

China Steel Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 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 September 30, 2019 and 2018, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2019 and 2018, and the consolidated statements of changes in equity and of cash flows for the nine months ended September 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 September 30, 2019 and 2018, its consolidated financial performance for the three months and nine months ended September 30, 2019 and 2018, and its consolidated cash flows for the nine months ended September 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

November 11, 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	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 17,427,469	3	\$ 18,287,242	3	\$ 18,324,732	3
Financial assets at fair value through profit or loss - current (Note 7)	3,397,901	-	2,594,485	-	3,139,083	1
Financial assets at fair value through other comprehensive income - current (Note 8)	3,634,309	1	2,969,038	1	3,086,084	1
Financial assets for hedging - current (Note 10)	2,621,048	-	2,484,391	-	2,399,413	-
Contract assets - current (Note 25)	10,937,251	2	11,536,389	2	11,371,737	2
Notes receivable (Note 11)	1,532,898	-	1,853,631	-	1,730,232	-
Notes receivable - related parties (Notes 11 and 31)	217,817	-	488,680	-	401,312	-
Accounts receivable, net (Note 11)	12,795,379	2	15,270,077	2	15,625,954	2
Accounts receivable - related parties (Notes 11 and 31)	278,706	-	789,032	-	465,959	-
Other receivables (Note 31)	2,784,660	-	2,198,312	-	2,227,298	-
Current tax assets	252,210	-	171,737	-	188,791	-
Inventories (Note 12)	106,142,672	16	101,084,885	15	91,733,271	14
Non-current assets held for sale	45,567	-	839,218	-	1,485,999	-
Other financial assets - current (Notes 14 and 32)	9,404,629	1	9,353,900	2	9,409,222	1
Other current assets	4,671,512	1	4,386,727	1	4,300,449	1
Total current assets	176,144,028	26	174,307,744	26	165,889,536	25
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent (Note 7)	1,930,977	-	1,879,072	-	1,854,341	-
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	59,013,277	9	56,780,774	9	60,624,230	9
Financial assets at amortized cost- noncurrent (Note 9)	3,920	-	17,580	-	41,651	-
Financial assets for hedging - noncurrent (Note 10)	11,384	-	109,643	-	96,011	-
Investments accounted for using equity method (Note 13)	14,741,001	2	14,767,074	2	14,755,300	2
Property, plant and equipment (Notes 15 and 32)	390,906,522	57	398,733,684	59	404,058,599	60
Right-of-use assets (Note 16)	14,951,320	2	-	-	-	-
Investment properties (Notes 17 and 32)	9,681,171	2	9,570,503	2	9,633,330	2
Intangible assets	1,712,012	-	1,850,508	-	1,811,825	-
Deferred tax assets	8,464,458	1	8,332,662	1	7,835,468	1
Refundable deposits	564,826	-	582,235	-	573,066	-
Other financial assets - noncurrent (Notes 14 and 32)	2,296,137	-	2,290,486	-	2,290,306	-
Other noncurrent assets	3,052,845	1	5,304,631	1	5,646,077	1
Total noncurrent assets	507,329,850	74	500,218,852	74	509,220,204	75
TOTAL	\$ 683,473,878	100	\$ 674,526,596	100	\$ 675,109,740	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings and bank overdraft (Notes 18 and 32)	\$ 60,996,060	9	\$ 42,010,006	6	\$ 48,237,508	7
Short-term bills payable (Note 18)	35,051,672	5	22,412,046	3	33,439,479	5
Financial liabilities at fair value through profit or loss - current (Note 7)	2,579	-	-	-	2,371	-
Financial liabilities for hedging - current (Note 10)	505,540	-	4,405,228	1	4,692,744	1
Contract liabilities - current (Note 25)	6,992,922	1	7,555,264	1	6,212,408	1
Notes payable	1,738,284	-	1,786,843	-	1,361,408	-
Accounts payable (Note 20)	15,174,331	2	19,354,016	3	16,008,225	2
Accounts payable - related parties (Notes 20 and 31)	46,848	-	66,171	-	65,853	-
Other payables (Notes 21 and 31)	22,778,565	3	25,625,388	4	24,535,120	4
Current tax liabilities	1,097,274	-	4,854,183	1	2,962,176	-
Provisions - current (Note 22)	3,895,603	1	7,276,429	1	6,247,797	1
Lease liabilities - current (Note 16)	955,629	-	-	-	-	-
Current portion of bonds payable (Note 19)	15,549,363	2	12,899,340	2	18,099,005	3
Current portion of long-term bank borrowings (Notes 18 and 32)	2,805,676	1	2,974,653	1	3,398,849	1
Refund liabilities - current	4,416,668	1	2,868,815	-	3,231,983	-
Other current liabilities	1,140,687	-	1,250,323	-	1,296,313	-
Total current liabilities	173,147,701	25	155,338,705	23	169,791,239	25
NONCURRENT LIABILITIES						
Financial liabilities for hedging - noncurrent (Note 10)	4,458,353	1	4,350,730	1	3,885,020	1
Bonds payable (Note 19)	83,396,264	12	98,933,304	15	89,291,646	13
Long-term bank borrowings (Notes 18 and 32)	36,403,354	5	27,494,745	4	25,593,256	4
Long-term bills payable (Note 18)	11,057,038	2	21,319,494	3	22,554,243	4
Provisions - noncurrent (Note 22)	1,001,516	-	862,059	-	848,124	-
Deferred tax liabilities	13,413,403	2	12,708,119	2	12,691,977	2
Lease liabilities - noncurrent (Note 16)	11,866,513	2	-	-	-	-
Net defined benefit liabilities (Note 4)	9,133,748	1	9,361,721	1	8,211,146	1
Other noncurrent liabilities	1,101,266	-	1,360,001	-	1,350,312	-
Total noncurrent liabilities	171,831,455	25	176,390,173	26	164,425,724	25
Total liabilities	344,979,156	50	331,728,878	49	334,216,963	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 24)						
Share capital						
Ordinary shares	157,348,610	23	157,348,610	23	157,348,610	23
Preference shares	382,680	-	382,680	-	382,680	-
Total share capital	157,731,290	23	157,731,290	23	157,731,290	23
Capital surplus	38,877,635	6	38,545,884	6	38,531,835	6
Retained earnings						
Legal reserve	65,674,189	10	63,228,774	9	63,228,774	9
Special reserve	27,803,892	4	27,649,488	4	27,649,844	4
Unappropriated earnings	22,776,574	3	31,804,134	5	26,564,959	4
Total retained earnings	116,254,655	17	122,682,396	18	117,443,577	17
Other equity	4,101,836	-	2,595,167	-	6,475,511	1
Treasury shares	(8,646,700)	(1)	(8,646,700)	(1)	(8,643,948)	(1)
Total equity attributable to owners of the Corporation	308,318,716	45	312,908,037	46	311,538,265	46
NON-CONTROLLING INTERESTS	30,176,006	5	29,889,681	5	29,354,512	4
Total equity	338,494,722	50	342,797,718	51	340,892,777	50
TOTAL	\$ 683,473,878	100	\$ 674,526,596	100	\$ 675,109,740	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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 31)	\$ 90,695,068	100	\$ 102,731,612	100	\$ 281,805,648	100	\$ 296,445,689	100
OPERATING COSTS (Notes 12 and 31)	<u>84,317,716</u>	<u>93</u>	<u>88,513,767</u>	<u>86</u>	<u>256,923,894</u>	<u>91</u>	<u>260,094,987</u>	<u>88</u>
GROSS PROFIT	<u>6,377,352</u>	<u>7</u>	<u>14,217,845</u>	<u>14</u>	<u>24,881,754</u>	<u>9</u>	<u>36,350,702</u>	<u>12</u>
OPERATING EXPENSES								
Selling and marketing expenses	1,366,436	1	1,528,029	1	4,749,383	2	4,435,144	1
General and administrative expenses	1,771,038	2	1,888,808	2	5,238,062	2	5,253,362	2
Research and development expenses	563,786	1	562,256	1	1,656,274	-	1,617,477	1
Expected credit loss	<u>68,094</u>	<u>-</u>	<u>13,594</u>	<u>-</u>	<u>69,018</u>	<u>-</u>	<u>12,830</u>	<u>-</u>
Total operating expenses	<u>3,769,354</u>	<u>4</u>	<u>3,992,687</u>	<u>4</u>	<u>11,712,737</u>	<u>4</u>	<u>11,318,813</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>2,607,998</u>	<u>3</u>	<u>10,225,158</u>	<u>10</u>	<u>13,169,017</u>	<u>5</u>	<u>25,031,889</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 26 and 31)	764,185	1	585,317	1	1,602,320	1	1,320,088	1
Other gains and losses (Notes 26 and 31)	134,539	-	(406,534)	(1)	597,656	-	(546,723)	-
Finance costs (Note 26)	(789,677)	(1)	(827,544)	(1)	(2,401,480)	(1)	(2,557,372)	(1)
Reversal of expected credit loss	-	-	4	-	-	-	3,887	-
Share of the profit of associates	<u>372,194</u>	<u>-</u>	<u>137,661</u>	<u>-</u>	<u>649,962</u>	<u>-</u>	<u>342,606</u>	<u>-</u>
Total non-operating income and expenses	<u>481,241</u>	<u>-</u>	<u>(511,096)</u>	<u>(1)</u>	<u>448,458</u>	<u>-</u>	<u>(1,437,514)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	3,089,239	3	9,714,062	9	13,617,475	5	23,594,375	8
INCOME TAX (Notes 4 and 27)	<u>430,728</u>	<u>-</u>	<u>1,533,813</u>	<u>1</u>	<u>2,581,071</u>	<u>1</u>	<u>2,361,065</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>2,658,511</u>	<u>3</u>	<u>8,180,249</u>	<u>8</u>	<u>11,036,404</u>	<u>4</u>	<u>21,233,310</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (Notes 24 and 27)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(2,975,809)	(3)	1,165,039	1	2,768,361	1	3,014,859	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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Gains and losses on hedging instruments	\$ (144,198)	-	\$ 80,679	-	\$ 24,998	-	\$ 328,082	-
Share of the other comprehensive income of associates	(6,281)	-	6,171	-	16,552	-	19,216	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	68,051	-	(11,123)	-	(907,483)	-	(48,570)	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(717,265)	(1)	(665,344)	-	(274,913)	-	(319,418)	-
Gains and losses on hedging instruments	1,171	-	(10,988)	-	(65,478)	-	(141,269)	-
Share of the other comprehensive income of associates	310,867	-	171,893	-	375,042	-	592,480	-
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	1,085	-	2,885	-	(9,065)	-	1,374	-
Other comprehensive income for the period, net of income tax	(3,462,379)	(4)	739,212	1	1,928,014	1	3,446,754	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ (803,868)	(1)	\$ 8,919,461	9	\$ 12,964,418	5	\$ 24,680,064	8
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 2,156,817	2	\$ 7,238,794	7	\$ 9,337,321	3	\$ 18,407,305	6
Non-controlling interests	501,694	1	941,455	1	1,699,083	1	2,826,005	1
	<u>\$ 2,658,511</u>	<u>3</u>	<u>\$ 8,180,249</u>	<u>8</u>	<u>\$ 11,036,404</u>	<u>4</u>	<u>\$ 21,233,310</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ (1,402,187)	(2)	\$ 8,088,967	8	\$ 10,867,364	4	\$ 21,645,538	7
Non-controlling interests	598,319	1	830,494	1	2,097,054	1	3,034,526	1
	<u>\$ (803,868)</u>	<u>(1)</u>	<u>\$ 8,919,461</u>	<u>9</u>	<u>\$ 12,964,418</u>	<u>5</u>	<u>\$ 24,680,064</u>	<u>8</u>
EARNINGS PER SHARE								
(Note 28)								
Basic	\$ 0.14		\$ 0.47		\$ 0.60		\$ 1.19	
Diluted	\$ 0.14		\$ 0.47		\$ 0.60		\$ 1.19	

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)	-	-	-	2,445,415	-	(2,445,415)	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	(154,480)	-	-	-	-	-	-	-	-	-	-	
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 nine months ended September 30, 2019	-	-	-	-	-	9,337,321	-	-	-	-	-	-	-	9,337,321	1,699,083	11,036,404	
Other comprehensive income for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	(32)	(93,724)	-	1,679,338	-	(55,539)	1,530,075	-	1,530,043	397,971	1,928,014	
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	9,337,289	(93,724)	-	1,679,338	-	(55,539)	1,530,075	-	10,867,364	2,097,054	12,964,418	
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	320,031	-	-	-	-	-	-	-	-	-	-	320,031	-	320,031	
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,810,729)	(1,810,729)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	23,406	-	-	(23,406)	-	-	(23,406)	-	-	-	-	
Adjustment of other equity	-	-	11,720	-	-	-	-	-	-	-	-	-	-	11,720	-	11,720	
BALANCE AT SEPTEMBER 30, 2019	\$ 157,348,610	\$ 382,680	\$ 38,877,635	\$ 65,674,189	\$ 27,803,892	\$ 22,776,574	\$ (6,013,348)	\$ -	\$ 6,066,845	\$ -	\$ 4,048,339	\$ 4,101,836	\$ (8,646,700)	\$ 308,318,716	\$ 30,176,006	\$ 338,494,722	
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)	-	-	-	1,690,558	-	(1,690,558)	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	5,992	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	(33)	33	-	-	-	-	-	-	-	-	-	-	
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	18,407,305	-	-	-	-	-	-	-	18,407,305	2,826,005	21,233,310	
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	7,132	112,736	-	3,000,511	-	117,854	3,231,101	-	3,238,233	208,521	3,446,754	
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	18,414,437	112,736	-	3,000,511	-	117,854	3,231,101	-	21,645,538	3,034,526	24,680,064	
Acquisition of the Corporation's shares held by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(112,302)	(112,302)	(78,149)	(190,451)	
Disposal of the Corporation's shares held by subsidiaries	-	-	262	-	-	-	-	-	-	-	-	-	378	640	694	1,334	
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	281,424	-	-	-	-	-	-	-	-	-	-	281,424	-	281,424	
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,529,945)	(1,529,945)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(135,746)	-	-	135,746	-	-	135,746	-	-	-	-	
Adjustment of other equity	-	-	39,067	-	-	(4,225)	-	-	-	-	-	-	365	35,207	-	35,207	
BALANCE AT SEPTEMBER 30, 2018	\$ 157,348,610	\$ 382,680	\$ 38,531,835	\$ 63,228,774	\$ 27,649,844	\$ 26,564,959	\$ (6,003,117)	\$ -	\$ 8,387,998	\$ -	\$ 4,090,630	\$ 6,475,511	\$ (8,643,948)	\$ 311,538,265	\$ 29,354,512	\$ 340,892,777	

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 Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 13,617,475	\$ 23,594,375
Adjustments for:		
Depreciation expense	26,702,360	25,339,551
Amortization expense	203,168	216,949
Expected credit loss	69,018	8,943
Net gain on financial assets and liabilities at fair value through profit or loss	(107,135)	(72,215)
Finance costs	2,401,480	2,557,372
Interest income	(301,253)	(264,320)
Dividend income	(814,602)	(578,104)
Share of the profit of associates	(645,296)	(369,526)
Loss on disposal of property, plant and equipment	92,316	118,675
Gain on disposal of investments	(56,737)	(68,577)
Impairment loss recognized on financial assets	9,475	-
Impairment loss recognized on (reversal of) non-financial assets	(460)	820,236
Write-down of inventories	2,766,022	1,062,209
Recognition (reversal) of provisions	(3,193,394)	985,809
Others	15,729	(24,370)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(518,705)	1,231,739
Financial assets for hedging	1,645,831	639,642
Contract assets	1,036,439	(497,688)
Notes receivable	320,733	67,706
Notes receivable - related parties	270,863	(91,725)
Accounts receivable	2,477,194	(2,599,713)
Accounts receivable - related parties	510,326	(110,882)
Other receivables	(168,071)	(601,754)
Inventories	(7,819,122)	(4,719,553)
Other current assets	538,723	(37,698)
Financial liabilities for hedging	(13,502)	(32,064)
Contract liabilities	(562,342)	(915,150)
Notes payable	(48,559)	173,254
Accounts payable	(4,179,685)	2,746,740
Accounts payable - related parties	(19,323)	28,476
Other payables	(1,949,082)	1,453,016
Provisions	(45,508)	(13,091)
Other current liabilities	(98,093)	(446,864)
Net defined benefit liabilities	(227,973)	(110,634)
Refund liabilities	1,547,853	1,649,783
Cash generated from operations	33,456,163	51,140,547

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
Income taxes paid	\$ (6,761,513)	\$ (4,029,810)
Net cash generated from operating activities	<u>26,694,650</u>	<u>47,110,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,596,859)	(1,261,404)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,140,063	294,261
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	19,957	129,035
Acquisition of financial assets at amortized cost	-	(13,803)
Proceeds from disposal of financial assets at amortized cost	3,912	93,983
Acquisition of financial assets at fair value through profit or loss	(943,914)	(1,528,318)
Proceeds from disposal of financial assets at fair value through profit or loss	803,960	2,620,961
Acquisition of financial assets for hedging	(1,643,049)	(966,562)
Acquisition of financial liabilities for hedging	498,950	2,885,352
Derecognition of financial liabilities for hedging	(4,451,836)	(17,623,452)
Acquisition of investments accounted for using equity method	(142,107)	(72,386)
Proceeds from disposal of investments accounted for using equity method	53,334	209,635
Net cash outflow on acquisition of subsidiaries	-	(1,138,500)
Disposal of subsidiaries	132,872	-
Acquisition of property, plant and equipment	(18,715,088)	(13,650,322)
Proceeds from disposal of property, plant and equipment	51,397	45,928
Decrease (increase) in refundable deposits	(34,294)	124,780
Acquisition of intangible assets	(18,052)	(28,732)
Acquisition of right-of-use assets	(150,933)	-
Acquisition of investment properties	-	(158,255)
Proceeds from disposal of investment properties	-	64,385
Increase in other financial assets	(56,380)	(267,929)
Increase in other noncurrent assets	(178,852)	(246,397)
Interest received	306,612	248,045
Dividends received from associates	336,800	404,719
Dividends received from others	<u>770,719</u>	<u>573,795</u>
Net cash used in investing activities	<u>(23,812,788)</u>	<u>(29,261,181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	224,524,323	196,675,667
Repayments of short-term borrowings	(205,573,149)	(184,274,087)

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
Proceeds from short-term bills payable	\$ 100,101,905	\$ 192,479,474
Repayments of short-term bills payable	(87,462,279)	(183,675,577)
Issuance of bonds payable	-	18,350,000
Repayments of bonds payable	(12,900,000)	(6,000,000)
Proceeds from long-term bank borrowings	39,582,900	36,190,100
Repayments of long-term bank borrowings	(30,964,607)	(60,157,858)
Proceeds from long-term bills payable	3,065,273	1,900,182
Repayments of long-term bills payable	(13,327,729)	(6,959,098)
Repayments of principal of lease liabilities	(779,362)	-
Increase in other noncurrent liabilities	27,369	75,140
Dividends paid to owners of the Corporation	(15,774,756)	(13,887,311)
Acquisition of the Corporation's shares held by subsidiaries	-	(190,451)
Disposal of the Corporation's shares held by subsidiaries	-	1,334
Interest paid	(2,933,028)	(3,064,552)
Decrease in non-controlling interests	<u>(1,810,729)</u>	<u>(1,529,945)</u>
Net cash used in financing activities	<u>(4,223,869)</u>	<u>(14,066,982)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>906,732</u>	<u>1,236,975</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(435,275)	5,019,549
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>\$ 12,087,557</u>	<u>\$ 14,903,078</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of September 30, 2019 and 2018:		
Cash and cash equivalents in the consolidated balance sheets	\$ 17,427,469	\$ 18,324,732
Bank overdraft	<u>(5,339,912)</u>	<u>(3,421,654)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 12,087,557</u>	<u>\$ 14,903,078</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 NINE MONTHS ENDED SEPTEMBER 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, 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 September 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 Dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Corporation's board of directors and approved for issue on November 11, 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:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
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

