



CHINA STEEL

2020 Annual Report



CHINA STEEL

Stock Code: 2002



50
ANNIVERSARY

Printed on March 31, 2021

Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw>

CSC Annual Report is available at:

http://www.csc.com.tw/csc/ss/bd/bd_index.html

Notice to readers: This English-version annual report is a translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

2020 Annual Report

Spokesperson

Name: Chien-Chih Hwang

Title: Executive Vice President

Phone: 886-7-337-1111

Fax: 886-7-537-3570

E-mail Address: csccontact@mail.csc.com.tw

Toll-Free Number for Shareholder:

0800-746-006

Deputy Spokesperson

Name: Yueh-Kun Yang

Title: Vice President, Finance Division

Phone: 886-7-337-1023

Fax: 886-7-537-2720

E-mail Address: f1000@mail.csc.com.tw

Offices**Head Office**

Address: No. 1, Chung Kang Rd.,

Hsiao Kang Dist., Kaohsiung City, Taiwan

Phone: 886-7-802-1111

Website: <http://www.csc.com.tw>

China Steel Building

Address: No. 88, Cheng Gong 2nd Rd.,

Qian Zhen Dist., Kaohsiung City, Taiwan

Phone: 886-7-337-1111

Fax: 886-7-537-3570

Taipei Liaison Office

Address: Room A, 28F, Taipei 101 Tower, No. 7, Sec. 5, Xin Yi Rd., Xin Yi Dist., Taipei City, Taiwan

Phone: 886-2-8758-0000

Fax: 886-2-8758-0007

Osaka Office

Address: 1F, Osaka U2 Building, 4-7 Uchihonmachi 2-Chome, Chuoku, Osaka 540-0026, Japan

Phone: 81-6-6910-0888

Fax: 81-6-6910-0887

Stock Transfer Agent

Name: KGI Securities Co., Ltd.

Address: 5F, No. 2, Sec. 1, Chong Qing S. Rd., Zhong Zheng Dist., Taipei City, Taiwan

Phone: 886-2-2389-2999

Website: <http://www.kgi.com>

Financial Report Auditors

Auditors: Jui-Hsuan Hsu, Cheng-Hung Kuo

Accounting Firm: Deloitte & Touche Taiwan

Address: 20F, No.100, Song Ren Rd., Xin Yi Dist., Taipei City, Taiwan

Phone: 886-2-2725-9988

Website: <http://www.deloitte.com.tw>

Overseas Securities Exchange

Luxembourg Stock Exchange

Disclosed information can be found at:

<https://citiadr.factsetdigitalsolutions.com/stocks/profile.idms?pageId=15&subpageID=151&cusip=Y15041125>

Table of Contents

Chapter I	Letter to Shareholders -----	4
Chapter II	Company Profile -----	12
Chapter III	Corporate Governance -----	16
I.	Organization System -----	16
II.	Information on Directors and Management Team -----	18
III.	Compensations of Directors, President and Vice Presidents -----	27
IV.	Implementation of Corporate Governance -----	31
V.	Information on CPA Fees -----	100
VI.	Replacement of Certified Public Accountant -----	101
VII.	Information on the Company's Chairman, President or Managements Having Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Year	101
VIII.	Shareholding Information of Directors, Managements and Major Shareholders ---	102
IX.	Relationship Information Between the 10 Largest Shareholders in Terms of Shareholding Ratio -----	103
X.	Ownership of Shares in Affiliated Companies -----	104
Chapter IV	Capital Overview -----	105
I.	Capital and Shares -----	105
II.	Status of Issuance of Corporate Bonds, Preferred Shares, Global Depository Receipts, Employee Stock Warrants, New Restricted Employee Shares and New Shares for Merger or Acquisition of Other Companies, and Implementation of Capital Utilization Plans -----	114
Chapter V	Operational Highlights -----	121
I.	Business Activities -----	121
II.	Market, Production and Sales Overview -----	127
III.	Human Resources Overview -----	137
IV.	Information on Environmental Management and Environmental Protection Expenditure -----	138
V.	Protection Measures for Working Environment and Employees' Personal Safety -	146
VI.	Labor Relations -----	149
VII.	Important Contracts -----	153
Chapter VI	Financial Overview -----	169
I.	Five-Year Condensed Balance Sheet, Statement of Comprehensive Income and CPA's Audit Opinion -----	169
II.	Five-Year Financial Analysis -----	174
III.	2020 Audit Committee's Audit Report -----	178
IV.	2020 Consolidated Financial Statements -----	178
V.	2020 Standalone Financial Statements -----	178
VI.	Impact on the Financial Status of the Company Due to Financial Difficulties Experienced by the Company and Its Affiliated Companies -----	178

Chapter VII	Analysis of Financial Status and Financial Performance and Risk Management	- 179
I.	Financial Status	179
II.	Financial Performance	181
III.	Cash Flow	183
IV.	Impact of Major Capital Expenditure on the Company's Finance and Business in 2020	185
V.	Investment Policies, Main Causes for Profit or Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year	187
VI.	Risk Management	187
VII.	Other Significant Matters	211
Chapter VIII	Special Disclosures	212
I.	Information on Affiliated Companies	212
II.	Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report	255
III.	Shares of the Company Held or Disposed of by Subsidiaries	255
IV.	Other Supplementary Matters	257
Chapter IX	Any Event which Significantly Affects Shareholders' Equity or Share Price Pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act	- 258
Appendices		259

Note: This annual report is prepared in accordance with the Regulations Governing Information to be Published in Annual Reports of Public Companies formulated by the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.

Chapter I. Letter to Shareholders

Dear Shareholders,

For CSC, 2020 was the worst year, but it was also the best year: a year in which CSC was confronted with unprecedented challenges and made arduous efforts, a year in which CSC made the most extensive reforms and secured the most remarkable results since its establishment. Just as Intel's former CEO Andy Grove said, "Bad companies are destroyed by crises; good companies survive them; great companies are improved by them." With due responsibility, CSC management team would like to report to all shareholders that, while facing challenges, all employees of the Company are deeply aware that the Company must be well prepared for any uncertainties in advance instead of negatively responding to them. Therefore, the Company had spared no efforts in improving technology, process, and marketing and making preemptive plans, so that the business operating structure of the Company has been better than ever. From this year (2021) on, the Company will strive to promote the operational and developmental cores, that is, "positioning itself as a steel mill that produces premium products with high value" and "devoting itself to the development of the green energy industry." In addition, we will make further efforts to the core work of energy saving and carbon reduction. What CSC will focus on in the future is not producing more steel but creating greater value from steel by promoting upgrading and transformation in cooperation with the downstream steel-using industries. Environmental, social and corporate governance (ESG) is not only a common issue facing global enterprises, but also a valuable opportunity and direction to advance corporate growth. Hence, CSC has made active efforts to do well in ESG work, in a bid to achieve larger successes in the future to live up to all shareholders' expectations and support.

In 2020, the steel industry had undergone a dual impact of the US-China trade war and the COVID-19 pandemic. In response to the raging pandemic, countries around the world have been forced to launch infection prevention and control measures such as work and

production suspension, which lead to stagnant foreign trade, depressed economy, and resultant weak steel demand, hitting the industry so seriously that is equivalent to the combined shock caused by SARS, September 11 terrorist attacks and 2008 financial crisis. On the other hand, the supply of iron ore was affected by factors such as the pandemic and adverse weather conditions. Although international steel prices were adversely affected by the outbreak in the middle of the year, the price of iron ore did not significantly decrease, but even registered a record high in more than nine years driven by the gradual recovery of production and economic activities in Mainland China, which had worsened the operation situation of steel plants.

Throughout the year, global steel plants were confronted with the pressure of heavy losses due to the joint effects of a sharp decrease in demand for steel due to COVID-19 and a high price of raw materials. Faced with this great challenge, the Company actively adapted to changes, exerted itself to innovate, and carried out a number of major reforms in 2020: (1) Adopting a new pricing system that offers monthly and quarterly prices simultaneously for the first time in February, and launching the N+1 monthly pricing mode since October, which reflects the steel spot pricing in a more timely manner. (2) Integrating commercial and technical resources to establish an "Industry Care Group" that commits to proactively care for customers and provide them with comprehensive customized support and services by making use of the management and technical capabilities of the industry service team, with the goal of joining hands with customers to get through this difficult period. (3) Launching the revamping of the No. 2 blast furnace, of which the basic and detailed design was completed by CSC's own team and the artificial intelligence (AI) was introduced, at the end of July ahead of the schedule in response to the impact of the pandemic. On December 17, 2020, the first smart blast furnace commenced, leading the steel industry in Taiwan to the new era of AI. Additionally, with measures including process improvement, strengthening product R&D and marketing, and flexible adjustment of domestic and foreign sales ratios, the Company not only maintained stable sales throughout the year, but also increased the proportion of high-

end products in total sales volume to 46.53%. Thanks to the concerted efforts of all employees, the consolidated profit began to rise rapidly since August as the steel market recovered, so that a turn from loss to profit was achieved, rounding off the difficult year.

Responding to domestic and foreign investors' highly attention to climate change issues, the Company officially signed in September 2020 to become a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), and disclosed the risks and opportunities related to climate change in the 2020 CSR Report. Moreover, the Company participated in the ESG Sustainability Initiative, promising to take specific actions to reduce carbon emission by 1% per year through 2025 from the base year 2018. Furthermore, to align with the "Corporate Governance 3.0 - Sustainable Development Roadmap" issued by the Financial Supervisory Commission, the Company released its annual financial reports at the end of February 2021 to further enhance the timeliness of financial information disclosure. CSC was also ranked top 5% in TWSE listed companies in the 2019 Corporate Governance Evaluation announced in 2020.

As revenues from steel products account for nearly 80% of the consolidated operating revenues of China Steel Corporation (CSC) Group, the global macroeconomic situation and changes in the steel market are highly related to the operations of the Group. As a result, this letter to the shareholders mainly analyzes the steel industry.

I. Business and Financial Performance in 2020

(I) Business and Profitability Analysis

Due to weak steel demand, incessant decrease in steel price, and high cost of raw materials, the Company's gross profit of steel products in 2020 decreased significantly and underwent a loss for months. Fortunately, with the reforms and countermeasures the management team actively carried out, the Company responded quickly as the steel market bottomed out. Through increasing the selling price and vigorously promoting production and sales, the Company witnessed a V-shaped rebound in standalone and consolidated profit, turning profitable from loss on the whole year basis.

Information on the Company's consolidated and standalone financial statements are as follows:

1. Consolidated Financial Statements

Unit: NT\$ million/10 thousand tons

Item \ Year	2020	2019	Change	
Operating Revenues	314,783	366,241	(51,458)	-14%
Gross Profit	15,118	27,828	(12,710)	-46%
Profit from Operations	2,296	12,578	(10,282)	-82%
Non-operating Income and Expenses	472	223	249	112%
Profit before Income Tax	2,768	12,802	(10,034)	-78%
Net Profit for the Year	2,258	10,330	(8,072)	-78%
Sales volume of steel products	1,452	1,462	(10)	-1%

2. Standalone Financial Statements

Unit: NT\$ million/10 thousand tons

Item \ Year	2020	2019	Change	
Operating Revenues	183,842	207,298	(23,456)	-11%
Gross Profit	8,227	12,706	(4,479)	-35%
Profit from Operations	597	4,587	(3,990)	-87%
Non-operating Income and Expenses	410	5,448	(5,038)	-92%
Profit before Income Tax	1,007	10,035	(9,028)	-90%
Net Profit for the Year	886	8,810	(7,924)	-90%
Sales volume of steel products	1,014	1,029	(15)	-1%

(II) Research and Development (R&D)

The Company completed a total of 34 new product R&D projects in 2020, a fruitful year for the Company in terms of research and development, and continued the efforts towards enhancing competitive advantage through product differentiation. Based on the operational and developmental cores, “the high value added steel mill” and “development of green energy industry,” the current R&D strategy of the Company is to develop core capabilities, including

developing advanced premium steel, establishing excellent manufacturing capability, and introducing AIoT, boosting productivity, and deepening the upgrade of steel-using industry.

Major R&D outcomes are listed as follows:

1. Core technology for the electric vehicle industry

- (1) Development of electrical sheets: Through the establishment of key technologies, the Company has developed thin electrical sheets that are characterized by lower iron loss, higher magnetic flux and higher strength for drive motors in electric vehicles. The Company has successfully made such products sourced by major electric vehicle manufacturers and has become a critical supplier of electrical sheets.
- (2) Development of advanced high-strength steel: To meet lightweight and safety requirements, CSC has developed a variety of dual-phase steel and high hole expansion steel while striving to develop steel products with higher strength and ductility, in an attempt to fill the gap in the industry's supply chain by supplying domestic and overseas automobile brands.
- (3) Development of self-adhesive coating sheets and its processing technology: The products developed can reduce the iron loss of electric vehicles, improve efficiency, and increase endurance. In addition, the Company has mastered the core technology of the production of self-adhesive molds and jigs and has been equipped with demonstration equipment, in support of domestic manufacturers to optimize their process equipment and enhance their mass production capacity.

2. Intelligent manufacturing technology

- (1) Development of smart metallurgical design technology: The Company applies AI to construct the cross-process production prediction models, effectively shortening the time of product development and order evaluation, simplifying steel types and improving the rate of continuous casting.
- (2) Development of multi-purpose object detection technology through deep learning: With the characteristics of images observed, the Company has developed multi-purpose object detection technology specifically for steel production.

3. Energy and environmental protection technology

The Company completed the development and application of several energy-saving technologies, such as setting up the pure oxygen combustion to ladle preheating stations to reduce the consumption of sourced natural gas; building intelligent models for hot stove that are incorporated into the intelligent modules for blast furnace No. 2 to reduce hot stoves' use of fuel, improve process efficiency and lower CO₂ emissions.

4. Development of important industrial materials

CSC Group makes constant efforts to develop various industrial materials and products, such as fine carbon materials, lithium-ion battery materials, magnetic materials and automotive lightweight aluminum sheets. In 2020, the orders for automotive aluminum sheets reached up to 8,200 tons from the domestic and foreign markets. What's more, it has passed 14 material verifications from 4 OEMs.

II. 2021 Business Plan and Business Development Strategies

Looking into 2021, despite the emergence of Covid-19 variants that may increase uncertainty, the rollout of vaccines and the stimulus policies implemented by governments around the world are expected to make the global economy regain its growth momentum. The International Monetary Fund (IMF) projected in January 2021 that the global economy will grow by 5.5% in 2021 compared to 2020.

In respect of the steel industry, benefiting from the prominent recovery of the domestic and overseas manufacturing industry, the growth of industries like automobiles and motorcycles, infrastructure, and home appliances is driving the rapid increase in the demand for steel products. The international steel market, especially the US and the EU market, has seen robust growth from the beginning of 2021, revealing a rosy outlook, thanks to the positive factors such as demand exceeding supply and China's control over steel production capacity. In addition to the significant rise in prices, the Company's sales volume of steel products is expected to maintain stable in 2021.

