China Steel Corporation

Standalone Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Corporation

We have audited the accompanying standalone balance sheets of China Steel Corporation (the "Corporation") as of December 31, 2014 and 2013, and the related standalone statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the standalone financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall standalone financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the standalone financial statements referred to in the first paragraph present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2014 and 2013, and its standalone financial performance and its standalone cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China.

Deloitte & Touche

March 27, 2015

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail. As stated in Note 4 to standalone financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

CHINA STEEL CORPORATION

STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2014		December 31, 2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 27)	$ 2,603,621	1	$ 1,331,421	-
Available-for-sale financial assets - current (Notes 4, 7 and 27)	3,920,578	1	2,589,723	1
Derivative financial assets for hedging - current (Notes 4, 8 and 27)	46,345	-	13,550	-
Notes receivable (Notes 4, 9 and 27)	586,347	-	408,444	-
Notes receivable - related parties (Notes 4, 9, 27 and 28)	159,409	-	600,863	-
Accounts receivable, net (Notes 4, 9 and 27)	1,823,421	-	2,115,874	1
Accounts receivable - related parties (Notes 4, 9, 27 and 28)	962,523	-	1,318,659	-
Other receivables (Notes 4, 11 and 27)	2,028,881	1	1,082,512	-
Other receivables - loans to related parties (Notes 4, 27 and 28)	5,230,000	1	2,320,000	1
Current tax assets (Note 24)	-	-	8,663	-
Inventories (Notes 4, 5 and 10)	41,179,810	9	46,516,733	10
Other financial assets - current (Notes 4, 13, 27 and 29)	6,362,957	1	6,621,540	1
Other current assets	1,073,255	-	2,994,363	1
Total current assets	65,977,147	14	67,922,345	15
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4, 5, 7, 16 and 27)	18,094,873	4	19,013,560	4
Derivative financial assets for hedging - noncurrent (Notes 4, 8 and 27)	61,858	-	4,357	-
Bond investments with no active market - noncurrent (Notes 4, 11, 16 and 27)	2,646,000	1	2,839,000	1
Investments accounted for using equity method (Notes 4, 8, 12, 16 and 27)	181,539,524	39	165,350,184	36
Property, plant and equipment (Notes 4, 8, 13, 14, 28 and 29)	185,285,861	40	192,022,654	42
Investment properties (Notes 4 and 15)	6,502,328	1	5,577,685	1
Intangible assets (Note 4)	76,971	-	99,721	-
Deferred tax assets (Notes 4, 5 and 24)	3,984,551	1	4,213,562	1
Refundable deposits (Notes 4 and 27)	33,699	-	52,526	-
Prepaid investments	-	-	142,500	-
Other financial assets - noncurrent (Notes 4, 13 and 27)	65,580	-	42,424	-
Total noncurrent assets	398,291,245	86	389,358,173	85
TOTAL	$464,268,392	100	$457,280,518	100

	December 31, 2014		December 31, 2013	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings and bank overdraft (Notes 16, 27, 28 and 29)	$ 7,293,715	1	$ 7,433,861	2
Short-term bills payable (Notes 16 and 27)	1,899,630	-	8,968,844	2
Derivative financial liabilities for hedging - current (Notes 4, 8 and 27)	11,497	-	7,952	-
Accounts payable (Note 27)	3,469,515	1	4,856,273	1
Accounts payable - related parties (Notes 27 and 28)	890,942	-	1,591,679	-
Other payables (Notes 4, 5, 18, 20, 27 and 28)	15,076,462	3	15,722,312	3
Current tax liabilities (Note 24)	2,886,183	1	2,047,487	-
Provisions - current (Notes 4, 5 and 19)	1,459,275	-	1,466,265	-
Current portion of bonds payable (Notes 17 and 27)	8,148,376	2	3,499,318	1
Current portion of long-term bank borrowings (Notes 16, 27 and 29)	7,827,211	2	6,642,101	2
Other current liabilities	3,035,637	1	2,125,450	1
Total current liabilities	51,998,443	11	54,361,542	12
NONCURRENT LIABILITIES				
Derivative financial liabilities for hedging - noncurrent (Notes 4, 8 and 27)	748	-	2,984	-
Bonds payable (Notes 17 and 27)	77,485,410	17	62,744,803	14
Long-term bank borrowings (Notes 16, 27 and 29)	15,113,123	3	24,541,232	5
Long-term bills payable (Notes 16 and 27)	-	-	8,996,565	2
Deferred tax liabilities (Notes 4 and 24)	11,185,715	2	11,385,765	3
Accrued pension liabilities (Notes 4, 5 and 20)	3,791,555	1	5,560,573	1
Total noncurrent liabilities	107,576,551	23	113,231,922	25
Total liabilities	159,574,994	34	167,593,464	37
EQUITY (Notes 4, 8, 12, 13, 21 and 24)				
Share capital				
Ordinary shares	157,348,610	34	154,255,840	34
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	34	154,638,520	34
Capital surplus	37,217,876	8	36,960,818	8
Retained earnings				
Legal reserve	56,957,880	13	55,359,726	12
Special reserve	27,086,283	6	26,920,871	6
Unappropriated earnings	24,125,515	5	16,348,240	3
Total retained earnings	108,169,678	24	98,628,837	21
Other equity	10,162,015	2	7,955,853	2
Treasury shares	(8,587,461)	(2)	(8,496,974)	(2)
Total equity	304,693,398	66	289,687,054	63
TOTAL	$464,268,392	100	$457,280,518	100

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

CHINA STEEL CORPORATION

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

	For the Year Ended December 31			
	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 8, 19, 22 and 28)	$ 205,159,602	100	$ 200,726,268	100
OPERATING COSTS (Notes 10, 20, 23 and 28)	183,377,897	89	184,156,015	91
GROSS PROFIT	21,781,705	11	16,570,253	9
REALIZED (UNREALIZED) GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(293,861)	-	394,126	-
REALIZED GROSS PROFIT	21,487,844	11	16,964,379	9
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	2,956,375	1	2,797,942	1
General and administrative expenses	3,551,917	2	2,893,215	2
Research and development expenses	1,706,970	1	1,654,713	1
Total operating expenses	8,215,262	4	7,345,870	4
PROFIT FROM OPERATIONS	13,272,582	7	9,618,509	5
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 11, 23 and 28)	1,215,965	-	1,028,541	1
Other gains and losses (Notes 23 and 28)	(564,785)	-	(97,816)	-
Finance costs (Notes 23 and 28)	(1,984,712)	(1)	(1,486,696)	(1)
Share of the profit of subsidiaries and associates	11,753,324	6	8,444,846	4
Total non-operating income and expenses	10,419,792	5	7,888,875	4
PROFIT BEFORE INCOME TAX	23,692,374	12	17,507,384	9
INCOME TAX EXPENSE (Notes 4, 5 and 24)	1,532,108	1	1,525,844	1
NET PROFIT FOR THE YEAR	22,160,266	11	15,981,540	8
OTHER COMPREHENSIVE INCOME (Notes 4, 8, 12, 13, 20, 21, 24 and 27)				
Exchange differences on translating foreign operations	1,018,234	1	(484,584)	-
Unrealized gain on available-for-sale financial assets	100,022	-	2,706,636	1
Cash flow hedges	135,763	-	4,123	-

(Continued)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31			
	2014		2013	
	Amount	%	Amount	%
Actuarial gain from defined benefit plans	$ 1,613,095	1	$ 168,894	-
Share of the other comprehensive income of subsidiaries and associates	955,148	-	1,158,933	1
Income tax expense relating to the components of other comprehensive income	(297,306)	-	(29,413)	-
Total other comprehensive income for the year, net of income tax	3,524,956	2	3,524,589	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 25,685,222	13	$ 19,506,129	10
EARNINGS PER SHARE (Note 25)				
Basic	$ 1.43		$ 1.03	
Diluted	$ 1.43		$ 1.03	

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

CHINA STEEL CORPORATION

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

	Share Capital			Retained Earnings			Other Equity					
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Cash Flow Hedges	Total Other Equity	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2013	$ 152,724,765	$ 382,680	$ 36,575,997	$ 54,778,577	$ 29,248,991	$ 6,156,721	$ (417,820)	$ 5,283,803	$ (280,266)	$ 4,585,717	$ (8,582,297)	$ 275,871,151
Appropriation of 2012 earnings (Note 21)												
Legal reserve	-	-	-	581,149	-	(581,149)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT$0.4 per share	-	-	-	-	-	(6,108,990)	-	-	-	-	-	(6,108,990)
Cash dividends to preference shareholders - NT$1.3 per share	-	-	-	-	-	(49,748)	-	-	-	-	-	(49,748)
Share dividends to ordinary shareholders - NT$0.1 per share	1,527,248	-	-	-	-	(1,527,248)	-	-	-	-	-	-
Share dividends to preference shareholders - NT$0.1 per share	3,827	-	-	-	-	(3,827)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(2,326,617)	2,326,617	-	-	-	-	-	-
Net profit for the year ended December 31, 2013	-	-	-	-	-	15,981,540	-	-	-	-	-	15,981,540
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	154,453	(241,869)	3,319,364	292,641	3,370,136	-	3,524,589
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	16,135,993	(241,869)	3,319,364	292,641	3,370,136	-	19,506,129
Disposal of the Corporation's shares held by subsidiaries	-	-	31,212	-	-	-	-	-	-	-	82,997	114,209
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	123,966	-	-	-	-	-	-	-	-	123,966
Adjustment from changes in equity of subsidiaries and associates	-	-	229,643	-	(1,503)	(129)	-	-	-	-	2,326	230,337
BALANCE AT DECEMBER 31, 2013	154,255,840	382,680	36,960,818	55,359,726	26,920,871	16,348,240	(659,689)	8,603,167	12,375	7,955,853	(8,496,974)	289,687,054
Appropriation of 2013 earnings (Note 21)												
Legal reserve	-	-	-	1,598,154	-	(1,598,154)	-	-	-	-	-	-
Special reserve	-	-	-	-	166,266	(166,266)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT$0.7 per share	-	-	-	-	-	(10,797,909)	-	-	-	-	-	(10,797,909)
Cash dividends to preference shareholders - NT$1.2 per share	-	-	-	-	-	(45,922)	-	-	-	-	-	(45,922)
Share dividends to ordinary shareholders - NT$0.2 per share	3,085,117	-	-	-	-	(3,085,117)	-	-	-	-	-	-
Share dividends to preference shareholders - NT$0.2 per share	7,653	-	-	-	-	(7,653)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(854)	854	-	-	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	-	22,160,266	-	-	-	-	-	22,160,266
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	1,318,794	1,392,158	680,187	133,817	2,206,162	-	3,524,956
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	23,479,060	1,392,158	680,187	133,817	2,206,162	-	25,685,222
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(90,487)	(90,487)
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	218,053	-	-	-	-	-	-	-	-	218,053
Adjustment from changes in equity of subsidiaries and associates	-	-	39,005	-	-	(1,618)	-	-	-	-	-	37,387
BALANCE AT DECEMBER 31, 2014	$ 157,348,610	$ 382,680	$ 37,217,876	$ 56,957,880	$ 27,086,283	$ 24,125,515	$ 732,469	$ 9,283,354	$ 146,192	$ 10,162,015	$ (8,587,461)	$ 304,693,398