New IFRSs	Effective Date Announced by IASB
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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
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
			September 30, 2019	December 31, 2018	September 30, 2018	
China Steel Corporation	Dragon Steel Corporation (DSC)	Hot-rolled products, H beams, billets, flat steels	100	100	100	
China Steel Corporation	Gains Investment Corporation (GIC)	General investment	100	100	100	
China Steel Corporation	China Steel Express Corporation (CSE)	Shipping services for raw materials	100	100	100	
China Steel Corporation	C.S.Aluminium Corporation (CSAC)	Production and sale of aluminum and non-ferrous metal products	100	100	100	
China Steel Corporation	China Prosperity Development Corporation (CPDC)	Real estate development	100	100	100	
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd (CSAP)	Holding and investment	100	100	100	
China Steel Corporation	Chung Hung Steel Corporation (CHS)	Manufacture and sale of steel products	41	41	41	Refer to 2) below
China Steel Corporation	China Steel Chemical Corporation (CSCC)	Manufacture of coal chemistry and speciality chemical	29	29	29	Refer to 1) below
China Steel Corporation	China Steel Global Trading Corporation (CSGT)	Buy and sell, and act as an agency for steel products	100	100	100	
China Steel Corporation	CHC Resources Corporation (CHC)	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	20	20	20	Direct and indirect ownerships amounted to 36%, and refer to 1) below
China Steel Corporation	Infochamp Systems Corporation (Info Champ)	ERP systems automation control systems service	100	100	100	
China Steel Corporation	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 Corporation	China Ecotek Corporation (CEC)	Environmental engineering, M&E engineering, and O&M engineering	45	45	45	Refer to 1) below
China Steel Corporation	China Steel Security Corporation (CSS)	On-site security, systematic security	100	100	100	
China Steel Corporation	HIMAG Magnetic Corporation (HIMAG)	Production and sale of industrial magnetic, chemical, and iron oxides	69	69	69	Direct and indirect ownerships amounted to 88%
China Steel Corporation	China Steel Machinery Corporation (CSMC)	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	74	74	74	Direct and indirect ownerships amounted to 100%
China Steel Corporation	ChinaSteel Management Consulting Corporation (CMCC)	Business management and management consulting services	100	100	100	
China Steel Corporation	Eminent Venture Capital Corporation (Eminent VC)	General Investment	-	-	-	Indirect ownership was 55%
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd (CSC SAH)	General investment	100	100	100	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company (Renamed from China Steel Sumikin Vietnam Joint Stock Company) (CSVC)	Manufacture and sale of steel products	56	56	56	
China Steel Corporation	China Steel Corporation India Pvt. Ltd. (CSCI)	Electrical steel	100	100	100	
China Steel Corporation	Kaohsiung Rapid Transit Corporation (KRTC)	Mass Rapid Transit service	43	43	43	Direct and indirect ownerships amounted to 51%
China Steel Corporation	China Steel Resources Corporation (CSRC)	Other non-metallic mineral products manufacturing	100	100	100	
China Steel Corporation	CSC Precision Metal Industrial Corporation (CPMI)	Other non-ferrous metal basic industries	100	100	100	
China Steel Corporation	White Biotech Corporation (WBT)	Biotechnology introduction and development	-	87	87	End of settlement in September 2019
China Steel Corporation	CSC Solar Corporation (CSCSOLAR)	Solar energy generation	55	55	55	Direct and indirect ownerships amounted to 100%
China Steel Corporation	Sing Da Marine Structure Corporation (SDMS)	Foundation of offshore wind power	100	100	100	Investment in April 2018
China Steel Corporation	United Steel International Co., Ltd. (USICL)	Holding and investment	80	80	80	Investment from CSAP in June 2018; direct and indirect ownerships amounted to 100%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			September 30, 2019	December 31, 2018	September 30, 2018	
China Steel Corporation	China Steel Power Holding Corporation (CPHC)	General investment	100	100	100	Investment in June 2018
Gains Investment Corporation	Eminence Investment Corporation (EIC)	General investment	100	100	100	
Gains Investment Corporation	Betacera Inc. (BETACERA)	Manufacturing and trading of electronic ceramics	48	48	48	Refer to 2) below
Gains Investment Corporation	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
Gains Investment Corporation	Gainsplus Asset Management Inc. (GAM)	General investment	100	100	100	
Gains Investment Corporation	Universal Exchange Inc. (UEC)	Wholesale of computer software, software design services, digital information supply services	64	64	64	Direct and indirect ownerships amounted to 99%
Gains Investment Corporation	Mentor Consulting Corporation (MCC)	Management consulting services	100	100	100	
Gains Investment Corporation	Winning Investment Corporation (WIC)	General investment	49	49	49	Direct and indirect ownerships amounted to 58%
Eminence Investment Corporation	Shin Mau Investment Corporation (SMIC)	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Ding Da Investment Corporation (DDIC)	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Gau Ruei Investment Corporation (GRIC)	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Chiun Yu Investment Corporation (CYIC)	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation (HCIC)	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
Shin Mau Investment Corporation	Chi-Yi Investment Corporation (CYIIC)	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation (JCFIC)	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation (SLDIC)	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation (LCLIC)	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd. (LL)	Trading of electronic ceramics and life saving products	100	100	100	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd. (BSZ)	Manufacturing and trading of electronic ceramics	100	100	100	
Lefkara Ltd.	Shanghai Xike Ceramic Electronic Co., Ltd. (SHXCE)	Manufacturing and trading of electronic ceramics	100	100	100	
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd. (SBTC)	Manufacturing and trading of aeronautical or marine life saving products	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech Global Limited (TTGL)	Holding and investment	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech United Limited (TTUL)	Holding and investment	-	100	100	End of settlement in June 2019
Thintech Global Limited	Taicang Thintech Materials Co., Ltd. (TCMC)	Sputtering target manufacturing and sales	100	100	100	
Thintech United Limited	Thintech United Metal Resources (Taicang) Co., Ltd. (TUMC)	Precious metal refining and sales	-	100	100	Disposal in March 2019
China Steel Express Corporation	CSEI Transport (Panama) Corporation (CSEIP)	Shipping services for raw materials	100	100	100	
China Steel Express Corporation	CSE Transport Corporation (CSEP)	Shipping services for raw materials	100	100	100	
China Steel Express Corporation	Transyang Shipping Pte Ltd (TYS)	Shipping services for raw materials	-	-	-	End of settlement in July 2018
China Steel Express Corporation	Transglory Investment Corporation (TIC)	General investment	50	50	50	Direct and indirect ownerships amounted to 100%
China Steel Express Corporation	Kaoport Stevedoring Corporation (KPC)	Ship cargo loading and unloading industry	66	66	66	
C.S.Aluminium Corporation	ALU Investment Offshore Corporation (ALU)	Holding and investment	100	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corporation (USID)	Holding and investment	65	65	65	Direct and indirect ownerships amounted to 79%
United Steel International Development Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd. (NA)	Production of aluminum products	100	100	100	
China Prosperity Development Corporation	CK Japan Co., Ltd. (CHJCL)	Real estate 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
China Steel Asia Pacific Holdings Pte Ltd	Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	70	70	70	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			September 30, 2019	December 31, 2018	September 30, 2018	
China Steel Asia Pacific Holdings Pte Ltd	China Steel Precision Metals Qingdao Co., Ltd. (CSMQ)	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	
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd. (GSC)	General investment	100	100	100	
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd. (CMSB)	General investment	100	100	100	
Chung Hung Steel Corporation	Taiwan Steel Corporation (TSC)	Iron and steel industry chain industry	100	100	100	Merged with CHS in June 2018
Chung Hung Steel Corporation	Hung Kao Investment Corporation (HKIC)	General investment	100	100	100	
Chung Hung Steel Corporation	Hung Li Steel Corporation (HLS)	Cutting and processing of steel products	-	-	-	
China Steel Chemical Corporation	Ever Wealthy International Corporation (EWIC)	General investment	100	100	100	
China Steel Chemical Corporation	Ever Glory International Co., Ltd. (EGIC)	International trading and general investment	100	100	100	Reorganization to Ever Wealthy International Corporation in December 2018
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited (FHTCIL)	International trade and investment	50	50	50	
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd. (CSNCMT)	Mesophase sales and trading	100	100	-	
Ever Wealthy International Corporation	China Steel Carbon Materials Technology Co., Ltd. (CSNCMT)	General investment	-	-	100	
China Steel Carbon Materials Technology Co., Ltd.	Changzhou China Steel New Materials Technology Co., Ltd. (CSNCMT)	Mesophase sales and trading	-	-	100	Reorganization to Ever Wealthy International Corporation in December 2018
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation (SAMOA)	Holding and investment	100	100	100	Direct and indirect ownerships amounted to 50%
China Steel Global Trading Corporation	Wabo Global Trading Corporation (WABO)	Buy and sell, and act as an agency for steel products	44	44	44	
China Steel Global Trading Corporation	CSGT (Singapore) Pte. Ltd. (CSGTSNG)	Buy and sell, and act as an agency for steel products	100	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation (BVI)	Holding and investment	65	65	65	
China Steel Global Trading Corporation	CSGT International Corporation (CIC)	Holding and investment	100	100	100	Direct and indirect ownerships amounted to 60%
Chung Mao Trading (Samoa) Corporation	CSGT (Shanghai) Co., Ltd. (CSGTSPRC)	Buy and sell, and act as an agency for steel products	100	100	100	
Wabo Global Trading Corporation	CSGT Japan Co., Ltd. (CSGTJPN)	Buy and sell, and act as an agency for steel products	100	100	100	
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited (CSGTHK)	Buy and sell, and act as an agency for steel products	100	100	100	
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company (CSGT-VTM)	Cutting and processing of steel products	54	54	54	Direct and indirect ownerships amounted to 100%
CSGT International Corporation	CSGT Trading India Private Limited (CSGTIN)	Buy and sell, and act as an agency for steel products	99	99	99	
CHC Resources Corporation	Union Steel Development Corporation (USDC)	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	93	93	93	
CHC Resources Corporation	Pao Good Industrial Co., Ltd. (PG)	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	51	51	51	
CHC Resources Corporation	Yu Cheng Lime Corporation (YCC)	Real estate lease, management of raw materials	90	90	90	Investment in June 2018
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd (CHCV)	Sales of GBFS	85	85	85	
CHC Resources Corporation	Hsieh Sheng Development Corporation (HSDC)	Real estate lease	100	100	100	
Infochamp Systems Corporation	Info-Champ System (B.V.I) Corporation (ICSCB)	Holding and investment	100	100	100	
Info-Champ System (B.V.I) Corporation	Wuhan InfoChamp I.T. Co., Ltd. (WICIT)	Enterprise information system integration services	100	100	100	Direct and indirect ownerships amounted to 100%
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation (USEC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	100	
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd. (CSSCHCL)	Holding and investment	37	37	37	
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd. (CSSIPL)	Holding and investment	100	100	100	
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd (USIPL)	Holding and investment	100	100	100	Direct and indirect ownerships amounted to 100%
United Steel Engineering & Construction Corporation	United Steel Construction (Vietnam) Co., Ltd. (USCVC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	100	
United Steel Engineering & Construction Corporation	United Steel Development Corporation Limited (USDC)	Residential and building development and rental industry	100	100	100	
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd. (CSSCICL)	Holding and investment	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Additional Descriptions
			September 30, 2019	December 31, 2018	September 30, 2018	
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd. (CKSSKC)	Manufacture and sale of products of steel structure	100	100	100	
China Ecotek Corporation	CEC International Corporation (CECIC)	Holding and investment	100	100	100	
China Ecotek Corporation	CEC Development Corporation (CDC)	Holding and investment	100	100	100	
China Ecotek Corporation	China Ecotek Construction Corporation (CECC)	Engineering service industry	100	100	100	
China Ecotek Corporation	CEC Holding Company Limited (CHC)	Holding and investment	100	100	100	
China Ecotek Corporation	Econova Technology Corporation (ETC)	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	
CEC Development Corporation	Xiamen Ecotek PRC Company Limited (XEP)	Sales agency for import and export of equipment and materials	100	100	100	
China Steel Security Corporation	Steel Castle Technology Corporation (SCTC)	Firefighting engineering and mechatronic engineering	100	100	100	
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation (CSMM)	Management and maintenance for buildings	100	100	100	
HIMAG Magnetic Corporation	MagnPower Corporation (MPC)	Powder metallurgy	55	55	55	
China Steel Machinery Corporation	China Steel Machinery Holding Corporation (CSMHC)	General investment.	-	100	100	End of settlement in May 2019
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd. (CSMVC)	Machines manufacturing	100	100	100	
China Steel Machinery Corporation	China Steel Machinery Corporation India Private Limited (CSMCI)	Machines manufacturing	-	99	99	End of settlement in May 2019
China Steel Machinery Holding Corporation	CSMC (Shanghai) Global Trading Co., Ltd. (CSMCS)	Wholesale and retail trade	-	-	100	End of settlement in October 2018
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd (CSC Sonoma)	Investments in mining industry	100	100	100	
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd. (TITC)	Technical service	100	100	100	Investment in September 2018
White Biotech Corporation	Renergy Biotech Corporation (RBT)	Ethanol manufacturing	-	-	-	End of settlement in August 2018
United Steel International Co., Ltd.	China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Cutting and processing of steel products	100	100	100	

(Concluded)

- 2) Explanations for subsidiaries which are less than 50% owned but included in the consolidated entities are as follows:
 - a) The chairman and general manager of CEC, CSCC, CHC, CSSC and TTMC are designated by the Corporation and other subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over aforementioned subsidiaries and included them in the consolidated entities.
 - b) The actual operations of CHS and 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 entities 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

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 45,504	\$ 49,926	\$ 47,267
Checking accounts and demand deposits	12,446,647	9,653,003	9,087,484
Cash equivalents (investments with original maturities less than three months)			
Time deposits	3,856,188	7,912,749	7,619,032
Commercial papers with repurchase agreements	972,020	671,564	570,949
Bonds with repurchase agreements	<u>107,110</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$ 17,427,469</u>	<u>\$ 18,287,242</u>	<u>\$ 18,324,732</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 September 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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Mutual funds	\$ 2,866,678	\$ 1,902,173	\$ 1,803,370
Listed shares	259,664	423,640	1,073,490
Emerging market shares	184,796	217,281	211,246
Convertibles bonds	81,070	46,440	50,977
Future contracts (b)	4,189	4,951	-
Foreign exchange forward contracts (a)	<u>1,504</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,397,901</u>	<u>\$ 2,594,485</u>	<u>\$ 3,139,083</u>
<u>Financial assets at FVTPL - noncurrent</u>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,875,038	\$ 1,834,226	\$ 1,777,239
Emerging market shares	<u>55,939</u>	<u>44,846</u>	<u>77,102</u>
	<u>\$ 1,930,977</u>	<u>\$ 1,879,072</u>	<u>\$ 1,854,341</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Foreign exchange forward contracts (a)	\$ 2,579	\$ -	\$ 2,270
Futures contracts (b)	<u>-</u>	<u>-</u>	<u>101</u>
	<u>\$ 2,579</u>	<u>\$ -</u>	<u>\$ 2,371</u>

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>September 30, 2019</u>			
Sell	USD/NTD	October 2019	USD5,000/NTD156,700
Buy	NTD/USD	January 2020	NTD291,213/USD9,350
<u>September 30, 2018</u>			
Sell	USD/NTD	October 2018	USD6,703/NTD203,777
Sell	USD/RMB	December 2018	USD578/RMB3,737
Buy	NTD/JPY	December 2018	NTD44,978/JPY165,152

- 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:

Maturity Date	Weight (Kilograms)	Amount (In thousands)
<u>September 30, 2019</u>		
December 15, 2019	1,275	\$ 20,780 (RMB 4,777 thousand)
<u>December 31, 2018</u>		
June 15, 2019	2,281	37,659 (RMB 8,421 thousand)
<u>September 30, 2018</u>		
June 15, 2019	1,141	19,084 (RMB 4,302 thousand)

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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Domestic investments			
Listed shares	\$ 3,580,487	\$ 2,916,952	\$ 3,035,526
Emerging market shares and unlisted shares	<u>53,822</u>	<u>52,086</u>	<u>50,558</u>
	<u>\$ 3,634,309</u>	<u>\$ 2,969,038</u>	<u>\$ 3,086,084</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
<hr/> Noncurrent <hr/>			
Domestic investments			
Listed shares	\$ 11,602,481	\$ 10,670,938	\$ 10,737,108
Emerging market shares and unlisted shares	2,225,457	1,821,200	1,909,279
Private - placement shares of listed companies	<u>-</u>	<u>147,368</u>	<u>123,662</u>
	<u>13,827,938</u>	<u>12,639,506</u>	<u>12,770,049</u>
Foreign investments			
Unlisted shares	42,526,616	41,161,772	44,750,131
Listed shares	1,894,042	2,188,927	2,321,014
Certificate of entitlement	<u>764,681</u>	<u>790,569</u>	<u>783,036</u>
	<u>45,185,339</u>	<u>44,141,268</u>	<u>47,854,181</u>
	<u>\$ 59,013,277</u>	<u>\$ 56,780,774</u>	<u>\$ 60,624,230</u>
			(Concluded)

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

Dividends of NT\$602,196 thousand, NT\$385,489 thousand, NT\$794,055 thousand and NT\$513,471 thousand were recognized for the three months and nine months ended September 30, 2019 and 2018, respectively. Of the amount NT\$585,760 thousand, NT\$385,397 thousand, NT\$777,619 thousand and NT\$513,397 thousand, respectively, related to investments still held as of September, 2019 and 2018.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2019	December 31, 2018	September 30, 2018
<hr/> Noncurrent <hr/>			
Bonds	\$ 3,920	\$ 13,436	\$ 37,533
Subordinated financial bonds	<u>-</u>	<u>4,144</u>	<u>4,118</u>
	<u>\$ 3,920</u>	<u>\$ 17,580</u>	<u>\$ 41,651</u>

10. FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets for hedging - current</u>			
Hedging foreign-currency deposits	\$ 2,199,905	\$ 2,255,386	\$ 2,268,519
Foreign exchange forward contracts	<u>421,143</u>	<u>229,005</u>	<u>130,894</u>
	<u>\$ 2,621,048</u>	<u>\$ 2,484,391</u>	<u>\$ 2,399,413</u>
<u>Financial assets for hedging - noncurrent</u>			
Foreign exchange forward contracts	<u>\$ 11,384</u>	<u>\$ 109,643</u>	<u>\$ 96,011</u>
<u>Financial liabilities for hedging - current</u>			
Bank loans (Note 18)	\$ 349,390	\$ 4,177,109	\$ 4,515,545
Borrowed precious metals from bank	140,609	201,997	161,068
Foreign exchange forward contracts	<u>15,541</u>	<u>26,122</u>	<u>16,131</u>
	<u>\$ 505,540</u>	<u>\$ 4,405,228</u>	<u>\$ 4,692,744</u>
<u>Financial liabilities for hedging - noncurrent</u>			
Bank loans (Note 18)	\$ 4,455,592	\$ 4,348,562	\$ 3,881,823
Foreign exchange forward contracts	<u>2,761</u>	<u>2,168</u>	<u>3,197</u>
	<u>\$ 4,458,353</u>	<u>\$ 4,350,730</u>	<u>\$ 3,885,020</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 September 30, 2019, December 31, 2018 and September 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\$2,199,905 thousand (JPY0.3 billion, RMB33,433 thousand, USD32,160 thousand, EUR28,199 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\$2,268,519 thousand (JPY0.56 billion, RMB48,302 thousand, USD41,690 thousand, EUR17,388 thousand and GBP332 thousand), respectively. As of September 30, 2019, December 31, 2018 and September 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)

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable			
Operating	\$ 1,750,715	\$ 2,341,981	\$ 2,131,541
Non-operating	<u>-</u>	<u>330</u>	<u>3</u>
	<u>\$ 1,750,715</u>	<u>\$ 2,342,311</u>	<u>\$ 2,131,544</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts receivable	\$ 13,149,737	\$ 16,130,968	\$ 16,132,663
Less: Allowance for impairment loss	<u>75,652</u>	<u>71,859</u>	<u>40,750</u>
	<u>\$ 13,074,085</u>	<u>\$ 16,059,109</u>	<u>\$ 16,091,913</u>
			(Concluded)

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.

September 30, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 13,945,860	\$ 752,418	\$ 74,093	\$ 79,198	\$ 48,883	\$ 14,900,452
Loss allowance (Lifetime ECL)	<u>(24,466)</u>	<u>(6)</u>	<u>(687)</u>	<u>(2,947)</u>	<u>(47,546)</u>	<u>(75,652)</u>
Amortized cost	<u>\$ 13,921,394</u>	<u>\$ 752,412</u>	<u>\$ 73,406</u>	<u>\$ 76,251</u>	<u>\$ 1,337</u>	<u>\$ 14,824,800</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>

September 30, 2018

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 17,156,480	\$ 641,294	\$ 81,007	\$ 241,570	\$ 143,856	\$ 18,264,207
Loss allowance (Lifetime ECL)	<u>(11,269)</u>	<u>(44)</u>	<u>(10)</u>	<u>(123)</u>	<u>(29,304)</u>	<u>(40,750)</u>
Amortized cost	<u>\$ 17,145,211</u>	<u>\$ 641,250</u>	<u>\$ 80,997</u>	<u>\$ 241,447</u>	<u>\$ 114,552</u>	<u>\$ 18,223,457</u>

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

	For the Nine Months Ended September 30	
	2019	2018
Balance, beginning of period	\$ 71,859	\$ 52,297
Recognition (reversal)	4,272	(8,238)
Written off	-	(3,004)
Effect of foreign currency exchange difference	<u>(479)</u>	<u>(305)</u>
Balance, end of period	<u>\$ 75,652</u>	<u>\$ 40,750</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 CHS 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 nine months ended September 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 Nine Months Ended September 30, 2019						
Mega Bank	\$ 4,309,472	\$ 7,903,633	\$ 8,241,519	\$ 3,971,586	1.05-1.75	NT\$9 billion
Bank of Taiwan	1,582,029	3,283,548	3,267,368	1,598,209	1.05-1.75	NT\$3 billion
Bank of Taiwan	491,723	3,843,781	3,958,005	377,499	0.60-3.86	USD 0.13 billion
Taishin Bank	3,341,792	6,865,084	7,980,442	2,226,434	3.00-3.39	USD 0.12 billion
CTBC Bank	1,046,091	1,562,613	2,132,259	476,445	3.09-3.47	USD 0.04 billion
Mizuho Bank	13,372	350,937	333,360	30,949	2.83-3.34	USD 0.01 billion
Mega Bank	1,033,187	1,965,398	2,177,082	821,503	1.27	NT\$3 billion
Bank of Taiwan	<u>199,960</u>	<u>410,467</u>	<u>464,086</u>	<u>146,341</u>	3.79	USD 0.02 billion
	<u>\$ 12,017,626</u>	<u>\$ 26,185,461</u>	<u>\$ 28,554,121</u>	<u>\$ 9,648,966</u>		
For the Nine Months Ended September 30, 2018						
Mega Bank	\$ 3,946,637	\$ 8,083,573	\$ 10,052,128	\$ 1,978,082	1.05-1.68	NT\$9 billion
Bank of Taiwan	1,473,874	3,129,044	3,825,691	777,227	1.05-1.68	NT\$3 billion
Bank of Taiwan	649,515	4,174,792	4,421,288	403,019	0.55-3.47	USD0.13 billion
Taishin Bank	1,626,213	6,835,503	5,160,629	3,301,087	2.00-3.00	USD0.1225 billion
CTBC Bank	677,245	2,368,999	1,944,525	1,101,719	2.00-3.07	USD0.04 billion
Mizuho Bank	-	61,639	54,733	6,906	2.19-2.83	USD0.01 billion
Mega Bank	1,088,226	2,427,925	2,321,158	1,194,993	1.19	NT\$3 billion
Bank of Taiwan	62,805	376,886	261,954	177,737	3.42	USD0.02 billion
Bank of Taiwan	<u>157,681</u>	<u>115,912</u>	<u>273,593</u>	<u>-</u>	2.70	USD0.015 billion
	<u>\$ 9,682,196</u>	<u>\$ 27,574,273</u>	<u>\$ 28,315,699</u>	<u>\$ 8,940,770</u>		

12. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Work in progress	\$ 31,097,692	\$ 25,240,250	\$ 23,235,540
Finished goods	26,488,578	26,664,139	26,502,724
Raw materials	22,647,180	20,789,812	18,397,618
Supplies	13,130,449	12,389,277	12,032,450
Raw materials and supplies in transit	11,636,244	11,672,473	7,965,754
Buildings and lands held for sale and under construction	961,308	4,071,736	3,306,208
Others	<u>181,221</u>	<u>257,198</u>	<u>292,977</u>
	<u>\$ 106,142,672</u>	<u>\$ 101,084,885</u>	<u>\$ 91,733,271</u>

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2019 and 2018 was NT\$72,379,453 thousand, NT\$74,906,824 thousand, NT\$217,751,743 thousand and NT\$222,573,416 thousand, respectively, including loss on inventory value decline of NT\$1,652,056 thousand, loss on inventory value decline of NT\$270,815 thousand, loss on inventory value decline of NT\$2,766,022 thousand, and loss on inventory value decline of NT\$1,062,209 thousand, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2019	December 31, 2018	September 30, 2018
Material associates			
9404-5515 Québec Inc. (Named as 7623704 Canada Inc. before September 2019)	\$ 8,400,630	\$ 8,306,551	\$ 8,259,039
Associates that are not individually material	<u>6,340,371</u>	<u>6,460,523</u>	<u>6,496,261</u>
	<u>\$ 14,741,001</u>	<u>\$ 14,767,074</u>	<u>\$ 14,755,300</u>

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			September 30, 2019	December 31, 2018	September 30, 2018
9404-5515 Québec Inc.	Mineral Investment	Canada	25	25	25

The summarized financial information below represents amounts shown in the financial statements of 9404-5515 Québec Inc. prepared in accordance with IFRSs, and converted to the Corporation's functional currency and adjusted for the purposes of applying equity method.

