

## TWO YEAR HIGHLIGHTS OF OPERATING RESULTS

	<b>2002</b>	<b>2001</b>
Revenues (Millions of New Taiwan Dollars)	<b>99,940</b>	<b>85,101</b>
Operating costs	<b>79,566</b>	<b>77,708</b>
Income from operations	<b>20,374</b>	<b>7,394</b>
Income before income tax	<b>20,696</b>	<b>8,407</b>
Employment costs <sup>1</sup>	<b>13,506</b>	<b>12,763</b>
Depreciation	<b>11,336</b>	<b>11,954</b>
Interest expenses net <sup>1</sup>	<b>1,974</b>	<b>2,073</b>
Total assets	<b>195,442</b>	<b>198,937</b>
Capital expenditures	<b>6,575</b>	<b>7,373</b>
Stockholders' equity	<b>135,005</b>	<b>126,648</b>
Output of steel products (Thousands of metric tons)	<b>10,288</b>	<b>9,338</b>
Sales volume of steel products	<b>10,537</b>	<b>9,701</b>
Number of employees <sup>2</sup>	<b>8,711</b>	<b>8,796</b>
Return on sales (%)	<b>20.71</b>	<b>9.88</b>

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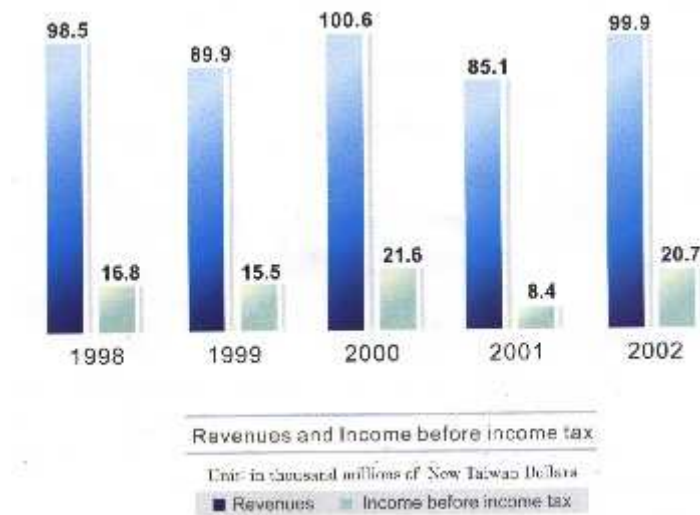
Return on stockholders' equity<sup>3</sup>

**12.87**

**5.71**

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<sup>1</sup> Excluding capitalized expenses    <sup>2</sup> As of the end of the calendar year    <sup>3</sup> Based on net income



## CHRONOLOGY OF MAJOR EVENTS

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December 3, 1971	① China Steel Corporation (the Corporation) officially registered, with head office located in Taipei
September 16, 1972	① Kaohsiung Plant Site Office established
September 1, 1974	① Construction of Phase I commenced
December 26, 1974	① Public listing of China Steel stock on Taiwan Stock Exchange
September 15, 1975	① Head office relocated to Kaohsiung, Plant Site Office closed
July 1, 1977	① China Steel Corporation became a state enterprise.
December 16, 1977	① Phase I completed. Capacity <sup>4</sup> 1.5 million tons <sup>5</sup> per year
July 1, 1978	① Construction of Phase II commenced
June 30, 1982	① Phase II completed. Capacity <sup>4</sup> reached 3.25 million tons per year
July 1, 1984	① Phase III construction commenced °
April 30, 1988	① Phase III completed. Capacity <sup>4</sup> reached 5.652 million tons per year
July 15, 1993	① Phase IV construction commenced
April 12, 1995	① China Steel Corporation privatized
May 31, 1997	① Phase IV completed. Capacity <sup>4</sup> reached 8.054 million tons per year
June 2, 1998	① CSC Group's corporate identity system formally introduced to the public



●Administration park



●China Steel Archives <sup>6</sup>

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<sup>4</sup> In terms of crude steel

<sup>5</sup> All references to tons mean metric tons of 1,000 kilograms.

<sup>6</sup> Modified from one of the temporary shacks used as field office during the earliest days of plant construction. Its interior has been redecorated, but its location and exterior remain as they were in the early 1970's. It currently houses and displays numerous memorabilia related the to history of the Corporation.

## IRATIONS

The over-supply that has pervaded for years in the  
l steel market showed signs of alleviation early in  
. The world steel market seemed to be moving away  
its nadir. Depressed steel prices began to rebound in  
ary. Contributing factors to such developments were  
ction 201 safeguard measures in the U. S., (2) import  
measures implemented by the European Union  
tries, (3) adoption of protectionist policies by  
land China for steel products, and (4) accord among  
r OECD steel producing countries to cut back  
action.



President

Chairman of the Board

J. Y. Chen

Wen-Yuan Lin

Two handwritten signatures in black ink. The signature on the left is 'J. Y. Chen' and the signature on the right is 'Wen-Yuan Lin'.

Accelerated implementation of infrastructure projects in Mainland China produced pronounced effects on steel demand, and the brisk market that had disappeared for years reappeared on the international scene. On the domestic front construction of the high-speed railway, the Kaohsiung Rapid Transit and other infrastructures boosted steel demand, while driving up prices and sweeping away the previous year's lingering gloom. The fruits of long-term efforts throughout the Corporation in improving productivity, reining in costs and upgrading the products appeared in the admirable performance results for the year 2002. Targets for both pretax income and revenues in the Corporation's financial forecasts were adjusted upward twice during the year, from NT\$4,500 million and NT\$81,076 million to NT\$18,500 million and NT\$97,840 million respectively.

Favorable image and acclaim for the Corporation's products and services enabled it to seize the opportunities arising from the positive movements in the market, and to set new records in both production and sales. Production was 10.2878 million tons, or 10.17% over 2001. Sales reached 10.5367 million tons, topping 2001 by 8.02%. Revenues reached NT\$99,940 million, or 17.44% over 2001, while pretax income registered a hefty gain of 146.18% over the previous year, having reached NT\$20,696 million.

As for the outlook for 2003, whilst the U.S.-led military action against Iraq is likely to cause increases in prices of oil, steel scrap, and other raw materials --- unfavorable to the steel industry, conflict reconstruction should bring business opportunities that will provide impetus to steel demand. However Mainland China's announcement, anticipated late in May 2003, for new measures under its import relief measures will create some impact on the world steel business. To face with such reality, which is so full of changes and uncertainties, the Corporation set its objectives for 2003 as "one additional production line dedicated to high value-added

acts—intensified planning and studies; *two*-stage re-engineering of the Corporation's business process—now in its second stage to reduce the number of interfaces; and a *three* year productivity drive—keep up the good work". These directions point the way toward buttressing the Corporation's competitiveness to meet whatever comes its way.

Continued strong demand in Mainland China is expected to continue to fuel the growth in steel demand. Limited ability to increase supply in Taiwan gives rise to moderating of domestic prices and reserved optimism for Taiwan's domestic steel market. The Corporation thereupon set its 2003 targets as 9.624 million tons in sales volume, NT\$113,366 million in revenues with NT\$36,540 million in pretax income and NT\$29,176 million in net income.

## **PRODUCTION AND SALES**

The Corporation sold a total of 10,536,731 tons of steel products in 2002, up by 8.6% over the previous year. Domestic sales accounted for 71.5%, exports for the remaining 28.5%. Among the domestic customers re-rollers took the largest (29.6%) share of the domestic shipments, followed by service centers and nut and bolt makers. Among the export destinations, Hong Kong (including Mainland China) accounted for 37% of the exports, followed by Northeast Asia (35%) and Southeast Asia (25%). The remainder went to the U. S. and other areas.

The revival of a lively steel market and upturn in demand led the Corporation to exert efforts to maintain a high mill availability ratio and to elevate output from all facilities in order to fulfill customer demands. As a result production in 2002 topped the previous year by 10.17% to attain a record 10,287,805 tons, breaking the ten million ton mark for the first time in the Corporation's history. On the upstream side, as a result of improved raw material quality and high rates of oxygen enrichment and pulverized coal injection, the blast furnaces surpassed the best previous record by 1.7%, providing 10,168,700 tons of hot metal. Steel making also bettered the best previous record by 2% to reach 10,816,260 tons, the result of smooth coordination with the blast furnaces, raising the scrap ratio, and other active measures to boost production.

Price of hard coking coal in 2002 rose sharply owing to deliberate production restrictions by a few large mines. Steam coal prices rose moderately, but semi-soft coking coal and blast furnace injection coal both experienced price declines owing to over-supply. As for iron ore plentiful supply caused its price to decline.





Energy consumption  
per ton of crude steel



●Raw material unloading pier



●Wire rods



●Product loading pier

Each year the Corporation selects a focal point for improving energy utilization efficiency. Focal point for 2002 was the initiation of a program to adopt high efficiency motors wherever a motor becomes due for replacement. Fifty-nine high efficiency motors totaling 1,626 kw adopted in 2002 represented a significant good start.

The Corporation continued to promote cogeneration and to expand sales of steam, oxygen, nitrogen, and argon generated from its plant utilities. These measures aim at effective overall resource utilization and at integration and self-sufficiency in energy supply and demand within the surrounding regions. Quantities of these items sold in 2002 topped the previous year by 20.6%. Owing to large increases in throughput at the rolling mills, electricity consumption rose, causing a downturn in average percentage of self-generated electricity to 77.3%, down by 2.9% from 2001. Energy consumption per ton of crude steel rose slightly by less than 1% to 5303 million calories, 47 million calories over 2001.

