

# **China Steel Corporation**

**Standalone Financial Statements for the  
Years Ended December 31, 2019 and 2018 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

China Steel Corporation

### Opinion

We have audited the accompanying standalone financial statements of China Steel Corporation (the Corporation), which comprise the standalone balance sheets as of December 31, 2019 and 2018, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2019 and 2018, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's standalone financial statements for the year ended December 31, 2019 are stated as follows:

#### Inventory Valuation

As of December 31, 2019, inventories of the Corporation amounted to NT\$55,940,988 thousand, representing 12% of the Corporation's total assets. Due to the drastic fluctuations in the prices of raw materials and finished goods in the steel industry, inventory valuation, which involved critical accounting estimates, is deemed to be a key audit matter. Refer to Notes 4, 5 and 11 to the Corporation's standalone financial statements for the related accounting policies and disclosures on inventory valuation.

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

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

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

As of December 31, 2019, the Corporation's investment in Formosa Ha Tinh (Cayman) Limited (FHC) amounted to NT\$23,324,222 thousand, representing 5% of the Corporation's total assets. Such investment is an unlisted investment with no active market. Therefore, the Corporation engaged an appraiser who made an appraisal and issued a valuation report, which was used as the basis for determining the fair value of the investment. Assets of FHC were mainly from its wholly-owned subsidiary, Formosa Ha Tinh Steel Corporation (FHS). The appraiser adopted the market approach to appraise FHS which involved various assumptions and unobservable inputs, including comparable transaction, market multiplier, discount for lack of marketability and control premium. As a result, the fair value of the investment in FHC is deemed to be a key audit matter. Refer to Notes 4 and 5 to the Corporation's standalone financial statements for the related accounting policies on valuation of financial assets.

The audit procedures we performed included the following:

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

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

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Corporation's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Hsuan Hsu and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 23, 2020

Notice to Readers

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

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

# CHINA STEEL CORPORATION

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

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,659,190	1	\$ 7,619,772	2
Financial assets at fair value through profit or loss-current (Notes 4 and 7)	826,071	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	-	-	112,155	-
Financial assets for hedging - current (Notes 9 and 28)	686,940	-	811,156	-
Contract assets - current (Notes 4 and 23)	37,687	-	204,993	-
Notes receivable (Notes 4 and 10)	424,724	-	686,507	-
Notes receivable - related parties (Notes 4, 10 and 29)	187,424	-	428,768	-
Accounts receivable, net (Notes 4 and 10)	2,017,984	1	2,872,455	1
Accounts receivable - related parties (Notes 4, 10 and 29)	1,010,906	-	1,893,989	1
Other receivables	1,032,050	-	1,356,235	-
Other receivables - loans to related parties (Note 29)	9,270,000	2	10,794,160	2
Inventories (Notes 4, 5 and 11)	55,940,988	12	50,931,887	11
Noncurrent assets held for sale (Notes 4 and 16)	-	-	594,606	-
Other financial assets - current (Notes 13 and 30)	5,950,006	2	6,070,843	1
Other current assets	<u>755,316</u>	<u>-</u>	<u>934,428</u>	<u>-</u>
Total current assets	<u>82,799,286</u>	<u>18</u>	<u>85,311,954</u>	<u>18</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	825,824	-	1,651,808	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	40,960,721	9	46,868,501	10
Financial assets for hedging - noncurrent (Notes 9 and 28)	145	-	767	-
Investments accounted for using equity method (Notes 4 and 12)	181,884,058	39	180,223,533	38
Property, plant and equipment (Notes 4, 14 and 29)	146,141,153	31	155,897,997	32
Right-of-use assets (Notes 4 and 15)	1,409,621	-	-	-
Investment properties (Notes 4 and 16)	7,441,922	2	6,532,164	1
Intangible assets	24,890	-	34,847	-
Deferred tax assets (Notes 4 and 25)	4,485,947	1	4,500,087	1
Refundable deposits	105,619	-	60,519	-
Other financial assets - noncurrent (Note 13)	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>383,279,902</u>	<u>82</u>	<u>395,770,223</u>	<u>82</u>
TOTAL	<u>\$ 466,079,188</u>	<u>100</u>	<u>\$ 481,082,177</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings and bank overdraft (Notes 17, 29 and 30)	\$ 20,143,975	4	\$ 17,328,763	4
Short-term bills payable (Note 17)	13,990,638	3	-	-
Financial liabilities for hedging - current (Notes 9 and 28)	20,396	-	4,192,300	1
Contract liabilities - current (Notes 4 and 23)	1,101,096	-	1,788,593	-
Accounts payable	4,966,533	1	7,205,398	1
Accounts payable - related parties (Note 29)	1,446,124	-	2,277,200	-
Other payables (Notes 19 and 29)	13,963,546	3	18,238,258	4
Current tax liabilities (Note 25)	462,797	-	2,857,677	1
Provisions - current (Notes 4 and 20)	2,511,033	1	4,933,753	1
Lease liabilities - current (Notes 4 and 15)	328,823	-	-	-
Current portion of bonds payable (Note 18)	6,599,642	2	5,649,340	1
Refund liabilities - current	2,054,213	1	3,040,059	1
Other current liabilities	<u>826,293</u>	<u>-</u>	<u>500,564</u>	<u>-</u>
Total current liabilities	<u>68,415,109</u>	<u>15</u>	<u>68,011,905</u>	<u>14</u>
NONCURRENT LIABILITIES				
Financial liabilities for hedging - noncurrent (Notes 9 and 28)	4,635,224	1	4,350,730	1
Bonds payable (Note 18)	65,713,769	14	72,304,214	15
Long-term bank borrowings (Note 17)	4,000,000	1	-	-
Long-term bills payable (Note 17)	1,998,687	-	5,897,729	1
Deferred tax liabilities (Notes 4 and 25)	10,673,748	2	10,722,181	2
Lease liabilities - noncurrent (Notes 4 and 15)	1,084,022	-	-	-
Net defined benefit liabilities (Notes 4 and 21)	<u>7,000,096</u>	<u>2</u>	<u>6,887,381</u>	<u>2</u>
Total noncurrent liabilities	<u>95,105,546</u>	<u>20</u>	<u>100,162,235</u>	<u>21</u>
Total liabilities	<u>163,520,655</u>	<u>35</u>	<u>168,174,140</u>	<u>35</u>
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	157,348,610	34	157,348,610	33
Preference shares	<u>382,680</u>	<u>-</u>	<u>382,680</u>	<u>-</u>
Total share capital	<u>157,731,290</u>	<u>34</u>	<u>157,731,290</u>	<u>33</u>
Capital surplus	<u>38,877,269</u>	<u>8</u>	<u>38,545,884</u>	<u>8</u>
Retained earnings				
Legal reserve	65,674,189	14	63,228,774	13
Special reserve	27,803,906	6	27,649,488	6
Unappropriated earnings	<u>21,998,036</u>	<u>5</u>	<u>31,804,134</u>	<u>6</u>
Total retained earnings	<u>115,476,131</u>	<u>25</u>	<u>122,682,396</u>	<u>25</u>
Other equity	<u>(861,959)</u>	<u>-</u>	<u>2,595,167</u>	<u>1</u>
Treasury shares	<u>(8,664,198)</u>	<u>(2)</u>	<u>(8,646,700)</u>	<u>(2)</u>
Total equity	<u>302,558,533</u>	<u>65</u>	<u>312,908,037</u>	<u>65</u>
TOTAL	<u>\$ 466,079,188</u>	<u>100</u>	<u>\$ 481,082,177</u>	<u>100</u>

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

# CHINA STEEL CORPORATION

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

	For the Year Ended December 31			
	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 23 and 29)	\$ 207,297,533	100	\$ 235,403,151	100
OPERATING COSTS (Notes 11 and 29)	<u>194,591,389</u>	<u>94</u>	<u>210,430,943</u>	<u>89</u>
GROSS PROFIT	12,706,144	6	24,972,208	11
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>138,254</u>	<u>-</u>	<u>(63,751)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>12,844,398</u>	<u>6</u>	<u>24,908,457</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,904,573	1	3,093,162	1
General and administrative expenses	3,451,922	2	3,715,086	2
Research and development expenses	<u>1,901,002</u>	<u>1</u>	<u>1,783,578</u>	<u>1</u>
Total operating expenses	<u>8,257,497</u>	<u>4</u>	<u>8,591,826</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>4,586,901</u>	<u>2</u>	<u>16,316,631</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 29)	1,981,301	1	1,587,435	1
Other gains and losses (Notes 24 and 29)	(11,675)	-	(61,193)	-
Finance costs (Notes 24 and 29)	(1,336,991)	-	(1,652,214)	(1)
Share of profit of subsidiaries and associates	<u>4,815,572</u>	<u>2</u>	<u>10,206,731</u>	<u>5</u>
Total non-operating income and expenses	<u>5,448,207</u>	<u>3</u>	<u>10,080,759</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	10,035,108	5	26,397,390	12
INCOME TAX EXPENSE (Notes 4 and 25)	<u>1,225,553</u>	<u>1</u>	<u>1,943,238</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>8,809,555</u>	<u>4</u>	<u>24,454,152</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(172,267)	-	(757,319)	-

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# CHINA STEEL CORPORATION

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

	For the Year Ended December 31			
	2019		2018	
	Amount	%	Amount	%
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ (5,888,537)	(3)	\$ (1,154,367)	(1)
Gains and losses on hedging instruments	(70,861)	-	(117,906)	-
Share of the other comprehensive income of subsidiaries and associates	3,319,480	2	432,420	-
Income tax benefit relating to items that will not be reclassified subsequently to profit or loss	50,304	-	158,592	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(733,134)	(1)	92,177	-
Gains and losses on hedging instruments	(3,417)	-	(207,788)	-
Share of the other comprehensive income of subsidiaries and associates	<u>(186,078)</u>	<u>-</u>	<u>104,052</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(3,684,510)</u>	<u>(2)</u>	<u>(1,450,139)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,125,045</u>	<u>2</u>	<u>\$ 23,004,013</u>	<u>10</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.57</u>		<u>\$ 1.58</u>	
Diluted	<u>\$ 0.57</u>		<u>\$ 1.57</u>	

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

(Concluded)



CHINA STEEL CORPORATION

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

	Other Equity													
	Share Capital			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Available-for-Sale Financial Assets	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	The Effective Portion of Gains and Losses on Hedging Instruments in a Cash Flow Hedge	Gains and Losses on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 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
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)
Balance after adjustments at January 1, 2018	157,348,610	382,680	38,211,082	61,538,216	27,655,869	23,875,278	(6,115,853)	-	5,251,741	-	3,972,776	3,108,664	(8,532,389)	303,588,010
Appropriation of 2017 earnings (Note 22)														
Legal reserve	-	-	-	1,690,558	-	(1,690,558)	-	-	-	-	-	-	-	-
Special reserve (reversal)	-	-	-	-	(5,992)	5,992	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.88 per share	-	-	-	-	-	(13,846,677)	-	-	-	-	-	-	-	(13,846,677)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(389)	389	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	24,454,152	-	-	-	-	-	-	-	24,454,152
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(826,559)	196,229	-	(950,911)	-	131,102	(623,580)	-	(1,450,139)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	23,627,593	196,229	-	(950,911)	-	131,102	(623,580)	-	23,004,013
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(115,054)	(115,054)
Disposal of the Corporation's shares held by subsidiaries	-	-	262	-	-	-	-	-	-	-	-	-	378	640
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	281,424	-	-	-	-	-	-	-	-	-	-	281,424
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(110,083)	-	-	110,083	-	-	110,083	-	-
Adjustment from changes in equity of subsidiaries and associates	-	-	53,116	-	-	(4,225)	-	-	-	-	-	-	365	49,256
BALANCE AT DECEMBER 31, 2018	157,348,610	382,680	38,545,884	63,228,774	27,649,488	31,804,134	(5,919,624)	-	4,410,913	-	4,103,878	2,595,167	(8,646,700)	312,908,037
Appropriation of 2018 earnings (Note 22)														
Legal reserve	-	-	-	2,445,415	-	(2,445,415)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	154,480	(154,480)	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$1.0 per share	-	-	-	-	-	(15,734,861)	-	-	-	-	-	-	-	(15,734,861)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(62)	62	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	8,809,555	-	-	-	-	-	-	-	8,809,555
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(242,632)	(919,212)	-	(2,271,323)	-	(251,343)	(3,441,878)	-	(3,684,510)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	8,566,923	(919,212)	-	(2,271,323)	-	(251,343)	(3,441,878)	-	5,125,045
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(17,498)	(17,498)
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	320,031	-	-	-	-	-	-	-	-	-	-	320,031
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	15,248	-	-	(15,248)	-	-	(15,248)	-	-
Adjustment from changes in equity of subsidiaries and associates	-	-	11,354	-	-	-	-	-	-	-	-	-	-	11,354
BALANCE AT DECEMBER 31, 2019	\$ 157,348,610	\$ 382,680	\$ 38,877,269	\$ 65,674,189	\$ 27,803,906	\$ 21,998,036	\$ (6,838,836)	\$ -	\$ 2,124,342	\$ -	\$ 3,852,535	\$ (861,959)	\$ (8,664,198)	\$ 302,558,533

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

# CHINA STEEL CORPORATION

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 10,035,108	\$ 26,397,390
Adjustments for:		
Depreciation expense	17,429,485	17,609,689
Amortization expense	9,957	9,963
Net gain on financial assets at fair value through profit or loss	(14,534)	(3,802)
Finance costs	1,336,991	1,652,214
Interest income	(194,172)	(197,865)
Dividend income	(536,241)	(363,401)
Share of profit of subsidiaries and associates	(4,815,572)	(10,206,731)
Loss on disposal of property, plant and equipment	7,148	51,676
Write-down of inventories	1,623,585	42,812
Unrealized (realized) gain on the transactions with subsidiaries and associates	(138,254)	63,751
Recognition (reversal) of provisions	(2,422,720)	1,783,317
Others	(168,035)	(154,575)
Changes in operating assets and liabilities		
Financial assets for hedging	63,422	118,500
Contract assets	189,967	(137,438)
Notes receivable	261,783	(4,606)
Notes receivable - related parties	241,344	(205,695)
Accounts receivable	854,471	(625,824)
Accounts receivable - related parties	883,083	632,138
Other receivables	318,714	(543,113)
Inventories	(6,646,390)	(2,790,464)
Other current assets	179,112	955,387
Contract liabilities	(627,061)	(814,399)
Accounts payable	(2,238,865)	3,059,942
Accounts payable - related parties	(831,076)	463,342
Other payables	(3,831,023)	3,277,721
Other current liabilities	325,729	46,449
Net defined benefit liabilities	(59,552)	81,088
Refund liabilities	(985,846)	1,215,587
Cash generated from operations	10,250,558	41,413,053
Income taxes paid	(3,604,422)	(2,369,887)
Net cash generated from operating activities	<u>6,646,136</u>	<u>39,043,166</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(15,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	131,399	16

(Continued)

# CHINA STEEL CORPORATION

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	\$ -	\$ 107,527
Acquisition of financial liabilities for hedging	349,389	3,642,472
Derecognition of financial liabilities for hedging	(4,239,103)	(18,406,432)
Acquisition of subsidiaries	-	(26,000)
Proceeds from the capital reduction on investments accounted for using equity method	-	550,000
Proceeds from disposal of noncurrent assets held for sale	561,918	-
Acquisition of property, plant and equipment	(8,531,907)	(10,914,218)
Decrease (increase) in refundable deposits	(45,100)	39,573
Decrease (increase) in other receivables - loans to related parties	1,524,160	(3,437,210)
Decrease in other financial assets	120,835	198,391
Interest received	199,643	190,042
Dividends received from subsidiaries and associates	8,947,369	5,859,772
Dividends received from others	536,241	363,401
Proceeds from liquidation of subsidiaries	18,665	-
Net cash used in investing activities	<u>(426,491)</u>	<u>(21,847,666)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	68,199,596	21,006,626
Repayments of short-term borrowings	(65,017,674)	(17,508,172)
Proceeds from short-term bills payable	28,490,638	80,103,247
Repayments of short-term bills payable	(14,500,000)	(86,400,000)
Issuance of bonds payable	-	18,000,000
Repayments of bonds payable	(5,650,000)	(7,700,000)
Issuance of long-term bank borrowings	8,000,000	-
Repayments of long-term bank borrowings	(4,000,000)	(7,598,710)
Proceeds from long-term bills payable	1,998,687	-
Repayments of long-term bills payable	(5,897,729)	-
Repayments of principal of lease liabilities	(337,794)	-
Dividends paid	(15,779,153)	(13,892,306)
Acquisition of subsidiaries	(2,899,200)	(800,000)
Interest paid	(1,529,216)	(1,797,782)
Proceeds from the capital reduction on subsidiaries	108,328	979,916
Net cash used in financing activities	<u>(8,813,517)</u>	<u>(15,607,181)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,593,872)</b>	<b>1,588,319</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>2,417,541</u></b>	<b><u>829,222</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ (176,331)</u></b>	<b><u>\$ 2,417,541</u></b>

(Continued)

# CHINA STEEL CORPORATION

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

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	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Reconciliation of the amounts in the standalone statements of cash flows with the equivalent items reported in the standalone balance sheets as of December 31, 2019 and 2018:		
Cash and cash equivalents in the standalone balance sheets	\$ 4,659,190	\$ 7,619,772
Bank overdraft	<u>(4,835,521)</u>	<u>(5,202,231)</u>
Cash and cash equivalents in the standalone statements of cash flows	<u>\$ (176,331)</u>	<u>\$ 2,417,541</u>

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

(Concluded)

# CHINA STEEL CORPORATION

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

The shares of the Corporation have been listed on the Taiwan Stock Exchange since December 1974. As of December 31, 2019, the Ministry of Economic Affairs (MOEA), Republic of China owned 20.05% of the Corporation's issued ordinary shares.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the board of directors and authorized for issue on March 23, 2020.

### 3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

#### 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.

#### Definition of a lease

The Corporation elects 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.

#### The Corporation as lessee

The Corporation recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the standalone balance sheets except for those whose payments under low-value asset and short-term leases are recognized as

expenses on a straight-line basis. On the standalone statements of comprehensive income, the Corporation presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the standalone statements of cash flows, cash payments for the principal and interest portion of lease liabilities 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 standalone statements of cash flows. Leased assets and finance lease payables were recognized on the standalone balance sheets for contracts classified as finance leases.

The Corporation elects 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 applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

- 1) The Corporation applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Corporation accounts for those leases which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Corporation excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Corporation uses 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 1.24%. 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	\$ 1,702,636
Less: Recognition exemption for short-term leases or leases of low-value assets	<u>(3,742)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 1,698,894</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019 and lease liabilities recognized on January 1, 2019	<u>\$ 1,603,338</u>

#### The Corporation as lessor

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

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

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Right - of - use assets	\$ <u>-</u>	\$ <u>1,603,338</u>	\$ <u>1,603,338</u>
Total effect on assets	\$ <u>-</u>	\$ <u>1,603,338</u>	\$ <u>1,603,338</u>
Lease liabilities - current	\$ -	\$ 306,672	\$ 306,672
Lease liabilities - noncurrent	<u>-</u>	<u>1,296,666</u>	<u>1,296,666</u>
Total effect on liabilities	\$ <u>-</u>	\$ <u>1,603,338</u>	\$ <u>1,603,338</u>

- b. The IFRSs endorsed by FSC for application starting from 2020

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

Note 2: The Corporation shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY**

For readers' convenience, the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail. However, the accompanying standalone financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

##### **a. Statement of compliance**

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of preparation**

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

The subsidiaries and associates are incorporated in the standalone financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the standalone financial statements equal to those attributed to owners of the Corporation on consolidated financial statements, the effect of the differences between basis of standalone and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

##### **c. Classification of current and noncurrent assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and



- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the standalone financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Foreign currencies

In preparing the standalone financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Corporation's currencies) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost.

f. Investments in subsidiaries

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

Subsidiary is an entity that is controlled by the Corporation. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing of control over the subsidiary are accounted for as equity transaction. Differences between the carrying amounts of the investment and the fair value of consideration paid or received are directly recognized in equity.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporations' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Corporation's ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Corporation ceases to have significant influence over the associate, the Corporation will measure the retained investment at fair value at that date. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation transacts with its associates, profits or losses on these transactions are recognized in the standalone financial statements only to the extent of interests in the associate that are not related to the Corporation.

#### h. Property, Plant, and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Except that depreciation of the rollers (spare parts) is calculated based on their level of wear, other depreciation is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Noncurrent assets held for sale

Noncurrent assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

### a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, investments in equity instruments at FVTOCI, and financial assets at amortized cost.

#### i Financial assets at FVTPL

Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset.

#### ii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### iii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, net (including related parties), other receivables (including loans to related parties), refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivables, and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

### 3) Financial liabilities

#### a) Subsequent measurement

Except for the following situation, financial liabilities are measured at amortized cost using the effective interest method:

##### Financial guarantee contracts

Financial guarantee contracts issued by the Corporation, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and amortized cost.

#### b) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities only when the obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### 4) Derivative financial instruments

The Corporation enters the derivative financial instruments and foreign exchange forward contracts, to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

### 5) Hedge accounting

The Corporation designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

#### a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

#### b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the

heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

c) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in gains and losses on hedging instruments. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Treasury shares

Share of the Corporation held by the subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost.

o. Revenue recognition

The Corporation identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers to satisfy performance obligations, as follows: domestic sales - when products are moved out of the Corporation premises for delivery to customers; exports - when products are loaded onto vessels. Transaction price received is recognized as a contract liability until performance obligations are satisfied.



Revenues are measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

## 2) Construction contract revenue

As property is being constructed and construction is in progress, the Corporation recognizes revenue from construction contract over time. The Corporation measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Corporation recognizes a contract liability for the difference.

## p. Leases

### 2019

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

#### 1) The Corporation as lessor

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

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

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

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

#### 2) The Corporation as lessee

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

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

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

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

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

### 1) The Corporation as lessor

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

### 2) The Corporation as lessee

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

### 3) Leasehold land and building for own use

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

## q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Current tax is the amount of tax at statutory rate calculated on the taxable profit at the balance sheet date. According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

## 2) Deferred tax

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

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

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

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

## 3) Current and deferred tax for the year

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

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

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

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

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

#### Key sources of estimation uncertainty

##### a. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation uses judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

##### b. Fair value of emerging market shares and unlisted equity securities

As described in Note 28, the Corporation applied valuation techniques commonly used by market practitioners to evaluate fair value of the financial instruments that do not have listed market price in an active market. The measurement for the fair value of emerging market shares and equity securities includes assumptions not based on observable market prices or interest rates; therefore, unlisted fair value may change significantly.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Cash on hand	\$ 18,804	\$ 18,824
Checking accounts and demand deposits	4,640,386	2,600,948
Cash equivalents (investments with original maturities less than three months)		
Time deposits	-	5,000,000
	<u>\$ 4,659,190</u>	<u>\$ 7,619,772</u>

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Current</b>		
Foreign unlisted preference shares	<u>\$ 826,071</u>	<u>\$ -</u>
<b>Noncurrent</b>		
Foreign unlisted preference shares	<u>\$ 825,824</u>	<u>\$ 1,651,808</u>

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

	December 31	
	2019	2018
<hr/>		
Current		
Domestic investments		
Listed shares	\$ -	\$ 112,155
<hr/>		
Noncurrent		
Domestic investments		
Listed shares	\$ 12,098,209	\$ 10,356,678
Unlisted shares	969,454	845,486
	<u>13,067,663</u>	<u>11,202,164</u>
Foreign investments		
Listed shares	1,925,597	2,171,073
Unlisted shares	25,967,461	33,495,264
	<u>27,893,058</u>	<u>35,666,337</u>
	<u>\$ 40,960,721</u>	<u>\$ 46,868,501</u>

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

## 9. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2019	2018
<hr/>		
Financial assets for hedging - current		
Foreign exchange forward contracts	\$ 454	\$ 7,162
Hedging foreign-currency deposits	<u>686,486</u>	<u>803,994</u>
	<u>\$ 686,940</u>	<u>\$ 811,156</u>
<hr/>		
Financial assets for hedging - noncurrent		
Foreign exchange forward contracts	<u>\$ 145</u>	<u>\$ 767</u>
<hr/>		
Financial liabilities for hedging - current		
Foreign exchange forward contracts	\$ 20,396	\$ 15,191
Bank loans (Note 17)	<u>-</u>	<u>4,177,109</u>
	<u>\$ 20,396</u>	<u>\$ 4,192,300</u>

(Continued)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Financial liabilities for hedging - noncurrent</b>		
Foreign exchange forward contracts	\$ 14,799	\$ 2,168
Bank loans (Note 17)	<u>4,620,425</u>	<u>4,348,562</u>
	<u>\$ 4,635,224</u>	<u>\$ 4,350,730</u>
		(Concluded)

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation purchased foreign-currency deposits and entered into foreign exchange forward contracts. As of December 31, 2019 and 2018, the balance of the foreign-currency deposits, which were designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT\$686,486 thousand (USD5,658 thousand, EUR15,196 thousand and JPY23,300 thousand) and NT\$803,994 thousand (USD5,935 thousand, EUR17,287 thousand and JPY47,432 thousand), respectively. As of December 31, 2019 and 2018, cash outflows would be expected from aforementioned contracts for the period through 2020 and through 2019, respectively.

