS & FIBRE CORP.		Financial assets at fair value through other comprehensive income - current	272,000	28,016	-	28,016	
Eminence Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income - current	487,000	26,688	-	26,688	
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.		Financial assets at fair value through other comprehensive income - current	1,144,000	26,083	-	26,083	
Eminence Investment Corporation	Common stock	CORETRONIC CORPORATION		Financial assets at fair value through other comprehensive income - current	600,000	26,040	-	26,040	
Eminence Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income - current	912,450	25,914	-	25,914	
Eminence Investment Corporation	Common stock	QUANG VIET ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	163,000	24,450	-	24,450	
Eminence Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income - current	230,000	24,035	-	24,035	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	POWERTECH TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income - current	308,000	\$ 23,408	-	\$ 23,408	
Eminence Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income - current	131,695	23,310	-	23,310	
Eminence Investment Corporation	Common stock	DAXIN MATERIALS CORP.		Financial assets at fair value through other comprehensive income - current	236,000	19,848	-	19,848	
Eminence Investment Corporation	Common stock	NANYA TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income - current	300,000	19,350	-	19,350	
Eminence Investment Corporation	Common stock	SINON CORPORATION		Financial assets at fair value through other comprehensive income - current	880,000	18,568	-	18,568	
Eminence Investment Corporation	Common stock	LUXNET CORPORATION		Financial assets at fair value through other comprehensive income - current	867,470	18,087	-	18,087	
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION		Financial assets at fair value through other comprehensive income - current	255,000	17,213	-	17,213	
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	424,000	16,939	-	16,939	
Eminence Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income - current	440,000	15,708	-	15,708	
Eminence Investment Corporation	Common stock	TAIDOC TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income - current	100,000	14,250	-	14,250	
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.		Financial assets at fair value through other comprehensive income - current	181,000	13,828	-	13,828	
Eminence Investment Corporation	Common stock	YAGEO CORPORATION		Financial assets at fair value through other comprehensive income - current	50,000	13,200	-	13,200	
Eminence Investment Corporation	Common stock	LITE-ON TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income - current	250,000	11,375	-	11,375	
Eminence Investment Corporation	Common stock	KINIK COMPANY		Financial assets at fair value through other comprehensive income - current	170,000	10,319	-	10,319	
Eminence Investment Corporation	Common stock	WPG HOLDINGS LIMITED		Financial assets at fair value through other comprehensive income - current	222,000	8,958	-	8,958	
Eminence Investment Corporation	Common stock	TRANSCEND INFORMATION INC.		Financial assets at fair value through other comprehensive income - current	125,000	8,950	-	8,950	
Eminence Investment Corporation	Common stock	SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.		Financial assets at fair value through other comprehensive income - current	266,000	8,751	-	8,751	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	FORESEE PHARMACEUTICALS CO., LTD.		Financial assets at fair value through other comprehensive income - current	103,000	\$ 7,766	-	\$ 7,766	
Eminence Investment Corporation	Common stock	PACIFIC HOSPITAL SUPPLY CO., LTD.		Financial assets at fair value through other comprehensive income - current	99,000	7,643	-	7,643	
Eminence Investment Corporation	Common stock	SHENG YU STEEL CO., LTD.		Financial assets at fair value through other comprehensive income - current	377,000	7,238	-	7,238	
Eminence Investment Corporation	Common stock	NETRONIX, INC.		Financial assets at fair value through other comprehensive income - current	150,000	6,938	-	6,938	
Eminence Investment Corporation	Common stock	ANPEC ELECTRONICS CORPORATION		Financial assets at fair value through other comprehensive income - current	119,899	6,846	-	6,846	
Eminence Investment Corporation	Common stock	QUANTA COMPUTER INC.		Financial assets at fair value through other comprehensive income - current	96,000	5,798	-	5,798	
Eminence Investment Corporation	Common stock	YC INOX CO., LTD.		Financial assets at fair value through other comprehensive income - current	200,000	5,390	-	5,390	
Eminence Investment Corporation	Common stock	FIRST HI-TEC ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income - current	112,000	5,051	-	5,051	
Eminence Investment Corporation	Common stock	POYA INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	12,000	5,040	-	5,040	
Eminence Investment Corporation	Common stock	GETAC TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income - current	108,000	5,033	-	5,033	
Eminence Investment Corporation	Common stock	MACAUTO INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income - current	55,000	4,538	-	4,538	
Eminence Investment Corporation	Common stock	FLYTECH TECHNOLOGY CO.,LTD.		Financial assets at fair value through other comprehensive income - current	53,000	4,240	-	4,240	
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	69,870	-	69,870	
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	18,075	-	18,075	
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	1,146,801	36,698	1	36,698	
Eminence Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,200,000	28,731	6	28,731	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	\$ 18,585	4	\$ 18,585	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,080,000	45,446	6	45,446	
Eminence Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income - noncurrent	1,749,000	32,769	4	32,769	
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	31,023	-	31,023	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets at fair value through other comprehensive income - current	833,000	51,896	-	51,896	
Eminence Investment Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD.(E)		Financial assets at fair value through other comprehensive income - current	560,000	30,968	-	30,968	
Eminence Investment Corporation	Mutual fund	Cathay PHLX Semiconductor ETF		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	30,000	424	-	424	
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)	321,254	4,002	-	4,002	
Eminence Investment Corporation	Convertible bond	HY ELECTRONIC (CAYMAN) LIMITED, LTD Convertible BondI		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	230,000	21,114	-	21,114	
Eminence Investment Corporation	Convertible bond	Tong Ming Enterprise Co., Ltd. Convertible BondI		Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	170,000	16,830	-	16,830	
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	35,772	-	35,772	
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	40,067	-	40,067	
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	40,337	-	40,337	
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	38,061	-	38,061	
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	36,474	-	36,474	
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	37,258	-	37,258	
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	40,056	-	40,056	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 38,476	-	\$ 38,476	
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	40,501	-	40,501	
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	108,520	-	108,520	
China Steel Global Trading Corporation	Common stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	1,110	67,334	15	67,334	
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	12,160	-	12,160	
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	50,543	-	50,543	
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)	1,703,466	21,386	-	21,386	
Chung Mao Trading (Samoa) Corporation	Certificate entitlement	of Maruichi Metal Product (Foshan) Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	290,006	15	290,006	
Chung Mao Trading (Samoa) Corporation	Certificate entitlement	of PCMI Metal Products (Chongqing) Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	124,051	8	124,051	
Chung Mao Trading (Samoa) Corporation	Certificate entitlement	of Xiamen Chun Yuan Precision Mechatronic Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	28,553	19	28,553	
Chung Mao Trading (Samoa) Corporation	Certificate entitlement	of Changshu Baoshunchang Steel Processing Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	-	10	-	
CSGT International Corporation	Common stock	NSSB Coil Center (Thailand) Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	3,001	74,988	13	74,988	
CSGT International Corporation	Certificate entitlement	of Hanoi Steel Center Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	-	189,015	19	189,015	
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	9,997,660	13	9,997,660	
China Steel Asia Pacific Holdings Pte Ltd	Certificate entitlement	of Wuxi TECO Electric & Machinery Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	111,702	6	111,702	
China Steel Asia Pacific Holdings Pte Ltd	Certificate entitlement	of QINGDAO TECO PRECISION MECHATRONICS CO., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	58,331	12	58,331	

