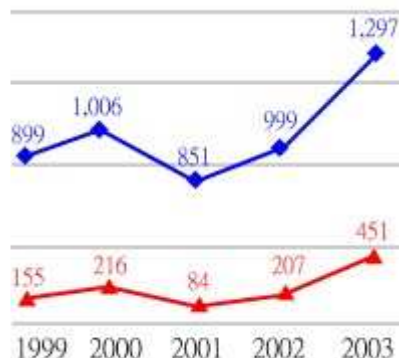


TWO YEAR HIGHLIGHTS OF OPERATING RESULTS



Revenues and income
before income tax

◆ Revenues income before income tax

(Unit : in hundred millions of

New Taiwan Dollars)

| | 2003 | 2002 |
|--|--|---------|
| Revenues | (Millions of New Taiwan Dollars) 129,703 | 99,940 |
| Operating costs | 88,992 | 79,566 |
| Income from operations | 40,708 | 20,374 |
| Income before income tax | 45,107 | 20,696 |
| Employment costs ¹ | 16,887 | 13,506 |
| Depreciation | 11,021 | 11,336 |
| Interest expenses net ¹ | 1,269 | 1,974 |
| Total assets | 220,671 | 195,442 |
| Capital expenditures | 5,963 | 6,575 |
| Stockholders' equity | 161,037 | 135,005 |
| Output of steel products | (Thousands of metric tons) 10,188 | 10,288 |
| Sales volume of steel products | 10,386 | 10,537 |
| Number of employees ² | 8,668 | 8,711 |
| Return on sales | (%) 34.78 | 20.71 |
| Return on stockholders equity ³ | 24.98 | 12.87 |

Excluding capitalized expenses As of the end of the calendar year 3 Based on net income

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 ⁴ 1.5 million tons ⁵ per year |
| July 1, 1978 | Construction of Phase II commenced |
| June 30, 1982 | Phase II completed. Capacity ⁴ reached 3.25 million tons per year |
| July 1, 1984 | Phase III construction commenced |
| April 30, 1988 | Phase III completed. Capacity ⁴ 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 ⁴ reached 8.054 million tons per year |
| June 2, 1998 | CSC Group's corporate identity system formally introduced to the public |

⁴ In terms of crude steel.

⁵ All references to tons mean metric tons of 1,000 kilograms.

⁶ Renovations and improvements of the production facilities over the years since the completion of the four phases of construction have substantially raised the annual crude steel production capacity; which has been officially revised to 9.55 million tons on April 15, 2002.



Auditorium(with a view of [the](#) plant area in the background)

OPERATIONS

The first half of 2003 was beset with the unfavorable effects of the U.S- Iraq war and the outbreak of the Severe Acute Respiratory Syndrome (SARS). However the latter half of the year saw marked economic upturns in many countries. UN figures indicate that growth of world output in 2003 was 2.5%, higher than 2001's 1.7% and 2000's 1.3%. As for the global steel market, the U.S, the European Union and mainland China instituted safeguard measures for curtailing steel imports. Such measures have caused regional reduction of supply. Although SARS dealt a serious blow to Asia, and momentarily impacted the international steel market, global economic recovery plus the strong steel demand in mainland China have provided the stimulus for price hikes and improved profitability throughout the steel industry in 2003.



Chairman of the Board

A handwritten signature in black ink, appearing to read 'Wen Yuan Lin'.

The Corporation's production and sales for 2003 were 10.19 million tons and 10.39 million tons respectively. Revenues reached NT\$ 129,703 million or 29.78% over 2002 with pretax income at NT\$ 45,107 million, a remarkable increase of 117.95% over 2002. Both revenues and pretax income set historical records. Rising prices contributed to the achieving of such records, but far more significant was the success of the Corporation's entire workforce in boosting productivity and efficiency. Among the 30 items of quality upgrading, process development and improvements completed in 2003 were:

- the simplification of the complex refining process for high-grade electrical steel into a single refining process and
- the ladle furnace refining process for refining de-Si-P treated hot metal for high carbon steel.

In addition the Corporation completed more than 40 projects of technology and equipment upgrading including, among others:

- computerization of raw material storage yard operation,
- addition of pulverized coal injection equipment on No. 2 blast furnace,
- additional bloom reheating furnace, and
- a new horizontal annealing and coating line for producing high grade electrical steel sheets.

These developments have enabled the Corporation to gain broader recognition than ever for its products and service quality.



As for the outlook for 2004, there exist a number of factors unfavorable to the steel industry as a whole. Such factors include (1) commencement of operation of new steel mills in mainland China, (2) activation of anti-dumping mechanisms and implementation of tariff protection measures in steel importing countries, (3) sustained high levels of raw material prices, and (4) rise in ocean freight rates. On the domestic

front such unfavorable factors include (1) shrinking steel demand owing to moving abroad of domestic industries, (2) face-to-face competition from

President

27 Jan

imported steel as a result of the implementation of zero tariff rate, (3)

appreciation of the NT dollar, (4) upturn of interest rates and (5) failure of cross-strait relations to improve.

However, as interest rate in the U.S. is at its low in 45 years, consumer spending and business investment in many countries are on the rise. Together with the gradual revival of profitability, according to UN figures, world output is forecasted to enjoy further growth to 3.5% in 2004. As for the global steel market, removal of safeguard measures by the U.S., the EU and mainland China will benefit the growth in steel trade worldwide. The international Iron & Steel Institute predicts that global apparent consumption of finished steel will increase by 5.8% in 2004; tight supply of raw materials and soaring freight rates will suppress production; and that steel price will continue to follow a rising trend. Taiwan's economic growth rate will follow the growth in world trade, and surpass that of 2003. The rise in worldwide apparent consumption of finished steel and continued boom in mainland China's steel demand are expected to have a favorable impact on Taiwan's domestic steel demand. Thus an atmosphere of reserved optimism will prevail in the outlook for 2004.

The Corporation continues to aim at creating corporate value by means of opening up markets for high value-added products to satisfy its customers' requirements and bolstering its overall power to compete. It has therefore set its 2004 operating directions as:

- to steady its annual production capacity at 11 million tons,
- to accelerate the elevation of product grades and values,
- to continue the re-engineering of the Corporation's business process and
- to ensure that the Corporation's advantageous position in quality and cost will be maintained.

The Corporation's 2004 targets are NT\$128,900 million in revenues, NT\$ 42,000 million in pretax income, and NT\$ 32,900 million in net income.

PRODUCTION AND SALES

The Corporation sold a total of 10,385,987 tons of steel in 2003, down by 1.43% from the previous year. Domestic sales accounted for 74.8%, exports for the remaining 25.2%. Among the domestic customer groups, re-rollers again took the largest share (28%) of the domestic shipments, followed by service centers and nut and bolt makers. Among the export destinations, Hong Kong (including mainland China) accounted for 38% of the exports, followed by Northeast Asia (33%) and Southeast Asia (28%). The remainder went to other destinations.

Production of both hot metal and liquid steel set new records, reaching 10,260,168 tons and 11,119,382 tons respectively.

Contributing factors were:

- stable operation of the iron-making facilities
- improvements in raw material quality
- high rate of oxygen enrichment at the blast furnaces
- accelerated turn-around of the torpedo ladle cars
- smooth coordination between the blast furnaces (iron making) and the basic oxygen furnaces (steel making) departments
- raising of scrap ratio
- technical innovations in thermal balance and in RH desulfurization.

The booming steel market and strong demand have caused the Corporation to push upward its mill availability ratio and production per turn. In spite of the production time lost during the revamp of the 4-hi reversing plate mill, the Corporation was able to top the 10 million mark

in steel product output, registering a bright performance of having produced 10,188,253 tons in 2003.

The 2002 focal point program to replace conventional driving motors with high efficiency motors was carried over into 2003. One hundred thirty seven motors were replaced, totaling 4,671 kw. Energy thus saved during 2003 amounted to about 252,300 kWh. Sale of oxygen, nitrogen, argon, and steam from cogeneration amounted to NT\$611 million, 8% over 2002. Self-generated electricity accounted for 75.1% of the electricity consumed in 2003. This percentage fell from that of 2003 by 2.2 percentage points, the major cause being the substantial increase in the rate of operation of the rolling mills and the resulting rise in plant-wide electricity consumption. Energy consumption per ton of crude steel was 5,257 million calories, representing an improvement of 46 million calories over the previous year.



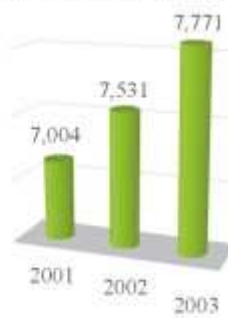
Product loading pier



Iron ore carrier Bars and wire rods

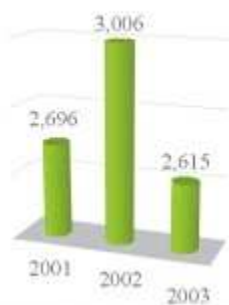
Domestic steel sales

In thousand tons



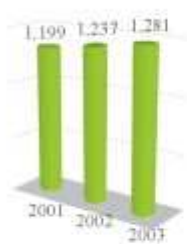
Export steel sales

In thousand tons



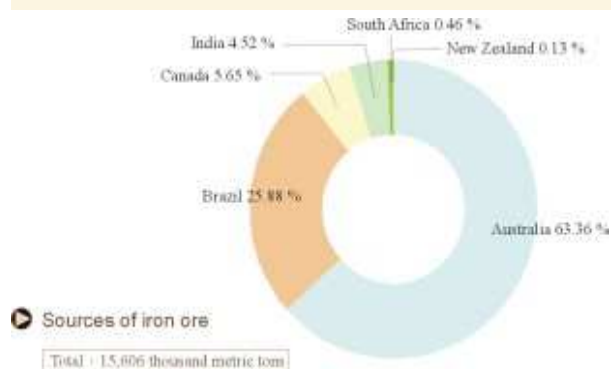
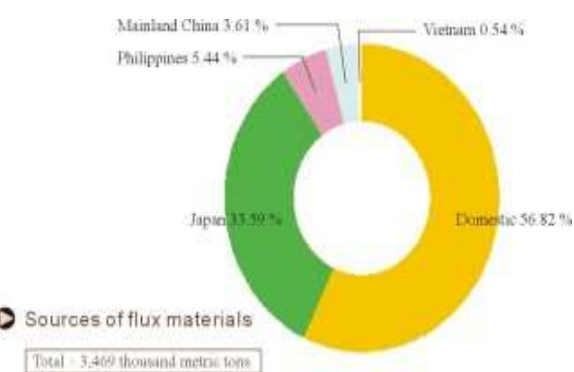
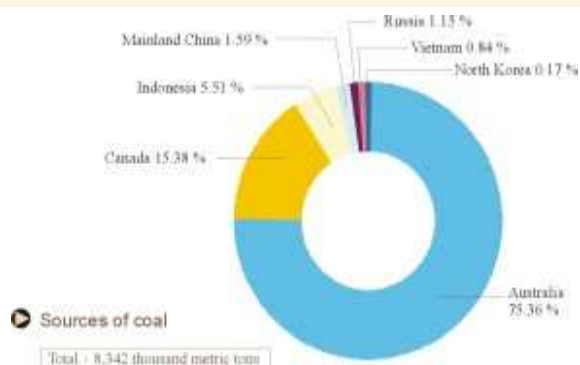