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

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Notes receivable		
Operating	\$ 612,148	\$ 1,115,275
Non-operating	<u>-</u>	<u>-</u>
	612,148	1,115,275
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 612,148</u>	<u>\$ 1,115,275</u>
Accounts receivable	\$ 3,028,890	\$ 4,766,444
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,028,890</u>	<u>\$ 4,766,444</u>

The Corporation makes prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation did transactions with a large number of unrelated customers and no concentration of credit risk was observed. The Corporation continues to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

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

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

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

December 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 3,624,721	\$ 16,317	\$ -	\$ -	\$ 3,641,038
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 3,624,721</u>	<u>\$ 16,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,641,038</u>

December 31, 2018

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

The Corporation entered into accounts receivable factoring agreements (without recourse) with Mega Bank, Bank of Taiwan, Taishin Bank, Chinatrust Commercial Bank (CTBC Bank) and Mizuho Bank. Under the agreements, the Corporation is empowered to sell accounts receivable to the banks upon the delivery of products to customers and is required to complete related formalities at the next banking day.

The related information for the Corporation's sale of accounts receivable was as follows:

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2019						
Mega Bank	\$ 4,309,472	\$ 9,947,303	\$ 10,788,608	\$ 3,468,167	1.05-1.75	NT\$9 billion
Bank of Taiwan	1,582,029	4,376,609	4,484,322	1,474,316	1.05-1.75	NT\$3 billion
Bank of Taiwan	491,723	5,374,940	5,150,290	716,373	0.60-3.86	USD130,000 thousand
Taishin Bank	3,341,792	8,480,143	9,637,765	2,184,170	2.82-3.39	USD150,000 thousand
CTBC Bank	1,046,091	2,180,840	2,618,644	608,287	2.84-3.47	USD40,000 thousand
Mizuho Bank	13,372	472,671	454,663	31,380	2.61-3.34	USD10,000 thousand
	<u>\$ 10,784,479</u>	<u>\$ 30,832,506</u>	<u>\$ 33,134,292</u>	<u>\$ 8,482,693</u>		
For the Year Ended December 31, 2018						
Mega Bank	\$ 3,946,637	\$ 10,988,135	\$ 10,625,300	\$ 4,309,472	1.05-1.68	NT\$9 billion
Bank of Taiwan	1,473,874	4,194,030	4,085,875	1,582,029	1.05-1.68	NT\$3 billion
Bank of Taiwan	649,515	5,843,018	6,000,810	491,723	0.55-3.47	USD130,000 thousand
Taishin Bank	1,626,213	9,471,752	7,756,173	3,341,792	2.00-3.00	USD120,000 thousand
CTBC Bank	677,245	3,143,818	2,774,972	1,046,091	2.00-3.47	USD40,000 thousand
Mizuho Bank	-	202,522	189,150	13,372	2.19-2.92	USD10,000 thousand
	<u>\$ 8,373,484</u>	<u>\$ 33,843,275</u>	<u>\$ 31,432,280</u>	<u>\$ 10,784,479</u>		



## 11. INVENTORIES

	December 31	
	2019	2018
Finished goods	\$ 10,689,410	\$ 11,501,847
Work in progress	21,096,102	17,171,433
Raw materials	12,047,408	8,481,807
Supplies	4,488,674	3,995,010
Raw materials and supplies in transit	7,253,127	9,668,574
Others	<u>366,267</u>	<u>113,216</u>
	<u>\$ 55,940,988</u>	<u>\$ 50,931,887</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2019 and 2018 was NT\$190,047,383 thousand and NT\$203,825,079 thousand, respectively, including loss on inventory NT\$1,623,585 thousand and NT\$42,812 thousand, respectively.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	\$ 178,767,607	\$ 177,001,964
Investments in associates	<u>3,116,451</u>	<u>3,221,569</u>
	<u>\$ 181,884,058</u>	<u>\$ 180,223,533</u>

### a. Investments in subsidiaries

	December 31			
	2019		2018	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Listed companies				
Chung Hung Steel Corporation (CHS)	\$ 6,064,076	41	\$ 6,083,601	41
China Steel Chemical Corporation (CSCC)	2,104,642	29	2,094,831	29
China Steel Structure Co., Ltd. (CSSC)	1,274,475	33	1,270,135	33
China Ecotek Corporation (CEC)	1,232,328	45	1,161,560	45
CHC Resources Corporation (CHC)	<u>951,904</u>	20	<u>896,440</u>	20
	11,627,425		11,506,567	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>2,081,642</u>		<u>2,076,756</u>	
	<u>9,545,783</u>		<u>9,429,811</u>	
Unlisted companies				
Dragon Steel Corporation (DSC)	98,857,201	100	105,260,525	100
CSC Steel Australia Holdings Pty Ltd. (CSCAU)	19,743,722	100	16,010,187	100
China Steel Express Corporation (CSE)	11,869,947	100	11,840,131	100
C. S. Aluminium Corporation (CSAC)	7,855,607	100	8,151,379	100
Gains Investment Corporation (GIC)	7,112,136	100	7,016,034	100
China Prosperity Development Corporation (CPDC)	6,806,029	100	3,706,884	100

(Continued)

	December 31			
	2019		2018	
	Amount	% of Owner - ship	Amount	% of Owner - ship
China Steel and Nippon Steel Vietnam Joint Stock Company (CSVN)	\$ 6,353,422	56	\$ 7,034,874	56
China Steel Asia Pacific Holdings Pte Ltd(CSAP)	4,293,509	100	4,142,730	100
Sing Da Marine Structure Corporation (SDMS)	3,169,040	100	754,140	100
China Steel Global Trading Corporation (CSGT)	2,050,305	100	2,189,379	100
Kaohsiung Rapid Transit Corporation (KRTC)	1,338,049	43	1,334,447	43
China Steel Machinery Corporation (CSMC)	1,084,456	74	1,070,002	74
China Steel Corporation India Pvt. Ltd. (CSCI)	1,063,968	100	1,688,762	100
CSC Solar Corporation (CSCSOLAR)	1,019,672	55	692,176	55
China Steel Resources Corporation (CSRC)	995,460	100	994,965	100
Infochamp Systems Corporation (Info Champ)	699,802	100	742,119	100
China Steel Security Corporation (CSS)	526,997	100	530,435	100
HIMAG Magnetic Corporation (HIMAG)	388,716	69	386,104	69
CSC Precision Metal Industrial Corporation (CPMI)	299,268	100	289,338	100
United Steel International Co., Ltd. (USICL)	254,547	80	266,381	80
China Steel Management Consulting Corporation (CMCC)	17,808	100	16,957	100
China Steel Power Holding Corporation (CPHC)	4,719	100	4,928	100
White Biotech Corporation (WBT)	-	-	19,220	87
China Steel Power Corporation (ZN)	-	0.002	-	-
	<u>175,804,380</u>		<u>174,142,097</u>	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>6,582,556</u>		<u>6,569,944</u>	
	<u>169,221,824</u>		<u>167,572,153</u>	
	<u>\$ 178,767,607</u>		<u>\$ 177,001,964</u>	

(Concluded)

Due to structural adjustment resolved by CSAP's board of directors, CSAP reduced its capital in shares and in cash on June 1, 2018. The capital in shares and in cash pertaining to the shareholdings of FHC and USICL in CSAP were returned to the Corporation. In addition, the capital in cash returned to the Corporation amounted to NT\$283,510 thousand, and the total shareholding percentage remained unchanged. Starting from June 1, 2018, FHC and USICL are reclassified to financial assets at FVTOCI-noncurrent and investments accounted for using equity method, respectively. In August 2019, the subsidiary CSAP reduced its capital by NT\$108,328 thousand; the total shareholding percentage remained unchanged.

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

	December 31	
	2019	2018
CSCC	<u>\$ 8,426,430</u>	<u>\$ 9,423,844</u>
CHS	<u>\$ 6,205,469</u>	<u>\$ 6,234,603</u>
CHC	<u>\$ 2,479,267</u>	<u>\$ 2,469,409</u>
CEC	<u>\$ 1,944,299</u>	<u>\$ 1,645,176</u>
CSSC	<u>\$ 1,668,845</u>	<u>\$ 1,751,955</u>

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

b. Investments in associates

	December 31			
	2019	% of Owner - ship	2018	% of Owner - ship
Amount			Amount	
Taiwan Rolling Stock Co., Ltd. (TRSC)	\$ 968,793	48	\$ 1,007,233	48
Kaohsiung Arena Development Corporation (KADC)	519,599	18	510,552	18
Honley Auto. Parts Co., Ltd. (HONLEY)	461,258	35	569,839	38
Eminent II Venture Capital Corporation (EVC II)	441,446	46	394,784	46
Hsin Hsin Cement Enterprise Corporation. (HHCEC)	359,196	31	370,263	31
Dyna Rechi Co., Ltd. (DRC)	287,626	23	296,830	25
Overseas Investment & Development Corporation. (OIDC)	53,945	6	58,761	6
TaiAn Technologies Corporation (TAIAN)	<u>24,588</u>	17	<u>13,307</u>	17
	<u>\$ 3,116,451</u>		<u>\$ 3,221,569</u>	

The Corporation's total equity in KADC is 29%, including 18% directly owned and 11% indirectly owned through United Steel Engineering & Construction Corporation and CPDC. The Corporation's total equity in TAIAN is 22%, including 17% directly owned and 5% indirectly owned through CSMC. The Corporation's total equity in OIDC is 21%, including 6% directly owned and 15% indirectly owned through the subsidiaries CSMC and Union Steel Development Corporation.

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

	For the Year Ended December 31	
	2019	2018
The Corporation's share of		
Net loss for the year	\$ (103,014)	\$ (225,309)
Other comprehensive income (loss)	<u>10,818</u>	<u>(15,677)</u>
Total comprehensive loss	<u>\$ (92,196)</u>	<u>\$ (240,986)</u>

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

### 13. OTHER FINANCIAL ASSETS

	December 31	
	2019	2018
Current		
Pledged time deposits (Note 30)	\$ 5,850,000	\$ 5,850,000
Time deposits with original maturities more than three months	100,000	100,000
Deposits for projects	<u>6</u>	<u>120,843</u>
	<u>\$ 5,950,006</u>	<u>\$ 6,070,843</u>

(Continued)

	December 31	
	2019	2018
<hr/> Noncurrent <hr/>		
Deposits for projects	\$ 2	\$ -
		(Concluded)

## 14. PROPERTY, PLANT AND EQUIPMENT

### For the Year Ended December 31, 2019

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<hr/> Cost <hr/>									
Balance at January 1, 2019	\$ 52,264,108	\$ 4,712,604	\$ 66,926,178	\$ 368,722,658	\$ 2,162,522	\$ 7,884,746	\$ 6,432,588	\$ 9,900,042	\$ 519,005,446
Additions	-	44,232	361,425	4,511,729	81,570	274,824	1,219,706	1,755,065	8,248,551
Disposals	-	-	(4,299)	(1,643,756)	(41,109)	(311,087)	(675,281)	-	(2,675,532)
Reclassification	(929,990)	-	(4,000)	-	-	-	-	-	(933,990)
Balance at December 31, 2019	\$ 51,334,118	\$ 4,756,836	\$ 67,279,304	\$ 371,590,631	\$ 2,202,983	\$ 7,848,483	\$ 6,977,013	\$ 11,655,107	\$ 523,644,475
<hr/> Accumulated depreciation <hr/>									
Balance at January 1, 2019	\$ -	\$ 4,530,254	\$ 38,083,297	\$ 310,074,039	\$ 1,801,599	\$ 5,712,128	\$ 2,906,132	\$ -	\$ 363,107,449
Depreciation	-	29,903	2,129,469	13,384,115	113,014	655,860	753,457	-	17,065,818
Disposals	-	-	(1,955)	(1,640,400)	(41,000)	(309,748)	(675,281)	-	(2,668,384)
Reclassification	-	-	(1,561)	-	-	-	-	-	(1,561)
Balance at December 31, 2019	\$ -	\$ 4,560,157	\$ 40,209,250	\$ 321,817,754	\$ 1,873,613	\$ 6,058,240	\$ 2,984,308	\$ -	\$ 377,503,322
Carrying amount at December 31, 2019	\$ 51,334,118	\$ 196,679	\$ 27,070,054	\$ 49,772,877	\$ 329,370	\$ 1,790,243	\$ 3,992,705	\$ 11,655,107	\$ 146,141,153

### For the Year Ended December 31, 2018

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

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

Land improvements	
Bridge	40 years
Drainage system	40 years
Wall	20-40 years
Wharf	20-40 years
Disposal site	7 years
	(Continued)

Buildings	
Main structure	3-60 years
Facility	8-40 years
Mechanical and electrical facilities	10-15 years
Trellis and corrugated iron building	3-20 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-18 years
Lifting equipment	5-12 years
Electrical equipment	3-16 years
High-temperature equipment	3-17 years
Examination equipment	3-10 years
Transportation equipment	
Railway equipment	5-20 years
Telecommunication equipment	5 years
Transportation equipment	3-10 years
Other equipment	
Office and extinguishment equipment	5-10 years
Computer equipment	3-10 years
Air condition equipment	5-8 years
	(Concluded)

## 15. LEASE ARRANGEMENTS

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

	<b>December 31, 2019</b>
Carrying amounts	
Land	\$ 907,817
Land improvements	409,226
Buildings	66,398
Transportation equipment	12,920
Machinery	<u>13,260</u>
	<u>\$ 1,409,621</u>
	<b>For the Year Ended December 31, 2019</b>
Additions to right-of-use assets	<u>\$ 147,748</u>
Depreciation charge for right-of-use assets	
Land	\$ 207,028
Land improvements	62,015
Buildings	44,057
Transportation equipment	19,521
Machinery	<u>8,375</u>
	<u>\$ 340,996</u>

b. Lease liabilities - 2019

	<b>December 31, 2019</b>
	<u>Carrying amounts</u>
Current	<u>\$ 328,823</u>
Non-current	<u>\$ 1,084,022</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31, 2019</b>
Land (%)	0.92-1.47
Land improvements (%)	0.92-1.31
Buildings (%)	0.92
Transportation equipment (%)	0.92
Machinery (%)	0.92

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 Corporation enters into lease arrangements with the subsidiary CSE to cope with shipment of foreign raw materials. The payment terms are calculated based on actual shipping amount and thus classified as variable lease payment.

d. Other lease information

	<b>For the Year Ended December 31, 2019</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 86,195</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	<u>\$ 2,512,254</u>
Total cash outflow for leases	<u>\$ (2,954,801)</u>

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

## 16. INVESTMENT PROPERTIES

### For the Year Ended December 31, 2019

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 5,536,165	\$ 1,260,162	\$ 6,796,327
Transferred from property, plant and equipment	<u>929,990</u>	<u>4,000</u>	<u>933,990</u>
Balance at December 31, 2019	<u>\$ 6,466,155</u>	<u>\$ 1,264,162</u>	<u>\$ 7,730,317</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ -	\$ 264,163	\$ 264,163
Depreciation	-	22,671	22,671
Transferred from property, plant and equipment	<u>-</u>	<u>1,561</u>	<u>1,561</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 288,395</u>	<u>\$ 288,395</u>
Carrying amount at December 31, 2019	<u>\$ 6,466,155</u>	<u>\$ 975,767</u>	<u>\$ 7,441,922</u>

### For the Year Ended December 31, 2018

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2018	\$ 6,130,771	\$ 1,240,531	\$ 7,371,302
Transferred from property, plant and equipment	-	19,631	19,631
Transferred to noncurrent assets held for sale	<u>(594,606)</u>	<u>-</u>	<u>(594,606)</u>
Balance at December 31, 2018	<u>\$ 5,536,165</u>	<u>\$ 1,260,162</u>	<u>\$ 6,796,327</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2018	\$ -	\$ 241,510	\$ 241,510
Depreciation	-	22,408	22,408
Transferred from property, plant and equipment	<u>-</u>	<u>245</u>	<u>245</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 264,163</u>	<u>\$ 264,163</u>
Carrying amount at December 31, 2018	<u>\$ 5,536,165</u>	<u>\$ 995,999</u>	<u>\$ 6,532,164</u>

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

#### Buildings

Main structure

5-60 years

The Corporation participated in the “Qianzhen Residential Building Project”, which was jointly conducted by its subsidiary CPDC, and signed the land sales agreements with its employees. According to the agreements, payment for the land received from employees were deposited in the Bank of Taiwan and recognized as other financial assets 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.

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Fair value	\$ 25,058,287	\$ 23,924,857
Depreciation rate (%)	1.90-2.71	1.90-2.71
Discount rate (%)	0.99-2.56	0.99-2.56

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

## 17. BORROWINGS

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Unsecured loans	\$ 12,000,000	\$ 11,500,000
Bank overdraft (Note 30)	4,835,521	5,202,231
Export bill loans	584,361	612,035
Letters of credit	24,093	14,497
Loans from related parties (Note 29)	<u>2,700,000</u>	<u>-</u>
	<u>\$ 20,143,975</u>	<u>\$ 17,328,763</u>
Range of interest rates p.a. (%)	0-4.75	0-3.36

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Commercial paper	\$ 14,000,000	\$ -
Less: Unamortized discounts	<u>(9,362)</u>	<u>-</u>
	<u>\$ 13,990,638</u>	<u>\$ -</u>
Range of interest rates p.a. (%)	0.52-0.58	-

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



c. Long-term borrowings

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Unsecured loans		
Due on various dates through November 2022	\$ 8,620,425	\$ 8,525,671
Less: Financial liabilities for hedging - current	-	4,177,109
Financial liabilities for hedging - noncurrent	<u>4,620,425</u>	<u>4,348,562</u>
	<u>\$ 4,000,000</u>	<u>\$ -</u>
Range of interest rates p.a. (%)	0.30-2.65	0.29-3.57

The amount of USD58,548 thousand and JPY10.38 billion (NT\$4,620,425 thousand), which is included in the above bank loans as of December 31, 2019 and the amount of USD183,548 thousand and JPY10.38 billion (NT\$8,525,671 thousand), which is included in the above bank loans as of December 31, 2018 were used to hedge the exchange rate fluctuations and were reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Commercial paper	\$ 2,000,000	\$ 5,900,000
Less: Unamortized discounts	<u>1,313</u>	<u>2,271</u>
	<u>\$ 1,998,687</u>	<u>\$ 5,897,729</u>
Range of interest rates p.a. (%)	0.68	0.51-0.79

The Corporation entered into unsecure commercial paper contracts with Cathay United Bank, CTBC Bank and Taishin Bank in December 2019, February 2016, March 2016 and May 2016, respectively. The duration of the contracts is four years. In the fourth year, the contracts can only be issued after negotiating between the counterparties. During the cycle of issuance, the Corporation only has to pay service fees and interests. Therefore, the Corporation recorded those commercial papers issued as long-term bills payable.

**18. BONDS PAYABLE**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Unsecured domestic bonds	\$ 72,350,000	\$ 78,000,000
Less: Issuance cost of bonds payable	36,589	46,446
Current portion	<u>6,599,642</u>	<u>5,649,340</u>
	<u>\$ 65,713,769</u>	<u>\$ 72,304,214</u>

The major terms of unsecured domestic bonds are as follows:

<b>Issuance Period</b>	<b>Total Amount</b>	<b>Coupon Rate (%)</b>	<b>Repayment and Interest Payment</b>
August 2012 to August 2019	\$ 5,000,000	1.37	Repayable in August 2018 and August 2019; interest payable annually
July 2013 to July 2020	6,300,000	1.44	Repayable in July 2019 and July 2020; interest payable annually
January 2014 to January 2021	6,900,000	1.75	Repayable in January 2020 and January 2021; interest payable annually
May 2018 to May 2025	6,000,000	0.95	Repayable in May 2024 and May 2025; interest payable annually
October 2018 to October 2025	4,150,000	0.90	Repayable 25% in October 2024 and 75% in October 2025; interest payable annually
August 2012 to August 2022	15,000,000	1.50	Repayable in August 2021 and August 2022; interest payable annually
July 2013 to July 2023	9,700,000	1.60	Repayable in July 2022 and July 2023; interest payable annually
January 2014 to January 2024	7,000,000	1.95	Repayable in January 2023 and January 2024; interest payable annually
August 2018 to August 2028	5,600,000	1.10	Repayable in August 2027 and August 2028; interest payable annually
October 2018 to October 2028	2,250,000	1.05	Repayable in October 2027 and October 2028; interest payable annually
July 2013 to July 2028	3,600,000	1.88	Repayable 30% in July 2026, 30% in July 2027 and 40% in July 2028; interest payable annually
January 2014 to January 2029	9,000,000	2.15	Repayable 30% in January 2027, 30% in January 2028 and 40% in January 2029; interest payable annually

## 19. OTHER PAYABLES

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Salaries and bonus	\$ 3,594,516	\$ 4,406,050
Purchase of equipment	3,067,514	3,472,471
Consignment payable	520,221	2,339,590
Employees' compensation and remuneration of directors	632,807	1,776,755
Outsourced repair and construction	554,981	893,148
Interest payable	752,634	800,597
Others	<u>4,840,873</u>	<u>4,549,647</u>
	<u>\$ 13,963,546</u>	<u>\$ 18,238,258</u>

## 20. PROVISIONS - CURRENT

	December 31			
	2019		2018	
Onerous contracts (a)	\$ 2,510,578		\$ 4,933,298	
Construction warranties (b)	<u>455</u>		<u>455</u>	
	<u>\$ 2,511,033</u>		<u>\$ 4,933,753</u>	
	Onerous Contracts	Sales Discounts (c)	Construction Warranties	Total
Balance at January 1, 2019	\$ 4,933,298	\$ -	\$ 455	\$ 4,933,753
Reversal	<u>(2,422,720)</u>	<u>-</u>	<u>-</u>	<u>(2,422,720)</u>
Balance at December 31, 2019	<u>\$ 2,510,578</u>	<u>\$ -</u>	<u>\$ 455</u>	<u>\$ 2,511,033</u>
Balance at January 1, 2018	\$ 2,210,635	\$ 28,469	\$ 455	\$ 2,239,559
Adjustment on initial application of IFRS 15	939,346	(28,469)	-	910,877
Recognized	<u>1,783,317</u>	<u>-</u>	<u>-</u>	<u>1,783,317</u>
Balance at December 31, 2018	<u>\$ 4,933,298</u>	<u>\$ -</u>	<u>\$ 455</u>	<u>\$ 4,933,753</u>

- The provision for onerous contracts represents the present value of the future payments that the Corporation was presently obligated to make under non-cancellable onerous purchase contracts, less revenue expected to be earned on the contracts, and the difference between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation from non-cancellable construction contracts. Under IFRS 15, expected loss of construction contracts were reclassified to the provision for onerous contracts.
- The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties. The estimate had been made on the basis of historical warranty trends.
- Under IFRS 15, the provision for sales discounts were reclassified to refund liability - current.