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 183,212	\$ 63,126	\$ 341,944
Noncurrent assets	34,144,857	33,785,917	33,577,594
Current liabilities	<u>(95,671)</u>	<u>(18)</u>	<u>(264,121)</u>
Equity	<u>\$ 34,232,398</u>	<u>\$ 33,849,025</u>	<u>\$ 33,655,417</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Percentage of the Corporation and its subsidiaries' ownership (%)	25	25	25
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	\$ 8,400,630	\$ 8,306,551	\$ 8,259,039 (Concluded)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Net profit for the period	\$ 1,411,225	\$ 661,982	\$ 2,538,651	\$ 1,219,627
Total comprehensive income for the period	\$ 2,731,996	\$ 1,409,146	\$ 4,036,730	\$ 3,706,169
Dividends received from 9404-5515 Québec Inc.	\$ 402,501	\$ 150,648	\$ 631,069	\$ 313,173
Comprehensive income attributable to the Corporation and its subsidiaries	\$ 670,432	\$ 345,805	\$ 990,614	\$ 909,494

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
The Corporation and its subsidiaries' share of Net profit (loss) for the period	\$ 22,572	\$ (16,511)	\$ 22,311	\$ 70,229
Other comprehensive income	(19,531)	(5,291)	23,966	1,498
Total comprehensive income	\$ 3,041	\$ (21,802)	\$ 46,277	\$ 71,727

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

	September 30, 2019	December 31, 2018	September 30, 2018
Chateau International Development Co., Ltd.	\$ 584,782	\$ 674,749	\$ 688,244

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

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Pledged time deposits (Note 32)	\$ 6,469,354	\$ 6,419,409	\$ 6,344,089
Time deposits with original maturities more than three months	2,935,269	2,609,083	2,647,550
Deposits for projects	<u>6</u>	<u>325,408</u>	<u>417,583</u>
	<u>\$ 9,404,629</u>	<u>\$ 9,353,900</u>	<u>\$ 9,409,222</u>
Noncurrent			
Pledged receivables (Note 32)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Pledged time deposits (Note 32)	264,426	266,649	266,036
Time deposits	21,710	21,710	22,144
Deposits for projects	<u>10,001</u>	<u>2,127</u>	<u>2,126</u>
	<u>\$ 2,296,137</u>	<u>\$ 2,290,486</u>	<u>\$ 2,290,306</u>

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

15. PROPERTY, PLANT AND EQUIPMENT

For the nine months ended September 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
Cost										
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	56,527	3,292,316	8,700,246	3,050,234	773,872	1,334,815	-	1,273,082	18,561,025
Disposals	(45,127)	-	(27,973)	(1,897,148)	(118,267)	(438,150)	(959,368)	-	-	(3,486,033)
Reclassification	(136,776)	-	446,313	(455,309)	2,944	(1,449)	(4,246)	-	-	(148,523)
Disposal of subsidiaries	-	-	(82,389)	(24,221)	-	(10,147)	-	-	-	(116,757)
Effect of foreign currency exchange difference	1,133	1,081	(16,951)	88,500	88,944	(3,926)	-	-	(5,165)	153,616
Balance at September 30, 2019	<u>\$ 67,950,839</u>	<u>\$ 5,128,387</u>	<u>\$ 128,897,264</u>	<u>\$ 645,556,534</u>	<u>\$ 29,573,549</u>	<u>\$ 17,970,503</u>	<u>\$ 10,609,838</u>	<u>\$ -</u>	<u>\$ 19,849,711</u>	<u>\$ 925,536,625</u>
Accumulated depreciation and impairment										
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	-	46,679	2,957,269	19,846,955	1,198,353	837,805	1,003,213	-	-	25,890,274
Disposals	(19,176)	-	(19,842)	(1,805,831)	(115,855)	(422,629)	(953,879)	-	-	(3,337,212)
Impairments (reversal)	-	-	382	797	-	(1,639)	-	-	-	(460)
Reclassification	-	-	101,957	(108,179)	2,917	(1,022)	-	-	-	(4,327)
Disposal of subsidiaries	-	-	(20,224)	(15,238)	-	(9,202)	-	-	-	(44,664)
Effect of foreign currency exchange difference	-	90	(14,081)	(10,341)	34,512	(2,756)	-	-	-	7,424
Balance at September 30, 2019	<u>\$ 6,370</u>	<u>\$ 4,744,505</u>	<u>\$ 55,177,630</u>	<u>\$ 442,420,692</u>	<u>\$ 13,065,728</u>	<u>\$ 14,612,991</u>	<u>\$ 4,602,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,630,103</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 September 30, 2019	<u>\$ 67,944,469</u>	<u>\$ 383,882</u>	<u>\$ 73,719,634</u>	<u>\$ 203,135,842</u>	<u>\$ 16,507,821</u>	<u>\$ 3,357,512</u>	<u>\$ 6,007,651</u>	<u>\$ -</u>	<u>\$ 19,849,711</u>	<u>\$ 390,906,522</u>

For the nine months ended September 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
Cost										
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	-	539	1,369,844	18,220,501	202,497	482,157	763,131	-	(5,544,016)	15,494,653
Disposals	-	(4,328)	(16,697)	(2,369,974)	(92,720)	(423,511)	(764,575)	-	(940)	(3,672,745)
Reclassification	(1,581)	458	21,780	(3,209)	716	(13,170)	(5,051)	-	(68,187)	(68,244)
Acquisitions through business combinations	1,213,752	-	-	-	100	437	-	-	-	1,214,289
Effect of foreign currency exchange difference	689	(8,629)	(202,553)	(53,438)	(1,164,466)	(17,361)	-	-	(594)	(1,446,352)
Others	-	-	-	-	-	-	(2,700)	-	-	(2,700)
Balance at September 30, 2018	\$ 68,047,530	\$ 5,036,385	\$ 124,817,602	\$ 637,327,979	\$ 26,482,661	\$ 17,503,809	\$ 10,291,269	\$ 323,003	\$ 17,370,895	\$ 907,201,133
Accumulated depreciation and impairment										
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	-	47,019	2,908,615	19,287,756	1,163,146	828,879	1,038,230	8,027	-	25,281,672
Disposals	-	(4,328)	(6,147)	(2,262,775)	(51,367)	(421,910)	(761,615)	-	-	(3,508,142)
Impairments	-	-	-	820,236	-	-	-	-	-	820,236
Acquisitions through business combinations	-	-	-	-	83	280	-	-	-	363
Effect of foreign currency exchange difference	-	(2,547)	(30,288)	1,621	(1,272,412)	(8,965)	-	-	-	(1,312,591)
Balance at September 30, 2018	\$ 25,546	\$ 4,679,962	\$ 51,187,589	\$ 417,094,393	\$ 11,604,810	\$ 13,990,339	\$ 4,519,022	\$ 40,873	\$ -	\$ 503,142,534
Carrying amount at September 30, 2018	\$ 68,021,984	\$ 356,423	\$ 73,630,013	\$ 220,233,586	\$ 14,877,851	\$ 3,513,470	\$ 5,772,247	\$ 282,130	\$ 17,370,895	\$ 404,058,599

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

Land improvements

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

Buildings

Main structure	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
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The subsidiary CHSC bought farmlands for warehousing at the Jia Xing Section and Quing Shui Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHSC from registering the title of these farmlands in CHSC's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHSC in freely changing the land title to CHSC or to other name of other under CHSC instructions. Meanwhile, the land had been pledged to CHSC as collateral. As of September 30, 2019, December 31, 2018 and September 30, 2018, the book value of the farmlands were all NT\$55,433 thousand and 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

		September 30, 2019
	<u>Carrying amounts</u>	
Land		\$ 13,767,744
Land improvements		424,730
Buildings		645,713
Machinery		17,122
Transportation equipment		95,476
Office equipment		181
Others		<u>354</u>
		<u>\$ 14,951,320</u>
	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Additions to right-of-use assets		<u>\$1,034,036</u>
Depreciation charge for right-of-use assets		
Land	\$ 198,291	\$ 571,084
Land improvements	15,504	46,511
Buildings	36,266	102,117
Machinery	2,450	7,349
Transportation equipment	15,912	43,811
Office equipment	11	32
Others	<u>5</u>	<u>14</u>
	<u>\$ 268,439</u>	<u>\$ 770,918</u>

b. Lease liabilities - 2019

	September 30, 2019
Carrying amounts	
Current	\$ 955,629
Non-current	<u>11,866,513</u>
	<u>\$ 12,822,142</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2019
Land (%)	0.92-2.21
Land improvements (%)	0.92-1.31
Buildings (%)	0.85-5.44
Machinery (%)	0.88-0.92
Transportation equipment (%)	0.60-5.44
Office equipment (%)	6.07
Others (%)	1.98-2.01

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

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term leases and low-value asset leases	\$ 59,946	\$ 183,566
Expenses relating to variable leases payments not included in the measurement of lease liabilities	\$ 795	\$ 1,019
Total cash outflow for leases		\$ (1,236,303)

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 nine months ended September 30, 2019

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 8,126,680	\$ 2,719,497	\$ 10,846,177
Transfer to property, plant and equipment	136,776	-	136,776
Effect of foreign currency exchange difference	<u>5,453</u>	<u>11,034</u>	<u>16,487</u>
Balance at September 30, 2019	<u>\$ 8,268,909</u>	<u>\$ 2,730,531</u>	<u>\$ 10,999,440</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 237,364	\$ 1,038,310	\$ 1,275,674
Depreciation	-	41,168	41,168
Effect of foreign currency exchange difference	<u>-</u>	<u>1,427</u>	<u>1,427</u>
Balance at September 30, 2019	<u>\$ 237,364</u>	<u>\$ 1,080,905</u>	<u>\$ 1,318,269</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 September 30, 2019	<u>\$ 8,031,545</u>	<u>\$ 1,649,626</u>	<u>\$ 9,681,171</u>

For the nine months ended September 30, 2018

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 8,353,534	\$ 3,825,457	\$ 12,178,991
Additions	-	158,255	158,255
Transfer from property, plant and equipment	1,581	-	1,581

(Continued)

	Land	Buildings	Total
Reclassified as noncurrent assets held for sale	\$ (172,778)	\$ (1,269,754)	\$ (1,442,532)
Disposals	-	(57,740)	(57,740)
Effect of foreign currency exchange difference	<u>2,840</u>	<u>51,823</u>	<u>54,663</u>
Balance at September 30, 2018	<u>\$ 8,185,177</u>	<u>\$ 2,708,041</u>	<u>\$ 10,893,218</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 237,364	\$ 985,549	\$ 1,222,913
Depreciation	-	57,879	57,879
Disposals	-	(21,151)	(21,151)
Effect of foreign currency exchange difference	<u>-</u>	<u>247</u>	<u>247</u>
Balance at September 30, 2018	<u>\$ 237,364</u>	<u>\$ 1,022,524</u>	<u>\$ 1,259,888</u>
Carrying amount at September 30, 2018	<u>\$ 7,947,813</u>	<u>\$ 1,685,517</u>	<u>\$ 9,633,330</u>
			(Concluded)

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

Buildings	3-60 years
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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 purchase agreements, payment for the land received from employees were deposited in the Bank of Taiwan and recognized as other financial assets, which has transferred to demand deposit as its maturity was due in the beginning of 2019, 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 valuation carried out in 2013, 2014, 2015 and 2017 by independent appraisers, who are not related parties. The valuation took into consideration the market approach, income approach, cost approach and land developing analysis approach of similar properties’ market price using Level 3 inputs. 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:

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value	<u>\$ 22,625,785</u>	<u>\$ 24,172,985</u>	<u>\$ 25,009,082</u>
Depreciation rate (%)	1.20-2.00	1.20-2.00	1.20-2.00
Discount rate (%)	2.11	0.85-2.13	0.85-2.13

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

its subsidiaries to secure borrowings.

18. BORROWINGS

a. Short-term borrowings and bank overdraft

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured loans - interest at 0.49%-7.71% p.a., 0.47%-12% p.a. and 0.43%-5.70% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	\$ 54,597,412	\$ 32,723,437	\$ 41,497,569
Bank overdraft (Note 32) - interest at 0.14%-4.35% p.a., 0.14%-8.33% p.a. and 0.14%-8.20% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	5,339,912	5,764,410	3,421,654
Letters of credit - interest at 0%-1.46% p.a., 0%-1.17% p.a. and 0%-1.46% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	750,131	1,834,030	2,026,207
Secured loans (Note 32) - interest at 3.25%-5.65% p.a., 0.88%-5.00% p.a. and 0.88%-5.00% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	<u>308,605</u>	<u>1,688,129</u>	<u>1,292,078</u>
	<u>\$ 60,996,060</u>	<u>\$ 42,010,006</u>	<u>\$ 48,237,508</u>

Starting from January 2016, the subsidiary CCSPMC entered into several credit facility agreements with ANZ (China) and several banks for total amount of USD47,000 thousand (or equal amount in RMB, the credit line remained unchanged) and RMB130,000 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 September 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 RMB110,000 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 September 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 more or two-thirds or more of the seats in the board of directors. As of September 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 USD39,000 thousand (or equal amount in VND, the credit line remained unchanged) and USD77,500 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 September 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

	September 30, 2019	December 31, 2018	September 30, 2018
Commercial paper - interest at 0.53%-1.49% p.a., 0.40%-1.15% p.a. and 0.40%-1.15% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	\$ 35,065,000	\$ 22,417,000	\$ 33,447,000
Less: Unamortized discounts	<u>13,328</u>	<u>4,954</u>	<u>7,521</u>
	<u>\$ 35,051,672</u>	<u>\$ 22,412,046</u>	<u>\$ 33,439,479</u>

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taching Bills Finance Ltd., Taiwan Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Union Bank of Taiwan, Bank of Taiwan, 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

	September 30, 2019	December 31, 2018	September 30, 2018
Syndicated bank loans			
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 3.24% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	\$ 2,151,072	\$ 2,515,558	\$ 2,499,998
CTBC and other banks loan to CSCI			
Repayable in 5 semiannual installments from June 2017 to June 2019, interest at 3.65% p.a., 4.37% p.a. and 3.83% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	3,344,349	3,365,664	3,358,074
Mortgage loans (Note 32)			
Due on various dates before April 2032, interest at 1.26%-3.63% p.a., 1.26%-3.50% p.a. and 1.26%-3.45% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	4,950,609	6,747,390	6,925,079

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Due on various dates through June 2025, interest at 0.27%-2.96% p.a., 0.29%-3.57% p.a. and 0.28%-3.10% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	<u>\$ 33,567,982</u> 44,014,012	<u>\$ 26,366,457</u> 38,995,069	<u>\$ 24,607,233</u> 37,390,384
Less: Syndicated loan fee	- 44,014,012	- 38,995,069	911 37,389,473
Less: Current portion	2,805,676	2,974,653	3,398,849
Financial liabilities for hedging - current	349,390	4,177,109	4,515,545
Financial liabilities for hedging - non-current	<u>4,455,592</u>	<u>4,348,562</u>	<u>3,881,823</u>
	<u>\$ 36,403,354</u>	<u>\$ 27,494,745</u>	<u>\$ 25,593,256</u> (Concluded)

- 1) 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 September 30, 2019, the Corporation held 56% equity of CSVC and half or more of the seats in the board of directors.
- 2) 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 September 30, 2019, the Corporation held 100% equity of CSCI and held all of the seats in the board of directors.
- 3) 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 the first three quarters ended in 2019 and each quarter ended in 2018.

The above unsecured loans and syndicated credit facility agreements included those obtained by the Corporation in JPY and USD to hedge the exchange rate fluctuations on equity investments in

EAUS, CSVG, 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

	September 30, 2019	December 31, 2018	September 30, 2018
Commercial paper - interest at 0.53%-1.08% p.a., 0.51%-1.20% p.a. and 0.46%-1.00% p.a. as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively	\$ 11,060,000	\$ 21,330,000	\$ 22,560,000
Less: Unamortized discounts	<u>2,962</u>	<u>10,506</u>	<u>5,757</u>
	<u>\$ 11,057,038</u>	<u>\$ 21,319,494</u>	<u>\$ 22,554,243</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, etc. and KGI Bank.

19. BONDS PAYABLE

	September 30, 2019	December 31, 2018	September 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
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
July 2013; repayable in July 2019 and July 2020; interest at 1.44% p.a., payable annually	3,150,000	6,300,000	6,300,000

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
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 June 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	5,600,000
October 2018; repayable in October 2027 and October 2028; interest at 1.05% p.a., payable annually	2,250,000	2,250,000	-
15-year unsecured bonds - issued at par by the Corporation in:			
July 2013; repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest at 1.88% p.a., payable annually	3,600,000	3,600,000	3,600,000
January 2014; repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
	99,000,000	111,900,000	107,450,000
Less: Issuance cost of bonds payable	54,373	67,356	59,349
Current portion	<u>15,549,363</u>	<u>12,899,340</u>	<u>18,099,005</u>
	<u>\$ 83,396,264</u>	<u>\$ 98,933,304</u>	<u>\$ 89,291,646</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

	September 30, 2019	December 31, 2018	September 30, 2018
Salaries and bonus	\$ 6,662,180	\$ 8,185,624	\$ 7,121,815
Purchase of equipment	2,877,384	3,446,049	4,339,801
Outsourced repair and construction	1,260,279	1,432,612	1,240,221
Employees' compensation and remuneration of directors and supervisors	1,172,842	2,424,866	1,863,124
Interest payable	709,087	1,077,354	745,414
Dividends payable	318,490	305,061	310,072
Others	<u>9,778,303</u>	<u>8,753,822</u>	<u>8,914,673</u>
	<u>\$ 22,778,565</u>	<u>\$ 25,625,388</u>	<u>\$ 24,535,120</u>

22. PROVISIONS

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Onerous contracts (a)	\$ 3,547,672	\$ 6,880,915	\$ 5,875,768
Construction warranties (b)	280,693	292,043	272,559
Others	<u>67,238</u>	<u>103,471</u>	<u>99,470</u>
	<u>\$ 3,895,603</u>	<u>\$ 7,276,429</u>	<u>\$ 6,247,797</u>
Noncurrent			
Provision for stabilization funds (c)	\$ 848,429	\$ 844,090	\$ 832,853
Others	<u>153,087</u>	<u>17,969</u>	<u>15,271</u>
	<u>\$ 1,001,516</u>	<u>\$ 862,059</u>	<u>\$ 848,124</u>

	Onerous Contracts	Construction Warranties	Sale Returns and Discounts (d)	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2019	\$ 6,880,915	\$ 292,043	\$ -	\$ 844,090	\$ 121,440	\$ 8,138,488
Recognized (reversal)	(3,326,335)	(8,560)	-	4,390	141,501	(3,189,004)
Paid	-	(2,790)	-	(51)	(42,667)	(45,508)
Effect of foreign currency exchange difference	<u>(6,908)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>(6,857)</u>
Balance at September 30, 2019	<u>\$ 3,547,672</u>	<u>\$ 280,693</u>	<u>\$ -</u>	<u>\$ 848,429</u>	<u>\$ 220,325</u>	<u>\$ 4,897,119</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 (reversal)	1,005,285	(35,832)	-	4,607	16,356	990,416
Paid	-	(1,081)	-	(106)	(11,904)	(13,091)
Effect of foreign currency exchange difference	<u>5,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,992</u>
Balance at September 30, 2018	<u>\$ 5,875,768</u>	<u>\$ 272,559</u>	<u>\$ -</u>	<u>\$ 832,853</u>	<u>\$ 114,741</u>	<u>\$ 7,095,921</u>

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

Corporation and its subsidiaries from non-cancellable construction contracts.

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

23. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating costs	\$ 139,295	\$ 139,187	\$ 420,783	\$ 424,779
Operating expenses	65,826	62,564	196,189	185,204
Others	<u>179</u>	<u>160</u>	<u>516</u>	<u>755</u>
	<u>\$ 205,300</u>	<u>\$ 201,911</u>	<u>\$ 617,488</u>	<u>\$ 610,738</u>

24. EQUITY

- a. Share capital

	September 30, 2019	December 31, 2018	September 30, 2018
Numbers 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>
Numbers 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 September 30, 2019, December 31, 2018, and September 30, 2018, the outstanding depositary receipts were 737,473 units, 769,313 units and 961,697 units, equivalent to 14,749,770 ordinary shares (including 310 fractional shares), 15,386,570 ordinary shares (including 310 fractional shares), and 19,234,250 ordinary shares (including 310 fractional shares), which represented 0.09%, 0.09% and 0.12% of the outstanding ordinary shares, respectively.

b. Capital surplus

	September 30, 2019	December 31, 2018	September 30, 2018
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	7,079,070	6,759,039	6,759,039
Others	8,099	8,099	8,099
	<u>38,241,935</u>	<u>37,921,904</u>	<u>37,921,904</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
May be used to offset deficits only (see 2 below)			
Share of change in equity of subsidiaries	\$ 509,547	\$ 507,077	\$ 491,139
Share of change in equity of associates	<u>126,153</u>	<u>116,903</u>	<u>118,792</u>
	<u>635,700</u>	<u>623,980</u>	<u>609,931</u>
	<u>\$ 38,877,635</u>	<u>\$ 38,545,884</u>	<u>\$ 38,531,835</u>
			(Concluded)

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

The appropriations of earnings for 2018 and 2017 that had been approved in the shareholders' meeting in June 2019 and 2018, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	2018	2017	2018	2017
Legal reserve	\$ 2,445,415	\$ 1,690,588		
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>

d. Special reserves

	For the Nine Months Ended September 30	
	2019	2018
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 of special reserve		
Appreciation of the Corporation's shares held by subsidiaries	-	(5,992)
Disposal of property, plant and equipment	<u>(76)</u>	<u>(33)</u>
Balance, end of period	<u>\$ 27,803,892</u>	<u>\$ 27,649,844</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2019	2018
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	(460,221)	(476,515)
Income tax relating to exchange differences arising from translating the net assets of foreign operations	(8,091)	(4,576)
Share from associates accounted for using the equity method	<u>374,588</u>	<u>590,714</u>
Other comprehensive income recognized in the period	<u>(93,724)</u>	<u>112,736</u>
Balance, end of period	<u>\$ (6,013,348)</u>	<u>\$ (6,003,117)</u>

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

	For the Nine Months Ended September 30	
	2019	2018
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	2,559,558	2,979,652
Income tax relating to unrealized gains and losses	(895,261)	3,049
Share from associates accounted for using the equity method	<u>15,041</u>	<u>19,401</u>
Other comprehensive income recognized in the period	<u>1,679,338</u>	<u>3,000,511</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(23,406)</u>	<u>135,746</u>
Balance, end of period	\$ <u>6,066,845</u>	\$ <u>8,387,998</u>

3) Gains and losses on hedging instrument

	Cash Flow Hedges	Fair Value Hedges	Hedges of Net Investments in Foreign Operations	Total
Balance at January 1, 2019	\$ 290,851	\$ 15,555	\$ 3,797,472	\$ 4,103,878
Increase (decrease) in the period	<u>46,554</u>	<u>(36,615)</u>	<u>(65,478)</u>	<u>(55,539)</u>
Balance at September 30, 2019	<u>\$ 337,405</u>	<u>\$ (21,060)</u>	<u>\$ 3,731,994</u>	<u>\$ 4,048,339</u>
Balance at January 1, 2018	\$ (131,335)	\$ 98,851	\$ 4,005,260	\$ 3,972,776
Increase (decrease) in the period	<u>313,878</u>	<u>(48,970)</u>	<u>(147,054)</u>	<u>117,854</u>
Balance at September 30, 2018	<u>\$ 182,543</u>	<u>\$ 49,881</u>	<u>\$ 3,858,206</u>	<u>\$ 4,090,630</u>

a) Cash flow hedges

	For the Nine Months Ended September 30	
	2019	2018
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	62,319	393,430
Interest rate risk - interest rate swap contracts	-	5,785
Income tax effect	(12,629)	(74,704)

(Continued)

	For the Nine Months Ended September 30	
	2019	2018
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	\$ (3,920)	\$ (19,481)
Income tax effect	<u>784</u>	<u>3,296</u>
Other comprehensive income recognized in the period	<u>46,554</u>	<u>313,878</u>
Balance, end of period	<u>\$ 337,405</u>	<u>\$ 182,543</u> (Concluded)

b) Fair value hedges

	For the Nine Months Ended September 30	
	2019	2018
Balance, beginning of period	\$ 15,555	\$ 98,851
Recognized during the period		
Foreign currency risk - bank loans	<u>(36,615)</u>	<u>(48,970)</u>
Balance, end of period	<u>\$ (21,060)</u>	<u>\$ 49,881</u>

c) Hedges of net investments in foreign operations

	For the Nine Months Ended September 30	
	2019	2018
Balance, beginning of period	\$ 3,797,472	\$ 4,005,260
Recognized during the period		
Foreign currency risk - bank loans	<u>(65,478)</u>	<u>(147,054)</u>
Balance, end of period	<u>\$ 3,731,994</u>	<u>\$ 3,858,206</u>

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			September 30	
	Beginning of Period	Addition	Reduction	Thousand Shares	Book Value
For the nine Months ended September 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 nine Months ended September 30, 2018					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>315,166</u>	<u>4,767</u>	<u>40</u>	<u>319,893</u>	<u>\$ 8,643,948</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 September 30, 2019, December 31, 2018, and September 30, 2018, the market values of the treasury shares calculated by combined holding percentage were NT\$7,361,883 thousand, NT\$7,761,396 thousand, and NT\$8,158,492 thousand, respectively.

g. Non-controlling interests

	For the Nine Months Ended September 30	
	2019	2018
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	1,699,083	2,826,005
Other comprehensive income in the period		
Exchange difference on translating foreign operations	185,308	157,097
Income tax relating to exchange difference on translating foreign operations	(974)	1,830
Unrealized gains and losses on financial assets at fair value through other comprehensive income	208,803	35,207
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	25	231
Gains and losses on hedging instrument	3,214	3,021
Income tax relating to gains and losses on hedging instrument	(402)	(319)
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	1,997	1,581
Non-controlling interests arising from capital increase (decrease) of subsidiaries	7,818	(196,500)
Dividends distributed by subsidiaries	(1,743,430)	(1,521,149)
Others	(75,117)	110,249
Balance, end of period	<u>\$ 30,176,006</u>	<u>\$ 29,354,512</u>