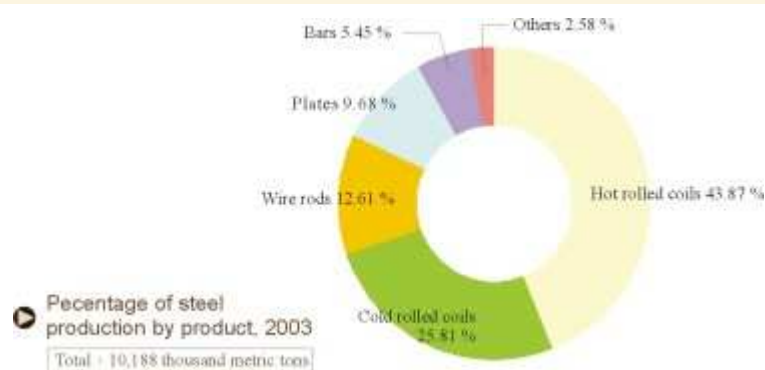
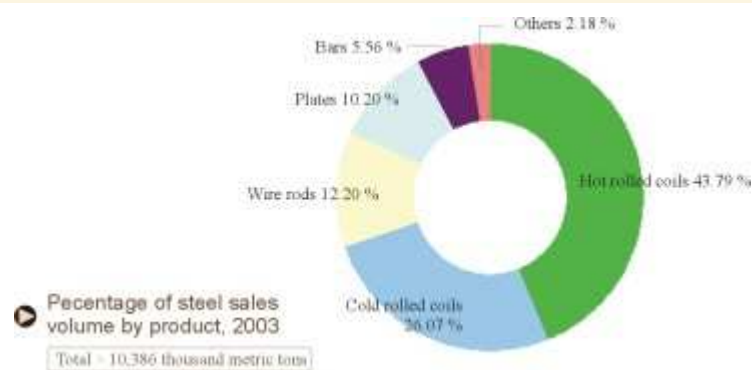
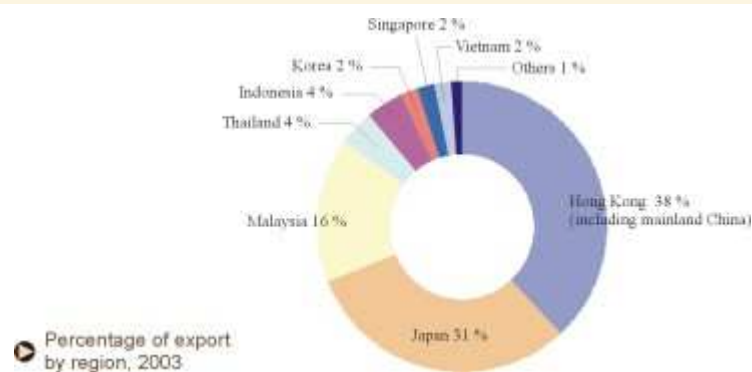
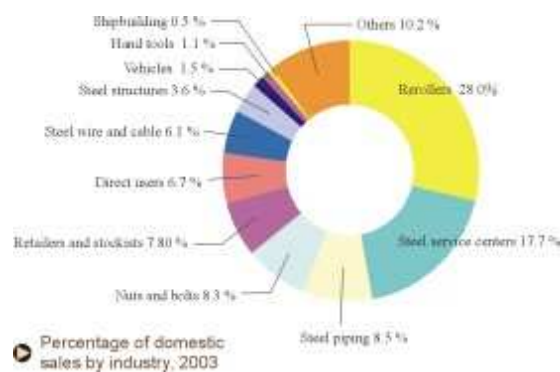
Customer service



Output per employee in terms of crude steel

In tons





Following the 14 high competitiveness products introduced in 2002, 14 more were introduced in 2003, including among others:

- galvanized steel for automobile panels
- steel-making technology for ultra-clean steel for carburizing applications
- plate for laser cutting
- elevation of product grade of the Corporation's electrical sheets
- completion of customer test program for chromate-free anti-fingerprint electro-galvanized steel. Formal acceptance of orders is to begin in 2004.

Among the above-enumerated items, the most significant is the wide acceptance of the quality of the Corporation's galvanized steel for automobile panels. Orders have exceeded the annual sales plans for this product, thereby consolidating the Corporation's profitability position and helping its domestic customers to strengthen their competitive capability.

Placed on a continuing basis are a number of quality upgrading programs, including:

- establishment of technology for producing tire cord grade wire rod and attain world class standards for the Corporation's clean steel.
- raising the mechanical property OK yield of various grades of hot rolled steel for applications in automobile manufacture.
- completion of the improvements in the production process for billets. Raising the grinding capacity by 10%, and reducing yield loss from scarfing.



Iron ore stockpile



A meeting with the customers



Hot rolled coils

RESEARCH AND DEVELOPMENT (R&D)

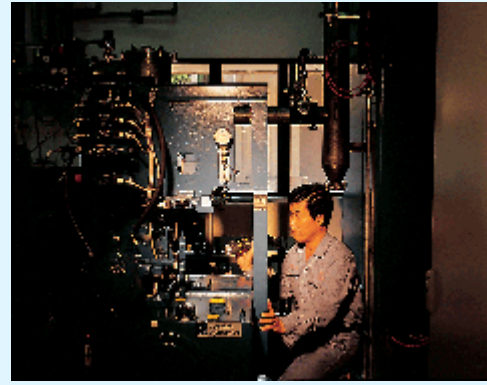
Major R&D directions and accomplishments in 2003 were as follows:

1.For products: major objectives are to cultivate quality attractiveness for the Corporation's products and to develop high competitiveness products. Principal achievements were:

- (1) Combine the Corporation's R&D strength with the capability of the newly commissioned special purpose continuous annealing and coating line to develop 50CS400 high-grade electrical sheets.
- (2) Develop semi-processed electrical sheets for the manufacture of compressor motors to replace imports.
- (3) Develop Cr-B-V bearing hot rolled steel to replace hot rolled Cr-Mo alloy steel and help downstream customers to strengthen their competitive position.
- (4) Develop 60SiCrV high strength low relaxation spring steel for automobile suspension springs.
- (5) Develop AISI 1215 free cutting steel. Having replaced imports, this product now enjoys 95% of the domestic market.

2.For processes: Our missions are to cut cost, raise productivity and energy efficiency. Major accomplishments were:

- (1) Put in place a hot metal temperature continuous monitoring system to continuously monitor furnace heat fluctuations and ensure stable furnace conditions and operation.
- (2) Develop desulfurization process in the RH degasser to simplify the secondary refining of high-grade electrical steel into a single process, and to achieve 3-heat sequential casting.
- (3) Complete the development of rolling technology using high-speed steel work rolls with lubrication at No.2 hot strip mill, thereby raising the number of tons rolled per single cycle.
- (4) Put in place a system for mutual support among the coke oven gas scrubbing facilities of the coal chemical plants at the four coke oven batteries. Such a system completely eliminates sudden abnormalities in coke oven gas quality.



Thin film sputtering machine Vessel position alignment-hot press machine

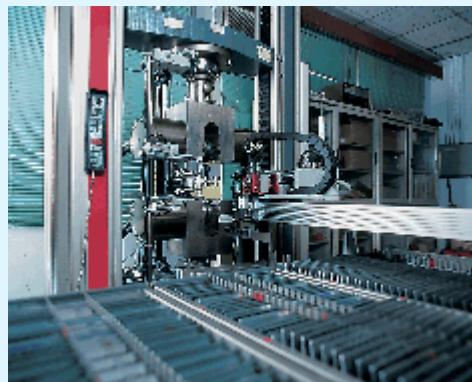
3. For equipment technology. The Corporation integrated the existing 3C core technology for applications to products, facilities and process inspection and monitoring to attain stable production and prolonged equipment life. Principal achievements were:

- (1) Put in place a profile measuring system at Nos. 4 and 5 continuous casters using 3D optical measuring technique to ensure the geometric quality of the slabs produced.
- (2) Develop a personal digital assistance (PDA)-based data acquisition and waveform recording system, providing a compact, effective system for precise monitoring and diagnosis for off-line equipment.

4. For support to the CSC Group. Major accomplishments were:

- (1) Assistance to C.S. Aluminum to develop casting technique for high strength aluminum slabs, thereby raising the OK yield for C.S. Aluminum's products.
- (2) Assistance to C.S. Aluminum for developing alloys for longneck bottle caps.

Working from the existing foundation, the Corporation's R&D will continue to move toward greater prowess and effectiveness both in depth and in breadth while implementing the application of its R&D results. It aspires to become the R&D center for the entire CSC Group.



Inspection of galvanized steel sheet

Automated tensile testing system

for automotive application

EMPLOYEE RELATIONS AND HUMAN RESOURCE DEVELOPMENT



CSC's indoor swimming pool



Employee training

As of the end of 2003 the Corporation employs 8,668 persons, with 8,594 or 99.15% eligible for membership in the China Steel Labor Union. Average age of employees is 47.22 years.

The Corporation has long been guided by the concepts of labor-management harmony and symbiosis. The labor-management collective agreement was extended in 2004. The Corporation continued with its programs to strengthen the channels of communication and conciliation, as well as to improve workplace environment. A Committee for Handling Sexual Harassment at the Workplace has been in place since 2002 to provide the employees a working environment free of such harassment.