## 21. RETIREMENT BENEFIT PLANS

- Defined contribution plans

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

- Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the

Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Corporation has no right to influence the investment policy and strategy. Starting from August 1999, the Corporation has also made contributions, equal to a certain percentage of salaries of management personnel (vice president above), to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation has also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Present value of defined benefit obligation	\$ 21,476,469	\$ 22,454,011
Fair value of plan assets	<u>(14,395,983)</u>	<u>(15,497,311)</u>
Deficit	7,080,486	6,956,700
Net defined benefit liabilities - recognized in other payables	<u>(80,390)</u>	<u>(69,319)</u>
Net defined benefit liabilities	<u>\$ 7,000,096</u>	<u>\$ 6,887,381</u>

Movements of net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2019	<u>\$ 22,454,011</u>	<u>\$ (15,497,311)</u>	<u>\$ 6,956,700</u>
Service cost			
Current service cost	587,028	-	587,028
Interest expense (income)	<u>196,472</u>	<u>(137,652)</u>	<u>58,820</u>
Recognized in profit or loss	<u>783,500</u>	<u>(137,652)</u>	<u>645,848</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(591,643)	(591,643)
Actuarial loss - changes in financial assumptions	316,190	-	316,190
Actuarial loss - experience adjustments	<u>447,720</u>	<u>-</u>	<u>447,720</u>
Recognized in other comprehensive income	<u>763,910</u>	<u>(591,643)</u>	<u>172,267</u>
Contributions from the employer	-	(653,631)	(653,631)
Benefits paid	(2,538,226)	2,497,528	(40,698)
Contributions of employee returning to the Corporation	<u>13,274</u>	<u>(13,274)</u>	<u>-</u>
	<u>(2,524,952)</u>	<u>1,830,623</u>	<u>(694,329)</u>
Balance at December 31, 2019	<u>\$ 21,476,469</u>	<u>\$ (14,395,983)</u>	<u>\$ 7,080,486</u>

(Continued)

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

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Operating costs	\$ 445,102	\$ 457,350
Operating expenses	200,696	192,276
Others	<u>50</u>	<u>497</u>
	<u>\$ 645,848</u>	<u>\$ 650,123</u>

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

1) Investment risk

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

## 2) Interest risk

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

## 3) Salary risk

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

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount rate (%)	0.625	0.875
Expected rate of salary increase (%)	2.500	2.500
Turnover rate (%)	0.000-0.100	0.000-0.100

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount rate		
0.25% increase	<u>\$ (316,190)</u>	<u>\$ (333,203)</u>
0.25% decrease	<u>\$ 325,651</u>	<u>\$ 342,913</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 316,388</u>	<u>\$ 332,659</u>
0.25% decrease	<u>\$ (308,854)</u>	<u>\$ (324,974)</u>

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
The expected contributions to the plan for the next year	<u>\$ 658,417</u>	<u>\$ 468,682</u>
The average duration of the defined benefit obligation	5.9 years	6.1 years

## 22. EQUITY

### a. Share capital

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

#### 1) Ordinary shares

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

#### 2) Preference shares

Preference shareholders have the following entitlements or rights:

- 14% annual dividends, with dividend payments ahead of those to ordinary shareholders;
- Preference over ordinary shares in future payment of dividends in arrears;
- The sequence and percentage of appropriation of residual property are the same with ordinary shares;
- The same rights as ordinary shareholders, except the right to vote for directors; and
- Redeemable by the Corporation and convertible to ordinary shares by preference shareholders with the ratio of 1:1.

#### 3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. The depositary receipts then increased by 6,924,354 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,668,738,370 shares (including 290 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of December 31, 2019 and 2018, the outstanding depositary receipts were 713,607 units and 769,313 units, equivalent to 14,272,450 ordinary shares

(including 310 fractional shares) and 15,386,570 ordinary shares (including 310 fractional shares), which both represented 0.09% of the outstanding ordinary shares, respectively.

b. Capital surplus

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
May be used to offset deficits, distribute cash or transfer to share capital (see 1 below)		
Additional paid-in capital	\$ 31,154,766	\$ 31,154,766
Treasury share transactions	7,079,070	6,759,039
Others	<u>8,099</u>	<u>8,099</u>
	<u>38,241,935</u>	<u>37,921,904</u>
May be used to offset deficits only (see 2 below)		
Share of change in equity of subsidiaries	509,181	507,077
Share of change in equity of associates	<u>126,153</u>	<u>116,903</u>
	<u>635,334</u>	<u>623,980</u>
	<u>\$ 38,877,269</u>	<u>\$ 38,545,884</u>

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

c. Retained earnings and dividend policy

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

- 1) 10% as legal reserve;
- 2) Preference share dividends at 14% of par value;
- 3) Ordinary share dividends at no more than 14% of par value; and
- 4) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

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

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

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



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

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

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

The appropriations of earnings for 2019 had been proposed by the Corporation’s board of directors on March 23, 2020 as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 858,223	
Special reserve	110,524	
Preference shares		
Cash dividends	53,575	\$ 1.4
Ordinary shares		
Cash dividends	7,867,430	\$ 0.5

The appropriations of earnings for 2019 are subject to the resolution of the shareholder’s meeting to be held in June 2020.

d. Special reserves

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 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	(62)	(389)
Balance, end of the year	\$ 27,803,906	\$ 27,649,488

e. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ (5,919,624)	\$ (6,115,853)
Recognized during the year		
Exchange differences arising on translating foreign operations	(733,134)	92,177
Share from subsidiaries and associates accounted for using the equity method	<u>(186,078)</u>	<u>104,052</u>
Other comprehensive income recognized in the year	<u>(919,212)</u>	<u>196,229</u>
Balance, end of the year	\$ (6,838,836)	\$ (5,919,624)

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 4,410,913	\$ 5,251,741
Recognized during the year		
Unrealized gains and losses - equity instruments	(5,888,537)	(1,154,367)
Share from subsidiaries and associates accounted for using the equity method	<u>3,617,214</u>	<u>203,456</u>
Other comprehensive income recognized in the year	<u>(2,271,323)</u>	<u>(950,911)</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(15,248)</u>	<u>110,083</u>
Balance, end of the year	\$ 2,124,342	\$ 4,410,913

3) Gains and losses on hedging instrument

	<b>Cash Flow Hedges</b>	<b>Fair Value Hedges</b>	<b>Hedges of Net Investments in Foreign Operations</b>	<b>Total</b>
Balance at January 1, 2019	\$ 290,851	\$ 15,555	\$ 3,797,472	\$ 4,103,878
Increase (decrease) in the year	<u>(256,316)</u>	<u>8,390</u>	<u>(3,417)</u>	<u>(251,343)</u>
Balance at December 31, 2019	<u>\$ 34,535</u>	<u>\$ 23,945</u>	<u>\$ 3,794,055</u>	<u>\$ 3,852,535</u>
Balance at January 1, 2018	\$ (131,335)	\$ 98,851	\$ 4,005,260	\$ 3,972,776
Increase (decrease) in the year	<u>422,186</u>	<u>(83,296)</u>	<u>(207,788)</u>	<u>131,102</u>
Balance at December 31, 2018	<u>\$ 290,851</u>	<u>\$ 15,555</u>	<u>\$ 3,797,472</u>	<u>\$ 4,103,878</u>

a) Cash flow hedges

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 290,851	\$ (131,335)
Effect of change in tax rate	-	(1,387)
Recognized during the year		
Foreign currency risk - hedging foreign - currency deposits	(50,291)	23,504
Foreign currency risk - foreign exchange forward contracts	(25,166)	(37,696)
Tax effect	15,091	2,838
Share from subsidiaries and associates accounted for using the equity method	(192,915)	451,261
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	(3,794)	(20,418)
Tax effect	759	4,084
Other comprehensive income (loss) recognized in the year	<u>(256,316)</u>	<u>422,186</u>
Balance, end of the year	<u>\$ 34,535</u>	<u>\$ 290,851</u>

b) Fair value hedges

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 15,555	\$ 98,851
Recognized during the year		
Foreign currency risk - bank loans	<u>8,390</u>	<u>(83,296)</u>
Other comprehensive income (loss) recognized in the year	<u>8,390</u>	<u>(83,296)</u>
Balance, end of the year	<u>\$ 23,945</u>	<u>\$ 15,555</u>

c) Hedges of net investments in foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 3,797,472	\$ 4,005,260
Recognized during the year		
Foreign currency risk - bank loans	<u>(3,417)</u>	<u>(207,788)</u>
Other comprehensive loss recognized in the year	<u>(3,417)</u>	<u>(207,788)</u>
Balance, end of the year	<u>\$ 3,794,055</u>	<u>\$ 3,797,472</u>

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2019					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,004</u>	<u>761</u>	<u>-</u>	<u>320,765</u>	<u>\$8,664,198</u>
For the year ended December 31, 2018					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>315,166</u>	<u>4,878</u>	<u>40</u>	<u>320,004</u>	<u>\$8,646,700</u>

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 December 31, 2019 and 2018, the market values of the treasury shares calculated by combined holding percentage were NT\$7,668,370 thousand and NT\$7,761,396 thousand, respectively.

## 23. OPERATING REVENUES

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable (Note 10)	<u>\$ 3,641,038</u>	<u>\$ 5,881,719</u>	<u>\$ 5,677,732</u>
Contract assets			
Construction contracts	<u>\$ 37,687</u>	<u>\$ 204,993</u>	<u>\$ 67,555</u>
Contract liabilities			
Sale of goods	\$ 960,115	\$ 1,037,999	\$ 1,743,471
Construction contracts	140,981	690,158	799,941
Sale of real estate	<u>-</u>	<u>60,436</u>	<u>59,580</u>
	<u>\$ 1,101,096</u>	<u>\$ 1,788,593</u>	<u>\$ 2,602,992</u>

b. Disaggregation of revenue

For the year ended December 31, 2019

	<b>Steel Department</b>	<b>Others</b>	<b>Total</b>
<u>Type of goods or services</u>			
Sale of goods	\$ 201,535,449	\$ -	\$ 201,535,449
Others	<u>-</u>	<u>5,762,084</u>	<u>5,762,084</u>
	<u>\$ 201,535,449</u>	<u>\$ 5,762,084</u>	<u>\$ 207,297,533</u>

For the year ended December 31, 2018

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

c. Partially completed contracts

As of December 31, 2019 and 2018, the transaction prices allocated to the performance obligations that are not fully satisfied are NT\$8,819,068 thousand and NT\$10,926,729 thousand, respectively. The Corporation will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through June 2024.

## 24. PROFIT BEFORE INCOME TAX

a. Other income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Rental income	\$ 620,040	\$ 526,855
Dividend income	536,241	363,401
Royalty income	286,737	155,064
Interest income	194,172	197,865
Others	<u>344,111</u>	<u>344,250</u>
	<u>\$ 1,981,301</u>	<u>\$ 1,587,435</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Net foreign exchange gain	\$ 335,857	\$ 394,597
Loss on disposal of property, plant and equipment	(7,148)	(51,676)
Gain arising on financial assets at fair value through profit or loss	14,534	3,802
Other losses	<u>(354,918)</u>	<u>(407,916)</u>
	<u>\$ (11,675)</u>	<u>\$ (61,193)</u>

The components of net foreign exchange gain were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gain	\$ 953,777	\$ 1,018,473
Foreign exchange loss	<u>(617,920)</u>	<u>(623,876)</u>
Net exchange gain	<u>\$ 335,857</u>	<u>\$ 394,597</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest of bonds payable	\$ 1,176,788	\$ 1,179,089
Interest of short-term borrowings and bank overdraft	237,197	529,249
Interest of bills payable	48,710	85,232
Interest of lease liabilities	<u>18,558</u>	<u>-</u>
Total interest expense for financial liabilities measured at amortized cost	1,481,253	1,793,570
Less: Amounts included in the cost of qualifying assets	<u>144,262</u>	<u>141,356</u>
	<u>\$ 1,336,991</u>	<u>\$ 1,652,214</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Capitalized amounts	\$ 144,262	\$ 141,356
Capitalized annual rates (%)	1.14-1.40	1.21-1.40

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 17,065,818	\$ 17,587,281
Right-of-use assets	340,996	-
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Investment properties	\$ 22,671	\$ 22,408
Intangible assets	<u>9,957</u>	<u>9,963</u>
	<u>\$ 17,439,442</u>	<u>\$ 17,619,652</u>
An analysis of depreciation by function		
Operating costs	\$ 16,109,211	\$ 16,410,561
Operating expenses	1,115,688	1,085,787
Others	<u>204,586</u>	<u>113,341</u>
	<u>\$ 17,429,485</u>	<u>\$ 17,609,689</u>
An analysis of amortization by function		
Operating costs	\$ 9,956	\$ 9,956
Operating expenses	<u>1</u>	<u>7</u>
	<u>\$ 9,957</u>	<u>\$ 9,963</u>
		(Concluded)

e. Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits		
Salaries	\$ 15,459,628	\$ 17,706,124
Labor and health insurance	1,009,288	960,646
Others	<u>570,385</u>	<u>625,479</u>
	<u>17,039,301</u>	<u>19,292,249</u>
Post-employment benefits		
Defined contribution plans	301,139	258,614
Defined benefit plans (Note 21)	<u>645,848</u>	<u>650,123</u>
	<u>946,987</u>	<u>908,737</u>
Termination benefits	<u>57,947</u>	<u>78,722</u>
	<u>\$ 18,044,235</u>	<u>\$ 20,279,708</u>
Analysis of employee benefits by function		
Operating costs	\$ 14,852,995	\$ 16,639,396
Operating expenses	3,045,835	3,481,047
Others	<u>145,405</u>	<u>159,265</u>
	<u>\$ 18,044,235</u>	<u>\$ 20,279,708</u>

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation, the article stipulates the Corporation distributed employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 which have been approved by the Corporation's board of directors in March 2020 and 2019, respectively, were as follows:

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	\$ 622,979	\$ 1,744,054
Remuneration of directors	11,681	32,701

Accrual Rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation (%)	5.84	6.19
Remuneration of directors (%)	0.11	0.12

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

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

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

## 25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current year	\$ 829,442	\$ 3,715,188
Income tax on unappropriated earnings	410,818	15,363
In respect of prior years	(30,741)	(607,057)
Deferred tax		
In respect of the current year	(1,333)	(567,545)
In respect of prior years	17,367	(180,413)
Changes in tax rates	<u>-</u>	<u>(432,298)</u>
	<u>\$ 1,225,553</u>	<u>\$ 1,943,238</u>



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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Profit before income tax	\$ 10,035,108	\$ 26,397,390
Income tax expense calculated at the statutory rate	\$ 2,007,022	\$ 5,279,478
Non-deductible expenses in determining taxable income	11,656	12,361
Tax-exempt income	(1,113,551)	(2,106,903)
Changes in tax rates	-	(432,298)
Income tax on unappropriated earnings	410,818	15,363
Land value increment tax	2,456	-
Investment credits in respect of the current year	(12,779)	(9,643)
Adjustments for prior years' tax in respect of the current year	(13,374)	(787,470)
Realized investment loss on investees' capital reduction to cover losses	<u>(66,695)</u>	<u>(27,650)</u>
	<u>\$ 1,225,553</u>	<u>\$ 1,943,238</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 rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Corporation has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 31, 2019.

b. Income tax recognized directly in equity

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 23	\$ 116
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	<u>(23)</u>	<u>(116)</u>
	<u>\$ -</u>	<u>\$ -</u>

c. Income tax benefit recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Changes in tax rates - remeasurement of defined benefit plans	\$ -	\$ 1,595
Changes in tax rates - fair value changes of cash flow hedges	-	(1,387)
Current - fair value changes of cash flow hedges	15,091	2,838
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current - remeasurement of defined benefit plan	\$ 34,454	\$ 151,462
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>759</u>	<u>4,084</u>
	<u>\$ 50,304</u>	<u>\$ 158,592</u>
		(Concluded)

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2019

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Recognized Directly in Equity</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit pension plan	\$ 1,391,338	\$ (9,696)	\$ 34,454	\$ -	\$ 1,416,096
Unrealized loss on inventories	765,655	324,717	-	-	1,090,372
Unrealized loss on cash flow hedges	-	-	13,523	-	13,523
Provision	510,583	(373,888)	-	-	136,695
Unrealized gain on the transactions with subsidiaries and associates	207,454	(27,651)	-	-	179,803
Unrealized settlement loss on foreign exchange forward contracts for hedging	74,483	(10,212)	-	-	64,271
Unrealized construction loss	801,892	-	-	-	801,892
Estimated preferential severance pay	22,534	(1,648)	-	-	20,886
Foreign investment loss	607,095	47,264	-	-	654,359
Others	<u>119,053</u>	<u>(11,003)</u>	<u>-</u>	<u>-</u>	<u>108,050</u>
	<u>\$ 4,500,087</u>	<u>\$ (62,117)</u>	<u>\$ 47,977</u>	<u>\$ -</u>	<u>\$ 4,485,947</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Difference between tax reporting and financial reporting - depreciation methods	584,250	(42,264)	-	-	541,986
Unrealized exchange gains, net	71,507	(308)	-	-	71,199
Unrealized gain on revaluation increment	38,444	-	-	(23)	38,421
Unrealized gain on cash flow hedge	2,327	-	(2,327)	-	-
Others	<u>13,737</u>	<u>(3,511)</u>	<u>-</u>	<u>-</u>	<u>10,226</u>
	<u>\$ 10,722,181</u>	<u>\$ (46,083)</u>	<u>\$ (2,327)</u>	<u>\$ (23)</u>	<u>\$ 10,673,748</u>

For the Year Ended December 31, 2018

	<b>Balance, Beginning of Year</b>	<b>Adjustment on Initial Application of IFRS 9</b>	<b>Changes in Tax Rates</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Recognized Directly in Equity</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>							
Temporary differences							
Defined benefit pension plan	\$ 1,041,110	\$ -	\$ 183,725	\$ 15,041	\$ 151,462	\$ -	\$ 1,391,338
Unrealized loss on inventories	643,528	-	113,564	8,563	-	-	765,655
Impairment loss on financial assets	216,935	(216,935)	-	-	-	-	-
Provision	375,808	-	66,319	68,456	-	-	510,583

(Continued)

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

(Concluded)

e. Income tax assessments

The Corporation's income tax returns through 2016 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Net profit for the year	\$ 8,809,555	\$ 24,454,152
Less: Dividends on preference shares	<u>53,575</u>	<u>53,575</u>
Net profit used in computation of basic earnings per share	8,755,980	24,400,577
Add: Dividends on preference shares	<u>-</u>	<u>53,575</u>
Net profit used in computation of diluted earnings per share	<u>\$ 8,755,980</u>	<u>\$ 24,454,152</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,667	15,416,806

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Effect of dilutive potential ordinary shares:		
Employees' compensation	42,045	84,201
Convertible preference shares	<u>-</u>	<u>38,268</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,456,712</u>	<u>15,539,275</u> (Concluded)

Preference shares were not included in the calculation of diluted earnings per share for the year ended December 31, 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.

## 27. CAPITAL MANAGEMENT

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

## 28. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>December 31, 2019</u>				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,651,895</u>	\$ <u>1,651,895</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 12,098,209	\$ -	\$ -	\$ 12,098,209
Foreign listed shares	1,925,597	-	-	1,925,597
Domestic unlisted shares	-	-	969,454	969,454
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>25,967,461</u>	<u>25,967,461</u>
	<u>\$ 14,023,806</u>	<u>\$ -</u>	<u>\$ 26,936,915</u>	<u>\$ 40,960,721</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 599</u>	<u>\$ -</u>	<u>\$ 599</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 35,195</u>	<u>\$ -</u>	<u>\$ 35,195</u>
<u>December 31, 2018</u>				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,651,808</u>	<u>\$ 1,651,808</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 10,468,833	\$ -	\$ -	\$ 10,468,833
Foreign listed shares	2,171,073	-	-	2,171,073
Domestic unlisted shares	-	-	845,486	845,486
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>33,495,264</u>	<u>33,495,264</u>
	<u>\$ 12,639,906</u>	<u>\$ -</u>	<u>\$ 34,340,750</u>	<u>\$ 46,980,656</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 7,929</u>	<u>\$ -</u>	<u>\$ 7,929</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 17,359</u>	<u>\$ -</u>	<u>\$ 17,359</u>
				(Concluded)

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2019 and 2018.

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

For the year ended December 31, 2019

	<b>Equity Instruments</b>		
	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Total</b>
Balance, beginning of the year	\$ 1,651,808	\$ 34,340,750	\$ 35,992,558
Recognized in profit or loss	87	-	87
Recognized in other comprehensive income	-	(7,403,351)	(7,403,351)
Disposals	-	(484)	(484)
Balance, end of the year	<u>\$ 1,651,895</u>	<u>\$ 26,936,915</u>	<u>\$ 28,588,810</u>

For the year ended December 31, 2018

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

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

Derivative instruments - A discounted cash flow analysis was performed using the applicable yield curve for the duration of the derivative instruments for foreign exchange forward contracts. The estimates and assumptions used by the Corporation were consistent with those that market participants would use in setting a price for the financial instrument.

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

- For domestic unlisted shares and some foreign unlisted shares, fair values were determined based on industry types, valuations of similar companies and operations.
- For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected return by using discounted cash flow model.

Significant unobservable inputs were as follows; if the long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Long-term pre-tax operating income rate (%)	10.65-50.76	9.79-58.59
Discount rate (%)	10.79-11.01	8.50-10.37

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 187,755</u>	<u>\$ 195,918</u>
Decrease 1%	<u>\$ (189,229)</u>	<u>\$ (197,357)</u>
Discount rate		
Increase 1%	<u>\$ (365,524)</u>	<u>\$ (497,271)</u>
Decrease 1%	<u>\$ 452,460</u>	<u>\$ 606,196</u>

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

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	\$ 1,651,895	\$ 1,651,808
Financial assets for hedging	687,085	811,923
Financial assets at amortized cost 1)	24,657,905	31,783,248
Financial assets at fair value through other comprehensive income	40,960,721	46,980,656
<b>Financial liabilities</b>		
Financial liabilities for hedging	4,655,620	8,543,030
Measured at amortized cost 2)	135,220,285	132,013,487

- 1) The balances as of December 31, 2019 included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including loans to related parties), refundable deposits and other financial assets.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, accounts payable (including related parties), other payables, refund liabilities, bonds payable, long-term bank borrowings, long-term bills payable and deposits received.

d. Financial risk management objectives and policies

The Corporation places great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation was equipped with sufficient and cost - efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

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

The carrying amounts of the significant non-functional currency monetary assets and liabilities at the end of the reporting period were referred to Note 32.

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

	<b>USD Impact</b>	
	<b>For the Year Ended</b>	
	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Pre-tax profit or loss	\$ 18,901 i	\$ 35,766 i
Equity	15,857 ii	54,554 ii

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

ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges and financial liabilities for hedging that were designated as hedging instruments in foreign equity investments and net investments in foreign operations hedges.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year.

Hedge accounting

The Corporation's hedging strategies were as follows:

i. The Corporation's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure of its foreign currency capital expenditure. Those transactions are designated as cash flow hedges.



- ii. The Corporation has designated certain long-term foreign currency borrowing as a hedge to manage its foreign currency risk:
- i) Currency risks on foreign equity investments are accounted for as fair value hedge. Changes in the fair value of hedging instruments are recognized, based on the nature of hedged items, either in other gains or losses or other comprehensive income. The Corporation performs assessment of hedging effectiveness and it expects that the value of long-term foreign currency borrowing and the value of the foreign equity investment will systematically change in opposite direction in response to movements in the underlying exchange rates.
- ii) Foreign currency risk on investments in foreign operations is managed by using long-term foreign currency borrowing as a hedge instrument to hedge the investment in subsidiary CSVC, which has USD as their functional currency.

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

December 31, 2019

Hedging Instruments/ Hedged Items	Currency	Contract Amount (In thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	NTD1,201,595/ USD39,992	February 2020 - March 2023	28.57-31.38	Financial assets/ liabilities for hedging	\$ 599	\$ 19,813
	NTD/EUR	NTD149,276/ EUR4,192	January 2020 - December 2021	35.44-35.86	Financial liabilities for hedging	-	7,397
	NTD/JPY	NTD232,172/ JPY806,400	August 2020 - March 2023	0.28-0.29	Financial liabilities for hedging	-	7,985
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	\$ 5,658	NA	NA	Financial assets for hedging	169,619	-
	EUR	15,196	NA	NA	Financial assets for hedging	510,436	-
	JPY	23,300	NA	NA	Financial assets for hedging	6,431	-
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	58,548	April 2021	NA	Financial liabilities for hedging	-	1,755,269
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	3,814,000	December 2021 - November 2022	NA	Financial liabilities for hedging	-	1,052,664
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	6,567,000	June 2021	NA	Financial liabilities for hedging	-	1,812,492

Hedging Instruments/ Hedged Items	Currency	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
				Continuing Hedges	Discontinuing Hedges		
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	\$ (16,143)	\$ 16,143	\$ (19,214)	\$ -	NA	NA
	NTD/EUR	(1,038)	1,038	(7,397)	-	NA	NA
	NTD/JPY	(7,985)	7,985	(7,985)	-	NA	NA
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	(7,396)	7,396	(1,298)	-	NA	NA
	EUR	(45,912)	45,912	(31,345)	-	NA	NA
	JPY	(777)	777	(379)	-	NA	NA
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	43,033	(43,033)	(172,607)	3,966,662	NA	NA
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	8,390	(8,388)	23,945	NA	\$ 1,925,597	\$ (51,465)
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	14,447	(14,667)	NA	NA	1,651,895	(196,801)

## December 31, 2018

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

Hedging Instruments/ Hedged Items	Currency	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
				Continuing Hedges	Discontinuing Hedges		
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	\$ 21,750	\$ (21,750)	\$ (3,071)	\$ -	NA	NA
	NTD/EUR	(59,695)	59,695	(6,359)	-	NA	NA
	NTD/JPY	249	(249)	-	-	NA	NA
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	(5,171)	5,171	6,098	-	NA	NA
	EUR	7,081	(7,081)	14,568	-	NA	NA
	JPY	1,176	(1,176)	398	-	NA	NA
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	(160,066)	160,066	(169,190)	3,966,662	NA	NA
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	(53,396)	53,377	15,555	-	\$ 2,171,073	\$ (43,077)
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	(91,938)	93,338	NA	NA	1,651,808	(182,134)

## For the year ended December 31, 2019

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Foreign exchange forward contracts	\$ (25,166)	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	(54,085)	-	-	-	-
	<u>\$ (79,251)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Net investment hedge in foreign operations					
Foreign currency bank borrowings	<u>\$ (3,417)</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Foreign exchange forward contracts	\$ (37,696)	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	<u>3,086</u>	<u>-</u>	-	<u>-</u>	<u>-</u>
	<u>\$ (34,610)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Net investment hedge in foreign operations					
Foreign currency bank borrowings	<u>\$ (207,788)</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial liabilities	\$ 87,716,894	\$ 77,953,554
Cash flow interest rate risk		
Financial liabilities	30,763,087	31,752,163

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2019 and 2018 would have been lower/higher by NT\$307,631 thousand and NT\$317,522 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic and foreign listed shares.