25. OPERATING REVENUES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue from sale of goods	\$ 82,970,307	\$ 95,103,361	\$ 254,782,518	\$ 274,644,311
Construction contracts revenue	5,032,799	5,022,462	20,278,883	14,516,423
Service revenue	1,880,595	1,852,736	4,637,494	5,291,185
Other revenues	<u>811,367</u>	<u>753,053</u>	<u>2,106,753</u>	<u>1,993,770</u>
	<u>\$ 90,695,068</u>	<u>\$ 102,731,612</u>	<u>\$ 281,805,648</u>	<u>\$ 296,445,689</u>

a. Contract balances

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Notes and accounts receivable (Note 11)	<u>\$ 14,824,800</u>	<u>\$ 18,401,090</u>	<u>\$ 18,223,454</u>	<u>\$ 16,768,126</u>
Contract assets				
Construction contracts	\$ 9,327,417	\$ 9,667,413	\$ 9,916,865	\$ 9,245,710
Retentions receivable	1,523,719	1,744,344	1,390,769	1,833,151
Others	<u>86,115</u>	<u>124,632</u>	<u>64,103</u>	<u>62,771</u>
	<u>\$ 10,937,251</u>	<u>\$ 11,536,389</u>	<u>\$ 11,371,737</u>	<u>\$ 11,141,632</u>
Contract liabilities				
Construction contracts	\$ 5,068,996	\$ 4,993,926	\$ 3,410,667	\$ 4,901,393
Sale of goods	1,853,475	1,766,034	2,203,554	1,940,756
Sales of real estate	37,679	787,335	593,581	249,209
Others	<u>32,772</u>	<u>7,969</u>	<u>4,606</u>	<u>24,915</u>
	<u>\$ 6,992,922</u>	<u>\$ 7,555,264</u>	<u>\$ 6,212,408</u>	<u>\$ 7,116,273</u>

b. Disaggregation of revenue

For the nine months ended September 30, 2019

	Steel Department	Construction Department	Others	Total
Type of goods or services				
Revenue from the sale of goods	\$ 213,265,314	\$ 1,586,082	\$ 39,931,122	\$ 254,782,518
Construction contract revenue	1,508,622	16,225,567	2,544,694	20,278,883
Service revenue	460,191	379,240	3,798,063	4,637,494
Other revenue	<u>1,662,833</u>	<u>32,311</u>	<u>411,609</u>	<u>2,106,753</u>
	<u>\$ 216,896,960</u>	<u>\$ 18,223,200</u>	<u>\$ 46,685,488</u>	<u>\$ 281,805,648</u>

For the nine months ended September 30, 2018

	Steel Department	Construction Department	Others	Total
<u>Type of goods or services</u>				
Revenue from the sale of goods	\$ 234,743,288	\$ 2,187,399	\$ 37,713,624	\$ 274,644,311
Construction contract revenue	976,371	11,961,900	1,578,152	14,516,423
Service revenue	836,445	380,342	4,074,398	5,291,185
Other revenue	<u>1,562,581</u>	<u>16,940</u>	<u>414,249</u>	<u>1,993,770</u>
	<u>\$ 238,118,685</u>	<u>\$ 14,546,581</u>	<u>\$ 43,780,423</u>	<u>\$ 296,445,689</u>

26. PROFIT BEFORE INCOME TAX

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Dividends income	\$ 409,515	\$ 292,629	\$ 574,605	\$ 411,388
Interest income	83,646	103,458	301,253	264,320
Insurance claim income	22,090	2,953	113,024	67,331
Rental income	33,077	34,097	96,376	100,012
Others	<u>215,857</u>	<u>152,180</u>	<u>517,062</u>	<u>477,037</u>
	<u>\$ 764,185</u>	<u>\$ 585,317</u>	<u>\$ 1,602,320</u>	<u>\$ 1,320,088</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Gain on disposal of non-current assets held for sale	\$ 263,417	\$ -	\$ 692,352	\$ -
Net foreign exchange gain (loss)	82,250	(186,674)	505,587	(28,693)
Gain (loss) on disposal of investments	1,253	-	43,831	(1,088)
Gain (loss) arising on financial assets at fair value through profit or loss	(17,670)	5,583	(670)	(35,240)
Impairment loss	(16,545)	-	(9,015)	-
Loss on disposal of property, plant and equipment	(26,087)	(69,126)	(92,316)	(118,675)
Other losses	<u>(152,079)</u>	<u>(156,317)</u>	<u>(542,113)</u>	<u>(363,027)</u>
	<u>\$ 134,539</u>	<u>\$ (406,534)</u>	<u>\$ 597,656</u>	<u>\$ (546,723)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Foreign exchange gain	\$ 466,954	\$ 549,582	\$ 1,436,970	\$ 1,478,955
Foreign exchange loss	<u>(384,704)</u>	<u>(736,256)</u>	<u>(931,383)</u>	<u>(1,507,648)</u>
Net exchange gain (loss)	<u>\$ 82,250</u>	<u>\$ (186,674)</u>	<u>\$ 505,587</u>	<u>\$ (28,693)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Total interest expense	\$ 839,734	\$ 874,963	\$ 2,566,927	\$ 2,736,264
Less: Amounts included in the cost of qualifying assets	<u>50,057</u>	<u>47,419</u>	<u>165,447</u>	<u>178,892</u>
	<u>\$ 789,677</u>	<u>\$ 827,544</u>	<u>\$ 2,401,480</u>	<u>\$ 2,557,372</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Capitalized amounts	\$ 50,057	\$ 47,419	\$ 165,447	\$ 178,892
Capitalized annual rates (%)	0.69-1.49	0.40-1.49	0.58-1.49	0.40-1.49

d. Impairment loss recognized (reversal) on non-financial assets

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Property, plant and equipment	<u>\$ 7,070</u>	<u>\$ 821,674</u>	<u>\$ (460)</u>	<u>\$ 820,236</u>
Analysis of recognition (reversal) of impairment loss on non-financial assets by function				
Operating costs	<u>\$ 7,070</u>	<u>\$ 821,674</u>	<u>\$ (460)</u>	<u>\$ 820,236</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Property, plant and equipment	\$ 8,148,274	\$ 8,727,314	\$ 25,890,274	\$ 25,281,672

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Investment properties	\$ 13,675	\$ 29,535	\$ 41,168	\$ 57,879
Right-of-use assets	268,439	-	770,918	-
Intangible assets	46,758	47,249	156,487	154,384
Others	<u>15,463</u>	<u>20,811</u>	<u>46,681</u>	<u>62,565</u>
	<u>\$ 8,492,609</u>	<u>\$ 8,824,909</u>	<u>\$ 26,905,528</u>	<u>\$ 25,556,500</u>
Analysis of depreciation by function				
Operating costs	\$ 7,952,325	\$ 8,299,520	\$ 25,234,325	\$ 24,050,957
Operating expenses	425,827	405,223	1,311,055	1,223,280
Others	<u>52,236</u>	<u>52,106</u>	<u>156,980</u>	<u>65,314</u>
	<u>\$ 8,430,388</u>	<u>\$ 8,756,849</u>	<u>\$ 26,702,360</u>	<u>\$ 25,339,551</u>
Analysis of amortization by function				
Operating costs	\$ 40,650	\$ 41,281	\$ 141,784	\$ 140,206
Operating expenses	18,165	20,016	53,045	69,088
Others	<u>3,406</u>	<u>6,763</u>	<u>8,339</u>	<u>7,655</u>
	<u>\$ 62,221</u>	<u>\$ 68,060</u>	<u>\$ 203,168</u>	<u>\$ 216,949</u>

(Concluded)

f. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Direct operating expenses of investment properties that generated rental income	<u>\$ 37,382</u>	<u>\$ 50,634</u>	<u>\$ 107,037</u>	<u>\$ 122,190</u>

g. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits				
Salaries	\$ 7,403,294	\$ 8,391,861	\$ 23,760,522	\$ 24,429,051
Labor and health insurance	550,132	516,534	1,645,856	1,543,153
Others	<u>368,022</u>	<u>449,778</u>	<u>1,112,181</u>	<u>1,218,303</u>
	<u>8,321,448</u>	<u>9,358,173</u>	<u>26,518,559</u>	<u>27,190,507</u>
Post-employment benefits				
Defined contribution plans	223,797	208,651	674,393	612,187
Defined benefit plans (Note 23)	<u>205,300</u>	<u>201,911</u>	<u>617,488</u>	<u>610,738</u>
	<u>429,097</u>	<u>410,562</u>	<u>1,291,881</u>	<u>1,222,925</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Termination benefits	\$ 16,593	\$ 39,946	\$ 51,674	\$ 74,166
	<u>\$ 8,767,138</u>	<u>\$ 9,808,681</u>	<u>\$ 27,862,114</u>	<u>\$ 28,487,598</u>
Analysis of employee benefits by function				
Operating costs	\$ 7,026,505	\$ 7,789,240	\$ 22,411,304	\$ 22,858,871
Operating expenses	1,587,448	1,882,478	5,064,562	5,276,873
Others	<u>153,185</u>	<u>136,963</u>	<u>386,248</u>	<u>351,854</u>
	<u>\$ 8,767,138</u>	<u>\$ 9,808,681</u>	<u>\$ 27,862,114</u>	<u>\$ 28,487,598</u>

(Concluded)

The numbers of employees of the Corporation and its subsidiaries combined were 28,490 and 28,778 as of September 30, 2019 and 2018, respectively.

h. Employees' compensation and remuneration of directors

According to the Articles of Incorporation, the article stipulates the Corporation distributed employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting, employees' compensation, and remuneration of directors. For the three months and nine months ended September 30, 2019 and 2018, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	\$ 11,672	\$ 552,788	\$ 786,265	\$ 1,365,145
Remuneration of directors	218	10,364	14,742	25,596

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

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

	For the Year Ended December 31	
	2018	2017
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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 245,545	\$ 1,981,567	\$ 2,174,747	\$ 4,493,245
Income tax on unappropriated earnings	5,489	24	478,823	38,782
In respect of prior years	44,739	8,019	(7,829)	(564,062)
Deferred tax				
In respect of the current period	157,874	(438,352)	(94,917)	(789,147)
Changes in tax rates	-	(2,354)	-	(630,742)
In respect of prior years	<u>(22,919)</u>	<u>(15,091)</u>	<u>30,247</u>	<u>(187,011)</u>
	<u>\$ 430,728</u>	<u>\$ 1,533,813</u>	<u>\$ 2,581,071</u>	<u>\$ 2,361,065</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%.

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. However, the related implementation rules are yet to be issued by the Ministry of Finance; thus, the Company could not estimate the effect on the current income tax.

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
Reversal of special reserve due to disposal of property, plant and equipment	\$ -	\$ 1	\$ 23	\$ 10
Deferred tax				
Reversal of special reserve due to disposal of property, plant and equipment	<u>-</u>	<u>(1)</u>	<u>(23)</u>	<u>(10)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Deferred tax				
Changes in tax rates - remeasurement of defined benefit plans	\$ -	\$ -	\$ -	\$ 16,222
Changes in tax rates - fair value changes of cash flow hedge	-	-	-	6,039
Changes in tax rates - translation 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	1,085	3,073	(9,065)	(2,746)
Current - unrealized gains and losses on financial assets at fair value through other comprehensive income	39,028	686	(895,236)	3,280
Current - fair value changes of cash flow hedge	28,943	(13,692)	(13,031)	(75,023)
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>80</u>	<u>1,695</u>	<u>784</u>	<u>3,296</u>
	<u>\$ 69,136</u>	<u>\$ (8,238)</u>	<u>\$ (916,548)</u>	<u>\$ (47,196)</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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Net profit for the period attributable to owners of the Corporation	\$ 2,156,817	\$ 7,238,794	\$ 9,337,321	\$ 18,407,305
Less: Dividends on preference shares	<u>13,394</u>	<u>13,394</u>	<u>40,181</u>	<u>40,181</u>
Net profit used in computation of basic earnings per share	2,143,423	7,225,400	9,297,140	18,367,124
Add: Dividends on preference shares	<u>-</u>	<u>13,394</u>	<u>-</u>	<u>40,181</u>
Net profit used in computation of diluted earnings per share	<u>\$ 2,143,423</u>	<u>\$ 7,238,794</u>	<u>\$ 9,297,140</u>	<u>\$ 18,407,305</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,857	15,415,056	15,414,857	15,417,456
Effect of dilutive potential ordinary shares:				
Employees' compensation	34,185	53,535	55,650	69,955
Convertible preference shares	<u>-</u>	<u>38,268</u>	<u>-</u>	<u>38,268</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,449,042</u>	<u>15,506,859</u>	<u>15,470,507</u>	<u>15,525,679</u>

Preference shares were not included in the calculation of diluted earnings per share for the three months and nine months ended September 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
<u>September 30, 2019</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 2,866,678	\$ -	\$ -	\$ 2,866,678
Unlisted shares	-	-	1,875,038	1,875,038
Listed shares	259,664	-	-	259,664
Emerging market shares	-	-	240,735	240,735
Convertible bonds	81,070	-	-	81,070
Future contracts	-	4,189	-	4,189
Foreign exchange forward contracts	-	1,504	-	1,504
	<u>\$ 3,207,412</u>	<u>\$ 5,693</u>	<u>\$ 2,115,773</u>	<u>\$ 5,328,878</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 43,291,297	\$ 43,291,297
Domestic listed shares	15,182,968	-	-	15,182,968
Domestic emerging market shares and unlisted shares	-	-	2,279,279	2,279,279
Foreign listed shares	<u>1,894,042</u>	<u>-</u>	<u>-</u>	<u>1,894,042</u>
	<u>\$ 17,077,010</u>	<u>\$ -</u>	<u>\$ 45,570,576</u>	<u>\$ 62,647,586</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 432,527</u>	<u>\$ -</u>	<u>\$ 432,527</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 18,302</u>	<u>\$ -</u>	<u>\$ 18,302</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2018</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 1,902,173	\$ -	\$ -	\$ 1,902,173
Unlisted shares	-	-	1,834,226	1,834,226
Listed shares	423,640	-	-	423,640
Emerging market shares	-	-	262,127	262,127
Convertible bonds	46,440	-	-	46,440
Future contracts	<u>-</u>	<u>4,951</u>	<u>-</u>	<u>4,951</u>
	<u>\$ 2,372,253</u>	<u>\$ 4,951</u>	<u>\$ 2,096,353</u>	<u>\$ 4,473,557</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 41,952,341	\$ 41,952,341
Domestic emerging market shares and unlisted shares	-	-	1,873,286	1,873,286
Domestic listed shares	13,587,890	-	-	13,587,890
Foreign listed shares	2,188,927	-	-	2,188,927
Private-placement shares of listed companies	<u>-</u>	<u>147,368</u>	<u>-</u>	<u>147,368</u>
	<u>\$ 15,776,817</u>	<u>\$ 147,368</u>	<u>\$ 43,825,627</u>	<u>\$ 59,749,812</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 338,648</u>	<u>\$ -</u>	<u>\$ 338,648</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 28,290</u>	<u>\$ -</u>	<u>\$ 28,290</u>
<u>September 30, 2018</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 1,803,370	\$ -	\$ -	\$ 1,803,370
Unlisted shares	-	-	1,777,239	1,777,239
Listed shares	1,073,490	-	-	1,073,490
Emerging market shares	-	-	288,348	288,348
Convertible bonds	<u>50,977</u>	<u>-</u>	<u>-</u>	<u>50,977</u>
	<u>\$ 2,927,837</u>	<u>\$ -</u>	<u>\$ 2,065,587</u>	<u>\$ 4,993,424</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity Instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 45,533,167	\$ 45,533,167
Domestic listed shares	13,772,634	-	-	13,772,634
Domestic emerging market shares and unlisted shares	-	-	1,959,837	1,959,837
Foreign listed shares	2,321,014	-	-	2,321,014
Private-placement shares of listed companies	<u>-</u>	<u>123,662</u>	<u>-</u>	<u>123,662</u>
	<u>\$ 16,093,648</u>	<u>\$ 123,662</u>	<u>\$ 47,493,004</u>	<u>\$ 63,710,314</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 226,905</u>	<u>\$ -</u>	<u>\$ 226,905</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 19,328</u>	<u>\$ -</u>	<u>\$ 19,328</u>
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 2,270	\$ -	\$ 2,270
Future contracts	<u>-</u>	<u>101</u>	<u>-</u>	<u>101</u>
	<u>\$ -</u>	<u>\$ 2,371</u>	<u>\$ -</u>	<u>\$ 2,371</u>

(Concluded)

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2019 and 2018.

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

For the nine months ended September 30, 2019

	Equity Instruments		Total
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	
Balance, beginning of period	\$ 2,096,353	\$ 43,825,627	\$ 45,921,980
Recognized in profit or loss	71,283	-	71,283
Recognized in other comprehensive income	-	1,818,653	1,818,653
Purchases	-	149,008	149,008
			(Continued)

	Equity Instruments		
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Disposal	\$ (48,793)	\$ (32,535)	\$ (81,328)
Reclassification	-	153,687	153,687
Transfer out of level 3	-	(8,297)	(8,297)
Reduction of capital and return of shares	(3,070)	(16,887)	(19,957)
Effect of foreign currency exchange difference	<u>-</u>	<u>(318,680)</u>	<u>(318,680)</u>
Balance, end of period	<u>\$ 2,115,773</u>	<u>\$ 45,570,576</u>	<u>\$ 47,686,349</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 63,276</u>	<u>\$ -</u>	<u>\$ 63,276</u> (Concluded)

For the nine months ended September 30, 2018

	Equity Instruments		
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of period	\$ 2,149,775	\$ 46,690,678	\$ 48,840,453
Recognized in profit or loss	74,667	-	74,667
Recognized in other comprehensive income	-	815,767	815,767
Purchases	217	560,554	560,771
Disposal	(61,448)	(443,850)	(505,298)
Transfer out of level 3	(58,820)	(308,805)	(367,625)
Capital reduction	(38,804)	(129,035)	(167,839)
Effect of foreign currency exchange difference	<u>-</u>	<u>307,695</u>	<u>307,695</u>
Balance, end of period	<u>\$ 2,065,587</u>	<u>\$ 47,493,004</u>	<u>\$ 49,558,591</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 31,403</u>	<u>\$ -</u>	<u>\$ 31,403</u>

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

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

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Long-term pre-tax operating income rate (%)	9.80-61.58	9.79-58.59	11.09-52.06
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:

	September 30, 2019	December 31, 2018	September 30, 2018
Long-term pre-tax operating income rate			
Increase 1%	<u>\$ 165,812</u>	<u>\$ 195,918</u>	<u>\$ 205,558</u>
Decrease 1%	<u>\$ (167,224)</u>	<u>\$ (197,357)</u>	<u>\$ (206,668)</u>
Discount rate			
Increase 1%	<u>\$ (319,270)</u>	<u>\$ (497,271)</u>	<u>\$ (591,907)</u>
Decrease 1%	<u>\$ 392,958</u>	<u>\$ 606,196</u>	<u>\$ 729,377</u>

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

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<hr/> Financial assets <hr/>			
Fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 5,328,878	\$ 4,473,557	\$ 4,993,424
Financial assets for hedging	2,632,432	2,594,034	2,495,424
Financial assets at amortized cost 1)	47,573,143	51,346,174	51,291,005
Financial assets at fair value through other comprehensive income			
Equity instruments	62,647,586	59,749,812	63,710,314
<hr/> Financial liabilities <hr/>			
Fair value through profit or loss			
Held for trading	2,579	-	2,371
Financial liabilities for hedging	4,963,893	8,755,958	8,577,764
Measured at amortized cost 2)	290,067,549	278,253,465	286,417,606

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

1) Market risk

a) Foreign currency risk

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

The carrying amounts of the significant non-functional currency monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date were referred to Note 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 Nine Months Ended			For the Nine Months Ended		
	September 30			September 30		
	2019	2018		2019	2018	
Pre-tax profit or loss	\$ 36,685	\$ 23,520	i	\$ (9,778)	\$ (15,932)	i
Equity	11,834	44,459	ii	(1,593)	(2,285)	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 were as follows:

i. The Corporation and its subsidiaries' hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure of its foreign currency capital expenditure 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.

September 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	\$ 432,374	\$ 16,177
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	2,199,905	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and raw materials	Financial assets/liabilities for hedging	153	2,125
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,097,669
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,889,983
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	1,817,330

Hedging Instruments /Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments
			Continuing Hedges	Discounting Hedges	Fair Value Hedge - Carrying Amount Asset	Fair Value Hedge - Carrying Amount Asset
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ 96,243	\$ (96,243)	\$ 416,197	\$ -	NA	NA
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	(34,630)	34,630	(30,728)	-	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
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	\$ 3,113	\$ (3,113)	NA	NA	\$ (152)	\$ (152)
Foreign currency bank borrowings/Financial assets at FVTOCI	(36,615)	36,601	\$ (21,060)	\$ -	1,874,038	6,476
Foreign currency bank borrowings/Financial assets at FVTPL	(63,043)	64,003	NA	NA	1,719,083	(118,131)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	(19,028)	19,028	\$ (234,669)	\$ 3,966,662	NA	NA (Concluded)

September 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	\$ 222,564	\$ 13,176
Hedging foreign-currency deposits/Forecast purchases and construction contracts	Financial assets for hedging	2,268,519	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases, raw material fee and construction contracts	Financial assets/liabilities for hedging	4,341	6,152
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,026,729
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,767,836
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	5,602,803

	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	\$ 371,652	\$ (371,652)	\$ 209,388	\$ -	NA	NA
Hedging foreign-currency deposits/Forecast purchases and construction contracts	6,555	(6,555)	(27,174)	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases, raw material fee and construction contracts	16,444	(16,444)	NA	NA	\$ 2,165	\$ 2,165
Foreign currency bank borrowings/Financial assets at FVTOCI	(19,070)	19,063	\$ 49,881	\$ -	2,297,353	(77,391)
Foreign currency bank borrowings/Financial assets at FVTPL	(32,835)	33,335	NA	NA	1,595,056	(242,137)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	(125,192)	125,192	\$ (108,456)	\$ 3,966,662	NA	NA

For the three months ended September 30, 2019

				Amount Reclassified to P/L and the Adjusted Line Item	
	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	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	\$ (147,249)	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ 1,171	\$ -	-	\$ -	\$ -

For the three months ended September 30, 2018

				Amount Reclassified to P/L and the Adjusted Line Item	
	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	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	\$ 57,032	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ (11,931)	\$ -	-	\$ -	\$ -

For the nine months ended September 30, 2019

				Amount Reclassified to P/L and the Adjusted Line Item	
	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	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	\$ 61,613	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operation	\$ (65,478)	\$ -	-	\$ -	\$ -

For the nine months ended September 30, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ 377,052	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operation	\$ (147,054)	\$ -	-	\$ -	\$ -

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>September 30, 2019</u>			
Buy	NTD/USD	October 2019-January 2023	NTD6,932,034/USD237,911
Buy	NTD/EUR	October 2019-December 2021	NTD360,105/EUR10,174
Buy	NTD/JPY	October 2019-November 2021	NTD664,510/JPY2,358,301
Buy	INR/USD	October 2019-December 2019	INR418,940/USD5,827
Sell	CNY/NTD	December 2019-September 2020	CNY12,629/NTD54,604
<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>September 30, 2018</u>			
Buy	NTD/USD	October 2018-April 2020	NTD9,963,650/USD341,736
Buy	NTD/EUR	October 2018-December 2021	NTD1,722,789/EUR48,979
Buy	NTD/JPY	November 2018-March 2021	NTD158,656/JPY583,621
Buy	INR/USD	October 2018-November 2018	INR67,817/USD944
Sell	USD/NTD	November 2018	USD122/NTD3,718

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:

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value interest rate risk			
Financial liabilities	\$ 146,819,441	\$ 134,244,690	\$ 140,830,130
Cash flow interest rate risk			
Financial liabilities	116,067,110	102,324,569	108,181,224

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 nine months ended September 30, 2019 and 2018 would have been lower/higher by NT\$870,503 thousand and NT\$811,359 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.

September 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	\$ -	\$ -		
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	\$ 5,785	\$ (5,785)	\$ -	\$ -	\$ -

For the three months ended September 30, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Interest rate swap contracts	\$ 943	\$ -	-	\$ 707	\$ -

For the nine months ended September 30, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Interest rate swap contracts	\$ 5,785	\$ -	-	\$ 5,652	\$ -

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% higher/lower, the pre-tax profit for the nine months ended September 30, 2019 and 2018 would have been higher/lower by NT\$31,263 thousand and NT\$28,769 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 nine months ended September 30, 2019 and 2018 would have been higher/lower by NT\$170,770 thousand and NT\$160,936 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income

Hedge accounting

For the nine months ended September 30, 2018

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 price risk.

September 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	\$ 140,609	-	Financial liabilities for hedging	\$ 140,609	\$ -

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	\$ 140,609	\$ -	\$ -

September 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	\$ 173,181	-	Financial liabilities for hedging	\$ 161,068	\$ 12,113

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	\$ 161,068	\$ (12,113)	\$ (12,113)

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 September 30, 2019, December 31, 2018 and September 30, 2018, the maximum credit risk of off-balance-sheet guarantees and amount provided to investees of co-investment and for the construction project based on the construction contract for procurement compliance was NT\$39,176,345 thousand, NT\$29,300,309 thousand and NT\$29,078,379 thousand, respectively.