With the target of reducing the size of the workforce to 7,601 and push upward productivity to 1,500 tons of crude steel per employee per year by 2006, the Corporation pressed on with its programs of manpower and organization rationalization. Each department is charged with the task of mapping out its manpower utilization to reduce year by year the size of its manning force. The Corporation continued to revise and improve its human resource-related data base and work flow to gradually transform the text mode interface of the human resource management information system into web-presence interface. This shift is expected to improve efficiency in human resource operations and in rendering

service to employees.

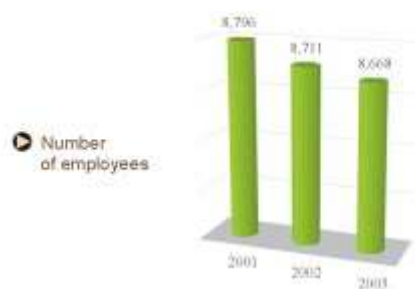
Training objectives in 2003 cover:

- elevating the effectiveness of leadership and administration
- refining the skills of leadership and communication among members of the senior management, and the administrative ability among rank-and-file supervisors.

The Corporation also introduced a knowledge management and e-learning system in order to create for itself an advantageous position in technical and administration innovations.

Other training activities in 2003 include:

1. To fulfill the needs of future development and cultivate the necessary manpower, the non-degree-granting “Corporate University of China Steel” held a “Seminar for Business Management” and, for the third time, the “Management Specialist Class” .
2. To meet the needs of its diversification and globalization and to elevate the R&D, technical, business administration and language capabilities among its employees, the Corporation sent 123 employees in 2003 to academic or business organizations abroad for studies in related subjects. It also selected employees with potential and enrolled them for advanced studies, ten persons in universities in Taiwan and two persons in universities abroad.

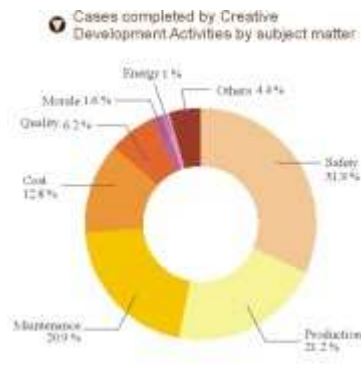
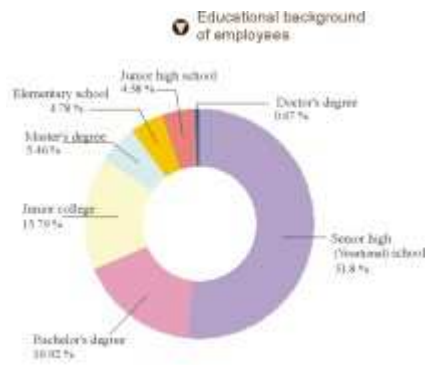


The Corporation's Knowledge Management Committee applied to the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs for its

Knowledge Management Promotion Program to be admitted into

IDB' s “Technical Assistance and Promotion Program for Knowledge Management in Industry” . The application was approved, along with the highest cash award. The Corporation was invited to the “2003 Knowledge Management Case Presentation Convention and Exhibition” for presenting the results and achievements of its promotion of knowledge management system. At the same time the Corporation applied to the National Science Council for an award under the Council' s “National Science and Technology Program for e-Learning” . The Corporation backed up its application with the results and achievements of the Corporation' s promotion of e-learning: “Buildup of e-HRD System of China Steel Corporation” The application passed the final review and was awarded the “Enterprise e-Learning Award” together with the highest cash award.

The time-honored suggestion system and Creative Development Activities (CDA) in the Corporation aim at inspiring the employee' s initiative to offer constructive suggestions and to discover and solve problems at the workplace through teamwork and group endeavor. In 2003, 575 active CDA “circles” with 5,397 participants (93.8% of the blue-collar employees in the departments involved) completed 697 topics, with total benefit exceeding NT\$70 million. As for the suggestion system, the Corporation took note of 27,104 suggestions and adopted 23,329, or 86.1% of them. Tangible benefits from these suggestions exceeded NT\$160 million.



Plant Engineering and Maintenance
Department-a workgroup meeting



Computer training

INDUSTRIAL SAFETY, ENVIRONMENTAL PROTECTION AND COMMUNITY RELATIONS



Plant greenery



Noise level monitoring

Industrial Safety and Hygiene — in order to strengthen the awareness of safety and hygiene among the rank-and-file echelons and eradicate accidents the Corporation set its 2003 focal points in industrial safety and hygiene as follows:

Effectively promote the OHSAS-18001 occupational health and safety

1. management system. Plant-wide risk assessment and drawing up and establishing enhanced regulations for OH&S management.

Pass all inspections and examinations carried out by the Labor Inspection

2. Bureau of the Kaohsiung Municipal Government on hazardous work locations.

Heighten the employees' awareness of safety and hygiene by means of

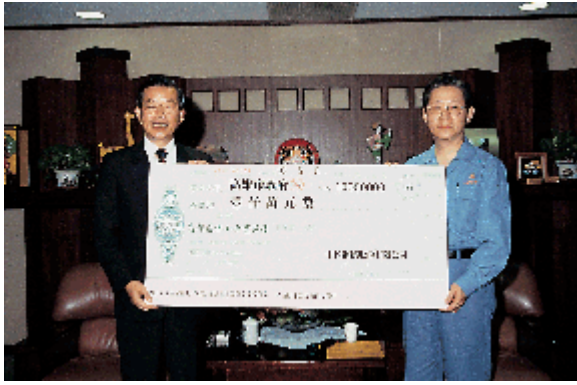
3. enhanced education, training and publicity, and using the concepts of OHSAS-18001 system.

Implement the surveillance of employee health based on the results of

4. physical checkups and follow-up of abnormalities.

Require all outside contractors who engage in high safety risk activities

5. within the plant to be OHSAS-18001-certified.



A donation to Kaohsiung City



Environment protection

Government's anti-SARS program

monitoring center

Environmental Protection—continue to push forward various pollution prevention programs under the guidelines of ISO 14001 Environment Management System.

Ensuring normal operation of all environment monitoring equipment

1. (continuous emission monitoring system (CEMS), closed circuit television (CCTV) and ambient air quality monitoring system (AAQMS))
Periodic measurement of the content of various pollutants, dust, volatile organic compounds (VOC), and dioxin at all the stacks in the plant and declaring the figures.

3. Applying to the authorities for permits to change, install, operate and moving of stationary pollution sources.

4. Activation of a task force to deal with the situation created by the Environmental Protection Administration's (EPA) plan to institute total quantity pollution control and to establish standards for the control of emission of dioxin from sinter plants. This task force is also charged with the mission of conducting dialogue with the Administration to ensure appropriateness of the new standards.

5. Abatement of fugitive emission for further improving the quality of the environment.

Water pollution control and control of toxic materials —

1. Continue to strengthen the maintenance of wastewater treatment equipment and toxic material control.
2. Investigate the flow of storm water from the material storage yard. A treatment plant for storm water is being built.
3. Continue to carry out the five-year plan of plant-wide groundwater monitoring. 2003 was the third year. Results of monitoring showed normal conditions.

Industrial Waste Management —

1. Process improvement for waste reduction at the source. For example, quantities of BOF slag and used refractories have diminished. Management of these wastes by classification has raised their useful value.
2. Elevate the recycle rate of such wastes as pig iron scrap, residual steel, and sludge. Old conveyer belts, salvaged machinery parts and abandoned obsolete equipment are sold to add to the effectiveness of the waste-to-resource program.
3. Expand the marketing channels for waste materials and creation of new uses and values. For instance, the development of markets and applications for aged BOF slag moves toward higher value and zero environment risk products.
4. To ensure the appropriateness of the laws and regulations governing the use of industrial wastes, the Corporation actively participates in the revision of such regulations. It also seeks the EPA announcement that sludge, waste grinding wheels, welding slag, and quenched blast furnace slag qualify as general industrial wastes, and may be reutilized according to current reutilization control regulations.



China Steel "Sound of Music" Choir Employees' children having fun

Community Relations and good neighbor activities—

The Corporation continued to carry out all the routine outreach programs, including:

- assistance to local schools to improve their facilities
- scholarship for outstanding students
- financial assistance for indigent students
- gifts for low income families on the occasion of the Lunar New Year, Dragon Boat Festival and the Autumn Festival
- guided visits through the mill
- familiarization tours for local school children.

In July 2003 the Corporation pooled its resources with the local community, local schools and the Kaohsiung City Symphony Orchestra in sponsoring a “CSC Music Experiencing Summer Camp” and a concert series by Tyzen Hsiao, composer and pianist. These activities offer an opportunity for the local community to partake in a music festivity, as well as infuse sophisticated cultural and artistic vitality to the local community and to the City of Kaohsiung.

Based on its belief in reciprocity; namely, “What is received from society must be used for society’s benefit”, the Corporation will forever be concerned about 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 community relations.



Dragon boat race-the CSC team

CAPITAL EXPENDITURES AND ENGINEERING BUSINESS



Torpedo ladle cars⁷

Twenty-two capital expenditure projects were in progress in 2003.