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

CHINA STEEL CORPORATION

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

	For the Year Ended December 31	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 23,692,374	$ 17,507,384
Adjustments for:		
Depreciation expense	19,443,879	18,856,796
Amortization expense	22,750	42,167
Finance costs	1,984,712	1,486,696
Interest income	(183,073)	(98,446)
Dividend income	(206,682)	(229,517)
Share of the profit of subsidiaries and associates	(11,753,324)	(8,444,846)
Loss on disposal of property, plant and equipment	119,214	44,984
Gain on disposal of investments	(116,661)	(147,514)
Impairment loss recognized on financial assets	641,600	-
Increase in provision for loss on inventories	1,303,012	9,775
Unrealized (realized) gain on the transactions with subsidiaries and associates	293,861	(394,126)
Recognition of provisions	3,474,684	3,367,318
Others	(129,755)	(204,746)
Changes in operating assets and liabilities		
Notes receivable	(177,903)	68,252
Notes receivable - related parties	441,454	(81,410)
Accounts receivable	292,453	596,451
Accounts receivable - related parties	356,136	(487,764)
Other receivables	(687,209)	(215,229)
Inventories	4,173,265	974,968
Other current assets	1,921,108	(807,992)
Accounts payable	(1,386,758)	1,340,108
Accounts payable - related parties	(700,737)	1,094,711
Other payables	(1,860,467)	166,795
Provisions	(3,481,674)	(3,304,988)
Other current liabilities	910,187	691,854
Accrued pension liabilities	15,395	57,626
Cash generated from operations	38,401,841	31,889,307
Income taxes paid	(1,216,978)	(66,778)
Net cash generated from operating activities	37,184,863	31,822,529
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(1,028,330)	(4,191,913)
Proceeds from disposal of available-for-sale financial assets	117,662	151,736
Proceeds from the capital reduction on available-for-sale financial assets	-	17,579
Acquisition of investments accounted for using equity method	(7,681,324)	(13,816,428)
Increase in prepaid investments	-	(142,500)
Acquisition of property, plant and equipment	(12,866,036)	(21,636,910)

(Continued)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31 2014	2013
Decrease in refundable deposits	$ 18,827	$ 92,281
Increase in other receivables - loans to related parties	(2,910,000)	(2,320,000)
Net cash inflow from merger	-	180,605
Decrease in other financial assets	282,203	1,917,045
Interest received	187,797	96,922
Dividends received from subsidiaries and associates	5,291,713	4,930,668
Other dividends received	206,682	234,187
Net cash used in investing activities	(18,380,806)	(34,486,728)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	12,429,522	27,788,870
Repayments of short-term borrowings	(12,388,733)	(31,211,282)
Decrease in short-term bills payable	(7,069,214)	(4,325,590)
Issuance of bonds payable	22,900,000	19,600,000
Repayments of bonds payable	(3,500,000)	(11,300,000)
Proceeds from long-term bank borrowings	6,209,166	17,187,349
Repayments of long-term bank borrowings	(14,208,929)	(8,048,632)
Decrease in long-term bills payable	(9,000,000)	(1,500,000)
Dividends paid	(10,842,383)	(6,176,496)
Interest paid	(1,827,768)	(1,607,656)
Net cash generated from (used in) financing activities	(17,298,339)	406,563
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,505,718	(2,257,636)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(1,291,780)	965,856
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 213,938	$ (1,291,780)
Reconciliation of the amounts in the standalone statements of cash flows with the equivalent items reported in the standalone balance sheets as of December 31, 2014 and 2013:		
Cash and cash equivalents in the standalone balance sheets	$ 2,603,621	$ 1,331,421
Bank overdraft	(2,389,683)	(2,623,201)
Cash and cash equivalents in the standalone statements of cash flows	$ 213,938	$ (1,291,780)

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

(Concluded)

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

1. GENERAL INFORMATION

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

The shares of the Corporation have been listed on the Taiwan Stock Exchange since December 1974. As of December 31, 2014, the Ministry of Economic Affairs ("MOEA"), Republic of China owned 20.05% of the Corporation's issued ordinary shares.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the board of directors and authorized for issue on March 27, 2015.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, stipulated that the Corporation should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Corporation's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments measured at fair value only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

   The amendments to IAS 1 require items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

   The Corporation will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is "employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service". However, this change does not affect unused annual leave to be presented as a current liability in the standalone balance sheet.

The carrying amounts of liabilities and retained earnings related to the cumulative employee benefit costs as of December 31, 2013 will not be affected by the retrospective application of the revised IAS 19 in 2015. In addition, in preparing the standalone financial statements for the year ended December 31, 2015, the Corporation would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The anticipated impact of the initial application of the revised IAS 19 is detailed as follows:

	Carrying Amount	**Adjustments Arising from IAS 19**	**Adjusted Carrying Amount**
Impact on assets, liabilities and equity			
December 31, 2014			
Investments accounted for using equity method	$ 181,539,524	$ (18,800)	$ 181,520,724
Retained earnings	$ 108,169,678	$ (18,800)	$ 108,150,878
January 1, 2014			
Investments accounted for using equity method	$ 165,350,184	$ (27,533)	$ 165,322,651
Retained earnings	$ 98,628,837	$ (27,533)	$ 98,601,304
Impact on total comprehensive income for the year ended December 31, 2014			
Operating expense	$ 8,215,262	$ 47,995	$ 8,263,257
Non-operating income and expenses	$ 10,419,792	$ 11,704	$ 10,431,496
Income tax expense	$ 1,532,108	$ (8,159)	$ 1,523,949
Net profit for the year	$ 22,160,266	$ (28,132)	$ 22,132,134

(Continued)

	Carrying Amount	Adjustments Arising from IAS 19	Adjusted Carrying Amount
Items that will not be reclassified to profit or loss:			
Actuarial gain from defined benefit plan	$ 1,613,095	$ (1,613,095)	$ -
Remeasurements of defined benefit plan	$ -	$ 1,661,090	$ 1,661,090
Share of the other comprehensive income of subsidiaries and associates (remeasurements of defined benefit plan)	$ (20,075)	$ (2,971)	$ (23,046)
Income tax relating to items that will not be reclassified	$ (274,226)	$ (8,159)	$ (282,385)
Total effect on other comprehensive income for the year, net of income tax	$ 3,524,956	$ 36,865	$ 3,561,821
Total effect on total comprehensive income for the year	$ 25,685,222	$ 8,733	$ 25,693,955

(Concluded)

In sum, the anticipated impact on applications of the 2013 version of IFRSs and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers is considered immaterial to the Corporation.

b. New IFRSs in issue but not yet endorsed by the FSC

The Corporation has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the standalone financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28“'Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “ Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Corporation’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Corporation’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Corporation may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Corporation takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Corporation is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Corporation is a related party of the Corporation. Consequently, the Corporation is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, the Corporation shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the Corporation satisfies a performance obligation.

When IFRS 15 is effective, the Corporation may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

6) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the standalone financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its standalone financial statements, the Corporation should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Corporation should consider the understandability and comparability of its standalone financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the standalone financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on its financial position and results of operations, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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

Statement of Compliance

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

Basis of Preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the balance sheet date; and

c. Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the balance sheet date.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities expected to be settled within twelve months after the balance sheet date; and

c. Liabilities without an unconditional right to defer settlement for at least twelve months after the balance sheet date.

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

Foreign Currencies

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

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

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

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

For the purposes of presenting standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Corporation's) are recognized based on the equity in the investees' retranslated financial statements. Exchange differences arising are recognized in other comprehensive income.

Inventories

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

Investments Accounted for Using Equity Method

Investments in subsidiaries and associates are recognized under the equity method.

a. Investments in Subsidiaries

   A subsidiary is an entity over which the Corporation has control.

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

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

   When the Corporation's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing the share of further losses.

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

b. Investment in Associates

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

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

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

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

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

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

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

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

Property, Plant, and Equipment

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

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

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in the current year.

Investment Properties

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

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

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the year in which the property is derecognized.

Impairment of Tangible and Intangible Assets

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

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

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

Financial Instruments

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

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

Financial assets

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

a. Measurement category

   Financial assets held by the Corporation include available-for-sale financial assets and loans and receivables.

   1) Available-for-sale financial assets

      Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

      Dividends on available-for-sale equity instruments are recognized in profit or loss. Other changes in carrying amount of available-for-sale equity instruments are recognized in other comprehensive income and reclassified in profit or loss when the investment is disposed of or is determined to be impaired.

      Dividends on available-for-sale equity instruments are recognized when the Corporation's right to receive the dividends is established.

   2) Loans and receivables

      Loans and receivables (including cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables (including loans to related parties), bond investments with no active market, refundable deposits and other financial assets) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

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

b. Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as accounts receivable, are assessed for impairment on a collective basis even if there is no objective evidence of impairment individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, higher probability that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

c. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

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

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

Financial liabilities

a. Subsequent measurement

   Financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

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

Hedge Accounting

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

Fair value hedges

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

Hedge accounting is discontinued prospectively when the Corporation revokes the designated hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised (the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if it formed part of the Corporation’s documented hedging strategy from inception), or when the hedging instrument no longer meets the criteria for hedge accounting. The fair value adjustment to the carrying amount of the hedged instrument arising from the hedged risk for which the effective interest method is used is amortized to profit or loss from the date the hedge accounting is discontinued. The adjustment which is based on a recalculated effective interest rate at the date amortization begins is amortized fully by maturity of the financial instrument.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Corporation revokes the designated hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised (the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if it formed part of the Corporation's documented hedging strategy from inception), or when the hedging instrument no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of exchange differences on translating foreign operations. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

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

Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

Treasury Shares

Reacquired issued shares of the Corporation are recognized as treasury shares at cost and shown as a deduction in equity.

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

Revenue Recognition

Sale of goods

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods are transferred to the customers as follows: domestic sales - when products are move out of the Corporation's premises for delivery to customers; exports - when products are loaded onto vessels. Revenues are recognized because the earning process is accomplished and revenue is realized or realizable.

Revenues are measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. But if the related receivable is due within one year, the difference between its present value and undiscounted amount is immaterial, and sales transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash to be received.

Rendering of services

Service revenue is recognized according to the contract and the percentage of completion of the services. If a service contract is estimated to bear a loss prior to completion, the Corporation recognizes the full amount of the loss immediately. However, if the loss is estimated to be smaller in future years, the difference is reversed and recognized as a gain in the year of determination.

Borrowing Costs

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

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

All borrowing costs other than those stated above are recognized in profit or loss in the year in which they are incurred.

Retirement Benefit Costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income.

The retirement benefit obligation recognized in the standalone balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Taxation

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

a. Current tax

   Current tax is the amount of tax at statutory rate calculated on the taxable profit at the balance sheet date. According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax for the year

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

d. According to the Income Tax Law, the Corporation files a consolidated tax return with its 100% owned subsidiaries. The appropriation of the income tax relating to the subsidiaries is recognized as other receivables or other payables.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Valuation of inventory

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

Fair value of emerging market shares and unlisted equity securities

As described in Note 27, the Corporation applied valuation techniques commonly used by market practitioners to evaluate fair value of the financial instruments that do not have listed market price in an active market. The measurement for the fair value of emerging market shares and equity securities includes assumptions not based on observable market prices or interest rates; therefore, unlisted fair value may change significantly.

Realizability of deferred tax assets

The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized as income tax expense for the period in which such reversal takes place.

Estimate of provisions

Provisions are measured using the cash flows estimated to settle the present obligation. If the future cash flows are more than the expectation, the amount of the provisions may be adjusted significantly.