Coping with rapid extrinsic changes and uncertainties necessitates maintaining the Corporation's competitive advantages. This is accomplished by raising its capability to provide high-grade products at the top rungs of the ladder of quality sophistication. Advances in the Corporation's technical capabilities and facility development resulted in success in introducing to the market 14 products that enjoy strong competitiveness. Overall quality upgrading is an on-going endeavor in the Corporation. Examples of cases of success in 2002 include:

- process for successful aiming at  $\pm 0.01\%$  carbon content in bar and rod
- pickled and annealed hot rolled coils

Domestic steel sales



Export steel sales



Output per employee in terms of crude steel

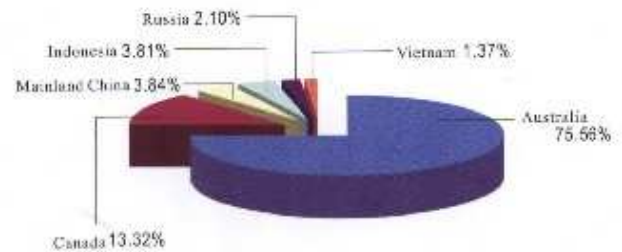


- galvannealed steel sheet for automobile exposed parts
- automatic surface inspection system on No. 2 hot strip rolling mill
- integration of the control system of quality standards
- R. O. C. patent for large inlet dual thickness sampler for on-line steel making chemical analysis



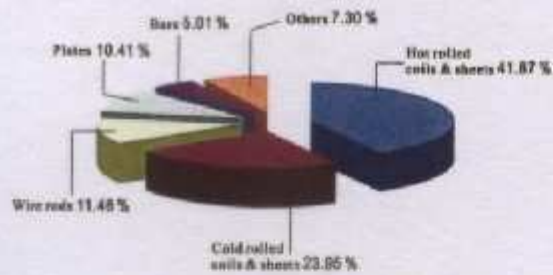
●Raw material storage yard

### Sources of coking coal



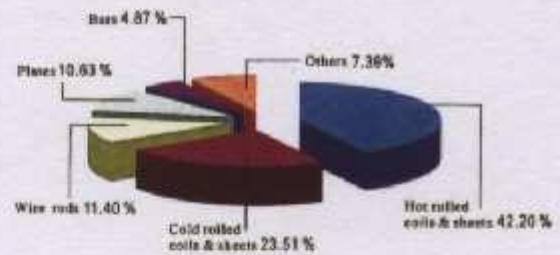
Total: 8,356 thousand metric tons

### Steel sales 2002



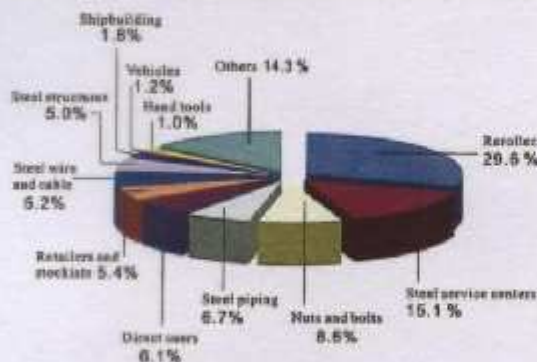
Total: 10,537 thousand metric tons

### Steel production 2002

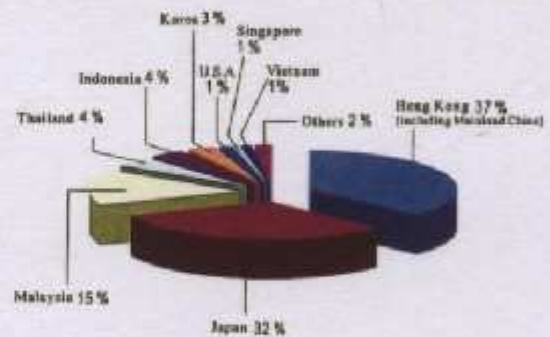


Total: 10,288 thousand metric tons

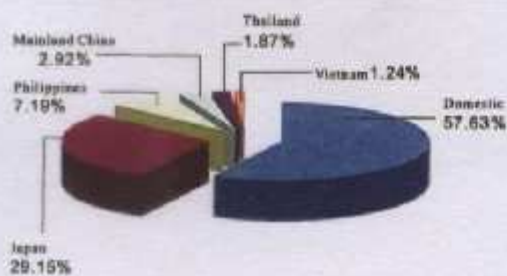
### Percentage of domestic sales by industry, 2002



### Percentage of export by region, 2002

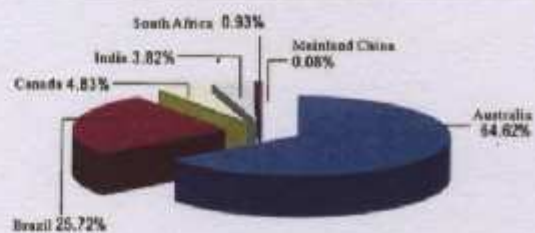


### Sources of flux materials



Total: 3,513 thousand metric tons

### Sources of iron ore



Total: 15,441 thousand metric tons



## **RESEARCH AND DEVELOPMENT ( R&D )**

The Corporation's consistent concept in R&D consists of continual enhancement of R&D effectiveness and accelerating the implementation and application of R&D results.

For products—Principal objectives are to develop new products with strong competitiveness and heighten the quality charm of the existing products.

For processes—Our missions are to cut cost, raise productivity, strengthen the Corporation's capability for design of processes and controls, and to reduce waste and pollution.

For equipment technology—We aim at establishing the Corporation's self-reliant technical capability to accomplish steady trouble-free operation and equipment vitality.

For the CSC Group—We continue to provide technical back-up to facilitate diversified development and establishment of a solid technical foundation for the Group.

Principal R&D directions and accomplishments in 2002 were:

### *Product Development.*

- (1) Development of low carbon sulfurized free cutting steel. This product has successfully replaced imports from Japan thereby enabling our customers to upgrade their operations.
- (2) Development of high stretch flangeability hot rolled steel for automobiles. This product is suitable for applications involving severe forming with automated high speed non-riveted press joining.
- (3) Development of bake-hardenable galvanized steel sheet. This product has replaced imports from Japan. It is being provided to major domestic automobile plants for use in exposed parts.
- (4) Assistance to downstream customers to set up heat treatment lines for automobile spring steels, thereby expanding the Corporation's market in such steels.
- (5) Establishment of China Steel Corrosion Testing Center by integrating existing technical capabilities within the Corporation to offer technical services to others.

### *Process Research*

- (1) Development of technology for sintering high pisolite ore with low flux thereby lowering raw

material cost.

- (2) Development of steel making and casting technologies for 50CS470 and 50CS400 electrical steel with ultra low carbon and nitrogen, low sulfur and high silicon and aluminum contents. This development project dovetails with the placing in operation of the Corporation' s new specialized cold rolling line for electrical steel sheets.
- (3) Establishment of a hydrogen sulfide on-line analysis system at the coal chemicals plant. This system enables automatic analysis and improves the cleanliness quality of coke oven gas as well.

### *Equipment Technology*

- (1) Establishment of automatic surface defect inspection technique on No. 2 continuous annealing line. Aside from elevating quality control capability, this technique also helps equipment diagnosis.
- (2) Development of computer-aided process analysis and information system for No. 2 hot roll shop. This system improves roll grinding quality as well as profile control accuracy. It also reduces labor requirement by eliminating manual processing.

### *Energy and Environmental Protection*

- (1) High cycle regenerative combustion system (HRS) for steel ladles to enable ladle temperature to rise at a rate closely following the ladle' s heat pattern. This system helps to save energy as well as prolong the refractory service life.
- (2) Establishing ozonation technology for the tertiary treatment process of coal wastewater. This technology helps reduce wastewater treatment cost as well as ensures compliance with effluent regulations.

### *Support for the CSC Group*

- (1) Assistance to C. S. Aluminum Corporation in setting up its facility on-line monitoring system to make possible higher predictability of equipment faults and ensure stable operation.
- (2) Assistance to C. S. Aluminum Corporation in developing 6  $\mu$  m foil, LCD backlight reflection plate



and aluminum sheet for computer shells.

- (3) Assistance to HIMAG Magnetic Corporation in developing high sinterability, high permeability soft ferrite powders.
  - (4) Assistance to BetaCera Inc. in element mass-production technology for AC safety recognized capacitor powder, which has become one of BetaCera's key products.
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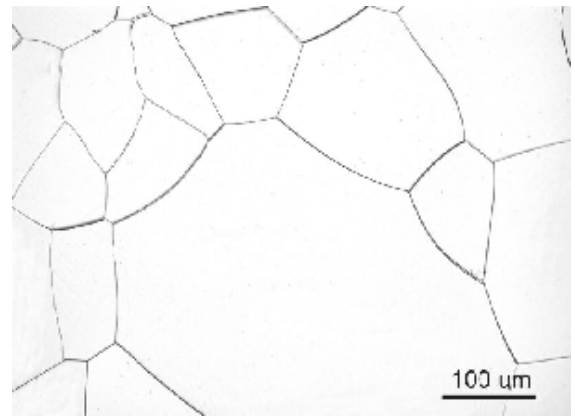
● Specialty chemicals plant



● Automated chemical analysis



● Home page of CSC technical information center



● Crystal Grain-50CS400 high-grade electrical sheet

## EMPLOYEE RELATIONS AND HUMAN RESOURCE DEVELOPMENT

As of the end of 2002 the Corporation employs 8,711 persons, with 8,643, or 99.22%, eligible for membership in the China Steel Labor Union. Average age of employees is 46.42 years.

Guided by the concept of mutual trust between labor and management, the Corporation maintains its long-established diverse channels of communication, while keeping up its endeavors to enhance communication and conciliation and to improve workplace environment.

In line with the implementation of the Gender Equality in Employment Law by the Council for Labor Affairs<sup>7</sup>, the Corporation set up its Committee for Handling Sexual Harassment in the Workplace.