If equity prices had been 1% lower/higher, the other comprehensive income for the year ended December 31, 2019 and 2018 would have been lower/higher by NT\$140,238 thousand and NT\$126,399 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

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

The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. The Corporation did transactions with a large number of

unrelated customers and no concentration of credit risk was observed.

As of December 31, 2019 and 2018, the maximum credit risk of off-balance-sheet guarantees provided to subsidiaries and investees of co-investment for procurement and investment compliance was NT\$38,136,226 thousand and NT\$29,274,586 thousand, respectively.

### 3) Liquidity risk

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

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

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>December 31, 2019</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 19,623,569	\$ -	\$ -	\$ 19,623,569
Lease liabilities	344,346	643,583	503,508	1,491,437
Variable interest rate liabilities	20,278,438	10,690,380	-	30,968,818
Fixed interest rate liabilities	22,360,739	41,845,111	27,655,608	91,861,458
Refund liabilities	2,054,213	-	-	2,054,213
Financial guarantee liabilities	<u>113,924</u>	<u>32,922,647</u>	<u>5,099,655</u>	<u>38,136,226</u>
	<u>\$ 64,775,229</u>	<u>\$ 86,101,721</u>	<u>\$ 33,258,771</u>	<u>\$ 184,135,721</u>
<u>December 31, 2018</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 26,920,259	\$ -	\$ -	\$ 26,920,259
Variable interest rate liabilities	21,677,920	10,331,506	-	32,009,426
Fixed interest rate liabilities	7,569,694	41,526,973	35,619,200	84,715,867
Refund liabilities	3,040,059	-	-	3,040,059
Financial guarantee liabilities	<u>320,087</u>	<u>28,460,872</u>	<u>493,627</u>	<u>29,274,586</u>
	<u>\$ 59,528,019</u>	<u>\$ 80,319,351</u>	<u>\$ 36,112,827</u>	<u>\$ 175,960,197</u>

The amounts included above for financial guarantee contracts were the maximum amounts the Corporation could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Corporation considers that it is more likely than not that none of the amount will be payable under the arrangement.

## 29. TRANSACTIONS WITH RELATED PARTIES

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

Company	Relationship
C. S. Aluminium Corporation (CSAC)	Subsidiaries
China Steel Express Corporation (CSE)	Subsidiaries
China Steel Chemical Corporation (CSCC)	Subsidiaries
China Steel Global Trading Corporation (CSGT)	Subsidiaries
CHC Resources Corporation (CHC)	Subsidiaries
China Ecotek Corporation (CEC)	Subsidiaries
China Steel Structure Co., Ltd. (CSSC)	Subsidiaries
Chung Hung Steel Corporation (CHS)	Subsidiaries
China Steel Machinery Corporation (CSMC)	Subsidiaries
Gains Investment Corporation (GIC)	Subsidiaries
China Steel Security Corporation (CSS)	Subsidiaries
China Prosperity Development Corporation. (CPDC)	Subsidiaries
InfoChamp Systems Corporation (Info Champ)	Subsidiaries
Ever Wealthy International Corporation	Subsidiaries
China Steel Management Consulting Corporation	Subsidiaries
Himag Magnetic Corporation	Subsidiaries
Dragon Steel Corporation (DSC)	Subsidiaries
China Steel Nippon Steel Vietnam Joint Stock Company (Renamed from China Steel Sumikin Vietnam Joint Stock Company) (CSVN)	Subsidiaries
CSGT (Singapore) Pte. Ltd.	Subsidiaries
CSE Transport Corporation	Subsidiaries
CSEI Transport (Panama) Corporation	Subsidiaries
Mentor Consulting Corporation	Subsidiaries
Steel Castle Technology Corporation	Subsidiaries
Union Steel Development Corp.	Subsidiaries
Betacera Inc.	Subsidiaries
Wabo Global Trading Corporation	Subsidiaries
Universal Exchange Inc.	Subsidiaries
United Steel Engineering & Construction Corporation (USEC)	Subsidiaries
Thintech Materials Technology Co., Ltd.	Subsidiaries
CSGT International Corporation	Subsidiaries
CSGT Metals Vietnam Joint Stock Company	Subsidiaries
CSC Steel Sdn. Bhd.	Subsidiaries
CSGT Japan Co., Ltd.	Subsidiaries
CSGT Hong Kong Limited	Subsidiaries
CSGT (Shanghai) Co., Ltd.	Subsidiaries
Gau Ruei Investment Corporation	Subsidiaries
Chiun Yu Investment Corporation	Subsidiaries
Taiwan Intelligent Transportation Co., Ltd.	Subsidiaries
Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Subsidiaries
China Steel Corporation India Pvt. Ltd. (CSCI)	Subsidiaries
China Steel Precision Metals-Qingdao Co., Ltd. (CSMQ)	Subsidiaries
Hung Li Steel Corporation Ltd (HLS)	Subsidiaries
China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Subsidiaries
Hung Kao Investment Corporation	Subsidiaries

(Continued)

Company	Relationship
White Biotech Corporation	Subsidiaries
CSC Precision Metal Industrial Corporation (CPMI)	Subsidiaries
China Steel Resources Corporation	Subsidiaries
Chung Hsin Japan Co., Ltd.	Subsidiaries
China Steel Management and Maintenance for Buildings Corporation	Subsidiaries
Kaohsiung Rapid Transit Corporation	Subsidiaries
Kaoport Stevedoring Corporation	Subsidiaries
Pao Good Industrial Co., Ltd.	Subsidiaries
CSC Sonoma Pty Ltd	Subsidiaries
CSC Solar Corporation	Subsidiaries
Sing Da Marine Structure Corporation (SDMS)	Subsidiaries
China Steel Power Holding Corporation (CPHC)	Subsidiaries
China Steel Power Corporation (ZN)	Subsidiaries
CSC Steel Australia Holdings Pty Ltd (CSCAU)	Subsidiaries
CSGT Trading India Private Limited	Subsidiaries
Magnpower Corporation	Subsidiaries
HC&C Auto Parts Co., Ltd.	Associates
TaiAn Technologies Corporation	Associates
Hsin Hsin Cement Enterprise Corporation	Associates
TSK Steel Company Limited	Associates
Fukuta Electric & Machinery Co., Ltd.	Associates
Honley Auto. Parts Co., Ltd. (HONLEY)	Associates
Hanwa Steel Center (M) Sdn. Bhd. (Renamed from Tatt Giap Steel Centre Sdn. Bhd.)	Associates
Taiwan Rolling Stock Company Ltd.	Associates
Eminent II Venture Capital Corporation	Associates
Overseas Investment & Development Corporation	Associates
Kaohsiung Arena Development Corporation	Associates
Dyna Rechi (Jiujiang) Co., Ltd.	Subsidiaries of associates
Changchun CECK Auto. Parts Co., Ltd. (CCCA)	Subsidiaries of associates
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
CSC Educational Foundation	Other related parties
CSBC Corporation, Taiwan	The Corporation as key management personnel of other related parties
CDIB Bioscience Ventures I, Inc.	The Corporation as key management personnel of other related parties
Rechi Precision Co., Ltd.	The Corporation as key management personnel of other related parties
East Asia United Steel Corporation	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

(Continued)

<b>Company</b>	<b>Relationship</b>
Tang Eng Iron Works Co., Ltd.	The Corporation as key management personnel of other related parties
Taiwan International Wind power Training Corporation	The Corporation as key management personnel of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management personnel of other related parties
TCL Rechi (Huizhou) Refrigeration Equipment Ltd.	Subsidiaries of other related party that the Corporation as key management personnel
Rechi Refrigeration (Dongguan) Co, Ltd.	Subsidiaries of other related party that the Corporation as key management personnel
CSC Labor Union	Directors of the Corporation
Ministry of Economic Affairs, R.O.C	Directors of the Corporation
	(Concluded)

b. Operating revenues

<b>Account Items</b>	<b>Related Parties Types /Names</b>	<b>For the Year Ended December 31</b>	
		<b>2019</b>	<b>2018</b>
Revenues from sales of goods	Subsidiaries		
	CHS	\$ 20,637,270	\$ 25,132,836
	Others	17,737,923	18,771,476
	Others	<u>2,936,000</u>	<u>3,829,942</u>
		<u>\$ 41,311,193</u>	<u>\$ 47,734,254</u>

Sales to related parties were made at arm's length applied to similar transactions in the market except for terms of sales to CSCI and CSVC, for which the receivables were collected either by account receivable factoring or within 14 days after shipment date, for terms of sales to CSMQ, for which the receivables were collected within 60 days after shipment date, terms of sales to CSMK, for which the receivables were collected within 85 days after shipment date and term of sales to some subsidiaries without similar transactions with other unrelated parties.

c. Purchase of goods

<b>Related Parties Types/Names</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiaries		
DSC	\$ 17,209,793	\$ 21,796,702
Others	13,065,330	14,073,389
Others	<u>215,379</u>	<u>3,208,718</u>
	<u>\$ 30,490,502</u>	<u>\$ 39,078,809</u>

Purchased from related parties were made at arm's length applied to similar transactions in the market except for terms of purchases from some subsidiaries without similar transactions with other unrelated parties.

d. Receivables from related parties (not including loans to related parties)

Account Items	Related Parties Types /Names	December 31	
		2019	2018
Notes and accounts receivable	Subsidiaries	\$ 853,912	\$ 1,641,429
	The Corporation as key management personnel of other related parties	307,023	491,957
	Others	<u>37,395</u>	<u>189,371</u>
		<u>\$ 1,198,330</u>	<u>\$ 2,322,757</u>

No guarantee had been received for receivables from related parties. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for receivables from related parties.

e. Payables to related parties (not including loans from related parties)

Account Items	Related Parties Types /Names	December 31	
		2019	2018
Accounts payable	Subsidiaries		
	CSE	\$ 1,044,396	\$ 1,215,959
	Others	375,545	1,026,753
	Associates	<u>26,183</u>	<u>34,488</u>
		<u>\$ 1,446,124</u>	<u>\$ 2,277,200</u>

The outstanding accounts payable to related parties are unsecured.

f. Loans to related parties (recognized as other receivables - loans to related parties)

		December 31	
Related Parties Types/Names		2019	2018
Subsidiaries			
CSAC		\$ 3,600,000	\$ 3,600,000
CHS		2,450,000	2,450,000
Others		<u>3,220,000</u>	<u>4,744,160</u>
		<u>\$ 9,270,000</u>	<u>\$ 10,794,160</u>

The Corporation provided short-term loans to its subsidiaries, with the interest rate calculated at the latest 30-day average rate of the Corporation's short-term loans in the same currencies from ordinary financial institutions. As of December 31, 2019 and 2018, the interest rate was 0.68%-0.69% p.a. and 0.54%-3.80% p.a., respectively.

Loans to the Corporation's subsidiaries were unsecured loans with interest income of NT\$64,031 thousand and NT\$60,403 thousand for the years ended December 31, 2019 and 2018, respectively.



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

Related Parties Types/Names	December 31	
	2019	2018
Subsidiaries		
CPDC	\$ 2,300,000	\$ -
Others	<u>400,000</u>	<u>-</u>
	<u>\$ 2,700,000</u>	<u>\$ -</u>

The rate of loans from subsidiaries is calculated at the latest 30-day average rate of the Corporation's short-term loans in the same currencies from ordinary financial institutions and adjusted based on the circumstances. As of December 31, 2019, the interest rate was 0.69% p.a.

Loans from the Corporation's subsidiaries were unsecured loans with interest expense of NT\$8,461 thousand and NT\$1,396 thousand for the years ended December 31, 2019 and 2018, respectively.

- h. Other related parties transactions

- 1) The Corporation signed brokerage contract with its subsidiary DSC. For the years ended December 31, 2019 and 2018, the commission revenue was NT\$478,600 thousand and NT\$764,391 thousand, respectively.

The balances of consignment payable to related parties, which were included in other payables, were as follows:

Related Parties Types/Names	December 31	
	2019	2018
Subsidiary		
DSC	<u>\$ 520,221</u>	<u>\$ 2,339,590</u>

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

Related Parties Types	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 1,541,802	\$ 1,533,853
The Corporation as key management personnel of other related parties	497,976	244,359
Other related parties	278,125	239,656
Others	<u>8,885</u>	<u>5,326</u>
	<u>\$ 2,326,788</u>	<u>\$ 2,023,194</u>

- 3) Other expenditures paid to related parties which pertained to commissions for processing services, maintenance and repairs, construction, commissions for export and import services, etc. were recognized as operating costs, manufacturing expenses, operating expenses and non-operating expenses.

Related Parties Types	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 8,678,357	\$ 8,574,057
Others	<u>186,025</u>	<u>680,088</u>
	<u>\$ 8,864,382</u>	<u>\$ 9,254,145</u>

4) Capital expenditures

Related Parties Types/Names	For the Year Ended December 31	
	2019	2018
Subsidiaries		
CSMC	\$ 1,526,973	\$ 2,298,693
CEC	1,158,025	1,979,170
Others	<u>937,239</u>	<u>650,697</u>
	<u>\$ 3,622,237</u>	<u>\$ 4,928,560</u>

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

Related Parties Types/Names	December 31	
	2019	2018
Subsidiaries	<u>\$ 364,804</u>	<u>\$ 301,827</u>

5) As of December 31, 2019 and 2018, guarantees provided to the related parties for investment compliance were as follows:

Related Parties Types/Names	December 31	
	2019	2018
Other related parties - FHC		
Amount endorsed	\$ 36,978,426	\$ 37,885,002
Amount utilized	<u>(36,978,426)</u>	<u>(28,460,872)</u>
	<u>\$ -</u>	<u>\$ 9,424,130</u>
Subsidiaries		
CPHC		
Amount endorsed	\$ -	\$ 3,000,000
Amount utilized	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 3,000,000</u>
ZN		
Amount endorsed	\$ 2,580,000	\$ -
Amount utilized	<u>-</u>	<u>-</u>
	<u>\$ 2,580,000</u>	<u>\$ -</u>

(Continued)

Related Parties Types/Names	December 31	
	2019	2018
The Corporation as key management personnel of other related parties		
Amount endorsed	\$ 1,502,038	\$ 938,807
Amount utilized	<u>(1,157,800)</u>	<u>(813,714)</u>
	<u>\$ 344,238</u>	<u>\$ 125,093</u>
		(Concluded)

i. Compensation of key management personnel

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

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 74,111	\$ 114,076
Post-employment benefits	<u>1,439</u>	<u>542</u>
	<u>\$ 75,550</u>	<u>\$ 114,618</u>

### 30. ASSETS PLEDGED AS COLLATERAL OR SECURITY

As of December 31, 2019 and 2018, time deposits pledged as collateral for bank overdraft was both NT\$5,850,000 thousand.

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2019 were as follows:

- The Corporation provided letters of credits for NT\$4.9 billion guaranteed by financial institutions for several construction, lease contracts and payment.
- Unused letters of credit for importation of materials and machinery amounted to NT\$4.5 billion.
- Property purchase and construction contracts for NT\$10 billion were signed but not yet recorded.
- The Corporation entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, China, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 5 years. Contracted annual purchases of 7,710,000 metric tons of coal, 16,430,000 metric tons of iron ore, and 2,370,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2019 were USD 2.6 billion (including 4,460,000 metric tons of coal, 24,780,000 metric tons of iron ore, and 570,000 metric tons of limestone).
- The amount utilized for guarantees provided to related parties and investees of co-investment for procurement and investment compliances was NT\$38,136,226 thousand.

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

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

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<hr/> December 31, 2019 <hr/>			
Monetary foreign currency assets			
USD	\$ 76,501	29.9800	\$ 2,295,371
JPY	7,234,354	0.2760	1,996,682
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	810,290	29.9800	24,292,484
JPY	6,976,800	0.2760	1,925,597
MYR	238,160	7.0330	1,674,977
Investments accounted for using equity method			
USD	364,732	29.9800	10,901,478
AUD	939,953	21.0050	19,743,722
INR	2,535,672	0.4196	1,063,968
Monetary foreign currency liabilities			
USD	195,517	29.9800	5,771,088
JPY	11,810,242	0.2760	3,259,627
<hr/> December 31, 2018 <hr/>			
Monetary foreign currency assets			
USD	85,602	30.7150	2,630,310
JPY	7,827,352	0.2782	2,177,569
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	1,038,305	30.7150	31,891,532
JPY	7,804,000	0.2782	2,171,073
MYR	225,504	7.1120	1,603,732
Investments accounted for using equity method			
USD	376,199	30.7150	11,443,985
AUD	738,989	21.6650	16,010,187
INR	3,852,103	0.4384	1,688,762
Monetary foreign currency liabilities			
USD	379,694	30.7150	11,662,298
JPY	11,891,411	0.2782	3,308,191

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains were NT\$335,857 thousand and NT\$394,597 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

### 33. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments (Note 28)
- 10) Information on investees (Table 8)

#### b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
  - c) The amount of property transactions and the amount of the resultant gains or losses (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)

- e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1)
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

#### **34. SEGMENT INFORMATION**

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

TABLE 1

## CHINA STEEL CORPORATION AND SUBSIDIARIES

## FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 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	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	\$ -	-	\$ -	\$ 30,255,853	\$ 60,511,706	Note 2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	400,000	200,000	-	N/A	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	Dragon Steel Corporation	Other receivables	Yes	2,150,000	950,000	-	N/A	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	Gains Investment Corporation	Other receivables	Yes	500,000	200,000	200,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	400,000	300,000	300,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	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	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,800,000	950,000	810,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	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	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Other receivables	Yes	566,300	387,450	-	3.80%-4.00%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	China Steel Machinery Corporation	Other receivables	Yes	650,000	350,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	445,600	129,150	-	N/A	2	-	Operating capital	-	-	-	30,255,853	60,511,706	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	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	550,000	350,000	350,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	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	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	China Steel Structure Co., Ltd.	Other receivables	Yes	1,250,000	650,000	650,000	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
0	China Steel Corporation	CHC Resources Corporation	Other receivables	Yes	600,000	400,000	-	0.54%-0.73%	2	-	Operating capital	-	-	-	30,255,853	60,511,706	Note 2
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Other receivables	Yes	222,700	215,250	107,625	3.60%	2	-	Repayments of bank borrowings	-	-	-	428,895	1,715,579	Note 3
2	United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	19,592	18,588	18,588	5.80%	2	-	Operating capital	-	-	-	50,000	60,187	Note 4
3	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	85,400	83,944	83,944	2.5%-3.00%	2	-	Operating capital	-	-	-	348,795	523,193	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	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	\$ -	-	\$ -	\$ 7,529	\$ 7,529	Note 6
5	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	Other receivables	Yes	147,342	103,578	103,535	3.25%	2	-	Operating capital	-	-	-	355,865	474,486	Note 7
6	C.S.Aluminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	186,240	179,880	-	N/A	2	-	Operating capital	-	-	-	793,733	1,587,466	Note 8
7	China Prosperity Development Corporation	China Steel Corporation	Other receivables	Yes	2,350,000	2,350,000	2,300,000	0.60%-0.69%	2	-	Operating capital	-	-	-	3,191,946	3,191,946	Note 9
8	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	50,000	50,000	-	N/A	2	-	Operating capital	-	-	-	158,964	211,952	Note 10
9	Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Other receivables	Yes	62,780	59,960	-	N/A	2	-	Operating capital	-	-	-	293,102	586,205	Note 11
10	Sing Da Marine Structure Corporation	China Steel Corporation	Other receivable-Other	Yes	300,000	300,000	300,000	0.67%-0.69%	2	-	Operating capital	-	-	-	1,289,341	1,289,341	Note 12
11	CSC Precision Metal Industrial Corporation	China Steel Corporation	Other receivable-Other	Yes	100,000	100,000	100,000	0.67%	2	-	Operating capital	-	-	-	104,744	119,707	Note 13

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 shall not exceed 20% and 10% of the net worth of C.S.Aluminium Corporation, respectively.

Note 9: According to “The Process of Financing Others” established by China Prosperity Development Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Prosperity Development Corporation.

(Continued)



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.

Note 12: According to “The Process of Financing Others” established by Sing Da Marine Structure Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Prosperity Development Corporation.

Note 13: According to “The Process of Financing Others” established by CSC Precision Metal Industrial Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 35% of the net worth of the China Steel Security Corporation, respectively.

(Concluded)

**TABLE 2****CHINA STEEL CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

NO.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	China Steel Corporation	China Steel Power Holding Corporation	2	\$ 90,767,559	\$ 3,000,000	\$ -	\$ -	\$ -	-	\$ 121,023,413	Y	N	N	Notes 2 and 5
0	China Steel Corporation	China Steel Power Corporation	2	90,767,559	2,580,000	2,580,000	-	-	1	121,023,413	Y	N	N	Notes 2 and 5
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	90,767,559	38,976,593	36,978,426	36,978,426	-	12	121,023,413	N	N	N	Note 5
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	90,767,559	1,670,347	1,502,038	1,157,800	-	1	121,023,413	N	N	N	Note 5
1	China Steel Structure Co., Ltd.	United Steel Construction (Vietnam) Co., Ltd.	2	1,429,649	189,600	179,880	-	-	4	8,148,998	N	N	N	Note 6
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	2	1,429,649	808,105	765,250	143,856	-	18	8,148,998	N	N	Y	Note 6
1	China Steel Structure Co., Ltd.	Chungkang Steel Structure (Cambodia) Co., Ltd.	6	1,429,649	163,593	88,291	20,430	-	2	8,148,998	N	N	N	Note 6
2	United Steel Engineering & Construction Corporation	China Steel Structure Co., Ltd.	3	21,096,287	1,567,675	746,500	746,500	-	53	21,096,287	N	N	N	Notes 3 and 7
3	Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	2	474,486	266,815	254,830	84,604	-	21	474,486	N	N	Y	Note 8
4	Chung Hung Steel Corporation	Chung Hung Steel Corporation	1	4,370,669	10,000	-	-	-	-	7,284,449	N	N	N	Notes 4 and 9
5	Infochamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	232,593	109,906	107,603	64,553	-	14	387,655	N	N	Y	Note 10
5	Infochamp Systems Corporation	Tang Steel Intermation Engineering Technology Corp.	5	232,593	20,113	19,905	19,905	-	3	387,655	N	N	Y	Note 10

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

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

(Continued)

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

Note 3: Performance guarantee regarding the construction contract.

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

Note 5: According to “The Process of making endorsements/quadrants” established by the Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 40% of the net worth of the Corporation, respectively.

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

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

Note 8: According to “The Process of making endorsements/quadrants” established by Thintech Materials Technology Co., Ltd., both the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 40% of the net worth of Thintech Materials Technology Co., Ltd.

Note 9: According to “The Process of making endorsements/quadrants” established by Chung Hung Steel Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 50% of the net worth of Chung Hung Steel Corporation, respectively.

Note 10: According to “The Process of making endorsements/quadrants” established by Infochamp Systems Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 50% of the net worth of Infochamp Systems Corporation, respectively..