(Continued)



TABLE 4

## CHINA STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE PERIOD ENDED JUNE 30, 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	260,000,000	\$ 2,442,177	-	\$ -	\$ -	\$ -	342,100,000	\$ 3,196,317
China Steel Corporation	Common stock	CSC Solar Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	66,000,000	692,176	29,920,000	301,603	-	-	-	-	95,920,000	993,779
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	1,131,764	-	-	-	-	359,000,000	5,691,108
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	1,069,532	22,487	98,479,689	748,848	748,848	-	2,537,872	19,287
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS	Financial assets mandatorily classified as at fair value through profit or loss (including measurement)	-	-	-	-	120,979,259	919,642	16,636,562	126,617	126,617	-	104,342,697	793,025

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

TABLE 5

CHINA STEEL CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE PERIOD ENDED JUNE 30, 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.

TABLE 6

## CHINA STEEL CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship			Payment Terms	Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total		Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	Sales	\$ (10,668,129 )	(10 )	Letter of credit/Receivables were collected after final acceptance	\$ -	-	\$ 649,939	13	-
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiary	Sales	(2,451,582 )	(2 )	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	-	-	135,400	3	-
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	Sales	(1,322,590 )	(1 )	Accounts receivable factoring agreements	-	-	238,493	5	-
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales	(1,182,208 )	(1 )	Letter of credit/Accounts received in advance before shipment date	-	-	21,027	-	-
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales	(1,050,369 )	(1 )	Letter of credit	-	-	160,125	3	-
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales	(865,497 )	(1 )	Receivables were collected within 10 days after shipment date	-	-	7,032	-	-
China Steel Corporation	CSBC Corporation,Taiwan	The Corporation as director of the board of related party	Sales	(844,458 )	(1 )	Accounts received in advance before shipment date	-	-	298,497	6	-
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales	(545,225 )	(1 )	Receivables were collected within 30 days after shipment date	-	-	47,696	1	-
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales	(496,523 )	-	Receivables were collected within 60 days after shipment date	-	-	140,672	3	-
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales	(402,454 )	-	Receivables were collected within 14 days after shipment date	-	-	44,744	1	-
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales	(391,882 )	-	Receivables were collected within 5 days after shipment date	-	-	15,738	-	-
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales	(315,995 )	-	Letter of credit	-	-	10,915	-	-
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales	(264,241 )	-	Letter of credit/Accounts received in advance before shipment date	-	-	-	-	-
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales	(259,030 )	-	Receivables were collected within 85 days after shipment date	-	-	98,349	2	-
China Steel Corporation	Rechi Refrigeration Dongguan Co, Ltd.	The Corporation as director of the board of related party's parent company	Sales	(218,543 )	-	Accounts received in advance before shipment date	-	-	-	-	-
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(475,343 )	-	By contract terms	-	-	47,333	1	-
China Steel Corporation	Tang Eng Iron Works Co., Ltd.	The Corporation as director of the board of related party	Service revenue and other operating revenue	(206,675 )	-	By contract terms	-	-	3,471	-	-
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Service revenue and other operating revenue	(147,355 )	-	By contract terms	-	-	33,153	1	-
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Purchases	10,566,241	14	Payment within 5 days after shipment date/Receivables were collected after final acceptance	-	-	(1,185,117 )	(12 )	-
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	3,977,155	5	Payment against copy of B/L	-	-	(751,144 )	(8 )	-
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Purchases	1,192,022	2	Payment after final acceptance	-	-	(196,245 )	(2 )	-
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	359,034	-	Payment against copy of B/L	-	-	(52,684 )	(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	China Steel Global Trading Corporation	Subsidiary	Purchases	\$ 235,919	-	Payment after final acceptance	\$ -	-	\$ (20,778 )	-	-
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Purchases	163,303	-	Payment after final acceptance	-	-	(6,292 )	-	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(10,351,916 )	(22 )	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	-	-	1,355,796	43	-
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(5,516,292 )	(12 )	Letter of credit/Receivables were collected within 5 days after shipment date	-	-	179,952	6	-
Dragon Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	The same parent company	Sales	(2,693,315 )	(6 )	Receivables were collected within 5 days after shipment date	-	-	-	-	-
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(2,096,268 )	(4 )	Receivables were collected within 5 days after shipment date	-	-	186,658	6	-
Dragon Steel Corporation	China Steel Structure Co., Ltd.	The same parent company	Sales	(643,774 )	(1 )	Letter of credit	-	-	13,568	-	-
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(399,284 )	(1 )	Receivables were collected within 5 days after shipment date	-	-	18,232	1	-
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Sales	(332,229 )	(1 )	Receivables were collected within 5 days after shipment date	-	-	568	-	-
Dragon Steel Corporation	CHC Resources Corporation	The same parent company	Sales	(162,420 )	-	Letter of credit	-	-	7,036	-	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Other operating revenue	(214,325 )	-	Receivables were collected after final acceptance	-	-	-	-	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Service revenue	(113,719 )	-	Receivables were collected within 5 days after shipment date	-	-	-	-	-
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	2,370,712	7	Payment against copy of B/L	-	-	(319,642 )	(24 )	-
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	559,993	2	Payment within 5 days after shipment date	-	-	(15,738 )	(1 )	-
Dragon Steel Corporation	C.S.Aluminium Corporation	The same parent company	Purchases	362,551	1	Payment in advance Payment within 30 days after final acceptance	-	-	(114,207 )	(8 )	-
Dragon Steel Corporation	CSE Transport Corporation	The same parent company	Purchases	178,385	-	Payment against copy of B/L	-	-	(9,899 )	(1 )	-
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	121,572	-	Payment in advance/Payment within 30 days after final acceptance	-	-	(46,719 )	(3 )	-
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(581,127 )	(2 )	T/T within 7 working days against copy of B/L	-	NO THIRD-PARTY COULD BE COMPARED	15,907	1	-
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(221,086 )	(1 )	T/T as the end of the month of when invoice is issued after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	25,590	2	-
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	10,724,396	57	Letter of credit at sight/Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(859,537 )	(91 )	-
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	5,574,881	30	Letter of credit at sight	-	NO THIRD-PARTY COULD BE COMPARED	-	-	-
Chung Hung Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	169,602	1	Letter of credit at sight	-	NO THIRD-PARTY COULD BE COMPARED	(4,089 )	-	-
Chung Hung Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	122,810	1	Letter of credit at sight	-	NO THIRD-PARTY COULD BE COMPARED	-	-	-
China Ecotek Corporation	China Steel Corporation	Parent company	Construction revenue	(1,335,405 )	(33 )	By contract terms	-	-	224,224	14	-
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(745,560 )	(19 )	By contract terms	-	-	283,317	17	-
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(607,966 )	(15 )	By contract terms	-	-	108,081	7	-
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(378,582 )	(9 )	By contract terms	-	-	471,446	29	-
China Ecotek Corporation	China Steel Machinery Corporation	The same parent company	Purchases	454,345	12	By contract terms	-	-	110,430	18	Note 2
China Ecotek Vietnam Company Limited	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(566,387 )	(63 )	By contract terms	-	-	-	-	-
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(617,460 )	(16 )	Receivables are collected as the end of every month of when invoice is issued	-	-	104,797	16	-
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,050,369	50	Letter of credit at sight	-	-	(197,707 )	(71 )	-
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	587,476	28	Payment after final acceptance	-	-	-	-	-
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	399,284	19	Letter of credit at sight	-	-	-	-	-

