

TWO YEAR HIGHLIGHTS OF OPERATING RESULTS

		1998	1997 ⁽⁴⁾
revenues	illions of New Taiwan Dollars)	98,459	97,756
erating costs		80,306	75,475
ome from operations		16,832	20,114
ployment costs ⁽¹⁾		12,845	12,674
preciation		10,734	9,985
erest expenses net ⁽¹⁾		2,084	1,391
al assets		203,405	200,999
ital expenditures		8,868	17,795
ckholders' equity		132,902	114,795
put of steel product	ousands of metric tons)	8,853	8,625
es quantities of steel product		9,037	8,924
nber of employees ⁽²⁾		9,032	9,090
urn on sales		17.10	20.58
urn on stockholders' equity ⁽³⁾		14.80	14.09

Excluding capitalized expenses

As of the end of the calendar year

Based on net income

Financial figures are proforma for calendar year 1997

CHRONOLOGY OF MAJOR EVENTS

December 3, 1971	China Steel Corporation (the Corporation) officially registered, with head office located in Taipei
September 16, 1972	Kaohsiung Plant Site Office established
September 1, 1974	Construction of Phase I commenced
December 26, 1974	Public listing of China Steel stock on Taiwan Stock Exchange
September 15, 1975	Head office relocated to Kaohsiung, Plant Site Office closed
July 1, 1977	China Steel Corporation became a state enterprise.
December 16, 1977	Phase I completed. Capacity ¹ 1.5 million tons ² per year
July 1, 1978	Construction of Phase II commenced
June 30, 1982	Phase II completed. Capacity ¹ reached 3.25 million tons per year
July 1, 1984	Phase III construction commenced
April 30, 1988	Phase III completed. Capacity ¹ reached 5.652 million tons per year
July 15, 1993	Phase IV construction commenced
April 12, 1995	China Steel Corporation privatized
May 31, 1997	Phase IV completed. Capacity ¹ reached 8.054 million tons per year
June 2, 1998	CSC Group's corporate identity system formally introduced to the public

1 In terms of crude steel

2 All references to "tons" mean metric tons of 1,000 kilograms



Hosting the 32nd Annual Meetings and Conference of International Iron and Steel Institute



A bird's eye view of China Steel Corporation

OPERATIONS

ne and a half years have elapsed since the eruption of the Asian financial crisis in Thailand in July 1997. However the shock waves that hit the steel industry have not subsided. For Taiwan's steel industry 1998 was fraught with problems on two fronts. On the international market abrupt decline in Asian regional steel demand thwarted exports and prompted most members of the industry to shift their major export thrusts to the U.S. and Europe, where the economy remained strong. At the same time South Korea and Japan took advantage of their currency devaluations in intensifying their sales efforts and further depressing international steel prices. The surge in landing of low priced foreign steel triggered off an appreciable rise in the number of anti-dumping actions in the U.S. and Europe which exacerbated the complexity and seriousness of the problems.



One of the principal uses of steel ~
bridges

On the domestic front the upsurge in arrivals of low priced foreign steel, and a glut wreaked by capacity expansions brought about intense competition and spiraling downturn in prices. Having in mind the difficulties experienced by its customers in exporting their products and to

meet the competition brought on by foreign steel, the Corporation had to lower its prices successively in the second, third and fourth quarters. Such adverse effects have held down the Corporation's income before income tax for 1998 to NT\$16.8 billion, only 80.15% of budget target and representing a 16.32% decline from the previous year.

The Corporation's entire workforce successfully met the challenge from such a depressing environment. Production for 1998 was 8.8534 million tons, 1.08% over the budget target and 2.65% above 1997. Sales reached 9.0365 million tons, which was 1.26% over 1997 but fell 0.33% short of budget target.

The same situation occurred in revenues. 1998 revenues reached NT\$98.459 billion, representing a 0.72% gain over 1997, but fell 5.33% short of budget target owing to repeated reductions in sales prices.

The current state of affairs in the world economy offers little cause for



Chairman of the board

C. Y. Wang



President

J. Y. Chen



One of the principal uses of steel ~
marine containers

optimism for 1999. Signs of an upturn in steel prices have yet to appear on the horizon. Furthermore the revamp on the Corporation's No. 3 blast furnace, scheduled for 1999, is bound to drive up production cost. Such dim outlook has not weakened the Corporation's firm conviction in the necessity for achieving a reasonable return for the stockholders. The Corporation set its 1999 budget target at the highly challenging levels of NT\$88.729 billion for revenues and NT\$9 billion for income before income tax.

Owing to the adverse conditions foreseen for 1999, attaining the above goals will necessitate a series of measures focusing on the following:

1. A "1020 Cost Reduction Movement" which means nearly compulsory 10% reduction in controllable direct production cost and 20% reduction in controllable indirect cost and operating expenses
2. Further elevation of product quality and improvement in services to create ever greater customer confidence and draw the customers closer than ever to the Corporation.
3. Redoubled concerted effort in rationalizing work methods and raising efficiency in quest of precision and time-saving

Some specific objectives are to reduce customer complaint rate to below 0.13%, raise productivity to exceed 1,030 tons (in terms of crude steel) and product value to over NT\$10 million per employee per year.



One of the principal uses of steel ~ storage tanks

PRODUCTION AND SALES

The Corporation's total steel sales reached 9,036,515 tons, up 1.26% from 1997. Domestic markets took 79% while exports took the remaining 21%. Rerollers made up the largest group of domestic customers, accounting for 26.8% of domestic sales. Service centers and nut and bolt makers formed the next two largest groups.



Hot metal charging at No. 6 basic oxygen furnace

As for geographic distribution of exports, 48.8% went to Northeast Asia and 39.5% to

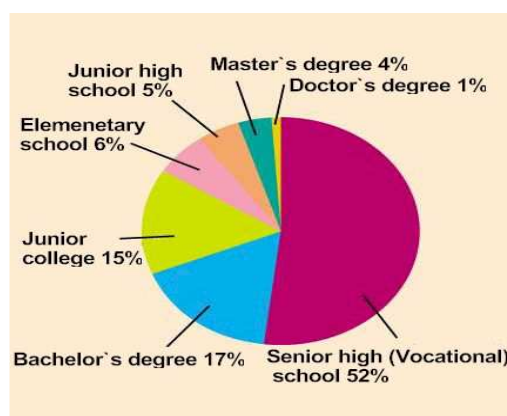
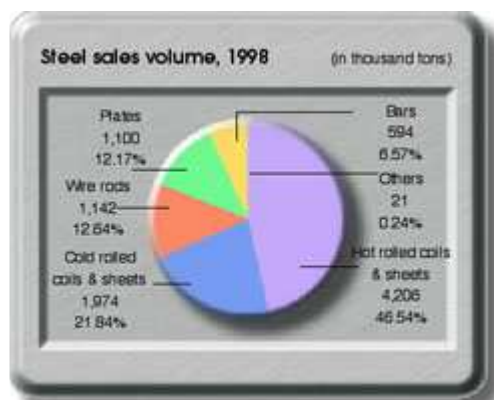
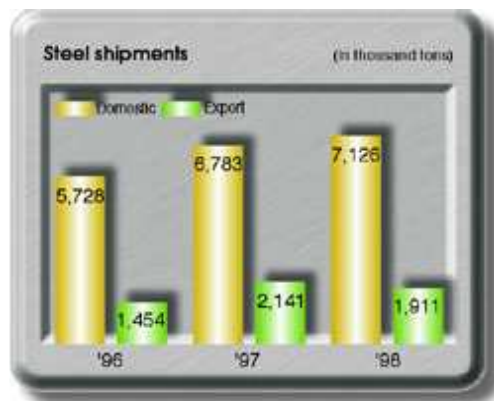
Southeast Asia. 1998 production of steel products was 8,853,370 tons, up 2.65% from 1997, such increase being the result of :

- (1) High ratio of oxygen enrichment at the blast furnace
- (2) High rate of scrap steel addition at the basic oxygen furnace, and
- (3) Full benefit derived from the capability of the Corporation's rolling facilities

Average FOB unit price of iron ore, the major raw material for iron making, rose by 4.2% over 1997, while that of coking coal dropped 8.5% from 1997. Owing to increased production, quantities consumed for ore and coal rose by 4.8% and 2.8% over 1997.