(Concluded)

TABLE 3

## CHINA STEEL CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 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	DECEMBER 31, 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	\$ 9,298,483	4	\$ 9,298,483	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	1,700,160	2	1,700,160	
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	1,252,656	9	1,252,656	
China Steel Corporation	Common stock	O-Bank Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	103,847,695	811,050	4	811,050	
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	527,896	5	527,896	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	400,000	225,437	1	225,437	
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	208,124	2	208,124	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited		Financial assets at fair value through other comprehensive income-noncurrent	1,111,418,177	23,324,222	20	23,324,222	
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	1,338,034	19	1,338,034	
China Steel Corporation	Common stock	CSN Mineracao S.A.		Financial assets at fair value through other comprehensive income-noncurrent	745,562	968,262	-	968,262	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	54,000,000	941,426	5	941,426	
China Steel Corporation	Common stock	Taiwan International Windpower Training Corporation	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	1,500,000	13,213	15	13,213	
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	8,093	5	8,093	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	PHALANX BIOTECH GROUP, INC.		Financial assets at fair value through other comprehensive income-noncurrent	1,073,812	\$ 6,722	1	\$ 6,722	
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 -current(including measurement)	3,334	826,071	10	826,071	
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)	3,333	825,824	9	825,824	
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	336,943	19	336,943	
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	181,351	1	181,351	
Chung Hung Steel Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	33,109,239	791,311	-	791,311	
Chung Hung Steel Corporation	Common stock	TAIWAN VES-POWER CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	958,333	35,305	2	35,305	
Chung Hung Steel Corporation	Common stock	PACIFIC HARBOUR STEVEDORING CORP.	The held company as its supervisor	Financial assets at fair value through other comprehensive income-noncurrent	250,000	5,958	5	5,958	
Chung Hung Steel Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	197,381	3,580	3	3,580	
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	23,995	-	23,995	
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	2,675	-	2,675	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,556,915	61,110	-	61,110	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	229,000	12,481	-	12,481	
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	14,157	-	14,157	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 9,426	-	\$ 9,426	
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	3,450	-	3,450	
China Steel Chemical Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,140,673	21,429	-	21,429	
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	18,442	-	18,442	
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	9,197	-	9,197	
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	61,717	-	61,717	
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	32,158	-	32,158	
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	31,218	-	31,218	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Income Fund - JPM Income A (mth) - USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,962	15,053	-	15,053	
China Steel Chemical Corporation	Mutual fund	Allianz Global Investors US Short Duration High Income Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	30,000	9,276	-	9,276	
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	5,330	-	5,330	
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	30,966	-	30,966	
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)	310,748	13,222	-	13,222	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	311,000	9,517	-	9,517	
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)	611,235	8,863	-	8,863	
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	8,431	-	8,431	
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	7,262	-	7,262	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	Parent company	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	603,668	\$ 7,244	-	\$ 7,244	
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	4,873	-	4,873	
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	2,067	-	2,067	
Ever Wealthy International Corporation	Common stock	International CSRC Investment Holdings Co., LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	27,633	868	-	868	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation		Financial assets at fair value through other comprehensive income-current	4,753,537	582,308	-	582,308	
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	101,008	-	101,008	
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	45,142	4	45,142	
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	2,613	9	2,613	
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	2,388	2	2,388	
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	81,281	934	-	934	
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	43	1	43	
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	8,946	-	8,946	
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	803	-	803	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	Taishin China Equity Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	486,146	\$ 26,096	-	\$ 26,096	
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	5,180	-	5,180	
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	36,633	-	36,633	
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	20,089	-	20,089	
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	10,040	-	10,040	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	72,939	3,057	-	3,057	
Ever Wealthy International Corporation	Mutual fund	Taishin Senior Secured High Yield Bond Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,029,414	20,757	-	20,757	
Ever Wealthy International Corporation	Mutual fund	PineBridge US Dual Core Income Fund-A(TWD)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,613,476	19,531	-	19,531	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial US Investment Grade Corporate Bond Fund Acc TWD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,000,000	9,934	-	9,934	
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	9,646	-	9,646	
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	5,047	-	5,047	
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	4,946	-	4,946	
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	4,914	-	4,914	
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	39,950	-	39,950	
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	10,150	-	10,150	
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)	688,428	7,021	-	7,021	
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	18,543	-	18,543	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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)	1,505,751	\$ 35,792	-	\$ 35,792	
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	30,288	-	30,288	
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	30,147	-	30,147	
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	30,147	-	30,147	
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	20,223	-	20,223	
Ever Wealthy International Corporation	Corporate bond	CNH Bond Offering by ITNL Offshore Pte Limited		Financial assets at amortized cost - noncurrent	30,000	3,875	-	3,875	
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	16,279	-	16,279	
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	5,888	-	5,888	
Ever Glory International Co., Ltd.	Mutual fund	JPMorgan Funds - US Aggregate Bond Fund A (acc) - USD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	29,062	15,535	-	15,535	
China Ecotek Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	440,000	12,898	1	12,898	
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	8,926	2	8,926	
China Ecotek Corporation	Common stock	ECOTEK INDUSTRIAL AQUACULTURE CORP.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	74,681	600	19	600	
China Ecotek Corporation	Common stock	HSIN YU ENERGY DEVELOPMENT CO., LTD.		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	139,272	11	139,272	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Structure Co., Ltd.	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	6,936,878	\$ 165,791	-	\$ 165,791	
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	170,800	-	170,800	
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	89,516	-	89,516	
CHC Resources Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	9,201,806	219,923	-	219,923	
CHC Resources Corporation	Common stock	FENG SHEHG ENTERPRISE COMPANY		Financial assets at fair value through other comprehensive income-noncurrent	932,053	12,473	2	12,473	
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)	4,039,030	60,091	-	60,091	
Union Steel Development Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-current	423,849	10,130	-	10,130	
Union Steel Development Corporation	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,420,339	55,400	-	55,400	
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	-	16,409	19	16,409	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,349,975	56,164	-	56,164	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation		Financial assets at fair value through other comprehensive income-current	2,223	197	-	197	
China Steel Security Corporation	Common stock	Taiwan Shin Kong Security Corporation		Financial assets at fair value through other comprehensive income-current	3,579	133	-	133	
Steel Castle Technology Corporation	Mutual fund	Yuanta De-Li Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,529,581	25,039	-	25,039	
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	20,039	-	20,039	
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	15,035	-	15,035	
ChinaSteel Management Consulting Corporation	Mutual fund	Capital Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	348,056	5,637	-	5,637	
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	99,453	-	99,453	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 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	\$ 22,776	-	\$ 22,776	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	463,457	14,182	-	14,182	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	229,472	4,762	-	4,762	
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	54,300	-	54,300	
China Prosperity Development Corporation	Common stock	HI SCENE WORLD ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	386,535	4,190	-	4,190	
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)	162,180	29,046	-	29,046	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-noncurrent	325,505	7,780	-	7,780	
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	8,890	2	8,890	
Eminent Venture Capital Corporation	Common stock	Bionime Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	327,990	26,403	1	26,403	
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	13,080	-	13,080	
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	18,609	1	18,609	
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	14,919	1	14,919	
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	6,131	1	6,131	
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	Dance Biopharm Holdings, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	166,394	-	1	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Common stock	Cellerant Therapeutics, Inc.	Parent company	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	43,900	\$ -	-	\$ -	
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	4,037	-	4,037	
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	3,844	-	3,844	
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	21,519	3	21,519	
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	7,331	2	7,331	
Eminent Venture Capital Corporation	Preferred stock	AndroScience Corp.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	2,111,111	-	7	-	
Eminent Venture Capital Corporation	Preferred stock	Bayhill Therapeutics, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,404,494	-	2	-	
Eminent Venture Capital Corporation	Preferred stock	Cardiva Medical, Inc.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	612,648	-	1	-	
Eminent Venture Capital Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	9,920,862	102,970	-	102,970	
Eminent Venture Capital Corporation	Mutual fund	Jih Sun Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	5,381,264	80,060	-	80,060	
Infochamp Systems Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-noncurrent	3,834,338	91,641	-	91,641	
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	33,991	4	33,991	
Infochamp Systems Corporation	Common stock	TRICORNTECH CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	726,885	6,256	2	6,256	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Infochamp Systems Corporation	Common stock	Riselink Venture Capital Corp.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	438,624	\$ 2,388	2	\$ 2,388	Note 1
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		Financial assets at fair value through other comprehensive income-noncurrent	13,000,000	110,431	11	110,431	
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	105,923	-	105,923	
China Steel Express Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	8,801,555	210,357	-	210,357	
China Steel Express Corporation	Common stock	CSBC Corporation,Taiwan	The ultimate parent company	Financial assets at fair value through other comprehensive income-current	1,564,258	42,000	-	42,000	
China Steel Express Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	3,240,000	56,486	-	56,486	
China Steel Express Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	35,000	3,856	1	3,856	
China Steel Express Corporation	Common stock	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income-noncurrent	197,381	3,581	3	3,581	
Transglory Investment Corporation	Common stock	China Steel Corporation		Financial assets at fair value through other comprehensive income-noncurrent	256,765,331	6,136,691	2	6,136,691	
Gains Investment Corporation	Common stock	BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC.		Financial assets at fair value through other comprehensive income-current	23,129,242	647,619	-	647,619	
Gains Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income-current	1,467,723	140,755	-	140,755	
Gains Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.		Financial assets at fair value through other comprehensive income-current	2,507,620	127,889	-	127,889	
Gains Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-current	695,184	121,310	-	121,310	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.		Financial assets at fair value through other comprehensive income-current	1,461,257	94,982	-	94,982	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	FUSHENG PRECISION CO., LTD.		Financial assets at fair value through other comprehensive income-current	473,000	\$ 84,904	-	\$ 84,904	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	735,032	53,804	-	53,804	
Gains Investment Corporation	Common stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	500,000	47,050	-	47,050	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.		Financial assets at fair value through other comprehensive income-current	524,593	40,656	-	40,656	
Gains Investment Corporation	Common stock	I JANG INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	892,000	40,586	-	40,586	
Gains Investment Corporation	Common stock	SHIN FOONG SPECIALTY AND APPLIED MATERIALS CO., LTD.		Financial assets at fair value through other comprehensive income-current	683,000	39,341	-	39,341	
Gains Investment Corporation	Common stock	Bionime Corporation		Financial assets at fair value through other comprehensive income-current	421,036	33,893	-	33,893	
Gains Investment Corporation	Common stock	HERAN CO., LTD.		Financial assets at fair value through other comprehensive income-current	263,000	28,404	-	28,404	
Gains Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.		Financial assets at fair value through other comprehensive income-current	750,000	27,975	-	27,975	
Gains Investment Corporation	Common stock	NAN LIU ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	201,000	27,637	-	27,637	
Gains Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED		Financial assets at fair value through other comprehensive income-current	82,000	27,142	-	27,142	
Gains Investment Corporation	Common stock	ACTER GROUP CORPORATION LIMITED		Financial assets at fair value through other comprehensive income-current	140,000	25,830	-	25,830	
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income-current	700,000	25,620	-	25,620	
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-current	1,000,000	25,300	-	25,300	
Gains Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	704,194	24,576	-	24,576	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income-current	885,300	24,434	-	24,434	
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	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	407,000	\$ 20,350	-	\$ 20,350	
Gains Investment Corporation	Common stock	APAQ TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	505,149	20,155	-	20,155	
Gains Investment Corporation	Common stock	C.T.I. TRAFFIC INDUSTRIES CO., LTD.		Financial assets at fair value through other comprehensive income-current	1,381,917	17,619	-	17,619	
Gains Investment Corporation	Common stock	ARDENTEC CORPORATION		Financial assets at fair value through other comprehensive income-current	548,000	16,906	-	16,906	
Gains Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	495,000	16,335	-	16,335	
Gains Investment Corporation	Common stock	CHIEN SHING HARBOUR SERVICE CO., LTD.		Financial assets at fair value through other comprehensive income-current	552,000	15,732	-	15,732	
Gains Investment Corporation	Common stock	KING CHOU MARINE TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	420,000	14,511	-	14,511	
Gains Investment Corporation	Common stock	AAEON TECHNOLOGY INC.		Financial assets at fair value through other comprehensive income-current	193,000	13,915	-	13,915	
Gains Investment Corporation	Common stock	BIN CHUAN ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	536,000	13,802	-	13,802	
Gains Investment Corporation	Common stock	TAISUN INTL (HOLDING) CORP., TAIWAN BRANCH(CAYMAN)		Financial assets at fair value through other comprehensive income-current	90,000	12,330	-	12,330	
Gains Investment Corporation	Common stock	RAFAEL MICROELECTRONICS, INC.		Financial assets at fair value through other comprehensive income-current	65,000	11,538	-	11,538	
Gains Investment Corporation	Common stock	MetaTech (AP) Inc.		Financial assets at fair value through other comprehensive income-current	183,000	10,157	-	10,157	
Gains Investment Corporation	Common stock	Enterex International Limited		Financial assets at fair value through other comprehensive income-current	535,000	9,175	-	9,175	
Gains Investment Corporation	Common stock	WISTRON NEWEB CORPORATION		Financial assets at fair value through other comprehensive income-current	78,000	5,889	-	5,889	
Gains Investment Corporation	Common stock	PEGAVISION CORPORATION		Financial assets at fair value through other comprehensive income-current	30,000	5,445	-	5,445	
Gains Investment Corporation	Common stock	FLYTECH TECHNOLOGY CO.,LTD.		Financial assets at fair value through other comprehensive income-current	71,000	5,112	-	5,112	
Gains Investment Corporation	Common stock	FIRST HI-TEC ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	120,000	4,908	-	4,908	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	FITTECH CO.,LTD		Financial assets at fair value through other comprehensive income-current	20,000	\$ 2,360	-	\$ 2,360	
Gains Investment Corporation	Common stock	KHGEARS INTERNATIONAL LIMITED		Financial assets at fair value through other comprehensive income-current	10,000	705	-	705	
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	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		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,433,250	-	5	-	
Gains Investment Corporation	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.		Financial assets mandatorily classified as at fair value through profit or loss - noncurrent(including measurement)	1,678,788	-	10	-	
Gains Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,975,000	102,503	-	102,503	
Gains Investment Corporation	Common stock	LUXNET CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	3,340,969	85,362	-	85,362	
Gains Investment Corporation	Common stock	ULTRA CHIP, INC.		Financial assets at fair value through other comprehensive income-noncurrent	930,147	28,369	-	28,369	
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	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	58,040	5	58,040	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	Ping Ho Environmental Technology Company Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	600,000	\$ 40,000	2	\$ 40,000	
Gains Investment Corporation	Common stock	CDIB & Partners Investment Holding Corporation		Financial assets at fair value through other comprehensive income-noncurrent	2,160,000	37,657	-	37,657	
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	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	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	30,000	3	30,000	
Gains Investment Corporation	Common stock	Ultra Display (Cayman) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	1,425,000	29,905	9	29,905	
Gains Investment Corporation	Common stock	Yonggu Group Inc.		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	28,690	6	28,690	
Gains Investment Corporation	Common stock	MUTUAL-PAK TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,300,000	26,500	8	26,500	
Gains Investment Corporation	Common stock	SUN RISE E&T CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	700,000	22,400	2	22,400	
Gains Investment Corporation	Common stock	SUNNY PHARMTECH INC.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,060,413	19,367	2	19,367	
Gains Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	17,852	4	17,852	
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	Riselink Venture Capital Corp.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	328,968	5,969	4	5,969	
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	35,000	3,856	1	3,856	
Gains Investment Corporation	Common stock	JUMP MEDIA INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	549,122	-	2	-	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	TRANSCOM, INC.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	645,750	\$ 49,529	2	\$ 49,529	
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,188,000	47,577	6	47,577	
Gains Investment Corporation	Common stock	CHEN NAN IRON WIRE CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	44,960	5	44,960	
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	2,001,000	39,043	5	39,043	
Gains Investment Corporation	Common stock	FEMCO STEEL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,248,000	26,488	3	26,488	
Gains Investment Corporation	Preferred stock	WPG HOLDINGS LIMITED – Preferred Shares A		Financial assets at fair value through other comprehensive income-current	1,000,000	51,700	-	51,700	
Gains Investment Corporation	Mutual fund	CATHAY US MULTI-INCOME BALANCED FUND-TWD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	500,000	5,058	-	5,058	
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	12,805	-	12,805	
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	3,833,712	-	3,833,712	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	-	-	-	
Betacera Inc.	Common stock	HCT REGENERATIVE CO., LTD		Financial assets at fair value through other comprehensive income-noncurrent	994,153	5,418	17	5,418	
Shanghai Xike Ceramic Electronic Co., Ltd.	Common stock	Shanghai Join Buy Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	71,820	1,973	-	1,973	
Universal Exchange Inc.	Mutual fund	Union Money Market Fund		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,262,800	16,737	-	16,737	
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	7,126	-	7,126	
Eminence Investment Corporation	Common stock	EVERGREEN MARINE CORPORATION (TAIWAN) LTD.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,558,498	19,325	-	19,325	
Eminence Investment Corporation	Common stock	Amazon.com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	318	17,617	-	17,617	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	Xilinx, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	5,190	\$ 15,213	-	\$ 15,213	
Eminence Investment Corporation	Common stock	MEDIATEK INC.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	34,000	15,079	-	15,079	
Eminence Investment Corporation	Common stock	UNI-PRESIDENT ENTERPRISES CORP.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	185,000	13,727	-	13,727	
Eminence Investment Corporation	Common stock	Visa Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,202	12,404	-	12,404	
Eminence Investment Corporation	Common stock	Adobe Systems Incorporated		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	758	7,495	-	7,495	
Eminence Investment Corporation	Common stock	NVIDIA Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	960	6,772	-	6,772	
Eminence Investment Corporation	Common stock	Microsoft Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,411	6,671	-	6,671	
Eminence Investment Corporation	Common stock	Facebook, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	1,061	6,529	-	6,529	
Eminence Investment Corporation	Common stock	Starbucks Corporation		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	2,350	6,194	-	6,194	
Eminence Investment Corporation	Common stock	Advanced Micro Devices, Inc		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	3,800	5,225	-	5,225	
Eminence Investment Corporation	Common stock	Broadcom Ltd(AVGO)		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	514	4,870	-	4,870	
Eminence Investment Corporation	Common stock	SYNERGY SCIENTECH CORP.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	60,000	4,368	-	4,368	
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)	42	1,686	-	1,686	
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	1,123	-	1,123	
Eminence Investment Corporation	Common stock	Salesforce.Com, Inc.		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	221	1,078	-	1,078	
Eminence Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	3,294,000	170,959	-	170,959	
Eminence Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED		Financial assets at fair value through other comprehensive income-current	507,000	167,817	-	167,817	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.		Financial assets at fair value through other comprehensive income-current	3,718,000	\$ 159,502	-	\$ 159,502	
Eminence Investment Corporation	Common stock	Capital Futures Corporation		Financial assets at fair value through other comprehensive income-current	2,223,000	96,034	-	96,034	
Eminence Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	1,179,564	86,344	-	86,344	
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	58,137	-	58,137	
Eminence Investment Corporation	Common stock	Fubon Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	900,000	41,760	-	41,760	
Eminence Investment Corporation	Common stock	CHUNGHWA TELECOM CO., LTD.		Financial assets at fair value through other comprehensive income-current	361,000	39,710	-	39,710	
Eminence Investment Corporation	Common stock	FORMOSA PLASTICS CORPORATION		Financial assets at fair value through other comprehensive income-current	388,000	38,722	-	38,722	
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	399,000	34,593	-	34,593	
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	619,000	33,364	-	33,364	
Eminence Investment Corporation	Common stock	YUNGSHIN CONSTRUCTION & DEVELOPMENT CO.,LTD.		Financial assets at fair value through other comprehensive income-current	965,000	32,086	-	32,086	
Eminence Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	900,000	31,410	-	31,410	
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.		Financial assets at fair value through other comprehensive income-current	1,155,440	27,384	-	27,384	
Eminence Investment Corporation	Common stock	JOURDENESS GROUP LIMITED		Financial assets at fair value through other comprehensive income-current	205,000	25,215	-	25,215	
Eminence Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION		Financial assets at fair value through other comprehensive income-current	912,450	25,184	-	25,184	
Eminence Investment Corporation	Common stock	QUANG VIET ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	163,000	24,776	-	24,776	
Eminence Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.		Financial assets at fair value through other comprehensive income-current	487,000	24,350	-	24,350	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	STARK TECHNOLOGY, INC.		Financial assets at fair value through other comprehensive income-current	450,000	\$ 24,165	-	\$ 24,165	
Eminence Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.		Financial assets at fair value through other comprehensive income-current	138,279	24,130	-	24,130	
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION		Financial assets at fair value through other comprehensive income-current	339,000	23,086	-	23,086	
Eminence Investment Corporation	Common stock	Cayman Engley Industrial Co., Ltd.		Financial assets at fair value through other comprehensive income-current	230,000	22,057	-	22,057	
Eminence Investment Corporation	Common stock	LA KAFFA INTERNATIONAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	120,000	20,340	-	20,340	
Eminence Investment Corporation	Common stock	CTBC Financial Holding Co., Ltd.		Financial assets at fair value through other comprehensive income-current	900,000	20,160	-	20,160	
Eminence Investment Corporation	Common stock	REALTEK SEMICONDUCTOR CORP.		Financial assets at fair value through other comprehensive income-current	84,000	19,740	-	19,740	
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	445,200	19,433	-	19,433	
Eminence Investment Corporation	Common stock	LUXNET CORPORATION		Financial assets at fair value through other comprehensive income-current	675,168	17,251	-	17,251	
Eminence Investment Corporation	Common stock	KERRY TJ LOGISTICS CO., LIMITED		Financial assets at fair value through other comprehensive income-current	431,000	16,895	-	16,895	
Eminence Investment Corporation	Common stock	PHISON ELECTRONICS CORPORATION		Financial assets at fair value through other comprehensive income-current	49,000	16,684	-	16,684	
Eminence Investment Corporation	Common stock	NOVATEK MICROELECTRONICS CORP.		Financial assets at fair value through other comprehensive income-current	76,000	16,644	-	16,644	
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.		Financial assets at fair value through other comprehensive income-current	187,000	16,643	-	16,643	
Eminence Investment Corporation	Common stock	QUANTA COMPUTER INC.		Financial assets at fair value through other comprehensive income-current	256,000	16,461	-	16,461	
Eminence Investment Corporation	Common stock	TRIPOD TECHNOLOGY CORPORATION		Financial assets at fair value through other comprehensive income-current	123,000	15,436	-	15,436	
Eminence Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	409,000	13,497	-	13,497	
Eminence Investment Corporation	Common stock	AMAZING MICROELECTRONIC CORP.		Financial assets at fair value through other comprehensive income-current	135,000	13,365	-	13,365	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION		Financial assets at fair value through other comprehensive income-current	350,000	\$ 13,125	-	\$ 13,125	
Eminence Investment Corporation	Common stock	SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.		Financial assets at fair value through other comprehensive income-current	266,000	12,595	-	12,595	
Eminence Investment Corporation	Common stock	KINIK COMPANY		Financial assets at fair value through other comprehensive income-current	170,000	11,713	-	11,713	
Eminence Investment Corporation	Common stock	SINON CORPORATION		Financial assets at fair value through other comprehensive income-current	585,000	11,115	-	11,115	
Eminence Investment Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.		Financial assets at fair value through other comprehensive income-current	258,648	11,005	-	11,005	
Eminence Investment Corporation	Common stock	MAKALOT INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-current	69,000	10,868	-	10,868	
Eminence Investment Corporation	Common stock	SINBON ELECTRONICS COMPANY LTD.		Financial assets at fair value through other comprehensive income-current	80,000	9,920	-	9,920	
Eminence Investment Corporation	Common stock	UNIVERSAL MICROWAVE TECHNOLOGY, INC.		Financial assets at fair value through other comprehensive income-current	104,000	9,755	-	9,755	
Eminence Investment Corporation	Common stock	TRANSCEND INFORMATION INC.		Financial assets at fair value through other comprehensive income-current	125,000	9,738	-	9,738	
Eminence Investment Corporation	Common stock	SIGURD MICROELECTRONICS CORPORATION		Financial assets at fair value through other comprehensive income-current	262,000	9,720	-	9,720	
Eminence Investment Corporation	Common stock	CHICONY POWER TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	153,000	9,608	-	9,608	
Eminence Investment Corporation	Common stock	WISTRON NEWEB CORPORATION		Financial assets at fair value through other comprehensive income-current	115,000	8,683	-	8,683	
Eminence Investment Corporation	Common stock	CATCHER TECHNOLOGY CO., LTD.		Financial assets at fair value through other comprehensive income-current	37,000	8,399	-	8,399	
Eminence Investment Corporation	Common stock	PACIFIC HOSPITAL SUPPLY CO., LTD.		Financial assets at fair value through other comprehensive income-current	106,000	7,876	-	7,876	
Eminence Investment Corporation	Common stock	SHENG YU STEEL CO., LTD.		Financial assets at fair value through other comprehensive income-current	374,000	7,330	-	7,330	
Eminence Investment Corporation	Common stock	NETRONIX, INC.		Financial assets at fair value through other comprehensive income-current	150,000	5,963	-	5,963	
Eminence Investment Corporation	Common stock	FIRST HI-TEC ENTERPRISE CO., LTD.		Financial assets at fair value through other comprehensive income-current	112,000	4,581	-	4,581	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	1,720,943	\$ 87,768	-	\$ 87,768	
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	813,323	21,146	-	21,146	
Eminence Investment Corporation	Common stock	Yonggu Group Inc.		Financial assets at fair value through other comprehensive income-noncurrent	1,081,750	59,551	2	59,551	
Eminence Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,200,000	28,690	6	28,690	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.		Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	17,852	4	17,852	
Eminence Investment Corporation	Common stock	SUNNY PHARMTECH INC.		Financial assets at fair value through other comprehensive income-noncurrent	1,146,801	10,779	1	10,779	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,188,000	47,577	6	47,577	
Eminence Investment Corporation	Common stock	ENIMMUNE CORPORATION		Financial assets at fair value through other comprehensive income-noncurrent	1,749,000	34,126	4	34,126	
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)	266,000	17,104	-	17,104	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)		Financial assets at fair value through other comprehensive income-current	833,000	53,312	-	53,312	
Eminence Investment Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD.(E)		Financial assets at fair value through other comprehensive income-current	560,000	31,024	-	31,024	
Eminence Investment Corporation	Mutual fund	CATHAY US MULTI-INCOME BALANCED FUND-TWD		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	500,000	5,058	-	5,058	
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	22,402	-	22,402	
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)	140,000	13,790	-	13,790	
Shin Mau Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	1,433,749	34,267	-	34,267	
Hung-Chuan Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	1,605,875	38,380	-	38,380	
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	38,640	-	38,640	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ding Da Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	1,525,494	\$ 36,459	-	\$ 36,459	
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	34,939	-	34,939	
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	35,690	-	35,690	
Li-Ching-Long Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income-noncurrent	1,605,441	38,370	-	38,370	
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	36,857	-	36,857	
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	38,797	-	38,797	
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	103,953	-	103,953	
China Steel Global Trading Corporation	Common stock	Thai Sumilox Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	1,110	72,165	15	72,165	
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	11,648	-	11,648	
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	50,689	-	50,689	
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	21,448	-	21,448	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Maruichi Metal Product (Foshan) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	256,367	15	256,367	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	PCMI Metal Products (Chongqing) Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	117,439	8	117,439	
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	-	24,338	19	24,338	
CSGT International Corporation	Common stock	NSSB Coil Center (Thailand) Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	3,001	79,477	13	79,477	
CSGT International Corporation	Certificate of entitlement	Hanoi Steel Center Co., Ltd.		Financial assets at fair value through other comprehensive income-noncurrent	-	175,458	19	175,458	

(Continued)



Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2019				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 12,011,697	13	\$ 12,011,697	
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	-	158,894	6	158,894	
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	-	41,972	12	41,972	
CSC Steel Holdings Berhad	Common stock	Astino Berhad		Financial assets at fair value through other comprehensive income-noncurrent	3,574,472	17,247	-	17,247	
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)	3,317,966	24,601	-	24,601	
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)	2,520,717	18,690	-	18,690	
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS		Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	177,601,217	1,316,827	-	1,316,827	
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)	226,975	2,248	-	2,248	

(Concluded)

Note 1: Parent company's stocks pledged as collateral amounted to 120,100 thousand shares and NT\$2,870,390 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 115,800 thousand shares and NT\$2,767,620 thousand.

