China Steel Corporation

March 23, 2017

Sustainability, our STEEL commitment.
http://www.csc.com.tw/csc/hr/csr/index.htm

CHINASTEEL

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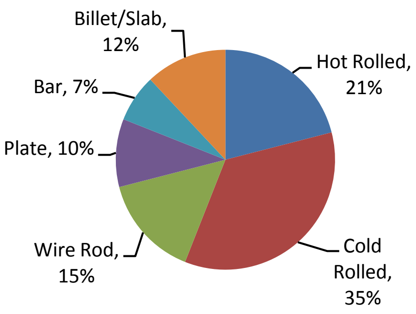
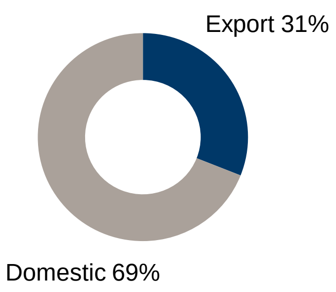
Company overview: Business snapshot (CSC standalone)

Overview	▪ Leading Taiwanese steel manufacturer with integrated production capabilities ▪ Headquartered in Kaohsiung with major production sites located in Kaohsiung ▪ Annual capacity of 9.9 mmt as of Dec 31, 2016
Major business	▪ Leading manufacturer of flat steel products in Taiwan ▪ Continuously upgrading towards higher value-added products ▪ Dominant position in the domestic market ▪ Continue to capture rapid growth in South East Asia and China markets

Steel Sales revenue breakdown by products (2016)



Domestic/Export by revenue (2016)



Company overview:
Business snapshot (CSC Group)

Major business

Steel Core Businesses

- China Steel Corporation
- Chung Hung Steel Corporation
- Dragon Steel Corporation
- CSC Steel Sdn. Bhd.
- China Steel Sumikin Vietnam (CSVC)
- China Steel Corporation India Pvt. Ltd (CSCI)

Other Group Businesses

Engineering Businesses

- China Steel Machinery Corporation
- China Steel Structure Co., Ltd.
- China Ecotek Corporation
- Info-Champ Systems Corporation
- CSC Solar Corporation

Industrial Materials Businesses

- C. S. Aluminum Corporation
- China Steel Chemical Corporation
- CHC Resources Corporation
- Himag Magnetic Corporation
- China Steel Precision Materials
- China Steel Resources Corporation
- CSC Precision Metal Industrial Corporation
- CSC Bio-coal Corporation
- White Bio-tech Corporation

Logistic Businesses

- China Steel Express Corporation
- China Steel Global Trading Corporation
- China Steel Precision Metals Qingdao Co., Ltd.
- United Steel Engineering and Construction Co., Ltd (Kunshan coil center)

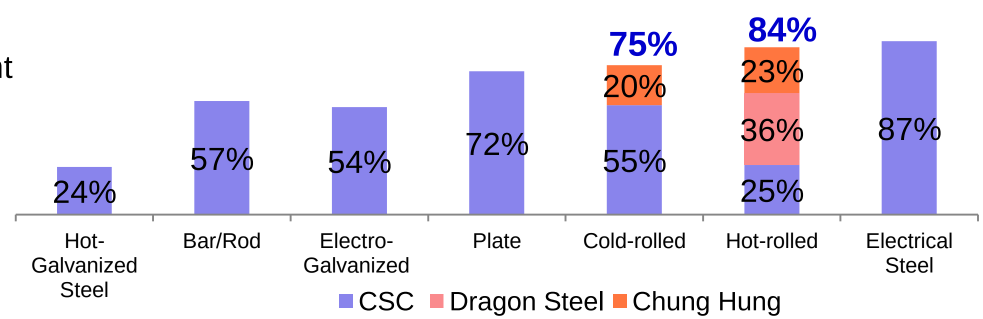
Service and Investments Businesses

- Gains Investment Corporation
- China Steel Security Corporation
- China Prosperity Development Corporation
- China Steel Management Consulting Corporation

Capacity & market share

- Our group crude steel capacity reached 16.1 mmt in 2017(combining China Steel Corporation and Dragon Steel's EAF and No.1&2 blast furnace).