(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	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	\$ 100,690	5	Net 180 days from the end of the month of when invoice is issued	\$ -	-	\$ (188,640 )	(100 )	-
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	Sales	(244,599 )	(6 )	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.	163,896	16	-
CHC Resources Corporation	YA TUNG READY-MIXED CONCRETE CORP.	Subsidiary of director of the board	Sales	(203,105 )	(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.	57,139	6	-
CHC Resources Corporation	Universal Cement Corporation	Director of the board	Sales	(121,477 )	(3 )	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.	46,389	5	-
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(940,104 )	(22 )	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.	284,039	28	-
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(593,314 )	(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.	159,753	16	-
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(245,922 )	(6 )	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.	51,191	5	-
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	336,424	26	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.	(10,920 )	(3 )	-
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	218,247	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.	(33,971 )	(10 )	-
CHC Resources Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	193,928	15	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.	(5,421 )	(2 )	-
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Purchases	162,327	13	Letter of credit	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(5,082 )	(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	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	\$ (167,687 )	(59 )	Net 60 days from the end of the month of when invoice is issued	\$ -	-	\$ 36,710	55	-
CHC Resources Vietnam Co., Ltd.	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	153,437	99	Prepaid before shipment date	-	-	-	-	-
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Service revenue	(196,749 )	(3 )	Contractual period	-	-	35,370	3	-
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(418,350 )	(7 )	Contractual period	-	-	44,126	3	-
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Construction revenue	(184,566 )	(3 )	Contractual period	-	-	16,803	1	-
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Subsidiary	Construction revenue	(168,574 )	(3 )	Contractual period	-	-	16,085	1	-
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Purchases	1,182,208	51	Letter of credit/Prepaid before shipment date	-	Payment 7th of next month after received the supplier invoice	(23,086 )	(2 )	-
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Purchases	645,054	28	Letter of credit	-	Payment 7th of next month after received the supplier invoice	(8,085 )	(1 )	-
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(614,870 )	(19 )	Contractual period	-	-	145,540	25	-
United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	The same parent company	Construction revenue	(305,463 )	(9 )	Contractual period	-	-	-	-	-
United Steel Engineering & Construction Corporation	CHC Resources Corporation	The same parent company	Construction revenue	(219,829 )	(7 )	Contractual period	-	-	39,292	7	-
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(206,186 )	(6 )	Contractual period	-	-	123,233	21	-
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(196,137 )	(6 )	Contractual period	-	-	15,681	3	-
United Steel Engineering & Construction Corporation	Steel Castle Technology Corporation	The same parent company	Outsourcing construction fee	115,205	5	Letter of credit	-	-	(134,023 )	(8 )	-
Infochamp Systems Corporation	China Steel Corporation	Parent company	Service revenue	(321,206 )	(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	(421,661 )	(7 )	Receivables were collected after shipment date	-	-	68,497	17	-
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(235,919 )	(4 )	Receivables were collected after final acceptance	-	-	20,778	5	-
China Steel Global Trading Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(169,602 )	(3 )	Receivables were collected after shipment date	-	-	4,089	1	-
China Steel Global Trading Corporation	Dragon Steel Corporation	The same parent company	Sales	(121,572 )	(2 )	Receivables were collected after shipment date	-	-	46,719	12	-
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(208,459 )	(75 )	By contract terms	-	-	42,895	97	-
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	3,943,955	63	Payment from counter-party notice after shipping	-	-	-	-	-
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	1,199,464	19	Payment after shipment date	-	-	(7,032 )	(7 )	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	603,210	66	Payment from counter-party notice after shipping	-	-	(49,848 )	(59 )	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel Sumikin Vietnam Joint Stock Company	The same parent company	Purchases	144,594	17	Payment after shipment date	-	-	(26,664 )	(35 )	-
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(110,067 )	(41 )	Net 90 days from the end of the month of when invoice is issued	-	-	110,828	73	-
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(538,689 )	(85 )	Net 90 days from the end of the month of when invoice is issued	-	-	205,305	82	-
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Purchases	139,626	36	Net 90 days from the end of the month of when invoice is issued	-	-	(149,327 )	(46 )	-
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	Purchases	110,206	29	Net 90 days from the end of the month of when invoice is issued	-	-	(110,902 )	(34 )	-
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(216,836 )	(99 )	Net 90 days from the end of the month of when invoice is issued	-	-	134,249	99	-
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(140,195 )	(17 )	Net 90 days from the end of the month of when invoice is issued	-	-	149,228	32	-
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	538,653	59	Net 90 days from the end of the month of when invoice is issued	-	-	(205,169 )	(40 )	-
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Subsidiary	Purchases	216,821	24	Net 90 days from the end of the month of when invoice is issued	-	-	(134,160 )	(26 )	-