Total disbursement was NT\$3,019 million. They were:

Related to equipment revamp

1. Revamp of 4-hi reversing plate mill
2. Revamp of cleaning line and temper mill of Rolling Mill Department III
3. Revamp of coiling equipment of No.1 hot strip mill
4. Revamp of billet reheating furnace of No.1 bar mill of Rolling Mill Department I
5. No. 2 blast furnace second campaign revamp
6. Revamp of equipment for Nos.1 and 2 sinter plants

Related to raising production capacity or quality

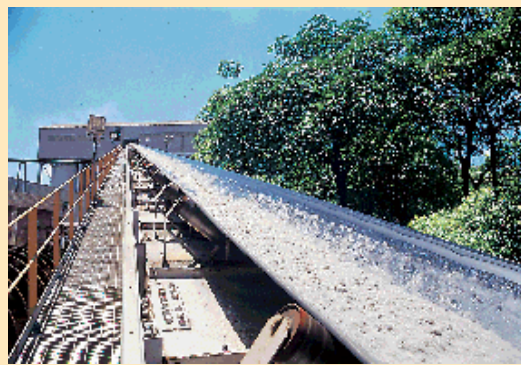
7. Additional coal bins for No.2 coke battery
8. Pulverized coal injection and coal conveying system for No. 2 blast furnace.
9. New non-oriented high-grade electrical sheet line
10. Addition of vertical and horizontal stands on billet mill and revamp of electrical equipment

11. Addition of ladle hot metal pretreatment equipment at the steel-making plant
12. Addition of sizing press equipment on No.1 hot strip mill
13. Remodeling of hydrogen batch annealing furnaces at Rolling Mill Department III
14. Addition of second ladle refining furnace at No.1 steel-making plant
15. Revamp and remodeling of Nos. 4 and 5 slab casters
16. Expansion of the spheroidizing zones of the rod mill
17. Addition of No.14 hot stove for No.1 blast furnace
18. Addition of unit No.9 at the oxygen plant
19.  Addition of No.2 continuous hot dip galvanizing line

Technical service for Taiwan rolling



Annealing and coating line



Flux material conveyor system



Rolling stock



Wire rod mill

Related to resource recovery

20. Waste heat recovery steam generation equipment for No.4 sinter plant

21. Addition of coke dry quenching equipment for No. 4 coke oven battery

Related to re-engineering of business process and enhancing competitiveness

22. Supply chain management software for integrating sales and production

Among the above projects, items 5, 6, 12-15, 21 and 22 were initiated in 2003. The remaining items were continuation projects. Items 1, 8, 9 and 20 were completed in 2003's November, June, March and May respectively. The remaining items are still being carried out.

Non-project type capital expenditures for 2003 totaled NT\$2,940 million. Their objectives cover equipment renovation and revamp, industrial safety and environmental protection, reengineering of business process, quality improvement, research and development, energy saving, automation, computerization and other objectives.

Engineering business undertaken by the Corporation in 2003 consists of 12 items, including

- track work, alternating current supply system and structural corrosion monitoring system for Kaohsiung Rapid Transit Corporation
- spare parts for track maintenance vehicles for Taipei Rapid Transit Corporation
- slitting and recoiling machine and trimmer for Ningbo Huayang Aluminum-Tech Company
- facility on-line monitoring system for China Hi-Ment Corporation
- artery car control panel of copper coil logistics automation system for Minchali Metal Industry Co., Ltd.

Total contract amount for these projects was NT\$6,290 million.

⁷So named because its shape resembles that of a torpedo.

SUBSIDIARIES AND OTHER EQUITY INTERESTS



Control center of China Steel Security Corporation



One of uses of aluminum — bottle caps

The Corporation participated in the investment of four companies in 2003.

- investment in East Asia United Steel Corporation in Japan. The Corporation acquired the right to purchase steel slabs from the Wakayama Steel Works of Sumitomo Metal Industries, Ltd.
- participation in high-tech investments through CTBI Venture Capital Co., Ltd
- investment in Taiwan High Speed Railway Corporation. This is in line with government policy of encouraging private business to participate in investments in transportation projects.
- conversion of a portion of the Corporation's interest in Sino-Canada Biotechnology Development Fund to shares in Taian Technologies Corporation. This enables the Corporation to acquire an interest in a biotech business.

All the subsidiaries in which the Corporation plays a leading management role showed good performance in 2003.

- C. S. Aluminum Corporation achieved revenues of NT\$10,600

million with pretax income of NT\$740 million, both record highs. This is the result of success in gradually developing the capabilities of the new facilities of its expansion project.

- China Steel Chemical Corporation benefited from its new products and from bolstering its production with raw material imports. Pretax income was NT\$1,031 million, topping NT\$1,000million for the first time in its history.
- China Hi-ment Corporation benefited from high cement prices, which caused an upsurge in demand for pulverized blast furnace slag, pretax income reached a historic record of NT\$392 million.
- Yieh Loong, Ornasteel and Group Steel all benefited from higher steel prices. Pretax income was NT\$1,905million, RM40.29Million and RM48.15 million respectively. Ornasteel and Group steel plan to jointly establish in 2004 a holding company which will apply for listing on the Malaysian stock exchange.
- Kwei Yi Industrial Corporation's reorganization was completed in August 2003. The company has reached a sound condition after the capital decrease in common stock and capital increase in preferred stock. Having benefited from higher product prices and reduction of debt, it posted a record pretax income of NT\$993 million.

Businesses related to trading and logistics

- China Steel Express Corporation registered a pretax income of NT\$3,028 million following the upsurge in freight rates worldwide. Pretax earnings per share was NT\$7.17.
- China Steel Global Trading Corporation. Owing to a lively steel market and sound returns from its oversea subsidiaries,

pretax earnings per share was NT\$6.76.

Business related to engineering and construction

- China Steel Structures Co., Ltd. and China Ecotek Corporation both showed improved profits in spite of a slumping economy, stronger competition and rising material prices.
- China Steel Machinery Corporation. Although this company has yet to show a profit owing to low gross earnings in the heavy machinery business, its revenues have shown sizable gains as a result of stepped up efforts to solicit orders.

Gains Investment Corporation accommodated the practices of stock market trade, and exercised timely divestments of holdings. Pretax profit for 2003 was NT\$259 million.

As to the Corporation's future operation strategy, it will actively seek strategic alliance partners in the steel business, and evaluate the feasibility of an additional new production base. It will also be on the lookout for firm sources of semi-finished products as well as channels for its products, all aimed at elevating its overall competitiveness. As for non-steel businesses, it will actively evaluate investment opportunities in biotech businesses. Through its investment in CDIB Bio Science Venture I, Inc., Phalanx Biotech Group and Taian Technologies Corporation, the Corporation participates in various biotech businesses, both domestic and overseas. As for other businesses, the Corporation sees good growth potential in such knowledge-based industries as opto-electronics and in service industries such as mass transit and logistics. These industries remain focal points for the Corporation's future deployment plans.



Plant area of China Hi-ment Corporation

BALANCE SHEETS

CHINA STEEL CORPORATION

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

December 31

| | 2003 | | 2002 | |
|----------------------------|-------------------|-----------|-------------------|-----------|
| ASSETS | | | | |
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 3,862,720 | 2 | \$ 3,068,966 | 1 |
| Short-term investments | 38,829,092 | 18 | 19,751,336 | 10 |
| Notes receivable | 487,926 | - | 378,442 | - |
| Accounts receivable | 1,050,742 | - | 1,642,077 | 1 |
| Other receivable | 150,641 | - | 114,039 | - |
| Inventories | 19,232,762 | 9 | 15,468,476 | 8 |
| Deferred income tax assets | 84,548 | - | 70,366 | - |
| Pledged time deposits | 4,900,000 | 2 | 6,900,000 | 4 |
| Other | <u>442,285</u> | <u>-</u> | <u>187,703</u> | <u>-</u> |
| Total current assets | <u>69,040,716</u> | <u>31</u> | <u>47,581,405</u> | <u>24</u> |

LONG-TERM INVESTMENTS

Long-term stock investment

| | | | | |
|-----------------------------|-------------------|-----------|-------------------|-----------|
| Equity method | 37,012,558 | 17 | 31,473,197 | 16 |
| Cost method | <u>7,360,237</u> | <u>3</u> | <u>3,938,258</u> | <u>2</u> |
| Total long-term investment | 44,372,795 | 20 | 35,411,455 | 18 |
| Other | <u>185,411</u> | <u>-</u> | <u>120,831</u> | <u>-</u> |
| Total long-term investments | <u>44,558,206</u> | <u>20</u> | <u>35,532,286</u> | <u>18</u> |

PROPERTIES

| | | | | |
|---|-----------------------------|-------------------|-----------------------------|-------------------|
| Land | 7,146,632 | 3 | 7,146,632 | 4 |
| Land improvements | 4,316,764 | 2 | 4,316,764 | 2 |
| Buildings and improvements | 36,376,643 | 17 | 35,814,229 | 18 |
| Machinery and equipment | 212,614,464 | 96 | 207,628,941 | 106 |
| Transportation equipment | 1,529,531 | 1 | 1,596,970 | 1 |
| Miscellaneous equipment | <u>2,987,294</u> | <u>1</u> | <u>2,826,054</u> | <u>2</u> |
| Total cost | 264,971,328 | 120 | 259,329,590, | 133 |
| Appreciation | <u>18,178,427</u> | <u>9</u> | <u>18,403,007</u> | <u>9</u> |
| Total cost and appreciation | 283,149,755 | 129 | 277,732,597 | 142 |
| Less:Accumulated depreciation | <u>185,173,739</u> | <u>84</u> | <u>177,076,769</u> | <u>90</u> |
| | 97,976,016 | 45 | 100,655,828 | 52 |
| Constructions in progress | <u>4,741,252</u> | <u>2</u> | <u>6,815,268</u> | <u>3</u> |
| Net properties | <u>102,717,268</u> | <u>47</u> | <u>107,471,096</u> | <u>55</u> |
| OTHER ASSETS | | | | |
| Rental assets | 3,759,210 | 2 | 3,888,461 | 2 |
| Refundable deposits | 46,414 | - | 84,434 | - |
| Restricted assets-pledged time deposits | 31,694 | - | 31,396 | - |
| Other—mainly unamortized repair expense | <u>517,211</u> | <u>-</u> | <u>853,255</u> | <u>1</u> |
| Total others assets | <u>4,354,529</u> | <u>2</u> | <u>4,857,546</u> | <u>3</u> |
| TOTAL ASSETS | <u>\$220,670,719</u> | <u>100</u> | <u>\$195,442,333</u> | <u>100</u> |

December 31

| LIABILITIES AND STOCKHOLDERS ' EQUITY | 2003 | 2002 |
|---------------------------------------|----------|----------|
| | Amount % | Amount % |

CURRENT LIABILITIES

| | | | | |
|--------------------------------------|-------------------|-----------|-------------------|-----------|
| Short-term bank loans and overdrafts | \$ 4,609,470 | 2 | \$ 809,688 | - |
| Commercial papers payable | 1,699,214 | 1 | 998,347 | 1 |
| Accounts payable | 3,604,870 | 2 | 2,454,461 | 1 |
| Income tax payable | 6,539,733 | 3 | 3,730,522 | 2 |
| Accrued expense | 5,889,824 | 3 | 4,795,187 | 3 |
| Bonds payable— current portion | 10,000,000 | 4 | 9,200,000 | 5 |
| Long-term debts—current portion | 50,000 | - | 2,985,045 | 1 |
| Other | <u>1,957,873</u> | <u>1</u> | <u>2,053,046</u> | <u>1</u> |
| Total Current Liabilities | <u>34,350,984</u> | <u>16</u> | <u>27,026,296</u> | <u>14</u> |