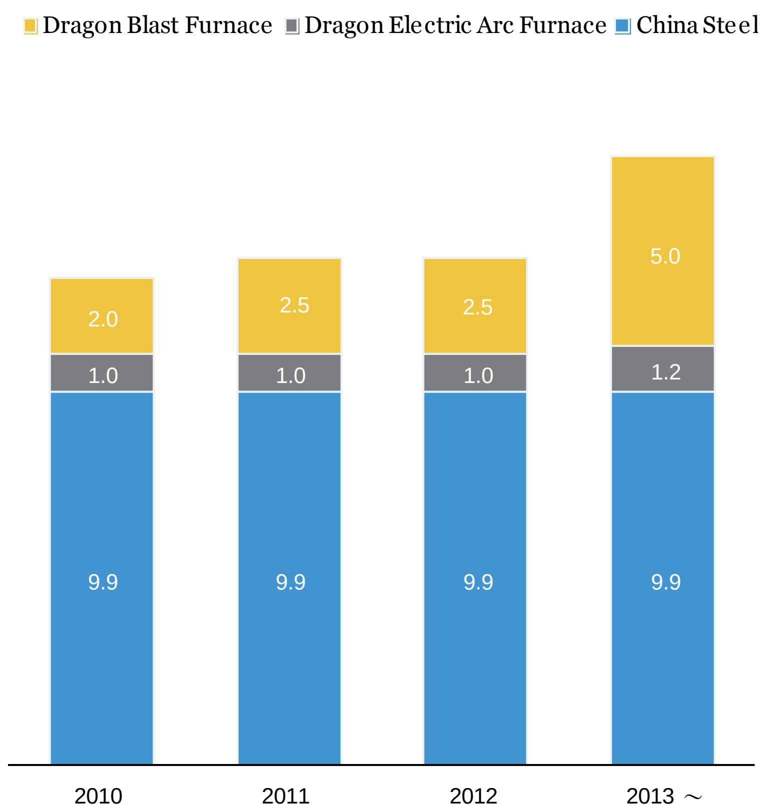
CSC Group domestic market share (2016)



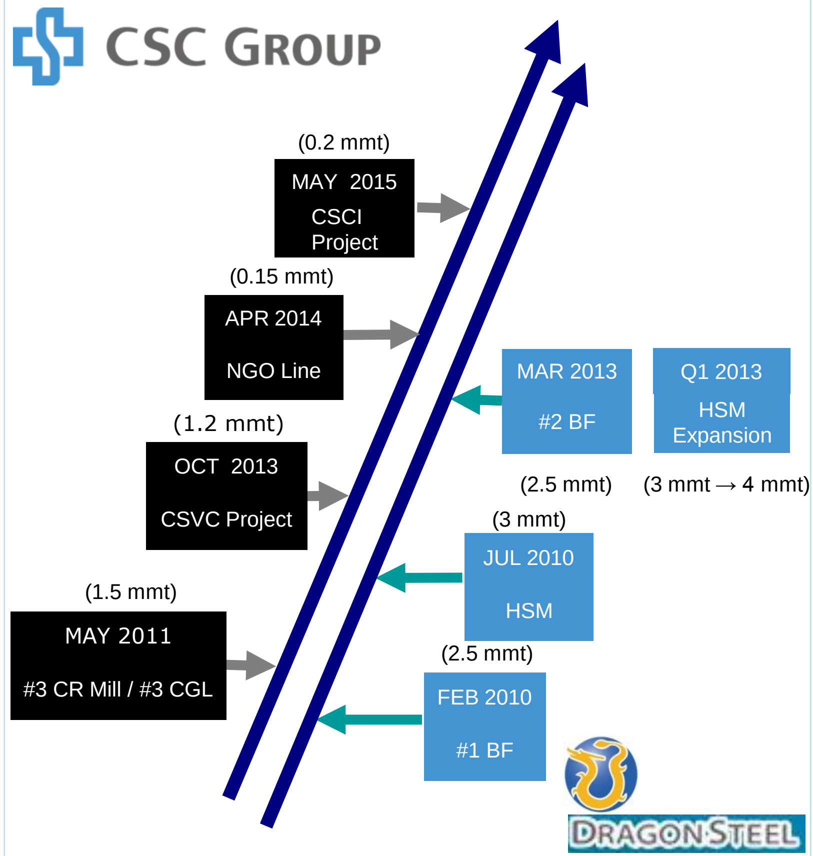
Company overview: Group capacity & Production lines

Group capacity

Crude steel capacity (mmt)



Commencement of new capacity/production lines: CSC group



CHINA STEEL

Performance- Consolidated operating results

Amount: NT$ million

Item	*2016	*February 2017	*Accumulated of 2017
Consolidated Operating Revenue	293,043	25,869	51,027
Consolidated Operating Income	25,432	2,149	4,268
Consolidated Income Before Income Tax	21,899	1,706	3,341

*preliminary result

Performance-Sales Revenue Breakdown

Unit：NTD Thousands

	Item	*2016	*February 2017	*Accumulated of 2017
1	Steel products	234,611,501	21,494,489	41,758,007
2	Non-steel industry materials	28,975,673	2,292,587	4,855,676
3	Construction	19,760,229	1,353,387	2,973,846
4	Transportation and service	7,253,209	503,817	1,014,943
5	Others	2,442,348	224,578	424,029
Less	Sales returns and allowances	0	0	0
	Total	293,042,960	25,868,858	51,026,501