(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		
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Sales	\$ (168,075 )	(37 )	Receivables were collected within 10 days after shipment date	\$ -	-	\$ 6,292	7	-	
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(4,339,321 )	(62 )	Payment after shipping document specified	-	-	773,089	69	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(2,496,510 )	(36 )	Payment after shipping document specified	-	-	337,629	30	-	
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(360,110 )	(59 )	Payment after shipping document specified	-	-	52,681	44	-	
CSE Transport Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(178,749 )	(29 )	Payment after shipping document specified	-	-	9,899	8	-	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	Service revenue	(220,721 )	(69 )	Payment after shipping document specified	-	-	220,983	90	-	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Sales	(1,192,022 )	(12 )	Receivables were collected after final acceptance	-	-	196,245	21	-	
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(362,551 )	(4 )	Receivables were collected after final acceptance	-	-	114,207	12	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(999,183 )	(30 )	Payment after final acceptance	-	-	165,162	22	-	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(484,330 )	(15 )	Payment after final acceptance	-	-	183,484	25	-	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(308,959 )	(9 )	Payment after final acceptance	-	-	111,405	15	-	
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(179,753 )	(26 )	By contract terms	-	-	20,912	15	-	
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(271,745 )	(42 )	By contract terms	-	-	44,042	29	-	
Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	The same parent company	Service revenue	(126,940 )	(20 )	By contract terms	-	-	61,996	41	-	
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	57,096,179	97	Payment within 85 days after shipment date	-	-	(21,753,733 )	(92 )	-	
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	(422,414 )	(68 )	Receivables were collected after shipment date	-	-	140,449	50	-	
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	499,650	99	60 days after B/L	-	-	(140,672 )	(96 )	-	
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	2,161,884	56	Payment after shipping document specified	-	-	(171,276 )	(53 )	-	
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	567,084	15	Payment after shipping document specified	-	-	(15,525 )	(5 )	-	
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	398,807	10	Payment after shipping document specified	-	-	(64,710 )	(20 )	-	
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	392,480	10	Payment after shipping document specified	-	-	(43,672 )	(14 )	-	
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(312,244 )	(100 )	Net 60 days from the end of the month of when invoice is issued	-	-	65,415	100	-	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	Service revenue	(146,972 )	(100 )	Net 60 days from the end of the month of when invoice is issued	-	NO THIRD-PARTY COULD BE COMPARED	22,586	100	-	
China Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchases	1,324,739	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	(1,543,962 )	(16 )	Accounts receivable, 30 days term	-		-	142,849	10	-
China Steel Sumikin Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Sales	(337,422 )	(3 )	Accounts receivable, 30 days term	-	-	112,777	8	-	
China Steel Sumikin Vietnam Joint Stock Company	Nippon Steel & Sumikin Bussan Vietnam Co., Ltd.	Other related parties	Sales	(244,243 )	(2 )	Accounts receivable, 30 days term	-	-	-	-	-	
China Steel Sumikin Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(159,216 )	(2 )	Accounts receivable, 30 days term	-	-	29,320	2	-	
China Steel Sumikin Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	5,293,432	65	Receivables were collected within 120 days after shipment date	-	-	(435,046 )	(12 )	Note 1	
China Steel Sumikin Vietnam Joint Stock Company	NIPPON STEEL TRADING	Supervisor	Purchases	2,573,864	31	Receivables were collected within 14 days after shipment date	-	-	-	-		
China Steel Sumikin Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	318,343	4	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.

TABLE 7

## CHINA STEEL CORPORATION AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 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	\$ 3,602,062	-	\$ -		\$ -	-	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	2,669,956	-	-		1,251,762	-	Note
China Steel Corporation	China Steel Resources Corporation	Subsidiary	841,155	-	-		841,155	-	Note
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	703,545	-	-		600,856	-	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	650,908	39	-		637,528	-	
China Steel Corporation	China Steel Express Corporation	Subsidiary	600,702	-	-		200,272	-	Note
China Steel Corporation	China Steel Machinery Corporation	Subsidiary	400,491	-	-		300,428	-	Note
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiary	398,224	-	-		398,224	-	Note
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	350,812	-	-		200,306	-	Note
China Steel Corporation	China Ecotek Corporation	Subsidiary	310,585	-	-		202	-	Note
China Steel Corporation	Gains Investment Corporation	Subsidiary	300,453	-	-		300,453	-	Note
China Steel Corporation	CSBC Corporation,Taiwan	The Corporation as director of the board of related party	298,497	5	-		17,335	-	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	238,493	22	-		238,493	-	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	200,107	-	-		-	-	Note
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	193,277	11	-		193,252	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	175,481	-	-		175,481	-	Note
China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	Subsidiary	140,985	27	-		140,985	-	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	140,672	6	-		-	-	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	113,866	-	-		-	-	Note
Dragon Steel Corporation	China Steel Corporation	Parent company	1,355,796	20	-		416,955	-	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	186,658	21	-		186,658	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	179,952	38	-		179,952	-	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	110,828	2	-		11,631	-	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	149,228	2	-		23,638	-	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	205,305	5	-		97,764	-	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	134,249	3	-		56,924	-	
China Steel Express Corporation	China Steel Corporation	Parent company	773,089	8	-		455,670	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	337,629	11	-		156,603	-	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	220,983	3	-		-	-	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	196,245	13	-		123,437	-	
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	114,207	8	-		65,814	-	
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	140,449	6	-		128,497	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	173,002	-	-		-	-	Note
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	188,640	1	-		-	-	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	104,797	16	-		85,563	-	
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	217,420	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	217,420	-	-		-	-	Note
CHC Resources Corporation	China Steel Corporation	Parent company	284,039	8	-		99,038	-	

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	\$ 163,896	4	\$ 27,309	Receivable on demand	\$ 79,072	\$ -	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	159,753	8	4,847	Receivable on demand	133,015	-	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	145,540	17	-		-	-	
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	123,233	5	-		123,233	-	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	471,446	2	-		-	-	
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	283,317	6	-		177,453	-	
China Ecotek Corporation	China Steel Corporation	Parent company	224,224	10	-		126,171	-	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	108,081	9	-		-	-	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	183,484	11	-		1,204	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	165,162	3	-		58,469	-	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	111,405	7	-		108,702	-	
China Steel Machinery Corporation	China Ecotek Corporation	The same parent company	110,430	3	-		110,430	-	
China Steel Sumikin Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN SALES VIETNAM COMPANY LIMITED	Other related parties	142,849	4	-		142,849	-	
China Steel Sumikin Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	112,777	1	-		35,298	-	

(Concluded)

Note: Other receivables.