Bestowal ceremony of ISO 9001 by Det Norske Veritas Certification B.V., Netherlands

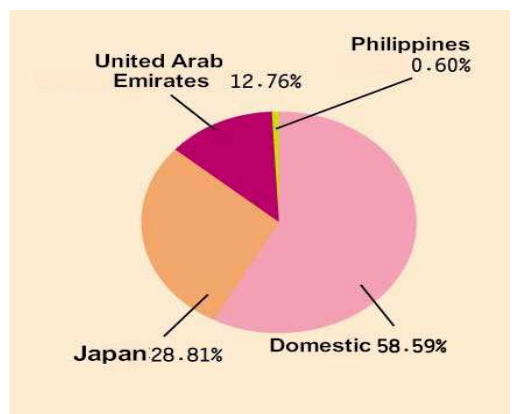
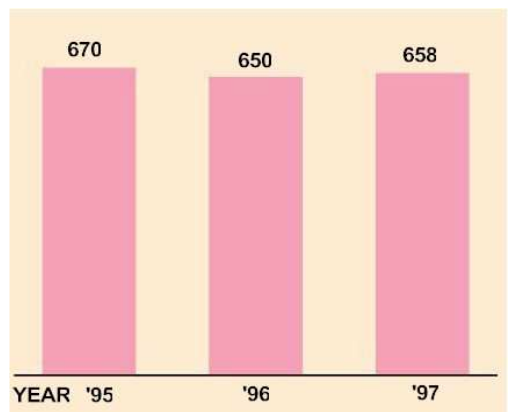
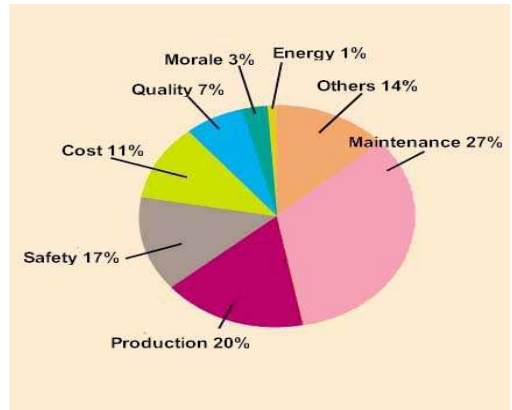
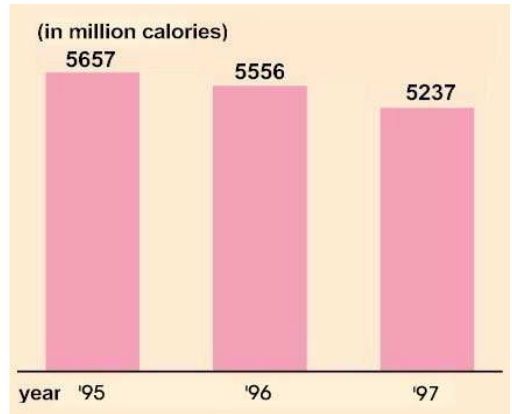




Raw material storage yard

The Corporation has for years promoted cogeneration as a move toward more effective overall resource utilization and toward regional integration and

self-sufficiency in energy supply and demand. It also engaged in vigorous development of sales of steam, oxygen, nitrogen and argon produced from its utility facilities. No. 7 oxygen plant was completed and smoothly test run in December. The additional capacity enabled the Corporation to attain new records in sales of industrial gases, both in quantity and value. Currently self-generated electricity covers on the average 65.2% of the Corporation's demand, down from the 70.73% of 1997 owing to increased demand after Phase IV went into operation. Energy consumption per ton of crude steel was 5,324 million calories, up by 87 million calories from 1997. The apparent increase was due to a change in basis of reckoning in the calorific value of coal, from an estimated value fixed at 7,200 kilocalories per kg for coal to the actual yearly average measured value, which was 7,460 kilocalories for 1998.



Raw material dock

In the area of quality management the Corporation firmly believes in precise implementation of the Corporation's quality management system as the only way to ensure quality of product. Success in passing this year's MITI3 inspection for



Optical emission spectrometer automation system

JIS Marking factories and ISO 9002 ongoing surveillance again demonstrates the Corporation's proactive position toward responsibility for product quality. The Corporation's chemical laboratory's receipt of CNLA4 in 1997 and registration as a laboratory under the Fastener Quality Act of the U. S. A. have proven to be quite beneficial for the competitiveness in the U. S. market for Taiwan's nut and bolt makers who use the Corporation's products.

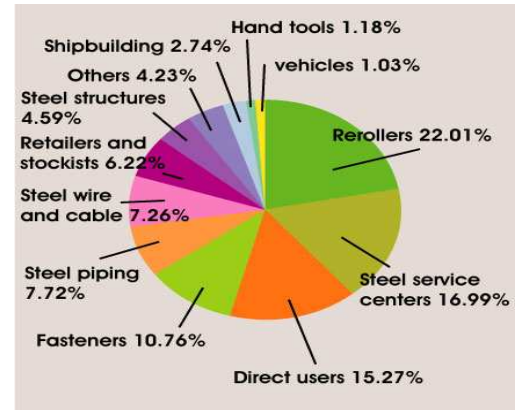
1998 was a fruitful year for the Corporation in quality upgrading and process improvement. Examples are:

- Improvement of heavy plate flatness by thermal mechanical control process
- Improvement in control of grain size, scale formation and in narrowing down the hardenability band
- Improvement in mechanical properties of hot-rolled sheets for use in automobiles
- Improvement in thickness uniformity of cold-rolled electrical sheets ?Establishment of process know-how for hot-rolled stainless steel plate
- Successful development of thin-wide hot-rolled and cold-rolled sheets, improvement of process capability and making available wider range of products



One of the principal uses of steel ~
nuts and bolts

of technical services, particularly in assisting them in material application and elimination of production bottlenecks. The Corporation took to increasing the depth in customer services and held a total of 71 technical exchange and discussion sessions with customers during 1998. The Corporation's technical services also covered the U.S., Japan, South Korea, Hongkong, Mainland China and Southeast Asia to make overseas customers feel that the Corporation really cares. In addition the Corporation expanded its realm of accepting requests for inspection and testing services. Examples of such activities that



These improvements have won customer acceptance as well as raised the overall productivity of the Corporation. Adverse market conditions make it all the more important for the Corporation to take good care of its customers in the area

produced gratifying results included non-destructive testing for power boilers and generator sets and consultancy on gaining accreditations. Such firm belief in quality and services will continue to guide the Corporation in its endeavors to satisfy customer needs and to maintain its competitiveness.

3 Ministry of International Trade and Industry, Japan

4 Chinese National Laboratory Accreditation (ROC)

R&D is the foundation for sustained strength and well-being of a business. The Corporation invests annually roughly NT\$800 million in this area. Major missions are:

- to develop products of high added value
- to improve product quality
- to raise process efficiency
- to lower production cost



No. 2 hot strip mill facility on-line monitoring system

At the same time the Corporation R&D shoulders the responsibility for backing up the diversified development of the CSC Group and to provide the Group with a sound technological foundation.

Major strategy in new product development consists of product upgrading and guidance and assistance to domestic downstream manufacturers in developing their new products and in lowering their costs. Accomplishments in 1998 consisted of :

- Microalloyed steel for hot forging requiring no additional heat treatment and suitable for automobile and motorcycle parts. Use of such steel removes the need for energy-consuming heat treatment and saves cost for the downstream manufacturer
- Fire resistant structural steels that require no protective coating materials. This is in response to the government's call for "green architecture" by reducing the use of fire protective materials and saving construction cost

Process research focuses on process improvement and reduction of



Ceramic processing of PTCR thermistor



PTCR thermistor-related component products



Production line of sinter disc bodies for PTCR
degaussers



Research and development strategy planning

cost. Significant accomplishments for 1998 consisted of:

- Reduction of flux consumption in Nos. 3 and 4 sintering plant
- reduction of ironmaking cost
- A temperature diagnosis system for phase IV coke batteries - accurate detection of temperature abnormalities to enable timely action and save unnecessary energy consumption
- A laser profiler for BOF linings. A combination of computer hardware and software technologies to facilitate smooth operation and cost reduction
- On-line quality evaluation system to detect segregation in blooms - reduce errors in setting operation variables and facilitate quality stability and development of high grade bars and rods
- Improvement in the control of hot-rolled band coiling temperature pattern - aise yield of prime quality products and level of production technology
- Development of rust preventive oils for cold rolled steel with highly protective and inhibiting characteristics - a new formulation with high alkalinity, strong adhesiveness and emulsifying ability. This new formulation has substantially improved the anti-rust and anti-oilstain qualities of cold-rolled sheets and coils and greatly reduced customer complaints

In the area of automation and development of inspection systems, accomplishments for 1998 centered on an in-house developed distributed input/output controller. Through network and computer systems and with the help of facility fault diagnosis softwares, also developed in-house, the Corporation has put in place a facility on-line monitoring system for the hot strip mill. Developing this system involved combined technologies of on-line monitoring, computer hardware and software, network, and telecommunication. It serves to raise production efficiency, avoid downtime losses and reduce maintenance cost incurred by unscheduled shutdowns.