*preliminary result

Performance-CSC group
Segment revenues and operating results

Unit：NTD Thousands

2016. 1~3Q	Steel	Others	Adjustment & Elimination	Total
Revenues from external customers	$ 164,885,474	$ 45,999,007	$ -	$ 210,884,481
Inter-segment revenues	42,187,124	29,207,916	(71,395,040)	-
Segment revenues	$ 207,072,598	$ 75,206,923	($ 71,395,040)	$ 210,884,481
Segment profit	$ 12,713,452	$ 5,703,009	$ 5,732	$ 18,422,193
Interest income	152,242	125,392	(47,117)	230,517
Financial costs	(2,544,035)	(359,716)	27,505	(2,876,246)
Share of the profit of associates	5,217,248	826,529	(6,254,978)	(211,201)
Other non-operating income and expenses	1,353,600	265,502	(510,498)	1,108,604
Profit before income tax	16,892,507	6,560,716	(6,779,356)	16,673,867
Income tax	(1,214,998)	(736,709)	(11,293)	(1,963,000)
Net profit for the period	$ 15,677,509	$ 5,824,007	($ 6,790,649)	$ 14,710,867

Performance- consolidated basis

Consolidated Income Statement

Units: NT$ millions

IFRSs	2015.3Q	2016.3Q	2015.1~3Q	2016.1~3Q
Revenues	67,694	73,593	222,060	210,884
Gross profit	4205	12,846	21,327	28,731
Gross margins	6.21%	17.46%	9.60%	13.62%
Profit before tax	1,295	8,825	11,902	16,674
Net profit	1,141	7,630	9,252	14,711
Attributable to				
Owners of the corporation	744	6,676	9,120	12,438
Non-controlling interests	397	954	132	2,273
Earnings Per Share(NTD)	$ 0.05	$ 0.43	$ 0.59	$ 0.80

Performance: financial review (Consolidated Basis)

Units: NT$ millions

	12/31/2011	12/31/2012	12/31/2013※	12/31/2014※	12/31/2015※	9/30/2016※
Debt	299,578	312,393	362,630	348,049	357,414	345,495
Debt/Equity	95.99%	102.26%	113.55%	103.99%	111.44%	106.33%
Asset	611,686	617,892	681,999	682,737	678,139	670,413
Debt / Asset	48.98%	50.56%	53.17%	50.98%	52.71%	51.53%
Net Debt ＊	273,421	283,402	338,593	322,284	329,674	324,511
Net Debt /Asset	44.70%	45.87%	49.65%	47.20%	48.61%	48.40%

Since 2009, CSC group have issued corporate bonds and signed syndicated bank loans for DSC's expansion project and overseas investments.

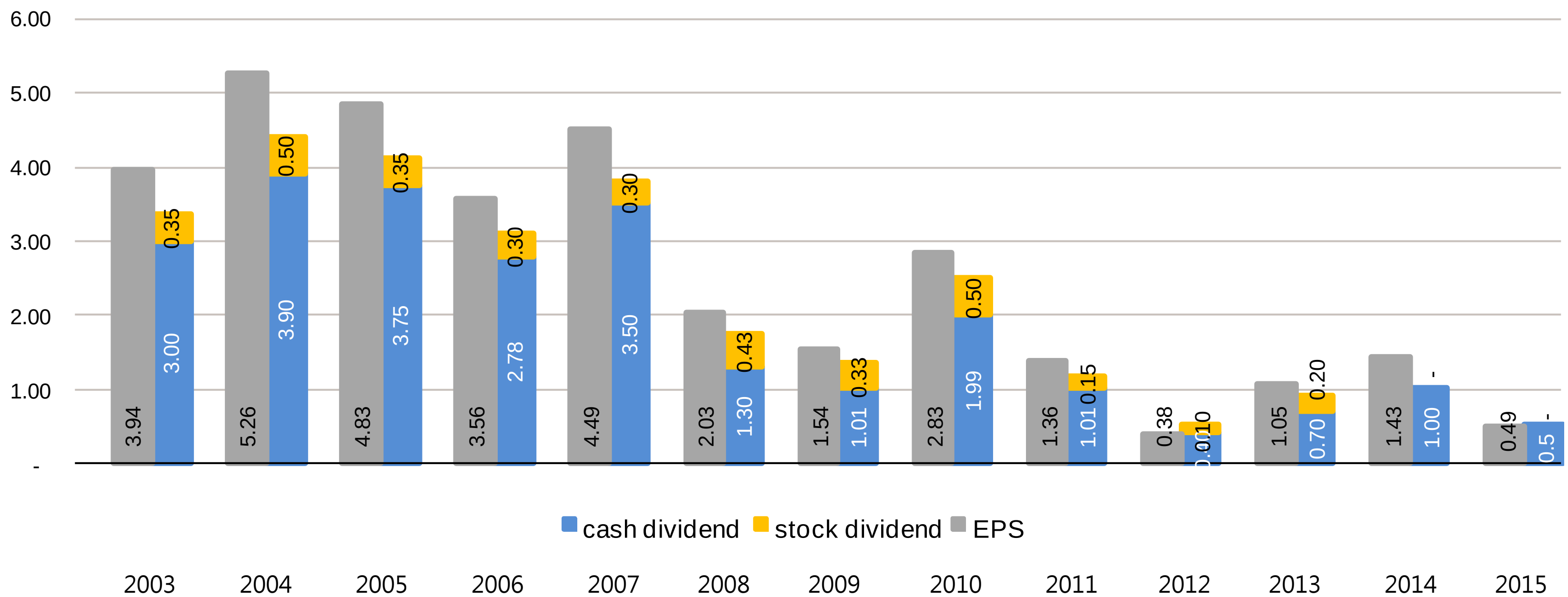
＊ Net debt = debt – cash & cash equivalents – (*financial assets at fair value through profit or loss-current*+ *available-for-sale financial assets-current +held-to-maturity financial assets-current+ derivative financial assets for hedging-current)*