In order to reduce the workforce to 7601 employees by 2006 to achieve a productivity of 1500 tons of crude steel per person per year, the Corporation pressed on with its program of manpower rationalization. Each department undertakes to map out its manpower utilization plans to reduce year by year the size of its manning force. At the same time the Corporation has set out to revise and improve its related manpower database and work flow to transform the text mode interface of the existing human resource management information system into the web-page mode interface. This shift is expected to improve efficiency in operations and in the rendering of services to employees.



Training objectives in 2002 cover:

- promotion of the concept of overall operations
- improving the quality of decision making
- refining the skills of leadership and communications
- inspiring the employees to develop their potential and creativity, and others.

To prepare for future needs the Corporation has put in place a

facility that may be conceptualized as a non-degree granting “Corporate University of China Steel” . In 2002 this facility offered a “Finance and Industry Seminar” and a “Management Professional Training Program” . Participants are provided with



● Student presentation at the Management

Professional Training Program



● Computer training

systematized curriculums to ensure the fulfillment of the objective of cultivating elite manpower and talent. Also to dovetail with the revamp of the norms for employee performance evaluation and review, the Corporation held a series of Workshops for Upgrading Performance Management Capability. A total of 1183 employees went through the workshops. They were drawn from management and supervisors of the fourth echelon and above, plus persons in specialist positions.

Other training programs to consolidate the Corporation’s capability in production, technology, and administration continued as in previous years. They are to meet the needs of the Corporation’s



globalization and diversification strategies. In 2002 the Corporation sent 572 persons to academic and business organizations abroad for observations and studies in related subjects. In addition the Corporation selected employees with potential for development for further education. Five persons were sent to universities in Taiwan, and two abroad.

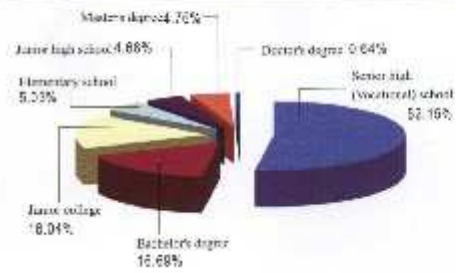
The Corporation's performance in its training programs won for it the Council of Labor Affairs award as an outstanding vocational training organization in the "2002 Evaluation for Industrial Vocational Training Centers. This award was formally presented to the Corporation at the "Industrial Day Assembly" of the Chinese National Federation of Industries on November 11 in Taipei.

The Corporation has accumulated over the years of operation ample knowledge and experience in steel making and administration. To preserve and hand down such valuable knowledge and experience, an ad hoc Knowledge Management Committee was set up in 2002 under the Corporation's Manpower Development Committee. This ad hoc committee is charged with the responsibility of promoting a knowledge management system for the Corporation.

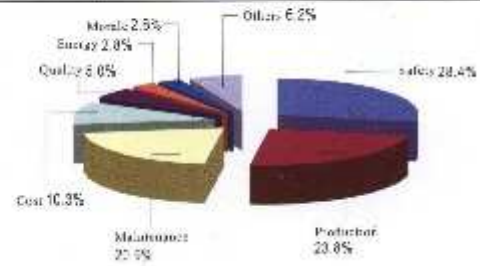
In order to provide a more convenient and adaptable learning system, a program to promote e-learning was initiated in 2002. In addition to integrating the e-learning platform with the enterprise information portal, and overcoming the time and locality restrictions in learning activities, the Corporation hopes, through the in-house compiling of e-learning course contents, to preserve permanently its knowledge and experience in the form of numerical intellectual property.

The time-honored suggestion system and Creative Development Activities (CDA) in the Corporation aim at bringing out the employees' initiative to offer constructive suggestions, and inspiring them to discover and solve problems at the workplace through team effort. In 2002, 569 active CDA "circles" with 5495 participants (94.6% of the blue-collar employees in the departments involved) completed 707 topics, with total benefits amounting to more than NT\$70 million. The Corporation took note of 26621 suggestions from employees, and adopted 22080, or 92.25 of them. Tangible benefits from these suggestions exceeded NT\$200 million.

Educational background of employees



Cases completed by Creative Development Activities by subject matter



<sup>7</sup> a cabinet level ministry



## INDUSTRIAL SAFETY, ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS

### *Industrial Safety*

In 2002 the Corporation continued to promote the OHSAS-18001 occupational health and safety management system plant-wide. It seeks to enhance occupational safety and hygiene at the rank-and-file levels and ensure that the various safety regulations are faithfully enforced. It received the Certificate of Registration from British Standards Institution for its OH&S management system. Actions related to safety and hygiene in 2002 included:

- Plant wide risk assessment, and drawing up and establishing various occupational health and safety management regulations to facilitate and support the aforementioned promotion.
- Enhanced education, training and publicity to instill into the employees awareness in safety and hygiene. Strengthening of the employees' observance of safety and hygiene to attain the objectives of zero-contingency and zero-accident.



● Concert to mark the Corporation's 31st anniversary



● Hiking to mark the Corporation's 31st anniversary

### *Environmental Protection*

The Corporation continued to push forward various programs under the guidelines of ISO 14001 Environment Management System (EMS). Results of an external audit plus two company-level internal audits were free of major defects. The Corporation's implementation of the EMS is thereby well affirmed. Actions related to pollution prevention in 2002 included:

- Investments totaling NT\$388 million to improve processes and correct flaws on pollution prevention and control equipment. Maintain normal operation of such equipment and the environment monitoring systems.
  - Filing of applications according to law for the various permits for stationary sources of air pollution and strengthening of audits, as well as establishment of total air pollution emission control database to effectively cut down total emission and occurrence of pollution incidents.
  - In line with its consistent policy of waste reduction and waste-to-resource conversion, the Corporation removes, treats and disposes of wastes in strict accordance with the regulations. It also takes proactive measures to promote such activities and obtained gratifying results in conversion, recycling and reuse of wastes.
  - To meet the requirements of the coming into effect of the Soil and Groundwater Remediation Act, the Corporation formulated its Regulations for Management of Soil Pollution Prevention to put the overall monitoring of soil and groundwater on an ongoing basis.
- In 2002 the Corporation published for the first time its “Enterprise Environmental Report” to report the past locus of the Corporation’s environmental protection activities as well as to show its future directions of endeavor. This publication will be revised and up-dated to intensify the interaction and exchange of environmental work and concept with society at large. It will also put the Corporation’s environmental protection efforts ever closer to the trend of associating environmental protection with sustained development.





## *Community Relations*

Routine outreach activities include:

- assistance to the local Hsiaokang District<sup>8</sup> schools in upgrading their facilities
- scholarships for outstanding students
- financial assistance for indigent students
- gifts for low income families on the occasion of the New Year, Dragon Boat and Autumn Festivals
- guided visits through the steel mill
- assistance in sponsoring and participation in local festivity activities
- familiarization tours for Hsiaokang school children

Between September and November 2002 the Corporation joined with the community and schools and the Kaohsiung City Symphony Orchestra in sponsoring a series of musical events: Hsiaokang Music Festival and Bravo Music Festival. In the Bravo series the Kaohsiung Symphony invited artists of international renown to share in the festivity. In October and November the Corporation joined the Kaohsiung City Chiang Kai-shek Cultural Center in holding a series of activities under the “2002 International Steel Sculpture Festival in Kaohsiung” . These events infused artistic and cultural vitality of sophisticated quality to the City.

Based on its belief in reciprocity for what it receives from society, the Corporation will keep up its concern for the development of the community where it is domiciled. It will continue to gauge the community’ s needs and carry forward its good-neighbor activities for harmonious relationship.



● Plant greenery

8 where the Corporation's headquarters are located

## CAPITAL EXPENDITURES AND ENGINEERING BUSINESS

Sixteen capital expenditure projects were in progress during 2002. Total disbursement was NT\$4,507 million. They were:

### *Related to equipment revamp*

1. Revamp of hot stoves 21, 22 and 23 on No. 2 blast furnace
2. Revamp of 4-hi reversing plate mill
3. Revamp of high current density cleaning line and temper mill
4. Revamp of coiling equipment, No. 1 hot strip mill
5. Revamp of reheating furnace, No. 1 bar mill

### *Related to raising production capacity*

6. Additional coal bins for Nos. 3 and 4 coke batteries
7. Additional bloom preheating furnace for billet mill
8. Expansion and modification of billet conditioning facilities
9. Modification of equipment and addition of reducing and sizing mill for rod outlet line on  
No. 2 bar mill
10. New non-oriented high-grade electrical sheet line
11. Pulverized coal injection equipment and raw coal transportation system for No. 2 blast  
furnace
12. Addition of vertical and horizontal stands on billet mill and revamp of electrical equipment
13. Additional hot metal pre-treatment facilities in steel making department



●Blast furnace pulverized coal injection equipment



●Bloom continuous casting machine

### *Related to resource recovery*

14. New sinter cooler waste heat recovery and steam producing system for No. 4 sinter plant

### *Related to acquisition of real estate*

15. Acquisition of land and plant buildings from Kaohsiung Motor Mobile Enterprise Co. Ltd.

16. Acquisition of land and plant buildings from HIMAG Magnetic Corporation

Of the above items 4, 5, 12, 13 and 16 were initiated in 2002. The remaining items were continuation projects. Items 1 and 7 were completed in July and December as scheduled. Payment for items 15 and 16 was completed in January and September respectively. The remaining projects are proceeding on schedule.

Non-project type capital expenditures for 2002 totaled NT\$2,068 million. Their objectives cover equipment revamp, industrial safety and environmental protection, production removal of production bottlenecks, quality improvement, energy saving, automation, computerization and others.

Engineering business undertaken by the Corporation consists of mainly three projects for Kaohsiung Rapid Transit Corporation: Depot Equipment, Track-work, and Alternating Current Power Supply System. Total contract amount for the three projects was NT\$7,086 million.