As for R&D support to the CSC Group, the Corporation's activities in 1998 were:

- Assistance in mixing and degassing operations - to raise quality of aluminum ingots
- Substantial improvement in flatness and mechanical strength of AA6061-T651 aluminum plate - elevating the quality of this product to international standards
- ssistance in effecting commercial production of positive temperature coefficient resistor (PTCR) degaussers

- Powder formulation for 9%/14%degaussers and development of sintered body and commercial production technologies
- Assistance in development and commercial production of M07 grade high permittivity ET24 and ET28 ferrite cores
- Assistance in development and commercial production of low loss material MZ43 and ferrite cores

The Corporation has a strong team of outstanding research personnel to pioneer development of new technologies. Numerous awards were received during 1998, notably one of the CIE5 "10 prominent engineers of the year" awards and "outstanding young engineer" award, as well as the coveted Jeme Tiem You Gold Metal Award for 1998 for a paper titled "Development of High Surface Quality AA 3004 Stock for Electric Rice Cookers".

5 CIE: Chinese Institute of Engineers

EMPLOYEE RELATIONS AND HUMAN RESOURCE DEVELOPMENT

As of the end of 1997 the Corporation has 9,032 employees, with 8,950, or 99.09%, eligible for union membership. Average age is 42.99 years.



Computer center

Based on the concept of labor-management interdependence for prosperity and for the sake of labor-management harmony, the Corporation continued to:

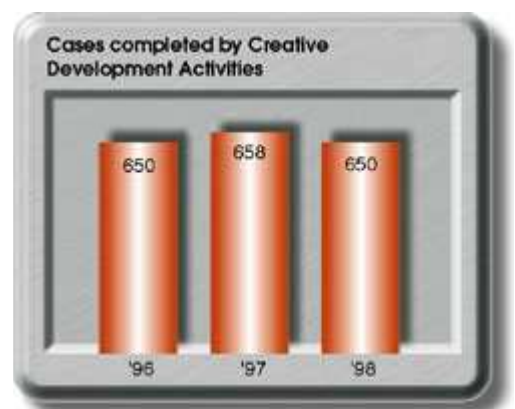
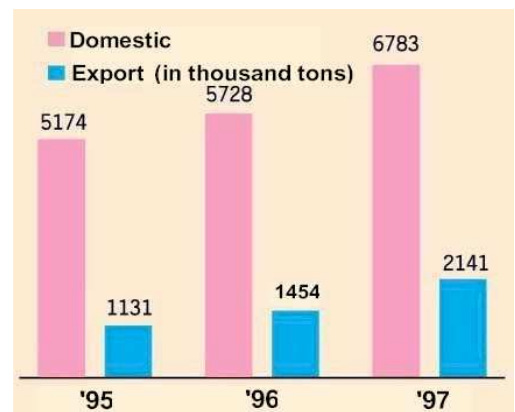
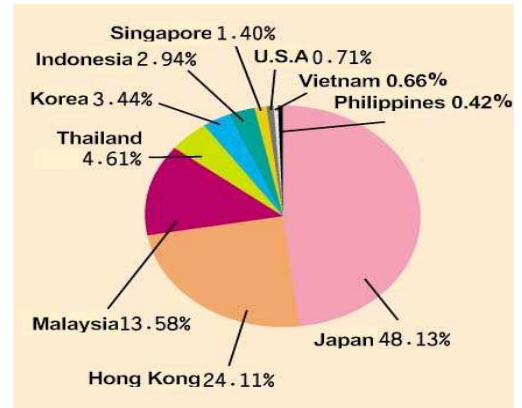
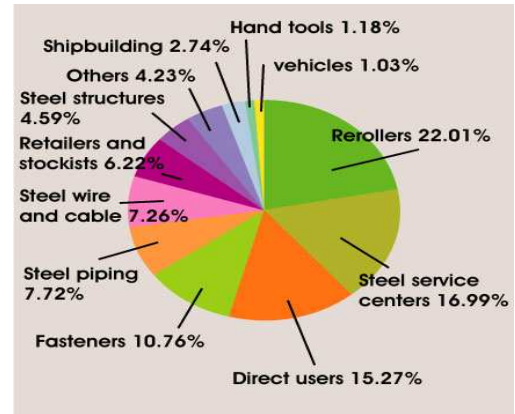
- maintain diverse channels for overall strengthening of communications
- improve workplace environment
- ensure the effectiveness of the existing grievance and counseling systems



Forklift operation safety training

warm-hearted volunteers among employees to counsel fellow employees on their personal problems.

Since becoming privatized on April 12, 1995 the Corporation has continued to push forward the rationalization of manpower



The Corporation signed a collective agreement between management and the union in 1997. In addition the Corporation introduced a "Peer Counselling Volunteer Program" which involves the selection of

deployment and to re-examine the related personnel rules and regulations. It also undertook the rationalization of the personnel evaluation practices and improvement of the manpower structure. All these activities are aimed at improving morale and raising manpower effectiveness. Along with the establishment of subsidiaries the Corporation continued to revamp, review and pare down the current organizational structure.

Training in 1998 continued to stress:

- improving the quality of overall management and decision making
- upgrading the skills of leadership and communications
- inspiring the employees to develop their potential and creativity
- strengthening quality management and raising the employees' environment-consciousness to meet the requirements of ISO accreditation

Along with the restructuring and manpower rationalization the Corporation continued to conduct training to impart a second skill to the employee.



The Corporation sent
97 persons during

Fire drill

1998 to academic institutions and business organizations abroad for short courses or observation visits on job-related subjects. It continued with the programs of selecting promising employees and offering them further education at company expense: 19 persons at domestic universities and 3 persons at universities abroad during 1998. These programs are tailored to consolidate the Corporation's production, technology and management capabilities to meet the demand created by the Corporation's continued diversification and globalization and the growth and development of the CSC Group.

The Corporation's time-honored suggestion system and Creative Development Activities (CDA) aim at bringing out the employees' initiative to offer constructive suggestions, to discover problems and to work out solutions through team effort. In 1998, 571 active CDA "circles" with 5,637 participants (94% of the blue collar employees of the involved departments) completed 650 topics with total benefit of approximately NT\$9 million. Out of a total of 21,278 suggestions processed, 19,586 or 92.1% were adopted. Tangible benefits from

these suggestions are estimated at NT\$180 million.