TABLE 8

## CHINA STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 10,668,129	Letter of credit/Receivables were collected after final acceptance	6
0	China Steel Corporation	China Steel Sumikin Vietnam Joint Stock Company	1	Sales	2,451,582	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	1,322,590	Accounts receivable factoring agreements	1
0	China Steel Corporation	China Steel Structure Co., Ltd.	1	Sales	1,182,208	Letter of credit/Accounts received in advance before shipment date	1
0	China Steel Corporation	China Steel Chemical Corporation	1	Sales	1,050,369	Letter of credit	1
0	China Steel Corporation	China Steel Global Trading Corporation	1	Sales	865,497	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	1	Sales	545,225	Receivables were collected within 30 days after shipment date	-
0	China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	1	Sales	496,523	Receivables were collected within 60 days after shipment date	-
0	China Steel Corporation	CSC Steel Sdn. Bhd.	1	Sales	402,454	Receivables were collected within 14 days after shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Sales	391,882	Receivables were collected within 5 days after shipment date	-
0	China Steel Corporation	CHC Resources Corporation	1	Sales	315,995	Letter of credit	-
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	1	Sales	259,030	Receivables were collected within 85 days after shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Service revenue and other operating revenue	475,343	By contract terms	-
0	China Steel Corporation	China Steel Chemical Corporation	1	Service revenue and other operating revenue	147,355	By contract terms	-
0	China Steel Corporation	Dragon Steel Corporation	1	Purchases	10,566,241	Payment within 5 days after shipment date/Receivables were collected after final acceptance	6
0	China Steel Corporation	China Steel Express Corporation	1	Purchases	3,977,155	Payment against copy of B/L	2
0	China Steel Corporation	C.S.Aluminium Corporation	1	Purchases	1,192,022	Payment after final acceptance	1
0	China Steel Corporation	CSE Transport Corporation	1	Purchases	359,034	Payment against copy of B/L	-
0	China Steel Corporation	China Steel Global Trading Corporation	1	Purchases	235,919	Payment after final acceptance	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Purchases	\$ 163,303	Payment after final acceptance	-
1	Dragon Steel Corporation	China Steel Corporation	2	Sales	10,351,916	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	5
1	Dragon Steel Corporation	Chung Hung Steel Corporation	3	Sales	5,516,292	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	2,693,315	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	2,096,268	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	China Steel Structure Co., Ltd.	3	Sales	643,774	Letter of credit	-
1	Dragon Steel Corporation	China Steel Chemical Corporation	3	Sales	399,284	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Sales	332,229	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	CHC Resources Corporation	3	Sales	162,420	Letter of credit	-
1	Dragon Steel Corporation	China Steel Corporation	2	Other operating revenue	214,325	Receivables were collected after final acceptance	-
1	Dragon Steel Corporation	China Steel Corporation	2	Service revenue	113,719	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Express Corporation	3	Purchases	2,370,712	Payment against copy of B/L	1
1	Dragon Steel Corporation	China Steel Corporation	2	Purchases	559,993	Payment within 5 days after shipment date	-
1	Dragon Steel Corporation	C.S.Aluminium Corporation	3	Purchases	362,551	Payment in advance/Payment within 30 days after final acceptance	-
1	Dragon Steel Corporation	CSE Transport Corporation	3	Purchases	178,385	Payment against copy of B/L	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Purchases	121,572	Payment in advance/Payment within 30 days after final acceptance	-
2	Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	581,127	T/T within 7 working days against copy of B/L	-
2	Chung Hung Steel Corporation	China Steel Corporation	2	Service revenue	221,086	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	10,724,396	Letter of credit at sight/Payment after final acceptance	6
2	Chung Hung Steel Corporation	Dragon Steel Corporation	3	Purchases	5,574,881	Letter of credit at sight	3
2	Chung Hung Steel Corporation	China Steel Global Trading Corporation	3	Purchases	169,602	Letter of credit at sight	-
3	China Ecotek Corporation	China Steel Corporation	2	Construction revenue	1,335,405	By contract terms	1
3	China Ecotek Corporation	Dragon Steel Corporation	3	Construction revenue	607,966	By contract terms	-
3	China Ecotek Corporation	CSC Solar Corporation	3	Construction revenue	378,582	By contract terms	-
3	China Ecotek Corporation	China Steel Machinery Corporation	3	Purchases	454,345	By contract terms	-

(Continued)



No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
4	China Steel Chemical Corporation	China Steel Corporation	2	Purchases	\$ 1,050,369	Letter of credit at sight	1
4	China Steel Chemical Corporation	Dragon Steel Corporation	3	Purchases	399,284	Letter of credit at sight	-
5	Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	2	Purchases	100,690	Net 180 days from the end of the month of when invoice is issued	-
6	CHC Resources Corporation	China Steel Corporation	2	Service revenue	940,104	Net 60 days from the end of the month of when invoice is issued	-
6	CHC Resources Corporation	Dragon Steel Corporation	3	Service revenue	593,314	Net 30-70 days from the end of the month of when invoice is issued	-
6	CHC Resources Corporation	China Steel Resources Corporation	3	Service revenue	245,922	By contract terms	-
6	CHC Resources Corporation	China Steel Corporation	2	Purchases	336,424	Letter of credit	-
6	CHC Resources Corporation	Chung Hung Steel Corporation	3	Purchases	218,247	Letter of credit	-
6	CHC Resources Corporation	Dragon Steel Corporation	3	Purchases	162,327	Letter of credit	-
7	Union Steel Development Corporation	CHC Resources Corporation	2	Service revenue	167,687	Net 60 days from the end of the month of when invoice is issued	-
8	China Steel Structure Co., Ltd.	China Steel Corporation	2	Service revenue	196,749	Contractual period	-
8	China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	3	Construction revenue	418,350	Contractual period	-
8	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Construction revenue	184,566	Contractual period	-
8	China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	1	Construction revenue	168,574	Contractual period	-
8	China Steel Structure Co., Ltd.	China Steel Corporation	2	Purchases	1,182,208	Letter of credit/Prepaid before shipment date	1
8	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Purchases	645,054	Letter of credit	-
9	United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	614,870	Contractual period	-
9	United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	3	Construction revenue	305,463	Contractual period	-
9	United Steel Engineering & Construction Corporation	CHC Resources Corporation	3	Construction revenue	219,829	Contractual period	-
9	United Steel Engineering & Construction Corporation	China Steel Corporation	2	Construction revenue	206,186	Contractual period	-
9	United Steel Engineering & Construction Corporation	Dragon Steel Corporation	3	Construction revenue	196,137	Contractual period	-
9	United Steel Engineering & Construction Corporation	Steel Castle Technology Corporation	3	Outsourcing construction fee	115,205	Letter of credit	-
10	Infochamp Systems Corporation	China Steel Corporation	2	Service revenue	321,206	Receivables were collected within 30 days after shipment date	-
11	China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	3	Sales	421,661	Receivables were collected after shipment date	-
11	China Steel Global Trading Corporation	China Steel Corporation	2	Sales	235,919	Receivables were collected after final acceptance	-
11	China Steel Global Trading Corporation	Chung Hung Steel Corporation	3	Sales	169,602	Receivables were collected after shipment date	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
11	China Steel Global Trading Corporation	Dragon Steel Corporation	3	Sales	\$ 121,572	Receivables were collected after shipment date	-
11	China Steel Global Trading Corporation	China Steel Corporation	2	Service revenue	208,459	By contract terms	-
11	China Steel Global Trading Corporation	China Steel Corporation	2	Purchases(Note 2)	1,199,464	Payment after shipment date	1
12	CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	2	Purchases(Note 2)	603,210	Payment from counter-party notice after shipping	-
12	CSGT Metals Vietnam Joint Stock Company	China Steel Sumikin Vietnam Joint Stock Company	3	Purchases	144,594	Payment after shipment date	-
13	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Sales	110,067	Net 90 days from the end of the month of when invoice is issued	-
13	Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	2	Sales	538,689	Net 90 days from the end of the month of when invoice is issued	-
13	Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	2	Purchases	139,626	Net 90 days from the end of the month of when invoice is issued	-
13	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Purchases	110,206	Net 90 days from the end of the month of when invoice is issued	-
14	Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	2	Sales	216,836	Net 90 days from the end of the month of when invoice is issued	-
15	Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	1	Sales	140,195	Net 90 days from the end of the month of when invoice is issued	-
15	Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	1	Purchases	538,653	Net 90 days from the end of the month of when invoice is issued	-
15	Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	1	Purchases	216,821	Net 90 days from the end of the month of when invoice is issued	-
16	HIMAG Magnetic Corporation	China Steel Corporation	2	Sales	168,075	Receivables were collected within 10 days after shipment date	-
17	China Steel Express Corporation	China Steel Corporation	2	Service revenue	4,339,321	Payment after shipping document specified	2
17	China Steel Express Corporation	Dragon Steel Corporation	3	Service revenue	2,496,510	Payment after shipping document specified	1
18	CSE Transport Corporation	China Steel Corporation	2	Service revenue	360,110	Payment after shipping document specified	-
18	CSE Transport Corporation	Dragon Steel Corporation	3	Service revenue	178,749	Payment after shipping document specified	-
19	CSEI Transport (Panama) Corporation	China Steel Express Corporation	2	Service revenue	220,721	Payment after shipping document specified	-
20	C.S.Aluminium Corporation	China Steel Corporation	2	Sales	1,192,022	Receivables were collected after final acceptance	1