●No. 2 hot strip mill



●Blast furnace row

## SUBSIDIARIES AND OTHER EQUITY INTERESTS

The Corporation participated in the investment in two companies in 2002.

—Taiwan Rolling Stock Co., Ltd.

This company has taken over the assets, equipment and business of the Rolling Stock Division of Tang Eng Iron Works Co. It specializes in the manufacture and maintenance of rail cars and rolling stock.

—Phalanx Biotech Group

This investment is in line with the government's vigorous promotion of the biotech industries.

As of the end of 2002 the Corporation has directly invested in 32 companies. For the year 2002 investment income under the equity method from these companies came to NT\$2,567 million.

The state of the companies in which the Corporation plays a leading management role is as follows:

—C. S. Aluminum Corp. broke previous records on all facets of its performance. Its 2002 revenues topped NT\$10,000 million, pretax income reached NT\$572 million, both for the first time in the company's history, thanks to the company's ability to reap full benefits from its phase I expansion.



● m. v. China Steel Growth (175,600 dwt) joins CSE's ore carrier fleet, April 9, 2002

benefits from its phase I expansion.

—China Steel Chemical Corp. benefited significantly from its newly developed products. Supplementing its raw material supply with imported coal tar also helped in enabling it to operate at a high rate of production. 2002 pretax income was NT\$693 million.

—China Himent Corp. benefited from the launching of Kaohiung Rapid Transit construction and the ensuing increased demand for pulverized blast furnace slag. Market price for this commodity returned to normal along with the price of cement. Pretax income for 2002 was NT\$277million.



● Top management meeting—CSC Group

- HIMAG Magnetic Corp. has turned around after it began its revitalization program in August by terminating its ferrite core Manufacture to focus its operation on producing ferrite powders.
- Upturn in steel prices enabled Yieh Loong Enterprise Co. to show a pretax profit of NT\$1,976 million.
- Ornasteel Enterprises Corp. and Group Steel Corp., both in Malaysia also benefited from the steel price upturn. Pretax incomes were RM\$20.49 and 42.06 million respectively.
- Kwei Yi Industrial Corp. began to show profit in July 2002 after having raised its production and suppressed cost. Steel price upturns also helped.
- China Steel Express Corp. further expanded its fleet in 2002 and effectively controlled its costs. Net earnings per share was NT\$2.17
- China Steel Global Trading Corp. benefited from the return of a brisk steel market and increased volume of exports handled. Pretax earnings per share was NT\$5.02.
- China Steel Structure Co., China Ecotek Corp., and China Steel Machinery Corp. all felt the effects of the recession and fierce competition. Profitability suffered for all three companies.
- Gains Investment Corp. exercised its timely divestments of holdings in the stock market. Pretax profit for 2002 was NT\$245 million.
- Taisil Electronic Material Corp. In spite of the slow economy and lackluster wafer prices, it showed a pretax profit of NT\$195 million.
- Kaohsiung Rapid Transit Corp. All construction contracts have been let as of the end of 2002. Construction work is vigorously proceeding in all segments. CSC Group pledges its best effort to see to it that KRT will be a top quality transit system.



To deepen the roots of its core business in steel, the Corporation is actively seeking partners in strategic alliance, and evaluating the feasibility of building an upstream plant in Taiwan. This notion aims at a stable source of semi-finished products that would lead to enhancing the overall competitive posture of its core business. As for non-steel businesses, the Corporation is seriously peering over investment opportunities in the biotech industry. It is participating in the development of various biotech businesses through the Sino-Canada Biotechnology Development Fund and CDIB Bioscience Venture Management Inc. The Corporation also sees good growth potential in such knowledge-based industries as the electronic materials and opto-electronics, and service industries such as logistics and mass transit. These industries remain focal points for the Corporation's deployment plans.



● Coal tar distillation plant—China Steel Chemical Corporation

**BALANCE SHEETS**

CHINA STEEL CORPORATION

(In Thousands of New Taiwan Dollars, Except Par Value)

Year Ended

December 31

ASSETS	2002		2001	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,068,966	1	\$ 4,302,175	2
Short-term investments	19,751,336	10	12,206,524	6
Notes receivable	378,442	-	144,794	-
Accounts receivable	1,642,077	1	1,815,944	1
Inventories	15,468,476	8	18,371,621	9
Pledged time deposits	6,900,000	4	8,200,000	4
Other	<u>372,108</u>	-	<u>1,238,409</u>	<u>1</u>
Total Current Assets	<u>47,581,405</u>	<u>24</u>	<u>46,279,467</u>	<u>23</u>
LONG-TERM INVESTMENTS	<u>35,532,286</u>	<u>18</u>	<u>35,026,411</u>	<u>18</u>
PROPERTIES				
COST				
Land	7,146,632	4	6,764,647	4
Land improvements	4,316,764	2	4,316,764	2
Buildings and improvements	35,814,229	18	35,664,534	18
Machinery and equipment	207,628,941	106	207,043,084	104
Transportation equipment	1,596,970	1	1,594,481	1
Miscellaneous equipment	<u>2,826,054</u>	<u>2</u>	<u>2,651,344</u>	<u>1</u>
Total cost	259,329,590	133	258,034,854,	130

Appreciation	<u>18,403,007</u>	<u>9</u>	<u>18,405.85</u>	<u>9</u>
Total cost and appreciation	277,732,597	142	276,440,709	139
Less: Accumulated depreciation	<u>177,076,769</u>	<u>90</u>	<u>167,376,583</u>	<u>84</u>
	100,655,828	52	109,064,126	55
Constructions in progress	<u>6,815,268</u>	<u>3</u>	<u>3,183,839</u>	<u>1</u>
Net Properties	<u>107,471,096</u>	<u>55</u>	<u>112,247,965</u>	<u>56</u>
OTHER ASSETS	<u>4,857,546</u>	<u>3</u>	<u>5,383,157</u>	<u>3</u>
TOTAL ASSETS	<u>195,442,333</u>	<u>100</u>	<u>\$198,937,000</u>	<u>100</u>

LIABILITIES AND STOCKHOLDERS' EQUITY	2002		2001	
	Amount	%	Amount	%

#### CURRENT LIABILITIES

Short-term bank loans and overdrafts	\$ 809,688	-	\$ 5,947,913	3
Commercial papers payable	998,347	1	2,843,252	2
Accounts payable	2,454,461	1	2,441,818	1
Income tax payable	3,730,522	2	-	-
Other payable	5,106,533	3	4,310,176	2
Bonds payable current portion	9,200,000	5	5,850,000	3
Long-term debts current portion	2,985,045	1	2,290,269	1
Other	<u>1,741,700</u>	<u>1</u>	<u>1,917,819</u>	<u>1</u>
Total Current Liabilities	<u>27,026,296</u>	<u>14</u>	<u>25,601,247</u>	<u>13</u>

#### LONG-TERM LIABILITIES

Bonds	25,000,000	13	34,200,000	17
Debts	<u>50,000</u>	<u>1</u>	<u>3,455,293</u>	<u>2</u>
Total Long-Term Liabilities	<u>25,050,000</u>	<u>13</u>	<u>37,655,293</u>	<u>19</u>
RESERVE FOR LAND VALUE INCREMENT TAX	<u>3,370,813</u>	<u>2</u>	<u>3,370,813</u>	<u>1</u>
OTHER LIABILITIES	<u>4,989,828</u>	<u>2</u>	<u>5,661,212</u>	<u>3</u>
Total Liabilities	<u>60,436,937</u>	<u>31</u>	<u>72,288,565</u>	<u>36</u>

#### STOCKHOLDERS' EQUITY

Capital stock – authorized 10,600,000 thousand shares of \$10 par value				
Common – issued 9,267,994 and 9,061,168 thousand shares as of December 31, 2002 and 2001, respectively	92,679,939	48	90,611,684	46
Preferred, 14% cumulative and participative -issued 47,767 and 47,768 thousand shares as of	<u>477,670</u>	<u>-</u>	<u>477,680</u>	<u>-</u>

December 31, 2002 and 2001, respectively

Total capital stock	93,157,609	48	91,089,364	46
Capital surplus	481,597	-	416,570	-
Retained earnings	44,960,063	23	37,434,024	19
Unrealized loss on investees' long-term investments	( 555,491 )	-	( 569,837 )	-
Cumulative translation adjustments	222,391	-	198,881	-
Investees' unrecognized net loss on pension cost	( 15,696 )	-	(15,508)	-
Treasury stock	( 3,245,077 )	( 2 )	( 1,905,059 )	( 1 )
Total Stockholders' Equity	<u>135,005,396</u>	<u>69</u>	<u>126,648,435</u>	<u>64</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 195,442,333</u>	<u>100</u>	<u>\$198,937,000</u>	<u>100</u>

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

### CHINA STEEL CORPORATION

For the Years Ended December 31, 2002 and 2001

(In Thousands of New Taiwan Dollars)