3) Liquidity risk

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

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

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

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<u>September 30, 2019</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 37,876,316	\$ 1,152,625	\$ -	\$ 39,028,941
Lease liabilities	1,115,174	3,212,634	11,706,883	16,034,691
Variable interest rate liabilities	64,927,891	46,125,178	6,772,712	117,825,781
Fixed interest rate liabilities	52,508,075	57,940,815	29,931,171	140,380,061
Refund liabilities	4,416,668	-	-	4,416,668
Financial guarantee liabilities	<u>294,853</u>	<u>33,612,889</u>	<u>5,268,603</u>	<u>39,176,345</u>
	<u>\$ 161,138,977</u>	<u>\$ 142,044,141</u>	<u>\$ 53,679,369</u>	<u>\$ 356,862,487</u>
<u>December 31, 2018</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 45,158,801	\$ 596,263	\$ -	\$ 45,755,064
Variable interest rate liabilities	50,246,003	49,224,903	5,082,472	104,553,378
Fixed interest rate liabilities	37,667,979	66,635,850	37,891,700	142,195,529
Refund liabilities	2,868,815	-	-	2,868,815
Financial guarantee liabilities	<u>345,810</u>	<u>28,460,872</u>	<u>493,627</u>	<u>29,300,309</u>
	<u>\$ 136,287,408</u>	<u>\$ 144,917,888</u>	<u>\$ 43,467,799</u>	<u>\$ 324,673,095</u>
<u>September 30, 2018</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 40,556,707	\$ 668,485	\$ -	\$ 41,225,192
Variable interest rate liabilities	57,148,649	48,428,583	4,676,120	110,253,352
Fixed interest rate liabilities	53,605,255	63,186,516	31,446,619	148,238,390
Refund liabilities	3,231,983	-	-	3,231,983
Financial guarantee liabilities	<u>213,842</u>	<u>28,371,812</u>	<u>492,725</u>	<u>29,078,379</u>
	<u>\$ 154,756,436</u>	<u>\$ 140,655,396</u>	<u>\$ 36,615,464</u>	<u>\$ 332,027,296</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. (HAPC)	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
East Asia United Steel Corporation	The Corporation as key management personnel of other related parties

(Continued)

Company	Relationship
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 September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Revenue from sales of goods	Corporation as key management personnel of other related parties	\$ 307,515	\$ 616,853	\$ 1,151,973	\$ 1,454,133
	Subsidiaries of the corporation as key management personnel of other related parties	200,429	375,054	885,099	1,162,992
	Associates	259,947	277,183	752,839	893,806
	Other related parties	85,105	-	193,562	-
	Subsidiaries of associates	<u>41,659</u>	<u>22,076</u>	<u>74,752</u>	<u>42,824</u>
		<u>\$ 894,655</u>	<u>\$ 1,291,166</u>	<u>\$ 3,058,225</u>	<u>\$ 3,553,755</u>
Construction contract revenue	Other related parties	\$ 281,130	\$ 540,501	\$ 1,593,077	\$ 1,123,058
	Associates	25,951	2,396	27,779	10,730
	Others	<u>15,488</u>	<u>-</u>	<u>22,705</u>	<u>98</u>
		<u>\$ 322,569</u>	<u>\$ 542,897</u>	<u>\$ 1,643,561</u>	<u>\$ 1,133,886</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 September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Other related parties	\$ 2,555,567	\$ 3,871,135	\$ 7,934,628	\$ 8,367,247
Associates	64,216	66,043	192,706	206,372
The Corporation as key management personnel of other related parties	<u>47,609</u>	<u>108,308</u>	<u>136,599</u>	<u>108,308</u>
	<u>\$ 2,667,392</u>	<u>\$ 4,045,486</u>	<u>\$ 8,263,933</u>	<u>\$ 8,681,927</u>

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

d. Receivables from related parties

Account Items	Related Parties Types/Name	September 30, 2019	December 31, 2018	September 30, 2018
Notes and accounts receivable	The Corporation as key management personnel of other related parties	\$ 222,802	\$ 492,051	\$ 359,275
	Other related parties	125,876	482,390	279,167
	Subsidiaries of the Corporation as key management personnel of other related parties	76,575	162,089	163,692
	Associates	39,308	72,025	43,205
	Subsidiaries of associates	31,952	69,147	21,921
	Others	<u>10</u>	<u>10</u>	<u>11</u>
		<u>\$ 496,523</u>	<u>\$ 1,277,712</u>	<u>\$ 867,271</u>
Other receivables	Other related parties			
	FHC	\$ 217,280	\$ 215,005	\$ 213,675
	Others	75,223	3,572	227
	Associates	19,447	21,243	23,144
	Others	<u>45</u>	<u>65</u>	<u>-</u>
		<u>\$ 311,995</u>	<u>\$ 239,885</u>	<u>\$ 237,046</u>

e. Payables to related parties

Account Items	Related Parties Types	September 30, 2019	December 31, 2018	September 30, 2018
Accounts payable	Associates	\$ 35,672	\$ 47,083	\$ 32,869
	Others related parties	10,202	19,088	5,624
	The Corporation as key management personnel of other related parties	<u>974</u>	<u>-</u>	<u>27,360</u>
		<u>\$ 46,848</u>	<u>\$ 66,171</u>	<u>\$ 65,853</u>
Other payables	Other related parties	\$ 583,845	\$ 568,924	\$ 566,658
	Others	<u>18,429</u>	<u>16,595</u>	<u>12,799</u>
		<u>\$ 602,274</u>	<u>\$ 585,519</u>	<u>\$ 579,457</u>

The outstanding payables to related parties were unsecured.

f. Others

Classified as operating and non-operating income by their nature:

Account Items	Related Parties Types	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Service and other revenues	The Corporation as key management personnel of other related parties	\$ 123,418	\$ 159,425	\$ 366,352	\$ 164,742
	Other related parties	51,595	98,460	207,460	239,744
	Associates	2,539	24,841	15,516	45,314
	Others	<u>323</u>	<u>41</u>	<u>779</u>	<u>128</u>
		<u>\$ 177,875</u>	<u>\$ 282,767</u>	<u>\$ 590,107</u>	<u>\$ 449,928</u>

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

Related Parties Types/Name	September 30, 2019	December 31, 2018	September 30, 2018
Other related parties - FHC			
Amount endorsed	\$ 38,285,869	\$ 37,885,002	\$ 28,284,816
Amount utilized	<u>(38,285,869)</u>	<u>(28,460,872)</u>	<u>(28,284,816)</u>
	<u>\$ -</u>	<u>\$ 9,424,130</u>	<u>\$ -</u>
The Corporation as key management personnel of other related parties			
Amount endorsed	\$ 1,657,103	\$ 938,807	\$ 936,073
Amount utilized	<u>(831,527)</u>	<u>(813,714)</u>	<u>(782,211)</u>
	<u>\$ 825,576</u>	<u>\$ 125,093</u>	<u>\$ 153,862</u>
Associates			
Amount endorsed	\$ 91,413	\$ 59,034	\$ 58,669
Amount utilized	<u>(38,836)</u>	<u>(25,723)</u>	<u>(11,352)</u>
	<u>\$ 52,577</u>	<u>\$ 33,311</u>	<u>\$ 47,317</u>

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

h. Compensation of key management personnel

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	\$ 14,095	\$ 34,291	\$ 68,210	\$ 92,210
Post-employment benefits	<u>360</u>	<u>135</u>	<u>1,079</u>	<u>406</u>
	<u>\$ 14,455</u>	<u>\$ 34,426</u>	<u>\$ 69,289</u>	<u>\$ 92,616</u>

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2019	December 31, 2018	September 30, 2018
Net property, plant and equipment	\$ 25,793,447	\$ 29,752,437	\$ 114,104,286
Time deposits	6,733,780	6,686,058	6,610,125
Shares (a.)	5,425,700	5,720,575	6,015,450
Net investment properties	1,160,328	2,108,788	2,098,845
Pledged receivables (b.)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 41,113,255</u>	<u>\$ 46,267,858</u>	<u>\$ 130,828,706</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 September 30, 2019 were as follows:

- a. The Corporation and its subsidiaries provided letters of credits for NT\$7.2 billion guaranteed by financial institutions for several constructions, lease contracts and payment. Guarantee notes for NT\$53.3 billion were provided to banks and owners for loans, purchase agreements and warranties.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$10.4 billion.
- c. Property purchase and construction contracts for NT\$9.6 billion were signed but not yet recorded.
- d. Construction contracts for NT\$22.4 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 1,176 metric tons of coal, 2,501 metric tons of iron ore, and 373 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of September 30, 2019 were USD4.5 billion (including 898 metric tons of coal, 3,920 metric tons of iron ore, and 198 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) and 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 September 30, 2019, the Corporation indirectly held 41% 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\$0.295 billion factory building loan commitment which had been transferred to long-term credit line since March 2016, NT\$0.1 billion short term credit line and NT\$0.1 billion 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 September 30, 2019, the Corporation held 41% 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>September 30, 2019</u>			
Monetary financial assets			
USD	\$ 250,743	31.0400 (USD:NTD)	\$ 7,783,077
USD	25,037	1.4806 (USD:AUD)	777,137
USD	3,761	25,866.6667 (USD:VND)	116,744
USD	13,587	7.1356 (USD:RMB)	421,752
JPY	8,180,678	0.2878 (JPY:NTD)	2,354,399
RMB	267,734	4.3500 (RMB:NTD)	1,164,641
EUR	4,246	1.0938 (EUR:USD)	144,144
VND	214,446,471	0.00004 (VND:USD)	261,625
Non-monetary financial assets			
Financial assets at fair value through other comprehensive income			
USD	1,004,574	31.0400 (USD:NTD)	31,181,980
JPY	6,511,600	0.2878 (JPY:NTD)	1,874,038
MYR	239,872	7.1220 (MYR:NTD)	1,708,370
Associate accounted for using equity method			
USD	361,670	31.0400 (USD:NTD)	11,181,941
AUD	875,774	20.9650 (AUD:NTD)	18,360,607
INR	3,132,799	0.4389 (INR:NTD)	1,374,985
Monetary financial liabilities			
USD	11,356	7.1356 (USD:RMB)	352,500
USD	131,494	70.7223 (USD:INR)	4,081,570
USD	7,898	4.3583 (USD:MYR)	245,146
USD	19,848	25,866.6667 (USD:VND)	616,086
USD	282,963	31.0400 (USD:NTD)	8,783,162
JPY	11,087,420	0.2878 (JPY:NTD)	3,190,960

(Continued)

	Foreign Currencies (In Thousands)		Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<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
<hr/> September 30, 2018 <hr/>				
Monetary foreign currency assets				
USD	307,824	30.5250	(USD:NTD)	9,396,329
USD	19,281	6.8812	(USD:RMB)	588,551
USD	19,093	1.3853	(USD:AUD)	582,810
USD	3,402	4.2999	(USD:MYR)	103,842
USD	6,048	25,437.5000	(USD:VND)	184,613
JPY	7,348,793	0.2692	(JPY:NTD)	1,978,295
RMB	417,315	4.4360	(RMB:NTD)	1,851,208
VND	1,077,383,357	0.00004	(VND:USD)	1,271,312
EUR	17,716	35.4800	(EUR:NTD)	628,563
EUR	3,014	1.1623	(EUR:USD)	106,936

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	\$ 1,164,438	30.5250 (USD:NTD)	\$ 35,544,468
JPY	8,534,000	0.2692 (JPY:NTD)	2,297,353
MYR	261,609	7.0990 (MYR:NTD)	1,857,223
Associates accounted for using equity method			
USD	377,279	30.5250 (USD:NTD)	11,417,994
AUD	730,153	22.0350 (AUD:NTD)	16,088,917
INR	3,501,858	0.4208 (INR:NTD)	1,473,582
Monetary foreign currency liabilities			
USD	375,228	30.5250 (USD:NTD)	11,453,823
USD	147,835	72.5404 (USD:INR)	4,512,669
USD	23,699	25,437.5000 (USD:VND)	723,407
USD	23,296	6.8812 (USD:RMB)	711,107
USD	11,832	4.2999 (USD:MYR)	361,169
JPY	10,953,649	0.2692 (JPY:NTD)	2,948,722
			(Concluded)

For the three months and nine months ended September 30, 2019 and 2018, realized and unrealized net foreign exchange gains and losses were gain of NT\$82,250 thousand, loss of NT\$186,674 thousand, gain of NT\$505,587 thousand and loss of NT\$28,693, 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, HLS and TSC.
 - Construction - construction, including CPDC, CEC, CECC, CECI, CEVC, CSSC, CKSSKC, USDC, USEC 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 nine months ended September 30, 2019</u>					
Revenues from external customers	\$ 216,896,960	\$ 18,223,200	\$ 46,685,488	\$ -	\$ 281,805,648
Inter-segment revenues	<u>65,910,385</u>	<u>8,118,083</u>	<u>29,624,466</u>	<u>(103,652,934)</u>	<u>-</u>
Segment revenues	<u>\$ 282,807,345</u>	<u>\$ 26,341,283</u>	<u>\$ 76,309,954</u>	<u>\$ (103,652,934)</u>	<u>\$ 281,805,648</u>
Segment profit	\$ 5,235,807	\$ 2,889,276	\$ 6,082,147	\$ (1,038,213)	\$ 13,169,017
Interest income	166,494	35,544	156,306	(57,091)	301,253
Financial costs	(1,948,565)	(52,727)	(519,522)	119,334	(2,401,480)
Share of the profit (loss) of associates	6,296,271	77,320	1,345,865	(7,069,494)	649,962
Other non-operating income and expenses	<u>1,567,883</u>	<u>47,612</u>	<u>440,051</u>	<u>(156,823)</u>	<u>1,898,723</u>
Profit before income tax	11,317,890	2,997,025	7,504,847	(8,202,287)	13,617,475
Income tax	<u>(1,406,227)</u>	<u>(432,426)</u>	<u>(877,349)</u>	<u>134,931</u>	<u>(2,581,071)</u>
Net profit for the period	<u>\$ 9,911,663</u>	<u>\$ 2,564,599</u>	<u>\$ 6,627,498</u>	<u>\$ (8,067,356)</u>	<u>\$ 11,036,404</u>
<u>For the nine months ended September 30, 2018</u>					
Revenues from external customers	\$ 238,118,685	\$ 14,546,580	\$ 43,780,424	\$ -	\$ 296,445,689
Inter-segment revenues	<u>72,327,939</u>	<u>8,435,109</u>	<u>31,463,055</u>	<u>(112,226,103)</u>	<u>-</u>
Segment revenues	<u>\$ 310,446,624</u>	<u>\$ 22,981,689</u>	<u>\$ 75,243,479</u>	<u>\$ (112,226,103)</u>	<u>\$ 296,445,689</u>
Segment profit	\$ 19,241,213	\$ 205,920	\$ 5,596,171	\$ (11,415)	\$ 25,031,889
Interest income	178,008	40,400	102,428	(56,516)	264,320
Financial costs	(2,146,735)	(53,982)	(395,332)	38,677	(2,557,372)
Share of the profit (loss) of associates	8,040,439	207,494	1,015,176	(8,920,503)	342,606
Other non-operating income and expenses	<u>720,143</u>	<u>44,397</u>	<u>336,679</u>	<u>(588,287)</u>	<u>512,932</u>
Profit before income tax	26,033,068	444,229	6,655,122	(9,538,044)	23,594,375
Income tax	<u>1,447,088</u>	<u>43,298</u>	<u>823,439</u>	<u>47,240</u>	<u>2,361,065</u>
Net profit for the period	<u>\$ 24,585,980</u>	<u>\$ 400,931</u>	<u>\$ 5,831,683</u>	<u>\$ (9,585,284)</u>	<u>\$ 21,233,310</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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Segment assets</u>			
Steel department	\$ 729,104,746	\$ 725,164,836	\$ 727,302,789
Construction department	33,604,072	37,800,386	35,989,335
Others	192,262,305	176,911,473	177,842,330
Adjustment and elimination	<u>(271,497,245)</u>	<u>(265,350,099)</u>	<u>(266,024,714)</u>
Consolidated total assets	<u>\$ 683,473,878</u>	<u>\$ 674,526,596</u>	<u>\$ 675,109,740</u>
<u>Segment liabilities</u>			
Steel department	\$ 284,989,604	\$ 272,586,581	\$ 278,191,138
Construction department	15,858,769	22,202,880	20,442,265
Others	75,679,922	64,452,643	63,585,286
Adjustment and elimination	<u>(31,549,139)</u>	<u>(27,513,226)</u>	<u>(28,001,726)</u>
Consolidated total liabilities	<u>\$ 344,979,156</u>	<u>\$ 331,728,878</u>	<u>\$ 334,216,963</u>

TABLE 1

CHINA STEEL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE PERIOD ENDED SEPTEMBER 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	\$ -	-	\$ -	\$ 30,831,871	\$ 61,663,743	Note 2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	400,000	200,000	-	N/A	2	-	Operating capital	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	Dragon Steel Corporation	Other receivables	Yes	2,150,000	950,000	-	N/A	2	-	Operating capital	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	350,000	300,000	300,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,110,000	1,050,000	820,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Other receivables	Yes	566,300	391,500	43,500	3.80%-4.00%	2	-	Operating capital	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	China Steel Machinery Corporation	Other receivables	Yes	530,000	400,000	200,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	445,600	130,500	-	N/A	2	-	Operating capital	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	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	-	-	-	30,831,871	61,663,743	Note 2
0	China Steel Corporation	CHC Resources Corporation	Other receivables	Yes	600,000	400,000	300,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,831,871	61,663,743	Note 2
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Other receivables	Yes	222,700	217,500	-	N/A	2	-	Repayments of bank borrowings	-	-	-	418,884	1,675,535	Note 3
2	United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	19,592	19,245	19,245	5.80%	2	-	Operating capital	-	-	-	50,000	61,513	Note 4
3	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	37,920	-	-	3%	2	-	Operating capital	-	-	-	350,771	526,156	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	Group Steel Corporation (M) Sdn. Bhd.	CSC Steel Sdn. Bhd.	Other receivables	Yes	\$ 289,040	\$ -	\$ -	N/A	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 7,587	\$ 7,587	Note 6
5	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	Other receivables	Yes	147,342	104,661	44,805	3.25%	2	-	Operating capital	-	-	-	354,767	473,022	Note 7
6	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	186,240	186,240	-	N/A	2	-	Operating capital	-	-	-	802,711	1,605,422	Note 8
7	China Prosperity Development Corporation	China Steel Corporation	Other receivables	Yes	2,200,000	2,200,000	2,200,000	0.6%-0.66%	2	-	Operating capital	-	-	-	3,157,605	3,157,605	Note 9
8	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	50,000	50,000	-	N/A	2	-	Operating capital	-	-	-	152,798	203,731	Note 10
9	Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Other receivables	Yes	62,780	62,080	-	N/A	2	-	Operating capital	-	-	-	293,688	587,376	Note 11

(Concluded)

Note 1: The nature for financing is as follows:

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

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

Note 3: According to “The Process of Financing Others” established by China Steel Structure Co., Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 10% of the net worth of China Steel Structure Co., Ltd., respectively.

Note 4: According to “The Process of Financing Others” established by United Steel Investment Pte Ltd., the total available amount for lending to others shall not exceed 40% of the net worth of the company; for short-term financing needs, the total amount for lending to a company shall not exceed NT\$50,000 thousand; however, its wholly-owned subsidiary is free from these limits. Except for the aforementioned, the total available amount for lending to others shall not exceed 40% of the net worth of United Steel Investment Pte Ltd.

Note 5: According to “The Process of Financing Others” established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 6: According to “The Process of Financing Others” established by Group Steel Corporation (M) Sdn. Bhd., the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of Group Steel Corporation (M) Sdn. Bhd.

Note 7: According to “The Process of Financing Others” established by Thintech Materials Technology Co., Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of Thintech Materials Technology Co., Ltd, respectively.

Note 8: According to “The Process of Financing Others” established by 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 9: 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 shall not exceed 40% and 40% of the net worth of China Prosperity Development Corporation, respectively.

Note 10 : According to “The Process of Financing Others” established by China Steel Security Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of the China Steel Security Corporation, respectively.

Note 11 : According to “The Process of Financing Others” established by Lefkara Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 20% of the net worth of Lefkara Ltd., respectively.

TABLE 2**CHINA STEEL CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE PERIOD ENDED SEPTEMBER 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	\$ 92,495,614	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	1	\$ 123,327,486	Y	N	N	Notes 2 and 5
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	92,495,614	38,976,593	38,285,869	38,285,869	-	12	123,327,486	N	N	N	Note 5
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	92,495,614	1,670,347	1,657,103	831,527	-	1	123,327,486	N	N	N	Note 5
1	China Steel Structure Co., Ltd.	United Steel Construction (Vietnam) Co., Ltd.	2	1,396,279	189,600	186,240	-	-	4	7,958,789	N	N	N	Note 6
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	2	1,396,279	808,105	781,715	308,823	-	19	7,958,789	N	N	Y	Note 6
1	China Steel Structure Co., Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	6	1,396,279	163,593	91,413	38,836	-	2	7,958,789	N	N	N	Note 6
2	United Steel Engineering & Construction Corporation	China Steel Structure Co., Ltd.	3	20,525,774	1,567,675	746,500	746,500	-	55	20,525,774	N	N	N	Notes 3 and 7
3	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	2	473,022	266,815	263,840	147,844	-	22	473,022	N	N	Y	Note 8
4	Chung Hung Steel Corporation	Chung Hung Steel Corporation	1	4,457,078	10,000	-	-	-	-	7,428,464	N	N	N	Notes 4 and 9
5	Infochamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	218,963	109,906	108,727	65,227	-	15	364,939	N	N	Y	Note 10
5	Infochamp Systems Corporation	Tang Steel Intermation Engineering Technology Corp.	5	218,963	20,113	20,113	20,113	-	3	364,939	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