CSC is celebrating the 50th anniversary in 2021. To enhance competitiveness for the next five decades, the Company will make efforts in the following aspects, with the

operational and developmental cores "positioning itself as a steel mill that produces premium products with high value" and "devoting itself to the development of the green energy industry."

1. High value added steel mill

The Company endeavors to develop Advanced Premium Steel with "high technical content, high profitability, and high industrial benefit" and increase their proportion of sales. Constant efforts are made to evaluate and upgrade the capabilities of equipment and process, in an attempt to construct intelligent steel plants and implement intelligent production and sales. In addition, alongside self-improvement, the Company commits to integrating industry, government, and academic resources for R&D innovation and promoting the upgrade of the steel-using industry.

2. Development of green energy industry

The Company will continue to push forward various initiatives about energy saving and emission reduction and build a district energy integration system to mitigate coal phase out and carbon reduction pressure. Investments will be made in core technologies of green energy and circular economy, and green industries and its steel usage including the solar photovoltaic, underwater foundation of offshore wind farms and electric vehicles are to be further developed, in an attempt to follow the international trend of sustainable development.

The Company, since its establishment, has attached great importance to energy saving and environmental protection, introducing the best technology and actively investing in environmental protection facilities to achieve carbon reduction. From 2011 to 2020, the Company invested approximately NT\$11.4 billion in total and completed 1,163 carbon reduction projects, reducing a total of approximately 1.35 million tonnes of CO₂ equivalent per year.

In recent years, CSC has actively promoted air pollution improvement projects such as constructing new enclosed building in coal storage yard, optimizing coke oven, installing

coke dry quenching facility, renewing equipments for No.1 Power House, etc. In order to better address the issue of "carbon reduction," in February 2021, the Company set up a "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality" that is committed to working on energy efficiency improvement, hydrogen ironmaking, CCUS (Carbon capture, use and storage) technology, and low-carbon energy technology. According to the development course of carbon reduction technology, the Company will evaluate various technologies and introduce them into production, with the goal of achieving carbon neutrality in 2050.

Besides, faced with extreme weather, water shortage and ESG issues, CSC Group has introduced the use of reclaimed water and developed seawater desalination technologies in advance. Beyond that, the Group takes the lead to invest in the green energy industry to strengthen the Group's groundwork for sustainability and create greater value for the steel industry chain. These efforts make CSC able to win in the future and contribute to the sustainable development of Taiwan's industries, economy, and society. We look forward to advancing toward the next brilliant 50 years hand in hand with all shareholders.

Chao-Tung Wong
Chairman



Shyi-Chin Wang
President



Chapter II. Company Profile

China Steel Corporation (CSC), located in Kaohsiung City, was founded in December 1971. With annual crude steel production of 10 million metric tonnes, CSC's main products include plates, bars, wire rods, hot and cold rolled coils, electrogalvanized coils, electrical steel coils, and hot-dip galvanized coils. The domestic market takes roughly 66% of CSC's production and the exports take the remaining 34%. CSC is the largest steel company in Taiwan with market share of more than 50% and export products mainly to Japan, Mainland China (including Hong Kong) and Southeast Asia.

CSC is very active in innovation and has strong capability to put the innovations into practice. The Company's vision is "We aspire to be a trustworthy steel company of global distinction that pursues growth, environmental protection, energy saving and value-innovation." CSC actively puts into practice its corporate value of "teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation", as well as its operational beliefs of "promotion of social well-being, result orientation, implementation of teamwork, and emphasis on employees' self-realization." CSC keeps deepening the roots for its core business in steel, and is devoted to integrate the related downstream industries to foster healthy development and international competitiveness of Taiwan's steel related industry.

CSC was awarded the "National Quality Award" from the Executive Yuan (Cabinet) in 1991; the "Distinguished Innovation Accomplishment Award" from the Ministry of Economic Affairs in 2009; the only award of "Leading Company of Maintenance and Reliability KPIs Survey Project, 2013" from the World Steel Association; the World Steel Industry Leader by Dow Jones Sustainability Index (DJSI) in 2013; the inclusion in the FTSE4Good Index by FTSE Russell in 2017; the Gold Class Sustainability leaders in the steel industry by RebocoSAM in 2014 and 2018. In addition, CSC was also awarded by the British Standards Institution the "Leader in Sustainability Award" in 2018 and 2019; the "Outstanding Corporate Group in Sustainability Resilience Award" in 2020. These achievements signifying that CSC's accomplishments in R&D, innovation, production, maintenance, and sustainable development have long been acknowledged by the domestic and oversea industries and the public.

In order to enhance its operational synergy, CSC has diversified its businesses. Presently CSC and its 28 subsidiaries constitute the “CSC Group” in five business areas: steel, engineering, industrial materials, trading & logistics, and services & investments. The CSC Group, positioning its status toward “A group, which deems environmental protection and energy saving important, bases its headquarters in Taiwan, centers its development in Asia, and focuses on the business scope of steels and materials, engineering and services, and minerals and resources.” is proactively making efforts to become a resource-saving and eco-friendly steel group of global distinction.

On January 16, 2020, CSC announced to position itself as a steel mill that produces premium products with high value and devote itself to the development of the green energy industry as the operational and developmental cores in enhancing its competitiveness for the next 50 years; The Company has been striving to promote various strategies and action plans starting from 2021. Besides, the Company also actively addresses carbon reduction issues by setting up a “Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality” in February 2021. The Task Force will dedicate to implement and develop various energy saving and carbon reduction technologies aiming at carbon neutrality by 2050. By deepening environmental, social and corporate governance (ESG) practices, the Company would like to contribute to the sustainable development of Taiwan’s industries, economy and society.

Company History

December 3, 1971	China Steel Corporation was officially registered, with head office located in Taipei.
September 16, 1972	Kaohsiung Plant Site Office was established.
September 1, 1974	Phase I expansion project commenced.
December 26, 1974	CSC stock was listed on Taiwan Stock Exchange.
September 15, 1975	Head office relocated to Kaohsiung. Plant Site Office closed.
July 1, 1977	CSC became a state enterprise.
December 16, 1977	Phase I expansion project was completed, with capacity of 1.5Mt per year.
July 1, 1978	Phase II expansion project commenced.
June 30, 1982	Phase II expansion project was completed. Capacity reached 3.25Mt per year.
July 1, 1984	Phase III expansion project commenced.
April 30, 1988	Phase III expansion project was completed. Capacity reached 5.652Mt per year.
July 15, 1993	Phase IV expansion project commenced.
April 12, 1995	CSC was privatized.
May 31, 1997	Phase IV expansion project was completed. Capacity reached 8.054Mt per year.
June 2, 1998	CSC Group's identity system was formally introduced to the public.
April 15, 2006	Annual production capacity was officially increased to 9.86Mt owing to success in equipment renovations and improvements carried out over the years.
November 22, 2006	Groundbreaking for the China Steel Building took place.
October 6, 2008	Dragon Steel Corporation became a wholly owned subsidiary of CSC.
June 30, 2010	DSC's Stage II phase 1 expansion project was completed. CSC Group's capacity reached 13.36Mt per year.
March 5, 2013	DSC's stage II phase 2 expansion project was completed. CSC Group's capacity reached 15.86 Mt per year.
October 22, 2013	China Steel Building was inaugurated.
December 20, 2017	The Board of Directors approved the initiation of the revamping plan of coke ovens (Phase I and II).
December 31, 2018	CSC Group's operating revenues in 2018 sets the record of exceeding NT\$400 billion.
January 16, 2020	CSC positions itself as a steel mill that produces premium products

with high value and devotes itself to the development of the green energy industry as the operational and developmental cores in enhancing its competitiveness for the next 50 years.

February 21, 2020 CSC sets a new milestone in its pricing system by offering monthly and quarterly prices simultaneously for the first time.

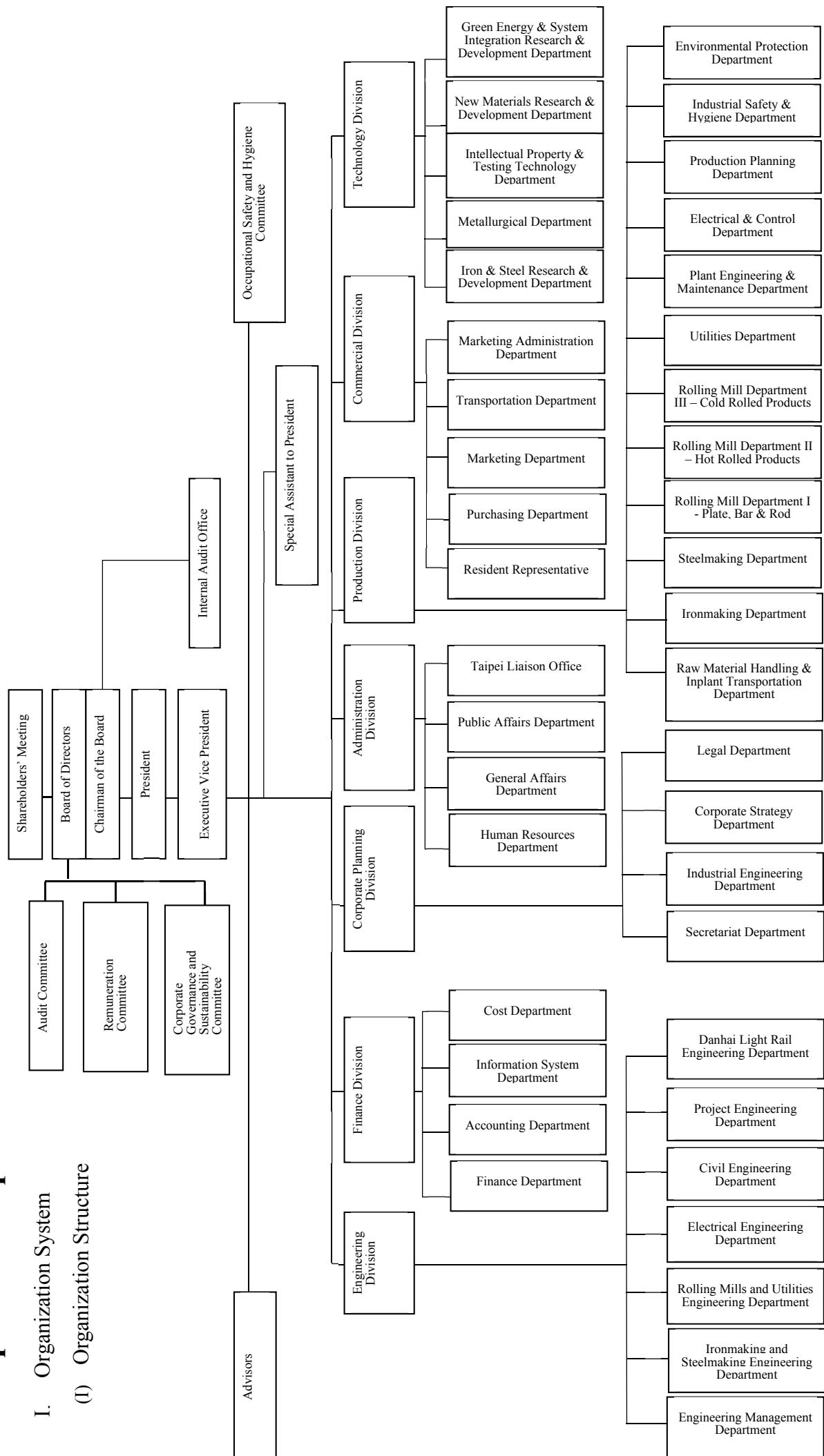
July 1, 2020 To promote the utilization of BOF Slag, CSC and TIPC jointly submit the Environmental Impact Difference Analysis Report for utilizing BOF Slag as an alternative land reclamation material in Taipei Port, approved by the Environmental Impact Assessment and Review Committee of Taiwan EPA.

November 11, 2020 The first truck of BOF aggregate is successfully utilized as land reclamation material in Taipei Port, which marks a new milestone in BOF aggregate application.

Chapter III. Corporate Governance

I. Organization System

(I) Organization Structure



(II) Functions of Major Divisions

1. The Production Division is responsible for the planning, execution and supervision of in-plant transportation, steel products manufacturing, utilities, automation engineering, equipment maintenance, production planning, industrial safety & hygiene, and environmental protection.
2. The Commercial Division is responsible for the planning, execution and supervision of purchasing, marketing and transportation.
3. The Technology Division is responsible for the planning, execution and supervision of research and development, quality control, metallurgical technology, green energy and system integration technology, and intellectual property and testing technology.
4. The Finance Division is responsible for the planning, execution and supervision of finance, accounting, information system and cost.
5. The Administration Division is responsible for the planning, execution and supervision of human resources, general affairs (including guard and fire brigade), public affairs and Taipei liaison business.
6. The Corporate Planning Division is responsible for the planning, execution and supervision of secretariat, industrial engineering, corporate strategy and legal affairs.
7. The Engineering Division is responsible for the planning, execution and supervision of the Company's major engineering projects, and handling contracting of external projects.