								UNREALIZED	CUMULATIVE TRANSLATION ADJUSTMENTS	INVESTEES'	TREASURY STOCK	TOTAL
	CAPITAL STOCK		CAPITAL	RETAINED EARNINGS				LOSS ON		UNRECOGNIZED		STOCKHOLDERS'
			SURPLUS					INVESTEES'		NET LOSS		EQUITY
	Preferred Stock	Common Stock		Legal Reserve	Special Reserve	Unappropriated	Total	LONG-TERM INVESTMENTS		ON PENSION COST		
BALANCES, JANUARY 1, 2001	\$477,770	\$87,483,626	\$409,005	\$17,477,198	\$9,815,701	\$19,087,182	\$46,380,081	(\$ 149,728)	\$53,726	\$ -	\$ -	\$134,654,480
Conversion of preferred stock to common stock	( 90)	90	-	-	-	-	-	-	-	-	-	-
Appropriations of prior years' earnings												
Legal reserve	-	-	-	1,858,154	-	( 1,858,154)	-	-	-	-	-	-
Special reserve	-	-	-	-	96,001	( 96,001)	-	-	-	-	-	-
Bonus to employees' stocks	-	489,126	-	-	-	( 489,126)	( 489,126)	-	-	-	-	-
Compensation to directors	-	-	-	-	-	( 48,913)	( 48,913)	-	-	-	-	( 48,913)

and supervisors													
Cash dividends to preferred stockholders- 15%	-	-	-	-	-	( 71,652)	( 71,652)	-	-	-	-	(71,652)	
Cash dividends to common stock holders-15%	-	-	-	-	-	(13,122,557)	(13,122,557)	-	-	-	-	( 13,122,557)	
Stock dividends to preferred stockholders- 3%		14,330				( 14,330)	( 14,330)					-	
Stock dividends to- common stock holders-3%	-	2,624,512	-	-	-	( 2,624,512)	( 2,624,512)	-	-	-	-	-	
Purchases of treasury stock	-	-	-	-	-	-	-	-	-	-	(1,905,059)	(1,905,059)	
Net income for 2001	-	-	-	-	-	7,459,750	7,459,750	-	-	-	-	7,459,750	
Compensation payable to directors and supervisorstransferred to capital surplus	-	-	6,317	-		-	-	-	-	-	-	6,317	
Adjustment of equity in investees due to change in percentage of ownership	-	-	1,248	-	-	( 34,717)	( 34,717)	-	-	-	-	( 33,469)	
Unrealized loss on investees' long-term investments	-	-	-	-	-	-	-	( 420,109)	-	-	-	( 420,109)	
Translation adjustments of long term investments	-	-	-	-	-	-	-	-	145,155	-	-	145,155	
Investees' unrecognized net loss on pension cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>	<u>( 15,508)</u>	<u>-</u>	<u>( 15,508)</u>	



BALANCES, DECEMBER 31,	477,680	90,611,684	416,570	19,335,352	9,911,702	8,186,970	37,434,024	( 569,837)	198,881	( 15,508)	(1,905,059)	126,648,435
001												
Conversion of preferred stock to common stock	( 10)	10	-	-	-	-	-	-	-	-	-	-
Shares held by subsidiaries accounted for as treasury stock	-	-	-	-	-	-	-	-	-	-	( 1,356,485)	( 1,356,485)
Transfer of special reserve to unappropriated retained earnings	-	-	-	-	(2,200,000)	2,200,000	-	-	-	-	-	-
Appropriations of prior years' earnings												
Legal reserve	-	-	-	745,975	-	( 745,975)	-	-	-	-	-	-
Special reserve	-	-	-	-	290,463	( 290,463)	-	-	-	-	-	-
Bonus to employees	-	276,458	-	-	-	( 276,458)	( 276,458)	-	-	-	-	-
Compensation to directors and supervisors	-	-	-	-	-	( 27,646)	( 27,646)	-	-	-	-	( 27,646)
Cash dividends to preferred stockholders - 12%	-	-	-	-	-	( 57,322)	( 57,322)	-	-	-	-	( 57,322)
Cash dividends to common stockholders- 18%	-	-	-	-	-	(7,128,935)	(7,128,935)	-	-	-	-	( 7,128,935)
Stock dividends to preferred-2%		9,553	-	-	-	( 9,553)	( 9,553)	-	-	-	-	-
Stock dividends to-		1,782,234	-	-	-	( 1,782,234)	( 1,782,234)	-	-	-	-	-

common stockholders-2%												
Transfer of capital surplus from												
gain on disposal of properties to	-	-	(20,514)	2,051	-	18,463	20,514	-	-	-	-	-
appropriated earnings												
Net income for 2002	-	-	-	-	-	16,839,080	16,839,080	-	-	-	-	16,839,080
Adjustment of equity in												
investees due to change in percentage	-	-	2,927	-	-	( 51,407)	( 51,407)	-	-	-	1,773	( 46,707)
of ownership												
Reversal of unrealized loss on	-	-	-	-	-	-	-	14,346	-	-	-	14,346)
investees' long-term investments												
Translation adjustments	-	-	-	-	-	-	-	-	23,510	-	-	23,510
of long-term investments												
Investee's unrecognized net loss	-	-	-		-	-		-	-	( 188)	-	( 188)
on pension cost												
Disposal of shares held by		-	6,004	-	-	-	-	-	-		14,694	26,698
subsidiaries												
Cash dividends declared by the												
corporation and received by	=	=	<u>76,610</u>		=			=	=	=	=	<u>76,610</u>
subsidiaries												
BALANCES, DECEMBER 31,												
2002	<u>\$477,670</u>	<u>\$92,679,939</u>	<u>\$481,597</u>	<u>\$20,083,378</u>	<u>\$8,002,165</u>	<u>\$16,874,520</u>	<u>\$44,960,063</u>	<u>(\$ 555,491)</u>	<u>\$222,391</u>	<u>(\$ 15,696)</u>	<u>(\$3,245,077)</u>	<u>\$135,005,396</u>



## STATEMENTS OF INCOME

### CHINA STEEL CORPORATION

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

	Year Ended December 31			
	2002		2001	
	Amount	%	Amount	%
REVENUES	\$ 99,939,846	100	\$ 85,101,266	100
COST OF REVENUES	<u>75,111,810</u>	<u>75</u>	<u>73,223,833</u>	<u>86</u>
GROSS PROFIT	<u>24,828,036</u>	<u>25</u>	<u>11,877,433</u>	<u>14</u>
OPERATING EXPENSES				
Selling	1,815,948	2	1,602,713	2
General and administrative	1,818,975	2	2,030,550	2
Research and development	<u>819,497</u>	<u>-</u>	<u>850,640</u>	<u>1</u>
Total Operating Expenses	<u>4,454,420</u>	<u>4</u>	<u>4,483,903</u>	<u>5</u>
OPERATING INCOME	<u>20,373,616</u>	<u>21</u>	<u>7,393,530</u>	<u>9</u>
NON-OPERATING INCOME				
Interest	238,543	-	660,107	1
Investment income	1,997,703	2	-	-
Gain on disposal of short-term investments	239,669	-	4,081,649	5
Other	<u>683,378</u>	<u>1</u>	<u>969,223</u>	<u>1</u>
Total Non-Operating Income	<u>3,159,293</u>	<u>3</u>	<u>5,710,979</u>	<u>7</u>
NON-OPERATING EXPENSES				

Interest	2,212,246	2	2,732,813	3
Investment loss	-	-	1,611,175	2
Other	<u>624,849</u>	<u>1</u>	<u>353,722</u>	<u>1</u>
Total Non-Operating Expenses	<u>2,837,095</u>	<u>3</u>	<u>4,697,710</u>	<u>6</u>
INCOME BEFORE INCOME TAX	20,695,814	21	8,406,799	10
INCOME TAX	<u>3,856,734</u>	<u>4</u>	<u>947,049</u>	<u>1</u>
NET INCOME	<u>\$ 16,839,080</u>	<u>17</u>	<u>\$ 7,459,750</u>	<u>9</u>

#### BASIC EARNINGS PER SHARE

Before tax	<u>\$ 2.29</u>	<u>\$ 0.90</u>
After tax	<u>\$ 1.86</u>	<u>\$ 0.80</u>

#### DILUTED EARNINGS PER SHARE

Before tax	<u>\$ 2.29</u>	<u>\$ 0.90</u>
After tax	<u>\$ 1.86</u>	<u>\$ 0.80</u>

#### PRO FORMA INFORMATION - AS IF

THE CORPORATION'S STOCK SHARES HELD BY SUBSIDIARIES  
WERE ACCOUNTED FOR AS INVESTMENTS RATHER THAN  
TREASURY STOCKS

Net income \$ 16,983,408

Basic earnings per share based on weighted-average number of outstanding  
common shares of 9,117,994 thousand

Before tax	<u>\$ 2.28</u>
After tax	<u>\$ 1.86</u>

Diluted earnings per share based on weighted-average number of  
outstanding common stock shares of 9,165,761 thousand

Before tax	<u>\$ 2.27</u>
After tax	<u>\$ 1.85</u>

## STATEMENTS OF CASH FLOWS

CHINA STEEL CORPORATION

(In Thousands of New Taiwan

Dollars)

Years Ended December 31

	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 16,839,080	\$ 7,459,750
Depreciation	11,335,753	11,954,277
Amortization	401,733	648,429
Deferred tax	354,706	( 107,786 )
Provision (reversal) of allowance for doubtful accounts	1,260	( 615 )
Provision (reversal) of allowance for loss on inventories	33,836	( 241,685 )
Investment loss (income) under the equity method	( 2,566,906 )	1,623,266
Long-term investment loss under the cost method	597,214	-
Loss on disposal of properties	64,678	43,865
Cash dividends on long-term investments under the equity method	1,343,998	148,894
Gain on disposal of short-term investments	( 239,669 )	( 4,081,649 )
Amortization of discount (premium) and exchange loss (gain) on forward exchange	5,073	( 33,141 )
Decrease (increase) in notes receivable	( 233,648 )	182,633
Decrease (increase) in accounts receivable	172,607	( 87,424 )
Decrease in inventories	2,869,309	934,393
Increase in other current assets	( 167,940 )	( 827,578 )
Increase in accounts payable	650,182	19,680
Increase (decrease) in income tax payable	3,730,522	( 3,339,555 )
Increase (decrease) in other payable	777,243	( 1,250,553 )

Increase (decrease) in other current liabilities	( <u>176,119</u> )	<u>234,912</u>
Net Cash Provided by Operating Activities	<u>35,792,912</u>	<u>13,280,113</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES

Increase in short-term investments	( 7,305,143 )	( 917,378 )
Increase in long-term investments	( 1,148,397 )	( 2,617,955 )
Acquisition of properties	( 6,534,741 )	( 5,738,543 )
Decrease (increase) in other assets	35,057	( 1,622,360 )
Decrease (increase) in pledged time deposits	<u>1,300,000</u>	( <u>600,000</u> )
Net Cash Used in Investing Activities	( <u>13,653,224</u> )	( <u>11,496,236</u> )

#### CASH FLOWS FROM FINANCING ACTIVITIES

Payment of cash dividends	( 7,166,275 )	(13,180,003 )
Increase (decrease) in commercial paper payable	( 1,844,905 )	1,750,333
Increase (decrease) in short-term bank loans and overdraft	( 5,138,225 )	3,014,880
Decrease in long-term debts	( 2,710,517 )	( 2,546,834 )
Purchase of treasury stock	-	( 1,905,059 )
Decrease in payable on properties purchased	( 637,539 )	( 4,202 )
Increase (decrease) in bonds payable	( 5,850,000 )	238,000
Compensation to directors and supervisors	( 27,646 )	( 48,913 )
Net increase in cash resulting from forward exchange contracts	<u>2,210</u>	<u>38,478</u>
Net Cash Used in Financing Activities	( <u>23,372,897</u> )	( <u>12,643,320</u> )

NET DECREASE IN CASH AND CASH EQUIVALENTS	( 1,233,209 )	( 10,859,443 )
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CASH AND CASH EQUIVALENTS, BEGINNING OF

YEAR	<u>4,302,175</u>	<u>15,161,618</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,068,966</u>	<u>\$ 4,302,175</u>
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SUPPLEMENTAL INFORMATION

Interest paid, excluding capitalized amounts	<u>\$ 2,478,479</u>	<u>\$ 2,952,306</u>
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Income tax paid

Payment for prior years' income taxes	\$ -	\$ 3,088,787
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Prepayment and withholding	23,450	1,263,214
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Separate income tax on interest income	<u>3,728</u>	<u>42,389</u>
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	<u>\$ 27,178</u>	<u>\$ 4,394,390</u>
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NONCASH FINANCING ACTIVITIES

Long-term liabilities due within one year	<u>\$ 12,185,045</u>	<u>\$ 8,140,269</u>
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The Corporation's shares acquired and held by subsidiaries accounted

for as treasury stock	<u>\$ 1,340,018</u>	<u>\$ -</u>
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## FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA AND OPERATING RESULTS

(in thousands of New Taiwan Dollars unless otherwise noted )

	2002	2001	2000	1999	1998
Revenues	99,939,846	85,101,266	100,634,849	89,881,678	98,458,902
Operating costs	79,566,230	77,707,736	79,413,506	75,087,371	80,306,218
Gross profit	24,828,086	11,877,433	25,910,544	19,065,120	22,459,492
Income from operations	20,373,616	7,393,530	21,221,343	14,794,307	18,152,684
Non-operating income (loss)	322,198	1,013,269	384,204	717,571	(1,320,631)
Income before income tax	20,695,814	8,406,799	21,605,547	15,511,878	16,832,053
Net income	16,839,080	7,459,750	18,581,535	15,121,282	18,329,908
Current assets	47,581,405	46,279,467	51,560,891	44,600,119	42,065,939
Long-term investments	35,532,286	35,026,411	34,504,547	28,213,609	24,268,233
Net properties	107,471,096	112,247,965	118,415,993	127,971,633	131,438,295
Other assets	4,857,546	5,383,157	4,500,797	3,679,765	5,272,302
Total assets	195,442,333	198,937,000	208,982,228	204,465,126	203,404,769
Current liabilities	27,026,296	25,601,247	29,836,870	27,502,545	28,878,577
Long-term liabilities	25,050,000	37,655,293	38,666,176	43,045,793	36,279,535
Reserve for land value increment tax	337,0813	337,0813	-	-	-
Other liabilities	4,989,828	5,661,212	5,824,702	6,473,636	5,344,293
Total liabilities	60,436,937	72,288,565	74,327,748	77,021,974	70,502,405
Capital stock	93,157,609	91,089,364	87,961,396	86,109,029	81,970,995
Capital surplus	481,597	416,570	409,005	363,995	361,948
Retained earnings	44,960,063	37,434,024	46,380,081	40,955,888	50,734,681
Unrealized loss on long-term investments	(555,491)	(569,837)	(149,728)	(1,101)	(203,073)
Cumulative translation adjustments	222,391	198,881	53,726	15,341	37,813

Treasury stock <sup>9</sup>	(3,245,077)	(1,905,089)	-	-	-
Investees' unrecognized net loss on pension cost	(15,696)	(15,508)	-	-	-
Total stockholders' equity	135,005,396	126,647,435	134,654,480	127,443,152	132,902,364
Total liabilities and stockholders' equity	195,442,333	198,937,000	208,982,228	204,465,126	203,404,769
Stockholders' equity per common share (NT\$)	1449	1390	1531	1480	1621
Earnings per common share (NT\$)	186	082	212	181	224
Earnings per common share (NT\$) <sup>10</sup>		080	212	173	210

<sup>9</sup> Effective 2002, the Corporation's shares acquired and held by subsidiaries are accounted for as treasury stocks.

<sup>10</sup> After making retroactive adjustments to take into account stock dividends.

## FIVE YEAR SUMMARY OF SELECTED FINANCIAL RATIOS AND PERCENTAGES

	2002	2001	2000	1999	1998
Current ratio (%)	176.06	180.77	178.81	162.17	145.66
Ratio of fixed assets to long-term liabilities and stockholders' equity (%)	67.15	68.32	68.68	75.06	77.69
Total liabilities to stockholders' equity	0.45	0.57	0.55	0.60	0.53
Net income rate (%)	16.85	8.77	18.46	16.82	18.62
Profitability in terms of total assets (%)	9.38	4.66	10.16	8.54	10.22
Profitability in terms of stockholders' equity (%)	12.87	5.71	14.18	11.62	14.80
Revenue growth rate, year to year (%)	17.44	(15.44)	11.96	(8.71)	0.72
Stockholders' equity growth rate, year to year (%)	6.60	(5.95)	5.66	(4.11)	15.77

## ANALYSIS OF FINANCIAL STATUS AND MANAGING RESULTS

Ratio	December 31, 2002	December 31, 2001	increase (decrease)
Cash flow ratio (%)	132	52	154
Appropriate cash flow ratio (%) <sup>11</sup>	141	133	6
Cash reinvestment ratio (%)	8	0.03	26,567

<sup>11</sup> Based on data over the past five years.

### *Comments on ratio variations:*

Increases of about 154% in cash flow ratio and about 26,567% in cash reinvestment ratio are

mainly attributed to increase of net income in 2002.

### *Operation Analysis:*

1. The increase of NT\$ 12,950,603 thousand (about 109 %) in gross profit is mainly attributed  
to recovery of global depressed steel market and increase of about 10% in average sales price  
over that of 2001.
2. The decrease of NT\$ 2,551,686 thousand (about 45%) in total non-operating income is mainly  
attributed to lower investment revenue than in 2001.
3. The decrease of NT\$ 1,860,615 thousand (about 40%) in total non-operating expenses is mainly  
attributed to the recognized substantial investment loss in 2001 based on the year-end market price  
of the investees.

## TERMS AND CONDITIONS OF CORPORATE BONDS

Issue	Unsecured Corporate Bond	Unsecured Corporate Bond	Unsecured Corporate Bond	Unsecured Corporate Bond	Unsecured Corporate Bond
<b>Issue Date</b>	June 27, 1997	May 6, 1998	December 8, 1998	March 16, 1999	June 1, 1999
<b>Face Amount</b>	NT\$1,000,000	NT\$1,000,000	NT\$1,000,000	NT\$10,000,000	NT\$1,000,000
<b>Issue Price</b>	Market Price	NT\$1,000,000	Market price	NT\$10,000,000	Market price
<b>Amount</b>	NT\$5,000,000,000	NT\$5,000,000,000	NT\$5,000,000,000	NT\$5,000,000,000	NT\$7,750,000,000
<b>Coupon</b>	6.50%	7.40%	6.785%	6.50%	5.69%
<b>Maturity</b>	Five years (due June 27, 2002)	Five years (due May 6, 2003)	Five years (due December 8, 2003)	Four years (due March 16, 2003)	Five years (due June 1, 2004)

<b>Trustee</b>	The International Commercial Bank of China, Head Office - Trust Department	Chiao Tung Bank, Head Office -Trust Department	Chiao Tung Bank, He ad Office - Trust Department	Chiao Tung Bank, Head Office - Trust Department	Chiao Tung Bank, Head Office - Trust Department
<b>Lead Manager</b>	Capital Securities Corporation	Citicorp International Securities limited	MasterLink Securities Corporation	—	MasterLink Securities Corporation
<b>Legal Advisor to the Issuer</b>	Prosperity United Firm Attorneys at Law	Prosperity United Firm Attorneys at Law	Prosperity United Firm Attorneys at Law	Prosperity United Firm Attorneys at Law	Prosperity United Firm Attorneys at Law
<b>Auditor of the Issuer</b>	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)

<b>Repayment</b>	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; i nterest 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.	100% on maturity, 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.
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<b>Issue</b>	<b>Unsecured Corporate Bond</b>	<b>Unsecured Corporate Bond</b>	<b>Unsecured Corporate Bond</b>	<b>Unsecured Corporate Bond</b>
<b>Issue Date</b>	July 20, 1999	December 11, 2000	June 28, 2001	November 16, 2001