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
20	C.S.Aluminium Corporation	Dragon Steel Corporation	3	Sales	\$ 362,551	Receivables were collected after final acceptance	-
21	China Steel Machinery Corporation	China Steel Corporation	2	Construction revenue	999,183	Payment after final acceptance	1
21	China Steel Machinery Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	484,330	Payment after final acceptance	-
21	China Steel Machinery Corporation	Dragon Steel Corporation	3	Construction revenue	308,959	Payment after final acceptance	-
22	China Steel Security Corporation	China Steel Corporation	2	Service revenue	179,753	By contract terms	-
23	Steel Castle Technology Corporation	China Steel Corporation	2	Service revenue	271,745	By contract terms	-
23	Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	3	Service revenue	126,940	By contract terms	-
24	China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	2	Purchases	57,096,179	Payment within 85 days after shipment date	30
25	China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	2	Purchases	499,650	60 days after B/L	-
26	CSC Steel Sdn. Bhd.	Dragon Steel Corporation	3	Purchases	2,161,884	Payment after shipping document specified	1
26	CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	3	Purchases	567,084	Payment after shipping document specified	-
26	CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	3	Purchases	398,807	Payment after shipping document specified	-
26	CSC Steel Sdn. Bhd.	China Steel Corporation	2	Purchases	392,480	Payment after shipping document specified	-
27	China Steel Resources Corporation	China Steel Corporation	2	Sales	312,244	Net 60 days from the end of the month of when invoice is issued	-
28	CSC Precision Metal Industrial Corporation	China Steel Corporation	2	Service revenue	146,972	Net 60 days from the end of the month of when invoice is issued	-
29	China Steel Corporation India Pvt. Ltd.	China Steel Corporation	2	Purchases	1,324,739	Payment to the bank after the Corporation's shipment date	1
30	China Steel Sumikin Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	3	Sales	159,216	Accounts receivable, 30 days term	-
30	China Steel Sumikin Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	5,293,432	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