II. Information on Directors and Management Team

(I) Information on Directors

As of March 31, 2021

Title	Nationality	Name	Gender	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship A Position as Manager, Director or Supervisor			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2019.06.19	3 years	1971.12.03	3,154,709,357	20	3,154,709,357	20	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Chao-Tung Wong (Note 1)	Male	2019.06.19	3 years	Assumed office on 2016.06.23	1,000,875	0.01	1,000,875	0.01	191,355	0	0	0	PhD in Resource Engineering, National Cheng Kung University President, China Steel Corporation	Chairman, China Prosperity Development Corporation; Director, Taiwan High Speed Rail Corporation; Director, Chung Hung Steel Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, Dragon Steel Corporation; Chairman, Ascetek Venture Capital Corporation	None	None	None	
Director	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2019.06.19	3 years	1971.12.03	3,154,709,357	20	3,154,709,357	20	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Wen-Sheng Tseng	Male	2019.06.19	3 years	Assumed office on 2018.05.14	0	0	0	0	0	0	0	0	Bachelor of Civil Engineering, National Taiwan University Director-General of Economic Development Bureau, Kaohsiung City Government	Deputy Minister, Ministry of Economic Affairs	None	None	None	
Director	Taiwan, R.O.C.	Ministry of Economic Affairs	--	2019.06.19	3 years	1971.12.03	3,154,709,357	20	3,154,709,357	20	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Ming-long Liou (Note 2)	Male	Assumed office on 2020.11.20	3 years	Assumed office on 2012.11.01	588	0	588	0	0	0	0	0	PhD in Industrial Management, National Taiwan University of Science and Technology	Director, State-Owned Enterprise Commission, Ministry of Economic Affairs; Director, Aerospace Industrial Development Corporation	None	None	None	
Director	Taiwan, R.O.C.	Ever Wealthy International Corporation	--	2019.06.19	3 years	2004.06.17	4,226,265	0.03	4,226,265	0.03	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C.	Representative: Shyi-Chin Wang	Male	2019.06.19	3 years	Assumed office on 2015.10.01	256,010	0	294,390	0	0	0	0	0	PhD in Materials Science, National Sun Yat-sen University Executive Vice President, China Steel Corporation	President, China Steel Corporation; Chairman, Dragon Steel Corporation; Chairman, China Steel Power Holding Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, China Steel Express Corporation	None	None	None	

Title	Nationality	Name	Gender	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Taiwan, R.O.C.	Chiu Yu Investment Corporation	--	2019.06.19	3 years	Elected on 1997.12.30 Assumed office on 1998.05.26	1,623,289	0.01	1,623,289	0.01	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Taiwan, R.O.C.	Representative: Chen-Chih Hwang	Male	Assumed office on 2019.09.30	3 years	Assumed office on 2019.09.30	33,233	0	33,233	0	0	0	0	0	Bachelor of Economics, Tunghai University Vice President of Commercial Division, China Steel Corporation	Executive Vice President, China Steel Corporation; Chairman, China Steel Global Trading Corporation; Director, China Steel Structure Co., Ltd; Director, Dragon Steel Corporation; Director, China Steel Express Corporation; Director, CSBC Corporation, Taiwan	None	None	None	
	Taiwan, R.O.C.	Hung Kao Investment Corporation	--	2019.06.19	3 years	2010.06.23	1,003,980	0.01	1,003,980	0.01	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Director	Taiwan, R.O.C.	Representative: Cheng-I Weng (Note 3)	Male	2019.06.19	3 years	2001.05.31	9,000	0	9,000	0	0	0	0	0	PhD in Mechanical Engineering, University of Rochester, U.S.A. President, National Cheng Kung University President, Fo Guang University	Adjunct Chair Professor, Kun Shan University; Honorary Professor, Department of Mechanical Engineering, National Cheng Kung University	None	None	None	Not applicable
	Taiwan, R.O.C.	Gau Ruei Investment Corporation	--	2019.06.19	3 years	Elected on 1997.12.30 Assumed office on 1998.05.26	1,493,318	0.01	1,493,318	0.01	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Director	Taiwan, R.O.C.	Representative: Yueh-Kun Yang	Male	2019.06.19	3 years	Assumed office on 2018.10.31	32,427	0	32,427	0	599	0	0	0	Master of Business Management, National Sun Yat-sen University Assistant Vice President of Finance Division, China Steel Corporation	Vice President of Finance Division, China Steel Corporation; Chairman, Kaohsiung Rapid Transit Corporation; Director, C.S.Aluminum Corporation; Director, Gains Investment Corporation	None	None	None	
	Taiwan, R.O.C.	Labor Union of China Steel Corporation, Kaohsiung City	--	2019.06.19	3 years	2001.05.31	7,221,487	0.05	7,221,487	0.05	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Director	Taiwan, R.O.C.	Representative: Chun-Sheng Chen	Male	2019.06.19	3 years	Assumed office on 2018.01.05	19,743	0	19,743	0	0	0	0	0	Electrical Engineering, National Tatung Junior College Technician, China Steel Corporation	President, Labor Union of China Steel Corporation, Kaohsiung City; Director, Kang Fu Recreation Co., Ltd.	None	None	None	

Title	Nationality	Name	Gender	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor		Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	
Independent Director	Taiwan, R.O.C.	Shyue-Bin Chang	Male	2019.06.19	3 years	2016.06.23	0	0	0	0	0	0	0	0	PhD in Mechanical and Aerospace Engineering, Cornell University, U.S.A.; Honorary Professor, Kao Yuan University; Member, National Defense Technology Industry Development Council, Executive Yuan; Chair Professor and Vice President, Kao Yuan University; Member, Board of Science & Technology Program Executive Review Board, Executive Yuan; Chairman, Nansiang Innovation Consultant Company Limited; Director, Air Asia Company Limited; Executive Director, Ship and Ocean Industries R&D Center; Supervisor, Metal Industries Research & Development Centre; Supervisor, China Engine Corporation, Technology Consultant, Department of Industrial Technology, Ministry of Economic Affairs; Senior Vice President, International Turbine Engine Company LLC; Chief engineer, Aerospace Technology Research And Development Center of ROCAF/Aerospace Industrial Development Corporation	Independent Director, Hiwin Mikrosystem Corp.; Director, Hua's Aero Industry Development Foundation	None	None	None
Independent Director	Taiwan, R.O.C.	Min-Hsiung Hon	Male	2019.06.19	3 years	2016.06.23	0	0	0	0	5,000	0	0	0	Emeritus Professor, Department of Materials Science and Engineering, National Cheng Kung University; Independent Director, Member of Audit Committee and Member of Remuneration Committee, INPAQ Technology Co., Ltd.		None	None	Not applicable
Independent Director	Taiwan, R.O.C.	Lan-Feng Kao	Female	2019.06.19	3 years	2016.06.23	4,216	0	4,216	0	1,000	0	0	0	PhD in Accounting, National Cheng Kung University Chairman, Department of Finance, National University of Kaohsiung	Professor, Department of Finance, National University of Kaohsiung	None	None	None

- Note 1: Mr. Chao-Tung Wong has assumed the position as Director of the Company from June 23, 2016 to date, however the juristic person he represented has changed during the period.
- Note 2: Ministry of Economic Affairs appointed Mr. Ming-Jong Liou to replace Mr. Fong-Sheng Wu as its representative on November 20, 2020, who first became a Director of the Company on November 1, 2012 until his dismissal on June 23, 2016. He resumed as a Director of the Company on November 20, 2020 to date.
- Note 3: Mr. Cheng-I Weng has assumed the position as Director of the Company from May 31, 2001 to date, however the juristic person he represented has changed during the period.
- Note 4: Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of the Directors shall not hold a position as employees or managements).

Information on Directors

Name	Condition	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman Chao-Iung Wong		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Wen-Sheng Tseng		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Ming-Jong Liou		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Shyi-Chin Wang		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Chien-Chih Hwang		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Cheng-I Weng		Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Yueh-Kun Yang		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Chun-Sheng Chen		No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director Shyue-Bin Chang		Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Min-Hsiung Hon		Yes	No	No	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Jan-Feng Kao		Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If a Director meets the following criteria in the two years prior to the date of appointment and during term of office, tick “✓” in the box under each criteria.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (3) Not a shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of total shares issued by the Company or ranks as one of its top ten natural-person shareholders.
- (4) Not a spouse, relative within the second degree of relationship, or lineal blood relative within the third degree of relationship of managerial officers listed in the criterion (1) or individuals listed in the criterion (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total shares issued by the Company, ranks as one of its top five shareholders or designates a representative as the director or supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (6) Not a director, supervisor, or employee of another company whose half of the seats of directors or shares with voting rights is controlled by the same person as the Company. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (7) Not a director (member of the governing board), supervisor (member of the supervisory board) or employee of another company or institution that the Chairman, President or person holds an equivalent position of it are the same person or the spouse of the person holding the aforementioned positions of the Company. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (8) Not a director (member of the governing board), supervisor (member of the supervisory board), managerial officer, or shareholder holding 5% or more of shares of a

- specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where the company or institution holds more than 20% but no more than 50% of the total shares issued by the Company and where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (9) Not a professional individual who, or an owner, partner, director (member of the governing board), supervisor (member of the supervisory board), or managerial officer of a sole proprietorship, partnership, company, or institution, that provides audit services, or commercial, legal, financial, accounting or related services from which a cumulative amount of remuneration not exceeding NT\$500,000 has been obtained in the most recent two years, to the Company or to any of its affiliates, or a spouse thereof. Not applicable in cases where the person is a member of the remuneration committee, the public tender offer review committee or the special committee for merger/consolidation and acquisition who exercises powers pursuant to the Securities and Exchange Act and the Business Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within the second degree of relationship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Table 1: Major shareholders of institutional shareholders

As of March 31, 2021

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Ever Wealthy International Corporation	China Steel Chemical Corporation 100%
Chiun Yu Investment Corporation	Eminence Investment Corporation 25%; China Steel Structure Co., Ltd. 35%; China Ecotek Corporation 40%
Hung Kao Investment Corporation	Chung Hung Steel Corporation 100%
Gau Ruei Investment Corporation	Eminence Investment Corporation 25%; China Steel Chemical Corporation 40%; CHC Resources Corporation 35%

Table 2: Major shareholders of the entities from Table 1 that are institutions

As of March 31, 2021

Institutional Shareholders	Major Shareholders of Institutional Shareholders
China Steel Chemical Corporation	China Steel Corporation 29.04%; Fubon Life Insurance Co., Ltd. 5.93%; International CSRC Investment Holdings Co., Ltd. 4.96%; Ever Wealthy International Corporation 2.01%; Matthews Asia Dividend Fund under the custody of HSBC Bank (Taiwan) Limited 1.62%; Cathay Life Insurance Co., Ltd. 1.47%; C.C.T. Investment Co., Ltd. 1.46%; Xin Yang Investment Co. Ltd. 1.22%; Nanshan Life Insurance Co., Ltd. 1.12%; Chin Hung Investment Co., Ltd. 1.06%
Eminence Investment Corporation	Gains Investment Corporation 100%
China Steel Structure Co., Ltd.	China Steel Corporation 33.24%; IHI Corporation 5.53%; Berlin Co., Ltd. 4.85%; United Steel Engineering & Construction Corporation 3.40%; Employee's Stock Ownership Trust of China Steel Structure Co., Ltd. under the custody of Mega International Commercial Bank Co., Ltd. 2.62%; Yung Chi Paint & Varnish MFG Co., Ltd. 2.50%; Great Grandeul Steel Co., Ltd. 1.95%; Dragon Steel Corporation 1.75%; C. Hao Corporation 1.08%; Employee Welfare Committee's Stock Ownership Trust of China Steel Structure Co., Ltd. under the custody of Mega International Commercial Bank Co., Ltd. 0.73%
China Ecotek Corporation	China Steel Corporation 44.76%; Hua Eng Wire & Cable Co., Ltd. 9.57%; Chun Yu Works & Co., Ltd. 3.50%; Great Grandeul Steel Co., Ltd. 3.17%; Chin Ho Fa Steel & Iron Co., Ltd. 2.92%; Trust Asset Fund of China Ecotek Corporation under the custody of Mega International Commercial Bank Co., Ltd. 2.48%; Bai Chien Investment Co., Ltd. 2.43%; Chun Yuan Steel Industry Co., Ltd. 2.42%; Taiwan Sugar Corporation 2.33%; C. Hao Corporation 1.33%
Chung Hung Steel Corporation	China Steel Corporation 40.59%; Cathay Life Insurance Co., Ltd. 1.80%; Employee's Stock Trust of Chung Hung Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. 1.00%; iShares Core MSCI Emerging Markets ETF under the custody of Standard Chartered Bank 0.65%; Taiwan Life Insurance Co., Ltd. 0.63%; DFA Emerging Markets Value Portfolio under the custody of Citibank (Taiwan) Limited 0.56%; DFA Emerging Markets Core Equity Portfolio under the custody of Citibank (Taiwan) Limited 0.46%; Hong Bang Investment Co., Ltd. 0.35%; DFA Investment Trust Company - Emerging Markets Small Cap Series under the custody of Citibank (Taiwan) Limited 0.35%; JPMorgan Chase Investment Fund under the custody of JPMorgan Chase Bank N.A. Taipei Branch 0.27%
CHC Resources Corporation	China Steel Corporation 19.83%; Taiwan Cement Corporation 12.15%; China Steel Structure Co., Ltd. 9.33%; Asia Cement Corporation 9.17%; Universal Cement Corporation 6.85%; China Steel Chemical Corporation 6.04%; Southeast Cement Corporation 5.26%; Der Ching Investment Corporation 1.94%; Employee's Stock Trust of CHC Resources Corporation under the custody of Mega International Commercial Bank Co., Ltd. 1.91%; Chia Hsin Cement Corporation 1.72%

Note: The data of Table 1 & Table 2 has been updated to the latest book closure date.

(II) Information on Management Team

As of March 31, 2021

Title	Nationality	Name	Gender	Date of Assumption of Office	Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Academic and Career Background	Positions Currently Held in Other Companies	Managers with spouses or relatives within the second degree of kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	Taiwan, R.O.C.	Shyi-Chin Wang	Male	2019.09.30	294,390	0	0	0	0	0	PhD in Materials Science, National Sun Yat-sen University Executive Vice President, China Steel Corporation	Chairman, Dragon Steel Corporation; Chairman, China Steel Power Holding Corporation; Director, China Steel Chemical Corporation; Director, China Ecotek Corporation; Director, China Steel Express Corporation	None	None	None	Not applicable
Executive Vice President	Taiwan, R.O.C.	Chien-Chih Hwang	Male	2019.09.30	33,233	0	0	0	0	0	Bachelor of Economics, Tunghai University Vice President of Commercial Division, China Steel Corporation	Chairman, China Steel Global Trading Corporation; Director, China Steel Structure Co., Ltd; Director, Dragon Steel Corporation; Director, China Steel Express Corporation; Director, CSBC Corporation, Taiwan	None	None	None	
Vice President, Commercial Division	Taiwan, R.O.C.	Min-Hsiung Liu	Male	2019.09.30	2,493	0	0	0	0	0	Bachelor of Business Administration, National Cheng Kung University Assistant Vice President of Commercial Division, China Steel Corporation	Chairman, Chung Hung Steel Corporation; Director, Dragon Steel Corporation; Director, China Steel Global Trading Corporation; Director, China Steel Express Corporation	None	None	None	
Vice President, Finance Division	Taiwan, R.O.C.	Yueh-Kun Yang	Male	2018.07.01	32,427	0	599	0	0	0	Master of Business Management, National Sun Yat-sen University Assistant Vice President of Finance Division, China Steel Corporation	Chairman, Kaohsiung Rapid Transit Corporation; Director, C.S.Aluminium Corporation; Director, Gains Investment Corporation	None	None	None	
Vice President, Corporate Planning Division/ Company Secretary	Taiwan, R.O.C.	Pai-Chien Huang	Male	2018.11.12 (Note 1)	122,848	0	1,213	0	0	0	Bachelor of Business Administration, National Cheng Kung University Chairman, Gains Investment Corporation	Chairman, Gains Investment Corporation; Chairman, Eminent II Venture Capital Corporation; Director, China Steel Machinery Corporation; Director, Kaohsiung Rapid Transit Corporation	None	None	None	

Title	Nationality	Name	Gender	Date of Assumption of Office	Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Academic and Career Background	Positions Currently Held in Other Companies	Managers with spouses or relatives within the second degree of kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice President, Engineering Division	Taiwan, R.O.C.	Chung-Te Chen	Male	2020.01.31	4,648	0	3,204	0	0	0	Master of Business Management, National Sun Yat-sen University Chairman, China Ecotek Corporation	Chairman, China Ecotek Corporation Chairman, CSC Solar Corporation	None	None	None	
Vice President, Production Division	Taiwan, R.O.C.	Wen-Ge Lo	Male	2020.03.31	285,579	0	10,000	0	0	0	Master of Metallurgical Engineering and Materials Science, Carnegie Mellon University, U.S.A. Chairman, China Steel Chemical Corporation	Chairman, China Steel Chemical Corporation; Director, Dragon Steel Corporation; Director, China Steel Express Corporation	None	None	None	
General Manager, Finance Department	Taiwan, R.O.C.	Shih-Hsin Chen	Male	2019.07.01	306	0	0	0	0	0	Master of Finance, National Chengchi University Assistant Vice President of Finance Division, Dragon Steel Corporation	Supervisor, Wuxi Teco Electric & Machinery Co., Ltd.	None	None	None	
General Manager, Accounting Department	Taiwan, R.O.C.	Kai-Ching Huang	Male	2018.01.01	0	0	0	0	0	0	Master of Business Administration, National Cheng Kung University Manager of Group Accounting Section, Accounting Department, China Steel Corporation	Director, HIMAG Magnetic Corporation Supervisor, Betacera Inc.	None	None	None	

Note 1: The Board of Directors approved the appointment of Mr. Pai-Chien Huang, Vice President of Corporate Planning Division, to hold a concurrent post as Company Secretary.