In its early days the Corporation's emphasis on industrial safety and hygiene was to ensure work safety for the employees and eliminate professional hazards and accidents. Such emphasis has now been elevated to the level of providing safe and comfortable work environment for employees and concern for their health, both physical and mental. The Corporation will continue with its efforts toward these objectives. The major items completed during 1998 were:



Plant greenery

- Total review, revision or additions to the Safety Job Procedures for all departments
- Revision of Safety and Hygiene Rules
- Establishment of workplace environment monitoring programs. Also action to ensure precise implementation
- Putting in place an auditing system for the strict compliance with Safety Job Procedures and corporation-wide implementation of the system

In 1998 the Corporation continued its past efforts in environmental protection. It continued to pursue its environment policy by strict adherence to environmental laws and regulations and persistent demand to the operating departments for improvement in pollution prevention. In the area of pollution abatement and prevention the Corporation took proactive measures to bolster pollution prevention facilities on all production equipment and to maintain normal operation. It tightened supervision to ensure strict monitoring and reduction of polluting effluents and emissions. The Corporation also gave priority to improvement of production processes at the primary sources of industrial wastes in order to reduce waste generation and



Testing for particulate emission at a gas duct



Flux preparation plant dust collector



A service to the public ~ street cleaning on a nearby thoroughfare



alleviate the demand on in-plant recovery facilities and on the outside recovery and disposal operations. For the non-recoverable or non-reusable items, the Corporation contracts out the disposal only to qualified handling firms. Thus proper treatment or disposal of the Corporation's wastes covers 100% of all wastes generated. In the area of water resource management the Corporation adopts appropriate technology for reducing pollution, saving water, and pushes water recycling to the ultimate limit. One of measures is to apply recycled water of different qualities according to the water quality requirement at the point of application so that actually some effluents are reused more than once. The result in 1998 from such efforts is an excellent record for compliance with all current government regulations effluents and a water recovery rate as high as 97%.

Computer class for Kaohsiung youngsters and our employees' offsprings

Investments during 1998 for pollution prevention and abatement equipment totaled NT\$543 million. Major items completed included:

- Second phase desulfurization project for coke oven plant
- New project for recovery of miscellaneous fines and materials (mini pellet plant)
- Second indoor scrap storage area
- Second additional roof ventilating dust collecting system at the No. 2 BOF plant
- Denitrification facilities for stacks on boilers No. 6 - No. 8 (coal fired) at No. 2 powerplant
- Waste water transport system for Phases III and IV

Over the years, espousing the concept that whatever it receives from society must be reciprocated, the Corporation has devoted a great deal of attention to the building up and development of the neighboring communities. The Corporation's program in promoting harmonious relations with the Hsiao Kang District of the City of Kaohsiung, where the Corporation's head office and plant are located, have been gauged by the district's actual requirements. Such program included activities of public benefit and upgrading of education at the local schools, all aimed at creating favorable interaction between the Corporation and the surrounding community.

Activities in 1998 consisted of:

- Assistance to public schools in the City of Kaohsiung in improving their facilities and participation in school activities
- Establishment of scholarships for outstanding students and financial assistance to indigent students

- Gifts for low income families at Lunar New Year, Dragon Boat Festival and Autumn Festival
- Service corps for examinees during the City's senior high school joint entrance examination
- Participation in public commendation ceremonies for persons of exemplary action and behavior
- Providing the means for "A Voyage to Iron and Steel" field trips for students to visit the Corporation
- Assistance and participation in local festivities and celebrations, senior citizen day activities and sport competitions
- Opening the Corporation's recreational facilities to the local community
- Holding open house for residents of neighboring communities to familiarize them with the process of steelmaking

To demonstrate its care for preserving the eco-system and interest in Taiwan's culture and geography, as well as its recognition and support for domestic artists and writers, the Corporation published in 1998 "The Beauty of Taiwan" following "The Beauty of Wild Birds in Formosa" and "The Beauty of Kaohsiung" which the Corporation published in previous years. The Corporation also sponsors from time to time "Spiritual Eco-preservation" concerts to elevate the quality of cultural living for the neighboring residents and promote family and social harmony.

Seventeen project-type capital expenditures were in progress during 1998. Disbursements during 1998 totaled NT\$7.18 billion. They were:



Warehouse for cold rolled coils



Electrolytic galvanizing line



Mass rapid transportation rolling stock

- related to raising production capacity and product quality

1. addition of No. 7 oxygen plant
2. addition of No. 3 hot metal pit and additional ladle transfer crane
3. addition of No. 24 hot stove for No. 2 blast furnace
4. new hot-dip galvanizing plant
5. addition of No. 8 oxygen plant



No. 3 sinter plant

- related to increase of power supply

6. addition of new turbine generator
7. No. 1 main sub-station, additional power transformers



Blast furnaces Nos. 1 - 4

- related to equipment revamping

- 8. revamp of billet mill and No. 1 wire rod mill
- 9. modernization of electrical and control equipment for No. 1 cold rolling mill and coupling of rolling mill with acid cleaning line
- 10. revamp of coke oven machines for batteries 1 through 4
- 11. phase II coke oven battery collector pipe revamp
- 12. No. 3 blast furnace first campaign revamp
- 13. modification of batch annealing furnaces for cold rolled coils for switching to hydrogen atmosphere
- 14. electro-galvanizing line modification
- 15. No. 3 sinter plant revamping

- related to preserving product quality

- 16. additional warehouse for hot rolled products



No. 2 hot strip mill

-related to environmental protection

- 17. desulfurization equipment for Phase II byproduct coke oven gas

Items 1, 2, 8, and 16 were completed in December, September, March and July 1998 respectively on schedule. Item 14 was completed in October 1998, one month ahead of schedule. Item 9 was proceeding smoothly ahead of schedule by 6% as of the end of December 1998. Items 13 and 15 were proceeding slightly behind schedule by 0.8% and 0.45% respectively as of the end of December 1998 owing to delays in equipment manufacture. All remaining thirteen items are on schedule and expected to be completed by the end of June 2001.

Non-project type capital expenditures in 1997 totaled NT\$1.693 billion. They cover a wide range of objectives including equipment revamping, safety and environmental control, bottleneck elimination, quality improvement, R&D, energy saving, automation and computerization.

With the completion of Phase IV construction in May 1997, the Corporation decided to introduce and offer its experience accumulated over the years in construction, engineering and project management to industries and public works projects, both domestic and abroad. Thereupon it joined together the capabilities of the members of the CSC Group in active participation of such areas and projects as waste incinerators, mass rapid transportation rolling stock and cogeneration plants.

Late in 1997 the Corporation joined forces with Takuma Co., Ltd. of Japan in winning the bid for turn-key construction of the refuse resource recovery plant in the Pen Chou Industrial Zone at Kangshan. Ground breaking took place on March 21. As of the end of this year construction was progressing smoothly and slightly ahead of schedule. On August 20 the Corporation, again in cooperation with Takuma, won the bid for the turn-key construction of the Lu-Tsao refuse resource recovery plant at Chiayi. These activities have opened a new vista for the Corporation's diversification.

In response to the government's plan to promote the multifunctional Kaohsiung Economic and Trade Park, the Corporation formed in 1998 a wholly owned subsidiary, China Prosperity Development Corporation, whose major business is the development of real estate and related matters. China Prosperity is charged with the mission of developing a 10.158 hectare tract of land owned by the Corporation within the site earmarked for the park. The Corporation also participated in the Industrial Bank of Taiwan, which has already received government permit for business. Also, expecting a readjustment in the industries of Southeast Asia after the area rebounds from the current financial crisis, and to capture opportunities for investments in that area, the Corporation also participated in the investment in Southeast Asia Investment Holding Corporation.



Unveiling CSC Group's Corporate Identity System

As of the end of 1998, the Corporation has invested in a total of 19 subsidiaries and affiliates, including the recent addition of Industrial Bank of Taiwan. Among the nineteen, six are 100% owned subsidiaries⁷. China Steel Structure Co. has been a listed company for years. China Steel Chemical Corporation went public during 1998 and China Hi-ment and China Ecotek are expected to apply for listing in 1999 on the Taiwan Stock Exchange and the OTC market respectively. The law requires the applicant to place its stock amounting to 10% of capital on the market in a public offering. The Corporation expects to reap gains from stock releases from these affiliates.



Remelting and casting shop at C. S. Aluminum Corporation



Crystal puller at Taisil Electronic Materials Corporation



One of the uses of water-quenched blast slag ~ wave breakers



M. V. China Steel Investor

As to the operating status of the subsidiaries and affiliates, some of them, which have only recently completed plant construction or fell victim to the depressed marketplace, failed to turn a profit. The remaining companies all showed an increase in profits over 1997.