**TABLE 9**

**CHINA STEEL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

**FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 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	\$ 6,205,043	\$ 358,056	\$ 149,525	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	1,943,315	726,527	210,297	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	1,331,015	49,202	42,136	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	1,189,993	51,474	72,666	Subsidiary
China Steel Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	261,677	261,677	49,289,597	20	879,418	421,416	84,237	Subsidiary
China Steel Corporation	Dragon Steel Corporation	Republic of China	Hot-rolled products, H beams, billets, flat steels	95,779,069	95,779,069	8,612,586,123	100	100,712,508	1,325,922	629,606	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	18,382,468	297,279	297,279	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	11,298,649	968,193	914,865	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	7,947,803	(230,855 )	(216,542 )	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	6,957,759	141,743	141,738	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	6,836,212	(494,466 )	(276,901 )	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	5,798,539	1,853,117	2,243,019	Subsidiary
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd	Singapore	Holding and investment	6,625,316	6,625,316	195,914,332	100	4,366,142	106,397	105,935	Subsidiary
China Steel Corporation	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power	3,421,000	821,000	342,100,000	100	3,196,317	(157,823 )	(157,823 )	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	2,036,420	307,602	307,586	Subsidiary
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	728,690,559	100	1,626,375	(103,508 )	(103,508 )	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	1,352,373	79,266	34,499	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	1,109,117	85,405	24,046	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	959,200	660,000	95,920,000	55	993,779	55,367	30,783	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	989,384	4,382	4,577	Subsidiary
China Steel Corporation	Infochamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	648,987	66,257	65,067	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	482,665	52,148	52,445	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	378,459	16,540	11,538	Subsidiary
China Steel Corporation	CSC Precision Metal Industrial Corporation	Republic of China	Other non-ferrous metal basic industries	322,500	322,500	32,250,000	100	294,225	4,887	4,887	Subsidiary
China Steel Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	269,141	269,141	12,000,000	80	268,325	(1,321 )	(1,057 )	Subsidiary
China Steel Corporation	White Biotech Corporation	Republic of China	Biotechnology introduction and development	130,594	130,594	13,059,360	87	18,694	(604 )	(526 )	Subsidiary
China Steel Corporation	ChinaSteel Management Consulting Corporaion	Republic of China	Business management and management consulting services	15,144	15,144	999,993	100	16,046	1,699	1,699	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 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	\$ 4,916	\$ (11 )	\$ (11 )	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	985,625	985,625	95,527,811	48	979,494	(56,398 )	(26,936 )	Associate
China Steel Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	825,000	825,000	82,500,000	38	536,469	(157,879 )	(57,498 )	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	506,483	77,399	13,932	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	500,000	500,000	50,000,000	46	443,858	61,452	28,422	Associate
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	320,929	320,929	28,658,729	31	370,475	(3,196 )	229	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	294,269	(23,358 )	(5,840 )	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	54,102	(29,921 )	(1,668 )	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	833,350	17	12,161	6,205	1,034	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	289,620,871	41	2,535,371	(10,255 )	-	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	29,160	859	-	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 and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	91,338	91,338	15,019,341	6	291,093	421,416	-	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	-	12,585	49,202	-	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,256,298	19,604	-	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	65,132,128	9	570,164	(10,255 )	-	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	379,059	9,096	-	Subsidiary
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	General investment	39,920	39,920	1,300,000	100	360,655	11,104	-	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	180,000	26,160,000	15	270,940	55,367	-	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	46,982	(113,116 )	-	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	42,874	16,540	-	Subsidiary
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,505	1,769	-	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	13,810	(11 )	-	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	22,500	22,500	2,250,000	5	13,233	22,756	-	Subsidiary
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	80,000	80,000	8,000,000	9	77,376	(1,592 )	-	Associate
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	2,116,800	6	25,660	10,546	-	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	249,999	5	3,648	6,205	-	Associate
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8	97,041	96,554	-	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	31,430	16,540	-	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,706	(8 )	-	Subsidiary
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	16,511	769	-	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	15,893	1,407	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 2018	Number of Shares	%	Carrying Amount			
China Ecotek Corporation	CEC Development Corporation	USA	Holding and investment	\$ 494,146	\$ 494,146	489	100	\$ 1,156,282	\$ (15,549 )	\$ -	Subsidiary
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	453,015	85,405	-	Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	348,800	240,000	34,880,000	20	301,505	55,367	-	Subsidiary
China Ecotek Corporation	CEC Holding Company Limited	Samoa	Holding and investment	339,339	339,339	14,860,000	100	202,585	991	-	Subsidiary
China Ecotek Corporation	CEC International Corporation	Samoa	Holding and investment	30,642	30,642	10,000,000	100	47,331	411	-	Subsidiary
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	Engineering service industry	25,000	25,000	2,500,000	100	32,132	5,586	-	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	24,308	(200 )	-	Subsidiary
China Ecotek Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	23,912	(445 )	-	Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	15,841	(9 )	-	Subsidiary
China Ecotek Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	15,023	110	-	Subsidiary
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,804	(8 )	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,262	8,262	300,000	1	5,730	(113,116 )	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	48,573	110	-	Associate
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,528	352,800	1	4,281	10,546	-	Associate
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	42,977	357	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	904,520	(18,402 )	-	Subsidiary
CEC Development Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	43	357	-	Subsidiary
China Steel Structure Co., Ltd.	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	132,715	132,715	23,182,738	9	449,702	421,416	-	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	1,320,528	29,164	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd.	Singapore	Holding and investment	134,578	134,578	4,100,000	100	200,541	(32,179 )	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	148,264	148,264	4,400,000	37	116,110	(50,812 )	-	Subsidiary
China Steel Structure Co., Ltd.	Chiun Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	20,923	(445 )	-	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	15,277	16,540	-	Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,881	(9 )	-	Subsidiary
China Steel Structure Co., Ltd.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,837	(11 )	-	Subsidiary
China Steel Structure Co., Ltd.	Wabo Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	1,500	1,500	714,000	6	9,083	11,008	-	Subsidiary
China Steel Structure Co., Ltd.	Ascentek Venture Capital Corporation	Republic of China	General investment	15,876	15,876	1,587,600	5	19,225	10,546	-	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	4,748	447	-	Associate
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd	Singapore	Holding and investment	126,806	126,806	4,180,000	100	284,721	5,448	-	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	60,178	76	-	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	58,205	730	-	Subsidiary
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	13,754	13,754	1,196,000	40	22,464	787	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 2018	Number of Shares	%	Carrying Amount			
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	\$ 15,433	\$ 15,433	1,543,276	1	\$ 17,153	\$ 79,266	\$ -	Subsidiary
United Steel Engineering & Construction Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	100,000	100,000	10,000,000	4	112,552	77,399	-	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	47,679	(8,362 )	-	Associate
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,292	5,292	529,200	2	6,395	10,546	-	Associate
United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Cambodia	Building materials manufacturing, construction engineering	96,283	96,283	310	31	100,465	4,235	-	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	316,605	(50,813 )	-	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	200,525	(50,812 )	-	Subsidiary
CHC Resources Corporation	Hsieh Sheng Development Corporation	Republic of China	Real estate lease	1,142,189	1,142,189	68,493	100	1,147,204	5,306	-	Subsidiary
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Sales of GBFS	287,125	129,922	-	85	290,691	14,803	-	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	141,777	1,139	-	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	100,011	24,430	-	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	81,307	2,247	-	Subsidiary
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	23,192	1,769	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	21,191	1,407	-	Subsidiary
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	18,870	769	-	Subsidiary
CHC Resources Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	17,170	110	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	16,848	787	-	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	9,801	16,540	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,254	8,254	300,000	1	5,732	(113,116 )	-	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	109,168	(3,196 )	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	15,000	15,000	1,500,000	2	14,572	110	-	Associate
CHC Resources Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	10,584	10,584	1,058,400	3	12,830	10,546	-	Associate
Union Steel Development Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	1,522	1,522	106,445	-	1,507	300,061	-	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	291,720	31,806	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	17,000	17,000	1,700,000	1	19,177	73,569	-	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	12,595	895	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	5,000	5,000	500,000	1	4,857	110	-	Associate
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,528	352,800	1	4,277	10,546	-	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	336,351	(12,767 )	-	Associate
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	151,526	151,526	3,840	80	176,710	9,420	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	146,250	81,569	-	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	195,808	73,387	-	Associate
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,056	705,600	2	8,355	10,546	-	Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 2018	Number of Shares	%	Carrying Amount			
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	\$ 218,000	\$ 218,000	21,800,000	55	\$ 157,951	\$ (23,398 )	\$ -	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	66,977	6,747	-	Subsidiary
Infochamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	58,787	73,927	-	Subsidiary
Infochamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	Holding and investment	6,816	6,816	201,000	100	15,733	2,002	-	Subsidiary
Infochamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	1,149	(2,589 )	-	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	29,499	2,213	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	9,318	9,215	-	100	25,072	2,427	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Corporation India Private Limited	India	Machines manufacturing	9,225	9,122	-	-	-	-	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	Samoa	General investment.	93	9,307	-	-	-	-	-	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	103,727	(8,362 )	-	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	79,785	49,202	-	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	174,400	120,000	17,440,000	10	180,627	55,367	-	Subsidiary
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	606,916	(73,062 )	-	Subsidiary
C.S.Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	2,116,800	6	25,660	10,546	-	Associate
ALU Investment Offshore Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	31,650,000	65	606,907	(113,116 )	-	Subsidiary
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,056	705,600	2	8,553	10,546	-	Associate
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	353,160,881	50	3,091,901	(10,255 )	-	Subsidiary
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	2,825,868	(42,246 )	-	Subsidiary
China Steel Express Corporation	CSEI Transport (Panama) Corporation	Panama	Shipping services for raw materials	316	316	10	100	497,263	16,102	-	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	40,244	2,895	-	Subsidiary
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	2,116,800	6	25,660	10,546	-	Associate
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	238,613	(8,762 )	-	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	371,320	96,554	-	Subsidiary
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	1,767,283	27,633	-	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,299,117	(8,762 )	-	Subsidiary
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	691,403	126,596	-	Subsidiary
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	225,000	225,000	22,500,000	50	132,333	22,756	-	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	115,634	9,390	-	Subsidiary
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	3,106	3,072	100,000	100	62,681	7,488	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	58,784	58,784	1,850,000	4	35,518	(113,116 )	-	Subsidiary
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	25,909	25,909	1,000,000	100	25,037	4,883	-	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	538,688	544,748	8,000,395	20	656,062	(8,685 )	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	200,000	200,000	20,000,000	22	193,441	(1,592 )	-	Associate

(Continued)