Note 2: Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of the Directors shall not hold a position as employees or managements).

III. Compensations of Directors, President and Vice Presidents

(1) Compensations Paid to Non-independent Directors and Independent Directors

Unit: NT\$ thousands, as of December 31, 2020

Title	Name	Compensation Paid to Directors						Sum of A, B, C and D as A Percentage of Net Income (%)		Compensation Received by a Director Who is Also an Employee						Sum of A, B, C, D, E, F and G as A Percentage of Net Income		Compensation Paid to Directors by Non-consolidated Affiliates or Parent Company			
		Base Compensation (A)		Severance Pay and Pension (B)		Remuneration to Directors (C)				Allowances (D)											
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Severance Pay and Pension (F)	The Company	Consolidated Entities	Remuneration to Employees (G)	The Company	Consolidated Entities		Cash	stock	
Chairman	Chao-Tung Wong (Representative of Ministry of Economic Affairs)																				
	Ministry of Economic Affairs																				
	Ever Wealthy International Corporation																				
	Chun Yu Investment Corporation																				
	Hung Kao Investment Corporation																				
	Gau Ruei Investment Corporation																				
	Labor Union of China Steel Corporation, Kaohsiung City																				
	Wen-Sheng Tseng (Representative of Ministry of Economic Affairs)																				
	Fong-Sheng Wu (Representative of Ministry of Economic Affairs)																				
Non-Independent Director	Ming-Jong Liou (Note 1) (Representative of Ministry of Economic Affairs)	0	1,200	0	0	1,539	769	922	1,698	0.278	0.414	22,930	22,930	734	734	434	0	434	0	3.134	48
	Shyi-Chin Wang (Representative of Ever Wealthy International Corporation)																				
	Chien-Chih Hwang (Representative of Chun Yu Investment Corporation)																				
	Cheng-I Weng (Representative of Hung Kao Investment Corporation)																				
	Yueh-Kun Yang (Representative of Gau Ruei Investment Corporation)																				
	Chun-Sheng Chen (Representative of Labor Union of China Steel Corporation, Kaohsiung City)																				
	Shyue-Bin Chang	2,160	2,160	0	0	0	0	762	762	0.330	0.330	0	0	0	0	0	0	0	0	0.330	0
	Min-Hsiung Hon																				
	Lan-Feng Kao																				

★ Policies, system, standards and structure of compensation paid to Independent Directors and the correlation of such compensation with their reponsability, risks and time devoted to business:

(1) The remuneration for Independent Directors is a fixed compensation. An Independent Director is entitled to a remuneration of NT\$60,000 per month and shall not receive the remuneration for Directors as set out in Article 6 of the Articles of Incorporation. The profit or loss of the Company does not affect the fixed compensation of Independent Directors.

(2) Independent Directors shall participate in Board meetings, and the travel expenses shall be borne by the Company.

(3) Where any Independent Director serves as a member of a functional committee, the Independent Director shall participate in the meeting of the functional committee under the Board of Directors, and the Company shall pay attendance fee according to the actual attendance.

★ In addition to the disclosure above, compensation paid to Directors for their services (e.g. providing consulting services as a non-employee) to all the consolidated entities in the financial statements of the most recent year: None.

Note:

1. Ministry of Economic Affairs appointed Mr. Ming-Jong Liou to replace Mr. Fong-Sheng Wu as its representative on November 20, 2020.
2. Compensations paid to Non-independent Directors and Independent Directors only include the compensations received by juristic persons and representatives during their tenure.
3. Remuneration to Directors of the Company is fully received by juristic person directors. The travel expenses for the Ministry of Economic Affairs are shared by juristic person and its representatives in an agreed ratio, whereas the travel expenses for Labor Union of China Steel Corporation are received by juristic person.
4. Consolidated entities include the Company, however where juristic person directors of the Company are one of the consolidated entities, various types of compensations received by juristic persons shall be eliminated under the column headed "Consolidated Entities".
5. Directors of the Company (juristic persons and representatives) do not receive or contribute to severance pay and pension upon resignation or retirement. Meanwhile, for representatives of juristic person who serve as employees at the Company, the total amount of severance pay and pension contributed in 2020 according to the law was NT\$734 thousand.

Range of Compensation

Range of compensation paid to Directors of the Company	Directors' Name			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	Consolidated Entities	The Company	Parent Company and Affiliates
Under NT\$1,000,000	Chao-Tung Wong, Wen-Sheng Tseng, Fong-Sheng Wu, Ming-Jong Liou, Shyi-Chin Wang, Chien-Chih Hwang, Cheng-I Weng, Yueh-Kun Yang, Chun-Sheng Chen, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Ministry of Economic Affairs, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, Gau Ruet Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Chao-Tung Wong, Wen-Sheng Tseng, Fong-Sheng Wu, Ming-Jong Liou, Shyi-Chin Wang, Chien-Chih Hwang, Yueh-Kun Yang, Chun-Sheng Chen, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Ministry of Economic Affairs, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, Gau Ruet Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Wen-Sheng Tseng, Fong-Sheng Wu, Ming-Jong Liou, Cheng-I Weng, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Ministry of Economic Affairs, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, Gau Ruet Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City	Wen-Sheng Tseng, Fong-Sheng Wu, Ming-Jong Liou, Shyue-Bin Chang, Min-Hsiung Hon, Lan-Feng Kao, Ministry of Economic Affairs, Ever Wealthy International Corporation, Chiun Yu Investment Corporation, Hung Kao Investment Corporation, Gau Ruet Investment Corporation, and Labor Union of China Steel Corporation, Kaohsiung City
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	None	Cheng-I Weng	Chun-Sheng Chen	Cheng-I Weng and Chun-Sheng Chen
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	None	None	None	None
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	None	None	Yueh-Kun Yang	Yueh-Kun Yang
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	None	None	Chao-Tung Wong, Shyi-Chin Wang, and Chien-Chih Hwang,	Chao-Tung Wong, Shyi-Chin Wang, and Chien-Chih Hwang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	None	None	None	None
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None	None	None	None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	None	None	None	None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (not inclusive)	None	None	None	None
NT\$100,000,000 and above	None	None	None	None
Total	18	18	18	18

Note: Remuneration to Directors of the Company is fully received by juristic person directors. Compensation paid to representatives of juristic person directors who serve as employees also include salaries and remuneration to employees.

(II) Compensations Paid to President and Vice Presidents

Unit: NT\$ thousands, as of December 31, 2020

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Remuneration to Employees(D)				Sum of A, B, C and D as A Percentage of Net Income (%)		Compensation Paid by Non-consolidated Affiliates or Parent Company	
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities					
								Cash	Stock	Cash	Stock				
Managers	President	32,573	32,573	1,020	1,020	7,926	9,620	1,073	0	1,073	0	4,808	4,999	144	
	Executive Vice President														
	Chien-Chih Hwang														
	Chiu-Po Chang														
	Min-Hsiung Liu														
	Yueh-Kun Yang														
	Pai-Chien Huang														
	Song-Jau Tsai														
	Yie-Shing Hwang														
	Hsin-Chin Kuo														
Chung-Te Chen															
Chih-Tai Chang															
	Wen-Ge Lo														

Note:

1. Consolidated entities include the Company.
2. Compensations paid to President and Vice Presidents only include the compensations received by them during their tenure of this position.

Range of Compensation

Range of compensation paid to Presidents and Vice Presidents of the Company	Name of President and Vice President	
	The Company	Consolidated Entities
Under NT\$1,000,000	Song-Jau Tsai and Hsin-Chin Kuo,	Song-Jau Tsai and Hsin-Chin Kuo
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	Chih-Tai Chang	Chih-Tai Chang
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	Yie-Shing Hwang and Wen-Ge Lo	Yie-Shing Hwang and Wen-Ge Lo
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	Chiu-Po Chang, Min-Hsiung Liu, Yueh-Kun Yang, Pai-Chien Huang, and Chung-Te Chen	Chiu-Po Chang, Yueh-Kun Yang, and Chung-Te Chen
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	Shyi-Chin Wang and Chien-Chih Hwang	Shyi-Chin Wang, Chien-Chih Hwang, Min-Hsiung Liu, and Pai-Chien Huang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	None	None
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None	None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	None	None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (not inclusive)	None	None
NT\$100,000,000 and above	None	None
Total	12	12

(III) Employee Remuneration Distributed to Managerial Personnel and Distribution Situation

As of December 31, 2020

Unit: NT\$ thousands

	Title	Name	Amount of Stock	Amount of Cash	Total	Total Amount as A Percentage of Net Income (%)
Managerial Personnel	President	Shyi-Chin Wang	0	1,102	1,102	0.124
	Executive Vice President	Chien-Chih Hwang				
	Vice President	Chiu-Po Chang				
		Min-Hsiung Liu				
		Yueh-Kun Yang				
		Pai-Chien Huang				
		Song-Jau Tsai				
		Yie-Shing Hwang				
		Hsin-Chin Kuo				
		Chung-Te Chen				
		Chih-Tai Chang				
		Wen-Ge Lo				
	General Manager, Finance Department	Shih-Hsin Chen				
	General Manager, Accounting Department	Kai-Ching Huang				
Directors	President of Labor Union	Chun-Sheng Chen				

(IV) Analysis on proportion of compensation paid to Directors, President and Vice Presidents of the Company to net income in the most recent two years; description of policies, standards and portfolios of compensation payments; procedures for determining compensation and correlation of such compensation with business performance and future risks:

1. In 2020, total compensation paid to Directors, President and Vice Presidents of the Company accounted for 6.31% of the Company's net income. In 2019, total compensation paid to Directors, President and Vice Presidents of the Company constituted 0.82% of the Company's net income. Independent Directors of the Company only receive fixed compensation and are not entitled to the distribution of remuneration for Directors. The policies and standards for compensations paid by the Company to Directors, President and Vice Presidents are clearly stated in Paragraph 1, Article 6 of the Company's Articles of Incorporation, which stipulates that "If there is profit in any given fiscal year, the Company shall set aside no less than 0.1% as the remuneration in stock or cash for employees, and no more than 0.15% as the remuneration for Directors...." With regard to employee remuneration for Presidents and Vice Presidents, the Board of Directors has approved that 1.5% of the total amount of employee remuneration shall be distributed to them. Travel expenses for Directors are determined referring to the standards set by industry peers. In addition, incentives for President and Vice Presidents are distributed according to a certain proportion of the Company's profit in the previous year.
2. The Company has formulated Rules Governing the Performance Evaluation of the Board of Directors and Performance Appraisal Rules applicable to managements and employees as the reference and basis for determining reasonable compensation allocation, which is also linked to the Company's operating performance. The evaluation criterias used to measure the Board's performance includes level of participation in business operation and the supervision and assessment of risk management and controls. As for managements' performance, the appraisal items include financial indicators (e.g. sales volume of steel products, order of steel products, amount of cost saving, etc.) and non-financial indicators (e.g. number of major occupational accidents, process improvements, and project completion, etc.). Compensation paid to Directors and the remuneration for employees and incentive bonus paid to managements are determined according to outcomes of performance evaluation.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

1. In 2020, the 17th Board of Directors convened a total of 6 meetings. Attendance of Directors is listed as follows:

(January 1, 2020 to December 31, 2020)

Title	Name		Attendance in Person	Attendance by Proxy	Required Attendance	Percentage of Attendance in Person (%)	Remarks
Chairman	Representative of Ministry of Economic Affairs	Chao-Tung Wong	6	0	6	100.0%	None
Director	Representative of Ministry of Economic Affairs	Wen-Sheng Tseng	6	3	6	50.0%	None
Director	Representative of Ministry of Economic Affairs	Fong-Sheng Wu	5	0	5	100.0%	Ming-Jong Liou was appointed to replace Fong- Sheng Wu as representative on November 20, 2020
		Ming-Jong Liou	0	1	1	0.0%	
Director	Representative of Ever Wealthy International Corporation	Shyi-Chin Wang	5	1	6	83.3%	None
Director	Representative of Chiun Yu Investment Corporation	Chien-Chih Hwang	6	0	6	100.0%	None
Director	Representative of Hung Kao Investment Corporation	Cheng-I Weng	6	0	6	100.0%	None
Director	Representative of Gau Ruei Investment Corporation	Yueh-Kun Yang	6	0	6	100.0%	None
Director	Representative of Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen	6	0	6	100.0%	None
Independent Director	Shyue-Bin Chang		6	0	6	100.0%	None
Independent Director	Min-Hsiung Hon		6	0	6	100.0%	None
Independent Director	Lan-Feng Kao		6	0	6	100.0%	None

Other matters to be noted:

- If any of the following applies to the operation of Board of Directors, the date and session of Board Meetings, the content of proposals, Independent Directors' opinions, and the Company's actions in response to Independent Directors' opinions shall be stated:
 - Items listed in Article 14-3 of the Securities and Exchange Act: Please refer to section 1. (1) of "Other matters to be noted" in the "Operation of Audit Committee" on Page 34-37 of this annual report.
 - In addition to the preceding matter, other resolutions of Board Meetings on which Independent Directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements: None.
- Recusal of Directors due to conflict of interests (the name of the Directors, the content of proposals, reasons for recusal, and participation in voting shall be stated):
 All the Directors of the Company follow the regulation of Paragraph 1, Article 20 of the China Steel Corporation Rules of Procedure for Board of Directors Meetings, which stipulates that "With regard to Board Meeting proposals, a Director shall explain, to the Board of Directors, the important content of interests if he/she, the corporate he/she represents or the following persons and enterprises have conflict of interests in such proposals. If there are concerns that such conflict of interests may impair the interests of the Company, the Director shall not take part in discussion and voting, nor exercise voting rights on behalf of other Directors, and shall recuse him/herself from discussion

and voting: 1. The Director's spouse, parents, children or other relatives within the third degree of relationship; 2. Enterprises in which the persons in the preceding subparagraph who directly or indirectly enjoy significant financial interests. 3. Enterprises in which the person him/herself serves as Chairman, Executive Director or Senior Executive. However, the above does not apply to enterprises which are affiliates of the Company."