6 Currently the site of C.S. Aluminum Corporation's Chengkung Plant, which is expected to be vacated in time for the development

7 For information on the Corporation's holding ratio in the respective companies please refer to table on page 32



Distillation Column at China Steel Chemical Corporation

FINANCIAL REPORTS: BALANCE SHEETS

(in thousands of New Taiwan Dollars)

	December 31, 1998		December 31, 1997			December 31, 1998		December 31, 1997	
	Amount	%	Amount	%		Amount	%	Amount	%
ASSETS					LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 9,699,026	5	\$ 7,765,375	4	Short-term bank loans and overdrafts	\$ 4,064,350	2	\$ 19,210,220	10
Marketable securities	2,301,321	1	695,000	-	Commercial papers and bank acceptances payable	4,582,614	2	2,245,253	1
Notes receivable	2,398,479	1	3,066,746	2	Accounts payable	2,550,389	1	4,333,712	2
Accounts receivable	905,762	1	1,782,730	1	Other payables	3,742,347	2	12,318,612	6
Inventories	18,316,328	10	18,566,876	9	Income tax payable	2,898,534	1	4,165,296	2
Prepayments and other	704,668	-	1,143,444	1	Long-term bonds due within one	5,833,000	3	4,414,000	2

					year				
					Long-term debts				
Pledged time deposits	7,740,355	4	10,444,802	5	due within one year	2,939,801	2	2,768,691	1
					Other	2,267,542	1	1,401,424	1
Total Current Assets	42,065,939	22	43,464,973	22					
					Total Current Liabilities	28,878,577	14	50,857,208	25
LONG-TERM INVESTMENTS	24,628,233	12	18,519,05	9					
PROPERTIES					LONG-TERM LIABILITIES				
Cost					Bonds	24,853,000	12	15,686,000	8
Land	5,623,278	3	5,538,659	3	Debts	8,055,722	4	10,692,798	5
Land improvements	4,254,834	2	4,205,240	2	Reserve for land value increment tax	3,370,813	2	3,370,813	2
Buildings and improvements	33,878,504	16	33,103,550	16					
Machinery and equipment	192,701,955	95	190,782,072	95	Total Long-Term Liabilities	36,279,535	18	29,749,611	15
Transportation equipment	1,470,922	1	1,488,418	1					
Miscellaneous equipment	2,375,321	1	2,271,084	1					

					DEFERRED				
					INCOME TAX	5,344,293	3	5,597,080	3
					LIABILITIES				
Total cost	240,304,814	118	237,389,023	118					
Appreciation	18,967,874	9	19,109,675	9	Total Liabilities	70,502,405	35	86,203,899	43
Total cost and appreciation	259,272,688	127	256,498,698	127	STOCKHOLDERS' EQUITY				
Accumulated depreciation	(139,099,679)	(68)	130,697,458	65	Capital stock				
					Preferred, 14% cumulative and participating	533,000	-	572,020	-
					Common	81,437,995	40	73,894,721	37
Constructions in progress	11,265,286	5	7,571,565	4	Capital surplus	361,948	-	361,998	-
					Retained earnings	50,734,681	25	39,909,051	20
					Unrealized loss on long-term investments	(203,073)	-	-	-
Net Properties	131,438,295	64	133,372,805	66	Cumulative translation adjustments	37,813	-	57,283	-
OTHER ASSETS									
					Total				
Rental properties	3,650,539	2	3,733,226	2	Stockholders' Equity	132,902,364	65	114,795,073	57

Miscellaneous	1,621,763	-	1,908,911	1				
Total Other Assets	5,272,302	2	5,642,137	3				
					COMMITMENTS AND CONTINGENT LIABILITIES			
					TOTAL LIABILITIES AND STOCKHOLDERS' EQUIT			
TOTAL ASSETS	\$ 203,404,769	100	\$ 200,998,972	100		\$ 203,404,769	100	\$ 200,998,972 100

STATEMENTS OF INCOME

(in thousands of New Taiwan Dollars, except earnings per common share)

	Year Ended December 31			
	1998 (Historical)		1997 (Proforma)	
	Amount	%	Amount	%
REVENUES	\$ 98,458,902	100	97,755,649	100
COST OF REVENUES	75,999,410	77	71,516,581	73
GROSS PROFIT	22,459,492	23	26,239,068	27
OPERATING EXPENSES				
Selling	1,587,674	2	1,457,006	1
General and administrative	1,860,360	2	1,647,873	2
Research and development and employees training	858,774	1	853,372	1
Total Operating Expenses	4,306,808	5	3,958,251	4
INCOME FROM OPERATIONS	18,152,684	18	22,280,817	23
NON-OPERATING INCOME				
Interest	1,039,991	1	1,308,330	1
Investment income - net	1,469,601	1	194,216	-
Other	518,065	1	610,948	1
Total Non-Operating Income	3,027,657	3	2,113,494	2
NON-OPERATING EXPENSES				
Interest	3,124,375	3	2,699,562	3
Provision (reversal of allowance) for loss on inventories	556,135	1	(378,119)	(1)
Foreign exchange loss - net	-	-	1,100,579	1
Other	667,778	1	858,680	1

Total Non-Operating Expenses	4,348,288	5	4,280,702	4
INCOME BEFORE INCOME TAX	16,832,053	16	20,113,,609	21
INCOME TAX BENEFIT (EXPENSE)	1,497,855	2	(4,457,756)	(5)
NET INCOME	\$ 18,329,908	18	\$ 15,655,853	16

EARNINGS PER COMMON SHARE

Based on weighted average number
of outstanding shares of 8,143,799
thousand in 1998 and 7,389,472
thousand in 1997, after deducting
preferred stock dividends of \$74,620
for 1998 and \$80,083 for 1997

\$ 2.24

\$ 2.11

Based on weighted average number
of outstanding shares of 8,143,799
thousand after giving retroactive
adjustment to 1998 stock dividends

\$ 1.91

STATEMENTS OF CASH FLOWS

(in thousands of New Taiwan Dollars)

Year Ended December 31

1998
(Historical) 1997 (*Proforma*)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 18,329,908	\$ 15,655,853
Depreciation	10,734,317	9,985,226
Amortization	547,338	475,541
Deferred income tax	(384,187)	(182,061)
Provision (reversal of allowance) for loss on inventories	556,135	(378,119)
Investment income under equity method	(1,217,020)	(187,193)
Loss on disposal of properties	54,527	16,543
Cash dividends on long-term investments under equity method	212,629	305,626
Gain on sale of long-term investments	(149,292)	-
Changes in operating assets and liabilities		
Notes receivable	668,267	(1,051,011)
Accounts receivable	876,968	76,355
Inventories	(305,587)	(1,888,776)
Prepayments and other current assets	570,176	(208,432)
Accounts payables	(37,646)	(29,257)
Other payables	(298,256)	7,547
Income tax payable	(1,266,762)	2,450,132
Other current liabilities	866,118	1,363,335

Net Cash Provided by Operating Activities	29,757,633	26,411,309
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CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of properties	(8,771,647)	(13,056,968)
Increase in long-term investments	(5,443,670)	(7,032,886)
Decrease in pledged time deposits	2,704,447	11,855,198
Increase in short-term investments	(1,606,321)	(695,000)

Proceeds from disposal of long-term investments	265,560	178
Increase in other assets	(260,190)	(1,879,667)
Proceeds form sales of properties	-	607,237

Net Cash Used in Investing Activities	(13,111,821)	(10,201,908)
---------------------------------------	---------------------	--------------

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in short-term bank loans and overdrafts	(15,145,870)	(3,733,945)
Increase in bonds payable	10,586,000	5,000,000
Cash dividends	(\$ 8,180,991)	(\$ 10,164)
Increase (decrease) in long-term debts	(2,465,966)	1,159,580
Increase (decrease) in commercial papers and bank acceptances payable	2,337,361	(12,732,638)
Decrease in payable on properties purchased	(1,745,677)	-
Bonus to employees, directors and supervisors	(97,018)	-

Net Cash Used in Financing Activities	(14,712,161)	(10,317,167)
---------------------------------------	---------------------	--------------

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,933,651	5,892,234
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,765,375	1,873,141
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,699,026	\$ 7,765,375
--	---------------------	--------------

SUPPLEMENTAL INFORMATION

Interest paid, excluding capitalized amounts	\$ 2,745,831	\$ 2,310,635
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Income tax paid

Current year

Prepayment and withholding	\$ 80,674	\$ 2,161,356
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Tax on interest derived from	47,005	\$ 14,054
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commercial papers