※IFRSs basis

Performance- Historical EPS and dividends paid

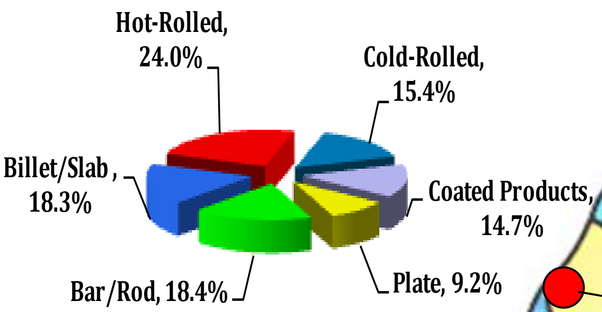
(in NTD per share)

Dividend payout(%)	85	84	85	87	85	85	87	88	85	132	86	70	102
Cash Dividend payout(%)	76	74	78	78	78	64	66	70	74	105	67	70	102

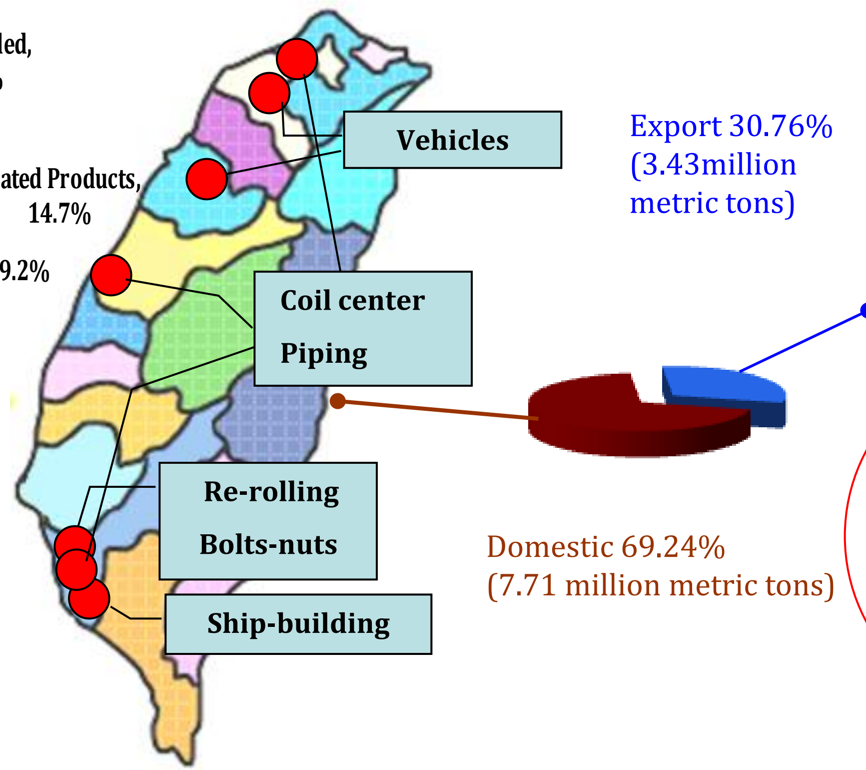


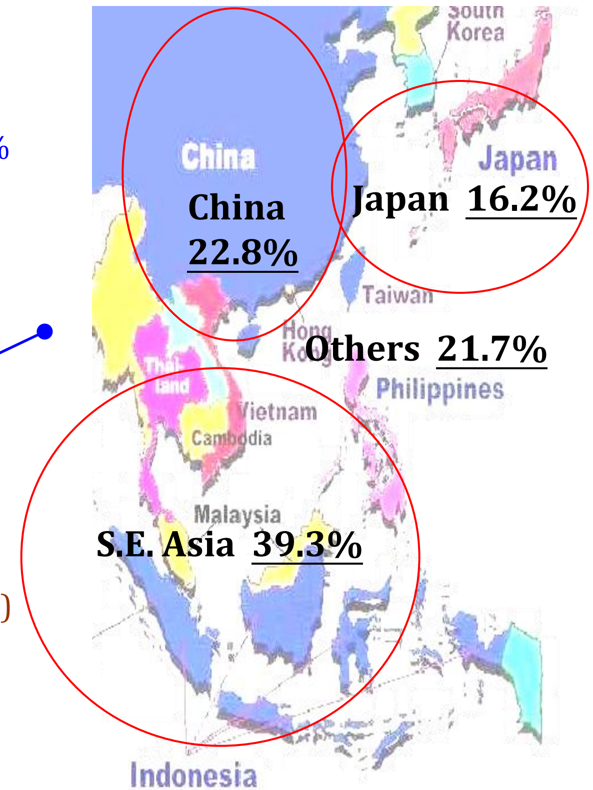
Sales (CSC standalone)