- (1) The 6th meeting of the 17th Board of Directors on March 23, 2020: Directors Shyi-Chin Wang, Chien-Chih Hwang, and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the 2019 Year-End Performance Evaluation of President, Executive Vice President, and Vice Presidents (From January to December).
 - (2) The 9th meeting of the 17th Board of Directors on August 3, 2020: Directors Shyi-Chin Wang, Chien-Chih Hwang, and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the 2020 Mid-Year Performance Evaluation of President, Executive Vice President, and Vice Presidents (From January to June).
 - (3) The 10th meeting of the 17th Board of Directors on November 6, 2020: Directors Shyi-Chin Wang, Chien-Chih Hwang, and Yueh-Kun Yang recused themselves according to applicable laws during the proposal regarding the salary and benefit adjustment for appointed managements.
3. TWSE/TPEX listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
The Company conducts an internal evaluation on a yearly basis and conducts an external evaluation at least every three years.	2019.11.12 ~ 2020.12.31	Board of Directors, Board Members, and Functional Committees of the Board of Directors	Internal Self-Evaluation	(1) The measurement items for the performance evaluation of the Board of Directors include the following five aspects: A. Involvement in the Company's operations B. Improvement in the quality of decision-making of the Board of Directors C. Composition and structure of the Board of Directors D. Election and continuing education of Directors E. Internal Control (2) The measurement items for the performance evaluation of the Board Members include the following six aspects: A. Alignment of the Company's goals and missions B. Awareness of the duties of the Director C. Involvement in the Company's operations D. Management of internal relations and communication E. Professionalism and continuing education of Directors F. Internal Control

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
				(3) The measurement items for the performance evaluation of the Functional Committees include the following five aspects: A. Involvement in the Company's operations B. Awareness of the duties of the functional committees C. Improvement in the quality of decision-making of the functional committees D. Composition of the functional committees, and election of its members E. Internal Control

4. Measures for strengthening the functions of Board of Directors in the current year and the most recent year, and relevant implementation assessment

- (1) To continuously enhance Directors' understanding of the development trend of corporate governance and corporate sustainability issues, the Company regularly arranges environmental, social, and corporate governance related sustainability courses for Directors and managements of CSC Group every year. The courses conducted in 2020 covered the topic of TCFD (Task Force on Climate-related Financial Disclosures), in order to be in line with the global trend.
- (2) To enhance stable operation of the Company and establish a sound supervision mechanism, the Board of Directors approved the formulation of the "Risk Management Policies and Procedures" in 2020 as the highest guiding principle for risk management.
- (3) The Company discloses the important resolutions of the Board Meetings on the corporate website, and maintains directors and officers (D&O) liability insurance for Directors.

(II) Operation of the Audit Committee

The Company established the Audit Committee on June 23, 2016. In 2020, the Audit Committee of the Board of Directors convened a total of 7 meetings. Attendance of Independent Directors is listed as follows:

(2020.01.01~2020.12.31)

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)	Remarks
Independent Director	Shyue-Bin Chang	7	0	100%	None
Independent Director	Min-Hsiung Hon	7	0	100%	None
Independent Director	Lan-Feng Kao	7	0	100%	None

Annual focus of the Audit Committee:

1. Recommend that the Company reflect on the reasons behind its poor operations in recent years; whether it has heeded relevant warnings, other than the impact from the rise of China, the US-China trade war, and the COVID-19 pandemic; and the strategy recommendations for the future.
2. Recommend that the Company, while investing large-scale projects, should focus on enhancing the Company's own technological capabilities, making investment costs reasonable, realizing localized production, and integrating intelligent design.
3. Pay attention to the competitiveness of China Steel Corporation India Pvt. Ltd. and its COVID-19 response measures.
4. Recommend that the Company should consider, predict, and study ways to respond to the COVID-19 pandemic and improve the financial health of the Group.

Other matters to be noted:

1. If any of the following applies to the operation of Audit Committee, the date and session of Board Meetings, the content of proposals, resolutions of the Audit Committee, and the Company's actions in response to opinions from the Audit Committee shall be specified.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Date and Session of Board Meeting	Proposal	Resolution of the Board of Directors	Resolution of the Audit Committee
2020.03.23 The 6th meeting of the 17th Board of Directors	Discussion Item 1: The Company's 2019 Business Report and Financial Statements	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 2: Proposal for Distribution of 2019 Profits	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 5: Amendments to the Company's "Procedures for Loaning of Funds"	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.

Date and Session of Board Meeting	Proposal	Resolution of the Board of Directors	Resolution of the Audit Committee
	Discussion Item 7: Proposal to release the prohibition on Director, Shyi-Chin Wang, from concurrently holding a position at China Ecotek Corporation to protect the investment rights of the Company	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 8: Proposal to release the prohibition on Director, Chien-Chih Hwang, from concurrently holding positions at China Steel Structure Co., Ltd., CSBC Corporation, Taiwan, Formosa Ha Tinh (Cayman) Limited, and Formosa Ha Tinh Steel Corporation to protect the investment rights of the Company	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 9: Proposal to provide loans totaled NT\$2.79 billion to 4 subsidiaries, including C.S. Aluminium Corporation, etc.	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 11: Proposal to invest NT\$9,428.7 million in Stage 4 of the Replacement of Phase I and II Coke Ovens - "Phase 1 Construction of Coke Ovens and Coke Dry Quenching Facility"	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 12: Proposal to invest NT\$523 million in the Replacement of No. 33 Hot Stove of No. 3 Blast Furnace	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 13: Proposal to change the related party transaction amount for the Revamping of the 3rd Campaign of No. 2 Blast Furnace from NT\$2,584 million to NT\$3,393 million	Unanimously approved by all the Directors present.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 14: The Company's "2019 Statement on Internal Control System"	All the 11 Directors present agreed to the statement without any dissent.	The 4th meeting of the Audit Committee of the 17th Board of Directors on March 20, 2020: Passed and unanimously approved by all the committee members present.
2020.05.04 The 7th meeting of the 17th Board of Directors	Discussion Item 1: Proposal to invest NT\$5,909 million in the "Phase 1 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10 Construction Project)"	Unanimously approved by all the Directors present.	The 5th meeting of the Audit Committee of the 17th Board of Directors on April 30, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 2: Proposal to provide loans totaling NT\$5.65 billion to 10 subsidiaries	Unanimously approved by all the Directors present.	The 5th meeting of the Audit Committee of the 17th Board of Directors on April 30, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 3: Amendments to the Company's Procedures for Acquisition or	Unanimously approved by all the	The 5th meeting of the Audit Committee of the 17th Board of

Date and Session of Board Meeting	Proposal	Resolution of the Board of Directors	Resolution of the Audit Committee
	Disposal of Assets	Directors present.	Directors on April 30, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 4: Proposal to release the prohibition on Chairman, Chao-Tung Wong, from concurrently holding a position at Taiwan High Speed Rail Corporation to protect the investment rights of the Company	Unanimously approved by all the Directors present.	The 5th meeting of the Audit Committee of the 17th Board of Directors on April 30, 2020: Passed and unanimously approved by all the committee members present.
2020.06.19 The 8th meeting of the 17th Board of Directors	Discussion Item 1: Capital injection totaled NT\$680 million to China Steel Power Holding Corporation for replenishing working capital	Unanimously approved by all the Directors present.	The 6th meeting of the Audit Committee of the 17th Board of Directors on June 17, 2020: Passed and unanimously approved by all the committee members present.
2020.08.03 The 9th meeting of the 17th Board of Directors	Report Item 1: The Company's 2020 2nd quarter Financial Statements	Acknowledged by all the Directors present.	The 7th meeting of the Audit Committee of the 17th Board of Directors on July 31, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 1: Proposal to invest NT\$1,984 million in Stage 5 of the Replacement of Phase I and II Coke Ovens - "Construction of Coke Transportation and Handling System," with a view to facilitating the establishment of coke transportation and handling processes for the production of new Phase I and II coke ovens	Unanimously approved by all the Directors present.	The 7th meeting of the Audit Committee of the 17th Board of Directors on July 31, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 2: Proposal to invest NT\$311 million in the "Replacement of B4124 Bridge Crane for the Steelmaking Department"	Unanimously approved by all the Directors present.	The 7th meeting of the Audit Committee of the 17th Board of Directors on July 31, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 3: Preliminary works in the "Phase I Replacement of Boiler Turbine Generators for No. 1 Power House": Proposal to subcontract the construction of No. 6 Cooling Tower (CT-6) and the installation and procurement of pipelines out to China Ecotek Corporation based on the results of price comparison	Unanimously approved by all the Directors present.	The 7th meeting of the Audit Committee of the 17th Board of Directors on July 31, 2020: Passed and unanimously approved by all the committee members present.
2020.11.06 The 10th meeting of the 17th Board of Directors	Discussion Item 1: Proposal to subcontract Stage 4 of the Replacement of Phase I and II Coke Ovens - "Phase 1 Construction of Coke Ovens and Coke Dry Quenching Facility" out to China Steel Machinery Corporation, China Ecotek Corporation, and United Steel Engineering & Construction Corporation upon price negotiation	Unanimously approved by all the Directors present.	The 8th meeting of the Audit Committee of the 17th Board of Directors on November 5, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 3: Proposal to provide loans totaling NT\$5.13 billion to 10 subsidiaries, including C.S. Aluminium Corporation, etc.	Unanimously approved by all the Directors present.	The 8th meeting of the Audit Committee of the 17th Board of Directors on November 5, 2020: Passed and unanimously approved by all the committee members present.

Date and Session of Board Meeting	Proposal	Resolution of the Board of Directors	Resolution of the Audit Committee
2020.12.28 The 11th meeting of the 17th Board of Directors	Discussion Item 3: Proposal to add NT\$852.4 million to the budget for Stage 2 of the Replacement of Phase I and II Coke Ovens - "Phase 1 Construction of the New Enclosed Building in Coking Coal Storage Yard for the Raw Material Handling & Inplant Transportation Department"	Unanimously approved by all the Directors present.	The 9th meeting of the Audit Committee of the 17th Board of Directors on December 23, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 4: Proposal to invest NT\$3,799.1 million in Stage 3 of the Replacement of Phase I and II Coke Ovens - "Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard for the Raw Material Handling & Inplant Transportation Department"	Unanimously approved by all the Directors present.	The 9th meeting of the Audit Committee of the 17th Board of Directors on December 23, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 5: Proposal to invest NT\$8,080.3 million in Stage 6 of the Replacement of Phase I and II Coke Ovens - "Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility"	Unanimously approved by all the Directors present.	The 9th meeting of the Audit Committee of the 17th Board of Directors on December 23, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 6: Capital injection totaled NT\$620 million to China Steel Power Holding Corporation for replenishing working capital	Unanimously approved by all the Directors present.	The 9th meeting of the Audit Committee of the 17th Board of Directors on December 23, 2020: Passed and unanimously approved by all the committee members present.
	Discussion Item 7: Proposal to renew the Company's lease of the land at Subsection 1, Dianzihou Section, Hsiao Kang District, Kaohsiung City from China Steel Chemical Corporation after the expiration of the lease on December 31, 2020	Unanimously approved by all the Directors present.	The 10th meeting of the Audit Committee of the 17th Board of Directors on December 28, 2020: Passed and unanimously approved by all the committee members present.
The Company's actions in response to opinions from the Audit Committee: The proposals above were first approved by the majority of the members of the Audit Committee before they were submitted to the Board of Directors for resolution.			

- (2) Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None.
2. Recusal of Independent Directors due to conflict of interests (the name of the Independent Directors, the content of proposals, reasons for recusal, and participation in voting shall be stated): None.
3. Communication between Independent Directors, Chief Auditor, and CPAs
 - (1) Communication between Independent Directors and Chief Auditor:
The Company's Chief Auditor sits in on 4 Audit Committee meetings and 6 Board Meetings each year to report the implementation of internal audit work. In addition, the Chief Auditor reports the overall audit implementation for the previous year to Independent Directors at the 1st Audit Committee meeting each year, and fully communicates with Independent Directors in respect of the audit content, internal control deficiencies found, and the improvement and follow-up on anomalies. The Internal Audit Office submits audit reports and follow-up reports to Independent Directors on a monthly and quarterly basis, and it also directly communicates with Independent Directors via e-mails, phone calls, or meetings in person as needed.
Communication between Chief Auditor and Independent Directors in 2020 is listed as follows:

Date and Session of Board Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2020.03.23 The 6th meeting of the 17th Board of Directors	The 1st Internal Audit Report in 2020	No opinion.	Not applicable
	The 2019 Statement on Internal Control System	Unanimously approved.	Not applicable
2020.05.04 The 7th meeting of the 17th Board of Directors	The 2nd Internal Audit Report in 2020	No opinion.	Not applicable
2020.06.19 The 8th meeting of the 17th Board of Directors	The 3rd Internal Audit Report in 2020	Recommended that the Presidents of the audited invested companies review the results of implementation of the audit improvement plan in the spirit of the PDCA cycle for continuous improvement, and that the Internal Audit Office should report the results to the Audit Committee.	The Internal Audit Office and the Administration Division should jointly study how to integrate the recommendations for improvement listed in audit reports into the annual "President Diagnosis" in the future.
2020.08.03 The 9th meeting of the 17th Board of Directors	The 4th Internal Audit Report in 2020	No opinion.	Not applicable
	The amendment to the "2020 Audit Plan"	Unanimously approved.	Not applicable
2020.11.06 The 10th meeting of the 17th Board of Directors	The 5th Internal Audit Report in 2020	No opinion.	Not applicable
2020.12.28 The 11th meeting of the 17th Board of Directors	The 6th Internal Audit Report in 2020	No opinion.	Not applicable
	Review and approval of the 2021 Audit Plan	Unanimously approved.	Not applicable
Date and Session of Audit Committee Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2020.03.20 The 4th meeting of the Audit Committee of the 17th Board of Directors	2019 Internal Audit Implementation Report	1. How to determine who should conduct the audit works of subsidiaries, the personnel from the subsidiary's audit unit or the personnel designated by the Company? 2. Does the Company truly protect whistleblowers? 3. How does the Company respond to the succession gap in internal auditors? 4. As various divisions of the Company or its subsidiaries experience frequent changes in supervisors currently, is training provided to newly appointed supervisors to prevent the recurrence of same problem?	1. The internal audit unit of a subsidiary is responsible for auditing all cycles of business operations at the subsidiary in accordance with relevant regulations, where such audit operation pertains to internal audit of subsidiaries. The Company regularly designates personnel to each subsidiary to carry out business audit in accordance with the law, where such audit operation pertains to external audit of subsidiaries. Both operations are carried out separately. 2. When the Internal Audit Office receives a complaint or whistleblowing case and carries out investigations, the overriding principle is to protect the whistleblower, where strict measures will be taken to protect the

Date and Session of Board Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
			whistleblower through the investigation process. No whistleblower has been revealed to date. 3. In order to nurture personnel's ability in case investigation, the Internal Audit Office has continuously strengthened training for junior personnel with satisfactory results. In April 2020, two senior auditors would return to the Company from subsidiaries, which would further enhance audit operations at the Company. 4. Due to the presence of a sound system at the Company, less audit deficiencies have been identified in recent years; furthermore, the number of violations have not increased due to frequent changes in supervisors. However, subsidiaries do not have a system as strict as that at the Company; thus, more internal control deficiencies have been identified. Starting from 2020, the Internal Audit Office will extend the audit period at subsidiaries by one month. For engineering-related subsidiaries, the Internal Audit Office will send two auditors to carry out audit work, so as to increase the depth and breadth of audit.
	The "2019 Statement on Internal Control System" of the Company	Unanimously approved.	Not applicable.