127,679

2,175,631

Prior years

\$ 25,415

14,275

\$ 153,094

\$ 2,189,685

Non-cash financial activities

Long-term debts and bonds due within
one year

\$ 8,772,801

\$ 7,182,691

Bonus payable to employees, directors
and supervisors

-

99,606

Cash dividends payable

-

8,191,341

Non-cash
financial
activities

Cash paid for acquisition of properties

\$ 8,771,647

\$ 16,255,225

Total acquisitions

-

(3,198,257)

Increase in payable on properties
purchased

\$ 8,771,647

\$ 13,056,968

in thousands of New Taiwan Dollars, except par value and per share)

CAPITAL STOCK- \$10 Par Value

	CAPITAL STOCK- \$10 Par Value										UNREALIZED LOSS ON LONG-TERM INVESTMENTS	CUMULATIVE TRANSLATION ADJUSTMENTS	TOTAL STOCK-HOLDER S' EQUITY
	Authorized Shares (Thousands)	Issued				RETAINED EARNINGS							
		Preferred Stock		Common Stock		CAPITAL SURPLUS	Legal Reserve	Special Reserve	Unappro- pirated	Total			
		Shares (Thousands)	Amount	Shares (Thousands)									
<u>PROFORMA</u>													
BALANCE, JANNUARY 1, 1997	\$ 85,000,000	62,580	\$ 625,800	\$ 7,202,468	\$ 72,024,679	\$ 362,708	\$ 11,972,104	\$ 14,615,701	\$ 7,775,067	\$ 34,362,872	\$ -	\$ -	\$107,376,059
Increase in authorized shares	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Capitalization of retained earnings	-	-	-	181,626	1,816,262	-	-	-	(1,816,262)	(1,816,262)	-	-	-
Changes in subsidiary's capital surplus	-	-	-	-	-	4,756	-	-	-	-	-	-	4,756
Transfer of net gain on disposal of properties	-	-	-	-	-	2,465	-	-	(2,465)	(2,465)	-	-	-
Conversion of preferred stock to common stock	-	(5,378)	(53,780)	5,378	53,780	-	-	-	-	-	-	-	-
Transfer of special reserve-December 1997	-	-	-	-	-	-	-	(3,700,000)	3,700,000	-	-	-	-
Appropriations of prior year's earnings													
Legal reserve	-	-	-	-	-	-	1,352,360	-	(1,352,360)	-	-	-	-

Bonus to employees	-	-	-	-	-	-	-	-	(63,332)	(63,332)	-	-	(63,332)
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	(36,274)	(36,274)	-	-	(36,274)
Cash dividends to preferred stock - \$1.1 per share	-	-	-	-	-	-	-	-	(62,922)	(62,922)	-	-	(62,922)
Cash dividends to common stock - \$1.1 per share	-	-	-	-	-	-	-	-	(8,128,419)	(8,128,419)	-	-	(8,128,419)
Differences between the carrying values of long-term investments and the related equity in net assets of investees due to change in the Corporation's ownership percentages	-	-	-	-	-	(7,931)	-	-	-	-	-	-	(7,931)
Translation adjustments of investee's long-term investments	-	-	-	-	-	-	-	-	-	-	-	57,283	57,283
Net income in 1997	-	-	-	-	-	-	-	-	15,655,853	15,655,853	-	-	15,655,853
<hr/>													
BALANCE, DECEMBER 31, 1997	95,000,000	57,202	572,020	7,389,472	73,894,721	361,998	13,324,464	10,915,701	15,668,886	39,909,051	-	57,283	114,795,073
<u>HISTORICAL</u>													
Conversion of preferred stock to common stock	-	(3,902)	(39,020)	3,902	39,020	-	-	-	-	-	-	-	-
Capitalization of retained earnings - Stock dividends	-	-	-	7,504,254	7,504,254	-	-	-	(7,504,254)	(7,504,254)	-	-	-

Net income in 1998	-	-	-	-	-	-	-	-	18,329,908	18,329,908	-	-	18,329,908
Unrealized on investees' long - term investments	-	-	-	-	-	-	-	-	-	-	(203,073)	-	(203,073)
Translation adjustments of investees' long-term investments	-	-	-	-	-	-	-	-	-	-	-	(19,470)	(19,470)
Others	-	-	-	-	-	(50)	-	-	(24)	(24)	-	-	(74)

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA AND OPERATING RESULTS ⁸

(in thousands of New Taiwan Dollars unless otherwise noted)

	1998 ⁹	1997 ⁹	1996 ⁹	1995 ⁹	1994 ⁹
Revenues	98,458,902	97,755,649	85,376,974	83,565,590	70,949,607
Operating costs	80,306,218	75,474,832	69,946,231	64,386,438	58,997,652
Income from operations	18,152,684	22,280,817	15,430,743	19,179,152	11,951,955
Income (loss) from non-operations	(1,320,631)	(2,167,208)	291,240	500,272	802,886
Income before income tax	16,832,053	20,113,609	15,721,983	19,679,424	12,754,841
Income from operations	18,329,908	15,655,853	9,604,412	8,189,264	9,560,369
Current assets	42,065,939	43,464,973	45,342,574	54,989,666	47,813,116
Long-term investments	24,268,233	18,519,057	11,550,674	3,531,562	1,860,608
Net properties	131,438,295	133,372,805	127,571,994	112,159,545	100,848,324
Other assets	5,272,302	5,642,137	4,427,848	2,943,066	2,631,836
Total assets	203,404,769	200,998,972	188,893,090	173,623,839	153,153,884
Current liabilities	28,878,577	50,857,208	45,963,466	42,041,504	30,707,408
Long-term liabilities	36,279,535	29,749,611	29,679,559	21,374,386	10,031,975
Deferred income tax credit	5,344,293	5,597,080	5,874,006	3,225,590	2,994,395
Total liabilities	70,502,405	86,203,899	81,517,031	66,641,480	43,733,778

Capital stock	81,970,995	74,466,741	72,650,479	72,650,479	72,650,479
Capital surplus	361,948	361,998	362,708	360,468	325,221
Retained earnings	50,734,681	39,909,051	34,362,872	33,971,412	36,444,406
Unrealized loss on long-term investments	(203,073)	-	-	-	-
Changes in subsidiary's cumulative translation adjustments	37,813	57,283	-	-	-
Total stockholders' equity	132,902,364	114,795,073	107,376,059	106,982,359	109,420,106
<hr/>					
Total liabilities and stockholders' equity	203,404,769	200,998,972	188,893,090	173,623,839	153,153,884
<hr/>					
Stockholders' equity per share of common stock (NT\$)	16.21	15.42	14.78	14.73	15.06
Earnings per common stock (NT\$)	2.24	2.11	1.32	1.12	1.32
Earnings per common stock (NT\$) ₁₀	2.24	1.91	1.17	1.00	1.17
<hr/>					

8 The selected financial data and operating results for 1996 and onward have excluded items related to the Corporation's Aluminum Production Division which was spun-off on March 1, 1996

9 Beginning January 1, 1998 the fiscal year has been changed to coincide with the calendar year. Proforma figures are shown here for the respective calendar years 1994 ~ 1997

10 After making retroactive adjustments to take into account stock dividends

FIVE YEAR SUMMARY OF SELECTED FINANCIAL RATIOS AND PERCENTAGES¹¹

	1998	1997	1996	1995	1994
Current ratios (%)	145.66	85.46	98.65	130.80	155.71
Ratio of fixed assets to long-term liabilities and stockholders' equity (%)	77.69	92.27	93.08	87.38	84.43
Total liabilities to stockholders' equity	0.53	0.75	0.76	0.62	0.40
Net income rate (%)	18.62	16.02	11.25	9.80	13.47
Profitability in terms of total assets (%)	10.22	9.07	6.03	5.83	6.97
Profitability in terms of stockholders' equity (%)	14.80	14.09	8.96	7.57	8.80
Revenue growth rate, year to year (%)	0.72	14.50	2.17	17.78	11.97
Stockholders' equity growth rate, year to year (%)	15.77	6.91	0.37	(2.23)	1.50

¹¹ Figures shown here for 1994-1997 are *proforma* for the respective calendar years

ANALYSIS OF FINANCIAL STATUS AND OPERATING RESULTS

Ratios	December 31, 1998	December 31, 1997	increase (decrease)
Cash Flow Ratio (%)	103.04	51.93	98.42
Appropriate cash Flow Ratio (%)	91.20	89.85	1.50
Cash Reinvestment Ratio (%)	6.88	9.40	(26.81)

Comments on ratio variations:

1. The increase of approximately 98% in appropriate cash flow ratio is mainly attributed to increase in cash flow from operating activities and decrease in current liabilities.
2. The decrease of approximately 27% in cash reinvestment ratio is mainly attributed to payment of cash dividends and increase in operating funds.