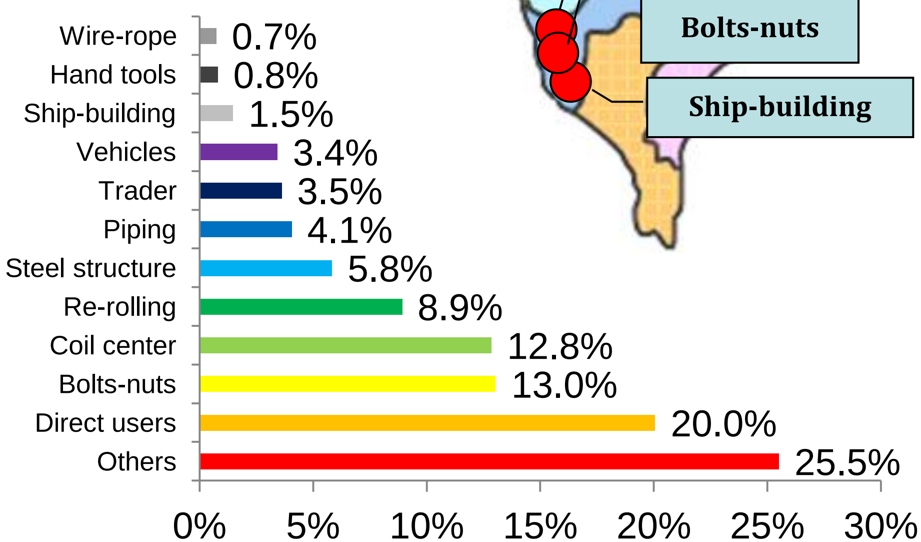
2016 CSC sales volume totaled 11.14 million metric tons



Domestic/Export sales volume breakdown of 2016

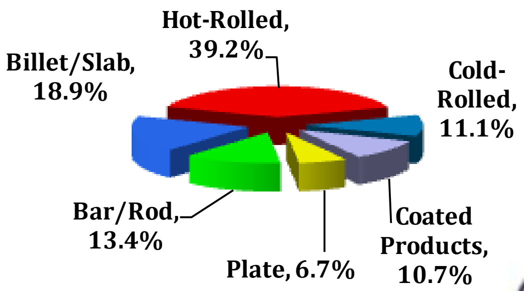


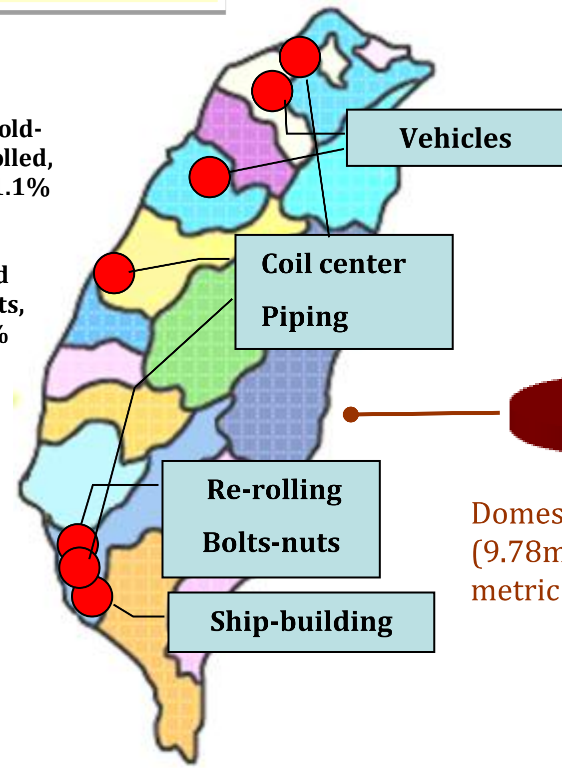


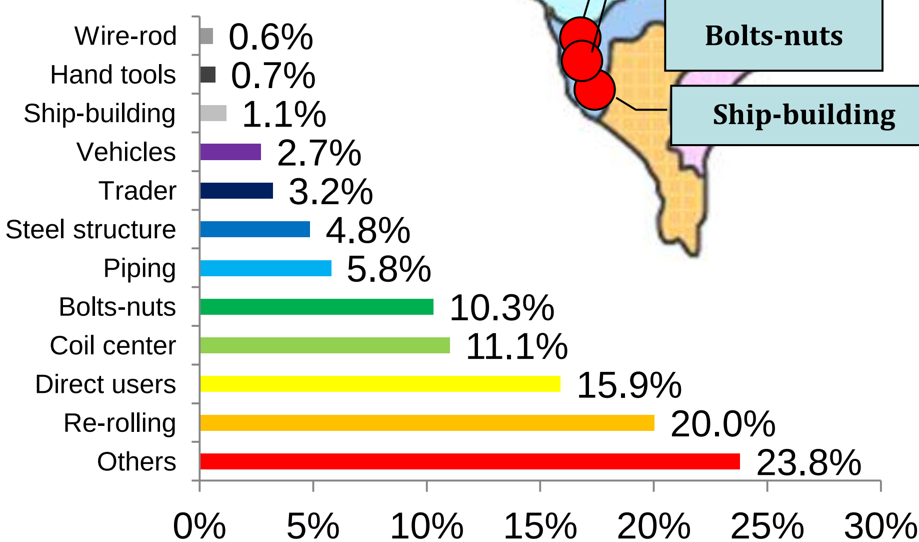


Sales (CSC & BF products of DSC)