Recognition and measurement of defined benefit plan

The resulting pension expense and accrued pension liabilities under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate and long-term average future salary rate. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	$ 20,705	$ 11,193
Checking accounts and demand deposits	1,745,959	1,022,178
Cash equivalents		
Time deposits with original maturities less than three months	-	298,050
Commercial papers with repurchase agreements	511,957	-
Bonds with repurchase agreements	325,000	-
	$ 2,603,621	$ 1,331,421

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Current		
Domestic investments		
Listed shares	$ 3,920,578	$ 2,589,723
Noncurrent		
Domestic investments		
Listed shares	$ 2,339,506	$ 1,903,170
Emerging market shares and unlisted equity securities	3,443,191	5,401,385
	5,782,697	7,304,555
Foreign investments		
Listed shares	1,598,713	1,765,290
Unlisted equity securities	10,713,463	9,943,715
	12,312,176	11,709,005
	$ 18,094,873	$ 19,013,560

8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2014	2013
Derivative financial assets for hedging - current		
Foreign exchange forward contracts	$ 46,345	$ 13,550
Derivative financial assets for hedging - noncurrent		
Foreign exchange forward contracts	$ 61,858	$ 4,357
Derivative financial liabilities for hedging - current		
Foreign exchange forward contracts	$ 11,497	$ 7,952
Derivative financial liabilities for hedging - noncurrent		
Foreign exchange forward contracts	$ 748	$ 2,984

The Corporation entered into foreign exchange forward contracts to manage cash flow risk arising from exchange rate fluctuations on foreign-currency capital expenditures, equity investments and sales contracts. The outstanding foreign exchange forward contracts of the Corporation at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
December 31, 2014			
Buy	NTD/USD	2015.02-2018.05	NTD1,429,400/USD48,814
Buy	NTD/EUR	2015.03-2016.10	NTD908,923/EUR23,396
Buy	NTD/JPY	2015.04	NTD3,681/JPY12,150
December 31, 2013			
Buy	NTD/USD	2014.01-2016.12	NTD1,120,989/USD38,344
Buy	NTD/EUR	2014.01-2015.09	NTD216,888/EUR5,552
Buy	NTD/JPY	2014.01-2015.04	NTD77,001/JPY251,700

Movements of derivative financial instruments for hedging were as follows:

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 6,971	$ 24,959
Recognized in other comprehensive income	102,222	56,761
Transferred to construction in progress and equipment to be inspected	(11,860)	(41,417)
Transferred to operating revenues	(1,375)	(32,356)
Transferred to foreign-currency equity investments	-	(976)
Balance, end of year	$ 95,958	$ 6,971

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

	December 31	
	2014	2013
Notes receivable - operating	$ 744,671	$ 1,007,109
Notes receivable - non-operating	1,085	2,198
	745,756	1,009,307
Less: Allowance for doubtful accounts	-	-
	$ 745,756	$ 1,009,307
Accounts receivable	$ 2,785,944	$ 3,434,533
Less: Allowance for doubtful accounts	-	-
	$ 2,785,944	$ 3,434,533

The allowance for doubtful accounts was recognized based on estimated irrecoverable amounts determined by reference to the account aging analysis, past default experience of the customers and analysis of customers' current financial position. In determining the recoverability of a note and account receivable, the corporation considered any change in the credit quality of the account receivable since the date credit was initially granted to the end of the reporting period. If not collected after demanding, the past due notes and accounts receivable would be fully recognized with allowance for doubtful accounts.

The Corporation had not recognized an allowance for some notes receivable and accounts receivable that are past due at the balance sheet date because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Corporation did not hold any collateral or other credit enhancement for these balances. Aging analysis of notes and accounts receivable that are past due but not impaired was as follows:

	December 31	
	2014	2013
Less than 31 days	$ 17,076	$ 286,763
31-60 days	-	-
61-365 days	-	11
More than 365 days	-	19
	$ 17,076	$ 286,793

Above analysis was based on the past due date.

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

The related information for the Corporation's sale of accounts receivable was as follows. Advances received at year-end denominated in US dollars were converted to NT dollars at the closing rate.

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Interest Rate on Advances Received (%)	Credit Line (In Billions)
For the Year Ended December 31, 2014						
Mega International Commercial Bank	$ 3,412,342	$ 10,045,791	$ 9,783,659	$ 3,674,474	1.26-1.51	NTD 9
Bank of Taiwan	1,432,364	4,152,520	3,848,710	1,736,174	1.26-1.51	NTD 3
Bank of Taiwan	-	690,151	332,630	357,521	1.49-1.93	USD 0.1
	$ 4,844,706	$ 14,888,462	$ 13,964,999	$ 5,768,169		
For the Year Ended December 31, 2013						
Mega International Commercial Bank	$ 3,091,745	$ 10,021,891	$ 9,701,294	$ 3,412,342	1.24-1.51	NTD 9
Bank of Taiwan	1,242,954	3,687,929	3,498,519	1,432,364	1.24-1.51	NTD 3
	$ 4,334,699	$ 13,709,820	$ 13,199,813	$ 4,844,706		

10. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 9,668,199	$ 10,427,152
Work in progress	14,030,578	16,933,613
Raw materials	9,648,505	8,762,286
Supplies	3,861,327	4,094,172
Raw materials and supplies in transit	3,781,460	6,109,850
By-products	189,741	189,660
	$ 41,179,810	$ 46,516,733

The cost of inventories recognized as operating costs for the years ended December 31, 2014 and 2013 was NT$179,744,905 thousand and NT$180,133,904 thousand, respectively.

Movements of provision for loss on inventories were as follows:

	For the Year Ended December 31	
	2014	**2013**
Balance, beginning of year	$ 3,069,953	$ 3,060,178
Add: Recognized	6,930,407	5,149,826
Less: Sold	(5,627,395)	(5,140,051)
Balance, end of year	$ 4,372,965	$ 3,069,953

11. BOND INVESTMENTS WITH NO ACTIVE MARKET - NONCURRENT

	December 31	
	2014	**2013**
Unlisted preference shares - overseas		
East Asia United Steel Corporation (EAUS) - Preference A	$ 2,646,000	$ 2,839,000

In May 2003, the Corporation signed a slab production joint-venture contract with Sumitomo Metal Industries, Ltd. and Sumitomo Corporation. In July 2003, the joint venture company EAUS was established. The Corporation invested in EAUS JPY10 billion. The Corporation thus has a stable supply of slab from this joint venture. The Corporation also signed a contract with the subsidiary Chung Hung Steel Corporation Ltd. (CHSC) to transfer the purchasing right of slabs from EAUS, and the Corporation receives royalty on this contract based on the volume purchased by CHSC. The amount of royalty income for the years ended December 31, 2014 and 2013 was NT$152,833 thousand and NT$206,913 thousand, respectively (recognized as other income). As of December 31, 2014 and 2013, the amount of royalty receivables was NT$40,520 thousand and NT$42,222 thousand (recognized as other receivables).

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2014	**2013**
Investments in subsidiaries	$ 179,281,216	$ 163,689,679
Investments in associates	2,258,308	1,660,505
	$ 181,539,524	$ 165,350,184

a. Investments in subsidiaries

	December 31			
	2014		2013	
	Amount	**% of Owner - ship**	**Amount**	**% of Owner - ship**
Listed companies				
Chung Hung Steel Corporation Ltd. (CHSC)	$ 3,619,953	41	$ 3,642,785	41
China Steel Chemical Corporation (CSCC)	2,228,887	29	2,093,830	29

(Continued)

	December 31			
	2014		2013	
	Amount	% of Owner - ship	Amount	% of Owner - ship
China Ecotek Corporation (CEC)	$ 1,402,241	45	$ 1,156,530	45
China Steel Structure Co., Ltd. (CSSC)	1,340,709	33	1,414,213	33
CHC Resources Corporation (CHC)	823,209	20	764,395	20
	9,414,999		9,071,753	
Less: Shares held by subsidiaries accounted for as treasury shares	2,048,252		1,997,052	
	7,366,747		7,074,701	
Unlisted companies				
Dragon Steel Corporation (DSC)	102,297,198	100	96,316,781	100
CSC Steel Australia Holdings Pty Ltd. （CSCAU）	17,588,830	100	13,206,024	100
China Steel Express Corporation (CSE)	11,676,384	100	11,152,779	100
C. S. Aluminum Corporation (CSAC)	9,812,030	100	9,495,383	100
China Steel Sumikin Vietnam Joint Stock Company (CSVC)	7,984,717	51	8,405,567	51
Gains Investment Corporation	7,617,683	100	7,134,610	100
China Steel Asia Pacific Holdings Pte Ltd. (CSAPH)	4,615,574	100	4,615,016	100
China Prosperity Development Corporation (CPDC)	4,124,907	100	4,128,430	100
China Steel Corporation India Pvt Ltd. (CSCI)	3,518,570	100	1,704,596	100
China Steel Global Trading Corporation (CSGT)	3,108,575	100	2,893,570	100
China Steel Machinery Corporation (CSMC)	1,468,863	74	1,370,877	74
Kaohsiung Rapid Transit Corporation (KRTC)	1,227,413	43	1,274,504	43
China Steel Resources Corporation (CSRC)	977,632	100	-	-
CSC Precision Metal Industrial Corporation (CSCPM)	874,763	100	-	-
Info-Champ Systems Corporation (ICSC)	855,879	100	836,314	100
China Steel Security Corporation (CSS)	544,011	100	433,072	100
Himag Magnetic Corporation	135,310	50	123,985	50
China Steel Management Consulting Corporation	25,339	100	23,392	100
	178,453,678		163,114,900	
Less: Shares held by subsidiaries accounted for as treasury shares	6,539,209		6,499,922	
	171,914,469		156,614,978	
	$ 179,281,216		$ 163,689,679	

(Concluded)

b. Investments in associates

	December 31			
	2014		2013	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Unlisted companies				
Eminent II Venture Capital Corporation	$ 704,647	46	$ 557,366	46
Kaohsiung Arena Development Corporation (KADC)	482,234	18	477,108	18

(Continued)

	December 31			
	2014		2013	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Dyna Rechi Co., Ltd.	$ 378,885	28	$ 231,839	29
Hsin Hsin Cement Enterprise Corp.	375,923	31	357,024	31
Honley Auto. Parts Co., Ltd. (HAPC)	284,726	30	-	-
White Biotech Corporation (WBC)	18,346	18	26,385	18
TaiAn Technologies Corporation (TTC)	13,547	17	10,783	17
	$ 2,258,308		$ 1,660,505	

(Concluded)

Since the second half of 2013, the Corporation's total equity in KRTC is 50%, including 43% directly owned and 7% indirectly owned through United Steel Construction Corporation, CPDC, ICSC and CSS.

The Corporation's total equity in KADC is 29%, including 18% directly owned and 11% indirectly owned through United Steel Construction Corporation and CPDC. The Corporation's total equity in TTC is 22%, including 17% directly owned and 5% indirectly owned through CSCC. Since the Corporation has significant influence over WBC, the investment is accounted for using the equity method.

In April and August 2010, the Corporation participated in DSC's and CSSC's private subscription, respectively. In January 2012, the Corporation invested additional NT$16,000,000 thousand in DSC through its private subscription, with the ownership percentage unchanged. Under the Securities Exchange Act, the securities acquired by private subscription could be transferred freely in public market only after holding for three years, starting from the delivery date and after completing supplementary procedures for public offering. CSSC's securities which the Corporation acquired by private subscription could be transferred freely in public market since December 2014.

In 2014 and 2013, the Corporation continually invested additional NT$3,452,185 thousand (AUD126,599 thousand) and NT$12,039,117 thousand (USD270,000 thousand and AUD141,737 thousand) in CSCAU without changing the percentage of ownership, in order to invest in Roy Hill Holdings Pty Ltd. and ArcelorMittal Mines Canada Inc.

In 2014 and 2013, the Corporation continually invested additional NT$1,838,309 thousand (USD60,060 thousand) and NT$481,875 thousand (USD16,272 thousand) in CSCI without changing the percentage of ownership. CSCI mainly engages in the manufacture and sale of steel products.

In 2014, the Corporation invested additional NT$234,710 thousand (USD7,850 thousand) in CSAPH without changing the percentage of ownership.

In 2014, the Corporation continually invested NT$981,120 thousand to acquire 100% shareholding in CSRC. CSRC mainly engages in disposal and handling of waste.

In 2014, the Corporation continually invested NT$285,000 thousand to acquire 30% shareholding in HAPC. HAPC mainly engages in the manufacture and sale of automobiles and their parts.

In 2014, the Corporation invested NT$872,500 thousand to acquire 100% shareholding in CSCPM. CSCPM mainly engages in secondary steel processing.

In 2013, the Corporation invested additional NT$805,436 thousand in KRTC, acquiring 80,544 thousand shares, which increased the Corporation's total equity in KRTC to 43%.