(2) Communication between Independent Directors and CPAs:

The CPAs of the Company sit in on regular Audit Committee meetings and Board Meetings each quarter to communicate and discuss matters related to financial statements. Based on their professional judgement, the CPAs of the Company may request to communicate through Audit Committee meetings or one-on-one meetings with independent directors.

Communication between CPAs and Independent Directors in 2020 is listed as follows:

Date and Session of Board Meeting	Proposal	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2020.03.23 The 6th meeting of the 17th Board of Directors	Discussion and communication on the 2019 Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed. 2. Unanimously approved the financial statements.	The questions raised by Independent Directors were answered.
2020.05.04 The 7th meeting of the 17th Board of Directors	Reporting and communication on the 2020 1st quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed.	The questions raised by Independent Directors were answered.
2020.08.03 The 9th meeting of the 17th Board of Directors	Reporting and communication on the 2020 2nd quarter Consolidated Financial Statements and Standalone Financial Statements	No opinion.	Not applicable
2020.11.06 The 10th meeting of the 17th Board of Directors	Reporting and communication on the 2020 3rd quarter Consolidated Financial Statements and Standalone Financial Statements	No opinion.	Not applicable
Date and Session of Audit Committee Meeting	Key Points	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2020.03.20 The 4th meeting of the Audit Committee of the 17th Board of Directors	1. Report on communication between the CPAs and those charged with governance 2. Discussion and communication on the 2019 Consolidated Financial Statements and Standalone Financial Statements	1. Raised questions and discussed 2. Unanimously approved the financial statements	The questions raised by Independent Directors were answered.
2020.04.30 The 5th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2020 1st quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed	The questions raised by Independent Directors were answered.
2020.07.31 The 7th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2020 2nd quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed	The questions raised by Independent Directors were answered.
2020.11.05 The 8th meeting of the Audit Committee of the 17th Board of Directors	Reporting and communication on the 2020 3rd quarter Consolidated Financial Statements and Standalone Financial Statements	Raised questions and discussed	The questions raised by Independent Directors were answered.
Date and Session of Other Meeting	Key Points	Independent Directors' Opinions	Actions in Response to Independent Directors' Opinions
2020.11.05 Communication between CPAs and those charged with governance	Communication of key audit matters in the 2020 CPAs' audit report	Raised questions and discussed	The Company did not send any representative to participate in this meeting as it was a one-on-one meeting between CPAs and Independent Directors.
2020.11.06 Communication between CPAs and the managements	Communication of key audit matters in the 2020 CPAs' audit report.	Raised questions and discussed	The questions raised by Independent Directors were answered.

(III) Implementation of corporate governance, its deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed

Companies, and reasons for such deviations

1. CSC's standalone information

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	Yes		In March 2017, the Company formulated the Corporate Governance Best-Practice Principles. The second amendment to these principles took effect upon approval by the Board of Directors on March 23, 2020 and has been reported to the 2020 Annual General Meeting of Shareholders. The Corporate Governance Best-Practice Principles of the Company is currently disclosed on the Market Observation Post System and corporate website.	No significant difference
II. Shareholding Structure and Shareholders' Rights				
(I) Has the Company formulated internal operating procedures to handle shareholders' recommendations, questions, disputes, and litigations, and implemented these measures accordingly?	(I) Yes		(I) The Company has formulated its own internal operating procedure manual so that personnel can carry out their duties accordingly. If shareholders want to convey any recommendation or dispute associated with stock-related affairs to the Company, the Company has appointed dedicated personnel and a stock transfer agent to handle related matters.	No significant difference
(II) Does the Company possess the list of its major shareholders and the beneficial owners of these major shareholders?	(II) Yes		(II) The Company was originally a state-owned enterprise. After undergoing privatization in 1995, the shareholding percentage of the Ministry of Economic Affairs (MOEA) has gradually declined to 20% until today. Besides, the Chairman of the Company has been appointed by MOEA. The Legislative Yuan has decided that the government should maintain its shareholding percentage in the Company at 20% and above; thus, MOEA remains the largest shareholder of the Company. In addition, the Company has the list of remaining major shareholders.	
(III) Has the Company established and executed risk management and firewall system between the Company and its affiliated companies?	(III) Yes		(III) The Company has formulated regulations for monitoring its subsidiaries in accordance with Chapter IV of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" set forth by the Financial Supervisory Commission (FSC), urged its subsidiaries to establish internal control systems, and regularly analyzed and reviewed the operating performance of its subsidiaries. Moreover, the Company has set up a dedicated department to take charge of the development	
(IV) Has the Company formulated internal regulations to prohibit insider trading?	(IV) Yes			

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			and management of its investment businesses. This department regularly monitors the operation and financial status of subsidiaries to ensure that the responsible persons of subsidiaries exercise the due care of a good administrator. Furthermore, this department is also responsible for coordinating operations between the Company and affiliates. (IV) The Company has formulated the "Procedures for Handling Material Internal Information and Guidelines for Establishment of Spokesperson as well as Deputy Spokespersons" to prohibit any personnel from trading securities through utilizing information not disclosed to the market. Furthermore, the Company also strictly prohibited personnel from insider trading and has formulated related regulations, including the "Codes of Ethics for Directors," the "Codes of Ethics for First Echelon Supervisors and Executives" (refer to Page 58-62 in this annual report for more details), and the "Guidelines for Recusal Due to Conflict of Interests."	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors drawn up diversity policy for the composition of board members and implement it accordingly? (II) Other than the remuneration committee and audit committee required by the law, has the Company voluntarily established other functional committees? (III) Has the Company formulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and renomination of individual directors? (IV) Does the Company regularly evaluate the independence of CPAs?	(I) Yes (II) Yes (III) Yes (IV) Yes		(I) According to the Sample Template for Procedures for Election of Directors and Supervisors released by TWSE, the Company has incorporated the concept of diversity into the Rules Governing the Election of Directors. Two major areas, namely basic requirements and values and professional knowledge and skills (e.g., law, accounting, industry, finance, marketing or technology) should be taken into consideration during the election of Directors. Directors shall commonly possess the knowledge, skills, general capacity and disposition required to perform their duties. Furthermore, the Corporate Governance Best-Practice Principles of the Company also stipulate that the number of Directors who concurrently holds a management position at the Company shall not exceed one-third of the total number of Directors. The Board of Directors is set up with the specific aim of appointing Directors of different gender and age and with different professional knowledge and background, consisting of at least one Director with finance or accounting background and at least one Director with management experience in the	No significant difference

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			steel industry. At present, the Board of Directors is composed of 11 Directors with 3 Independent Directors, including 1 female Director, 1 Director recommended by the labor union of the Company as labor representative, and 3 Directors holding a management position, whose professional knowledge and skills cover different areas, including steel, resource engineering, business management, industrial management, machinery, materials, electrical engineering, aerospace, and accounting. Out of the current Directors, the numbers of those with finance and accounting backgrounds and management experience in the steel industry are 2 and 4 respectively. Hence, the Company fully implements the concept of diversity in the composition of Board of Directors, which is beneficial to its development goals, including succession planning, equipment replacement, research and development of advanced products, construction of high-value industry chain, creation of smart production and sale, and commitment to the circular economy in the future. (II) In addition to establishing the Audit Committee and the Remuneration Committee (which are composed by 3 Independent Directors each), the Company established the "Corporate Governance and Sustainability Committee," which is comprised of 5 Directors with 3 Independent Directors in 2019 to promote corporate governance and achieve the sustainable development. (III) The Company has formulated the Rules Governing the Performance Evaluation of the Board of Directors, and regularly conducts performance evaluation every year. For details on the method and content of evaluation, please refer to Page 32-33 of this annual report. For the evaluation, the questionnaire method is adopted for self-evaluation. In 2020, the evaluation results were compiled by the Secretariat Department of the Company and submitted to the Board of Directors on February 26, 2021 as the basis for review and improvement. The scores of the Company's internal evaluation for 2020 ranged from 98 to 100, and the overall operation of the Board

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			of Directors was satisfactory. The results of the performance evaluation for the Board of Directors will be used as a reference and the basis for the election or nomination of Director, while the results of the performance evaluation for each Director (excluding Independent Directors) will also serve as a reference and the basis for determining the remuneration allocation for Directors in the future. (IV) To ensure the reliability of the Company's financial statements, the Board of Directors reviews the CPA independence assessment questionnaire at the beginning of each year, and requires CPAs to provide a declaration of independence to ensure that CPAs do not have other financial interests and business relationships with the Company, other than fees associated with attestation and taxation, and that CPAs, their spouses, their dependent children and relatives do not violate the independence requirements. Outcomes of the assessment in the most recent two years were reported to the Board Meeting on March 23, 2020 and February 26, 2021 respectively.	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' meetings)?	Yes		The position of Company Secretary at the Company is concurrently held by the Vice President of the Corporate Planning Division. The main duties of Company Secretary is supervising the corporate governance-related matters of the Company. According to the duties and responsibilities of Legal Department, Secretariat Department, and Finance Department, the Company have an adequate number of corporate governance personnel with appropriate qualifications in charge of the execution of corporate governance affairs. The aforementioned affairs include preparing meeting minutes and handling matters related to Board meetings and shareholders' meetings, assisting Directors in onboarding and continuing education, providing Directors with information required for business execution, assisting Directors in legal compliance and other matters stipulated in the Articles of Incorporation or contracts, and regularly reporting to	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			the Corporate Governance and Sustainability Committee. For more details regarding continuing education of Company Secretary, please refer to Page 52.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholders section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	Yes		Respecting the rights and interests of stakeholders, the Company identifies stakeholders and learns about their expectations and needs through appropriate communications and engagements. Besides, the Company responds appropriately to material CSR issues which are of concern to stakeholders. Various divisions are responsible for stakeholder communication, and the Corporate Governance and Sustainability Committee reports to the Board of Directors regularly regarding the annual communication results with stakeholders each year: (I) Shareholders 1. Annual General Meeting is convened in the 2nd quarter of each year. Each proposal is voted on a case-by-case basis. Shareholders can exercise their voting rights by electronic means, allowing them to fully participate in the voting process. 2. Publish Chinese and English version of annual report and operation report every year for investors' reference. 3. Disclose consolidated revenues, revenues breakdown and preliminary results on MOPS and corporate website monthly. 4. Shareholders can communicate with the Company through our toll-free telephone line and email address for shareholders. 5. Communicates with domestic and foreign institutional investors, and attends investor conferences held by domestic and foreign brokers. (II) Employees Collective agreement (amended every three years); labor-management meeting (every month); regular factory (department) communication meeting (every two to three months); appointment of labor union representatives as Directors; Employee Welfare Committee meeting (every two months);	No significant difference

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
		Summary	
		Stock-holding Trustees Committee meeting (every six months); Occupational Safety and Hygiene Committee meeting (every two months); Human Resources Development Committee meetings (every year); Retirement Reserve Fund Supervisory Committee meeting (every quarter); Rewards and Punishments Review Committee meeting (aperiodically). (III) Local Communities Visit and negotiate with local communities, legislators, councilors, and opinion leaders through the Public Affairs Department, the Labor Union of China Steel Corporation, the CSC Group Education Foundation, and CSC employee clubs. (IV) Customers 1. Production-sales meeting (every quarter, where such meetings are to be held in other forms, such as smaller-scale industry opinion leaders, in line with COVID-19 prevention policies in due course) and customer satisfaction survey (every year). 2. Obtain feedback from customers through customer briefings, R&D alliances, professional training, market surveys, visits and customer interviews. 3. Provide total solution for customers' businesses through electronic supply chain and e-Sales system. 4. Expand customer services through integration of the marketing resources of CSC Group. 5. Enhance technical services, actively engage in technical marketing, respond real-time to customer needs, and provide customized specifications. 6. Understand customers' needs and assist customers with process improvement and materials use, and keep improving the quality of products and services. 7. Hold technical seminars and high-level business management seminars in order to improve the flexibility of steel supply chain in Taiwan to trends. 8. Conduct surveys on demands for development of new products, and improvement of quality, and trends of materials use of different steel-using industries.	