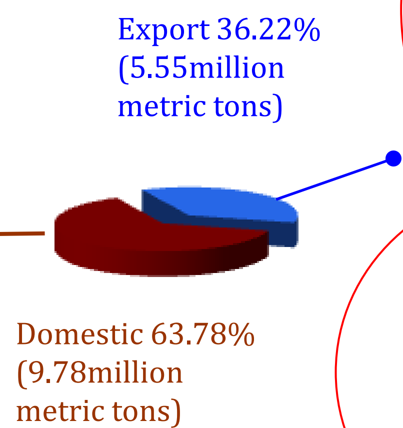
2016 sales volume (CSC & BF products of DSC) totaled 15.33 million metric tons

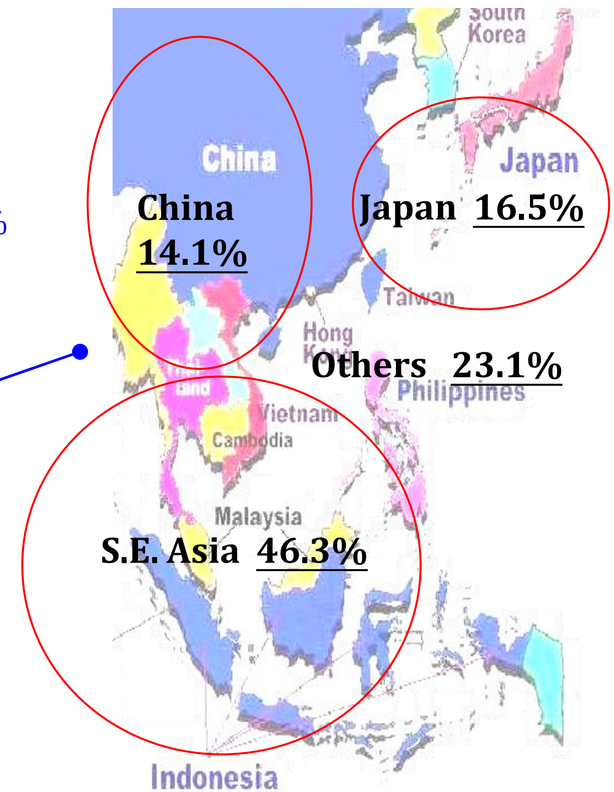






Domestic/Export sales volume breakdown of 2016



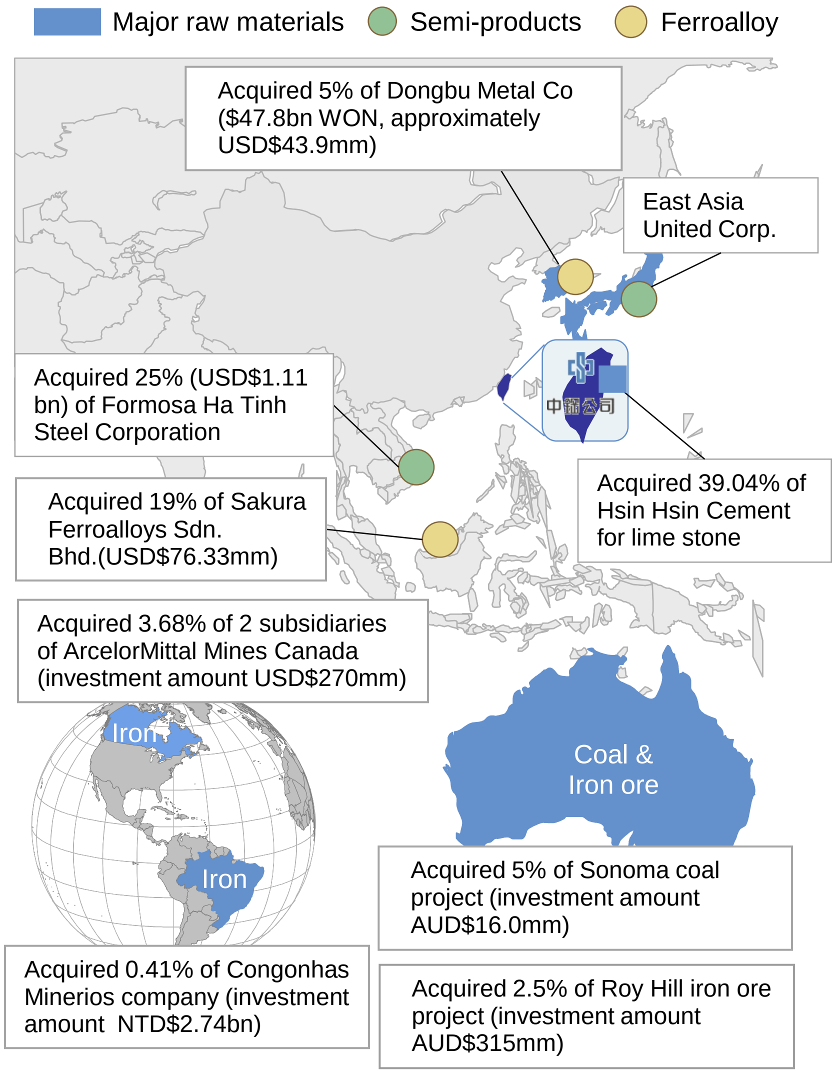


Key Strategies

CHINASTEEL

1. Secure stable sources of raw materials and semi-products through strategic investments and long term contracts
2. Solidify domestic market, expand export sales channels, and develop new market with customers
3. Integrate group resources and develop green energy businesses
4. Research and develop advanced products and applied technology for increasing chain value of steel industry
5. Elaborate on energy saving and reduce cost continuously
6. Value Corporate Social Responsibility and achieve sustainable operation

Secure stable sources of raw materials and semi-products through strategic investments and long term contracts