The market prices at the balance sheet date for the listed companies accounted for using equity method are as follows:

	December 31	
	2014	2013
CSCC	$ 10,662,013	$ 11,281,098
CHSC	$ 4,317,608	$ 4,987,682
CEC	$ 3,777,812	$ 4,392,676
CHC	$ 3,159,015	$ 2,733,332
CSSC	$ 1,835,064	$ 2,207,685

Except those shares acquired through private placement and not transferred freely in public market are calculated through valuation techniques, the above market prices are calculated on the basis of the closing price.

The summarized financial information in respect of the Corporation's associates was set out below:

	December 31	
	2014	2013
Total assets	$ 12,696,710	$ 10,792,583
Total liabilities	$ 4,680,761	$ 4,667,737

	For the Year Ended December 31	
	2014	2013
Revenues	$ 1,150,637	$ 2,637,078
Net profit	$ 83,825	$ 565,776
Other comprehensive income	$ 334,136	$ 201,690
Share of the profit of associates	$ (52,061)	$ (20,337)

The above investments accounted for using equity method and the Corporation's share of profit and other comprehensive income were based on the audited financial statements of the subsidiaries and associates for the same reporting period.

13. OTHER FINANCIAL ASSETS

	December 31	
	2014	2013
Current		
Pledged time deposits (Note 29)	$ 5,650,000	$ 5,650,000
Hedging foreign-currency deposits	612,957	857,381
Time deposits with original maturities more than three months	100,000	100,000
Deposits for projects	-	14,159
	$ 6,362,957	$ 6,621,540
Noncurrent		
Deposits for projects	$ 65,580	$ 42,424

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation purchased foreign-currency deposits and entered into foreign exchange forward contracts (Note 8). As of December 31, 2014 and 2013, the balance of the foreign-currency deposits, which were designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT$612,957 thousand (USD19,234 thousand and EUR110 thousand) and NT$857,381 thousand (USD28,218 thousand and EUR398 thousand). As of December 31, 2014 and 2013, cash outflows would be expected from aforementioned contracts during 2015 and the period from 2014 to 2015, respectively.

Movements of hedging foreign-currency deposits were as follows:

	For the Year Ended December 31	
	2014	**2013**
Balance, beginning of year	$ 857,381	$ 2,755,020
Paid	(291,200)	(1,919,750)
Recognized in other comprehensive income	46,791	41,362
Transferred to construction in progress and equipment to be inspected	(15)	(19,251)
Balance, end of year	$ 612,957	$ 857,381

14. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2014

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2014	$ 49,035,948	$ 4,716,200	$ 60,654,671	$ 328,691,258	$ 1,950,341	$ 5,453,126	$ 7,151,303	$ 23,139,145	$ 480,791,992
Additions	-	732	4,084,022	23,774,867	177,645	408,503	731,411	(15,426,237)	13,750,943
Disposals	-	-	(21,602)	(4,528,060)	(164,738)	(214,065)	(867,490)	-	(5,795,955)
Reclassification	(848,882)	-	(100,739)	103,376	-	-	(92,530)	(10,846)	(949,621)
Balance at December 31, 2014	$ 48,187,066	$ 4,716,932	$ 64,616,352	$ 348,041,441	$ 1,963,248	$ 5,647,564	$ 6,922,694	$ 7,702,062	$ 487,797,359
Accumulated depreciation									
Balance at January 1, 2014	$ -	$ 4,275,237	$ 27,576,688	$ 248,246,726	$ 1,526,876	$ 4,539,265	$ 2,604,546	$ -	$ 288,769,338
Depreciation expense	-	59,461	2,021,436	15,820,915	123,558	374,439	1,021,252	-	19,421,061
Disposals	-	-	(19,553)	(4,416,091)	(164,515)	(209,092)	(867,490)	-	(5,676,741)
Reclassification	-	-	(2,160)	-	-	-	-	-	(2,160)
Balance at December 31, 2014	$ -	$ 4,334,698	$ 29,576,411	$ 259,651,550	$ 1,485,919	$ 4,704,612	$ 2,758,308	$ -	$ 302,511,498
Carrying amount at December 31, 2014	$ 48,187,066	$ 382,234	$ 35,039,941	$ 88,389,891	$ 477,329	$ 942,952	$ 4,164,386	$ 7,702,062	$ 185,285,861

For the Year Ended December 31, 2013

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2013	$ 48,206,862	$ 4,714,200	$ 55,441,117	$ 317,409,197	$ 1,888,800	$ 5,387,853	$ 7,326,242	$ 23,256,873	$ 463,631,144
Additions	849,205	2,000	6,046,360	14,348,706	87,818	307,551	745,157	(128,574)	22,258,223
Disposals	-	-	-	(3,121,467)	(26,277)	(211,390)	(885,316)	-	(4,244,450)
Reclassification	(20,119)	-	(832,806)	54,822	-	(30,888)	(34,780)	10,846	(852,925)
Balance at December 31, 2013	$ 49,035,948	$ 4,716,200	$ 60,654,671	$ 328,691,258	$ 1,950,341	$ 5,453,126	$ 7,151,303	$ 23,139,145	$ 480,791,992
Accumulated depreciation									
Balance at January 1, 2013	$ -	$ 4,213,308	$ 25,719,043	$ 235,939,666	$ 1,446,338	$ 4,381,730	$ 2,421,939	$ -	$ 274,122,024
Depreciation expense	-	61,929	1,861,092	15,350,975	106,615	396,192	1,067,923	-	18,844,726
Disposals	-	-	-	(3,074,803)	(26,077)	(207,769)	(885,316)	-	(4,193,965)
Reclassification	-	-	(3,447)	30,888	-	(30,888)	-	-	(3,447)
Balance at December 31, 2013	$ -	$ 4,275,237	$ 27,576,688	$ 248,246,726	$ 1,526,876	$ 4,539,265	$ 2,604,546	$ -	$ 288,769,338
Carrying amount at December 31, 2013	$ 49,035,948	$ 440,963	$ 33,077,983	$ 80,444,532	$ 423,465	$ 913,861	$ 4,546,757	$ 23,139,145	$ 192,022,654

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

Land improvements	
Drainage system	40 years
Wharf	20-40 years
Canal	15 years
Disposal site	7 years
Buildings	
Main structure	30-60 years
Facility	15-40 years
Mechanical and electrical facilities	7-20 years
Trellis and corrugated iron building	5-10 years
Road	7-8 years
Machinery and equipment	
Power equipment	15-25 years
Process equipment	8-15 years
Lifting equipment	8-10 years
Electrical equipment	5-15 years
High-temperature equipment	5-10 years
Examination equipment	3-10 years
Transportation	
Railway equipment	10-20 years
Telecommunication equipment	4-8 years
Transportation equipment	3-10 years
Other equipment	
Tank	16 years
Office, air condition and extinguishment equipment	5-10 years
Computer equipment	3-10 years

Refer to Note 29 for the carrying amount of property, plant and equipment that had been pledged by the Corporation to secure borrowings.

15. INVESTMENT PROPERTIES

For the Year Ended December 31, 2014

	Land	Buildings	Total
Cost			
Balance at January 1, 2014	$ 4,612,663	$ 1,112,789	$ 5,725,452
Transferred from property, plant and equipment	849,205	182,603	1,031,808
Transferred to property, plant and equipment	(323)	(81,864)	(82,187)
Balance at December 31, 2014	$ 5,461,545	$ 1,213,528	$ 6,675,073
Accumulated depreciation			
Balance at January 1, 2014	$ -	$ 147,767	$ 147,767
Depreciation expense	-	22,818	22,818
Transferred from property, plant and equipment	-	20,966	20,966
Transferred to property, plant and equipment	-	(18,806)	(18,806)
Balance at December 31, 2014	$ -	$ 172,745	$ 172,745
Carrying amount at December 31, 2014	$ 5,461,545	$ 1,040,783	$ 6,502,328

For the Year Ended December 31, 2013

	Land	Buildings	Total
Cost			
Balance at January 1, 2013	$ 4,592,544	$ 279,983	$ 4,872,527
Transferred from property, plant and equipment	20,119	832,806	852,925
Balance at December 31, 2013	$ 4,612,663	$ 1,112,789	$ 5,725,452
Accumulated depreciation			
Balance at January 1, 2013	$ -	$ 132,250	$ 132,250
Depreciation expense	-	12,070	12,070
Transferred from property, plant and equipment	-	3,447	3,447
Balance at December 31, 2013	$ -	$ 147,767	$ 147,767
Carrying amount at December 31, 2013	$ 4,612,663	$ 965,022	$ 5,577,685

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

Buildings	
Main structure	30-60 years
Mechanical and electrical facilities	8-20 years

The fair value of the Corporation's investment properties was arrived at on the basis of valuation carried out on January 2013, May 2013 and December 2014 by independent appraisers, who are not related parties. Lands were valued under market approach and income approach, while buildings were valued under cost approach. The important assumptions and fair value were as follows:

	December 31	
	2014	2013
Fair value	$ 15,689,058	$ 14,616,162
Depreciation rate	1.90%-3.60%	1.90%-3.60%
Discount rate	0.99%-2.11%	1.55%-2.11%

All of the Corporation's investment properties were held under freehold interests.

16. BORROWINGS

a. Short-term borrowings and bank overdraft

	December 31	
	2014	2013
Unsecured loans - interest at 0.64%-0.65% p.a. and 0.64%-3.27% p.a. as of December 31, 2014 and 2013, respectively	$ 4,000,000	$ 4,424,832
Bank overdraft - interest at 0.43%-0.88% p.a. and 0.43%-0.66% p.a. as of December 31, 2014 and 2013, respectively	2,389,683	2,623,201

(Continued)

	December 31	
	2014	2013
Loans from related parties (Note 28)- interest at 0.68% p.a. and 0.57% p.a. as of December 31, 2014 and 2013, respectively	$ 500,000	$ 360,000
Letters of credit - interest at 0.41%-0.61% p.a. and 0.57%-1.17% p.a. as of December 31, 2014 and 2013, respectively	404,032	25,828
	$ 7,293,715	$ 7,433,861

(Concluded)

The amount of AUD53,595 thousand (NT$1,424,832 thousand), which is included in the above unsecured loans as of December 31, 2013, was used to hedge the exchange rate fluctuations on investment in CSCAU.

b. Short-term bills payable

	December 31	
	2014	2013
Commercial paper - interest at 0.59%-0.60% p.a. and 0.45%-0.47% p.a. as of December 31, 2014 and 2013, respectively	$ 1,900,000	$ 8,970,000
Less: Unamortized discounts	370	1,156
	$ 1,899,630	$ 8,968,844

The above commercial paper was unsecured.

c. Long-term borrowings

	December 31	
	2014	2013
Bank loans		
Due on various dates through October 2017, interest at 0.38%-3.98% p.a. and 0.44%-3.90% p.a. as of December 31, 2014 and 2013, respectively	$ 20,273,667	$ 15,401,491
Mortgage loans (Note 29)		
Bank of Taiwan		
Repayable in 6 equal semiannual installments from July 2012 (NT$16 billion), interest at 1.36% p.a. and 1.38% p.a. as of December 31, 2014 and 2013, respectively	2,666,667	8,000,000
Syndicated bank loans		
Bank of Taiwan and other banks		
Repaid in October 2014 (CAD 230,000 thousand), interest at 2.56% p.a.	-	6,442,300
Bank of Taiwan and other banks		
Repaid in October 2014 (CAD 48,345 thousand), interest at 2.52% p.a.	-	1,354,138
	22,940,334	31,197,929
Less: Syndicated loan fee	-	14,596
Current portion	7,827,211	6,642,101
	$ 15,113,123	$ 24,541,232

In July 2013, the Corporation entered into a syndicated credit facility agreement with the Bank of Taiwan and 11 other banks for CAD278,000 thousand unsecured non-revolving credit line. Under the agreement, the Corporation should meet some financial ratios and criteria which are based on reviewed consolidated financial statements as of June 30 and audited annual consolidated financial statements. If the Corporation breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare the Corporation's outstanding principal and interest to maturity as due, and request the Corporation to settle immediately. The Corporation has repaid the above syndicated bank loans in October 2014.