LONG-TERM LIABILITIES—NET OF

CURRENT PORTION

| | | | | |
|-----------------------------|-------------------|----------|-------------------|-----------|
| Bonds | 15,000,000 | 7 | 25,000,000 | 13 |
| Debts | <u>2,225,300</u> | <u>1</u> | <u>50,000</u> | <u>-</u> |
| Total Long-Term Liabilities | <u>17,225,300</u> | <u>8</u> | <u>25,050,000</u> | <u>13</u> |

RESERVE FOR LAND VALUE

| | | | | |
|---------------|------------------|----------|------------------|----------|
| INCREMENT TAX | <u>3,370,813</u> | <u>1</u> | <u>3,370,813</u> | <u>2</u> |
|---------------|------------------|----------|------------------|----------|

OTHER LIABILITIES

| | | | | |
|--|-------------------|-----------|-------------------|-----------|
| Deferred income tax liability—noncurrent | 3,278,972 | <u>1</u> | 3,584,788 | 2 |
| Deferred credit—intercompany profit | <u>1,407,866</u> | <u>1</u> | <u>1,405,040</u> | <u>-</u> |
| Total other liabilities | <u>4,686,838</u> | <u>2</u> | <u>4,989,828</u> | <u>2</u> |
| Total liabilities | <u>59,633,935</u> | <u>27</u> | <u>60,436,937</u> | <u>31</u> |

STOCKHOLDERS' EQUITY

| | | | | |
|---|------------|----|------------|----|
| Capital stock—authorized 10,600,000 thousand shares at NT\$10 par value | | | | |
| Common—issued 9,452,324 and 9,267,994 thousand shares as of December 31, 2003 and 2002, respectively | 94,523,237 | 43 | 92,679,939 | 48 |
| Preferred—14% cumulative and participating—issued 47,762 and 47,767 thousand shares as of December 31, 2003 and 2002, respectively | 477,620 | - | 477,670 | - |

| | | | | |
|--|----------------------|------------|----------------------|-------------|
| Total capital stock | <u>95,000,857</u> | <u>43</u> | <u>93,157,609</u> | <u>48</u> |
| Capital surplus | <u>693,047</u> | | <u>481,597</u> | <u>-</u> |
| Retained earnings | <u>66,934,700</u> | <u>30</u> | <u>44,960,063</u> | <u>23</u> |
| Other adjustments | | | | |
| Unrealized loss on investees' long-term investments | <u>(485,104)</u> | - | <u>(555,491)</u> | - |
| Cumulative translation adjustments | 91,700 | - | 222,391 | - |
| Investees' unrecognized net loss on pension cost | <u>(21,711)</u> | - | <u>(15,696)</u> | - |
| | <u>(415,115)</u> | - | <u>(348,796)</u> | - |
| Treasury stock—86,273 and 246,810 thousand shares as of December 31, 2003 and 2002, respectively | <u>(1,176,705)</u> | - | <u>(3,245,077)</u> | <u>(2)</u> |
| Total stockholders' equity | <u>161,036,784</u> | <u>73</u> | <u>135,005,396</u> | <u>69</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$220,670,719</u> | <u>100</u> | <u>\$195,442,333</u> | <u>100</u> |

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

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

For the Years Ended December 31, 2003 and 2002

| | | | | | | | | Unrealized Loss on | | | | |
|---|---------------|-----------------|------------|-------------------|-----------------|----------------|---------------|--------------------------|----------------------------|-----------------------------|-------------------|-------------------------|
| | CAPITAL STOCK | | Capital | RETAINED EARNINGS | | | | Investees' | Cumulative | Unrecognized | Total | |
| | Common stock | Preferred stock | Surplus | Legal reserve | Special reserve | Unappropriated | Total | Long-term Investments | Translation Adjustments | Net Loss on Pension Cost | Treasury Stock | Stockholders' Equity |
| BALANCES, JANUARY 1, 2002 | \$90,611,684 | \$ 477,680 | \$416,570 | \$19,335,352 | \$ 9,911,702 | \$8,18600,970 | \$ 37,434,024 | (\$ 569,837) | \$198,881 | (\$ 15,508) | (\$1,905,059) | \$ 126,648,435 |
| 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 reserves to unappropriated earnings | - | - | - | - | (2,200,000) | 2,200,000 | - | - | - | - | - | - |
| Transfer of capital surplus from gain on disposal of properties to unappropriated retained earnings | - | - | (20,514) | 2,051 | - | 18,463 | 20,514 | - | - | - | - | - |
| Appropriation of 2001 earnings Legal reserve | - | - | - | 745,975 | - | (745,975) | - | - | - | - | - | - |

held by subsidiaries

Cash dividends declared by the

Corporation and received by

subsidiaries

| | | | | | | | | | | | | |
|---|---|---------------|---|---|---|---|---|---|---|---|---|---------------|
| = | = | <u>76,610</u> | = | = | = | = | = | = | = | = | = | <u>76,610</u> |
|---|---|---------------|---|---|---|---|---|---|---|---|---|---------------|

BALANCES, DECEMBER 31,

| | | | | | | | | | | | |
|------------|---------|---------|------------|-----------|------------|------------|------------|---------|------------|-------------|-------------|
| 92,679,939 | 477,670 | 481,597 | 20,083,378 | 8,002,165 | 16,874,520 | 44,960,063 | (555,491) | 222,391 | (15,696) | (3,245,077) | 135,005,396 |
|------------|---------|---------|------------|-----------|------------|------------|------------|---------|------------|-------------|-------------|

2002

Conversion of preferred stock to

| | | | | | | | | | | | |
|----|-------|---|---|---|---|---|---|---|---|---|---|
| 50 | (50) | - | - | - | - | - | - | - | - | - | - |
|----|-------|---|---|---|---|---|---|---|---|---|---|

common stock

Appropriation of 2002 earnings

Legal reserve

| | | | | | | | | | | | |
|---|---|---|-----------|---|--------------|---|---|---|---|---|---|
| - | - | - | 1,683,908 | - | (1,683,908) | - | - | - | - | - | - |
|---|---|---|-----------|---|--------------|---|---|---|---|---|---|

Capitalization of bonus to

| | | | | | | | | | | | |
|---------|---|---|---|---|------------|------------|---|---|---|---|---|
| 445,890 | - | - | - | - | (445,890) | (445,890) | - | - | - | - | - |
|---------|---|---|---|---|------------|------------|---|---|---|---|---|

employees

Compensation to directors and

| | | | | | | | | | | | |
|---|---|---|---|---|-----------|-----------|---|---|---|---|-----------|
| - | - | - | - | - | (44,589) | (44,589) | - | - | - | - | (44,589) |
|---|---|---|---|---|-----------|-----------|---|---|---|---|-----------|

supervisors

Cash dividends to preferred

| | | | | | | | | | | | |
|---|---|---|---|---|-----------|----------|---|---|---|---|-----------|
| - | - | - | - | - | (66,867) | (66,867) | - | - | - | - | (66,867) |
|---|---|---|---|---|-----------|----------|---|---|---|---|-----------|

stockholders—14%

Cash dividends to common

| | | | | | | | | | | | |
|---|---|---|---|---|---------------|---------------|---|---|---|---|---------------|
| - | - | - | - | - | (12,975,148) | (12,975,148) | - | - | - | - | (12,975,148) |
|---|---|---|---|---|---------------|---------------|---|---|---|---|---------------|

stockholders—14%

Cash dividends to common

| | | | | | | | | | | | |
|-------|---|---|---|---|----------|----------|---|---|---|---|---|
| 7,164 | - | - | - | - | (7,164) | (7,164) | - | - | - | - | - |
|-------|---|---|---|---|----------|----------|---|---|---|---|---|

stockholders—1.5%

Stock dividends to common

| | | | | | | | | | | | |
|-----------|---|---|---|---|-------------|--------------|---|---|---|---|---|
| 1,390,194 | - | - | - | - | (1,390,194) | (1,390,194) | - | - | - | - | - |
|-----------|---|---|---|---|-------------|--------------|---|---|---|---|---|

stockholders—1.5%

Net income in 2003

| | | | | | | | | | | | |
|---|---|---|---|---|------------|------------|---|---|---|---|------------|
| - | - | - | - | - | 36,979,214 | 36,979,214 | - | - | - | - | 36,979,214 |
|---|---|---|---|---|------------|------------|---|---|---|---|------------|

STATEMENTS OF INCOME

CHINA STEEL CORPORATION

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

| | Year Ended December 31 | | | |
|---|------------------------|------------|----------------------|------------|
| | 2003 | | 2002 | |
| | Amount | % | Amount | % |
| | <u>129,702,797</u> | <u>100</u> | <u>99,939,846</u> | <u>100</u> |
| COST OF REVENUES | <u>83,704,247</u> | <u>64</u> | <u>75,111,810</u> | <u>75</u> |
| GROSS PROFIT | <u>45,998,550</u> | <u>36</u> | <u>24,828,036</u> | <u>25</u> |
| UNREALIZED GAIN ON INTERCOMPANY TRANSACTION | <u>2,826</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>45,995,724</u> | <u>36</u> | <u>24,828,036</u> | <u>25</u> |
| Selling | <u>1,997,234</u> | <u>1</u> | <u>1,815,948</u> | <u>2</u> |
| General and administrative | <u>2,315,678</u> | <u>2</u> | <u>1,818,975</u> | <u>2</u> |
| Research and development | <u>974,609</u> | <u>1</u> | <u>819,497</u> | <u>-</u> |
| Total operating expense | <u>5,287,521</u> | <u>4</u> | <u>4,454,420</u> | <u>4</u> |
| OPERATING INCOME | <u>40,708,203</u> | <u>32</u> | <u>20,373,616</u> | <u>21</u> |
| NON-OPERATING INCOME | | | | |
| I | <u>116,855</u> | <u>-</u> | <u>238,543</u> | <u>-</u> |
| Investment income under the equity method | <u>5,929,528</u> | <u>5</u> | <u>2,566,906</u> | <u>2</u> |
| Other investment income | <u>342,694</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>500,181</u> | <u>-</u> | <u>683,378</u> | <u>1</u> |
| Total nonoperating income | <u>6,889,258</u> | <u>5</u> | <u>3,488,827</u> | <u>3</u> |
| NONOPERATING EXPENSES | | | | |
| Interest | <u>\$ 1,385,597</u> | <u>1</u> | <u>\$ 2,212,246</u> | <u>2</u> |
| Other investment loss | <u>-</u> | <u>-</u> | <u>329,534</u> | <u>-</u> |
| Other | <u>1,104,975</u> | <u>1</u> | <u>624,849</u> | <u>1</u> |
| Total nonoperating expenses | <u>2,490,572</u> | <u>2</u> | <u>3,166,629</u> | <u>3</u> |
| INCOME BEFORE INCOME TAX | <u>45,106,889</u> | <u>35</u> | <u>20,695,814</u> | <u>21</u> |
| INCOME TAX | <u>8,127,675</u> | <u>6</u> | <u>3,856,734</u> | <u>4</u> |
| NET INCOME | <u>\$ 36,979,214</u> | <u>29</u> | <u>\$ 16,839,080</u> | <u>17</u> |