SEPTEMBER 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	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	Taiwan High Speed Rail Corporation	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	242,148,000	\$ 8,547,824	4	\$ 8,547,824	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	1,642,187	2	1,642,187	
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	1,191,442	9	1,191,442	
China Steel Corporation	Common stock	O-Bank Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	103,847,695	796,512	4	796,512	
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	533,647	5	533,647	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	400,000	231,851	1	231,851	
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	200,760	2	200,760	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited		Financial assets at fair value through other comprehensive income-noncurrent	1,111,418,177	29,668,641	20	29,668,641	
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	1,364,710	19	1,364,710	
China Steel Corporation	Common stock	CSN Mineracao S.A.		Financial assets at fair value through other comprehensive income-noncurrent	745,562	1,004,387	-	1,004,387	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	54,000,000	968,393	5	968,393	
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	12,856	15	12,856	
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	8,089	5	8,089	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 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	\$ 1,924	2	\$ 1,924	
China Steel Corporation	Common stock	Mega I Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	978,750	566	3	566	
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	1,719,083	19	1,719,083	
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	343,661	19	343,661	
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)	39,151,800	184,796	1	184,796	
Chung Hung Steel Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	33,109,239	761,512	-	761,512	
Chung Hung Steel Corporation	Common stock	TAIWAN VES-POWER CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	958,333	34,442	2	34,442	
Chung Hung Steel Corporation	Common stock	PACIFIC HARBOUR STEVEDORING CORP.		Financial assets at fair value through other comprehensive income-noncurrent	250,000	5,518	5	5,518	
Chung Hung Steel Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	197,381	3,545	3	3,545	
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	23,092	-	23,092	
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	2,686	-	2,686	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,556,915	58,809	-	58,809	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	229,000	11,313	-	11,313	
China Steel Chemical Corporation	Mutual fund	YUANTA VIETNAM LEADER FUND SEGREGATED PORTFOLIO		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	5,000	15,553	-	15,553	
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	9,182	-	9,182	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 3,242	-	\$ 3,242	
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)	262,019	17,778	-	17,778	
China Steel Chemical Corporation	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)	1,539	9,324	-	9,324	
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)	196,766	63,607	-	63,607	
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)	47,275	32,885	-	32,885	
China Steel Chemical Corporation	Mutual fund	FSITC US Top 100 Bond Fund(USD)		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	100,000	31,798	-	31,798	
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	9,494	-	9,494	
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	5,388	-	5,388	
China Steel Chemical Corporation	Mutual fund	Taishin North American Income Trust Fund USD A		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,299,883	32,101	-	32,101	
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	12,270	-	12,270	
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	8,941	-	8,941	
Ever Wealthy International Corporation	Common stock	TAIWAN BUSINESS BANK,LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	669,147	8,532	-	8,532	
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)	611,357	8,467	-	8,467	
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)	603,668	7,153	-	7,153	
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)	330,100	6,916	-	6,916	
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	5,284	-	5,284	
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	1,415	-	1,415	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	International CSRC Investment Holdings Co., LTD.	Parent company	Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	27,633	\$ 899	-	\$ 899	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation		Financial assets at fair value through other comprehensive income-current	4,753,537	596,569	-	596,569	
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-current	4,226,265	97,204	-	97,204	
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	44,519	4	44,519	
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	Riselink Venture Capital Corp.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	131,587	2,364	2	2,364	
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	20,789	7	20,789	
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	8,897	-	8,897	
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	796	-	796	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	500,000	5,000	-	5,000	
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)	3,058,938	36,070	-	36,070	
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	20,060	-	20,060	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	Shin Kong Chi-Shin Money-market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	645,928	\$ 10,027	-	\$ 10,027	
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)	7,987,331	81,911	-	81,911	
Ever Wealthy International Corporation	Mutual fund	PineBridge US Dual Core Income Fund-A(NTD)		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,613,476	19,796	-	19,796	
Ever Wealthy International Corporation	Mutual fund	FSITC US Top 100 Bond Fund(TWD)		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	959,813	9,800	-	9,800	
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	5,083	-	5,083	
Ever Wealthy International 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)	449,039	4,999	-	4,999	
Ever Wealthy International Corporation	Mutual fund	JSfunds Asian High Yield Bond		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	387,378	4,960	-	4,960	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Global Fund of Bond Acc		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	3,461,034	40,081	-	40,081	
Ever Wealthy International Corporation	Mutual fund	KGI Fund Taiwan Multi-Asset Income Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,000,000	10,080	-	10,080	
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)	4,912,625	50,034	-	50,034	
Ever Wealthy International Corporation	Mutual fund	SinoPac US Treasury 20+ Year Bond ETF		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	500,000	20,052	-	20,052	
Ever Wealthy International Corporation	Mutual fund	Taishin North American Income Trust Fund TWD A		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	626,566	15,382	-	15,382	
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)	2,035,801	30,242	-	30,242	
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	30,106	-	30,106	
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	30,104	-	30,104	
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)	1,273,379	20,194	-	20,194	
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	25,800	-	25,800	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 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	\$ 16,504	-	\$ 16,504	
Ever Glory International Co., Ltd.	Mutual fund	AllianceBernstein European Income Portfolio A2 Acc USD Hedged		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	81,169	46,484	-	46,484	
Ever Glory International Co., Ltd.	Mutual fund	AllianceBernstein American Income Portfolio A2 Acc USD		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	48,892	46,484	-	46,484	
Ever Glory International Co., Ltd.	Mutual fund	PIMCO GIS-INCOME FUND-EA(IRE LISTING)		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	71,802	32,027	-	32,027	
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	5,671	-	5,671	
Ever Glory International Co., Ltd.	Mutual fund	Morgan Stanley Liquidity Funds US Dollar Liquidity Qualified		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	10,312	33,726	-	33,726	
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	16,120	-	16,120	
Ever Glory International Co., Ltd.	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited		Financial assets at amortized cost - noncurrent	30,000	3,920	-	3,920	
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	12,720	1	12,720	
China Ecotek Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	500,000	8,922	2	8,922	
China Ecotek Corporation	Common stock	ECOTEK INDUSTRIAL AQUACULTURE CORP.	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	489,375	-	17	-	
China Ecotek Corporation	Common stock	HSIN YU ENERGY DEVELOPMENT CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	391,249	-	-	-	
China Ecotek Corporation	Common stock	FLEXUP TECHNOLOGIES CORPORATION		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	650,000	-	4	-	
China Ecotek Corporation	Common stock	Asia Pacific Energy Development Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,212,590	132,276	11	132,276	
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	159,548	-	159,548	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 168,078	-	\$ 168,078	
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	86,145	-	86,145	
CHC Resources Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	9,201,806	211,642	-	211,642	
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)	3,693,434	50,099	-	50,099	
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	9,749	-	9,749	
Union Steel Development Corporation	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	2,802,623	45,332	-	45,332	
Union Steel Development Corporation	Certificate of entitlement	Shanghai Bao Shan Lian Steel Products Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	-	16,644	19	16,644	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,349,975	54,049	-	54,049	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation		Financial assets at fair value through other comprehensive income-current	2,223	196	-	196	
China Steel Security Corporation	Common stock	Taiwan Shin Kong Security Corporation		Financial assets at fair value through other comprehensive income-current	3,579	134	-	134	
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)	965,111	10,002	-	10,002	
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)	612,441	10,012	-	10,012	
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)	1,511,876	20,011	-	20,011	
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)	928,247	15,014	-	15,014	
ChinaSteel Management Consulting Corporaion	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	348,056	5,630	-	5,630	
China Prosperity Development Corporation	Common stock	HUA NAN FINANCIAL HOLDINGS CO.,LTD.		Financial assets at fair value through other comprehensive income-current	4,520,594	94,706	-	94,706	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Prosperity Development Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	952,979	\$ 21,919	-	\$ 21,919	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	463,457	13,324	-	13,324	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	229,472	4,704	-	4,704	
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)	2,954,842	528,503	-	528,503	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-noncurrent	325,505	7,487	-	7,487	
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	56,273	2	56,273	
Eminent Venture Capital Corporation	Common stock	SynCore Biotechnology Co., Ltd		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	436,000	13,472	-	13,472	
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)	136,220	11,470	-	11,470	
Eminent Venture Capital Corporation	Common stock	INTECH BIOPHARM LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	303,000	5,787	-	5,787	
Eminent Venture Capital Corporation	Common stock	Savior Lifetec Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	199,000	4,080	-	4,080	
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	18,502	1	18,502	
Eminent Venture Capital Corporation	Common stock	Magqu Co. Ltd.	The held company as its supervisor	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,301,000	17,899	7	17,899	
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	15,859	1	15,859	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 6,133	1	\$ 6,133	
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	1,343	1	1,343	
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)	2,224,519	19,843	3	19,843	
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	7,450	-	7,450	
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	4,412	1	4,412	
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	3,446	4	3,446	
Eminent Venture Capital Corporation	Preferred stock	BioResource International, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	815,486	15,919	3	15,919	
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	7,590	2	7,590	
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	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund	Parent company	Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	6,547,921	\$ 67,863	-	\$ 67,863	
Infochamp Systems Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income-noncurrent	3,834,338	88,190	-	88,190	
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	35,608	4	35,608	
Infochamp Systems Corporation	Common stock	TRICORNTech CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	726,885	6,466	2	6,466	
Infochamp Systems Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	438,624	2,364	2	2,364	
Infochamp Systems Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.		Financial assets at fair value through other comprehensive income-noncurrent	889,571	-	5	-	
Kaohsiung Rapid Transit Corporation	Common stock	iPASS Corporation	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	13,000,000	115,687	11	115,687	
Dragon Steel Corporation	Common stock	Union Optronics Corp.		Financial assets at fair value through other comprehensive income-noncurrent	103,895	-	-	-	
Dragon Steel Corporation	Common stock	Kuei Hung Industrial CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	5,602,000	-	-	-	
C.S.Aluminium Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	4,431,944	101,935	-	101,935	
China Steel Express Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	8,801,555	202,436	-	202,436	
China Steel Express Corporation	Common stock	CSBC Corporation,Taiwan		Financial assets at fair value through other comprehensive income-current	1,564,258	40,514	-	40,514	
China Steel Express Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	3,240,000	58,104	-	58,104	
China Steel Express Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	197,381	3,545	3	3,545	
China Steel Express Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	35,000	2,969	1	2,969	
Transglory Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	256,065,331	5,889,503	2	5,889,503	Note 1

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.		Financial assets at fair value through other comprehensive income-current	23,129,242	\$ 774,830	-	\$ 774,830	
Gains Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income-current	1,467,723	141,195	-	141,195	
Gains Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-current	695,184	140,080	-	140,080	
Gains Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.		Financial assets at fair value through other comprehensive income-current	2,507,620	123,375	-	123,375	
Gains Investment Corporation	Common stock	FUSHENG PRECISION CO., LTD.		Financial assets at fair value through other comprehensive income-current	573,000	102,567	-	102,567	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.		Financial assets at fair value through other comprehensive income-current	1,513,257	101,540	-	101,540	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	735,032	55,054	-	55,054	
Gains Investment Corporation	Common stock	SHIN FOONG SPECIALTY AND APPLIED MATERIALS CO., LTD.		Financial assets at fair value through other comprehensive income-current	789,000	42,054	-	42,054	
Gains Investment Corporation	Common stock	I JANG INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	892,000	37,642	-	37,642	
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-current	1,440,000	36,576	-	36,576	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.		Financial assets at fair value through other comprehensive income-current	576,593	35,864	-	35,864	
Gains Investment Corporation	Common stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	367,000	30,865	-	30,865	
Gains Investment Corporation	Common stock	NAN LIU ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	201,000	28,341	-	28,341	
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income-current	700,000	27,475	-	27,475	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income-current	885,300	24,213	-	24,213	
Gains Investment Corporation	Common stock	HERAN CO., LTD.		Financial assets at fair value through other comprehensive income-current	263,000	23,933	-	23,933	
Gains Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income-current	421,036	23,789	-	23,789	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	704,194	\$ 23,098	-	\$ 23,098	
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	22,829	-	22,829	
Gains Investment Corporation	Common stock	ZENG HSING INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	166,000	21,995	-	21,995	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	407,000	21,042	-	21,042	
Gains Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.		Financial assets at fair value through other comprehensive income-current	464,000	19,813	-	19,813	
Gains Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.		Financial assets at fair value through other comprehensive income-current	505,000	17,195	-	17,195	
Gains Investment Corporation	Common stock	APAQ TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	505,149	16,518	-	16,518	
Gains Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	528,000	16,394	-	16,394	
Gains Investment Corporation	Common stock	ASIA TECH IMAGE INC.		Financial assets at fair value through other comprehensive income-current	352,000	16,192	-	16,192	
Gains Investment Corporation	Common stock	ARDENTEC CORPORATION		Financial assets at fair value through other comprehensive income-current	548,000	15,289	-	15,289	
Gains Investment Corporation	Common stock	KING CHOU MARINE TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	420,000	14,448	-	14,448	
Gains Investment Corporation	Common stock	AAEON TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income-current	193,000	14,243	-	14,243	
Gains Investment Corporation	Common stock	MetaTech (AP) Inc.		Financial assets at fair value through other comprehensive income-current	250,000	14,150	-	14,150	
Gains Investment Corporation	Common stock	CHIEN SHING HARBOUR SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income-current	614,000	14,061	-	14,061	
Gains Investment Corporation	Common stock	RAFAEL MICROELECTRONICS, INC.		Financial assets at fair value through other comprehensive income-current	65,000	13,422	-	13,422	
Gains Investment Corporation	Common stock	Enterex International Limited		Financial assets at fair value through other comprehensive income-current	535,000	10,218	-	10,218	
Gains Investment Corporation	Common stock	ACTER GROUP CORPORATION LIMITED		Financial assets at fair value through other comprehensive income-current	64,000	10,144	-	10,144	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	AIR ASIA COMPANY LIMITED.		Financial assets at fair value through other comprehensive income-current	474,000	\$ 8,982	-	\$ 8,982	
Gains Investment Corporation	Common stock	WISTRON NEWEB CORPORATION		Financial assets at fair value through other comprehensive income-current	78,000	6,365	-	6,365	
Gains Investment Corporation	Common stock	ZILLTEK TECHNOLOGY CORP.		Financial assets at fair value through other comprehensive income-current	45,000	5,557	-	5,557	
Gains Investment Corporation	Common stock	FLYTECH TECHNOLOGY CO.,LTD.		Financial assets at fair value through other comprehensive income-current	71,000	5,133	-	5,133	
Gains Investment Corporation	Common stock	FIRST HI-TEC ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	120,000	4,956	-	4,956	
Gains Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income-current	38,000	1,653	-	1,653	
Gains Investment Corporation	Common stock	TAISUN INTL (HOLDING) CORP., TAIWAN BRANCH(CAYMAN)		Financial assets at fair value through other comprehensive income-current	9,000	1,130	-	1,130	
Gains Investment Corporation	Common stock	KHGEARS INTERNATIONAL LIMITED		Financial assets at fair value through other comprehensive income-current	10,000	830	-	830	
Gains Investment Corporation	Common stock	FUZETEC TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	10,000	381	-	381	
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	GATETECH TECHNOLOGY INC.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	249,259	-	-	-	
Gains Investment Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	889,571	-	5	-	
Gains Investment Corporation	Common stock	FLEXUP TECHNOLOGIES CORPORATION	The held company as its supervisor	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,315,000	-	8	-	
Gains Investment Corporation	Common stock	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	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	120,475	-	120,475	
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	66,676	-	66,676	
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	29,300	-	29,300	
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	57,239	5	57,239	
Gains Investment Corporation	Common stock	CDIB & Partners Investment Holding Corporation	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,160,000	38,736	-	38,736	
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	Ultra Display (Cayman) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	1,425,000	30,962	9	30,962	
Gains Investment Corporation	Common stock	TIGERAIR TAIWAN CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	750,000	30,750	-	30,750	
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	28,900	6	28,900	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	\$ 17,845	4	\$ 17,845	
Gains Investment Corporation	Common stock	T-Car Inc.		Financial assets at fair value through other comprehensive income-noncurrent	500,000	17,500	2	17,500	
Gains Investment Corporation	Common stock	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	Riselink Venture Capital Corp.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	328,968	5,909	4	5,909	
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	35,000	2,969	1	2,969	
Gains Investment Corporation	Common stock	JUMP MEDIA INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	549,122	2,724	2	2,724	
Gains Investment Corporation	Common stock	Mega I Venture Capital Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	675,000	390	2	390	
Gains Investment Corporation	Common stock	TRANSCOM, INC.		Financial assets at fair value through other comprehensive income-noncurrent	645,750	49,749	2	49,749	
Gains Investment Corporation	Common stock	CHEN NAN IRON WIRE CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	44,944	5	44,944	
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,188,000	43,975	6	43,975	
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	2,001,000	39,348	4	39,348	
Gains Investment Corporation	Common stock	FEMCO STEEL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,248,000	28,694	3	28,694	
Gains Investment Corporation	Common stock	LINTES TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	353,000	27,972	1	27,972	
Gains Investment Corporation	Convertible bond	GREENWAY ENVIRONMENTAL TECHNOLOGY CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	300,000	30,000	-	30,000	
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	12,662	-	12,662	
Winning Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	160,406,339	3,689,346	-	3,689,346	Note 2
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	-	-	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	2,036	-	2,036	
Universal Exchange Inc.	Mutual fund	Union Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,338,166	17,711	-	17,711	
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	7,116	-	7,116	
Eminence Investment Corporation	Common stock	Adobe Systems Incorporated		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,583	13,578	-	13,578	
Eminence Investment Corporation	Common stock	Visa Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	2,500	13,348	-	13,348	
Eminence Investment Corporation	Common stock	Broadcom Ltd(AVGO)		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,500	12,854	-	12,854	
Eminence Investment Corporation	Common stock	Amazon.com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	206	11,100	-	11,100	
Eminence Investment Corporation	Common stock	Facebook, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,095	6,053	-	6,053	
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)	159	6,027	-	6,027	
Eminence Investment Corporation	Common stock	Xilinx, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,970	5,864	-	5,864	
Eminence Investment Corporation	Common stock	Salesforce.Com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	1,161	5,349	-	5,349	
Eminence Investment Corporation	Common stock	Microsoft Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	669	2,887	-	2,887	
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	1,131	-	1,131	
Eminence Investment Corporation	Common stock	NVIDIA Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	175	946	-	946	
Eminence Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	3,340,000	203,740	-	203,740	
Eminence Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.		Financial assets at fair value through other comprehensive income-current	3,718,000	148,348	-	148,348	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income-current	2,223,000	\$ 96,701	-	\$ 96,701	
Eminence Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	1,179,564	88,349	-	88,349	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED		Financial assets at fair value through other comprehensive income-current	268,000	72,896	-	72,896	
Eminence Investment Corporation	Common stock	TAIWAN MOBILE CO., LTD.		Financial assets at fair value through other comprehensive income-current	530,000	59,360	-	59,360	
Eminence Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income-current	722,200	40,804	-	40,804	
Eminence Investment Corporation	Common stock	CHUNGHWA TELECOM CO., LTD.		Financial assets at fair value through other comprehensive income-current	361,000	40,071	-	40,071	
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	619,000	32,188	-	32,188	
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	337,000	30,431	-	30,431	
Eminence Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-current	138,279	27,863	-	27,863	
Eminence Investment Corporation	Common stock	FORMOSA PLASTICS CORPORATION		Financial assets at fair value through other comprehensive income-current	285,000	26,933	-	26,933	
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.		Financial assets at fair value through other comprehensive income-current	1,155,440	25,189	-	25,189	
Eminence Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	487,000	25,178	-	25,178	
Eminence Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income-current	912,450	24,956	-	24,956	
Eminence Investment Corporation	Common stock	FORMOSA CHEMICALS & FIBRE CORP.		Financial assets at fair value through other comprehensive income-current	272,000	23,582	-	23,582	
Eminence Investment Corporation	Common stock	QUANG VIET ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	163,000	22,820	-	22,820	
Eminence Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income-current	230,000	22,126	-	22,126	
Eminence Investment Corporation	Common stock	CTBC Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	1,050,000	21,630	-	21,630	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	LUXNET CORPORATION		Financial assets at fair value through other comprehensive income-current	867,470	\$ 18,781	-	\$ 18,781	
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION		Financial assets at fair value through other comprehensive income-current	281,000	18,434	-	18,434	
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	445,200	16,784	-	16,784	
Eminence Investment Corporation	Common stock	SINON CORPORATION		Financial assets at fair value through other comprehensive income-current	880,000	16,324	-	16,324	
Eminence Investment Corporation	Common stock	JOURDENESS GROUP LIMITED		Financial assets at fair value through other comprehensive income-current	150,000	14,865	-	14,865	
Eminence Investment Corporation	Common stock	QUANTA COMPUTER INC.		Financial assets at fair value through other comprehensive income-current	256,000	14,490	-	14,490	
Eminence Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	440,000	13,662	-	13,662	
Eminence Investment Corporation	Common stock	KERRY TJ LOGISTICS CO., LIMITED		Financial assets at fair value through other comprehensive income-current	351,000	12,776	-	12,776	
Eminence Investment Corporation	Common stock	SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION		Financial assets at fair value through other comprehensive income-current	350,000	12,705	-	12,705	
Eminence Investment Corporation	Common stock	KINIK COMPANY		Financial assets at fair value through other comprehensive income-current	170,000	10,387	-	10,387	
Eminence Investment Corporation	Common stock	SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.		Financial assets at fair value through other comprehensive income-current	266,000	10,028	-	10,028	
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.		Financial assets at fair value through other comprehensive income-current	101,000	9,231	-	9,231	
Eminence Investment Corporation	Common stock	PACIFIC HOSPITAL SUPPLY CO., LTD.		Financial assets at fair value through other comprehensive income-current	99,000	8,544	-	8,544	
Eminence Investment Corporation	Common stock	YUNGSHIN CONSTRUCTION & DEVELOPMENT CO.,LTD.		Financial assets at fair value through other comprehensive income-current	264,000	8,488	-	8,488	
Eminence Investment Corporation	Common stock	WPG HOLDINGS LIMITED		Financial assets at fair value through other comprehensive income-current	222,000	8,480	-	8,480	
Eminence Investment Corporation	Common stock	TRANSCEND INFORMATION INC.		Financial assets at fair value through other comprehensive income-current	125,000	8,050	-	8,050	
Eminence Investment Corporation	Common stock	STARK TECHNOLOGY, INC.		Financial assets at fair value through other comprehensive income-current	146,000	7,665	-	7,665	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	SHENG YU STEEL CO., LTD.		Financial assets at fair value through other comprehensive income-current	377,000	\$ 7,540	-	\$ 7,540	
Eminence Investment Corporation	Common stock	NETRONIX, INC.		Financial assets at fair value through other comprehensive income-current	150,000	6,120	-	6,120	
Eminence Investment Corporation	Common stock	GETAC TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income-current	108,000	5,049	-	5,049	
Eminence Investment Corporation	Common stock	FIRST HI-TEC ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	112,000	4,626	-	4,626	
Eminence Investment Corporation	Common stock	WISTRON NEWEB CORPORATION		Financial assets at fair value through other comprehensive income-current	53,000	4,325	-	4,325	
Eminence Investment Corporation	Common stock	FLYTECH TECHNOLOGY CO.,LTD.		Financial assets at fair value through other comprehensive income-current	53,000	3,832	-	3,832	
Eminence Investment Corporation	Common stock	FORESEE PHARMACEUTICALS CO., LTD.		Financial assets at fair value through other comprehensive income-current	49,000	2,984	-	2,984	
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	84,670	-	84,670	
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	21,975	-	21,975	
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	28,900	6	28,900	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	17,845	4	17,845	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,188,000	43,975	6	43,975	
Eminence Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,749,000	34,392	4	34,392	
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)	269,000	17,189	-	17,189	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets at fair value through other comprehensive income-current	833,000	52,895	-	52,895	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD.(E)		Financial assets at fair value through other comprehensive income-current	560,000	\$ 31,248	-	\$ 31,248	
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	21,850	-	21,850	
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	16,558	-	16,558	
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	32,976	-	32,976	
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	36,935	-	36,935	
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	37,185	-	37,185	
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	35,086	-	35,086	
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	33,623	-	33,623	
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	34,346	-	34,346	
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	36,925	-	36,925	
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	35,469	-	35,469	
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	37,336	-	37,336	
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	100,039	-	100,039	
China Steel Global Trading Corporation	Common stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	1,110	70,607	15	70,607	
China Steel Global Trading Corporation	Preferred stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	15	48,821	15	48,821	
Wabo Global Trading Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-current	487,367	11,209	-	11,209	
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	50,615	-	50,615	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	SEPTEMBER 30, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 21,416	-	\$ 21,416	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Maruichi Metal Product (Foshan) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	256,487	15	256,487	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	PCMI Metal Products (Chongqing) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	119,987	8	119,987	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Xiamen Chun Yuan Precision Mechatronic Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	26,060	19	26,060	
CSGT International Corporation	Common stock	NSSB Coil Center (Thailand) Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	3,001	78,250	13	78,250	
CSGT International Corporation	Certificate of entitlement	Hanoi Steel Center Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	177,167	19	177,167	
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	9,617,232	13	9,617,232	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	Wuxi TECO Electric & Machinery Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	-	110,630	6	110,630	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	QINGDAO TECO PRECISION MECHATRONICS CO., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	-	57,706	12	57,706	
CSC Steel Holdings Berhad	Common stock	Astino Berhad		Financial assets at fair value through other comprehensive income-noncurrent	3,574,472	17,968	-	17,968	
CSC Steel Holdings Berhad	Mutual fund	Affin Hwang Select Cash Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	3,291,230	24,708	-	24,708	
Group Steel Corporation (M) Sdn. Bhd.	Mutual fund	Hwang-DBS		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	2,500,405	18,771	-	18,771	
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	143,143,455	1,074,610	-	1,074,610	
Constant Mode Sdn. Bhd.	Mutual fund	OSK-UOB Cash Management Fund		Financial assets mandatorily classified as at fair value through profit or loss -current (including measurement)	212,741	2,116	-	2,116	

(Concluded)

Note 1: Parent company's stocks pledged as collateral amounted to 120,100 thousand shares and NT\$2,762,300 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 115,800 thousand shares and NT\$2,663,400 thousand.