The amount of USD292,740 thousand, JPY13.714 billion and AUD284,876 thousand (NT$20,273,667 thousand), which is included in the above bank loans as of December 31, 2014 and the amount of USD292,740 thousand, JPY13.714 billion and AUD104,682 thousand (NT$15,401,491 thousand), which is included in the above bank loans as of December 31, 2013 were used to hedge the exchange rate fluctuations on investments in EAUS, CSCAU and CSVC and on the available-for-sale financial assets in Maruichi Steel Tube Ltd. and Yodogawa Steel Works, Ltd.

d. Long-term bills payable

	December 31	
	2014	**2013**
Commercial paper - interest at 0.65%-1.09% p.a.	$ -	$ 9,000,000
Less: Unamortized discounts	-	3,435
	$ -	$ 8,996,565

The Corporation entered into fixed rate commercial paper contracts with Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Grand Bills Finance Corporation and Taiwan Cooperative Bills Finance Corporation in September 2011. The duration of the contracts is four years. In the fourth year, the contracts can only be issued after negotiating with counterparties. The cycle of issuance is less than sixty days, during which the Corporation only has to pay service fees and interests. Therefore, the Corporation recorded those commercial papers issued as long-term bills payable.

17. BONDS PAYABLE

	December 31	
	2014	**2013**
5-year unsecured bonds - issued at par in:		
October 2011; repayable in October 2015 and October 2016; interest at 1.36% p.a., payable annually	$ 9,300,000	$ 9,300,000
7-year unsecured bonds - issued at par in:		
December 2008; repayable in December 2014 and December 2015; interest at 2.30% p.a., payable annually	3,500,000	7,000,000
October 2011; repayable in October 2017 and October 2018; interest at 1.57% p.a., payable annually	10,400,000	10,400,000
August 2012, repayable in August 2018 and August 2019; interest at 1.37% p.a., payable annually	5,000,000	5,000,000
July 2013, repayable in July 2019 and July 2020; interest at 1.44% p.a., payable annually	6,300,000	6,300,000
January 2014, repayable in January 2020 and January 2021; interest at 1.75% p.a., payable annually	6,900,000	-

(Continued)

	December 31	
	2014	2013
10-year unsecured bonds - issued at par in:		
August 2012, repayable in August 2021 and August 2022; interest at 1.50% p.a., payable annually	$ 15,000,000	$ 15,000,000
July 2013, repayable in July 2022 and July 2023; interest at 1.60% p.a., payable annually	9,700,000	9,700,000
January 2014, repayable in January 2023 and January 2024; interest at 1.95% p.a., payable annually	7,000,000	-
15-year unsecured bonds - issued at par in:		
July 2013, repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest at 1.88% p.a., payable annually	3,600,000	3,600,000
January 2014, repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	9,000,000	-
	85,700,000	66,300,000
Less: Issuance cost of bonds payable	66,214	55,879
Current portion	8,148,376	3,499,318
	$ 77,485,410	$ 62,744,803

(Concluded)

18. OTHER PAYABLES

	December 31	
	2014	2013
Purchase of equipment	$ 4,534,200	$ 3,894,632
Salaries and incentive bonus	2,628,863	3,302,366
Bonus to employees, and remuneration to directors and supervisors	1,615,235	1,152,309
Sales returns and discounts	883,761	661,970
Interest payable	832,254	429,971
Outsourced repair and construction (Note 28)	812,499	2,130,561
Consignment payable (Note 28)	662,266	972,409
Others	3,107,384	3,178,094
	$ 15,076,462	$ 15,722,312

19. PROVISIONS - CURRENT

	December 31	
	2014	2013
Onerous contracts (a)	$ 1,459,275	$ 1,466,265
Sales discounts (b)	-	-
	$ 1,459,275	$ 1,466,265

	Onerous Contracts	Sales Discounts	Total
Balance at January 1, 2014	$ 1,466,265	$ -	$ 1,466,265
Recognized	2,742,412	732,272	3,474,684
Paid	(2,749,402)	(732,272)	(3,481,674)
Balance at December 31, 2014	$ 1,459,275	$ -	$ 1,459,275
Balance at January 1, 2013	$ 1,378,181	$ 25,754	$ 1,403,935
Recognized	2,956,147	411,171	3,367,318
Paid	(2,868,063)	(436,925)	(3,304,988)
Balance at December 31, 2013	$ 1,466,265	$ -	$ 1,466,265

a. The provision for onerous contracts represents the present value of the future payments that the Corporation was presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts.

b. The provision for sales discounts, recognized as a reduction of operating revenues, represents the annual rewards estimated on the basis of historical experience, management's judgments and other known reasons.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Measures for the Regulation of the Income and Expenditure, Investment, and Management of the Workers’ Retirement Fund, the minimum return of yearly final appropriation generated through the use of Labor Pension Fund should not be below the return calculated on the interest rate for a 2-year time deposit with local banks. Since August 1999, the Corporation has also made contributions, equal to a certain percentage of salaries of management personnel (vice president above), to another pension fund, which are deposited and administered by the officers’ pension fund management committee. The Corporation has also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The most recent present values of plan assets and defined benefit obligations were calculated by licensed actuary. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2014	**2013**
Discount rate	1.625%	1.500%
Expected rate of return on plan assets	2.000%	1.750%
Expected rate of salary increase	2.250%	2.000%

The overall expected rate of return on plan assets was based on historical return trends and actuaries' predictions of the market for the asset over the life of the related obligation, with the consideration of the plan assets' performance and the effect of the minimum return.

The gains (losses) related to defined benefit plans were recognized as follows:

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 746,027	$ 768,481
Interest cost	366,003	307,141
Expected return on plan assets	(335,967)	(337,799)
Gain arising from curtailment or settlement	-	(1,982)
	$ 776,063	$ 735,841
Analysis by function		
Operating cost	$ 540,835	$ 516,736
Operating expense	234,018	213,919
Others	1,210	5,186
	$ 776,063	$ 735,841

For the years ended December 31, 2014 and 2013, the Corporation recognized actuarial gains NT$1,338,869 thousand and NT$140,182 thousand as other comprehensive income, respectively. As of December 31, 2014 and 2013, the accumulated actuarial gains recognized as retained earnings (through other comprehensive income) were NT$1,615,820 thousand and NT$276,951 thousand, respectively.

The amount included in the standalone balance sheets arising from the Corporation's obligations in respect of its defined benefit plans was as follows:

	December 31	
	2014	**2013**
Present value of funded defined benefit obligations	$ 23,770,963	$ 25,162,766
Fair value of plan assets	(19,871,893)	(19,600,874)
Accrued pension liabilities	$ 3,899,070	$ 5,561,892
Current (recognized as other payables)	$ 107,515	$ 1,319
Noncurrent	3,791,555	5,560,573
	$ 3,899,070	$ 5,561,892

Movements of present value of defined benefit obligation were as follows:

	For the Year Ended December 31	
	2014	2013
Defined benefit obligation, beginning of year	$ 25,162,766	$ 25,362,259
Current service costs	746,027	768,481
Interest costs	366,003	307,141
Benefits paid	(1,032,967)	(906,327)
Contributions of employee returning to the Corporation	12,299	11,552
Actuarial gains	(1,483,165)	(256,663)
Effects of curtailment	-	(123,677)
Defined benefit obligation, end of year	$ 23,770,963	$ 25,162,766

Movements in the fair value of plan assets were listed as follows:

	For the Year Ended December 31	
	2014	2013
Fair value of plan assets, beginning of year	$ 19,600,874	$ 19,561,193
Expected return on plan assets	335,967	337,799
Contribution from the employer	757,378	746,447
Contributions of employee returning to the Corporation	12,299	11,552
Payments of benefits	(964,555)	(846,653)
Actuarial gains (losses)	129,930	(87,769)
Payments of settlements	-	(121,695)
Fair value of plan assets, end of year	$ 19,871,893	$ 19,600,874

The actual return on plan assets were NT$465,897 thousand and NT$250,030 thousand for the years ended December 31, 2014 and 2013, respectively.

The percentages of the major categories of plan assets at the balance sheet date were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor Website:

	December 31	
	2014	2013
Cash equivalents	19	23
Equity securities	53	45
Debt securities	28	32
	100	100

The Corporation chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to the Regulations:

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 23,770,963	$ 25,162,766	$ 25,362,259	$ 25,099,635
Fair value of plan assets	$ 19,871,893	$ 19,600,874	$ 19,561,193	$ 19,094,675
Deficit	$ 3,899,070	$ 5,561,892	$ 5,801,066	$ 6,004,960

(Continued)

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Experience adjustments on plan liabilities	$ 1,684,309	$ (216,989)	$ (620,681)	$ -
Experience adjustments on plan assets	$ 129,930	$ (87,769)	$ (192,520)	$ -

(Concluded)

The Corporation expects to make a contribution of NT$715,078 thousand and NT$776,063 thousand to the defined benefit plans during the annual period beginning after 2014 and 2013, respectively.

21. EQUITY

a. Share capital

	December 31 2014	December 31 2013
Numbers of shares authorized (in thousands)	17,000,000	17,000,000
Shares authorized	$ 170,000,000	$ 170,000,000
Numbers of shares issued and fully paid (in thousands)		
Ordinary shares (in thousands)	15,734,861	15,425,584
Preference shares (in thousands)	38,268	38,268
	15,773,129	15,463,852
Shares issued		
Ordinary shares	$ 157,348,610	$ 154,255,840
Preference shares	382,680	382,680
	$ 157,731,290	$ 154,638,520

1) Ordinary shares

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

2) Preference shares

Preference shareholders have the following entitlements or rights:

a) 14% annual dividends, with dividend payments ahead of those to ordinary shareholders;

b) Preference over ordinary shares in future payment of dividends in arrears;

c) The sequence and percentage of appropriation of residual property are the same with ordinary shares.

d) The same rights as ordinary shareholders, except the right to vote for directors and supervisors; and

e) Redeemable by the Corporation and convertible to ordinary shares by preference shareholders with the ratio of 1:1.

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. The depositary receipts then increased by 6,924,354 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,668,738,370 shares (including 290 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of December 31, 2014 and 2013, the outstanding depositary receipts were 1,841,908 units and 3,511,961 units, equivalent to 36,838,470 ordinary shares (including 310 fractional shares), 70,239,515 ordinary shares (including 295 fractional shares), which represented 0.23% and 0.46 % of the outstanding ordinary shares, respectively.

b. Capital surplus

	December 31	
	2014	**2013**
May be used to offset deficits, distribute cash or transfer to share capital (see 1 below)		
Additional paid-in capital	$ 31,154,766	$ 31,154,766
Treasury share transactions	5,705,663	5,487,610
Others	8,099	8,099
	36,868,528	36,650,475
May be used to offset deficits only		
Share of change in equity of subsidiaries (see 2 below)	345,624	310,259
May not be used for any purpose		
Share of change in equity of associates	3,724	84
	$ 37,217,876	$ 36,960,818

1) The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital and once a year).

2) The capital surplus included the share of change in equity of subsidiaries recognized without any actual acquisition or disposal of subsidiaries' share by the Corporation or the adjustments to capital surplus of subsidiaries under equity method.

c. Retained earnings and dividend policy

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

1) 10% as legal reserve;

2) Preference share dividends at 14% of par value;

3) Of the remainder, 0.15% as remuneration to directors and supervisors and 8% as bonus to employees;

4) Ordinary share dividends at 14% of par value; and

5) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

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

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

For the year ended December 31, 2014, the bonus to employees and remuneration to directors and supervisors were NT$1,587,490 thousand and NT$29,765 thousand, respectively, and for the year ended December 31, 2013 the related amounts were NT$1,133,084 thousand and NT$21,245 thousand, respectively. The bonus to employees and remuneration to directors and supervisors were calculated based on the percentages provided in the Corporation's Articles of Incorporation and accrued based on the past experiences. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and share dividends) of the shares at the date preceding the shareholders' meeting.