| EARNINGS PER SHARE | 2003 | | 2002 | |
|--------------------|----------------|----------------|----------------|----------------|
| | Before Tax | After Tax | Before Tax | After Tax |
| Basic | <u>\$ 4.81</u> | <u>\$ 3.94</u> | <u>\$ 2.24</u> | <u>\$ 1.82</u> |
| Diluted | <u>\$ 4.79</u> | <u>\$ 3.93</u> | <u>\$ 2.24</u> | <u>\$ 1.82</u> |

PRO FORMA INFORMATION — if the corporation's shares held by subsidiaries had been accounted for as investments rather than treasury stock :

| | | |
|------------|----------------------|---------------------|
| Net Income | <u>\$ 37,254,724</u> | <u>\$16,983,408</u> |
|------------|----------------------|---------------------|

Basic earnings per share
based on
weighted-average number
of outstanding common
shares of 9,446,039
thousand and 9,302,319
thousand as of December
31, 2003 and 2002,
respectively

| | | | |
|----------------|----------------|----------------|----------------|
| <u>\$ 4.80</u> | <u>\$ 3.94</u> | <u>\$ 2.23</u> | <u>\$ 1.82</u> |
|----------------|----------------|----------------|----------------|

Diluted earnings per share
based on
weighted-average number
of outstanding common
stock shares of 9,493,801
thousand and 9,350,086
thousand as of December
31, 2003 and 2002,
respectively

| | | | |
|----------------|----------------|----------------|----------------|
| <u>\$ 4.78</u> | <u>\$ 3.92</u> | <u>\$ 2.23</u> | <u>\$ 1.82</u> |
|----------------|----------------|----------------|----------------|

STATEMENTS OF CASH FLOWS

CHINA STEEL CORPORATION

(In Thousands of New Taiwan

Dollars)

Year Ended December 31

| | 2003 | 2002 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$36,979,214 | \$ 16,839,080 |
| Depreciation | 11,021,179 | 11,335,753 |
| Amortization | 335,682 | 416,339 |
| Deferred income tax | (319,998) | 354,706 |
| Provision for (reversal of allowance for) bad debts | (4,346) | 1,260 |
| Provision for loss on inventories | - | 33,836 |
| Investment income under the equity method | (5,929,528) | (2,566,906) |
| Long-term investment loss under the cost method | - | 597,214 |
| Loss on disposal of properties | 28,146 | 64,678 |
| Cash dividends from long-term investments under the equity method | 1,633,785 | 1,343,998 |
| Gain on disposal of investments | (323,485) | (239,669) |
| Unrealized gain on intercompany transactions | 2,826 | - |
| Amortization of discount and exchange loss on forward exchange | 65,260 | 5,073 |
| Changes in operating assets and liabilities | | |
| Notes receivable | (109,484) | (233,648) |
| Accounts receivable | 595,681 | 172,607 |
| Other receivable | (36,602) | 96,830 |
| Inventories | (3,764,286) | 2,869,309 |
| Other current assets | (254,582) | (279,376) |
| Accounts payable | 758,545 | 650,182 |
| Income tax payable | 2,809,211 | 3,730,522 |
| Accrued expense | 1,094,637 | 569,875 |
| Other current liabilities | (96,486) | 31,249 |
| Net cash provided by operating activities | <u>44,420,109</u> | <u>35,792,912</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in short-term investments | (18,758,191) | (7,305,143) |
| Increase in long-term investments | (4,404,186) | (1,148,397) |
| Proceeds from disposal of long-term investments | 9,641 | - |
| Acquisition of properties | (5,774,382) | (7,172,280) |
| Decrease in pledged time deposits | 1,999,702 | 1,300,000 |

| | | |
|--|----------------------|----------------------|
| Decrease in other assets | <u>38,382</u> | <u>35,057</u> |
| Net cash used in investing activities | <u>(26,889,034)</u> | <u>(14,290,763)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash dividends | (\$13,040,702) | (\$7,166,275) |
| Decrease in bonds payable | (9,200,000) | (5,850,000) |
| Increase (decrease) in short-term bank loans and overdraft | 3,799,782 | (5,138,225) |
| Increase (decrease) in commercial paper payable | 700,867 | (1,844,905) |
| Increase in long-term debts | 1,398,760 | - |
| Repayment of long-term debts | (2,223,765) | (2,773,437) |
| Effect of changes in exchange rate on long-term debts | | 62,920 |
| Transfer of treasury stock to employees | 1,807,066 | - |
| Compensation to directors and supervisors | (44,589) | (27,646) |
| Net increase in cash resulting from purchase of forward exchange contract | <u>-</u> | <u>2,210</u> |
| Net cash used in financing activities | <u>(16,802,581)</u> | <u>(22,735,358)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 793,754 | (1,233,209) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>3,068,966</u> | <u>4,302,175</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 3,862,720</u> | <u>\$ 3,068,966</u> |
| SUPPLEMENTAL INFORMATION | | |
| Interest paid | \$ 1,917,066 | \$ 2,612,428 |
| Interest expense capitalized | <u>158,503</u> | <u>133,949</u> |
| Interest paid, excluding capitalized amounts | <u>\$ 1,758,563</u> | <u>\$ 2,478,479</u> |
| Income tax paid | | |
| Payment of prior years' income taxes | \$ 3,655,060 | \$ - |
| Prepayment and withholding taxes | 1,982,458 | 23,450 |
| Separate income tax on interest income | <u>944</u> | <u>3,728</u> |
| | <u>\$ 5,638,462</u> | <u>\$ 27,178</u> |
| PURCHASE OF FIXED ASSES | | |
| Purchase of properties | \$ 6,166,246 | \$ 6,534,741 |
| Decrease (increase) in payable on properties purchased | (391,864) | 637,539 |
| | <u>\$ 5,774,382</u> | <u>\$ 7,172,280</u> |
| NONCASH FINANCING ACTIVITIES | | |
| Current portion of long-term liabilities | <u>\$10,050,000</u> | <u>\$ 12,185,045</u> |
| Corporation's shares acquired and held by subsidiaries accounted for as treasury stock | <u>\$ 1,176,189</u> | <u>\$ 1,340,018</u> |

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA AND OPERATING RESULTS

(in thousands of New Taiwan Dollars unless otherwise noted)

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|-------------|-------------|-------------|-------------|-------------|
| Revenues | 129,702,797 | 99,939,846 | 85,101,266 | 100,634,849 | 89,881,678 |
| Operating costs | 88,991,768 | 79,566,230 | 77,707,736 | 79,413,506 | 75,087,371 |
| Gross profit | 45,998,550 | 24,828,036 | 11,877,433 | 25,910,544 | 19,065,120 |
| Unrealized gain on intercompany transaction | 2,826 | - | - | - | - |
| Income from operations | 40,708,203 | 20,373,616 | 7,393,530 | 21,221,343 | 14,794,307 |
| Non-operating income (loss) | 4,398,686 | 322,198 | 1,013,269 | 384,204 | 717,571 |
| Income before income tax | 45,106,889 | 20,695,814 | 8,406,799 | 21,605,547 | 15,511,878 |
| Net income | 36,979,214 | 16,839,080 | 7,459,750 | 18,581,535 | 15,121,282 |
| Current assets | 69,040,716 | 47,581,405 | 46,279,467 | 51,560,891 | 44,600,119 |
| Long-term investments | 44,558,206 | 35,532,286 | 35,026,411 | 34,504,547 | 28,213,609 |
| Net properties | 102,717,268 | 107,471,096 | 112,247,965 | 118,415,993 | 127,971,633 |
| Other assets | 4,354,529 | 4,857,546 | 5,383,157 | 4,500,797 | 3,679,765 |
| Total assets | 220,670,719 | 195,442,333 | 198,937,000 | 208,982,228 | 204,465,126 |
| Current liabilities | 34,350,984 | 27,026,296 | 25,601,247 | 29,836,870 | 27,502,545 |
| Long-term liabilities | 17,225,300 | 25,050,000 | 37,655,293 | 38,666,176 | 43,045,793 |
| Reserve for land value increment tax | 3,370,813 | 3,370,813 | 3,370,813 | - | - |
| Other liabilities | 4,686,838 | 4,989,828 | 5,661,212 | 5,824,702 | 6,473,636 |
| Total liabilities | 59,633,935 | 60,436,937 | 72,288,565 | 74,327,748 | 77,021,974 |
| Capital stock | 95,000,857 | 93,157,609 | 91,089,364 | 87,961,396 | 86,109,029 |
| Capital surplus | 693,047 | 481,597 | 416,570 | 409,005 | 363,995 |
| Retained earnings | 66,934,700 | 44,960,063 | 37,434,024 | 46,,380,081 | 40,955,888 |

| | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Unrealized loss on long-term investments | (485,104) | (555,491) | (569,837) | (149,728) | (1,101) |
| Cumulative translation adjustments | 91,700 | 222,391 | 198,881 | 53,726 | 15,341 |
| Investees' unrecognized net loss on pension cost | (21,711) | (15,696) | (15,508) | - | - |
| Treasury stock ⁸ | (1,176,705) | (3,245,077) | (1,905,059) | - | - |
| Total stockholders' equity | 161,036,784 | 135,005,396 | 126,648,435 | 134,654,480 | 127,443,152 |
| Total liabilities and stockholders' equity | 220,670,719 | 195,442,333 | 198,937,000 | 208,982,228 | 204,465,126 |
| Stockholders' equity per common share (NT\$) | 16.95 | 14.49 | 13.90 | 15.31 | 14.80 |
| Earnings per common share (NT\$) | 3.94 | 1.86 | 0.82 | 2.12 | 1.76 |
| Earnings per common share (NT\$) ⁹ | | 1.82 | 0.80 | 2.04 | 1.73 |

⁸Effective 2002, the Corporation's shares acquired and held by subsidiaries are accounted for as treasury stocks.