TABLE 4

CHINA STEEL CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE PERIOD ENDED SEPTEMBER 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	\$ 2,503,735	-	\$ -	\$ -	\$ -	342,100,000	\$ 3,257,875
China Steel Corporation	Common stock	CSC Solar Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	66,000,000	692,176	29,920,000	315,961	-	-	-	-	95,920,000	1,008,137
CHC Resources Corporation	Mutual fund	Capital Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	19,209,762	310,000	19,209,762	310,058	310,000	58	-	-
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)	-	-	-	-	23,609,411	350,000	23,609,411	350,085	350,000	85	-	-
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)	-	-	2,965,729	40,060	25,860,151	350,023	25,132,446	340,190	339,984	206	3,693,434	50,099
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	1,127,361	-	-	-	-	359,000,000	5,686,705
Group Steel Corporation (M) Sdn. Bhd.	Mutual fund	Hwang-DBS	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	99,948,029	745,648	1,088,964	20,994	98,536,588	747,871	747,871	-	2,500,405	18,771
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	159,780,017	1,200,988	16,636,562	126,378	126,378	-	143,143,455	1,074,610

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 SEPTEMBER 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	\$ 2,167,890	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 and July 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 NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	Sales	\$ (16,295,086)	(10)	Letter of credit/Receivables were collected after final acceptance	\$ -	-	\$ 1,490,229	26	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	Sales	(3,310,191)	(2)	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	-	-	110,937	2	
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales	(1,903,612)	(1)	Letter of credit/Accounts received in advance before shipment date	-	-	38,610	1	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	Sales	(1,777,917)	(1)	Accounts receivable factoring agreements	-	-	215,652	4	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales	(1,658,919)	(1)	Letter of credit	-	-	192,309	3	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales	(1,274,841)	(1)	Receivables were collected within 10 days after shipment date	-	-	20,951	-	
China Steel Corporation	CSBC Corporation,Taiwan	The Corporation as director of the board of related party	Sales	(1,151,973)	(1)	Accounts received in advance before shipment date	-	-	188,964	3	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales	(864,349)	(1)	Receivables were collected within 30 days after shipment date	-	-	90,027	2	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales	(716,158)	-	Receivables were collected within 60 days after shipment date	-	-	152,573	3	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales	(665,245)	-	Receivables were collected within 14 days after shipment date	-	-	25,790	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(663,974)	-	By contract terms	-	-	46,415	1	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales	(600,570)	-	Receivables were collected within 5 days after shipment date	-	-	86,297	2	
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales	(498,680)	-	Letter of credit	-	-	11,766	-	
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales	(406,697)	-	Letter of credit/Accounts received in advance before shipment date	-	-	-	-	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales	(359,822)	-	Receivables were collected within 85 days after shipment date	-	-	75,621	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	(312,261)	-	By contract terms	-	-	3,643	-	
China Steel Corporation	Rechi Refrigeration Dongguan Co, Ltd.	The Corporation as director of the board of related party's parent company	Sales	(256,742)	-	Accounts received in advance before shipment date	-	-	-	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Service revenue and other operating revenue	(219,181)	-	By contract terms	-	-	36,249	1	
China Steel Corporation	Fukuta Electric & Machinery Co., Ltd.	Affiliated enterprise	Sales	(140,967)	-	Letter of credit	-	-	-	-	
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	Sales	(130,740)	-	Receivables were collected within 10 days after shipment date	-	-	60	-	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Sales	(104,250)	-	Letter of credit	-	-	740	-	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Service revenue and other operating revenue	(101,203)	-	By contract terms	-	-	9,173	-	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Purchases	\$ 15,003,956	13	Payment within 5 days after shipment date/Payment after final acceptance	\$ -	-	\$ (281,913)	(3)	
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	6,449,677	6	Payment against copy of B/L	-	-	(1,213,226)	(14)	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Purchases	1,778,061	2	Payment after final acceptance	-	-	(148,961)	(2)	
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	402,625	-	Payment against copy of B/L	-	-	(31,614)	-	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Purchases	390,063	-	Payment after final acceptance	-	-	(51,961)	(1)	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Purchases	245,752	-	Payment after final acceptance	-	-	(15,298)	-	
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Affiliated enterprise	Purchases	149,447	-	Payment after final acceptance	-	-	(28,884)	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(14,789,976)	(22)	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	-	-	281,913	16	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(7,824,693)	(11)	Letter of credit/Receivables were collected within 5 days after shipment date	-	-	141,539	8	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Sales	(4,333,208)	(6)	Receivables were collected within 5 days after shipment date	-	-	309,801	17	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(3,144,751)	(5)	Receivables were collected within 5 days after shipment date	-	-	-	-	
Dragon Steel Corporation	China Steel Structure Co., Ltd.	The same parent company	Sales	(880,531)	(1)	Letter of credit	-	-	14,396	1	
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(650,564)	(1)	Receivables were collected within 5 days after shipment date	-	-	17,245	1	
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Sales	(512,645)	(1)	Receivables were collected within 5 days after shipment date	-	-	22,025	1	
Dragon Steel Corporation	CHC Resources Corporation	The same parent company	Sales	(249,684)	-	Letter of credit	-	-	6,631	-	
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	(182,066)	-	Receivables were collected within 5 days after shipment date	-	-	-	-	
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	3,741,508	7	Payment against copy of B/L	-	-	(395,110)	(31)	
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	823,748	2	Payment within 5 days after shipment date	-	-	(80,701)	(6)	
Dragon Steel Corporation	C.S.Aluminium Corporation	The same parent company	Purchases	554,767	1	Payment in advance/Payment within 30 days after final acceptance	-	-	(82,052)	(7)	
Dragon Steel Corporation	CSE Transport Corporation	The same parent company	Purchases	193,544	-	Payment against copy of B/L	-	-	-	-	
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	179,851	-	Payment in advance/Payment within 30 days after final acceptance	-	-	(31,022)	(2)	
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(975,395)	(3)	T/T within 7 working days against copy of B/L	-	NO THIRD-PARTY COULD BE COMPARED	81,680	9	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(346,340)	(1)	T/T as the end of the month of when invoice is issued after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	46,303	5	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	16,386,922	60	Letter of credit at sight/Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(1,713,433)	(97)	
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	7,905,100	29	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	184,926	1	Letter of credit at sight/Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	-	-	

(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	
Chung Hung Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	\$ 122,810	-	Letter of credit at sight	\$ -	NO THIRD-PARTY COULD BE COMPARED	\$ -	-	
China Ecotek Corporation	China Steel Corporation	Parent company	Construction revenue	(2,044,269)	(34)	By contract terms	-	-	262,746	16	
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(898,704)	(15)	By contract terms	-	-	35,037	2	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(887,989)	(15)	By contract terms	-	-	393,245	24	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(799,141)	(13)	By contract terms	-	-	566,983	34	
China Ecotek Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(242,821)	(4)	By contract terms	-	-	147,013	9	
China Ecotek Corporation	China Steel Machinery Corporation	The same parent company	Purchases	454,345	8	By contract terms	-	-	-	-	
China Ecotek Vietnam Company Limited	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(694,372)	(62)	By contract terms	-	-	10,175	11	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(921,232)	(16)	Receivables are collected as the end of every month of when invoice is issued	-	-	117,319	15	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(132,132)	(2)	Net 180 days from the end of the month of when invoice is issued	-	-	198,753	25	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,649,311	51	Letter of credit at sight	-	-	(237,507)	(76)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	808,955	25	Payment after final acceptance	-	-	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	650,564	20	Letter of credit at sight	-	-	-	-	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	135,889	65	Net 180 days from the end of the month of when invoice is issued	-	-	(198,753)	(100)	
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(1,367,496)	(21)	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.	74,050	9	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(959,709)	(15)	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.	171,426	20	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	Sales	(384,995)	(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.	173,832	20	
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(364,201)	(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.	44,223	5	
CHC Resources Corporation	YA TUNG READY-MIXED CONCRETE CORP.	Subsidiary of director of the board	Sales	(312,265)	(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.	64,233	7	
CHC Resources Corporation	Universal Cement Corporation	Director of the board	Sales	(179,665)	(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.	23,333	3	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	522,059	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.	(11,766)	(4)	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	\$ 304,606	15	Letter of credit	\$ -	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	\$ (24,203)	(8)	
CHC Resources Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	275,111	14	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.	(3,669)	(1)	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Purchases	249,570	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.	(5,632)	(2)	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(244,873)	(58)	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.	48,904	56	
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	232,929	99	Prepaid before shipment date	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	-	-	
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(524,223)	(7)	Contractual period	-	-	49,708	5	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Construction revenue	(297,451)	(4)	Contractual period	-	-	-	-	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Service revenue	(295,102)	(4)	Contractual period	-	-	33,994	3	
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Subsidiary	Construction revenue	(220,692)	(3)	Contractual period	-	-	4,898	-	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Purchases	1,934,448	56	Letter of credit/Prepaid before shipment date	-	Payment 7th of next month after accept supplier invoice.	(41,458)	(3)	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Purchases	882,214	26	Letter of credit	-	Payment 7th of next month after accept supplier invoice.	(11,068)	(1)	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(824,230)	(18)	Contractual period	-	-	119,382	19	
United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	The same parent company	Construction revenue	(435,170)	(9)	Contractual period	-	-	-	-	
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(412,591)	(9)	Contractual period	-	-	119,263	19	
United Steel Engineering & Construction Corporation	CHC Resources Corporation	The same parent company	Construction revenue	(324,620)	(7)	Contractual period	-	-	37,556	6	
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(306,273)	(7)	Contractual period	-	-	82,851	13	
United Steel Engineering & Construction Corporation	Steel Castle Technology Corporation	The same parent company	Outsourcing construction fee	146,960	4	Letter of credit	-	-	(79,791)	(5)	
Infochamp Systems Corporation	China Steel Corporation	Parent company	Service revenue	(507,307)	-	Receivables were collected within 30 days after shipment date	-	-	135,168	-	
Infochamp Systems Corporation	C.S.Aluminium Corporation	The same parent company	Service revenue	(116,150)	-	Receivables were collected within 30 days after shipment date	-	-	701	-	
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(570,363)	(6)	Receivables were collected after shipment date	-	-	71,996	9	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(390,063)	(4)	Receivables were collected after final acceptance	-	-	51,961	6	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(291,745)	(76)	By contract terms	-	-	27,648	97	
China Steel Global Trading Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(184,926)	(2)	Receivables were collected after shipment date	-	-	-	-	
China Steel Global Trading Corporation	Dragon Steel Corporation	The same parent company	Sales	(179,851)	(2)	Receivables were collected after shipment date	-	-	31,022	4	
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Sales	(165,894)	(2)	T/T before shipment date	-	-	-	-	

(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 Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	\$ 5,851,025	62	Payment from counter-party notice after shipping	\$ -	-	\$ (6,533)	(7)	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	1,789,887	19	Payment after shipment date	-	-	(20,951)	(23)	Note 1
China Steel Global Trading Corporation	Tang Eng Iron Works Co., Ltd.	The Corporation as director of the board of related party	Purchases	125,071	1	Prepaid before shipment date	-	-	(974)	(1)	
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	949,858	66	Payment from counter-party notice after shipping	-	-	(100,012)	(61)	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Purchases	270,150	21	Payment after shipment date	-	-	(54,614)	(37)	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(186,489)	(37)	Net 90 days from the end of the month of when invoice is issued	-	-	139,419	51	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(756,309)	(77)	Net 90 days from the end of the month of when invoice is issued	-	-	167,575	62	
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	Sales	(110,967)	(11)	Net 90 days from the end of the month of when invoice is issued	-	-	59,766	22	
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	Purchases	186,156	31	Net 90 days from the end of the month of when invoice is issued	-	-	(138,193)	(39)	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Purchases	185,557	31	Net 90 days from the end of the month of when invoice is issued	-	-	(122,095)	(35)	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(308,104)	(99)	Net 90 days from the end of the month of when invoice is issued	-	-	103,784	99	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(187,299)	(23)	Net 90 days from the end of the month of when invoice is issued	-	-	123,178	37	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	756,376	59	Net 90 days from the end of the month of when invoice is issued	-	-	(169,062)	(39)	
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Subsidiary	Purchases	308,132	24	Net 90 days from the end of the month of when invoice is issued	-	-	(104,705)	(24)	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Sales	(251,188)	(37)	Receivables were collected within 10 days after shipment date	-	-	15,461	17	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Purchases	103,868	24	Letter of credit	-	-	740	2	Note 2
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(6,931,376)	(61)	Payment after shipping document specified	-	-	1,224,869	72	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(3,968,765)	(35)	Payment after shipping document specified	-	-	442,154	26	
China Steel Express Corporation	China Steel Global Trading Corporation	The same parent company	Service revenue	(112,583)	(1)	Payment after shipping document specified	-	-	-	-	
Kaoport Stevedoring Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(147,919)	86	Receivable were collected within 30 working days against copy of B/L	-	-	11,694	73	
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(403,917)	(39)	Payment after shipping document specified	-	-	31,614	19	
CSE Transport Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(194,271)	(19)	Payment after shipping document specified	-	-	-	-	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	Service revenue	(335,871)	(70)	Payment after shipping document specified	-	-	108,408	86	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Sales	(1,778,061)	(12)	Receivables were collected after final acceptance	-	-	148,961	20	
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(554,767)	(4)	Receivables were collected after final acceptance	-	-	82,052	11	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(1,708,465)	(32)	Payment after final acceptance	-	-	294,218	64	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(688,404)	(13)	Payment after final acceptance	-	-	1,281	-	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(555,424)	(11)	Payment after final acceptance	-	-	103,604	23	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Purchases	101,434	9	Payment after final acceptance	-	-	528	-	Note 2
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(265,870)	(25)	By contract terms	-	-	25,429	16	
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(400,548)	(42)	By contract terms	-	-	48,243	31	
Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	The same parent company	Service revenue	(184,535)	(19)	By contract terms	-	-	19,707	13	

(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	
Steel Castle Technology Corporation	Dragon Steel Corporation	The same parent company	Service revenue	\$ (135,864)	(14)	By contract terms	\$ -	-	\$ 23,376	15	Notes 1 and 2
Steel Castle Technology Corporation	China Steel Security Corporation	Parent company	Service revenue	(109,288)	(11)	By contract terms	-	-	28,642	19	
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	79,863,759	95	Payment within 85 days after shipment date	-	-	(17,384,222)	(88)	
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	(539,451)	(62)	Receivables were collected after shipment date	-	-	76,598	32	
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	721,525	99	60 days after B/L	-	-	(152,573)	(97)	
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	3,240,885	54	Payment after shipping document specified	-	-	(90,543)	(35)	
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	952,783	16	Payment after shipping document specified	-	-	(43,591)	(17)	
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	648,637	11	Payment after shipping document specified	-	-	(25,131)	(10)	
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	537,896	9	Payment after shipping document specified	-	-	(66,551)	(26)	
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(468,033)	(100)	Net 60 days from the end of the month of when invoice is issued	-	-	53,550	100	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	Service revenue	(202,215)	(100)	Net 60 days from the end of the month of when invoice is issued	-	NO THIRD-PARTY COULD BE COMPARED	18,276	100	
Kaohsiung Rapid Transit Corporation	China Steel Corporation	Parent company	Service revenue	(127,122)	(7)	Net 15 days from invoice date	-	-	14,503	2	
Sing Da Marine Structure Corporation	China Steel Corporation	Parent company	Purchases	130,740	73	Payment within 10 days after shipment date	-	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel Sales Vietnam Company Limited	Other related parties	Sales	(2,098,345)	(14)	Accounts receivable, 10 days term	-	-	55,924	4	
China Steel and Nippon Steel Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Sales	(371,782)	(3)	Accounts receivable, 60 days term	-	-	7,266	1	
China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(297,196)	(2)	Accounts receivable, 30 days term	-	-	59,751	4	
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel Trading Vietnam Co., Ltd.	Other related parties	Sales	(244,831)	(2)	Accounts receivable, 10 days term	-	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	SINO Vietnam HI-TECH Material Co., Ltd.	Affiliated enterprise	Sales	(106,276)	(1)	Accounts receivable, 60 days term	-	-	27,021	2	
China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	7,884,993	66	Receivables were collected within 120 days after shipment date	-	-	13,396	1	
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL TRADING	Supervisor	Purchases	3,481,339	29	Receivables were collected within 14 days after shipment date	-	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	560,512	5	Prepaid before shipment date	-	-	-	-	
China Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchases	1,781,795	98	Payment to the bank after the Corporation's shipment date	-	-	-	-	

(Concluded)

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

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

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

September 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	\$ 3,602,259	-	\$ -		\$ -	\$ -	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	2,676,961	-	-		1,442,027	-	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	1,492,608	22	-		1,491,872	-	
China Steel Corporation	China Steel Resources Corporation	Subsidiary	821,203	-	-		821,203	-	Note
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	704,133	-	-		603,778	-	Note
China Steel Corporation	China Steel Express Corporation	Subsidiary	600,842	-	-		200,541	-	Note
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	350,161	-	-		24	-	Note
China Steel Corporation	China Ecotek Corporation	Subsidiary	310,378	-	-		-	-	Note
China Steel Corporation	CHC Resources Corporation	Subsidiary	307,864	-	-		5,936	-	Note
China Steel Corporation	Gains Investment Corporation	Subsidiary	300,475	-	-		300,475	-	Note
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	300,321	-	-		-	-	Note
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	228,558	11	-		228,558	-	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	215,652	22	-		215,652	-	
China Steel Corporation	China Steel Machinery Corporation	Subsidiary	201,768	-	-		-	-	Note
China Steel Corporation	CSBC Corporation,Taiwan	The Corporation as director of the board of related party	188,964	5	-		65,752	-	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	152,573	6	-		152,573	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	132,712	12	-		132,712	-	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	122,099	25	-		122,099	-	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	309,801	15	-		309,801	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	281,913	41	-		281,913	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	141,539	39	-		141,539	-	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	139,419	2	-		16,624	-	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	123,178	2	-		19,751	-	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	167,575	5	-		66,241	-	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	103,784	3	-		26,529	-	
China Steel Express Corporation	China Steel Corporation	Parent company	1,224,869	7	-		678,288	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	442,154	10	-		89,349	-	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	108,408	4	-		-	-	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	148,961	14	-		47,171	-	
China Prosperity Development Corporation	China Steel Corporation	Parent company	2,206,535	-	-		-	-	Note
Chung Hung Steel Corporation	China Steel Corporation	Parent company	124,540	-	-		-	-	Note
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	198,753	1	96,106	Receivable on demand	12,659	-	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	117,319	15	-		117,319	-	
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	217,280	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	217,280	-	-		-	-	Note
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	173,832	4	30,806	Receivable on demand	57,820	-	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	171,426	8	12,284	Receivable on demand	130,239	-	
Infochamp Systems Corporation	China Steel Corporation	Parent company	154,982	7	-		101,705	-	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	119,382	18	-		-	-	

(Continued)

TABLE 8

CHINA STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Corporation	Chung Hung Steel Corporation	1	Sales	\$ 16,295,086	Letter of credit/Receivables were collected after final acceptance	6
0	China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	1	Sales	3,310,191	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	1
0	China Steel Corporation	China Steel Structure Co., Ltd.	1	Sales	1,903,612	Letter of credit/Accounts received in advance before shipment date	1
0	China Steel Corporation	China Steel Corporation India Pvt. Ltd.	1	Sales	1,777,917	Accounts receivable factoring agreements	1
0	China Steel Corporation	China Steel Chemical Corporation	1	Sales	1,658,919	Letter of credit	1
0	China Steel Corporation	China Steel Global Trading Corporation	1	Sales	1,274,841	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	1	Sales	864,349	Receivables were collected within 30 days after shipment date	-
0	China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	1	Sales	716,158	Receivables were collected within 60 days after shipment date	-
0	China Steel Corporation	CSC Steel Sdn. Bhd.	1	Sales	665,245	Receivables were collected within 14 days after shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Service revenue and other operating revenue	663,974	By contract terms	-
0	China Steel Corporation	Dragon Steel Corporation	1	Sales	600,570	Receivables were collected within 5 days after shipment date	-
0	China Steel Corporation	CHC Resources Corporation	1	Sales	498,680	Letter of credit	-
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	1	Sales	359,822	Receivables were collected within 85 days after shipment date	-
0	China Steel Corporation	China Steel Chemical Corporation	1	Service revenue and other operating revenue	219,181	By contract terms	-
0	China Steel Corporation	Sing Da Marine Structure Corporation	1	Sales	130,740	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Sales	104,250	Letter of credit	-
0	China Steel Corporation	C.S.Aluminium Corporation	1	Service revenue and other operating revenue	101,203	By contract terms	-
0	China Steel Corporation	Dragon Steel Corporation	1	Purchases	15,003,956	Payment within 5 days after shipment date/Payment after final acceptance	5