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			In addition to the stakeholder communication channels mentioned above, the Company regularly discloses information on corporate governance, energy and environmental management, and commitment to social harmony in the annual report, operation report and corporate website. CSC has set up stakeholders and CSR sections on corporate website, and publishes CSR report annually as an important channel to disclose information and respond to issues of concern to stakeholders.	
VI. Does the Company commission a professional stock transfer agent to handle shareholders' meetings related affairs?	Yes		The Company has appointed KGI Securities as our stock transfer agent. According to regulations, a stock transfer agent cannot serve as a solicitor when election of directors is on the Shareholders' Meeting agenda. However, the stock transfer agent continues to assist the Company in the verification of proxies and other affairs associated with the Shareholders' Meeting.	No significant difference
VII. Information Disclosure (I) Has the Company established a website to disclose information on financials, business and corporate governance? (II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)? (III) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	(I) Yes (II) Yes (III) Yes		(I) Sections including "Stockholder Service", "Customer Service" and "Corporate Governance" have been set up on the corporate website, thereby fully disclosing information on the Company's financials, business and corporate governance. (II) The Company has also set up an English website, appointed dedicated personnel to collect and disclose company information, implemented the spokesperson system, and posted information on investor conferences on our corporate website: 1. The Company has set up multi-language websites (including traditional Chinese, simplified Chinese and English), which are updated simultaneously during any announcements. For example, the Company's revenues breakdown and preliminary results are updated on all the websites simultaneously every month so that domestic and foreign investors can obtain the latest information. 2. The Company has established a public information online filing system in accordance with the Guidelines for Online Filing of Public Information by Public Companies, and has appointed dedicated personnel to carry out the disclosure of various data and material information.	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			(III) In order to enhance the timeliness of information disclosure, the Company announces and files its financial reports within two months after the end of the fiscal year. In addition, the Company announces and files its financial reports for the 1st, 2nd, and 3rd quarters, as well as monthly operating status before the specified deadline.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education for directors and supervisors, implementation of risk Management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	Yes		Related information is summarized as follows:	No significant difference

(I) Continuing education for Directors of the 17th Board of Directors

As of March 31, 2021						
Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title
			From	to		
Director	Chao-Tung Wong	2019/06/19	2020/11/06	2020/11/06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)
Director	Wen-Sheng Tseng	2019/06/19	2020/11/19	2020/11/19	Taiwan Investor Relations Institute	Analyzing Director and Supervisor Performance Evaluation Practices
			2020/11/06	2020/11/06	Taiwan Investor Relations Institute	Key to Corporate Sustainability: Enterprise and Family Specialization
Director	Ming-Jong Liu	2020/11/20	2021/01/22	2021/01/22	Taiwan Corporate Governance Association	Battle over Management Rights and Case Analysis

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours
			From	to			
			2020/12/11	2020/12/11	Taipei Foundation Of Finance	Corporate Governance – Exploring and Preventing Financial Reporting Fraud and Criminal Liability of Company-Related Personnel	3.0
			2020/09/21	2020/09/21	Taiwan Stock Exchange	Summit on "Corporate Governance 3.0 - Sustainable Development Roadmap"	3.0
Director	Shyi-Chin Wang	2019/06/19	2020/11/06	2020/11/06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
Director	Chien-Chih Hwang	2019/09/30	2020/11/06	2020/11/06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
Director	Cheng-I Weng	2019/06/19	2020/11/06	2020/11/06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
Director	Yueh-Kun Yang	2019/06/19	2020/11/06	2020/11/06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
Director	Chun-Sheng Chen	2019/06/19	2020/09/03	2020/09/04	Ministry of Labor	2020 Professional skills training activities for labor directors	8.0
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours
			From	to			
Independent Director	Shyue-Bin Chang	2019/06/19	2021/03/22	2021/03/22	Taiwan Corporate Governance Association	Corporate Governance for a Company Group	3.0
			2020/08/03	2020/08/03	Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	3.0
			2020/05/19	2020/05/19	Taiwan Insurance Institute	Lecture on Corporate Governance for Directors and Supervisors (including Independent Directors) and Company Secretary	3.0
			2020/05/11	2020/05/11	Securities and Futures Institute	Information Security Governance for Enterprises - A Focus on Legal Practices	3.0
Independent Director	Min-Hsiung Hon	2019/06/19	2020/11/06	2020/11/06	Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	3.0
			2020/08/28	2020/08/28	Taiwan Corporate Governance Association	Trends of Group Tax Management in the Post-Pandemic Era	3.0
Independent Director	Lan-Feng Kao	2019/06/19	2021/01/29	2021/01/29	Securities and Futures Institute	Principles and Applications of Artificial Intelligence	3.0
			2020/09/08	2020/09/08	Taiwan Corporate Governance Association	Battle over Management Rights and Case Analysis	3.0
			2020/07/03	2020/07/03	Taiwan Corporate Governance Association	Macro Perspectives of Global Corporate Sustainable Development - From Vision 2050 to Action 2020	3.0
			2020/02/21	2020/02/21	Taiwan Corporate Governance Association	Trend and Risk Management of Digital Technology and Artificial Intelligence	3.0
The above mentioned only discloses the courses attended by members of the 17th Board of Directors from 2020 to March 31, 2021.							

(II) The Company has formulated the Codes of Ethics for Directors. This code clearly specifies the Directors' duty of loyalty, and its scope includes: ① transactions with the Company, ② utilization of company assets, information and opportunities, ③ competition with the Company. If Directors wish to be exempted from the applicability of such duty, Directors shall fully disclose, to the Board of Directors, the interested persons or enterprises and the interest of each legal act, and the reasons why this is not detrimental to the Company and it conforms to regular business practice, and shall seek approval from the Board of Directors.

(III) Continuing education and training related to corporate governance participated by managements:

1. Course title: Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)

(1) Date: August 3, 2020

(2) Training hours: 3 hours

(3) Participants: Personnel designated as directors and supervisors of invested companies, and managers of subsidiaries, including senior executives and vice presidents of the Company.

Information on the participants of this training course is as follows:

Name	Title
Shyi-Chin Wang	President
Chien-Chih Hwang	Executive Vice President
Chiu-Po Chang	Vice President, Administration Division (assigned to a subsidiary on February 26, 2021)
Hsi-Chou Chung	Assistant Vice President, Administration Division
Min-Hsiung Liu	Vice President, Commercial Division
Ming-Yuan Chen	Assistant Vice President, Commercial Division
Kai-Ming Huang	Assistant Vice President, Commercial Division
Yueh-Kun Yang	Vice President, Finance Division
Hung-Tai Chou	Assistant Vice President, Finance Division
Pai-Chien Huang	Vice President, Corporate Planning Division and Company Secretary
Kuan-Fu Chen	Assistant Vice President, Corporate Planning Division
Yie-Shing Hwang	Vice President, Technology Division (retired on October 31, 2020)
Jih-Jau Jeng	Assistant Vice President, Technology Division
Chung-Te Chen	Vice President, Engineering Division
Huo-Kun Chen	Assistant Vice President, Engineering Division (assigned to a subsidiary on November 1, 2020)
Jung-Fa Li	Assistant Vice President, Engineering Division
Wen-Ge Lo	Vice President, Production Division
Shou-Tao Chen	Assistant Vice President, Production Division
Hung-Chang Chang	Assistant Vice President, Production Division
Kuei-Sung Tseng	Assistant Vice President, Production Division (assigned to a subsidiary on January 31, 2021)
Shih-Hsin Chen	General Manager, Finance Department
Kai-Chin Huang	General Manager, Accounting Department

2. Course title: Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis

(1) Date: November 6, 2020

(2) Training hours: 3 hours

(3) Participants: Personnel designated as directors and supervisors of invested companies, and managers of subsidiaries, including senior executives and vice presidents of the Company.

Information on the participants of this training course is as follows:

Name	Title
Shyi-Chin Wang	President
Chien-Chih Hwang	Executive Vice President
Chiu-Po Chang	Vice President, Administration Division (assigned to a subsidiary on February 26, 2021)
Hsi-Chou Chung	Assistant Vice President, Administration Division
Ming-Yuan Chen	Assistant Vice President, Commercial Division
Kai-Ming Huang	Assistant Vice President, Commercial Division
Yueh-Kun Yang	Vice President, Finance Division
Hung-Tai Chou	Assistant Vice President, Finance Division
Kuan-Fu Chen	Assistant Vice President, Corporate Planning Division
Chung-Te Chen	Vice President, Engineering Division
Jung-Fa Li	Assistant Vice President, Engineering Division
Kuo-Hua Sun	Assistant Vice President, Engineering Division
Shou-Tao Chen	Assistant Vice President, Production Division
Hung-Chang Chang	Assistant Vice President, Production Division
Kuei-Sung Tseng	Assistant Vice President, Production Division (assigned to a subsidiary on January 31, 2021)
Shih-Hsin Chen	General Manager, Finance Department
Kai-Chin Huang	General Manager, Accounting Department

(IV) Continuing education and training of Company Secretary:

Organizer	Course Title	Date of Training	Training Hours
Taiwan Corporate Governance Association	Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD)	2020/08/03	3.0
Taiwan Corporate Governance Association	Insider Trading Practices, Legal Liabilities for Insider Trading and Case Analysis	2020/07/10	3.0
Institute of Internal Auditors-Chinese Taiwan	Business Activities with Unethical Behavior Risk and Related Case Study	2020/03/04	6.0

(V) Implementation of diversity policy for members of the Board of Directors:

Core Diversity Element Name of Director	Composition							Business Management	Decision-Making	Industry Knowledge	Finance and Accounting	Marketing	Technology
	Gender	Employed by the Company	Ages		Tenure of Independent Directors								
			50 ~ 59	60 ~ 69	> 70	< 3yrs	4~8yrs						
Chairman Chao-Tung Wong	Male		V					V		V		V	
Director Wen-Sheng Tseng	Male		V					V		V			
Director Ming-Jong Liu	Male		V					V		V			
Director Shyi-Chin Wang	Male	V	V					V		V			V
Director Chien-Chih Hwang	Male	V	V					V		V		V	
Director Cheng-I Weng	Male					V		V		V			V
Director Yueh-Kun Yang	Male	V	V					V		V	V		
Director Chun-Sheng Chen	Male	V	V					V		V			
Independent Director Shyue-Bin Chang	Male					V		V		V			V
Independent Director Min-Hsiung Hon	Male					V		V		V			V
Independent Director Lan-Feng Kao	Female		V								V		

(VI) Succession plan of Directors and significant managements and its execution:

1. Succession plan of Directors

The Company adopts the candidate nomination system for Directors; the term of each session shall be three years. Unless otherwise required by laws and regulations or the Articles of Incorporation, the election of Directors shall be in compliance with the Company's Rules Governing the Election of Directors.

The election of the Directors shall take diversity into consideration, such as basic requirements and values (including gender, age, nationality, culture, etc.), professional knowledge and skills (including professional background, professional skills, and industry experiences). Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, general capacity and disposition required for performing its duties. The Board of Directors shall encompass the following abilities: I. Judgment of business operations; II. Accounting and financial analysis; III. Operational management; IV. Crisis management; V. Industrial knowledge; VI. International market outlook; VII. Leadership skills; and VIII. Decision making.

The Company conducts the succession plan of its Directors according to the following approaches: I. Adequate candidates recommended by the current Directors.

II. Director candidates recommended by shareholders. III. Refer to the results of performance evaluation of the Board of Directors for the nomination of the Directors' re-appointment.

To reinforce the efficacy for Directors to exercise their powers and functions, the Company will keep up with the trend and arrange annual training programs with reference to the changes in internal and external environmental conditions and the development demand, so as to improve the professional know-how for our Directors.

2. Succession plan of significant managements:

In response to the needs of the Group's business operations and human resources development, the Company has the Human Resources Development Committee in place, which regularly convenes meetings to review succession plans and successor development.

When planning for successors, the Company considers whether the successors are well equipped with professional and management skills, and whether the successors share the same values as the Company and have a sense of honesty, down-to-earthness, creativity, and entrepreneurship. In order to develop decision-making ability as senior management, training for management successors includes not only internal training related to management skills but also job rotation and assignment to subsidiaries. For external training programs, the Company cooperates with top-tier universities in Taiwan to run the operational management seminars every year. There were 40 participants in the 2019 program and the participation rate for senior management successors has amounted to 80%. However, the program was postponed in 2020 in consideration of the COVID-19 pandemic. The program will resume in 2021.

IX. Improvements made in the most recent year in response to the results of Corporate Governance Evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:

The status of improvements proposed for the results of the 6th (2019) Corporate Governance Evaluation announced in April 2020 are as follows:

1. #2.2 Does the Company establish a diversity policy for members of the Board of Directors and disclose the implementation of diversity policy on its corporate website and in its annual reports?

The Company has disclosed the implementation of diversity policy and specific management objectives on its corporate website and annual reports.

2. #3.4 Does the Company announce its annual financial reports within two months after the end of a fiscal year?

The 2020 financial report of the Company was approved by the Board of Directors and announced on February 26, 2021.

3. #3.14 Does the Company disclose the performance evaluation for directors and the correlation of evaluation results with the remuneration for directors in its annual report?

In 2019, the Company formulated the Rules Governing the Performance Evaluation of the Board of Directors, which specifies that the results of performance evaluation for directors shall serve as a reference and the basis for determining the allocation of remuneration for Directors. Moreover, the Company discloses the performance evaluation for directors and the correlation of evaluation results with the remuneration for directors in its annual report.

2. Information on subsidiaries

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	Yes		No significant difference
II. Shareholding Structure and Shareholders' Rights			
(I) Has the Company formulated internal operating procedures to handle shareholders' recommendations, questions, disputes, and litigations, and implemented these measures accordingly?	(I) Yes		(I) Listed subsidiaries have established a spokesperson system, and have appointed dedicated personnel and a stock transfer agent to handle stock-related affairs.
(II) Does the Company possess the list of its major shareholders and the beneficial owners of these major shareholders?	(II) Yes		(II) Listed subsidiaries have the list of major shareholders, while the appointed stock transfer agents help to manage such matters.
(III) Has the Company established and executed risk management and firewall system between the Company and its affiliated companies?	(III) Yes		(III) Regulations for transactions such as loaning of funds and endorsements and guarantees with affiliates have been formulated in accordance with applicable laws. In addition, the regulations for internal control and internal audit of subsidiaries have also been formulated to control risks.
(IV) Has the Company formulated internal regulations to prohibit insider trading?	(IV) Yes		(IV) Listed subsidiaries have also established rules and regulations, including the Codes of Ethics for Directors and Senior Executives, the Guidelines for Recusal Due to Conflict of Interests, and the Regulations Governing Handling of Material Internal Information and Prevention of Insider Trading to prohibit any personnel from trading securities through utilizing information not disclosed to the market.
III. Composition and Responsibilities of the Board of Directors			
(I) Has the Board of Directors drawn up diversity policy for the composition of board members and implement it accordingly?	(I) Yes		(I) Taking into consideration diversity, the Board of Directors at listed subsidiaries are composed of members of different professional backgrounds, genders or work areas, while these members possess the knowledge, skills and qualities required to perform their duties.
(II) Other than the remuneration committee and audit committee required by the law, has the Company voluntarily established other functional committees?	(II) Yes		(II) Listed subsidiaries have set up the Audit Committee. Meanwhile, CHC Resources, China Steel Structure, China Steel Chemical, and China Ecotek have voluntarily set up the Corporate Social Responsibility Committee.
(III) Has the Company formulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and renomination of individual directors?	(III) Yes		(III) Listed subsidiaries have formulated the Rules for Evaluating the Performance of the Board of Directors and conducted performance evaluation according thereto, and further reported the results of performance evaluation to the Board of Directors. The results of the performance evaluation will serve as a reference and the basis for the remuneration for Directors and nomination of candidates for the re-election of Directors. Explanations and improvement plans are also proposed for items that require improvement.
(IV) Does the Company regularly evaluate the independence of CPAs?	(IV) Yes		