After making retroactive adjustments to take into account stock dividends.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL RATIOS AND PERCENTAGES

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|--|--------|--------|---------|--------|--------|
| Current ratio (%) | 200.99 | 176.06 | 180.77 | 178.81 | 162.17 |
| Ratio of fixed assets to long-term liabilities and stockholders' equity(%) | 57.62 | 67.15 | 68.32 | 69.68 | 75.06 |
| Total liabilities to stockholders' equity | 0.37 | 0.45 | 0.57 | 0.55 | 0.60 |
| Net income rate (%) | 28.51 | 16.85 | 8.77 | 18.46 | 16.82 |
| Profitability in terms of total assets (%) | 18.27 | 9.38 | 4.66 | 10.16 | 8.54 |
| Profitability in terms of stockholders' equity (%) | 24.98 | 12.87 | 5.71 | 14.18 | 11.62 |
| Revenue growth rate, year to year (%) | 29.78 | 17.44 | (15.44) | 11.96 | (8.71) |
| Stockholders' equity growth rate, year to year (%) | 19.28 | 6.60 | (5.95) | 5.66 | (4.11) |

ANALYSIS OF FINANCIAL STATUS AND MANAGING RESULTS

| Ratio | December 31, 2003 | December 31, 2002 | increase (decrease) |
|---|----------------------|----------------------|------------------------|
| Cash flow ratio (%) | 129 | 132 | (2) |
| Appropriate cash flow ratio (%) ¹⁰ | 148 | 141 | 5 |
| Cash reinvestment ratio (%) | 8 | 8 | - |

¹⁰ Based on data over the past five years

Operation Analysis:

1. The increase of NT\$21,170,514 thousand (about 85%) in gross profit is mainly attributed to the continuous prosperity of the steel market in Asia and an increase in average sales price by 30% compared to that in 2002.
2. The increase of NT\$3,400,431 thousand (about 97%) in total non-operating income is mainly attributed to the investment income under the equity method owing to better operating results of investees.
3. The decrease of NT\$676,057 thousand (about 21 %) in total non-operating expenses is mainly attributed to recognition of permanent investment loss in 2003 based on the year-end market price of the investee.

TERMS AND CONDITIONS OF CORPORATE BONDS

| Issue | Unsecured Corporate Bond | Unsecured Corporate Bond | Unsecured Corporate Bond | Unsecured Corporate Bond | Unsecured Corporate Bond |
|--------------------|---|---|---|--|---|
| Issue Date | From May 13,1999 to June 1, 1999 | From July 15,1999 to July 20, 1999 | From November 20, 2000 to December 11, 2000 | From June 7, 2001 to June 28, 2001 | From November 2,2001 to November 16, 2001 |
| Face Amount | NT\$1,000,000 | NT\$1,000,000 | NT\$1,000,000 | NT\$1,000,000 | NT\$1,000,000 |
| Issue Price | Market price | Market price | Market price | NT\$1,000,000 | NT\$1,000,000 |
| Amount | NT\$7,750,000,000 | NT\$2,250,000,000 | NT\$5,000,000,000 | NT\$5,000,000,000 | NT\$5,000,000,000 |
| Coupon | 5.69% | 5.99% | 5.18% | 4.27% | Bond A :3.1% BondB:3.0763% |
| Maturity | Five years (due from May 13, 2004 to June 1, 2004) | Five years (due from July 15, 2004 to July 20, 2004) | Five years (due from November 20, 2005 to December 11, 2005) | Five years (due from June 7, 2006 to June 28, 2006) | Five years (due from November 2,2006 to November 16, 2006) |

| | | | | | |
|------------------------------------|---|---|---|---|---|
| Trustee | Chiao Tung Bank, Head Office -Trust Department | Chiao Tung Bank, Head Office - Trust Department | China Trust Commercial Corporation Head Office - Trust Department | The International Commercial Bank of China, Head Office -Trust Department | The International Commercial Bank of China, Head Office -Trust Department |
| Lead Manager | MasterLink Securities Corporation | Grand Cathay Securities Corporation | China Trust Securities Corporation | -- | -- |
| Legal Advisor to the Issuer | 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 |
| 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) |

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

MARKET PRICE OF STOCK OVER PAST THREE YEARS

(in NT\$ / share)

| Stock | Price | 2003 | 2002 | 2001 |
|-----------|---------|------|------|------|
| Common | Highest | 28.7 | 21.2 | 21.8 |
| | Lowest | 18.9 | 13.6 | 11.0 |
| Preferred | Highest | 30.8 | 25.9 | 21.9 |
| | Lowest | 24.5 | 20.0 | 17.3 |

Source of Information: Taiwan Stock Exchange Corporation

PRODUCTS AND USES

| Products | Major Uses |
|-----------------------------------|---|
| • 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 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 | 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 |

THREE-YEAR SUMMARY OF PRODUCTION AND SALES VOLUMES

(In tons)

| Product | Volume | 2003 | 2002 | 2001 |
|--|------------|------------|------------|-----------|
| Steel plates | Production | 986,081 | 1,093,787 | 1,100,636 |
| | Sales | 1,059,731 | 1,097,020 | 1,132,415 |
| Steel bars ¹¹ | Production | 555,424 | 500,684 | 451,971 |
| | Sales | 577,391 | 527,718 | 459,276 |
| Wire rods | Production | 285,253 | 1,173,495 | 1,125,488 |
| | Sales | 1,266,610 | 1,206,998 | 1,109,768 |
| Hot rolled steel products ¹² | Production | 4,468,965 | 4,340,944 | 4,131,511 |
| | Sales | 4,548,040 | 4,411,808 | 4,342,207 |
| Cold rolled steel products ¹³ | Production | 2,629,781 | 2,418,823 | 2,061,429 |
| | Sales | 2,707,294 | 2,523,235 | 2,171,854 |
| Commercial slabs, blooms and billets | Production | 236,828 | 729,421 | 451,241 |
| | Sales | 204,951 | 743,706 | 473,334 |
| Pig iron | Production | 25,921 | 30,651 | 15,472 |
| | Sales | 21,970 | 26,246 | 11,803 |
| Total | Production | 10,188,253 | 10,287,805 | 9,337,747 |
| | Sales | 10,385,987 | 10,536,731 | 9,700,657 |

¹¹ Including bars contracted out for hire-rolling

¹² Including stainless steel hot rolled products

¹³ Including electrogalvanized, hot-dip galvanized products and electric sheets

OWNERSHIP OF SUBSIDIARIES AND OTHER EQUITY INTERESTS

December 31, 2003

| Companies | Investment Amounts ¹⁴ (NT\$1,000) | Holding Ratio (%) | Evaluation Method |
|--|--|----------------------|----------------------|
| China Steel Express Corporation | 7,152,017 | 100 | Equity |
| C.S. Aluminum Corporation | 6,467,143 | 98 | Equity |
| Gains Investment Corporation | 5,043,191 | 100 | Equity |
| China Prosperity Development Corporation | 4,769,218 | 100 | Equity |
| Kaohsiung Rapid Transit Corporation | 3,118,166 | 31 | Equity |
| China Steel Asia Pacific Holdings Pte Ltd ¹⁵⁾ | 2,504,169 | 100 | Equity |
| Yieh Loong Enterprise Co., Ltd. ¹⁶ | 1,197,325 | 24 | Equity |
| Taisil Electronic Materials Corporation | 1,186,040 | 35 | Equity |
| China Steel Global Trading Corporation | 1,010,957 | 100 | Equity |
| Kuei Yi Industrial Co., Ltd. | 949,365 | 35 | Equity |
| China Steel Chemical Corporation | 938,761 | 30 | Equity |
| China Steel Machinery Corporation | 685,777 | 100 | Equity |
| Info-Champ Systems Corporation | 518,339 | 100 | Equity |
| China Hi-ment Corporation | 510,909 | 20 | Equity |
| China Steel Structure Co., Ltd. | 454,215 | 18 | Equity |
| China Ecotek Corporation | 368,237 | 36 | Equity |
| Goang Yaw Investment Corporation | 267,808 | 99 | Equity |
| Hong Yih Investment Corporation | 275,059 | 99 | Equity |
| Long Yuan Fa Investment Corporation | 274,399 | 99 | Equity |
| China Steel Security Corporation | 224,328 | 100 | Equity |
| Taiwan Rolling Stock Co., Ltd. | 162,972 | 27 | Equity |
| Phalanx Biotech Group | 98,665 | 21 | Equity |
| Taian Technologies Corporation | 7,629 | 17 | Equity |

| | | | |
|---|-------------------|-----|--------|
| China Steel Management Consulting Corporation | 4,058 | 38 | Equity |
| HIMAG Magnetic Corporation ¹⁷ | 0 | 50 | Equity |
| Reduce: as treasury stocks hold by CSC's subsidiaries | (1,176,189) | | |
| Subtotal | 37,012,558 | | |
| Preferred stocks - East Asia United Steel Corp | 1,377,822 | 33 | Cost |
| Eastern Broadband Telecommunications Co., Ltd. | 1,200,000 | 2 | Cost |
| Industrial Bank of Taiwan | 1,000,000 | 4 | Cost |
| Preferred stocks - Taiwan High Speed Rail Corporation | 1,000,000 | 4 | Cost |
| Preferred stocks in type A - Kuei Yi Industrial Co., Ltd. | 999,877 | 100 | Cost |
| Maruichi Steel Tube Ltd | 757,919 | 2 | Cost |
| CDIB & Partners Investment Holding Corporation | 500,000 | 5 | Cost |
| Allied Material Technology Corporation | 249,349 | 3 | Cost |
| CDIB Bio Science Ventures I, Inc | 120,000 | 5 | Cost |
| GenMont Biotech Inc. | 55,269 | 15 | Cost |
| Overseas Investment & Development Corporation | 50,000 | 6 | Cost |
| CTB I Venture Capital Co.,Ltd | 50,000 | 5 | Cost |
| Tang Eng Iron Works Co., Ltd. ¹⁷ | 0 | 9 | Cost |
| Subtotal | 7,360,237 | | |
| Sino-Canada Biotechnology Development Fund | 185,411 | | Cost |
| Total | 44,558,206 | | |