Under Rule 89 No. 100116 issued by the Securities and Futures Bureau of the FSC and Rule No. 0950000507 issued by the FSC, certain amount of unappropriated earnings shall be transferred to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance. Under Rule 89 No. 05044 and Rule 91 No. 170010 issued by Securities and Futures Bureau of the FSC, if the market price of the Corporation's ordinary shares held by subsidiaries is lower than the carrying value of the Corporation's shares held by subsidiaries, the Corporation should appropriate a special reserve equal to the difference between market price and carrying value multiplied by the percentage of ownership. Any special reserve appropriated may be reversed to the extent of the increase in valuation.

The Corporation appropriates and reverses special reserves under Rule No. 1010012865, Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity item.

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

Except for non-ROC resident shareholders, all shareholders receiving the dividends are entitled to a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meeting on June 18, 2014 and June 19, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2013	2012	2013	2012
Legal reserve	$ 1,598,154	$ 581,149		
Special reserve	166,266	-		
Preference shares				
Cash dividends	45,922	49,748	$ 1.2	$ 1.3
Share dividends	7,653	3,827	0.2	0.1
			$ 1.4	$ 1.4
Ordinary shares				
Cash dividends	10,797,909	6,108,990	$ 0.7	$ 0.4
Share dividends	3,085,117	1,527,248	0.2	0.1
	$ 15,701,021	$ 8,270,962	$ 0.9	$ 0.5

The reversal of the special reserve NT$2,325,000 thousand had been approved in the shareholders' meeting in 2013.

The bonus to employees and remuneration to directors and supervisors (distributed in cash) for 2013 and 2012 approved in the above shareholders' meetings, respectively, were as follows:

	For the Year Ended December 31			
	2013		2012	
	Bonus to Employees	Remuneration to Directors and Supervisors	Bonus to Employees	Remuneration to Directors and Supervisors
Amounts approved in shareholders' meetings	$ 1,133,084	$ 21,245	$ 414,141	$ 7,765
Amounts recognized in respective financial statements	1,133,084	21,245	414,141	7,765
Difference	$ -	$ -	$ -	$ -

The appropriations of earnings for 2012 were proposed according to the Corporation's financial statements for the year ended December 31, 2012, which were prepared in accordance with the former Regulations Governing the Preparation of Financial Reports by Securities Issuers and ROC GAAP, and by reference to the balance sheet for the year ended December 31, 2012, which were prepared in accordance with the Regulations.

The appropriations of earnings for 2014 had been proposed in the board of directors' meeting on March 27, 2015. The appropriations and dividends per share were as follows:

	Appropriations of Earnings	Dividends Per Share (NT Dollars)
Legal reserve	$ 2,216,027	
Special reserve	47,049	

(Continued)

	Appropriations of Earnings	Dividends Per Share (NT Dollars)
Preference shares		
Cash dividends	$ 53,575	$ 1.4
Ordinary shares		
Cash dividends	15,734,861	$ 1.0

(Concluded)

The 2014 appropriations of earnings, bonus to employees and remuneration to directors and supervisors will be resolved by the shareholders in their meeting scheduled for June 2015.

Information about the appropriations of earnings, bonus to employees and remuneration to directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 26,920,871	$ 29,248,991
Appropriation of special reserve		
Debit to other equity items	166,266	-
Reversal of special reserve		
Disposal of property, plant and equipment	(854)	(1,617)
Disposal of property, plant and equipment by subsidiaries	-	(1,503)
Others	-	(2,325,000)
Balance, end of year	$ 27,086,283	$ 26,920,871

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ (659,689)	$ (417,820)
Exchange differences arising on translating the net assets of foreign operations	1,077,665	(794,443)
Gain or loss on hedging instruments designated in hedges of the net assets of foreign operations	(59,431)	309,859
Share of exchange difference of subsidiaries and associates accounted for using the equity method	373,924	242,715
Balance, end of year	$ 732,469	$ (659,689)

2) Unrealized gain on available-for-sale financial assets

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 8,603,167	$ 5,283,803
Unrealized gain or loss on available-for-sale financial assets	(424,917)	2,837,777
Reclassified to profit or loss on disposal of available-for-sale financial assets	(116,661)	(131,141)
Impairment loss on available-for-sale financial assets	641,600	-
Share of unrealized gain on available-for-sale financial assets of subsidiaries and associates accounted for using the equity method	580,165	629,101
Realized gain on disposal of investments	-	(16,373)
Balance, end of year	$ 9,283,354	$ 8,603,167

3) Cash flow hedge

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 12,375	$ (280,266)
Fair value changes of hedging instruments	149,013	98,123
Income tax relating to fair value changes	(25,332)	(16,681)
Fair value changes of hedging instruments transferred to profit or loss	(1,375)	(32,356)
Income tax relating to amounts transferred to profit or loss	234	5,501
Fair value changes of hedging instruments transferred to adjust carrying amount of hedged items	(11,875)	(61,644)
Income tax relating to amounts transferred to adjust carrying amount of hedged items	2,018	10,479
Share of cash flow hedge of subsidiaries and associates accounted for using the equity method	21,134	289,219
Balance, end of year	$ 146,192	$ 12,375

f. Treasury shares

	Thousand Shares			December 31	
Purpose of Treasury Shares	**Beginning of Year**	**Addition**	**Reduction**	**Thousand Shares**	**Book Value**
For the year ended December 31, 2014					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	308,545	9,824	-	318,369	$ 8,587,461
For the year ended December 31, 2013					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	309,816	3,097	4,368	308,545	$ 8,496,974

The Corporation’s shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares (subsidiaries recorded those shares as available-for-sale financial assets - current and available-for-sale financial assets - noncurrent). The Corporation’s shares held by more than 50%-owned subsidiaries are not allowed to participate in the Corporation’s capital increase in cash and have no voting rights; other rights are the same as other ordinary shareholders. The increase of treasury shares was due to acquisition of the Corporation's shares by subsidiaries in which the Corporation has less than 50% shareholding. The decrease of treasury shares was mainly due to subsidiaries' sale of the Corporation's shares and change in percentage of ownership.

For the year ended December 31, 2013, the subsidiaries sold 10,442 thousand shares of the Corporation for proceeds of NT$281,372 thousand. The proceeds of treasury shares sold, calculated by shareholding percentage, amounted to NT$114,209 thousand, and after deducting book values, resulted in the amounts of NT$31,212 thousand, recognized as capital surplus. As of December 31, 2014 and 2013, the market values of the treasury shares calculated by combined holding percentage were NT$8,374,146 thousand and NT$8,330,708 thousand, respectively.

22. OPERATING REVENUES

	For the Year Ended December 31	
	2014	**2013**
Revenue from the sale of goods	$ 199,607,615	$ 194,564,974
Revenue from the rendering of services	1,959,416	2,028,876
Other revenues	3,592,571	4,132,418
	$ 205,159,602	$ 200,726,268

23. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Other income

	For the Year Ended December 31	
	2014	**2013**
Rental income	$ 266,824	$ 205,736
Dividend income	206,682	229,517
Interest income	183,073	98,446
Royalty income	152,935	207,175
Remuneration to directors and supervisors assigned to the subsidiaries	127,776	63,979
Others	278,675	223,688
	$ 1,215,965	$ 1,028,541

b. Other gains and losses

	For the Year Ended December 31	
	2014	**2013**
Net foreign exchange gain	$ 402,207	$ 298,939
Gain on disposal of investments	116,661	147,514

(Continued)

	For the Year Ended December 31	
	2014	2013
Impairment loss on financial assets	$ (641,600)	$ -
Loss on disposal of property, plant and equipment	(119,214)	(44,984)
Other losses	(322,839)	(499,285)
	$ (564,785)	$ (97,816)

(Concluded)

The components of net foreign exchange gain were as follows:

	For the Year Ended December 31	
	2014	2013
Foreign exchange gain	$ 1,564,496	$ 1,527,940
Foreign exchange loss	(1,162,289)	(1,229,001)
Net exchange gain	$ 402,207	$ 298,939

c. Finance costs

	For the Year Ended December 31	
	2014	2013
Interest of bonds payable	$ 1,493,168	$ 1,144,696
Interest of short-term borrowings and bank overdraft	669,923	490,935
Interest of bills payable	66,960	154,319
Total interest expense for financial liabilities measured at amortized cost	2,230,051	1,789,950
Less: Amounts included in the cost of qualifying assets	245,339	303,254
	$ 1,984,712	$ 1,486,696

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2014	2013
Capitalized amounts	$ 245,339	$ 303,254
Capitalized annual rates (%)	1.39-1.70	1.34-1.58

d. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 19,421,061	$ 18,844,726
Investment properties	22,818	12,070
Intangible assets	22,750	42,167
	$ 19,466,629	$ 18,898,963

(Continued)

	For the Year Ended December 31	
	2014	2013
Analysis of depreciation by function		
Operating costs	$ 18,543,632	$ 18,205,209
Operating expenses	876,709	638,076
Others	23,538	13,511
	$ 19,443,879	$ 18,856,796
Analysis of amortization by function		
Operating costs	$ 22,627	$ 42,007
Operating expenses	123	160
	$ 22,750	$ 42,167

(Concluded)

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2014	2013
Direct operating expenses of investment properties that generated rental income	$ 48,050	$ 28,082

f. Employee benefits

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits		
Salaries	$ 17,258,409	$ 15,893,285
Labor and health insurance	935,694	798,896
Others	544,002	620,862
	$ 18,738,105	$ 17,313,043
Post-employment benefits (Note 20)		
Defined contribution plans	$ 158,199	$ 136,286
Defined benefit plans	776,063	735,841
	934,262	872,127
Termination benefits	54,252	255,012
	$ 19,726,619	$ 18,440,182
Analysis by function		
Operating cost	$ 16,072,740	$ 14,908,598
Operating expense	3,473,279	2,989,271
Others	180,600	542,313
	$ 19,726,619	$ 18,440,182

As of December 31, 2014 and 2013, the Corporation's number of employees were about 10,107 and 9,946, respectively.

24. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 2,487,026	$ 1,081,982
In respect of prior years	(686,789)	67,402
Deferred tax		
In respect of the current year	(566,528)	(105,596)
In respect of prior years	285,849	(30,172)
Write-down in the current year	12,550	512,228
	$ 1,532,108	$ 1,525,844

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

	For the Year Ended December 31	
	2014	2013
Profit before income tax	$ 23,692,374	$ 17,507,384
Income tax expense at the statutory rate	$ 4,027,703	$ 2,976,255
Non-deductible expenses in determining taxable income	33,934	22,369
Other permanent differences	(1,371)	-
Tax-exempt income	(2,165,297)	(1,542,724)
Loss on capital reduction	-	(463,696)
Additional income tax on unappropriated earnings	28,052	-
Investment credits in respect of the current year	(2,523)	(15,818)
Adjustments for prior years' tax in respect of the current year	(400,940)	37,230
Write-down of deferred tax assets	12,550	512,228
Income tax expense recognized in profit or loss	$ 1,532,108	$ 1,525,844

The applicable tax rate used above is the corporate tax rate of 17% payable by the Corporation.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2014	2013
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	$ 216	$ 410

(Continued)

	For the Year Ended December 31	
	2014	2013
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	$ (216)	$ (410)
	$ -	$ -

(Concluded)

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Recognized in other comprehensive income:		
Fair value changes of cash flow hedges	$ 25,332	$ 16,681
Actuarial gains or losses on defined benefit pension plan	274,226	28,712
Fair value changes of hedging instrument in cash flow hedges transferred to profit or loss	(234)	(5,501)
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	(2,018)	(10,479)
	$ 297,306	$ 29,413

d. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable	$ -	$ 8,663
Current tax liabilities		
Income tax payable	$ 2,886,183	$ 2,047,487

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2014

Deferred tax assets	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Balance, end of year
Temporary differences					
Defined benefit pension plan	$ 945,521	$ (8,453)	$ (274,226)	$ -	$ 662,842
Impairment loss on financial assets	402,809	109,072	-	-	511,881
Unrealized loss on inventories	521,892	221,512	-	-	743,404
Provision	249,265	(1,189)	-	-	248,076

(Continued)

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Balance, end of year
Unrealized gain on the transactions with subsidiaries and associates	$ 113,552	$ 49,956	$ -	$ -	$ 163,508
Unrealized settlement loss on hedging of forward exchange	105,013	(3,327)	-	-	101,686
Estimated preferential severance pay	66,400	(23,490)	-	-	42,910
Others	81,068	(10,473)	-	-	70,595
	2,485,520	333,608	(274,226)	-	2,544,902
Investment credits	1,728,042	(288,393)	-	-	1,439,649
	$ 4,213,562	$ 45,215	$ (274,226)	$ -	$ 3,984,551
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 10,011,916	$ -	$ -	$ -	$ 10,011,916
Difference between tax reporting and financial reporting - depreciation methods	993,717	(105,667)	-	-	888,050
Foreign investment income	283,924	(121,110)	-	-	162,814
Unrealized exchange gains, net	45,522	4,358	-	-	49,880
Unrealized gain on revaluation increment	33,237	-	-	(216)	33,021
Unrealized gain on cash flow hedge	1,998	-	23,080	-	25,078
Others	15,451	(495)	-	-	14,956
	$ 11,385,765	$ (222,914)	$ 23,080	$ (216)	$ 11,185,715

(Concluded)

For the Year Ended December 31, 2013

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Balance, end of year
Deferred tax assets					
Temporary differences					
Defined benefit pension plan	$ 961,183	$ 13,050	$ (28,712)	$ -	$ 945,521
Impairment loss on financial assets	938,658	(535,849)	-	-	402,809
Unrealized loss on inventories	518,610	3,282	-	-	521,892
Provision	234,290	14,975	-	-	249,265
Unrealized gain on the transactions with subsidiaries and associates	180,553	(67,001)	-	-	113,552
Unrealized settlement loss on hedging of forward exchange	103,375	1,638	-	-	105,013
Estimated preferential severance pay	55,681	10,719	-	-	66,400
Others	89,388	(8,320)	-	-	81,068
	3,081,738	(567,506)	(28,712)	-	2,485,520
Investment credits	1,697,216	30,826	-	-	1,728,042
	$ 4,778,954	$ (536,680)	$ (28,712)	$ -	$ 4,213,562
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 10,011,916	$ -	$ -	$ -	$ 10,011,916
Difference between tax reporting and financial reporting - depreciation methods	1,094,613	(100,896)	-	-	993,717
Foreign investment income	336,010	(52,086)	-	-	283,924
Unrealized exchange gains, net	51,146	(5,624)	-	-	45,522

(Continued)

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Balance, end of year
Unrealized gain on revaluation increment	$ 33,647	$ -	$ -	$ (410)	$ 33,237
Unrealized gain on cash flow hedge	1,297	-	701	-	1,998
Others	17,065	(1,614)	-	-	15,451
	$ 11,545,694	$ (160,220)	$ 701	$ (410)	$ 11,385,765

(Concluded)

f. The related information about unused investment credits

As of December 31, 2014, investment credits comprised of:

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	$ 1,728,042	2016

g. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Unappropriated earnings generated before January 1, 1998	$ 15,954	$ 15,954
Unappropriated earnings generated on and after January 1, 1998	24,109,561	16,332,286
	$ 24,125,515	$ 16,348,240
Imputation credit accounts (“ICA”)	$ 515,798	$ 27,022

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution.

The creditable ratio of the Corporation for the distribution of 2014 and 2013 earnings was 14.19% (estimated) and 15.13%, respectively. The actual imputation credits allocated to shareholders of the Corporation was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of the Regulations, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of the Regulations.

h. Income tax assessments

The Corporation’s income tax returns through 2010 have been assessed by the tax authorities. The Corporation disagreed with the tax authorities’ assessment of its 2010 tax return and filed for administrative appeal. However, the Corporation has recognized the related additional tax payable in prior year.

25. EARNINGS PER SHARE

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

Net profit for the year

	For the Year Ended December 31	
	2014	2013
Net profit for the year	$ 22,160,266	$ 15,981,540
Less: Dividends on preference shares	53,575	53,575
Earnings used in computation of basic and diluted earnings per share	$ 22,106,691	$ 15,927,965

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

	For the Year Ended December 31	
	2014	2013
Weighted average number of ordinary shares in computation of basic earnings per share	15,418,145	15,415,745
Effect of dilutive potential ordinary shares:		
Bonus to employees	85,274	52,242
Convertible preference shares	38,268	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	15,541,687	15,467,987

Preference shares were not included in the calculation of diluted earnings per share for the year ended December 31, 2013 because of their anti-dilutive effect.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of share dividends distributed out of earnings for the year ended December 31, 2014. The adjusted basic and diluted after-tax earnings per share for the year ended December 31, 2013 were both NT$1.03.

If the Corporation is allowed to settle the bonus paid to employees by cash or shares, the Corporation presumes that the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. CAPITAL MANAGEMENT

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

Except for Note 16, the Corporation is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of Financial Instruments

1) Fair value measurements recognized in the standalone balance sheets

The financial assets and financial liabilities measured at fair value were grouped into Level 1 to 3 based on the degree to which the fair value is observable.

a) Level 1 fair value measurements are those derived from listed prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than listed prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Available-for-sale financial assets				
Domestic listed shares	$ 6,260,084	$ -	$ -	$ 6,260,084
Foreign listed shares	1,598,713	-	-	1,598,713
Domestic emerging market shares and unlisted equity securities	-	-	3,443,191	3,443,191
Foreign unlisted equity securities	-	-	10,713,463	10,713,463
	$ 7,858,797	$ -	$ 14,156,654	$ 22,015,451
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 108,203	$ -	$ 108,203
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 12,245	$ -	$ 12,245
December 31, 2013				
Available-for-sale financial assets				
Domestic listed shares	$ 4,492,893	$ -	$ -	$ 4,492,893
Foreign listed shares	1,765,290	-	-	1,765,290
Domestic emerging market shares and unlisted equity securities	-	-	5,401,385	5,401,385
Foreign unlisted equity securities	-	-	9,943,715	9,943,715
	$ 6,258,183	$ -	$ 15,345,100	$ 21,603,283
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 17,907	$ -	$ 17,907
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 10,936	$ -	$ 10,936

There was no transfer between Level 1 and Level 2 for the year ended December 31, 2014 and 2013.

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

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 15,345,100	$ 10,038,451
Recognized in profit or loss - other gains and losses	(641,600)	-
Recognized in other comprehensive income - unrealized gain on available-for-sale financial assets	(291,499)	1,752,962
Purchases	1,028,330	4,191,913
Capital reduction	-	(17,579)
Transfers out of Level 3	(1,283,677)	(620,647)
Balance, end of year	$ 14,156,654	$ 15,345,100

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets were determined with reference to listed market prices (includes domestic and foreign listed shares). Where such prices were not available, valuation techniques were applied. For emerging market shares, fair values were estimated on the basis of the closing price and liquidity. For unlisted equity securities, fair values were estimated by using a discounted cash flow model, which included some assumptions that were not supportable by observable market prices or rates, by using a market approach, which was determined based on industry types, valuations of similar companies and operations, or by using the net worth of companies.

b) The fair values of derivative instruments were calculated using listed prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for derivatives. The estimates and assumptions used by the Corporation were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31	
	2014	2013
Financial assets		
Derivative instruments in designated hedge accounting relationships	$ 108,203	$ 17,907
Loans and receivables (see 1 below)	22,502,438	18,733,263
Available-for-sale financial assets	22,015,451	21,603,283
Derivative instruments in designated hedge accounting relationships	12,245	10,936
Measured at amortized cost (see 2 below)	137,204,384	144,996,988

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables (including loans to related parties), bond investments with no active market, refundable deposits and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, notes and accounts payable (including related parties), other payables, bonds payable, long-term borrowings and long-term bills payable.

c. Financial risk management objectives and policies

The finance department of the Corporation proposes financial strategies according to the operation at different stages, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk analysis of degree of exposures by using domestic and international professional risk monitoring system. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

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

The carrying amounts of the significant non-functional currency monetary assets and liabilities at the balance sheet date were as follows:

	December 31	
	2014	**2013**
Assets		
USD	$ 3,050,671	$ 3,424,643
JPY	2,837,094	3,047,830
AUD	4,208	-
Liabilities		
USD	13,046,825	13,472,482
AUD	7,379,921	4,207,803
JPY	3,699,733	3,953,647
CAD	-	7,796,438

The Corporation was mainly exposed to the currencies USD, JPY, CAD and AUD. The following table details the sensitivity to a 1% increase in NTD against the relevant foreign currencies.

	USD Impact			JPY Impact		
	For the Year Ended December 31			For the Year Ended December 31		
	2014	**2013**		**2014**	**2013**	
Pre-tax profit or loss	$ 13,397	$ 21,638	i	$ 8,626	$ 9,058	ii
Pre-tax equity	86,565	78,841	iii	-	-	iii

	CAD Impact			AUD Impact		
	For the Year Ended December 31			For the Year Ended December 31		
	2014	2013		2014	2013	
Pre-tax profit or loss	$ -	$ -		$ (40)	$ -	i
Pre-tax equity	-	77,964	iii	73,797	42,078	iii

i. This was mainly attributable to the exposure of outstanding cash, receivables and payables, which were not hedged at the balance sheet date.

ii. This was mainly attributable to the exposure of outstanding cash, receivables and payables, which were not hedged at the balance sheet date, and bond investments with no active market and borrowings, which were designated as hedged items in fair value hedges .

iii. This was attributable to other financial assets, which were designated as hedging instruments in cash flow hedges, and borrowings, which were designated as hedging instruments in net investments in foreign operations hedges.

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

b) Interest rate risk

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

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

	December 31	
	2014	2013
Fair value interest rate risk		
Financial liabilities	$ 87,533,416	$ 75,212,965
Cash flow interest rate risk		
Financial liabilities	30,234,049	47,613,759

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2014 and 2013 would have been lower/higher by NT$302,340 thousand and NT$476,138 thousand, respectively.

c) Other price risk

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2014 and 2013 would have been higher/lower by NT$78,588 thousand and NT$62,582 thousand, respectively, as a result of the fair value changes of available-for-sale financial assets.

2) Credit risk

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

The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. The Corporation did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

As of December 31, 2014, the maximum credit risk of off-balance-sheet guarantees provided to subsidiaries and investees of co-investment for procurement and investment compliance was NT$12,841,981 thousand (USD378,262 thousand and MYR86,681 thousand).