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 2018	Number of Shares	%	Carrying Amount			
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	Holding and investment	\$ 205,435	\$ 205,435	6,800,000	100	\$ 18,180	\$ (9,553 )	\$ -	Subsidiary
Thintech Materials Technology Co., Ltd.	Thintech United Limited	Samoa	Holding and investment	-	277,173	-	-	-	35,072	-	Subsidiary
Betacera Inc.	Lefkara Ltd.	British Virgin Islands	Trading of electronic ceramics and life saving products	423,130	418,430	13,623,000	100	1,443,605	92,164	-	Subsidiary
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	25,000	25,000	2,500,000	3	24,180	(1,592 )	-	Associate
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,528	3,528	352,800	1	4,277	10,546	-	Associate
Eminence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	16,848	787	-	Subsidiary
Eminence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	16,566	1,769	-	Subsidiary
Eminence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	15,893	1,407	-	Subsidiary
Eminence Investment Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	14,945	(445 )	-	Subsidiary
Eminence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	11,837	(11 )	-	Subsidiary
Eminence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	9,920	(9 )	-	Subsidiary
Eminence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	9,826	769	-	Subsidiary
Eminence Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	8,885	110	-	Subsidiary
Eminence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	7,869	(8 )	-	Subsidiary
Eminence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	5,940	27,900	44,000	-	5,794	(8,685 )	-	Associate
Shin Mau Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,454	5,454	512,685	-	10,120	420,114	-	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	-	7,547	50,799	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,967	(8 )	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	1,960	(9 )	-	Subsidiary
Ding Da Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	13,702	17,404	474,220	-	13,702	739,320	-	Subsidiary
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	1,846	990	99,000	4	1,846	110	-	Subsidiary
Ding Da Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	34	25	1,000	-	34	127,471	-	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	-	17	7,444	-	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	-	7,133	50,569	-	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	-	13,702	739,320	-	Subsidiary
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,973	(11 )	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	1,967	769	-	Subsidiary
Sheng Lih Dar Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,678	5,678	512,535	-	10,120	420,114	-	Subsidiary
Chiun Yu Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	3,946	4,204	305,896	-	6,709	50,799	-	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	-	6,539	50,569	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Holding and investment	631,983	631,983	20,740,000	100	926,556	48,076	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	June 30, 2018	Number of Shares	%	Carrying Amount			
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Holding and investment	\$ 212,822	\$ 212,822	11,800,000	100	\$ 639,096	\$ 24,724	\$ -	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	369,649	30,571	-	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	66,609	11,008	-	Subsidiary
China Steel Global Trading Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	69,232	69,232	2,220,000	5	42,571	(113,116 )	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Holding and investment	18,741	32,591	326,300	65	24,414	(319 )	-	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	180	312	-	Subsidiary
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,056	7,056	705,600	2	8,549	10,546	-	Associate
Wabo Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	44,178	9,436	-	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	19,151	(1,525 )	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	87,108	86,140	3,000,000	20	67,081	(1,321 )	-	Subsidiary
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	3,989	3,944	1,000,000	100	26,320	610	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	231,543	228,972	11,950,830	54	278,327	34,291	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	24,153	23,884	4,752,000	99	17,790	312	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	89,704	88,708	408,000	34	219,105	69,153	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	85,664	84,712	16,782,500	25	102,666	20,834	-	Associate
CSGT International Corporation	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	58,593	57,942	5,600,000	14	-	(29,701 )	-	Associate
CSGT (Singapore) Pte. Ltd.	CSCD Limited	Cyprus	International trade and investment	117,195	114,695	1,876,795	49	326,622	32,429	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	358,310	356,173	16,440,001	100	153,661	21,479	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	7623704 Canada Inc.	Canada	Investments in mining industry	5,754,399	5,720,076	270,122,727	25	8,448,801	1,127,426	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,125,503	1,113,002	171,000,000	46	2,686,759	114,525	-	Subsidiary
China Steel Asia Pacific Holdings Pte Ltd	SINO Vietnam HI-TECH Material Co., Ltd.	Vietnam	Color coated steel coil	62,120	61,430	-	20	44,845	15,358	-	Associate
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	3,152,772	2,117,904	359,000,000	100	5,691,108	110,063	-	Subsidiary
CSC Steel Holdings Berhad	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	19,994	19,700	1,328,940	6	30,982	34,291	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	536,536	528,657	1,000,000	100	19,057	4,831	-	Subsidiary
CSC Steel Holdings Berhad	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	59,357	58,486	8,000,000	20	-	(36,963 )	-	Associate
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,414	5,334	750,000	100	6,701	113	-	Subsidiary

(Concluded)

TABLE 10

## CHINA STEEL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2019 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	\$ 37,272	2	\$ 37,086	\$ -	\$ -	\$ 37,086	\$ 30,380	100	\$ 30,228	\$ 112,666	\$ -	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	18,636	2	18,636	-	-	18,636	3,438	100	3,438	33,859	39,892	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	6,212	2	6,212	-	-	6,212	2,308	100	2,308	15,590	55,453	Note 3 (1)
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	372,720	2	372,720	-	-	372,720	(50,813 )	100	(50,813 )	316,579	-	Note 3 (1)
Taicang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	211,208	2	211,208	-	-	211,208	(9,553 )	100	(9,553 )	18,180	-	Note 3 (1)
Wuhan WISCO YUTEK Environment Technology Co, Ltd.	Environmental protection mechanical and electrical engineering and generation of operations	-	2	344,406	-	-	344,406	-	-	-	-	-	Note 6
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	124,240	2	13,977	-	-	13,977	16,853	30	5,056	68,753	-	Note 3 (1), Note 4
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	465,900	2	498,824	-	-	498,824	(1,321 )	100	(1,321 )	335,381	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	621,200	2	434,840	-	-	434,840	14,458	70	10,121	451,000	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,242,400	2	108,710	15,530	-	124,240	(2,468 )	10	(247 )	119,732	-	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	180,614	2	202,076	-	-	202,076	(14,142 )	100	(14,142 )	164,964	-	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,354,216	2	947,951	-	-	947,951	57,949	70	40,564	870,774	-	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	186,360	2	186,360	-	-	186,360	(1,135 )	100	(1,135 )	175,371	-	Note 3 (1)
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,521,940	2	1,204,196	-	-	1,204,196	(113,284 )	79	(89,630 )	735,603	15,796	Note 3 (1)
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	136,664	2	136,664	-	-	136,664	184,956	100	184,956	428,293	-	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	465,900	2	465,900	-	-	465,900	40,550	100	40,550	570,634	-	Note 3 (1)
Thintech United Metal Resources (Taicang) Co., Ltd.	Precious metal refining and sales	-	2	289,125	-	34,320	-	(4,041 )	-	(4,041 )	-	-	Note 3 (1), Note 7

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 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	\$ 1,843,970	\$ 1,843,970	\$ -
China Steel Chemical Corporation	278,173	278,173	3,894,807
China Steel Structure Co., Ltd.	372,720	372,720	2,517,514
China Ecotek Corporation	554,061	686,926	1,771,251
C.S.Aluminium Corporation	983,049	983,049	4,960,961
Gains Investment Corporation	57,461	57,461	3,976,397
Thintech Materials Technology Co., Ltd.	211,208	211,208	699,064
Betacera Inc.	639,650	639,650	906,543
China Steel Global Trading Corporation	249,474	249,474	1,342,470

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 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)
Infochamp Systems Corporation	\$ 6,212	\$ 6,212	\$ 476,337
CHC Resources Corporation	9,318	9,318	2,891,974

(Concluded)

Note 1: The amounts were calculated based on the foreign exchange rate as of June 30, 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 June 30, 2019, NT\$202,753 thousand has not been collected yet.

Note 7: The process of disposal and equity transfer were completed in March 2019. As of June 30, 2019, the related receivable amounting to 34,320 thousand (USD 1,116 thousand) had been collected.