Invested amounts are based on balances in the account Long-term

¹⁴

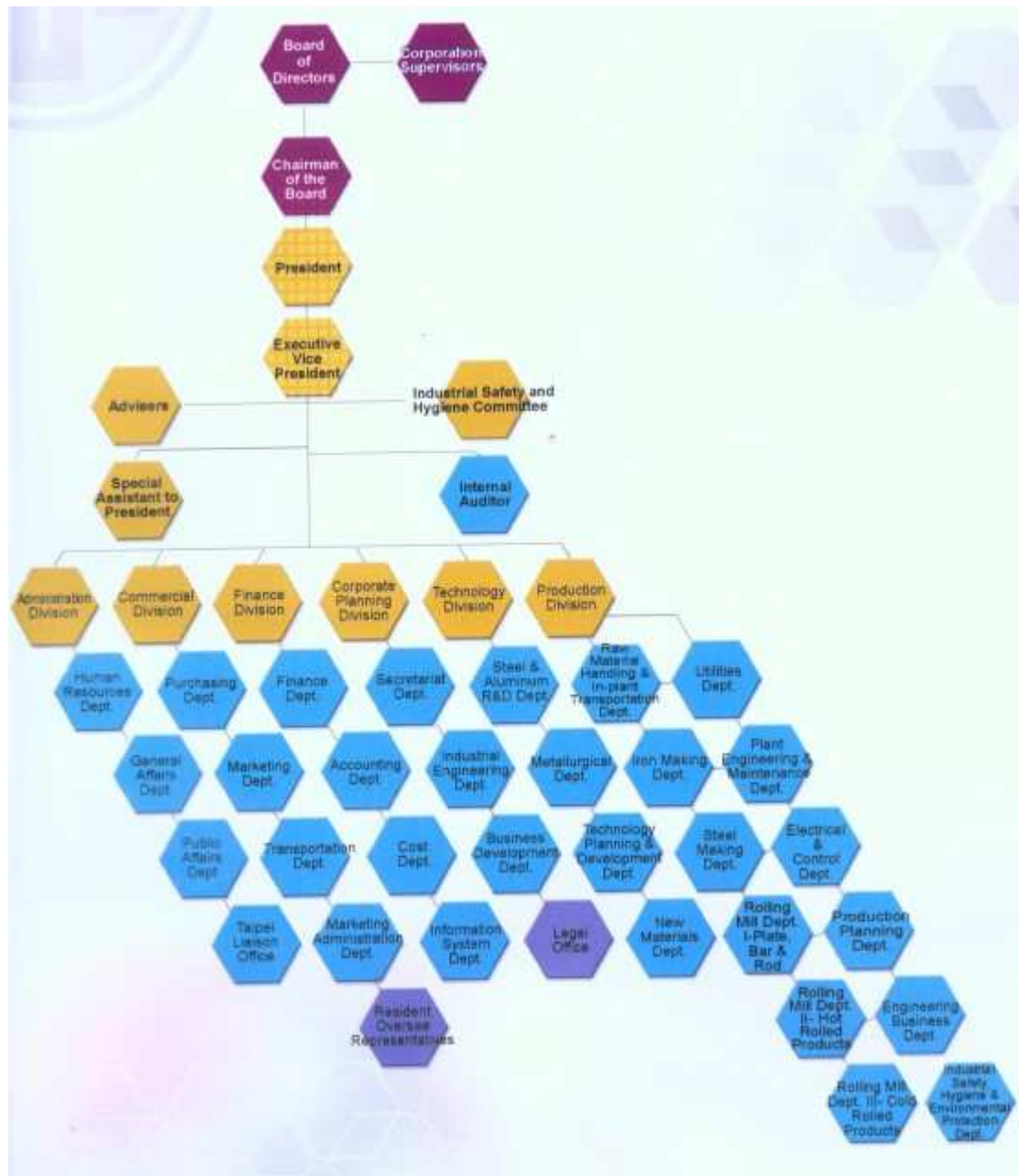
Investments.

¹⁵ Through China Steel Asia Pacific Holding Pte Ltd. the Corporation indirectly holds 72.27%, 60% and 10% of Ornasteel Enterprise Corporation (M) Sdn. Bhd. and Group Steel Corporation (M) Sdn. Bhd. and Wuxi Teco Electric & Machinery Co., Ltd. respectively.

¹⁶ Together with the holdings of Goang Yao, Horng Yih, and Long Yuan Fa the Corporation's direct and indirect holdings in Yieh Loong Enterprise Co. total 39.34%.

¹⁷ The balance of investment in HIMAG Magnetic Corporation and Tang Eng Iron Works Co., Ltd. was totally recognized as investment loss in 2002 owing to their long-term losses.

CHINA STEEL CORPORATION ORGANIZATION CHART



DIRECTORS AND SUPERVISORS



(as of December 31, 2003)

| | | | |
|----|-----------------------|-------------------------|--|
| 1 | Chairman of the Board | Wen-Yuan Lin | Representing Ministry of Economic Affairs, R. O. C. |
| 2 | Director | Feng-Sheng Wu | Representing Ministry of Economic Affairs, R. O. C. |
| 3 | Director | Jung-Yung Chen | Representing Ministry of Economic Affairs, R. O. C. |
| 4 | Director | Iuan-Yuan Lu | Representing Ministry of Economic Affairs, R. O. C. |
| 5 | Director | Yuan-Cheng Chen | Representing Ministry of Economic Affairs, R. O. C. |
| 6 | Director | Cheng-I Weng | Representing Ministry of Economic Affairs, R. O. C. |
| 7 | Director | Chu Chen | Representing Bureau of Labour Insurance |
| 8 | Director | Pai-Chien Huang | Representing China Steel Labor Union |
| 9 | Director | Yuan-Chi Chao | Representing China Development Industrial Bank |
| 10 | Director | Ho-Chong Chen | Representing Ching Hwa Investment & Development Co., Ltd |
| 11 | Supervisor | Shui-Yuan Wu | Representing Ministry of Economic Affairs, R. O. C. |
| 12 | Supervisor | Chen-Cheng Huang | Representing Ministry of Economic Affairs, R. O. C. |
| 13 | Supervisor | Li-Tang Chang | Representing Ever Wealthy Investment Corporation |

SENIOR MANAGEMENT

(as of December 31, 2003)

| | |
|---|-------------------------|
| President | Jung-Yung Chen |
| Executive Vice President (Concurrently Spokesman) | Yuan-Cheng Chen |
| Vice President, Administration Division | Chin-Sheng Huang |
| Vice President, Commercial Division | Tzer-Haw Chen |
| Vice President, Finance Division | Lo-Min Chung |
| Vice President, Corporate Planning Division | Chao-Ching Chen |
| Vice President, Technology Division | Guo-Hwa Cheng |
| Vice President, Production Division | Chaur-Hwa 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 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

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

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 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

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

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.

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

Tel: 886 7 535-0101

Fax: 886 7 535-0110

Group Steel Corporation (M) Sdn. Bhd.¹⁸

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

Acting 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

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 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

Kuei Yi Industrial Corporation

Fax: 886 7 803-3515

Ornasteel Enterprise Corporation (M) Sdn. Bhd.¹⁸

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

**OTHER CHINASTEEL-INVESTED
COMPANIES**

Yieh Loong Enterprise Co., Ltd.

Chairman: T. H. Chen

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 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

Kaohsiung Rapid Transit 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

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

Taian Technologies Corporation

Chairman : W. Y. Lin
President : Frances F.S. Yang Ph.D.
Main business: Bio Science Investment
Address: 2F, 226 Ming Chuan 2nd Road, Chien
Chen District, Kaohsiung 806, Taiwan, R. O. C.
Tel: 886-7-3355668
Fax: 886-7-3355396

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

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

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

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

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

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.

Fax: 886 2 2345-1102

Tel: 886 3 469-7107

Fax: 886 3 469-7005

Manuichi 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

Eastern Broadband Telecommunications Co., Ltd.

Chairman: S. S. Y. Wang

Vice Chairman concurrently 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

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

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

Phalanx Biotech Group

Chairman : Andrew Wang

President: Chung-Fan Chiou, Ph. D.

Main business: Bio Chip Manufacturer

Address: 6 Technology Road 5, 6th Floor

Science-Based Industrial Park,

Hsinchu 30077, Taiwan , R.O.C.

Tel: 886-3-5781168

Fax: 886-3-5785099

Wuxi Teco Electric & Machinery Co., Ltd.¹⁸

Chairman : J. George Lien

President : Frank Tseng

Main business: Induction Motor Manufacturing

Address: NO.72, Wuxi National Hi-Tech Industrial Development Zone New District, Jiang Su, China

Tel: 86-510-5342005

Fax: 86-510-5342053

East Asia United Steel Corp.

Chairman : Gashun Amaya

President: Gashun Amaya(Concurrently)

Main business: Holding Company of Sumikin Iron & Steel Corp.

Address: Triton Square Office Tower Y 8-11,

Harumi, 1-Chome, Chuo-Ku Tokyo 104-6411,

Japan

Tel: 81-3-4416-6788

Fax: 81-3-4416-6149

CTB I Venture Capital Co.,Ltd

Chairman : F.Y.Huang

President : C.L.Huang

Main business: Hi-Tech Investments

Address: 5th Floor,No.91,Heng Yang Road, Taipei Taiwan,R.O.C

Tel: 886-2-87892000

Fax: 886-2-87893000

Taiwan High Speed Rail Corporation

Chairman : Nita Ing

President : K.C.Liu

Main business: High Speed Rail engineering and
services

Address: 3rd Floor, No. 100, Hsin Yi Road, Taipei

Taiwan, R.O.C.

Tel: 886-2-87892000

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