**TABLE 4****CHINA STEEL CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 2,414,900	-	\$ -	\$ -	\$ -	342,100,000	\$ 3,169,040
China Steel Corporation	Common stock	CSC Solar Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	66,000,000	692,176	29,920,000	327,496	-	-	-	-	95,920,000	1,019,672
China Steel Chemical Corporation	Mutual fund	TCB Taiwan Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	37,368,340	380,000	37,368,340	380,237	380,000	237	-	-
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)	-	-	-	-	28,994,028	430,082	24,954,998	370,085	369,991	94	4,039,030	60,091
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	32,492,646	439,993	35,458,375	480,334	480,053	281	-	-
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	1,096,806	-	-	-	-	359,000,000	5,656,150
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	1,109,276	15,919	98,536,588	742,877	742,877	-	2,520,717	18,690
CSC Steel Sdn. Bhd.	Mutual fund	Hwang-DBS	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	194,237,779	1,442,361	16,636,562	125,534	125,534	-	177,601,217	1,316,827

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

TABLE 5

CHINA STEEL CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 2,511,513	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, July and November 2019 and recognized as property, plant and equipment-bui ldings.

TABLE 6

## CHINA STEEL CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ (20,637,270 )	(10 )	Letter of credit/Receivables were collected after final acceptance	-	-	\$ 34,581	1	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	Sales	(3,768,856 )	(2 )	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	-	-	2,504	-	
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales	(2,661,319 )	(1 )	Letter of credit/Accounts received in advance before shipment date	-	-	56,196	2	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	Sales	(2,180,840 )	(1 )	Accounts receivable factoring agreements	-	-	-	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales	(2,114,710 )	(1 )	Letter of credit	-	-	144,666	4	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales	(1,995,141 )	(1 )	Receivables were collected within 10 days after shipment date	-	-	37,109	1	
China Steel Corporation	CSBC Corporation, Taiwan	The Corporation as director of the board of related party	Sales	(1,665,324 )	(1 )	Accounts received in advance before shipment date	-	-	192,500	5	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales	(1,129,542 )	(1 )	Receivables were collected within 30 days after shipment date	-	-	54,355	1	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales	(899,002 )	-	Receivables were collected within 14 days after shipment date	-	-	31,604	1	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales	(892,518 )	-	Receivables were collected within 5 days after shipment date	-	-	41,664	1	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales	(881,767 )	-	Receivables were collected within 60 days after shipment date	-	-	110,099	3	
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales	(736,501 )	-	Letter of credit	-	-	14,924	-	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales	(548,618 )	-	Receivables were collected within 85 days after shipment date	-	-	166,127	5	
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales	(524,557 )	-	Letter of credit/Accounts received in advance before shipment date	-	-	-	-	
China Steel Corporation	Rechi Refrigeration Dongguan Co, Ltd.	The Corporation as director of the board of related party's parent company	Sales	(360,599 )	-	Receivables were collected after shipment date	-	-	-	-	
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	Sales	(173,934 )	-	Receivables were collected within 10 days after shipment date	-	-	6,515	-	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Corporation	Fukuta Electric & Machinery Co., Ltd.	Affiliated enterprise	Sales	\$ (170,310 )	-	Letter of credit	-	-	\$ -	-	
China Steel Corporation	China Steel Machinery Corporation	Subsidiary	Sales	(157,289 )	-	Receivables were collected within 10 days after shipment date	-	-	119	-	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Sales	(137,768 )	-	Letter of credit	-	-	1,687	-	
China Steel Corporation	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The Corporation as director of the board of related party's parent company	Sales	(118,544 )	-	Letter of credit	-	-	-	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(1,165,876 )	(1 )	By contract terms	-	-	53,511	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	(405,895 )	-	By contract terms	-	-	9,238	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Service revenue and other operating revenue	(272,728 )	-	By contract terms	-	-	34,329	1	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Service revenue and other operating revenue	(156,987 )	-	By contract terms	-	-	-	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Purchases	17,209,793	11	Payment within 5 days after shipment date/Payment after final acceptance	-	-	-	-	
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	8,983,344	6	Payment against copy of B/L	-	-	(1,044,396 )	(16 )	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Purchases	2,288,135	2	Payment after final acceptance	-	-	(192,221 )	(3 )	
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	555,821	-	Payment against copy of B/L	-	-	(71,080 )	(1 )	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Purchases	504,163	-	Payment after final acceptance	-	-	(47,171 )	(1 )	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Purchases	317,673	-	Payment after final acceptance	-	-	(10,533 )	-	
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Affiliated enterprise	Purchases	199,953	-	Payment after final acceptance	-	-	(26,183 )	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(16,965,653 )	(20 )	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	-	-	-	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(8,625,119 )	(10 )	Letter of credit/Receivables were collected within 5 days after shipment date	-	-	9,588	1	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Sales	(5,353,946 )	(6 )	Receivables were collected within 5 days after shipment date	-	-	77,360	5	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(4,100,004 )	(5 )	Receivables were collected within 5 days after shipment date	-	-	39,365	3	
Dragon Steel Corporation	China Steel Structure Co., Ltd.	The same parent company	Sales	(979,600 )	(1 )	Letter of credit	-	-	19,040	1	
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(815,758 )	(1 )	Receivables were collected within 5 days after shipment date	-	-	15,060	1	
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Sales	(596,915 )	(1 )	Receivables were collected within 5 days after shipment date	-	-	711	-	
Dragon Steel Corporation	CHC Resources Corporation	The same parent company	Sales	(317,046 )	-	Letter of credit	-	-	5,624	-	
Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(112,230 )	-	Receivables were collected within 5 days after shipment date	-	-	-	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Service revenue	(226,068 )	-	Receivables were collected within 5 days after shipment date	-	-	-	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Other operating revenue	(244,140 )	-	Receivables were collected after final acceptance	-	-	-	-	
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	4,688,086	7	Payment against copy of B/L	NO THIRD-PARTY COULD BE COMPARED	-	(136,097 )	(16 )	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	\$ 1,488,796	2	Payment within 5 days after shipment date	-	-	\$ (41,664 )	( 5 )	
Dragon Steel Corporation	C.S.Aluminium Corporation	The same parent company	Purchases	704,597	1	Payment in advance/Payment within 30 days after final acceptance	NO THIRD-PARTY COULD BE COMPARED	-	(43,106 )	(5 )	
Dragon Steel Corporation	CSE Transport Corporation	The same parent company	Purchases	236,020	-	Payment against copy of B/L	NO THIRD-PARTY COULD BE COMPARED	-	(29,432 )	(4 )	
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	225,531	-	Payment in advance/Payment within 30 days after final acceptance	NO THIRD-PARTY COULD BE COMPARED	-	(14,170 )	(2 )	
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(1,288,652 )	(3 )	T/T within 7 working days against copy of B/L	-	NO THIRD-PARTY COULD BE COMPARED	-	-	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(470,271 )	(1 )	T/T as the end of the month of when invoice is issued after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	43,118	8	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	20,764,285	63	Letter of credit at sight/Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	(56,343 )	(59 )	
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	8,712,164	27	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	259,405	1	Letter of credit at sight/Payment after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	-	-	
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	(2,940,758 )	(36 )	Contractual period	-	-	211,159	17	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(1,212,688 )	(15 )	Contractual period	-	-	117,651	10	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(1,170,812 )	(14 )	Contractual period	-	-	474,456	39	
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(968,352 )	(12 )	Contractual period	-	-	44,063	4	
China Ecotek Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(386,071 )	(5 )	Contractual period	-	-	83,796	7	
China Ecotek Corporation	China Steel Machinery Corporation	The same parent company	Purchases	460,154	6	Contractual period	-	-	(2,783 )	-	
China Ecotek Vietnam Company Limited	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(731,904 )	(59 )	Contractual period	-	-	79,875	45	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(1,140,278 )	(16 )	Receivables are collected as the end of every month of when invoice is issued	-	-	85,021	18	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(160,219 )	(2 )	Net 150 days from the end of the month of when invoice is issued	-	-	85,928	18	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	2,111,712	51	Letter of credit at sight	-	-	(186,149 )	(74 )	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,094,469	26	Payment after final acceptance	-	-	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	815,758	20	Letter of credit at sight	-	-	-	-	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	160,219	63	Net 150 days from the end of the month of when invoice is issued	-	-	(85,928 )	(100 )	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	Sales	(552,989 )	(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.	135,558	15	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
CHC Resources Corporation	YA TUNG READY-MIXED CONCRETE CORP.	Subsidiary of director of the board	Sales	\$ (446,976 )	( 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.	\$ 63,654	7	
CHC Resources Corporation	Universal Cement Corporation	Director of the board	Sales	(244,562 )	( 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.	32,176	4	
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(1,786,993 )	(20 )	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.	109,125	12	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(1,291,613 )	(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.	153,055	17	
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(477,529 )	( 5 )	By contract terms	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	39,128	4	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	766,662	29	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.	(14,924 )	( 9 )	
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	377,925	14	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.	(31,578 )	(19 )	
CHC Resources Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	344,462	13	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.	-	-	

(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	Dragon Steel Corporation	The same parent company	Purchases	\$ 316,891	12	Letter of credit	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	\$ (4,590 )	(3 )	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	Purchases	134,269	5	45 days after B/L	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.	(16,068 )	(10 )	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(327,892 )	(59 )	Net 60 days from the end of the month of when invoice is issued	-	-	42,084	68	
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	328,243	99	Prepaid before shipment date	-	-	-	-	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Service revenue	(395,934 )	(4 )	Contractual period	-	-	7,348	1	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Service revenue	(110,628 )	(1 )	Contractual period	-	-	11,902	1	
China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(563,540 )	(6 )	Contractual period	-	-	-	-	
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Subsidiary	Construction revenue	(409,194 )	(4 )	Contractual period	-	-	-	-	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Construction revenue	(368,418 )	(4 )	Contractual period	-	-	47,784	5	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Construction revenue	(126,751 )	(1 )	Contractual period	-	-	26,787	3	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent company	Purchases	2,724,079	60	Letter of credit/Prepaid before shipment date	-	Payment 7th of next month after accept supplier invoice.	(58,584 )	(4 )	
China Steel Structure Co., Ltd.	Dragon Steel Corporation	The same parent company	Purchases	981,721	22	Letter of credit	-	Payment 7th of next month after accept supplier invoice.	(14,958 )	(1 )	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(1,011,263 )	(15 )	Contractual period	-	-	24,841	12	
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(741,054 )	(11 )	Contractual period	-	-	52,864	25	
United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	The same parent company	Construction revenue	(636,892 )	(9 )	Contractual period	-	-	-	-	
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(633,626 )	(9 )	Contractual period	-	-	59,197	28	
United Steel Engineering & Construction Corporation	CHC Resources Corporation	The same parent company	Construction revenue	(631,958 )	(9 )	Contractual period	-	-	62,443	30	
United Steel Engineering & Construction Corporation	Steel Castle Technology Corporation	The same parent company	Outsourcing construction fee	162,437	3	Letter of credit	-	-	(61,618 )	(4 )	
Infochamp Systems Corporation	China Steel Corporation	Parent company	Service revenue	(797,441 )	-	Receivables were collected within 30 days after shipment date	-	-	295,157	-	
Infochamp Systems Corporation	C.S.Aluminium Corporation	The same parent company	Service revenue	(128,565 )	-	Receivables were collected within 30 days after shipment date	-	-	17,477	-	
Infochamp Systems Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(101,823 )	-	Receivables were collected within 30 days after shipment date	-	-	9,114	-	
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(687,892 )	(5 )	Receivables were collected after shipment date	-	-	31,505	14	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(504,163 )	(4 )	Receivables were collected after final acceptance	-	-	47,171	21	
China Steel Global Trading Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(259,405 )	(2 )	Receivables were collected after shipment date	-	-	-	-	
China Steel Global Trading Corporation	Dragon Steel Corporation	The same parent company	Sales	(225,531 )	(2 )	Receivables were collected after shipment date	-	-	14,170	6	

(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	Sales	\$ (165,894 )	( 1 )	T/T before shipment date	-	-	\$ -	-	Note 2
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(296,690 )	(73 )	By contract terms	-	-	(12,759 )	(6 )	
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	7,358,794	60	Payment from counter-party notice after shipping	-	-	(34,992 )	(26 )	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	2,595,924	21	Payment after shipment date	-	-	(37,109 )	(28 )	Note 1
China Steel Global Trading Corporation	Tang Eng Iron Works Co., Ltd.	The Corporation as director of the board of related party	Purchases	183,478	1	Prepaid before shipment date	-	-	-	-	
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	1,240,358	63	Payment from counter-party notice after shipping	-	-	(53,431 )	(65 )	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Purchases	367,033	20	Payment after shipment date	-	-	(23,887 )	(32 )	
CSGT (Singapore) Pte. Ltd.	China Steel Corporation	The ultimate parent of the company	Service revenue	(101,308 )	(83 )	By contract terms	-	-	6,849	100	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(291,354 )	(30 )	Net 90 days from the end of the month of when invoice is issued	-	-	79,863	17	
Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	363,253	67	Net 90 days from the end of the month of when invoice is issued	-	-	(130,990 )	(46 )	
Betacera Inc.	Suzhou Betacera Technology Co., Ltd.	Subsidiary	Purchases	112,590	21	Net 90 days from the end of the month of when invoice is issued	-	-	(59,487 )	(21 )	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(764,719 )	(58 )	Net 90 days from the end of the month of when invoice is issued	-	-	37,308	18	
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	Sales	(370,493 )	(28 )	Net 90 days from the end of the month of when invoice is issued	-	-	131,220	63	
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	Purchases	292,414	35	Net 90 days from the end of the month of when invoice is issued	-	-	(80,176 )	(30 )	
Betacera (Su Zhou) Co., Ltd.	Lefkara Ltd.	Parent company	Purchases	199,587	24	Net 90 days from the end of the month of when invoice is issued	-	-	(88,998 )	(34 )	
Suzhou Betacera Technology Co., Ltd.	Lefkara Ltd.	Parent company	Sales	(281,281 )	(70 )	Net 90 days from the end of the month of when invoice is issued	-	-	-	-	
Suzhou Betacera Technology Co., Ltd.	Betacera Inc.	Parent company	Sales	(116,123 )	(29 )	Net 90 days from the end of the month of when invoice is issued	-	-	59,591	100	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(202,098 )	(16 )	Net 90 days from the end of the month of when invoice is issued	-	-	88,842	21	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	764,800	60	Net 90 days from the end of the month of when invoice is issued	-	-	(37,243 )	(18 )	
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd.	Subsidiary	Purchases	281,311	22	Net 90 days from the end of the month of when invoice is issued	-	-	-	-	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Sales	(327,944 )	(36 )	Receivables were collected within 10 days after shipment date	-	-	10,615	11	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Purchases	137,267	25	Letter of credit	-	-	1,687	5	Note 3
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(9,617,127 )	(62 )	Payment after shipping document specified	-	-	1,046,333	77	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(5,001,756 )	(32 )	Payment after shipping document specified	-	-	138,286	10	
China Steel Express Corporation	China Steel Global Trading Corporation	The same parent company	Service revenue	(147,621 )	(1 )	Payment after shipping document specified	-	-	-	-	
Kaoport Stevedoring Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(194,898 )	86	Receivable were collected within 30 working days against copy of B/L	-	-	10,249	79	
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(555,657 )	(38 )	Payment after shipping document specified	-	-	71,659	26	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
CSE Transport Corporation	Dragon Steel Corporation	The same parent company	Service revenue	\$ (236,789 )	(16 )	Payment after shipping document specified	-	-	\$ 29,432	10	Note 3
CSE Transport Corporation	China Steel Express Corporation	Parent company	Service revenue	(148,685 )	(10 )	Payment after shipping document specified	-	-	160,136	59	
CSEI Transport (Panama) Corporation	China Steel Express Corporation	Parent company	Service revenue	(458,843 )	(71 )	Payment after shipping document specified	-	-	-	-	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Sales	(2,288,135 )	(12 )	Receivables were collected after final acceptance	-	-	192,221	33	
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(704,597 )	(4 )	Receivables were collected after final acceptance	-	-	43,106	7	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(2,498,799 )	(35 )	Payment after final acceptance	-	-	161,086	31	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(841,004 )	(12 )	Payment after final acceptance	-	-	175,423	33	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(771,539 )	(11 )	Payment after final acceptance	-	-	1,751	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Purchases	161,666	11	Payment after final acceptance	-	-	119	-	
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(354,174 )	(25 )	By contract terms	-	-	45,470	29	
China Steel Security Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(102,819 )	(7 )	By contract terms	-	-	7,358	5	
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(534,344 )	(43 )	By contract terms	-	-	37,609	67	
Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	The same parent company	Service revenue	(235,658 )	(19 )	By contract terms	-	-	-	-	
Steel Castle Technology Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(179,247 )	(14 )	By contract terms	-	-	14,826	26	
Steel Castle Technology Corporation	China Steel Security Corporation	Parent company	Service revenue	(109,296 )	(9 )	By contract terms	-	-	-	-	
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	123,791,258	93	Payment within 85 days after shipment date	-	-	(38,513,327 )	(89 )	
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	(678,581 )	(60 )	Receivables were collected after shipment date	-	-	98,430	40	
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	886,204	99	60 days after B/L	-	-	(110,099 )	(96 )	
CSC Steel Sdn. Bhd.	Hanwa Steel Centre (M) Sdn. Bhd.	Affiliated enterprise	Sales	(120,691 )	(1 )	Net 10 days from the end of the month of when invoice is issued	-	-	8,972	1	
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	4,230,395	53	Payment after shipping document specified	-	-	(36,230 )	(29 )	
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	1,259,029	16	Payment after shipping document specified	-	-	-	-	
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	877,779	11	Payment after shipping document specified	-	-	(30,827 )	(24 )	
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	647,868	8	Payment after shipping document specified	-	-	(30,447 )	(24 )	
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(619,569 )	(100 )	Net 60 days from the end of the month of when invoice is issued	-	-	53,445	100	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	Service revenue	(257,241 )	(100 )	Net 60 days from the end of the month of when invoice is issued	-	NO THIRD-PARTY COULD BE COMPARED	21,225	100	
Kaohsiung Rapid Transit Corporation	China Steel Corporation	Parent company	Service revenue	(170,775 )	(7 )	Net 15 days from the end of the month of when invoice is issued	-	-	14,250	4	
Sing Da Marine Structure Corporation	China Steel Corporation	Parent company	Purchases	173,934	62	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	(2,590,256 )	(14 )	Accounts receivable, 10 days term	-	-	99,245	7	
China Steel and Nippon Steel Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	Sales	(468,939 )	(2 )	Accounts receivable, 60 days term	-	-	99,999	7	
China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(404,072 )	(2 )	Accounts receivable, 30 days term	-	-	26,383	2	
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel Trading Vietnam Co., Ltd.	Other related parties	Sales	(154,874 )	(1 )	Accounts receivable, 10 days term	-	-	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	SINO Vietnam HI-TECH Material Co., Ltd.	Affiliated enterprise	Sales	(118,432 )	(1 )	Accounts receivable, 60 days term	-	-	13,613	1	

(Continued)

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	\$ 9,403,046	65	Receivables were collected within 120 days after shipment date	-	-	\$ 29,914	1	Notes 1 and 3
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL TRADING CORPORATION	Supervisor	Purchases	4,244,605	30	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	734,317	5	Prepaid before shipment date	-	-	-	-	
China Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchases	2,186,070	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 refers to accounts received in advance.

Note 3: Balance of accounts receivable refers to prepayments.

TABLE 7

## CHINA STEEL CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 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	\$ 3,602,553	-	\$ -		\$ 2,601,899	\$ -	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	2,473,564	-	-		2,452,014	-	Note
China Steel Corporation	China Steel Resources Corporation	Subsidiary	810,407	-	-		-	-	Note
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	653,369	-	-		102,467	-	Note
China Steel Corporation	China Steel Express Corporation	Subsidiary	600,824	-	-		600,824	-	Note
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	350,321	-	-		350,321	-	Note
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	317,818	-	-		217,766	-	Note
China Steel Corporation	China Ecotek Corporation	Subsidiary	310,669	-	-		310,235	-	Note
China Steel Corporation	Gains Investment Corporation	Subsidiary	200,127	-	-		-	-	Note
China Steel Corporation	CSBC Corporation,Taiwan	The Corporation as director of the board of related party	192,500	5	-		187,446	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	178,995	12	-		178,995	-	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	166,127	3	-		108,802	-	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	111,236	6	-		111,236	-	
China Steel Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	101,538	-	-		-	-	Note
Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	Parent company	131,220	5	-		131,220	-	
Thintech Materials Technology Co., Ltd.	Taicang Thintech Materials Co., Ltd.	Subsidiary	104,421	-	-		891	-	Note
China Steel Express Corporation	China Steel Corporation	Parent company	1,046,333	8	-		1,046,333	-	
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	138,286	13	-		138,286	-	
CSE Transport Corporation	China Steel Express Corporation	Parent company	160,136	-	-		-	-	
C.S.Aluminium Corporation	China Steel Corporation	Parent company	192,221	12	-		179,062	-	
China Prosperity Development Corporation	China Steel Corporation	Parent company	2,308,148	-	-		60,209	-	Note
Chung Hung Steel Corporation	China Steel Corporation	Parent company	508,259	-	-		3	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	209,860	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	209,860	-	-		-	-	Note
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	153,055	9	4,985	Receivable on demand	153,055	-	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the board	135,558	4	-	Receivable on demand	67,589	-	
CHC Resources Corporation	China Steel Corporation	Parent company	109,125	12	-	Receivable on demand	109,125	-	
Infochamp Systems Corporation	China Steel Corporation	Parent company	305,653	5	-		305,456	-	
China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Subsidiary	108,648	-	-		-	-	Note
China Ecotek Corporation	CSC Solar Corporation	The same parent company	474,456	2	-		-	-	
China Ecotek Corporation	China Steel Corporation	Parent company	211,159	11	-		202,775	-	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	117,651	9	-		86,672	-	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	175,423	8	-		112,530	-	
China Steel Machinery Corporation	China Steel Corporation	Parent company	161,086	14	-		113,839	-	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	121,341	-	-		21,224	-	Note
Sing Da Marine Structure Corporation	China Steel Corporation	Parent company	300,341	-	-		300,341	-	Note

Note: Other receivables.