Operation analysis:

1. The decrease of NT\$ 3,779,576 thousand (about 14%) in gross profit from continuing operations is mainly attributed to decrease in average sales price and increase in average cost.
 2. The increase in total non-operating income of NT\$ 914,163 thousand (about 43%) is mainly attributed to increase in investment income.
-

TERMS AND CONDITIONS OF CORPORATE BONDS

[illegible]

the Issuer	Firm Attorneys at Law	Firm Attorneys at Law	Firm Attorneys at Law	Firm Attorneys at Law	Firm Attorneys at Law	Firm Attorneys at Law	Firm Attorneys at Law
Auditor of the Issuer	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)	T.N. Soong & Co. (A member firm of Arthur Andersen & Co., SC)
Repayment	25% after 3.5 years, 4 years, 4.5 years and on maturity, respectively; interest shall be paid semiannually against interest coupon commencing from the issue date.	33% after 3 years and 4 years, 34% on maturity, respectively; interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.	33% after 3 years and 4 years, 34% on maturity, respectively; interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.	33% after 3 years and 4 years, 34% on maturity, respectively; interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.	33% after 3 years and 4 years, 34% on maturity, respectively; interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.	100% on maturity; interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.	50% after 4 years, 50% on maturity, respectively; interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.

PROPERTIES

DECEMBER 31, 1998 (in thousand of New Taiwan Dollars)

Item	Book Value	Accumulated	Depreciation Net Value
Land	11,473,875	-	11,473,875
Land improvements	4,747,824	2,176,467	2,571,357
Buildings and improvements	36,324,289	10,442,643	25,881,646
Machinery and equipment	202,787,343	123,770,734	79,016,609
Transportation equipment	1,524,419	1,026,311	498,108
Miscellaneous equipment	2,414,938	1,683,524	731,414
Constructions in progress	11,265,286	-	11,265,286
Total	270,537,974	139,099,679	131,438,295

MARKET PRICE OF STOCK OVER PAST THREE YEARS

(in New Taiwan Dollars per share)

Stock	Price	1998	1997	1996
Common	Highest	25.2	33.1	31.5
	Lowest	19.1	22.5	19.0
Preferred	Highest	26.3	32.4	30.3
	Lowest	20.9	23.8	22.0

Source of Information: Taiwan Stock Exchange Corporation

THREE YEAR SUMMARY OF PRODUCTION VOLUMES AND SALES VOLUMES

Products	Volume	1998	1997	1996
Steel plates	Production	1,142,934	1,087,007	1,070,798
	Sales	1,100,096	1,091,039	1,084,617
Steel bars	Production	600,288	556,591	478,339
	Sales	593,884	566,308	488,538
Wire rods	Production	1,137,004	1,058,636	1,007,557
	Sales	1,142,313	1,062,972	1,011,787
Hot rolled steel products	Production	4,077,190	3,515,744	2,195,334
	Sales	4,206,092	3,566,005	2,320,976
Cold rolled steel products	Production	1,860,019	2,155,524	1,923,659
	Sales	1,973,646	2,283,668	2,070,673
Commercial slabs, blooms and billets	Production	25,758	240,179	18,635
	Sales	13,133	347,393	190,198
Pig iron	Production	10,177	11,247	16,375
	Sales	7,351	6,961	14,961
Total	Production	8,853,370	8,624,928	6,710,697
	Sales	9,036,515	8,924,347	7,181,750

PRODUCTS AND USES

Products	Major Uses	
Carbon steel	Plates	Shipbuilding, bridges, steel structures, oil country tubular goods (OCTGs), storage tanks boilers pressure vessels, truck chassis and general construction.
	Bars	Nuts and bolts, hand tools, loudspeaker parts, automobile and motorcycle parts, machinery parts.
	Wire rods	Nuts and bolts, steel wire and rope, welding electrodes, hand tools, tire cord and bead, umbrella parts.
	Hot rolled coils	Steel pipes and tubes, vehicle parts, containers, pressure vessels, hydraulic jacks, cold rolled and galvanized products, light shapes, formed parts in general.
	Cold rolled coils	Steel pipes and tubes, steel furniture, home appliances, drums, automobile bodies, hardwares, and as raw material for galvanized and coated steel sheets.
	Electro-galvanized Sheets	Computer and home appliance outer shells, parts and accessories, automobile bodies, building materials and components, and hardwares.
Stainless steel	Electrical Sheets	Motors, transformers and stabilizers.
	Hot rolled bands	Cold rolled stainless steel products, stainless pipes and tubes, processing in general into tanks and pressure vessels.