3) Liquidity risk

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

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

	Less Than 1 Year	2-5 Years	Over 5 Years	Total
December 31, 2014				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 18,604,665	$ -	$ -	$ 18,604,665
Variable interest rate liabilities	15,593,454	15,529,085	-	31,122,539
Fixed interest rate liabilities	12,214,763	27,775,074	57,967,700	97,957,537
Financial guarantee liabilities	5,651,586	7,190,395	-	12,841,981
	$ 52,064,468	$ 50,494,554	$ 57,967,700	$ 160,526,722
December 31, 2013				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 21,740,293	$ -	$ -	$ 21,740,293
Variable interest rate liabilities	14,563,111	34,498,783	-	49,061,894

(Continued)

	Less Than 1 Year	2-5 Years	Over 5 Years	Total
Fixed interest rate liabilities	$ 13,527,419	$ 28,899,003	$ 39,114,886	$ 81,541,308
Financial guarantee liabilities	8,613,576	9,614,649	-	18,228,225
	$ 58,444,399	$ 73,012,435	$ 39,114,886	$ 170,571,720

(Concluded)

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

28. TRANSACTIONS WITH RELATED PARTIES

a. Operating revenues

Account Items	Related Parties Types	For the Year Ended December 31 2014	2013
Revenue from sales of goods	Subsidiaries	$ 16,998,594	$ 17,871,413
	The Corporation and its subsidiaries as key management personnel of other related parties	3,007,860	4,290,685
	Supervisors of the Corporation	1,757,099	-
	Associates of the Corporation and its subsidiaries	619,163	125,826
		$ 22,382,716	$ 22,287,924

Sales to related parties were made under normal terms applied to similar transactions in the market except for terms of sales to CSCI, CSVC and Qingdao China Steel Precision Metals Co., Ltd. (QCSPMC) which were telegraphic transfer in 90 days, 60 days and 60 days, respectively after shipment date and for terms of sales to some subsidiaries without similar transactions with other unrelated parties.

b. Purchase of goods

Related Parties Types	For the Year Ended December 31 2014	2013
Subsidiaries	$ 37,869,306	$ 32,418,470
Associates of the Corporation and its subsidiaries	153,546	175,425
Others	314,126	359,381
	$ 38,336,978	$ 32,953,276

Purchased from related parties were made under normal terms applied to similar transactions in the market except for terms of purchases from some subsidiaries without similar transactions with other unrelated parties.

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

Account Items	Related Parties Types	December 31 2014	December 31 2013
Notes and accounts receivable	Subsidiaries	$ 923,856	$ 1,261,299
	The Corporation and its subsidiaries as key management personnel of other related parties	198,076	654,696
	Associates of the Corporation and its subsidiaries	-	3,527
		$ 1,121,932	$ 1,919,522

No guarantee had been received for receivables from related parties. For the years ended December 31, 2014 and 2013, no impairment loss was recognized for receivables from related parties.

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

Account Items	Related Parties Types	December 31 2014	December 31 2013
Accounts payable	Subsidiaries	$ 866,839	$ 1,573,045
	Associates of the Corporation and its subsidiaries	24,103	18,634
		$ 890,942	$ 1,591,679

The outstanding accounts payable to related parties are unsecured.

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

The Corporation provided short-term loans to its subsidiaries, with the interest rate calculated at the latest 30-day average rate of the Corporation’s short-term loans in the same currencies from ordinary financial institutions. As of December 31, 2014 and 2013, the interest rate was 0.68% and 0.57%-0.60%, respectively.

Loans to its subsidiaries were unsecured loans with interest income of NT$61,207 thousand and NT$15,811 thousand for the years ended December 31, 2014 and 2013, respectively.

Related Parties Types	December 31 2014	December 31 2013
Subsidiaries	$ 5,230,000	$ 2,320,000

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

Related Parties Types	December 31 2014	December 31 2013
Subsidiaries	$ 500,000	$ 360,000

The rate of loans from subsidiaries is calculated at the current repurchase rate in secondary market and adjusted based on the circumstances. As of December 31, 2014 and 2013, the interest rate was 0.68% and 0.57%, respectively.

Loans from its subsidiaries were unsecured loans and with interest expense of NT$3,413 thousand and NT$851 thousand for the years ended December 31, 2014 and 2013, respectively.

g. Other related parties transactions

1) The Corporation signed brokerage contract with its subsidiaries. For the years ended December 31, 2014 and 2013, the commission revenue was NT$458,858 thousand and NT$401,491 thousand, respectively.

The balances of consignment payable from related parties, which are recognized as other payables, were as follows:

Related Parties Types	December 31 2014	December 31 2013
Subsidiaries	$ 662,266	$ 972,409

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

Related Parties Types	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Subsidiaries	$ 2,124,053	$ 2,436,168
The Corporation and its subsidiaries as key management personnel of other related parties	862,460	625,093
Others	29,314	84,089
	$ 3,015,827	$ 3,145,350

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

Related Parties Types	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Subsidiaries	$ 6,512,877	$ 5,376,019
Others	29,629	150,051
	$ 6,542,506	$ 5,526,070

4) Capital expenditures

Related Parties Types	For the Year Ended December 31 2014	2013
Subsidiaries	$ 6,424,290	$ 6,968,750
Associates of the Corporation and its subsidiaries	-	546
	$ 6,424,290	$ 6,969,296

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

	December 31 2014	2013
Subsidiaries	$ 789,463	$ 2,066,583

5) As of December 31, 2014 and 2013, guarantees provided to the related parties for procurement and investment compliance were NT$10,406,558 thousand (USD327,912 thousand) and NT$15,765,286 thousand (USD418,566 thousand and AUD120,943 thousand).

h. Compensation of key management personnel

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

	For the Year Ended December 31 2014	2013
Short-term employee benefits	$ 92,742	$ 88,553
Post-employment benefits	2,286	1,933
	$ 95,028	$ 90,486

29. ASSETS PLEDGED AS COLLATERAL OR SECURITY

As of December 31, 2014 and 2013, time deposits pledged as collateral for bank overdraft and performance guarantees, etc. were both NT$5,650,000 thousand and land pledged as collateral for long-term bank borrowings were both NT$18,875,450 thousand.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2014 were as follows:

a. The Corporation provided letters of credits for NT$2,071,352 thousand guaranteed by Mega International Commercial Bank, the Shanghai Commercial and Saving Bank and the Land Bank of Taiwan for several construction and lease contracts.

b. Unused letters of credit for importation of materials and machinery amounted to NT$3.7 billion.

c. Property purchase and construction contracts for NT$3 billion were signed but not yet recorded.

d. The Corporation entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, United States, Russia, Japan and domestic companies with contract terms of 1 to 10 years. Contracted annual purchases of 6,540,000 metric tons of coal, 15,310,000 metric tons of iron ore, and 2,120,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2014 were USD2.844 billion (including 3,860,000 metric tons of coal, 35,570,000 metric tons of iron ore, and 660,000 metric tons of limestone).

e. In December 2011, the subsidiary CHSC entered into a syndicated credit facility agreement with Bank of Taiwan and 11 other banks for NT$16 billion credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 30% of CHSC's issued shares and control CHSC's operation. As of December 31, 2014, the Corporation held 41% equity of CHSC and held over half of the seats in the board of directors and controlled its operations.

f. In July 2012, the subsidiary DSC entered into a syndicated credit facility agreement with Bank of Taiwan and 17 other banks for a NT$35 billion credit line; in February 2008, DSC entered into another syndicated credit facility agreement with Bank of Taiwan and 13 other banks for a NT$51.7 billion credit line. Under the agreements, the Corporation should hold at least 80% and 40% of DSC's issued shares and hold half or more of the seats in the board of directors. As of December 31, 2014, the Corporation held 100% equity of DSC and held all of the seats in the board of directors.

g. In October 2012, the subsidiary CSVC entered into a syndicated credit facility agreement with Mega International Commercial Bank and 11 other banks for a USD246,000 thousand credit line. The agreement was amended in March 2014. Under the agreement, the Corporation should hold at least 50% of CSVC's issued shares and hold half or more of the seats in the board of directors. As of December 31, 2014, the Corporation held 51% equity of CSVC and over half of the seats in the board of directors.

h. In May 2014, March 2014 and January 2013, the subsidiary CSCI entered into short-term financing contracts with Chinatrust Commercial Bank for USD27,000 thousand and INR0.4 billion credit lines and with Credit Agricole Corporate and Investment Bank for USD25,000 thousand credit lines, entered into a syndicated credit facility agreement with Chinatrust Commercial Bank and 9 other banks for a USD110,000 thousand credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 75%, 60% and 75% of CSCI's issued shares and hold two-thirds, half and two-thirds or more of the seats in the board of directors. If CSCI expands or invites new strategic investors, the Corporation and its related parties should collectively hold at least 60% of CSCI's issued shares and hold half or more of the seats in the board of directors. As of December 31, 2014 the Corporation held 100% equity of CSCI and held all of the seats in the board of directors.

i. Starting January 2013, the subsidiary Changzhou China Steel Precision Materials Corporation (CCSPMC) entered into several credit facility agreements with Taipei Fubon Bank and several banks. Under the agreements, the Corporation and its subsidiaries should collectively hold over 70% of the CCSPMC's equity and 75% of the seats in the board of directors and supervisors. As of December 31, 2014, the subsidiary CSAPH held 70% equity of CCSPMC and three-quarters of the seats in the board of directors and supervisors.

j. In September 2014, August 2014 and April 2014, the subsidiary QCSPMC entered into a comprehensive credit agreements with Industrial Bank of Taiwan, Standard Chartered Bank and Credit Agricole Corporate and Investment Bank for USD10,000 thousand, USD20,000 thousand and USD12,000 thousand credit lines. Under the agreement, the Corporation and its subsidiaries should collectively hold at least 60%, 60% and 70% of the QCSPMC's issued shares and 50%, 50% and 70% of the seats in the board of directors. As of December 31, 2014, the subsidiaries CSAPH and CSGT collectively held 70% equity of QCSPMC and four-fifths of the seats in the board of directors.

k. In August 2014, the associate Chang-Chun Ceck Auto. Parts Co., Ltd. (CCCA) entered into a credit facility agreement with Chinatrust Commercial Bank for a EUR2,000 thousand import loan commitment. Under the agreement, the Corporation and its associates should collectively hold at least 30% of CCCA's issued shares and one seat in the board of directors. As of December 31, 2014, the Corporation indirectly held 30% equity of CCCA and one seat in the board of directors.

l. In November 2014, the associate HAPC entered into a credit facility agreement with Shanghai Commercial and Savings Bank for a NT$225,000 thousand factory building loan commitment and a JPY56,500 thousand import loan commitment transferred from credit. Under the agreement, the Corporation and its associates should collectively hold at least 30% of HAPC's issued shares and two seats in the board of directors. As of December 31, 2014, the Corporation held 30% equity of HAPC and two seats in the board of directors.

m. Guarantees provided to related parties and investees under common investment relationships for procurement and investment compliances were NT$12,841,981 thousand (USD378,262 thousand and MYR86,681 thousand) (Note 28).

31. SIGNIFICANT SUBSEQUENT EVENTS

On February 13, 2015, the Corporation's board of directors approved investing USD939,135 thousand to acquire 20% shareholding in Formosa Ha Tinh (Cayman) Limited through its subsidiary CSAPH. As of the date the financial statements were approved and authorized for issue, the above investment hasn't been paid.

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2014	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary financial assets			
USD	$ 96,388	31.6500	$ 3,050,671
JPY	10,722,200	0.2646	2,837,094
AUD	162	25.9050	4,208
Non-monetary financial assets			
USD	256,422	31.6500	8,115,748
JPY	6,042,000	0.2646	1,598,713
MYR	178,360	8.6920	1,550,304
KRW	35,870,250	0.0292	1,047,411
Monetary financial liabilities			
USD	412,221	31.6500	13,046,825
AUD	284,884	25.9050	7,379,921
JPY	13,982,363	0.2646	3,699,733

(Continued)

December 31, 2013	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary financial assets			
USD	$ 114,902	29.8050	$ 3,424,643
JPY	10,735,575	0.2839	3,047,830
Non-monetary financial assets			
VND	3,653,577,680	0.0014	5,005,401
USD	105,480	29.8050	3,143,837
JPY	6,218,000	0.2839	1,765,290
KRW	40,558,250	0.0284	1,151,854
Monetary financial liabilities			
USD	452,050	29.8050	13,472,482
CAD	278,345	28.0100	7,796,438
AUD	158,277	26.5850	4,207,803
JPY	13,926,154	0.2839	3,953,647

(Concluded)

33. SEGMENT INFORMATION

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