**TABLE 8**

**CHINA STEEL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
China Steel Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	\$ 5,539,872	\$ 5,539,872	582,673,153	41	\$ 6,064,076	\$ 10,791	\$ (50,093 )	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	2,104,642	1,292,839	369,790	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	1,274,475	157,617	527	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	1,232,328	126,858	140,782	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	951,904	816,432	160,659	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	98,857,201	(1,453,883 )	(1,176,939 )	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	19,743,722	644,327	644,327	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	11,869,947	1,938,085	1,726,494	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	7,855,607	(299,335 )	(270,156 )	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	7,112,136	547,172	464,968	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	6,806,029	2,563,845	3,096,192	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	6,353,422	(944,584 )	(528,967 )	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	4,293,509	229,230	228,324	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	3,169,040	(130,788 )	(130,788 )	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	2,050,305	440,553	435,972	Subsidiary
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	4,031,501	4,031,501	120,799,811	43	1,338,049	61,509	27,057	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	1,084,456	173,758	24,310	Subsidiary
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	India	Electrical steel	3,795,159	3,795,159	728,690,559	100	1,063,968	(578,045 )	(578,045 )	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	959,200	660,000	95,920,000	55	1,019,672	101,809	56,675	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	995,460	9,857	10,653	Subsidiary
China Steel Corporation	Infochamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	699,802	160,721	131,794	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	526,997	104,675	102,871	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	388,716	31,174	21,513	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	299,268	9,930	9,930	Subsidiary
China Steel Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	269,141	269,141	12,000,000	80	254,547	(2,453 )	(1,962 )	Subsidiary
China Steel Corporation	ChinaSteel Management Consulting Corporation	Republic of China	Business management and management consulting services	15,144	15,144	999,993	100	17,808	3,460	3,460	Subsidiary
China Steel Corporation	China Steel Power Holding Corporation	Republic of China	General investment	5,000	5,000	500,000	100	4,719	(209 )	(209 )	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
China Steel Corporation	White Biotech Corporation	Republic of China	Biotechnology introduction and development	\$ -	\$ 130,594	-	-	\$ -	\$ (638 )	\$ (555 )	Subsidiary
China Steel Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	-	-	10	-	-	(137 )	-	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	970,044	970,044	95,527,811	48	968,793	(77,854 )	(37,183 )	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	519,599	150,266	27,048	Associate
China Steel Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	590,876	825,000	59,087,570	35	461,258	(341,000 )	(125,573 )	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	500,000	500,000	50,000,000	46	441,446	65,458	30,274	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	359,196	(5,705 )	670	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	287,626	(54,021 )	(13,078 )	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	53,945	21,892	1,213	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	833,350	17	24,588	81,681	13,616	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	297,619,989	41	2,526,222	249,976	-	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	27,173	(74 )	-	Subsidiary
Chung Hung Steel Corporation	Taiwan Steel Corporation	Republic of China	Iron and steel industry chain industry	-	1,000	-	-	-	(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	312,239	816,432	-	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	-	12,798	157,617	-	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,279,306	57,450	-	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	66,931,030	9	568,107	249,976	-	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	366,473	10,300	-	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	180,000	26,160,000	15	277,907	101,809	-	Subsidiary
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8	44,000	31,174	-	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	41,769	(173,415 )	-	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	39,485	17,186	-	Subsidiary
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,309	3,232	-	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	22,500	22,500	2,250,000	5	15,553	69,153	-	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	13,781	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	69,607	(18,875 )	-	Associate
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	16,934	21,168	1,693,440	6	23,051	20,947	-	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	249,999	5	7,375	81,681	-	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	98,812	118,924	-	Subsidiary
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6	32,255	31,174	-	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,669	1,595	-	Subsidiary
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	16,748	3,141	-	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	16,158	4,194	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
China Ecotek Corporation	CEC Development Corporation	Samoa	Holding and investment	\$ 494,146	\$ -	17,000,000	100	\$ 1,032,779	\$ (108,524 )	\$ -	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	468,742	173,758	-	Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	348,800	240,000	34,880,000	20	297,021	101,809	-	Subsidiary
China Ecotek Corporation	CEC International Corporation	Samoa	Holding and investment	30,642	30,642	10,000,000	100	43,552	(498 )	-	Subsidiary
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	Engineering service industry	25,000	25,000	2,500,000	100	31,919	5,372	-	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	24,134	(374 )	-	Subsidiary
China Ecotek Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	23,231	(278 )	-	Subsidiary
China Ecotek Corporation	CEC Holding Company Limited	Samoa	Holding and investment	163,779	339,339	14,860,000	100	20,718	(5,315 )	-	Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	15,807	1,605	-	Subsidiary
China Ecotek Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	14,994	1,696	-	Subsidiary
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,779	1,595	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,262	8,262	300,000	1	5,095	(173,415 )	-	Subsidiary
China Ecotek Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	-	5,000	-	40	671	-	Subsidiary
China Ecotek Corporation	CEC Development Corporation	USA	Holding and investment	-	494,146	-	-	-	8,475	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	43,504	(18,875 )	-	Associate
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	2,822	3,528	282,240	1	3,843	20,947	-	Associate
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	40,420	671	-	Subsidiary
CEC Development Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	-	27	-	-	-	671	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	-	302,065	-	-	-	(111,749 )	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	-	-	100	784,253	(111,749 )	-	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	482,316	816,432	-	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	1,371,781	92,668	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd.	Singapore	Holding and investment	134,578	134,578	4,100,000	100	175,081	(48,056 )	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	148,264	148,264	4,400,000	37	101,368	(75,881 )	-	Subsidiary
China Steel Structure Co., Ltd.	Chiun Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	20,327	(278 )	-	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	15,678	31,174	-	Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,855	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	11,812	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	9,727	25,294	-	Subsidiary
China Steel Structure Co., Ltd.	Ascentek Venture Capital Corporation	Republic of China	General investment	12,701	15,876	1,270,080	5	17,270	20,947	-	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	4,649	227	-	Associate
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd	Singapore	Holding and investment	126,806	126,806	4,180,000	100	150,468	8,900	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
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	40	\$ 61,430	\$ 1,368	\$ -	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	56,521	977	-	Subsidiary
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	13,754	13,754	1,196,000	40	22,776	3,374	-	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	16,968	61,509	-	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	116,067	150,266	-	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	47,430	21,892	-	Associate
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	4,234	5,292	423,360	2	5,745	20,947	-	Associate
United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Cambodia	Building materials manufacturing, construction engineering	96,283	96,283	310	31	99,029	11,067	-	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	276,405	(75,881 )	-	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	175,065	(75,881 )	-	Subsidiary
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Sales of GBFS	366,557	129,922	-	85	359,687	26,338	-	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	142,530	2,246	-	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	118,758	45,716	-	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	84,651	8,847	-	Subsidiary
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	23,020	3,232	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	21,544	4,194	-	Subsidiary
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	19,140	3,141	-	Subsidiary
CHC Resources Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	17,136	1,696	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	17,082	3,374	-	Subsidiary
CHC Resources Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	10,970	10,970	494,440	2	10,059	31,174	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,254	8,254	300,000	1	5,096	(173,415 )	-	Subsidiary
CHC Resources Corporation	Hsieh Sheng Development Corporation	Republic of China	Real estate lease	-	1,142,189	-	-	-	9,592	-	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	105,835	(5,705 )	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	15,000	15,000	1,500,000	2	13,051	(18,875 )	-	Associate
CHC Resources Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	8,467	10,584	846,720	3	11,525	20,947	-	Associate
Union Steel Development Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	1,522	1,522	106,445	-	1,462	10,791	-	Subsidiary
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	313,899	31,257	13,000,000	100	313,899	57,804	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	18,819	17,000	1,700,000	1	18,819	61,509	-	Subsidiary
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation	Republic of China	Management and maintenance for buildings	13,490	10,000	1,000,000	100	13,490	1,789	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	4,350	5,000	500,000	1	4,350	(18,875 )	-	Associate
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	3,838	3,528	282,240	1	3,838	20,947	-	Associate
China Prosperity Development Corporation	Chateau International Development Co., Ltd.	Republic of China	Development of leisure business	343,848	131,921	22,491,623	20	343,848	40,015	-	Associate
China Prosperity Development Corporation	Chung Hsin Japan Co., Ltd.	Japan	Real estate lease	172,172	151,526	3,840	80	172,172	13,569	-	Subsidiary

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	\$ 144,072	\$ 130,000	13,000,000	5	\$ 144,072	\$ 61,509	\$ -	Subsidiary
China Prosperity Development Corporation	United Steel Development Corporation Limited	Republic of China	Residential and building development and rental industry	92,145	-	8,032,500	60	92,145	1,368	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	203,118	175,000	17,500,000	7	203,118	150,266	-	Associate
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	7,685	7,056	564,480	2	7,685	20,947	-	Associate
HIMAG Magnetic Corporation	MagnPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	146,133	(45,082 )	-	Subsidiary
China Steel Power Holding Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	4,800	-	479,990	100	4,663	(137 )	-	Subsidiary
CSC Solar Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	314	-	9,000	-	314	126,858	-	Subsidiary
Infochamp Systems Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	60,784	60,784	5,825,030	35	66,957	17,874	-	Subsidiary
Infochamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	57,690	61,509	-	Subsidiary
Infochamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	Holding and investment	6,816	6,816	201,000	100	13,589	512	-	Subsidiary
Infochamp Systems Corporation	iPASS Corporation	Republic of China	Electronic stored value cards, electronic payment	-	40,000	4,000,000	4	-	4,321	-	Associate
Infochamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	-	(1,436 )	-	Associate
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	26,000	2,600,000	100	28,445	1,158	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	8,994	9,215	-	100	25,642	3,869	-	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	102,183	21,892	-	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	80,545	157,617	-	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	174,400	120,000	17,440,000	10	185,271	101,809	-	Subsidiary
C.S.Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	539,581	(112,009 )	-	Subsidiary
C.S.Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	16,934	21,168	1,693,440	6	23,029	20,947	-	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	539,572	(173,415 )	-	Subsidiary
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,645	7,056	564,480	2	7,676	20,947	-	Associate
China Steel Express Corporation	Transglory Investment Corporation	Republic of China	General investment	2,440,000	2,440,000	362,914,927	50	3,080,743	249,976	-	Subsidiary
China Steel Express Corporation	CSE Transport Corporation	Panama	Shipping services for raw materials	316	316	10	100	2,857,466	91,714	-	Subsidiary
China Steel Express Corporation	CSEI Transport (Panama) Corporation	Panama	Shipping services for raw materials	316	316	10	100	476,802	12,799	-	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	41,195	4,346	-	Subsidiary
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	16,934	21,168	1,693,440	6	23,051	20,947	-	Associate
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	237,084	142,672	-	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	378,047	118,924	-	Subsidiary
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	General investment	1,600,000	1,600,000	150,000,000	100	1,862,331	129,348	-	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,290,791	142,672	-	Subsidiary
Gains Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	749,870	312,857	-	Subsidiary
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	225,000	225,000	22,500,000	50	155,532	69,153	-	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	121,079	17,874	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	58,784	58,784	1,850,000	4	31,577	(173,415 )	-	Subsidiary

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	\$ 25,909	\$ 25,909	1,000,000	100	\$ 25,097	\$ 5,511	\$ -	Subsidiary
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	2,998	3,072	100,000	100	3,553	6,092	-	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	538,688	544,748	8,000,395	20	666,088	27,515	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	200,000	200,000	20,000,000	22	174,017	(18,875 )	-	Associate
Gains Investment Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	-	4,525,411	3	58,416	(341,000 )	-	Associate
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	Holding and investment	205,435	205,435	6,800,000	100	28,227	2,287	-	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	408,418	418,430	13,623,000	100	1,465,518	181,394	-	Subsidiary
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	25,000	25,000	2,500,000	3	21,752	(18,875 )	-	Associate
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	2,822	3,528	282,240	1	3,842	20,947	-	Associate
Eminence Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	17,082	3,374	-	Subsidiary
Eminence Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	16,443	3,232	-	Subsidiary
Eminence Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	16,158	4,194	-	Subsidiary
Eminence Investment Corporation	Chiun Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	14,519	(278 )	-	Subsidiary
Eminence Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	11,812	1,592	-	Subsidiary
Eminence Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	9,967	3,141	-	Subsidiary
Eminence Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	9,899	1,605	-	Subsidiary
Eminence Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	8,868	1,696	-	Subsidiary
Eminence Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	7,853	1,595	-	Subsidiary
Eminence Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	5,940	27,900	44,000	-	5,849	27,515	-	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	-	10,876	816,432	-	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	-	7,664	157,617	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,963	1,595	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	1,956	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	-	14,698	1,292,839	-	Subsidiary
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	1,842	1,696	-	Subsidiary
Ding Da Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	36	312,857	-	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	17,874	-	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	-	7,125	126,858	-	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	-	14,698	1,292,839	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	1,995	3,141	-	Subsidiary

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	\$ 1,000	\$ 1,000	100,000	5	\$ 1,969	\$ 1,592	\$ -	Subsidiary
Sheng Lih Dar Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,678	5,678	512,535	-	10,876	816,432	-	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	-	6,531	126,858	-	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	-	5,961	157,617	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Holding and investment	631,983	631,983	20,740,000	100	946,899	99,179	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Holding and investment	212,822	212,822	11,800,000	100	596,048	35,526	-	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	365,490	44,843	-	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	71,330	25,294	-	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	37,848	(173,415 )	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Holding and investment	18,741	32,591	326,300	65	23,605	(339 )	-	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	165	10	-	Subsidiary
China Steel Global Trading Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	-	4,525,411	3	58,933	(341,000 )	-	Associate
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	5,645	7,056	564,480	2	7,673	20,947	-	Associate
Wabo Global Trading Corporation	Chung Hsin Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	42,784	13,569	-	Subsidiary
Wabo Global Trading Corporation	CSGT Japan Co., Ltd.	Japan	Buy and sell, and act as an agency for steel products	10,160	10,160	800	100	19,961	156	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	84,079	86,140	3,000,000	20	63,637	(2,453 )	-	Subsidiary
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	3,850	3,944	1,000,000	100	25,964	1,100	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	223,492	228,972	11,950,830	54	287,732	70,244	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	23,313	23,884	4,752,000	99	16,323	10	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	86,585	88,708	408,000	34	225,750	113,419	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	82,685	84,712	16,782,500	25	97,141	29,014	-	Associate
CSGT International Corporation	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	56,556	57,942	5,600,000	14	-	(29,447 )	-	Associate
CSGT (Singapore) Pte. Ltd.	CSCD Limited	Cyprus	International trade and investment	113,674	114,695	1,876,795	49	302,090	16,596	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	345,322	356,173	16,440,001	100	175,695	49,346	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	9404-5515 Quebec Inc.	Canada	Investments in mining industry	5,545,820	5,720,076	270,122,727	25	8,113,736	2,527,339	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,086,368	1,113,002	171,000,000	46	2,669,700	227,888	-	Subsidiary
China Steel Asia Pacific Holdings Pte Ltd	SINO Vietnam HI-TECH Material Co., Ltd.	Vietnam	Color coated steel coil	59,960	61,430	-	20	47,129	35,187	-	Associate
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	3,071,965	2,117,904	359,000,000	100	5,656,150	222,261	-	Subsidiary
CSC Steel Holdings Berhad	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	19,482	19,700	1,328,940	6	31,996	70,259	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	522,784	528,657	1,000,000	100	18,824	5,050	-	Subsidiary
CSC Steel Holdings Berhad	Hanwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	57,836	58,486	8,000,000	20	-	(29,450 )	-	Associate
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,275	5,334	750,000	100	6,622	207	-	Subsidiary

(Concluded)

TABLE 9

## CHINA STEEL CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	\$ 131,912	2	\$ 131,912	\$ -	\$ -	\$ 131,912	\$ 55,310	100	\$ 55,310	\$ 435,257	\$ -	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	17,988	2	17,988	-	-	17,988	9,280	100	9,280	37,920	39,892	Note 3 (1)
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	359,760	2	359,760	-	-	359,760	(75,880)	100	(75,880)	276,379	-	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,307,128	2	914,990	-	-	914,990	122,373	70	85,661	873,109	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	599,600	2	419,720	-	-	419,720	37,871	70	26,509	433,246	-	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	171,985	2	195,050	-	-	195,050	(8,406)	100	(8,406)	162,342	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,199,200	2	104,930	14,990	-	119,920	(22,031)	10	(2,203)	112,094	-	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	119,920	2	13,491	-	-	13,491	32,805	30	9,947	70,169	-	Note 3 (1), Note 6
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,469,020	2	1,162,325	-	-	1,162,325	(173,600)	79	(137,352)	652,852	15,796	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	449,700	2	449,700	-	-	449,700	11,051	100	11,051	548,229	-	Note 3 (1)
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	35,976	2	35,796	-	-	35,796	11,658	100	11,600	114,004	-	Note 3 (1)
Taicang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	203,864	2	203,864	-	-	203,864	2,287	100	2,287	28,227	-	Note 3 (1)
Thintech United Metal Resources (Taicang) Co., Ltd.	Precious metal refining and sales	-	2	279,072	-	34,320	-	(4,041)	-	(4,041)	-	-	Note 3 (1), Note 7
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	449,700	2	481,479	-	-	481,479	(2,453)	100	(2,453)	318,160	-	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	5,996	2	5,996	-	-	5,996	617	100	617	13,256	55,453	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	179,880	2	179,880	-	-	179,880	3,293	100	3,293	171,234	-	Note 3 (1)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
China Steel Corporation	\$ 1,779,853	\$ 1,779,853	\$ -
China Steel Chemical Corporation	268,501	268,501	4,195,347
China Steel Structure Co., Ltd.	359,760	359,760	2,573,368
China Ecotek Corporation	546,771	663,041	1,779,108
C.S.Aluminium Corporation	948,867	948,867	4,762,398
Gains Investment Corporation	55,463	55,463	4,016,795
Thintech Materials Technology Co., Ltd.	203,864	203,864	711,730
Betacera Inc.	617,408	617,408	936,363

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
China Steel Global Trading Corporation	\$ 240,800	\$ 240,800	\$ 1,257,582
Infochamp Systems Corporation	5,996	5,996	465,185
CHC Resources Corporation	8,994	8,994	3,101,710

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

Note 2: Methods of investment are classified as below:

- 1) Direct investment.
- 2) Investments through a holding company registered in a third region.

Note 3: The basis for recognition of investment income (loss) is based on the following:

- 1) From the financial statements reviewed and attested by R.O.C. parent company's CPA.
- 2) From the investee company, which had not been audited and attested by independent accountants.

Note 4: The process of disposal and equity transfer were completed in June 2018. As of December 31, 2019, NT\$20,695 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 December 31, 2019, the related receivables amounting to NT\$34,320 thousand (USD 1,116 thousand) had been collected.

(Concluded)

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**STATEMENT 1****CHINA STEEL CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Maturity Date</b>	<b>Interest Rates (%)</b>	<b>Amount</b>
Cash on hand - including JPY 9,000 thousand (Note)			\$ 18,804
Checking accounts and demand deposits			3,195,233
Foreign currency deposits - including US\$44,132 thousand, JPY241,306 thousand, CNY11,626 thousand, CHF 12 thousand, AUD 201 thousand, GBP 4 thousand and EUR 19 thousand (Note)			1,445,153
			<hr/>
			<u>\$ 4,659,190</u>

Note: US\$1=NT\$29.98, JPY1=NT\$0.276, CNY1=NT\$4.305, CHF1=NT\$30.93, AUD1=NT\$21.01,  
GBP1=NT\$39.36 and EUR1=NT\$ 33.59.

**STATEMENT 2**

**CHINA STEEL CORPORATION**

**STATEMENT OF NOTES RECEIVABLE**

**DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

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<b>Customer Name</b>	<b>Amount (Note 2)</b>
Related Parties	
CSBC Corporation, Taiwan	<u>\$ 187,424</u>
Non-Related Parties	
Hota Industrial Mfg. Co., Ltd	\$ 378,709
Others (Note 1)	<u>46,015</u>
	<u>\$ 424,724</u>

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

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



**STATEMENT 3****CHINA STEEL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Customer Name</b>	<b>Amount (Note 2)</b>
Related Parties	
China Steel Chemical Corporation	\$ 178,995
China Steel Precision Metals Kunshan Co., Ltd.	166,127
China Steel Precision Metals Qingdao Co., Ltd.	111,236
Dragon Steel Corporation	95,175
Taiwan High Speed Rail Corporation	92,400
China Steel Structure Co., Ltd.	56,242
CSGT Metals Vietnam Joint Stock Company	54,355
Others (Note 1)	<u>256,376</u>
	<u>\$ 1,010,906</u>
Non-Related Parties	
Mitumune Corporation	\$ 149,936
Others (Note 1)	<u>1,868,048</u>
	<u>\$ 2,017,984</u>

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

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

**STATEMENT 4****CHINA STEEL CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Tax refund receivable	\$ 374,155
Consignment receivable	291,767
Royalty receivable	123,088
Others	<u>243,040</u>
	<u>\$ 1,032,050</u>

**STATEMENT 5****CHINA STEEL CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value (Note)</b>
Finished goods	\$ 10,689,410	\$ 10,801,683
Work in progress	21,096,102	21,429,821
Raw materials	12,047,408	12,508,721
Supplies	4,488,674	4,488,674
Raw materials and supplies in transit	7,253,127	7,696,133
Others	<u>366,267</u>	<u>366,772</u>
	<u>\$ 55,940,988</u>	<u>\$ 57,291,804</u>

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

**STATEMENT 6****CHINA STEEL CORPORATION****STATEMENT OF OTHER FINANCIAL ASSETS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

<b>Bank Name</b>	<b>Interest Rates (%)</b>	<b>Period</b>	<b>Amount</b>	<b>Note</b>
Pledged time deposits				
Taiwan Business Bank	0.13	2019.01.19-2020.12.26	\$ 2,250,000	Note 1
Mega Bank	0.13	2019.03.15-2020.03.15	1,000,000	Note 1
Bank of Taiwan	0.11	2019.06.26-2020.06.26	1,000,000	Note 1
First Bank	0.13	2019.02.11-2020.12.03	500,000	Note 1
Chang Hwa Bank	0.13	2019.07.13-2020.11.16	500,000	Note 1
Cathay United Bank	0.14	2019.04.26-2020.11.05	<u>600,000</u>	Note 1
			<u>5,850,000</u>	
Time deposits with original maturities more than three months				
Mega Bank	0.22	2019.12.14-2020.12.14	<u>100,000</u>	
Deposits for projects				
Mega Bank			<u>8</u>	Note 2
			<u>\$ 5,950,008</u>	

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

Note 2: Deposits for construction projects and industry - academia cooperation.