Major raw materials

- Iron ore and coking coals are secured by long-term contract (volume)
- Partner with parties in Japan, South Korea, Mainland China, Australia and Brazil
- Secure lime stone - acquired 39.04%(group shareholding) in Hsin Hsin Cement

Semi-products

- Secure supplies from strategic partnerships and JV's
- East Asia United Steel Corp.
  - NSSMC's Wakayama plant as a reliable supply source for slab
- Formosa Ha-Tinh Steel Corporation
  - As a mutual supply of hot-rolled and slab products.

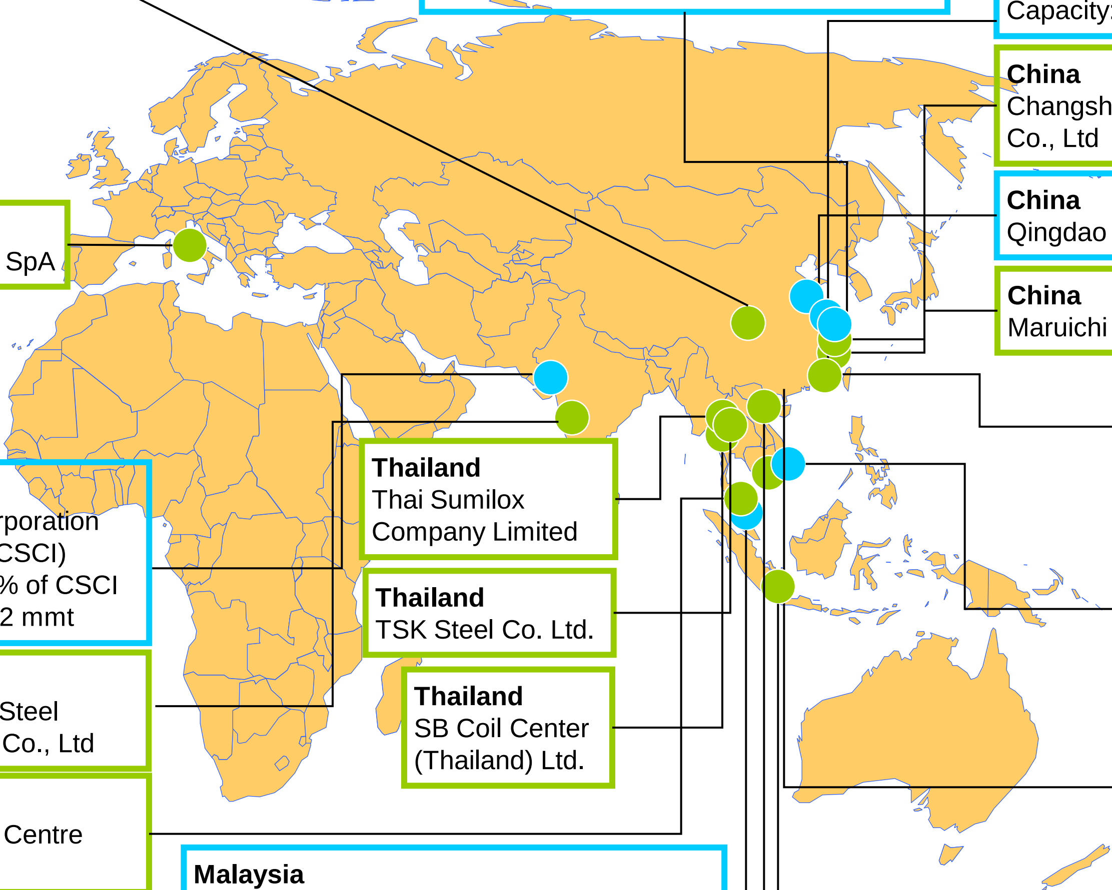
Ferro-alloy

- Long-term contract to reduce market risks
- Purchased 5% stake in Dongbu Metal, Korea's largest ferro-alloys producer
- Purchased 19% stake in Sakura Ferroalloys Sdn. Bhd.
  - Ensures a long-term stable supply of ferro-alloy, and lowers the acquisition cost.