<b>Face Amount</b>	NT\$1,000,000	NT\$1,000,000	NT\$1,000,000	NT\$1,000,000
<b>Issue Price</b>	Market price	Market price	NT\$1,000,000	NT\$1,000,000
<b>Amount</b>	NT\$2,250,000,000	NT\$5,000,000,000	NT\$5,000,000,000	NT\$5,000,000,000
<b>Coupon</b>	5.99%	5.18%	4.27%	A Bond:3.1% BBond:3.0763%
<b>Maturity</b>	Five years (due July 20, 2004)	Five years (due December 11, 2005)	Five years (due June 28, 2006)	Five years (due November 16, 2006)
<b>Trustee</b>	Chiao Tung Bank, Head Office - Trust Department	China Trust Commercial Corporation Head Office - Trust Department	The International Comm ercial Bank of China, Head Office -Trust Department	The International Comm ercial Bank of China, Head Office -Trust Department
<b>Lead Manager</b>	Grand Cathay Securities Corporation	China Trust Securities Corporation	--	--



<b>Legal Advisor to the Issuer</b>	Prosperity United Firm  Attorneys at Law	Prosperity United Firm  Attorneys at Law	Prosperity United Firm  Attorneys at Law	Prosperity United Firm  Attorneys at Law
<b>Auditor of the Issuer</b>	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)

<b>Repayment</b>	100%	100%	100%	100% on maturity,
	on maturity, interest shall be compounded semiannually and paid annually against interest coupon commencing from the issue date.	on maturity, interest shall be paid annually against interest coupon commencing from the issue date.	on maturity, interest shall be paid annually against interest coupon commencing from the issue date.	<p>A bond: interest shall be paid annually against interest coupon commencing from the issue date.</p> <p>B bond: interest shall be compounded</p> <p>semiannually and paid annually against interest coupon commencing from the issue date.</p>



## PROPERTIES, MARKET PRICE OF STOCK OVER PAST THREE YEARS

(in NT\$ / share)

Stock	Price	2002	2001	2000
Common	Highest	21.2	21.8	26.8
	Lowest	13.6	11.0	17.0
Preferred	Highest	25.9	21.9	26.6
	Lowest	20.0	17.3	18.8

Source of Information: Taiwan Stock Exchange Corporation

## PRODUCTS AND USES

Products	Major Uses
<i>Carbon steels</i>	Shipbuilding, bridges, steel structures, oil country tubular goods (OCTGs), storage tanks, boilers, pressure vessels, truck chassis and general construction
Plates	
Bars	Nuts and bolts, hand tools, loudspeaker parts, automobile and motor cycle parts, machinery parts
Wire rods	Nuts and bolts, steel wire and rope, welding electrodes, hand tools, tire cord and bead, umbrella parts, chains
Hot rolled coils and sheets	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 coils	Computer cases, home appliance outer shells, parts and accessories, automobile bodies, building materials and components, and hardwares
Hot-dip galvanized coils	Automobile parts and components, computer cases, coated sheets, building materials and components
Electrical steel coils	Motors, transformers and stabilizers
<i>Stainless steel</i>	
Hot rolled bands	Cold rolled stainless steel products, stainless pipes and tubes, processing in general into tanks and pressure vessels

### THREE-YEAR SUMMARY OF PRODUCTION AND SALES VOLUMES

(In tons)

Product	Volume	2002	2001	2000
Steel plates	Production	1,093,787	1,100,636	1,086,782
	Sales	1,097,020	1,132,415	1,111,837
Steel bars <sup>12</sup>	Production	500,684	451,971	549,802
	Sales	527,718	459,276	560,119
Wire rods	Production	1,173,495	1,125,489	1,152,210
	Sales	1,206,998	1,109,768	1,168,667
Hot rolled steel products <sup>13</sup>	Production	4,340,944	4,131,511	4,291,131
	Sales	4,411,808	4,342,207	4,284,858
Cold rolled steel products <sup>14</sup>	Production	2,418,823	2,061,429	2,312,358
	Sales	2,523,235	2,171,854	2,431,460
Commercial slabs, blooms and billets	Production	729,421	451,241	88,232
	Sales	743,706	473,334	150,648
Pig iron	Production	30,651	15,472	11,317
	Sales	26,246	11,803	9,179
Total	Production	10,287,805	9,337,747	9,491,832
	Sales	10,536,731	9,700,657	9,716,768

<sup>12</sup> Including bars contracted out for hire-rolling

<sup>13</sup> Including stainless steel hot rolled products

<sup>14</sup> Including electrogalvanized, hot-dip galvanized products and electric sheets

## OWNERSHIP OF SUBSIDIARIES AND OTHER EQUITY INTERESTS

December 31, 2002

Companies	Investment Amounts <sup>15</sup> (NT\$1,000)	Holding Ratio (%)	Evaluation Method
C.S. Aluminum Corporation	5,857,035	97.72	Equity
China Steel Express Corporation	5,492,165	99.97	Equity
Gains Investment Corporation	4,936,000	100.00	Equity
China Prosperity Development Corporation	4,070,362	100.00	Equity
China Steel Asia Pacific Holdings Pte. Ltd. <sup>16</sup>	2,164,996	100.00	Equity
China Steel Global Trading Corporation	1,055,354	99.52	Equity
China Steel Machinery Corporation	205,383	99.96	Equity
Info-Champ Systems Corporation	755,105	99.99	Equity
China Steel Security Corporation	506,463	99.22	Equity
Hong Yih Investment Corporation <sup>17</sup>	93,997	99.44	Equity
Long Yuan Fa Investment Corporation <sup>17</sup>	93,778	99.45	Equity
Goang Yaw Investment Corporation <sup>17</sup>	91,519	99.43	Equity
Kaohsiung Rapid Transit Corporation	3,139,515	31.30	Equity
Taisil Electronic Materials Corporation	1,031,691	35.00	Equity
China Steel Chemical Corporation	810,063	30.73	Equity
Kuei Yi Industrial Co., Ltd.	557,097	30.00	Equity
China Hi-ment Corporation	489,783	20.29	Equity
China Steel Structure Co., Ltd.	467,872	17.92	Equity
Yieh Loong Enterprise Co., Ltd. <sup>18</sup>	370,175	23.72	Equity



China Ecotek Corporation	364,215	36.09	Equity
Taiwan Rolling Stock Co., Ltd.	160,647	26.75	Equity
Phalanx Biotech Group	100,000	20.80	Equity
HIMAG Magnetic Corporation <sup>19</sup>	-	50.15	Equity
Shares held by subsidiaries accounted for as treasury stock	(1,340,018)		
<b>Subtotal</b>	<b>31,473,197</b>		
Eastern Broadband Telecommunications Co., Ltd.	1,200,000	1.83	Cost
Industrial Bank of Taiwan	1,000,000	4.34	Cost
Maruichi Steel Tube Ltd.	757,920	2.04	Cost
CDIB & Partners Investment Holding Corporation	500,000	4.95	Cost
Advanced Material Technology Corporation	249,349	2.86	Cost
CDIB BioScience Ventures I, Inc.	120,000	4.80	Cost
GenMont Biotech Inc.	60,990	16.67	Cost
Overseas Investment & Development Corporation	50,000	5.56	Cost
Tang Eng Iron Works Co., Ltd.	-	8.53	Cost
<b>Subtotal</b>	<b>3,938,258</b>		
Sino-Canada Biotechnology Development Fund	120,831	16.67	Cost
<b>Grand Total</b>	<b>35,532,286</b>		

<sup>15</sup> Invested amounts are based on balances in the account Long-term Investments.

<sup>16</sup> Through China Steel Asia Pacific Holding Pte Ltd. the Corporation indirectly holds 72.27% and

60% of Ornasteel Enterprise Corporation (M) Sdn. Bhd. and Group Steel Corporation (M) Sdn.

Bdh. respectively.

<sup>17</sup> In October 2002, Horng Yih and other eight investment companies were merged into three comp

anies through capital decrease.

<sup>18</sup> Together with the holdings of Horng Yih, Long Yuan Fa and Goang Yao, the Corporation's direct

and indirect holdings in Yieh Loong Enterprise Co. total 39.3%.

<sup>19</sup> The Corporation fully recognized the balances of its investments in HIMAG Magnetic Corporation

and Tang Eng Iron Works Co., Ltd. as losses to reflect these investees' operation losses.

## DIRECTORS AND SUPERVISORS

(as of December 31, 2002)

Chairman Of the Board	Wen-Yuan Lin	Representing Ministry of Economic Affairs, R. O. C.
Director	Joseph J. C. Lyu	Representing Ministry of Economic Affairs, R. O. C.
Director	J. Y. Chen	Representing Ministry of Economic Affairs, R. O. C.
Director	I. Y. Lu	Representing Ministry of Economic Affairs, R. O. C.
Director	Y. C. Chen	Representing Ministry of Economic Affairs, R. O. C.
Director	C.I. Weng	Representing Ministry of Economic Affairs, R. O. C.
Director	T. K. Huamg	Representing Bureau of Labor Insurance
Director	C. Y. Lee	Representing Cathay General Hospital
Director	T. M. Chen	Representing China Steel Labor Union
Director	Chin Lin	Representing China Development Industrial Bank
Director	H. C. Chen	Representing Ching Hwa Investment & Development Co., Ltd
Supervisor	J. Y. Hsu	Representing Ministry of Economic Affair, R. O. C.
Supervisor	C.C. Huang	Representing Ministry of Economic Affair, R. O. C.
Supervisor	L. T. Chang	Representing Ever Wealthy Investment Corporation

## SENIOR MANAGEMENT

(as of December 31, 2002)

President	J. Y. Chen
Executive Vice President (Concurrently Spokesman)	Y. C. Chen
Vice President, Administration Division	C. S. Huang
Vice President, Commercial Division	T. H. Chen
Vice President, Finance Division	L. M. Chung
Vice President, Corporate Planning Division	C. C. Chen
Vice President, Technology Division	G. H. Cheng
Vice President, Production Division	C. H. Ou

## **MAIN BUSINESSES AND ADDRESSES OF SUBSIDIARIES AND OTHER CHINA STEEL-INVESTED COMPANIES**

### **SUBSIDIARIES**

#### **C. S. Aluminium Corporation**

Chairman, Y. K. Chi

President: S. T. Chang

Main business: aluminum products

Address: 17 Tong Lin Road, Hsiao Kang District

Kaohsiung 812, Taiwan, R. O. C.