(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	China Steel Express Corporation	1	Purchases	\$ 6,449,677	Payment against copy of B/L	2
0	China Steel Corporation	C.S.Aluminium Corporation	1	Purchases	1,778,061	Payment after final acceptance	1
0	China Steel Corporation	CSE Transport Corporation	1	Purchases	402,625	Payment against copy of B/L	-
0	China Steel Corporation	China Steel Global Trading Corporation	1	Purchases	390,063	Payment after final acceptance	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Purchases	245,752	Payment after final acceptance	-
1	Dragon Steel Corporation	China Steel Corporation	2	Sales	14,789,976	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	7,824,693	Letter of credit/Receivables were collected within 5 days after shipment date	3
1	Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Sales	4,333,208	Receivables were collected within 5 days after shipment date	2
1	Dragon Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	3,144,751	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	China Steel Structure Co., Ltd.	3	Sales	880,531	Letter of credit	-
1	Dragon Steel Corporation	China Steel Chemical Corporation	3	Sales	650,564	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Sales	512,645	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	CHC Resources Corporation	3	Sales	249,684	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	182,066	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Express Corporation	3	Purchases	3,741,508	Payment against copy of B/L	1
1	Dragon Steel Corporation	China Steel Corporation	2	Purchases	823,748	Payment within 5 days after shipment date	-
1	Dragon Steel Corporation	C.S.Aluminium Corporation	3	Purchases	554,767	Payment in advance/Payment within 30 days after final acceptance	-
1	Dragon Steel Corporation	CSE Transport Corporation	3	Purchases	193,544	Payment against copy of B/L	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Purchases	179,851	Payment in advance/Payment within 30 days after final acceptance	-
2	Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	975,395	T/T within 7 working days against copy of B/L	-
2	Chung Hung Steel Corporation	China Steel Corporation	2	Service revenue	346,340	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	16,386,922	Letter of credit at sight/Payment after final acceptance	6
2	Chung Hung Steel Corporation	Dragon Steel Corporation	3	Purchases	7,905,100	Letter of credit at sight	3
2	Chung Hung Steel Corporation	China Steel Global Trading Corporation	3	Purchases	184,926	Letter of credit at sight/Payment after final acceptance	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
3	China Ecotek Corporation	China Steel Corporation	2	Construction revenue	\$ 2,044,269	By contract terms	1
3	China Ecotek Corporation	Dragon Steel Corporation	3	Construction revenue	887,989	By contract terms	-
3	China Ecotek Corporation	CSC Solar Corporation	3	Construction revenue	799,141	By contract terms	-
3	China Ecotek Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	242,821	By contract terms	-
3	China Ecotek Corporation	China Steel Machinery Corporation	3	Purchases	454,345	By contract terms	-
4	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	1	Sales	132,132	Net 180 days from the end of the month of when invoice is issued	-
4	China Steel Chemical Corporation	China Steel Corporation	2	Purchases	1,649,311	Letter of credit at sight	1
4	China Steel Chemical Corporation	Dragon Steel Corporation	3	Purchases	650,564	Letter of credit at sight	-
5	Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	2	Purchases	135,889	Net 180 days from the end of the month of when invoice is issued	-
6	CHC Resources Corporation	China Steel Corporation	2	Service revenue	1,367,496	Net 60 days from the end of the month of when invoice is issued	-
6	CHC Resources Corporation	Dragon Steel Corporation	3	Service revenue	959,709	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	364,201	By contract terms	-
6	CHC Resources Corporation	China Steel Corporation	2	Purchases	522,059	Letter of credit	-
6	CHC Resources Corporation	Chung Hung Steel Corporation	3	Purchases	304,606	Letter of credit	-
6	CHC Resources Corporation	Dragon Steel Corporation	3	Purchases	249,570	Letter of credit	-
7	Union Steel Development Corporation	CHC Resources Corporation	2	Service revenue	244,873	Net 60 days from the end of the month of when invoice is issued	-
8	China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	3	Construction revenue	524,223	Contractual period	-
8	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Construction revenue	297,451	Contractual period	-
8	China Steel Structure Co., Ltd.	China Steel Corporation	2	Service revenue	295,102	Contractual period	-
8	China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	1	Construction revenue	220,692	Contractual period	-
8	China Steel Structure Co., Ltd.	China Steel Corporation	2	Purchases	1,934,448	Letter of credit/Prepaid before shipment date	1
8	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Purchases	882,214	Letter of credit	-
9	United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	824,230	Contractual period	-
9	United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	3	Construction revenue	435,170	Contractual period	-
9	United Steel Engineering & Construction Corporation	China Steel Corporation	2	Construction revenue	412,591	Contractual period	-
9	United Steel Engineering & Construction Corporation	CHC Resources Corporation	3	Construction revenue	324,620	Contractual period	-
9	United Steel Engineering & Construction Corporation	Dragon Steel Corporation	3	Construction revenue	306,273	Contractual period	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total ales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
9	United Steel Engineering & Construction Corporation	Steel Castle Technology Corporation	3	Outsourcing construction fee	\$ 146,960	Letter of credit	-
10	Infochamp Systems Corporation	China Steel Corporation	2	Service revenue	507,307	Receivables were collected within 30 days after shipment date	-
10	Infochamp Systems Corporation	C.S.Aluminium Corporation	3	Service revenue	116,150	Receivables were collected within 30 days after shipment date	-
11	China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	3	Sales	570,363	Receivables were collected after shipment date	-
11	China Steel Global Trading Corporation	China Steel Corporation	2	Sales	390,063	Receivables were collected after final acceptance	-
11	China Steel Global Trading Corporation	China Steel Corporation	2	Service revenue	291,745	By contract terms	-
11	China Steel Global Trading Corporation	Chung Hung Steel Corporation	3	Sales	184,926	Receivables were collected after shipment date	-
11	China Steel Global Trading Corporation	Dragon Steel Corporation	3	Sales	179,851	Receivables were collected after shipment date	-
11	China Steel Global Trading Corporation	China Steel Corporation	2	Purchases(Note 2)	1,789,887	Payment after shipment date	1
12	CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	2	Purchases(Note 2)	949,858	Payment from counter-party notice after shipping	-
12	CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Purchases	270,150	Payment after shipment date	-
13	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Sales	186,489	Net 90 days from the end of the month of when invoice is issued	-
14	Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	2	Sales	756,309	Net 90 days from the end of the month of when invoice is issued	-
14	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Sales	110,967	Net 90 days from the end of the month of when invoice is issued	-
14	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Purchases	186,156	Net 90 days from the end of the month of when invoice is issued	-
14	Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	2	Purchases	185,557	Net 90 days from the end of the month of when invoice is issued	-
15	Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	2	Sales	308,104	Net 90 days from the end of the month of when invoice is issued	-
16	Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	1	Sales	187,299	Net 90 days from the end of the month of when invoice is issued	-
16	Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	1	Purchases	756,376	Net 90 days from the end of the month of when invoice is issued	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total assets or Assets
				Financial Statement Accounts	Amount	Payment Terms	
16	Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	1	Purchases	\$ 308,132	Net 90 days from the end of the month of when invoice is issued	-
17	HIMAG Magnetic Corporation	China Steel Corporation	2	Sales	251,188	Receivables were collected within 10 days after shipment date	-
17	HIMAG Magnetic Corporation	China Steel Corporation	2	Purchases	103,868	Letter of credit	-
18	China Steel Express Corporation	China Steel Corporation	2	Service revenue	6,931,376	Payment after shipping document specified	2
18	China Steel Express Corporation	Dragon Steel Corporation	3	Service revenue	3,968,765	Payment after shipping document specified	1
18	China Steel Express Corporation	China Steel Global Trading Corporation	3	Service revenue	112,583	Payment after shipping document specified	-
19	Kaoport Stevedoring Corporation	China Steel Corporation	2	Service revenue	147,919	Receivable were collected within 30 working days against copy of B/L	-
20	CSE Transport Corporation	China Steel Corporation	2	Service revenue	403,917	Payment after shipping document specified	-
20	CSE Transport Corporation	Dragon Steel Corporation	3	Service revenue	194,271	Payment after shipping document specified	-
21	CSEI Transport (Panama) Corporation	China Steel Express Corporation	2	Service revenue	335,871	Payment after shipping document specified	-
22	C.S.Aluminium Corporation	China Steel Corporation	2	Sales	1,778,061	Receivables were collected after final acceptance	1
22	C.S.Aluminium Corporation	Dragon Steel Corporation	3	Sales	554,767	Receivables were collected after final acceptance	-
23	China Steel Machinery Corporation	China Steel Corporation	2	Construction revenue	1,708,465	Payment after final acceptance	1
23	China Steel Machinery Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	688,404	Payment after final acceptance	-
23	China Steel Machinery Corporation	Dragon Steel Corporation	3	Construction revenue	555,424	Payment after final acceptance	-
23	China Steel Machinery Corporation	China Steel Corporation	2	Purchases	101,434	Payment after final acceptance	-
24	China Steel Security Corporation	China Steel Corporation	2	Service revenue	265,870	By contract terms	-
25	Steel Castle Technology Corporation	China Steel Corporation	2	Service revenue	400,548	By contract terms	-
25	Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	3	Service revenue	184,535	By contract terms	-
25	Steel Castle Technology Corporation	Dragon Steel Corporation	3	Service revenue	135,864	By contract terms	-
25	Steel Castle Technology Corporation	China Steel Security Corporation	2	Service revenue	109,288	By contract terms	-
26	China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	2	Purchases	79,863,759	Payment within 85 days after shipment date	28
27	China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	2	Purchases	721,525	60 days after B/L	-
28	CSC Steel Sdn. Bhd.	Dragon Steel Corporation	3	Purchases	3,240,885	Payment after shipping document specified	1
28	CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	3	Purchases	952,783	Payment after shipping document specified	-
28	CSC Steel Sdn. Bhd.	China Steel Corporation	2	Purchases	648,637	Payment after shipping document specified	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
28	CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	3	Purchases	\$ 537,896	Payment after shipping document specified	-
29	China Steel Resources Corporation	China Steel Corporation	2	Sales	468,033	Net 60 days from the end of the month of when invoice is issued	-
30	CSC Precision Metal Industrial Corporation	China Steel Corporation	2	Service revenue	202,215	Net 60 days from the end of the month of when invoice is issued	-
31	Kaohsiung Rapid Transit Corporation	China Steel Corporation	2	Service revenue	127,122	Net 15 days from invoice date	-
32	Sing Da Marine Structure Corporation	China Steel Corporation	2	Purchases	130,740	Payment within 10 days after shipment date	-
33	China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	3	Sales	297,196	Accounts receivable, 30 days term	-
33	China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	2	Purchases(Note 2)	7,884,993	Receivables were collected within 120 days after shipment date	3
34	China Steel Corporation India Pvt. Ltd.	China Steel Corporation	2	Purchases	1,781,795	Payment to the bank after the Corporation's shipment date	1

(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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	September 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	\$ 6,231,835	\$ 421,113	\$ 116,477	Subsidiary
China Steel Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	334,285	334,285	68,787,183	29	2,071,295	1,139,403	323,166	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	1,388,266	77,256	100,556	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	1,216,554	86,621	110,868	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	921,518	640,065	125,261	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	100,400,704	1,068,542	305,527	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	18,360,607	660,041	660,041	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	11,758,768	1,553,788	1,285,257	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	7,930,755	(225,931)	(215,370)	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	7,183,496	476,570	394,365	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	6,686,200	2,480,562	2,983,737	Subsidiary
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Vietnam	Manufacture and sale of steel products	9,651,239	9,651,239	514,304,000	56	6,672,458	(780,282)	(436,958)	Subsidiary
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd	Singapore	Holding and investment	6,516,988	6,625,316	191,065,407	100	4,253,423	182,017	181,331	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	3,257,875	(96,265)	(96,265)	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	2,088,140	429,864	425,283	Subsidiary
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	728,690,559	100	1,374,985	(318,508)	(318,508)	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	1,357,873	90,739	39,645	Subsidiary
China Steel Corporation	China Steel Machinery Corporation	Republic of China	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	591,748	591,748	100,066,400	74	1,105,116	122,204	22,709	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	959,200	660,000	95,920,000	55	1,008,137	81,163	45,141	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	992,899	7,503	8,092	Subsidiary
China Steel Corporation	Infochamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	672,508	104,855	90,613	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	508,431	77,774	75,847	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	385,244	26,280	18,097	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	296,845	7,507	7,507	Subsidiary
China Steel Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	269,141	269,141	12,000,000	80	256,060	(3,861)	(3,089)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
						Number of Shares	%	Carrying Amount			
				September 30, 2019	September 30, 2018						
China Steel Corporation	ChinaSteel Management Consulting Corporaion	Republic of China	Business management and management consulting services	\$ 15,144	\$ 15,144	999,993	100	\$ 17,303	\$ 2,955	\$ 2,955	Subsidiary
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	White Biotech Corporation	Republic of China	Biotechnology introduction and development	-	130,594	-	-	-	(638)	(555)	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	985,625	985,625	95,527,811	48	966,209	(83,389)	(39,826)	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	513,534	116,572	20,983	Associate
China Steel Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	590,876	825,000	59,087,570	35	496,367	(248,747)	(93,155)	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	500,000	500,000	50,000,000	46	455,067	93,864	43,412	Associate
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	320,929	320,929	28,658,729	31	369,779	30,347	11,167	Associate
China Steel Corporation	Dyna Rechi Co., Ltd.	Republic of China	Production and marketing of Brushless DC Motor (BLDCM)	400,000	400,000	40,000,000	23	293,342	(47,745)	(11,606)	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	54,037	(15,484)	(865)	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	833,350	17	12,575	8,746	1,458	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	297,619,989	41	2,428,234	254,566	-	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	26,874	531	-	Subsidiary
Chung Hung Steel Corporation	Taiwan Steel Corporation	Republic of China	Iron and steel industry chain industry	1,000	1,000	100,000	100	843	(90)	-	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	302,434	640,065	-	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	-	12,582	77,256	-	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,274,926	56,585	-	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	66,931,030	9	546,071	254,566	-	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	379,247	9,982	-	Subsidiary
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Cayman Island	International trading and general investment	39,920	39,920	1,300,000	100	364,675	15,385	-	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	180,000	26,160,000	15	274,810	81,163	-	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	43,587	26,280	-	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	43,534	(147,553)	-	Subsidiary
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	25,974	3,699	-	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	22,500	22,500	2,250,000	5	13,799	34,072	-	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	13,275	1,592	-	Subsidiary
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	80,000	80,000	8,000,000	9	74,678	(11,468)	-	Associate
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	16,934	21,168	1,693,440	6	23,017	21,860	-	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	249,999	5	3,772	8,746	-	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	98,507	115,792	-	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	31,953	26,280	-	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,018	1,595	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	September 30, 2018	Number of Shares	%	Carrying Amount			
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	\$ 8,400	\$ 8,400	840,000	35	\$ 16,137	\$ 2,752	\$ -	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	15,679	3,854	-	Subsidiary
China Ecotek Corporation	CEC Development Corporation	USA	Holding and investment	494,146	494,146	489	100	1,114,728	(55,057)	-	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	35,204,170	26	461,510	122,204	-	Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	348,800	240,000	34,880,000	20	299,110	81,163	-	Subsidiary
China Ecotek Corporation	CEC International Corporation	Samoa	Holding and investment	30,642	30,642	10,000,000	100	45,302	(604)	-	Subsidiary
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	Engineering service industry	25,000	25,000	2,500,000	100	32,014	5,468	-	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	24,205	(303)	-	Subsidiary
China Ecotek Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	22,858	117	-	Subsidiary
China Ecotek Corporation	CEC Holding Company Limited	Samoa	Holding and investment	163,779	339,339	14,860,000	100	20,923	(5,111)	-	Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	15,225	1,605	-	Subsidiary
China Ecotek Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	14,553	1,621	-	Subsidiary
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,346	1,595	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,262	8,262	300,000	1	5,310	(147,553)	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	47,094	(7,176)	-	Associate
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	2,822	3,528	282,240	1	3,841	21,860	-	Associate
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	42,064	459	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	867,299	(62,976)	-	Subsidiary
CEC Development Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	42	459	-	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	467,170	640,065	-	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	1,336,469	53,106	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd.	Singapore	Holding and investment	134,578	134,578	4,100,000	100	176,125	(49,393)	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	148,264	148,264	4,400,000	37	101,972	(77,993)	-	Subsidiary
China Steel Structure Co., Ltd.	Chiun Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	20,001	117	-	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	15,531	26,280	-	Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,419	1,605	-	Subsidiary
China Steel Structure Co., Ltd.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,379	1,592	-	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	9,355	16,657	-	Subsidiary
China Steel Structure Co., Ltd.	Ascentek Venture Capital Corporation	Republic of China	General investment	12,701	15,876	1,270,080	5	17,245	21,860	-	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	4,751	454	-	Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
						Number of Shares	%	Carrying Amount			
				September 30, 2019	September 30, 2018						
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd	Singapore	Holding and investment	\$ 126,806	\$ 126,806	4,180,000	100	\$ 153,784	\$ 8,730	\$ -	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	61,403	1,301	-	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	58,750	796	-	Subsidiary
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	13,754	13,754	1,196,000	40	22,025	2,884	-	Subsidiary
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	15,433	15,433	1,543,276	1	17,220	90,739	-	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	114,119	116,572	-	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	47,623	(8,480)	-	Associate
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	4,234	5,292	423,360	2	5,736	21,860	-	Associate
United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Cambodia	Building materials manufacturing, construction engineering	96,283	96,283	310	31	101,100	6,503	-	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	278,051	(77,993)	-	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	176,108	(77,993)	-	Subsidiary
CHC Resources Corporation	Hsieh Sheng Development Corporation	Republic of China	Real estate lease	1,142,189	1,142,189	68,493	100	1,149,975	8,077	-	Subsidiary
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Sales of GBFS	366,557	129,922	-	85	370,483	21,107	-	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	142,177	1,716	-	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	110,117	36,531	-	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	81,913	3,436	-	Subsidiary
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	22,727	3,699	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	20,906	3,854	-	Subsidiary
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	18,443	2,752	-	Subsidiary
CHC Resources Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	16,632	1,621	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	16,519	2,884	-	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	9,964	26,280	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,254	8,254	300,000	1	5,311	(147,553)	-	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	109,105	30,347	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	15,000	15,000	1,500,000	2	14,128	(7,176)	-	Associate
CHC Resources Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	8,467	10,584	846,720	3	11,509	21,860	-	Associate
Union Steel Development Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	1,522	1,522	106,445	-	1,493	421,113	-	Subsidiary
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	301,467	31,257	13,000,000	100	301,467	45,421	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	19,089	17,000	1,700,000	1	19,089	89,911	-	Subsidiary
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation	Republic of China	Management and maintenance for buildings	13,023	10,000	1,000,000	100	13,023	1,323	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	4,709	5,000	500,000	1	4,709	(7,176)	-	Associate
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,836	3,528	282,240	1	3,836	21,860	-	Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
						Number of Shares	%	Carrying Amount			
				September 30, 2019	September 30, 2018						
China Prosperity Development Corporation	Chateau International Development Co., Ltd.	Republic of China	Development of leisure business	\$ 131,921	\$ 131,921	22,491,623	20	\$ 345,089	\$ 44,291	\$ -	Associate
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	151,526	151,526	3,840	80	179,177	13,181	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	146,777	90,739	-	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	199,507	116,572	-	Associate
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,645	7,056	564,480	2	7,475	21,860	-	Associate
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	152,762	(32,919)	-	Subsidiary
Infochamp Systems Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	60,784	60,784	5,825,030	35	65,233	15,344	-	Subsidiary
Infochamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	58,518	90,739	-	Subsidiary
Infochamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	Holding and investment	6,816	6,816	201,000	100	12,575	(678)	-	Subsidiary
Infochamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	1,788	(976)	-	Associate
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	26,000	2,600,000	100	29,975	2,689	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	9,312	9,215	-	100	26,148	3,301	-	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	103,603	(8,480)	-	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	79,326	77,256	-	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	174,400	120,000	17,440,000	10	183,207	81,163	-	Subsidiary
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	562,379	(95,305)	-	Subsidiary
C.S.Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	16,934	21,168	1,693,440	6	23,017	21,860	-	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	562,370	(147,553)	-	Subsidiary
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,645	7,056	564,480	2	7,672	21,860	-	Associate
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	362,914,927	50	2,961,247	254,566	-	Subsidiary
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	2,884,046	17,664	-	Subsidiary
China Steel Express Corporation	CSEI Transport (Panama) Corporation	Panama	Shipping services for raw materials	316	316	10	100	492,515	11,711	-	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	41,429	4,704	-	Subsidiary
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	21,168	21,168	1,693,440	6	23,017	21,860	-	Associate
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	224,472	146,909	-	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	376,880	115,792	-	Subsidiary
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	1,812,247	113,574	-	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,222,128	146,909	-	Subsidiary
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	716,556	223,282	-	Subsidiary
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	225,000	225,000	22,500,000	50	137,991	34,072	-	Subsidiary
Gains Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	170,432	170,432	10,533,713	64	119,424	15,344	-	Subsidiary
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	3,104	3,072	100,000	100	62,641	7,448	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	58,784	58,784	1,850,000	4	32,912	(147,553)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
						Number of Shares	%	Carrying Amount			
				September 30, 2019	September 30, 2018						
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	\$ 25,909	\$ 25,909	1,000,000	100	\$ 25,137	\$ 4,838	\$ -	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	538,688	544,748	8,000,395	20	656,838	(4,804)	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	200,000	200,000	20,000,000	22	186,695	(11,468)	-	Associate
Gains Investment Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	0	4,525,411	3	60,593	(70,863)	-	Associate
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	Holding and investment	205,435	205,435	6,800,000	100	40,088	14,270	-	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	422,858	418,430	13,623,000	100	1,468,450	160,778	-	Subsidiary
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	25,000	25,000	2,500,000	3	23,337	(11,468)	-	Associate
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	2,822	3,528	282,240	1	3,836	21,860	-	Associate
Eminence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	16,519	2,884	-	Subsidiary
Eminence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	16,234	3,699	-	Subsidiary
Eminence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	15,679	3,854	-	Subsidiary
Eminence Investment Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	14,286	117	-	Subsidiary
Eminence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	11,379	1,592	-	Subsidiary
Eminence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	9,604	2,752	-	Subsidiary
Eminence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	9,535	1,605	-	Subsidiary
Eminence Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	8,607	1,621	-	Subsidiary
Eminence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	7,564	1,595	-	Subsidiary
Eminence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	5,940	27,900	44,000	-	5,798	(4,804)	-	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	-	10,520	631,610	-	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	-	7,566	81,825	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,891	1,595	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	1,884	1,605	-	Subsidiary
Ding Da Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and speciality chemical	17,404	17,404	474,220	-	14,510	1,139,403	-	Subsidiary
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	1,788	1,621	-	Subsidiary
Ding Da Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	36	223,282	-	Subsidiary
Ding Da Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	17	17	1,600	-	18	15,344	-	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	-	7,182	86,052	-	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	-	14,510	1,128,431	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	1,923	2,752	-	Subsidiary
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,896	1,592	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	September 30, 2018	Number of Shares	%	Carrying Amount			
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	-	\$ 10,520	\$ 631,610	\$ -	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	-	6,583	86,052	-	Subsidiary
Chiun Yu Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	3,559	4,204	275,896	-	5,885	81,825	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Holding and investment	631,983	631,983	20,740,000	100	954,009	83,693	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Holding and investment	212,822	212,822	11,800,000	100	595,383	27,655	-	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	373,654	49,012	-	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	68,606	16,657	-	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	39,447	(147,553)	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Holding and investment	18,741	32,591	326,300	65	24,187	(541)	-	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	173	58	-	Subsidiary
China Steel Global Trading Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	-	4,525,411	3	62,111	(248,747)	-	Associate
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,645	7,056	564,480	2	7,669	21,860	-	Associate
Wabo Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	44,794	13,729	-	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	20,226	(426)	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	87,052	86,140	3,000,000	20	64,015	(3,861)	-	Subsidiary
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	3,986	3,944	1,000,000	100	26,238	649	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	231,394	228,972	11,950,830	54	291,166	53,948	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	24,137	23,884	4,752,000	99	17,121	58	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	89,647	88,708	408,000	34	221,935	94,948	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	85,609	84,712	16,782,500	25	101,374	25,500	-	Associate
CSGT International Corporation	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	58,555	57,942	5,600,000	14	-	(29,645)	-	Associate
CSGT (Singapore) Pte. Ltd.	CSCD Limited	Cyprus	International trade and investment	114,644	114,695	1,876,795	49	320,883	48,031	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	344,665	356,173	16,440,001	100	154,134	27,866	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	9404-5515 Quebec Inc.	Canada	Investments in mining industry	5,535,259	5,720,076	270,122,727	25	8,400,630	2,538,651	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,124,779	1,113,002	171,000,000	46	2,685,241	189,396	-	Subsidiary
China Steel Asia Pacific Holdings Pte Ltd	SINO Vietnam HI-TECH Material Co., Ltd.	Vietnam	Color coated steel coil	62,080	61,430	-	20	45,645	17,768	-	Associate
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	3,110,840	2,117,904	359,000,000	100	5,686,705	183,567	-	Subsidiary
CSC Steel Holdings Berhad	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	19,728	19,700	1,328,940	6	32,378	12,548	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	529,400	528,657	1,000,000	100	18,968	4,993	-	Subsidiary
CSC Steel Holdings Berhad	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	58,568	58,486	8,000,000	20	-	(55,752)	-	Associate
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,342	5,334	750,000	100	6,663	166	-	Subsidiary

(Concluded)

TABLE 10

CHINA STEEL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2019 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	\$ 136,576	2	\$ 136,576	\$ -	\$ -	\$ 136,576	\$ 43,776	100	\$ 43,776	\$ 427,992	\$ -	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	18,624	2	18,624	-	-	18,624	5,972	100	5,972	35,025	39,892	Note 3 (1)
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	372,480	2	372,480	-	-	372,480	(77,994)	100	(77,994)	278,024	-	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,353,344	2	947,341	-	-	947,341	92,883	70	65,018	861,198	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	620,800	2	434,560	-	-	434,560	26,994	70	18,895	430,031	-	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	173,783	2	201,946	-	-	201,946	(10,299)	100	(10,299)	162,305	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,241,600	2	108,640	15,520	-	124,160	(9,289)	10	(929)	114,477	-	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 4
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	124,160	2	13,968	-	-	13,968	32,931	30	9,879	70,837	-	Note 3 (1), Note 6
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,520,960	2	1,203,421	-	-	1,203,421	(147,862)	79	(116,988)	680,706	15,796	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	465,600	2	465,600	-	-	465,600	9,421	100	9,421	552,094	-	Note 3 (1)
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	37,248	2	37,062	-	-	37,062	7,324	100	7,287	110,932	-	Note 3 (1)
Taicang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	211,072	2	211,072	-	-	211,072	14,270	100	14,270	40,088	-	Note 3 (1)
Thintech United Metal Resources (Taicang) Co., Ltd.	Precious metal refining and sales	-	2	288,939	-	34,320	-	(4,041)	-	(4,041)	-	-	Note 3 (1), Note 7
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	465,600	2	498,502	-	-	498,502	(3,861)	100	(3,861)	320,051	-	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	6,208	2	6,208	-	-	6,208	(363)	100	(363)	12,441	55,453	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	186,240	2	186,240	-	-	186,240	(720)	100	(720)	169,128	-	Note 3 (1)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of September 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	\$ 1,842,783	\$ 1,842,783	\$ -
China Steel Chemical Corporation	277,994	277,994	4,110,206
China Steel Structure Co., Ltd.	372,480	372,480	2,513,302
China Ecotek Corporation	553,926	686,484	1,772,683
C.S.Aluminium Corporation	982,416	982,416	4,960,961
Gains Investment Corporation	57,424	57,424	3,976,397
Thintech Materials Technology Co., Ltd.	211,072	211,072	709,533
Betacera Inc.	639,238	639,238	906,543

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of September 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 Global Trading Corporation	\$ 249,313	\$ 249,313	\$ 1,342,470
Infochamp Systems Corporation	6,208	6,208	476,337
CHC Resources Corporation	9,312	9,312	3,004,310

(Concluded)

Note 1: The amounts were calculated based on the foreign exchange rate as of September 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: The process of disposal and equity transfer were completed in June 2018. As of September 30, 2019, NT\$20,911 thousand has not been collected yet.

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

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