OWNERSHIPS IN SUBSIDIARIES AND AFFILIATED COMPANIES

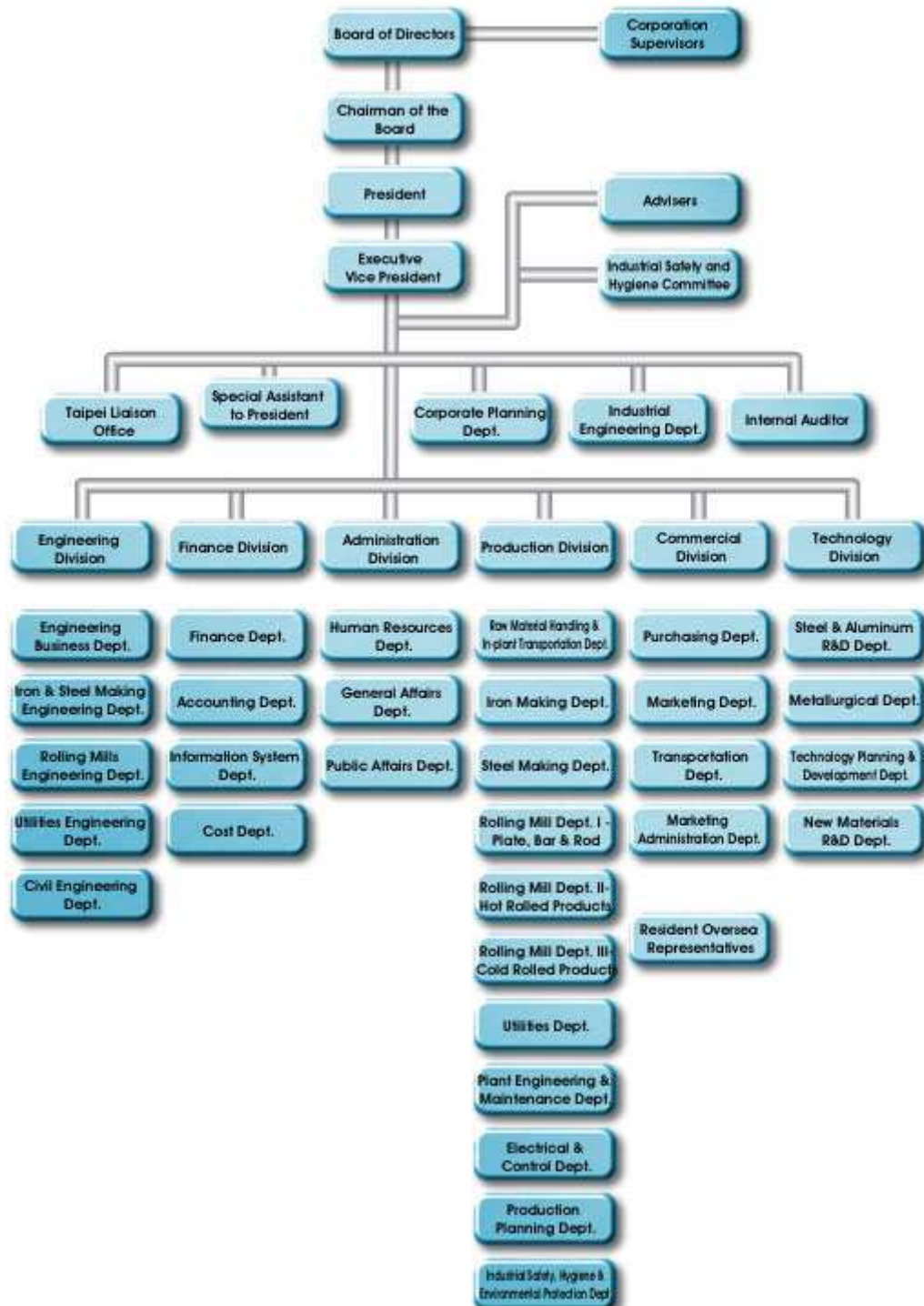
December 31, 1998

Companies	Investment Amounts(NT\$1,000)	Holding Ratio(%)	Evaluation Method
C.S. Aluminum Corporation	4,541,183	98.07	Equity
China Steel Express Corporation	3,463,443	100.00	Equity
China Steel Global Trading Corporation	569,147	99.98	Equity
Gains Investment Corporation	3,210,379	100.00	Equity
China Steel Security Corporation	171,142	99.96	Equity
China Prosperity Development Corporation	4,077,198	100.00	Equity
HIMAG Magnetic Corporation	132,185	50.15	Equity
China Steel Structure Co., Ltd.	217,719	19.18	Equity
(Preferred stock)	153,472	15.35	Cost
China Steel Chemical Corporation	549,453	31.30	Equity
China Hi-ment Corporation	421,728	39.21	Equity
China Ecotek Corporation	324,437	44.84	Equity
Taisil Electronic Materials Corporation ¹²	769,624	35.00	Equity
Kuei Yi Industrial Co., Ltd.	2,729,254	30.00	Equity
MoBiTai Communications Ltd.	363,145	20.00	Equity
Worldwide Semiconductor Manufacturing Corporation	1,141,280	8.70	Cost

Tang Eng Iron Works Co., Ltd.	597,214	8.53	Cost
Overseas Investment & Development Corporation	50,000	5.56	Cost
Southeast Asia Investment Holding Corporation	500,000	4.95	Cost
Industrial Bank of Taiwan ¹³	250,000	4.35	Cost

12 Not including prepayment for investments NT\$385 million

13 At preparatory stage



DIRECTORS AND SUPERVISORS

as of December 31, 1998

Chairman of the Board	C. Y. Wang	Representing Ministry of Economic Affairs, R. O. C.
Director	J. Y. Chen	Representing Ministry of Economic Affairs, R. O. C.
Director	Y. C. Chen	Representing Ministry of Economic Affairs, R. O. C.
Director	T. Y. Ueng	Representing Ministry of Economic Affairs, R. O. C.
Director	Y. L. Chiao	Representing Ministry of Economic Affairs, R. O. C.
Director	J. C. Tsou	Representing Chiun Yu Investment Corporation
Director	W. P. Liu	Representing Gau Ruei Investment Corporation
Director	C. Y. Lee	Representing Cathay General Hospital
Director	Y. F. Chen	Representing Shin Mau Investment Corporation
Director	Benny T. Hu	Representing China Development Corporation
Director	T. H. Yuan	Representing Ching Hwa Investment & Development Co., Ltd.
Supervisor	S. M. Shih	Representing Ministry of Economic Affairs, R. O. C.
Supervisor	Jasen Huang	Representing Gau Ruei Investment Corporation
Supervisor	Y. Y. Tai	Representing Ding Da Investment Corporation

SENIOR MANAGEMENT

as of December 31, 1998

President	J. Y. Chen
Executive Vice President (Concurrently Spokesman)	Y. C. Chen
Vice President, Administration Division	R. S. Jong
Vice President, Commercial Division	J. C. Tsou
Vice President, Finance Division	L. M. Chung
Vice President, Technology Division	G. H. Cheng
Vice President, Engineering Division	K. L. Du
Vice President, Production Division	C. H. Ou

China Steel's subsidiaries:

C. S. Aluminium Corporation

17 Tong Lin Road, Hsiao Kang District

Kaohsiung 81233, Taiwan, R. O. C.

Tel: 886 7 871-8666

Fax: 886 7 872-1852

Main business item: aluminum products

China Steel Express Corporation

32F, 8 Ming Chuan 2nd Road, Chien Chen District

Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 337-8888

Fax: 886 7 338-1310

Main business items: marine cargo

transportation;

purchase, sale and chartering of vessels; and

shipping agency

China Steel Global Trading Corporation

31F, 8 Ming Chuan 2nd Road, Chien Chen District

Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 332-2168

Fax: 886 7 335-6411~2

Main business items: import, export

Gains Investment Corporation

30F, 6 Ming Chuan 2nd Road, Chien Chen District

Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 338-2288

Fax: 886 7 338-7110

Main business item: hi tech investments

China Steel Security Corporation

17F, 247 Ming Sheng 1st Road, Hsin Hsing District

Kaohsiung 800, Taiwan, R. O. C.

Tel: 886 7 229-9678

Fax: 886 7 226-4078

Main business items: security services and systems

China Ecotek Corporation

8F, 8 Ming Chuan 2nd Road, Chien Chen District

China Prosperity Development Corporation

Room 6, 24F, 31 Hai Bien Road, Ling Ya District

Kaohsiung 802, Taiwan, R. O. C.

Tel: 886 7 536-2500

Fax: 886 7 536-2413

Main business item: real estate development

HIMAG Magnetic Corporation

24-1 Chien Kuo Road, Nei Pu Industrial Park

Ping Tung Hsien 912, Taiwan, R. O. C.

Tel: 886 8 778-0222

Fax: 886 8 778-0227

Main business item: magnetic materials

China Steel's affiliated companies:

China Steel Structure Co., Ltd.

1 Chung Kang Road, Hsiao Kang District

Kaohsiung 81233, Taiwan, R. O. C.

Tel: 886 7 802-3433

Fax: 886 7 801-9150

Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 330-6138

Fax: 886 7 339-4016

Main business items: environment engineering,
design, construction

Taisil Electronic Materials Corporation

No. 2 Creation Road 1, Science-Based Industrial
Park Hsin-chu 300, Taiwan, R. O. C.

Tel: 886 3 578-3131

Fax: 886 3 578-7287

Main business item: silicon wafers

Kuei Yi Industrial Corporation

No. 100, Lung Chang Road, Li Shui Village Lung
Ching Hsiang, Taichung Hsien 434 Taiwan, R.O.C.

Tel: 886 4 630-6088

Fax: 886 4 630-6066

Main business items: H-sections and hot rolled
steel coils

MoBiTai Communications Ltd.

19F, No. 160, Tai-Chung-Kang Road Section 1
Taichung 403, Taiwan, R.O.C.

Tel: 886 4 321-6989

Fax: 886 4 321-7900

Main business item: mobile telephone service

Worldwide Semiconductor Manufacturing Corporation

25 Li Hsin Road, Science-Based Industrial Park
Hsin-chu 300, Taiwan, R. O. C.

Tel: 886 3 567-8888

Fax: 886 3 566-2055

Main business item: integrated circuit foundry

Tel: 886 3 598-1721

Fax: 886 3 598-1646

Main business items: stainless steel, construction

Overseas Investment & Development Corporation

Room 2406, 24F, No. 333, Keelung Road Section
1

Taipei 105, Taiwan, R. O. C.

Tel: 886 2 2757-6965

Fax: 886 2 2757-6932

Main business item: oversea investments

Southeast Asia Investment Holding Corporation

6F, 125 Nan King East Road Sec. 5,
Song Shan District Taipei 105, Taiwan, R. O. C.

Tel: 886 2 2745-7181

Fax: 886 2 2761-4741

Main business item: industrial investments in
Southeast Asia

Industrial Bank of Taiwan

3F, 101 Song Jen Road, Hsin Yi District
Taipei 110, Taiwan, R. O. C.

Tel: 886 2 2345-1101

Fax: 886 2 2345-1102

Main business item: industrial banking



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Singapore 0207
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