Solidify domestic market, expand export sales channels, and develop new market with customers

CHINA STEEL

New Asia Project



China
PCMI Metal Products (Chongqing) Co., Ltd

China
United Steel Engineering and Construction Co., Ltd (Kunshan coil center)
CSC holds 80% stake

China
China Steel Precision Materials Corporation
CSC holds 70% of the equity interest
Capacity: 8,000 metric tones

China
Changshu Baoshunchang Steel Processing Co., Ltd

China
Qingdao China Steel Precision Metal Co., Ltd

China
Maruichi Metal Product (Foshan) Co., Ltd

China
Xiamen Chunyuan Precision Mechatronic Co., Ltd

Italy
Ardemagni SpA

India
China Steel Corporation India Pvt. Ltd. (CSCI)
CSC holds 100% of CSCI
Capacity: ES 0.2 mmt

India
Mahindra Auto Steel Private Limited Co., Ltd

Malaysia
Tatt Giap Steel Centre Sdn. Bhd.

Thailand
Thai Sumilox Company Limited

Thailand
TSK Steel Co. Ltd.

Thailand
SB Coil Center (Thailand) Ltd.

Malaysia
CSC Steel Sdn. Bhd.
CSC holds 46% of CSHB
Capacity: CR 0.48 mmt (CRC 0.24 mmt including PO, GI 0.17 mmt, PPGI 0.07 mmt)

Vietnam
China Steel Sumikin Vietnam Joint Stock Co. (CSVC)
CSC holds 56% of CSVC
Capacity: 1.2 mmt (CR 0.5 mmt, GA/GI 0.3 mmt, ES 0.2 mmt, PO 0.2 mmt)

Vietnam
CSGT Metals Vietnam Joint Stock Company

Indonesia
PT MICS Steel Indonesia

Vietnam
Hanoi Steel Center Co., Ltd.

Overseas Investments of CSC group **Co-invest in coil centers with peers and customers through China Steel Global Trading Co.**

Research and develop advanced products and applied technology for increasing chain value of steel industry

CHINASTEEL

Co-Development with Academic Partners	Engineering Research Center (ERC)	CSC has established 8 ERCs. For example: ● Advanced Specially Alloy ERC, cooperating with National Tsing Hua University ● Forging Roll Forming ERC, cooperating with National Kaohsiung University Of Applied Sciences
Differentiated Technical Services to Customers	Joint Research Laboratory (JRL)	CSC has established 5 JRLs. Through JRLs, CSC provide customized products and services to customers, and further increase business opportunities. For example: ● The Auto Steel JRL, cooperating with Changchun Engley and Honley Auto Parts, focus on develop hot-stamping auto and motorcycle parts.
International Marketing through E-Commerce Platform	Alliance for Steel Industries	CSC has formed 1 Alliance for Steel Industries. ● Through the e-commerce platform of Ta Chen International, Taiwan Elite Handtool Organization was formed to improve the international marketing and service capabilities of Taiwanese handtool producers.

Elaborate on energy saving and reduce cost continuously

Cost Reduction Performance

2016

4.05 billion NTD

- 1.06 bn: Expense saving from nationalization of equipment and spare parts
- 1.03 bn: Improvement of manufacturing process and promoting effectiveness and efficiency
- 0.64 bn: Provide saturated steam and industrial gas to nearby plants
- 0.62 bn: Reduction of raw material procurement cost through negotiation
- 0.43 bn: Use of low cost raw material and reduction of utility use

2015

4.84 billion NTD

- 1.53 bn: Expense saving from nationalization of equipment and spare parts
- 0.79 bn: Reduction of raw material procurement cost through negotiation and spot transaction
- 0.78 bn: Provide saturated steam and industrial gas to nearby plants
- 0.84 bn: Use of low cost raw material and reduction of fuel cost for blast furnace
- 0.26 bn: Establishment of On-line Monitoring System and automatic quality inspection system/Improvement of manufacturing process

Value Corporate Social Responsibility and achieve sustainable operation

Awards and Honours

1
- 2017.01 CSC was ranked as RobecoSAM Silver Class Sustainability leaders 2017 in the steel industry.

2
- 2016.12 CSC received “Ten Most Prestigious Sustainability Award”, ”Taiwan Top 50 Corporate Sustainability Report Award”, ”Growth through Innovation Award”, ”Transparency and Integrity Award”, “Climate Leadership Award”, ”Supply Chain Leadership Award”, ”Talent Development Award”, and ”Sustainable Water Management Award” by TAISE.

CSR Key Tasks

Elaborate on energy saving / Committed to foster social harmony / Popularize environmental education / Develop green energy

Links

- CSC Corporate Social Responsibility Page ：
  http://www.csc.com.tw/csc/hr/csr/index.htm
- Report Download（2005 ～ 2015）：
  http://www.csc.com.tw/csc/hr/csr/wb/dow.htm

Sustainability,

our STEEL commitment.