Tel: 886 7 871-8666

Fax: 886 7 872-1852

#### **China Steel Global Trading Corporation**

Chairman: W.Y. Lin

President: K. M. Chen

Main businesses: import, export

Address: 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

#### **China Steel Security Corporation**

Chairman: M. L. Chou

President: C. M. Hsu

Main businesses: security services and systems

Address: 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

#### **Info-Champ Systems Corporation**

Chairman: K. H. Chang

President: T. C. Wu

Main business: information system planning (ERP)

Address: 11F, 6 Ming Chuan 2nd Road, Chien Chen District

Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 535-0101

#### **China Steel Express Corporation**

Chairman: Y. C. Chen

President: Donald K. L. Chao

Main businesses: marine cargo transportation; purchase,  
sale and chartering of vessels; and shipping agency

Address: 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

#### **Gains Investment Corporation**

Chairman: L. M. Chung

President: L. R. Hu

Main business: hi-tech investments

Address: 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

#### **China Prosperity Development Corporation**

Chairman: J. Y. Chen

President: K. M. Chen

Main businesses: real estate development and investment

Address: 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

#### **China Steel Machinery Corporation**

Chairman: C. C. Chen

President: W. D. Hsu

Main businesses: machinery manufacturing

Address: 3 Taichi Road, Hsiao Kang District

Kaohsiung 812, Taiwan, R. O. C.

Tel: 886 7 802-0111

Fax: 886 7 535-0110

Fax: 886 7 803-3515

**Ornasteel Enterprise Corporation (M) Sdn. Bhd.** <sup>20</sup>

Managing Director: Paul T. Y. Huang

Main business: steel products

Address: 180, Kawasan Industri Ayer Keroh  
75450 Melaka, Malaysia

Tel: 60 6 231 9990

Fax: 60 6 231 5310

**Group Steel Corporation (M) Sdn. Bhd.** <sup>20</sup>

Managing Director: Paul T. Y. Huang

Main business: steel products

Address: 180, Kawasan Industri Ayer Keroh  
75450 Melaka, Malaysia

Tel: 60 6 231 9990

Fax: 60 6 231 5310

**HIMAG Magnetic Corporation**

Chairman: G. H. Cheng

President: T. C. Lin

Main business: magnetic materials

Address: 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

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**OTHER CHINA STEEL-INVESTED COMPANIES**

**Yieh Loong Enterprise Co., Ltd.**

Chairman: K. H. Lin

President: J. G. Liu

Main business: steel products

Address: 317 Yu-Liao Road, Chiao tou  
Kaohsiung 825, Taiwan, R. O. C.

Tel: 886 7 611-7171

Fax: 886 7 611-0594

**China Steel Structure Co., Ltd.**

Chairman: J. Y. Chen

President: S. J. Su

Main businesses: steel structures, construction

Address: 1 Chung Kang Road, Hsiao Kang District  
Kaohsiung 81233, Taiwan, R. O. C.

Tel: 886 7 802-3433

Fax: 886 7 801-9150

### **China Steel Chemical Corporation**

Chairman: W. Y. Lin

President: Pao-Yuan Chen

Main business: coal tar chemicals

Address: 5F-1, 47 Chunghua 4th Road, Ling Ya District  
Kaohsiung 802, Taiwan, R. O. C.

Tel: 886 7 338-3515

Fax: 886 7 338-3516

### **China Ecotek Corporation**

Chairman: K. L. Du

President: Q.G. Shyng

Main businesses: environment engineering, design and  
construction

Address: 8F, 8 Ming Chuan 2nd Road, Chien Chen District  
Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 330-6138

Fax: 886 7 339-4016

### **Kuei Yi Industrial Corporation**

Chairman: K. H. Chang

President: C. H. Huang

Main business: H-sections

Address: 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

### **China Hi-ment Corporation**

Chairman: R. S. Jong

Vice Chairman: Jason C. S. Huang

President: Mar-Ling Tsai

Main businesses: pulverized blast furnace slag and slag cement  
Address: 10F, 243 Yi-Hsin 1st Road, Chien Chen District  
Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 336-8377

Fax: 886 7 336-8433

### **Taisil Electronic Materials Corporation**

Chairman: W. Y. Lin

President: David Eaton

Main business: silicon wafers

Address: 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

### **Kaohsiung Rapid Transit Corporation**

Chairman: J. Y. Chen

President: S. Y. Lai

Main businesses: mass rapid transit engineering and services  
Address: 5F, 8 Ming Chuan 2nd Road, Chien Chen District  
Kaohsiung 806, Taiwan, R. O. C.

Tel: 886 7 338 9666

Fax: 886 7 338 7999

**Taiwan Rolling Stock Co., Ltd.**

Chairman: W. Y. Lin

President: S. S. Shen

Main business: Rolling Stock

Address: 458 Hsin Hsing Road, Hu Kou Hsiang,  
Hsin-chu Hsien 303, Taiwan, R. O. C.

Tel: 886-3-5974905

Fax: 886-3-5974921

**China Steel Management Consulting Corporation**

Chairman: C. T. Wong

President: Y. C. Guu

Main business: Consulting Management

Address: 1 Chung Kang Road, Hsiao Kang District,  
Kaohsiung, Taiwan, R. O. C.

Tel: 886-7-8010723

Fax: 886-7-8033568

**Taiwan Semiconductor Manufacturing Co. Ltd.**

Chairman: Morris Chang , Ph.D.

Deputy CEO: F. C. Tseng , Ph.D.

President & COO: Rick Tsai, Ph.D.

Main business: integrated circuit foundry

Address: 121 Park Avenue III, Science-Based Industrial Park  
Hsin-chu 300, Taiwan, R.O.C.

Tel: 886 3 578-0221

Fax: 886 3 578-1546

**Overseas Investment & Development Corporation**

Chairman: Jeffrey L. S. Koo

President: D. Mao

Main business: oversea investments

Address: 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

**Tang Eng Iron Works Co., Ltd.**

Chairman : S. T. Liu

President: H. P. Chen

Main businesses: stainless steel, construction

Address: No. 53, Chung Hua 4th Road, Lin Ya District,  
Kaohsiung 802, Taiwan, R. O. C.

Tel: 886 7 335-1108

Fax: 886 7 335-0348

**CDIB & Partners Investment Holding Corporation**

Chairman: T. Y. Liu

President: J. Y. Lin

Main business: industrial investments

Address: 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

**Industrial Bank of Taiwan**

Chairman: Kenneth C. M. Lo

President: Henry W. Peng

Main business: industrial banking

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

Tel: 886 2 2345-1101

Fax: 886 2 2345-1102

**Allied Material Technology Corporation**

Chairman & CEO: Charles Yu

President: Arthur Chou

Main business: color filter of thin film transistor-liquid crystal  
display (TFT-LCD)

Address: 458 Pingjen Section, Jung Shing Road, Pingjen City,  
Taoyuan Shien 324, Taiwan, R. O. C.

Tel: 886 3 469-7107

Fax: 886 3 469-7005



#### **Maruichi Steel Tube Ltd.**

Honorary Chairman of the Board: T. Horikawa  
President: S. Yoshimura  
Main business: steel tube  
Address: 3-9-10 Kitahorie Nishi-Ku, Osaka 550-0014, Japan  
Tel: 81 6 6531-0102  
Fax: 81 6 6531-0132

#### **GenMont Biotech Inc.**

Chairman : C. S. Hsu  
President: William Lai  
Main business: R&D of new Drug  
Address: No.8, Nan-Ke 7th Rd., Tainan Science-Based Industrial  
Park, Tainan Country, Taiwan, R. O. C.  
Tel: 886 6 505-2151  
Fax: 886 6 505-2152

#### **Phalanx Biotech Group**

Chairman : Andrew Wang  
President: Chung-Fan Chiou, Ph. D.  
Main business: Bio Chip Manufacturer  
Address: Room 313, Building 53, 195 Sec, 4 Chung Hsing Road,  
Chutung, Hsinchu, Taiwan 31040, R. O. C.  
Tel: 886-3-5910103  
Fax: 886-3-5821242

#### **Eastern Broadband Telecommunications Co., Ltd.**

Chairman: S. S. Y. Wang  
Vice Chairman & President: L. T. Wang  
Main business: fixed line network communication services  
Address: 16F, 277 Song Jen Road, Hsin I District  
Taipei 110, Taiwan, R. O. C.  
Tel: 886 2 8780 8777  
Fax: 886 2 8780 9200

#### **CDIB Bio Science Ventures I, Inc.**

Chairman & CEO : Benny T. Hu  
Main business: Bio Science Investment  
Address: 30F, 99 Tun Hwa South Road, Sec. II, Taipei, Taiwan, R. O. C  
Tel: 886-2-2325-0556  
Fax: 886-2-2754-7708

#### **Wuxi Teco Electric & Machinery Co., Ltd.** <sup>20</sup>

Chairman & President : J. George Lien  
Main business: Induction Motor Manufacturing  
Address: No.72-A, Wuxi National Hi-Tech Industrial  
Development Zone New District, Jiang Su, China  
Tel: 86-510-5342005  
Fax: 86-510-5342053

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<sup>20</sup> China Steel Corporation investment through China Steel Asia-Pacific Holdings Pte. Ltd.

## ORGANIZATION CHART

CHINA STEEL CORPORATION