**STATEMENT 7****CHINA STEEL CORPORATION****STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Net input VAT	\$ 336,726
Advance payment	289,495
Others	<u>129,095</u>
	<u>\$ 755,316</u>

## CHINA STEEL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Balance, January 1, 2019		Additions		Decrease		Balance, December 31, 2019		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Fair Value (Note1)		
Domestic listed shares										
Taiwan High Speed Rail Corporation	242,148,000	\$ 7,397,621	-	\$ 1,900,862	-	\$ -	242,148,000	\$ 9,298,483	None	
Tang Eng Iron Works Co., Ltd.	29,860,691	1,373,592	-	-	-	(120,936)	29,860,691	1,252,656	None	
Rechi Precision Co., Ltd.	23,002,022	557,799	-	-	-	(29,903)	23,002,022	527,896	None	
CSBC Corporation, Taiwan	7,751,346	196,884	-	11,240	-	-	7,751,346	208,124	None	
O-Bank Co., Ltd.	103,847,695	830,782	-	-	-	(19,731)	103,847,695	811,051	None	
Domestic unlisted shares										
CDIB & Partners Investment Holding Corporation	54,000,000	816,826	-	124,599	-	-	54,000,000	941,425	None	
CDIB BioScience Ventures I, Inc.	1,063,534	10,172	-	-	-	(2,079)	1,063,534	8,093	None	
Phalanx Biotech Group, Inc.	1,073,812	3,199	-	3,523	-	-	1,073,812	6,722	None	
Mega I Venture Capital Co., Ltd.	978,750	1,549	-	-	(978,750)	(1,549)	-	-	None	Note 2
Taiwan International Windpower Training Corporation	1,500,000	13,740	-	-	-	(527)	1,500,000	13,213	None	
Foreign listed shares										
Maruichi Steel Tube Ltd.	2,000,000	1,927,926	-	-	-	(227,766)	2,000,000	1,700,160	None	
Yodogawa Steel Works, Ltd.	400,000	243,147	-	-	-	(17,710)	400,000	225,437	None	
Foreign unlisted shares										
CSN Mineracao S.A.	745,562	2,533,532	-	-	-	(1,565,270)	745,562	968,262	None	
Sakura Ferroalloys Sdn. Bhd.	207,290,000	1,281,120	-	56,914	-	-	207,290,000	1,338,034	None	
Sakura Ferroalloys Sdn. Bhd. (Preferred Shares)	52,199,745	322,612	-	14,331	-	-	52,199,745	336,943	None	
DB Metal Co., Ltd.	1,500,000	-	-	-	-	-	1,500,000	-	None	
Formosa Ha Tinh (Cayman) Limited	1,111,418,177	<u>29,358,000</u>	-	<u>-</u>	-	<u>(6,033,778)</u>	1,111,418,177	<u>23,324,222</u>	None	
		<u>\$ 46,868,501</u>		<u>\$ 2,111,469</u>		<u>\$ (8,019,249)</u>		<u>\$ 40,960,721</u>		

Note 1: Fair values are measured on the basis of the closing price on the balance sheet date or measured using the valuation techniques in Note 28.

Note 2: Decrease in investment of Mega I Venture Capital Co., Ltd. resulted from return of partial amount due to liquidation and valuation adjustments.

## CHINA STEEL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Balance, January 1, 2019		Additions (Note 1)		Decrease/Reclassify (Note 2)		Balance, December 31, 2019		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Fair Value		
Unlisted preference shares - overseas East Asia United Steel Corporation (EAUS) - preference A	6,667	\$ 1,651,808	-	\$ 87	(3,334)	\$ (826,071)	3,333	\$ 825,824	None	

Note 1: Increase in investment in East Asia United Steel Corporation (EAUS) - preference A resulted from valuation adjustments.

Note 2: The Corporation plans to sell portion of shares (3,334 shares) in April 2020, and thus reclassifies that portion to financial assets at fair value through profit or loss - current.

## CHINA STEEL CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investees	Balance, January 1, 2019		Additions (Note 1)		Decrease (Note 1)		Balance, December 31, 2019			Market Value or Net Assets Value		Collateral	Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	% of Ownership	Amount	Unit Price (NT\$)	Total Amount(Note 2)		
Investments in subsidiaries													
Listed companies													
Chung Hung Steel Corporation	582,673	\$ 6,083,601	-	\$ -	-	\$ (19,525)	582,673	41	\$ 6,064,076	\$ 10.65 (Note3)	\$ 6,205,469	None	
China Steel Chemical Corporation	68,787	2,094,831	-	9,811	-	-	68,787	29	2,104,642	122.5 (Note3)	8,426,430	None	
China Steel Structure Co., Ltd.	66,488	1,270,135	-	4,340	-	-	66,488	33	1,274,475	25.1 (Note3)	1,668,845	None	
China Ecotek Corporation	55,393	1,161,560	-	70,768	-	-	55,393	45	1,232,328	35.1 (Note3)	1,944,299	None	
CHC Resources Corporation	49,290	896,440	-	55,464	-	-	49,290	20	951,904	50.3 (Note3)	2,479,267	None	
		<u>11,506,567</u>		<u>140,383</u>		<u>(19,525)</u>			<u>11,627,425</u>		<u>20,724,310</u>		
Unlisted companies													
Dragon Steel Corporation	8,612,586	105,260,525	-	-	-	(6,403,324)	8,612,586	100	98,857,201		99,366,477	None	
CSC Steel Australia Holdings Pty Ltd.	595	16,010,187	-	3,733,535	-	-	595	100	19,743,722		19,743,722	None	
China Steel Express Corporation	422,545	11,840,131	-	29,816	-	-	422,545	100	11,869,947		11,503,947	None	
C. S. Aluminium Corporation	840,122	8,151,379	-	-	-	(295,772)	840,122	100	7,855,607		7,935,742	None	
Gains Investment Corporation	559,375	7,016,034	-	96,102	-	-	559,375	100	7,112,136		6,694,659	None	
China Prosperity Development Corporation	509,803	3,706,884	-	3,099,145	-	-	509,803	100	6,806,029		7,979,865	None	
China Steel and Nippon Steel Vietnam Joint Stock Company	514,304	7,034,874	-	-	-	(681,452)	514,304	100	6,353,422		6,353,422	None	
China Steel Asia Pacific Holdings Pte. Ltd.	195,914	4,142,730	-	349,746	(4,849 )	(198,967)	191,065	100	4,293,509		4,326,693	None	
Sing Da Marine Structure Corporation	82,100	754,140	260,000	2,414,900	-	-	342,100	100	3,169,040		3,223,352	None	
China Steel Global Trading Corporation	78,827	2,189,379	-	-	-	(139,074)	78,827	100	2,050,305		2,095,969	None	
Kaohsiung Rapid Transit Corporation	120,800	1,334,447	-	3,602	-	-	120,800	43	1,338,049		1,337,662	None	
China Steel Machinery Corporation	86,339	1,070,002	13,728	14,453	-	-	100,067	74	1,084,455		1,332,757	None	
China Steel Corporation India Pvt. Ltd.	728,691	1,688,762	-	-	-	(624,794)	728,691	56	1,063,968		1,063,968	None	
CSC Solar Corporation	66,000	692,176	29,920	327,496	-	-	95,920	55	1,019,672		1,018,991	None	
China Steel Resources Corporation	98,112	994,965	-	495	-	-	98,112	100	995,460		994,665	None	
InfoChamp Systems Corporation	41,466	742,119	-	-	-	(42,316)	41,466	100	699,803		775,231	None	
China Steel Security Corporation	25,037	530,435	-	-	-	(3,438)	25,037	100	526,997		529,669	None	
Himag Magnetic Corporation	19,183	386,104	-	2,612	-	-	19,183	69	388,716		390,489	None	
CSC Precision Metal Industrial Corporation	32,250	289,338	-	9,930	-	-	32,250	100	299,268		299,268	None	
United Steel International Co., Ltd.	12,000	266,381	-	-	-	(11,834)	12,000	80	254,547		254,547	None	
China Steel Management Consulting Corporation	1,000	16,957	-	851	-	-	1,000	100	17,808		17,808	None	
China Steel Power Holding Corporation	500	4,928	-	-	-	(209)	500	100	4,719		4,719	None	
White Biotech Corporation	13,059	19,220	-	-	(13,059 )	(19,220)	-	-	-		-	None	
China Steel Power Corporation	-	-	-	-	-	-	-	0.002	-		-	None	
		<u>174,142,097</u>		<u>10,082,683</u>		<u>(8,420,400)</u>			<u>175,804,380</u>		<u>177,243,622</u>		
Less: Shares held by subsidiaries accounted for as treasury shares	-	8,646,700	-	17,498	-	-	-	-	8,664,198		8,664,198		
		<u>177,001,964</u>		<u>10,205,568</u>		<u>(8,439,925)</u>			<u>178,767,607</u>		<u>189,303,734</u>		
Investments in associates													
Unlisted companies													
Taiwan Rolling Stock Co., Ltd.	95,528	1,007,233	-	-	-	(38,440)	95,528	48	968,793		968,793	None	
Kaohsiung Arena Development Corporation	45,000	510,552	-	9,047	-	-	45,000	18	519,599		519,599	None	
Honley Auto. Parts Co., Ltd.	82,500	569,839	-	-	(23,412 )	(108,581)	59,088	35	461,258		461,258	None	
Eminent II Venture Capital Corporation	50,000	394,784	-	46,662	-	-	50,000	46	441,446		441,446	None	
Hsin Hsin Cement Enterprise Corp.	28,659	370,263	-	-	-	(11,067)	28,659	31	359,196		376,830	None	
Dyna Rechi Co., Ltd.	40,000	296,830	-	-	-	(9,204)	40,000	23	287,626		287,626	None	
Overseas Investment & Development Corp.	5,000	58,761	-	-	-	(4,816)	5,000	6	53,945		53,945	None	
TaiAn Technologies Corporation	833	13,307	-	11,281	-	-	833	17	24,588		24,588	None	
		<u>3,221,569</u>		<u>66,990</u>		<u>(172,108)</u>			<u>3,116,451</u>		<u>3,134,085</u>		
		<u>\$ 180,223,533</u>		<u>\$ 10,272,558</u>		<u>\$ (8,612,033)</u>			<u>\$ 181,884,058</u>		<u>\$ 192,437,819</u>		

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

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

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



**STATEMENT 11****CHINA STEEL CORPORATION**
**STATEMENT OF RIGHT-OF-USE ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(In Thousands of New Taiwan Dollars)**

Item	Balance, January 1, 2019	Adjustments Arising from Initial Application	Additions	Decrease (Note )	Balance, December 31, 2019
Cost					
Land	\$ -	\$ 1,011,051	\$ 103,794	\$ -	\$ 1,114,845
Land improvements	-	471,241	-	-	471,241
Buildings	-	73,402	37,053	-	110,455
Transportation equipment	-	26,009	6,901	1,073	31,837
Machinery	-	21,635	-	-	21,635
Total	-	\$ 1,603,338	\$ 147,748	\$ 1,073	1,750,013
Accumulated depreciation					
Land	-	\$ -	\$ 207,028	\$ -	207,028
Land improvements	-	-	62,015	-	62,015
Buildings	-	-	44,057	-	44,057
Transportation equipment	-	-	19,521	604	18,917
Machinery	-	-	8,375	-	8,375
Total	-	\$ -	\$ 340,996	\$ 604	340,392
	\$ -				\$ 1,409,621

Note: Decrease in right-of-use assets resulted from termination of lease agreements in advance.

## CHINA STEEL CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS AND BANK OVERDRAFT

DECEMBER 31, 2019

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

Type	Contract Period	Range of Interest Rates (%)	Loan Commitments	Balance, End of Year	Collateral
Unsecured loans					
MUFG Bank	2019.10.09-2020.03.25	0.58-0.59	US\$200,000 thousand	\$ 6,000,000	None
Sumitomo Mitsui Banking Corporation	2019.08.16-2020.02.27	0.57-0.62	(Note) NT\$6 billion	<u>6,000,000</u>	None
				<u>12,000,000</u>	
Bank overdraft	Automatically extend annually	0.14-0.25	NT\$5.74 billion	<u>4,835,521</u>	Note 30
Export bill loans	Automatically renew from credit facility agreement annually	0.33-4.75	US\$351,000 thousand and NT\$0.3 billion	<u>584,361</u>	None
Letters of credit					
Mega Bank	Each borrowing paid back within 365 days started from bank disbursement	-	US\$40,000 thousand	10,061	None
Bangkok Bank	Each borrowing paid back within 180 days started from bank disbursement	-	US\$100,000 thousand	2,385	None
Cathay United Bank	Each borrowing paid back within 180 days started from bank disbursement	-	US\$70,000 thousand	11,647	None
				<u>24,093</u>	
Loans from related parties					
China Prosperity Development Corporation	2019.05.15-2020.12.14	0.69		2,300,000	None
Sing Da Marine Structure Corporation	2019.11.01-2020.01.31	0.69		300,000	None
CSC Precision Metal Industrial Corporation	2019.10.30-2020.01.16	0.69		<u>100,000</u>	None
				<u>2,700,000</u>	
				<u>\$ 20,143,975</u>	

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

## CHINA STEEL CORPORATION

## STATEMENT OF SHORT-TERM BILLS PAYABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Financial Institution	Period	Interest Rates (%)	Amount		
				Issuance Amount	Unamortized Amount	Carrying Amount
Short-term bills payable	Cathay United Bank	2019.11.04-2020.03.19	0.52-0.55	\$ 13,000,000	\$ 9,030	\$ 12,990,970
	E.SUN Bank	2019.12.20-2020.01.20	0.58	1,000,000	332	999,668
				<u>\$ 14,000,000</u>	<u>\$ 9,362</u>	<u>\$ 13,990,638</u>

**STATEMENT 14****CHINA STEEL CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Related Parties	
China Steel Express Corporation	\$ 1,044,396
C.S. Aluminium Corporation	192,221
Others (Note)	<u>209,507</u>
	<u>\$ 1,446,124</u>
Non-related Parties	
Hamersley Iron Pty. Ltd.	\$ 722,027
Vale International Marketing Pty Ltd.	526,069
BM Alliance Coal Marketing Pty Ltd.	496,762
Teck Coal Ltd.	310,288
Sumitomo Corporation	257,526
Others (Note)	<u>2,653,861</u>
	<u>\$ 4,966,533</u>

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

**CHINA STEEL CORPORATION****STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Receipts under custody	\$ 328,734
Deposits received	343,158
Financial guarantee liabilities	114,409
Others	<u>39,992</u>
	<u>\$ 826,293</u>

CHINA STEEL CORPORATION

STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars)

Bonds Name	Trustee	Issuance Date	Interest Payment Date And Repayment Method	Coupon Rate (%)	Amount					Collateral
					Total Amount	Repayment Paid	Balance, End of Year	Issuance Costs	Carrying Value	
7-year unsecured bonds	Mega International Commercial Bank Co., Ltd.	2013.07-2020.07	Repayable in July 2019 and July 2020; interest payable annually	1.44	\$ 6,300,000	\$ 3,150,000	\$ 3,150,000	\$ (309 )	\$ 3,149,691	None
	Taipei Fubon Commercial Bank Co., Ltd.	2014.01-2021.01	Repayable in January 2020 and January 2021; interest payable annually	1.75	6,900,000	-	6,900,000	(594 )	6,899,406	None
	Hua Nan Bank	2018.05-2025.05	Repayable in May 2024 and May 2025; interest payable annually	0.95	6,000,000	-	6,000,000	(5,519 )	5,994,481	None
	Taipei Fubon Commercial Bank Co., Ltd.	2018.10-2025.10	Repayable 25% in October 2024 and 75% in October 2025; interest payable annually	0.90	4,150,000	-	4,150,000	(3,964 )	4,146,036	None
10-year unsecured bonds	Taipei Fubon Commercial Bank Co., Ltd.	2012.08-2022.08	Repayable in August 2021 and August 2022; interest payable annually	1.50	15,000,000	-	15,000,000	(3,701 )	14,996,299	None
	Mega International Commercial Bank Co., Ltd.	2013.07-2023.07	Repayable in July 2022 and July 2023; interest payable annually	1.60	9,700,000	-	9,700,000	(3,674 )	9,696,326	None
	Taipei Fubon Commercial Bank Co., Ltd.	2014.01-2024.01	Repayable in January 2023 and January 2024; interest payable annually	1.95	7,000,000	-	7,000,000	(2,685 )	6,997,315	None
	Taipei Fubon Commercial Bank Co., Ltd.	2018.08-2028.08	Repayable in August 2027 and August 2028; interest payable annually	1.10	5,600,000	-	5,600,000	(5,989 )	5,594,011	None
	Taipei Fubon Commercial Bank Co., Ltd.	2018.10-2028.10	Repayable in October 2027 and October 2028; interest payable annually	1.05	2,250,000	-	2,250,000	(2,576 )	2,247,424	None
15-year unsecured bonds	Mega International Commercial Bank Co., Ltd.	2013.07-2028.07	Repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest payable annually	1.88	3,600,000	-	3,600,000	(2,298 )	3,597,702	None
	Taipei Fubon Commercial Bank Co., Ltd.	2014.01-2029.01	Repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest payable annually	2.15	9,000,000	-	9,000,000	(5,280 )	8,994,720	None
					75,500,000	3,150,000	72,350,000	(36,589 )	72,313,411	
Less: Current portion					6,600,000	-	6,600,000	(358 )	6,599,642	
					\$ 68,900,000	\$ 3,150,000	\$ 65,750,000	\$ (36,231 )	\$ 65,713,769	

## CHINA STEEL CORPORATION

## STATEMENT OF LONG-TERM BANK BORROWINGS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Bank Name	Amount, Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31, 2019			Collateral
			Current	Over 1 Year	Total	
Unsecured Loans						
Bank of Taiwan	NTD 3 billion, due in August 2022 with revolving basis	0.75	\$ -	\$ 3,000,000	\$ 3,000,000	None
Sumitomo Mitsui Banking Corporation	NTD 1 billion, repaid in August 2021	0.75	-	1,000,000	1,000,000	None
Bank of Taiwan	US\$ 29,274 thousand, repaid in April 2021	2.65	-	877,635	877,635	None
The Export-Import Bank of the Republic of China	US\$ 29,274 thousand, repaid in April 2021	2.55	-	877,635	877,635	None
Mizuho Bank	JPY 3.284 billion, repaid in June 2021	0.30	-	906,246	906,246	None
Mizuho Bank	JPY 3.284 billion, repaid in June 2021	0.30	-	906,246	906,246	None
Bank of Taiwan	JPY 1.214 billion, repaid in November 2022	0.32	-	335,063	335,063	None
Bank of Taiwan	JPY 1.3 billion, repaid in December 2021	0.32	-	358,800	358,800	None
Mega Bank	JPY 1.3 billion, repaid in December 2021	0.32	-	358,800	358,800	None
			-	8,620,425	8,620,425	
Less: Financial liabilities for hedging-current			-	-	-	
Financial liabilities for hedging-noncurrent			-	(4,620,425)	(4,620,425)	
			<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	

**CHINA STEEL CORPORATION****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Object</b>	<b>Period (Note)</b>	<b>Discount Rates (%)</b>	<b>Amount</b>
Land	Lease of land and wharf, etc.	2019.01.01-2027.12.31	0.92-1.47	\$ 911,747
Land improvements	Lease of wharf and relating facilities, etc	2019.01.01-2027.12.31	0.92-1.31	410,907
Buildings	Lease of plants, offices and dorms, etc	2019.01.01-2022.04.30	0.92	64,456
Machinery	Lease of wharf and relating facilities, etc	2019.01.01-2021.07.21	0.92	13,041
Transportation equipment	Lease of company cars, etc	2019.01.01-2022.12.12	0.92	12,694
				<u>\$ 1,412,845</u>

Note: The Corporation applies IFRS 16 starting from January 1, 2019.



**CHINA STEEL CORPORATION****STATEMENT OF LONG-TERM BILLS PAYABLE****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

Item	Financial Institution	Period	Interest Rates (%)	Amount		
				Issuance Amount	Unamortized Amount	Carrying Amount
Long-term bills payable	Cathay United Bank	2019.12.30-2023.12.16	0.68	<u>\$ 2,000,000</u>	<u>\$ 1,313</u>	<u>\$ 1,998,687</u>

Note: Commercial papers are issued on revolving basis within the contract period of 4 years, starting from 2019 to 2023, and recorded as long-term bills payable.

**STATEMENT 20****CHINA STEEL CORPORATION**
**STATEMENT OF OPERATING REVENUES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**


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Item	Quantities (Metric Tons)	Amount
Sale of Goods		
Carbon Steel Products		
Cold rolled steel products	3,027,089	\$ 63,844,759
Hot rolled steel products	3,156,007	52,534,123
Wire rods	1,262,691	28,300,482
Commercial slabs	1,383,042	18,264,463
Plates	843,277	18,037,533
Bars	616,837	15,761,691
Pig iron	643	<u>8,384</u>
		196,751,435
Non-carbon steel products		1,718,631
Others		<u>3,065,383</u>
		201,535,449
Others (Note)		<u>5,762,084</u>
		<u>\$ 207,297,533</u>

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

**STATEMENT 21****CHINA STEEL CORPORATION****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars)**

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Item	Amount
Raw materials used	
Raw materials, beginning of year	\$ 8,481,807
Raw material purchased	137,131,127
Gain from physical count	55,665
Raw materials, end of year	<u>(12,047,408)</u>
	133,621,191
Direct labor	5,462,838
Manufacturing expenses	<u>57,690,170</u>
Manufacturing cost	196,774,199
Work in progress, beginning of year	17,171,433
Work in progress, end of year	<u>(21,096,102)</u>
	192,849,530
Finished goods, beginning of year	11,501,847
Finished goods, end of year	<u>(10,689,410)</u>
Others, beginning of year	113,216
Others, end of year	<u>(366,267)</u>
Non-manufacturing cost or service cost	(1,363,904)
Others	<u>(1,997,629)</u>
Costs of goods sold	190,047,383
Others (Note)	<u>4,544,006</u>
	<u>\$ 194,591,389</u>

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

**CHINA STEEL CORPORATION**
**STATEMENT OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(In Thousands of New Taiwan Dollars)**


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<b>Item</b>	<b>Selling Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Payroll expense	\$ 646,497	\$ 1,582,604	\$ 816,734	\$ 3,045,835
Professional fee	164,778	625,978	489,477	1,280,233
Depreciation expense, depletion and amortization	390,784	508,025	216,880	1,115,689
Traveling expense	761,141	79,597	8,916	849,654
Packing and processing fee	562,979	32,019	109,328	704,326
Repair and maintenance expense	198,358	146,179	69,413	413,950
Consumables	49,134	39,661	156,251	245,046
Others	<u>130,902</u>	<u>437,859</u>	<u>34,003</u>	<u>602,764</u>
Total	<u>\$ 2,904,573</u>	<u>\$ 3,451,922</u>	<u>\$ 1,901,002</u>	<u>\$ 8,257,497</u>

## CHINA STEEL CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2019				Year Ended December 31, 2018			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total
Employee benefits								
Salaries	\$ 12,840,729	\$ 2,529,374	\$ 74,153	\$ 15,444,256	\$ 14,650,884	\$ 2,951,748	\$ 67,176	\$ 17,669,808
Labor and health insurance	850,590	158,240	458	1,009,288	805,494	154,392	760	960,646
Post-employment benefits	691,975	254,840	172	946,987	665,878	242,106	753	908,737
Termination benefits	-	-	57,947	57,947	-	38	78,684	78,722
Remuneration of directors	-	15,372	-	15,372	-	36,316	-	36,316
Others	<u>469,701</u>	<u>88,009</u>	<u>12,675</u>	<u>570,385</u>	<u>517,140</u>	<u>96,447</u>	<u>11,892</u>	<u>625,479</u>
	<u>\$ 14,852,995</u>	<u>\$ 3,045,835</u>	<u>\$ 145,405</u>	<u>\$ 18,044,235</u>	<u>\$ 16,639,396</u>	<u>\$ 3,481,047</u>	<u>\$ 159,265</u>	<u>\$ 20,279,708</u>
Depreciation	\$ 16,109,211	\$ 1,115,688	\$ 204,586	\$ 17,429,485	\$ 16,410,561	\$ 1,085,787	\$ 113,341	\$ 17,609,689
Amortization	9,956	1	-	9,957	9,956	7	-	9,963

Note 1: As of December 31, 2019 and 2018, the Corporation had 10,211 and 10,291 employees, respectively. Among them 6 and 7 directors did not serve concurrently as employees in 2019 and 2018, respectively.

Note 2: Additional disclosures are as follows:

- 1) Average employee benefits for the year ended December 31, 2019 was NT\$ 1,767 thousand (Amounts of employee benefits for the year ended December 31, 2019 less amounts of remuneration of directors for the year ended December 31, 2019/number of employees for the year ended December 31, 2019 less number of directors not serving concurrently as employees for the year ended December 31, 2019)

Average employee benefits for the year ended December 31, 2018 was NT\$ 1,968 thousand (Amounts of employee benefits for the year ended December 31, 2018 less amounts of remuneration of directors for the year ended December 31, 2018/number of employees for the year ended December 31, 2018 less number of directors not serving concurrently as employees for the year ended December 31, 2018)

- 2) Average salaries for the year ended December 31, 2019 was NT\$ 1,513 thousand (Amounts of salaries for the year ended December 31, 2019/number of employees for the year ended December 31, 2019 less number of directors not serving concurrently as employees for the year ended December 31, 2019)

Average salaries for the year ended December 31, 2018 was NT\$ 1,718 thousand (Amounts of salaries for the year ended December 31, 2018/number of employees for the year ended December 31, 2018 less number of directors not serving concurrently as employees for the year ended December 31, 2018)

- 3) Changes of adjustments of average salaries was (12)% (Average salaries for the year ended December 31, 2019 less average salaries for the year ended December 31, 2018/average salaries for the year ended December 31, 2018)