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			(IV) The independence of CPAs is regularly assessed by each consolidated entity. Each year, listed subsidiaries will assess the independence of CPAs, and report to the Board Meeting to ensure that CPAs do not have other financial interests and business relationships with the specific company, other than fees associated with attestation and taxation. Rotation of CPAs is in accordance with the relevant regulations.	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' meetings)?	Yes		Listed subsidiaries have set up their Company Secretary, which is concurrently held by various senior executives, including Vice President and General Manager. The main duties of this position are handling corporate governance affairs, including shareholders' meetings, board meetings, and directors related matters. Furthermore, one of the corporate governance personnel at Chung Hung Steel has passed the Proficiency Test for Corporate Governance held by the Securities & Futures Institute.	No significant difference
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholders section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	Yes		For details on communication between the Company and stakeholders, please refer to Page 45-47 of this annual report. Business units at other consolidated entities maintain smooth communication channels with stakeholders based on the scope of authority and responsibility of these business units. Listed subsidiaries have set up the stakeholders section on their corporate websites in order to respond to important issues of concern to stakeholders. Among the listed subsidiaries, Chung Hung Steel, CHC Resources, China Steel Chemical, and China Ecotek have reported their results of communication with stakeholders to the Board of Directors.	No significant difference
VI. Does the Company commission a professional stock transfer agent to handle shareholders' meetings related affairs?	Yes		Listed subsidiaries entrust the stock registrar to assist in handling shareholders' meetings and related matters.	No significant difference
VII. Information Disclosure (I) Has the Company established a website to disclose information on financials, business and corporate governance? (II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson	(I) Yes (II) Yes		(I) Listed subsidiaries have established sections related to shareholder service, corporate governance and customer service on their corporate websites, thereby fully disclosing information on financials, business and corporate governance. (II) Listed subsidiaries have set up Chinese and English version websites, appointed dedicated personnel to collect and disclose company information, and implemented a spokesperson system. Presentation information on investor conferences are also posted	No significant difference

Assessment Item	Status of Implementation		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
system, and disclosing the process of investor conferences on the Company's website)? (III) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	(III) Yes	on corporate websites according to the regulations. In addition, these companies have established a public information online filing system in accordance with the "Guidelines for Online Filing of Public Information by Public Companies", and also file various data and disclose material information according to the regulations. (III) Listed subsidiaries have announced and filed their annual financial reports within two months after the end of the fiscal year. In addition, the financial reports for the 1st, 2nd, and 3rd quarters, as well as the monthly operating status of the listed subsidiaries, are announced before the specified deadline.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	Yes	Related information is summarized as follows.	No significant difference
(I) Listed subsidiaries have formulated the Codes of Ethics for Directors. This code clearly specifies the directors' duty of loyalty, and its scope includes: ① transactions with the company, ② utilization of company assets, information and opportunities, ③ competition with the company, if directors wish to be exempted from the applicability of such duty, directors shall fully disclose, to the board of directors, the interested persons or enterprises and the interest of each legal act, and the reasons why this is not detrimental to the company and it conforms to regular business practice, and shall seek approval from the board of directors. (II) Investor relations: Listed subsidiaries disclose their financials, business and corporate governance information on their corporate websites for investors' reference. Investors can express their opinions through channels such as a dedicated spokesperson's phone number, email address or fax number so that they can learn about the business overview of the company. (III) Relevant certifications obtained by finance, accounting, and internal audit personnel at major subsidiaries: Refer to Page 93 of this annual report. (IV) Implementation of diversity policy for members of the board of directors for listed subsidiaries: Please refer to the annual reports of the respective subsidiaries.			
IX. Improvements made in the most recent year in response to the results of Corporate Governance Evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved: Improvements made on evaluation indicators: 1. All the listed subsidiaries have announced their annual financial reports within two months after the end of the fiscal year; 2. All the listed subsidiaries have disclosed the performance evaluation for directors and the correlation of evaluation results with the remuneration for directors in their annual reports; and 3. All the listed subsidiaries have set up their company secretary. In addition, improvement will be made continuously on evaluation indicators as follows: 1. Meeting the required training hours for directors; 2. Uploading the English version of meeting handbook, annual report, and financial report before the shareholders' meeting; and 3. Publishing the English version of financial reports within two months after the filing period for the Chinese version of financial reports for the 1st, 2nd, and 3rd quarters.			

China Steel Corporation Codes of Ethics for Directors

Established on December 20, 2005

Amended on August 3, 2020

Chapter 1 General Provisions

- Article 1 This Code has been especially formulated for Directors to promote honest and ethical conduct and to establish sound corporate governance.

Chapter 2 Standards of Ethical Conduct

- Article 2 When performing their duties, Directors shall comply with the following basic principles:
- I. Safeguarding the rights and interests of shareholders.
 - II. Enhancing the authority of the Board of Directors.
 - III. Respecting the rights and interests of stakeholders.
 - IV. Improving information transparency.
- Article 3 While performing their duties, Directors shall have the pursuit of the Company's overall benefits as their objective, and must not harm the Company's rights and interests for the benefit of a specific individual or specific group. Moreover, when performing their duties they shall treat all shareholders fairly.
- Article 4 Directors shall exercise the due care of a good administrator, emphasize the principles of integrity and fairness, maintain a high degree of self-discipline and adhere to the law, the Company's Articles of Incorporation and the resolutions of the Shareholders' Meeting.
- Article 5 Directors shall faithfully perform their duties for the best interests of all shareholders. In the event that their own personal interests conflict with the interests of the Company, they shall give priority to interests of the Company, and shall avoid using their authority to enable the following personnel or enterprises to receive improper benefits:
- I. The person him/herself, his/her spouse, parents, children or relatives within the third degrees of relationship
 - II. Enterprises in which the persons in the preceding paragraph who directly or indirectly enjoy significant financial interests.
 - III. Enterprises in which the person him/herself serves as Chairman, Executive Director or Senior Executive.
- The Company shall pay particular attention to lending of funds, material asset transactions, purchase (sales) relationships, or the making of guarantees to the persons or enterprises listed in the preceding paragraph.
- Article 6 To maintain the interests of the Company, Directors shall give priority to providing the Company any opportunity regarding procurement, supply, cooperation, strategic alliances, mergers and acquisitions or other business opportunities or profit-making opportunity of which they are aware due to performance of their duties, and must not take advantage of such opportunities to seek personal gains for themselves or the third party.
- Article 7 If a Director engages in competition with the Company, he/she shall report to the Shareholders' Meeting in advance and obtain approval in accordance with Paragraph 1, Article 209 of the Company Act.

- Article 8 Directors shall assume the obligation to maintain the confidentiality of the Company's classified information except when disclosure is authorized or legally required, and must not use the aforementioned classified information to seek personal gain for themselves or the third party.
- Article 9 Directors shall maintain the rights and interests of shareholders, and shall respect the rights and interests of stakeholders including banks with which the Company has business dealings, creditors, employees, consumers, suppliers, subsidiaries and communities.
- Article 10 Directors shall comply with the laws concerning the prevention of insider trading and other securities laws concerning equity trading and handling of confidential business information. Directors who are in possession of material undisclosed information must not engage in trading of related securities.
- Article 11 If any proposal at a Board Meeting involves a Director him/herself or the interested parties set forth in Articles 5 and 6 where there are concerns about impairing the interests of the Company, the Director shall immediately and voluntarily recuse him/herself, and take no part in voting, nor exercise the voting right as proxy for another Director.

Chapter 3 Supplementary Rules

- Article 12 Natural persons appointed by juristic person directors to perform their duties shall comply with this Code.
- The provisions of this Code shall apply *mutatis mutandis* to the juristic person directors represented.
- Article 13 If a Director wishes to be exempted from the applicability of Article 5, he/she shall fully disclose, to the Board of Directors, the persons or enterprises listed in Article 5 and the interest of each legal act, and the reasons why this is not detrimental to the Company and it conforms to regular business practice, and shall seek approval from the Board of Directors. However, if such an instance falls under the legal acts between a Director and the Company as stipulated in Article 223 of the Company Act, the convener of the Audit Committee shall serve as the representative of the Company.
- If a Director wishes to be exempted from the applicability of Article 6, he/she shall explain, to the Board of Directors, the specific details of such opportunity and the reasons why there are no conflicts with or no effects on the interests of the Company, and shall seek approval from the Board of Directors.
- Upon approval by a resolution of the Board of Directors of exemption from applicability as provided in the preceding two paragraphs, the Company shall immediately disclose information including the titles and names of the personnel exempted, the date when the exemption is approved by the Board of Directors, objections or reservations of Independent Directors, the term of exemption from applicability, the reasons for exemption from applicability, and the standard(s) for exemption from applicability on the Market Observation Post System.
- Article 14 The Company shall disclose the Code it has adopted, as well as any amendments to it, on its corporate website, in its annual reports and prospectuses and on the Market Observation Post System.
- Article 15 The Code, as well as any amendments to it shall enter into force after it has been adopted by the Board of Directors and reported to the Shareholders' Meeting.

China Steel Corporation Codes of Ethics for First Echelon Supervisors and Executives

Established on December 20, 2005

Amended on March 25, 2019

Chapter 1 General Provisions

- Article 1 This Code has been specifically formulated to guide the conduct of first echelon supervisors and executives at the Company so that it conforms to ethical standards, to prevent illegal conducts, and to enable the stakeholders of the Company to better understand the Company's ethical standards.
- Article 2 First echelon supervisors and executives as referred to in this Code include President, Executive Vice President, Vice Presidents at each division, the Special Assistant to President, Assistant Vice Presidents, first echelon supervisors and salaried advisors at each unit, Sr. Engineering Experts, Sr. Administration Experts, Sr. Fellow and Fellows.

Chapter 2 Standards of Ethical Conduct

- Article 3 **Honest and Ethical Conduct:**
- First echelon supervisors and executives shall perform their duties with an honest and non-deceptive attitude and conduct that adheres to professional standards, including the handling of actual or obvious personal conflicts of interest against their duties in an impartial manner.
- Article 4 **Prevention of Conflicts of Interest:**
- First echelon supervisors and executives shall engage in businesses in an objective and efficient manner, and avoid using the positions they hold at the Company to enable the following personnel or enterprises to receive improper benefits:
- I. The person him/herself, his/her spouse, parents, children or relatives within the third-degree of relationship.
 - II. Enterprises in which the persons in the preceding paragraph who directly or indirectly enjoy significant financial interests.
 - III. Enterprises in which the person him/herself serves as Chairman, Executive Director or Senior Executive.
- The Company shall pay particular attention to lending of funds, material asset transactions, purchase (sales) relationships, or the making of guarantees to the persons or enterprises listed in the preceding paragraph.
- Article 5 **Avoidance of Opportunities for Personal Gain:**
- When the Company has an opportunity to gain profit, first echelon supervisors and executives have the responsibility to preserve and increase the legitimate profit that the Company is able to obtain, and shall avoid the following conduct:
- I. Opportunities for seeking personal gain for themselves or the third party through the use of the Company's property or information or by taking advantages of one's position.
 - II. Use of the company's property or information or taking advantages of one's position to obtain personal gain for themselves or the third party.
 - III. Engaging in competition with the company.
- Article 6 **Keeping Business Secrets:**
- First echelon supervisors and executives shall be bound by the obligation to maintain the

confidentiality of any undisclosed information regarding the Company itself, its suppliers or customers, except when authorized or legally required. Confidential information includes any undisclosed information that might be exploited by competitors or could result in damage to the Company, suppliers or customers once let out.

Article 7 Engagement in Fair Trade:

The Company is dedicated to market competition based on superior management and high-quality products and service, and does not achieve results by illegal or unethical methods. First echelon supervisors and executives shall treat all customers, suppliers, competitors and employees fairly, and must not obtain improper benefits through manipulation, concealment, or abuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 Protection and Legitimate Use of Company Assets:

The Company's assets shall be protected and shall be effectively used only for the Company's legal commercial purposes. First echelon supervisors and executives have the responsibility to safeguard company assets, to ensure that they can be effectively and legally used for business purposes, and to avoid any theft, negligence in care, or waste of the assets that directly impact the Company's profitability.

Article 9 Compliance with Laws and Regulations:

First echelon supervisors and executives shall observe and promote the Securities and Exchange Act and other laws and regulations which standardize corporate activities, and must not intentionally violate any laws, engage in conduct to intentionally mislead, manipulate or unfairly obtain advantages from the Company's customers or suppliers, or make untrue statements regarding the Company's products or services.

Article 10 Compliance with regulations in Prevention of Insider Trading:

First echelon supervisors and executives shall observe laws concerning the prevention of insider trading and other securities laws concerning equity trading and handling of confidential business information. First echelon supervisors and executives who are in possession of important undisclosed information must not engage in trading of related securities. Insider trading is both illegal and unethical, and the Company will resolutely intervene to deal with such incidents.

Article 11 Encouraging the reporting of any conduct that is illegal or that violates the Code of Ethical Conduct:

The Company shall raise awareness of ethics internally and encourage employees to report to the Chief Auditor or other appropriate individual upon suspicion or discovery of any activity in violation of a law, regulation or the Code of Ethical Conduct. The company shall keep informants' identities confidential and ensure their safety at its best to protect them from reprisals and threat.

Chapter 3 Supplementary Rules

Article 12 Procedures for Exemption from Applicability:

If a first echelon supervisor or executive wishes to be exempted from the applicability of Article 4, he/she shall fully disclose, to the Board of Directors, the persons or enterprises listed in Article 4 and the interest of each legal act, and the reasons why this is not detrimental to the Company

and it conforms to regular business practice, and shall seek approval from the Board of Directors. If a first echelon supervisor or executive wishes to be exempted from the applicability of Article 5, he/she shall explain, to the Board of Directors, the specific details of the opportunity information or competition with the Company, and the reasons why there are no conflicts with or no effects on the Company's interests, and shall seek approval from the Board of Directors. Upon approval by a resolution of the Board of Directors of exemption from applicability as provided in the preceding two paragraphs, the Company shall immediately disclose information including the titles and names of the personnel exempted, the date when the exemption is approved by the Board of Directors, the term of exemption from applicability, the reasons for exemption from applicability, and the standard(s) for exemption from applicability on the Market Observation Post System.

Article 13 Disciplinary Measures:

If a first echelon supervisor or executive violates the Code, he/she shall be disciplined directly in accordance with the rewards and punishments set forth in Part 4, Chapter 2 of the Personnel Management System, with the exception of serious cases required be reported to the Board of Directors for deliberation.

If the disciplined personnel in the preceding paragraph considers the Company's disposition to be improper and it infringes on his/her legal interests, he/she may submit an appeal through the administrative system in accordance with the provisions for handling an appeal in Part 7, Chapter 4 of the Personnel Management System, to seek remedy.

Article 14 The Standards of Ethical Conduct which first echelon supervisors and executives shall observe includes the provisions of the Code and other relevant regulations of the Company.

Article 15 The Company shall disclose the Code it has adopted, as well as any amendments to it, in its annual reports and prospectuses and on the Market Observation Post System.

Article 16 The Code, as well as any amendments to it shall enter into force after it has been adopted by the Board of Directors and submitted to the Shareholders' Meeting.

(IV) Remuneration Committee

The Company approved the formulation of the Organization Regulations for Remuneration Committee in the 8th meeting of the 14th Board of Directors held on August 23, 2011 in accordance with Paragraph 1, Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The Remuneration Committee is mainly responsible for formulating performance evaluation policies for Directors and Management Team, reviewing the performance of each personnel, as well as formulating and regularly assessing the remuneration of Directors and Management Team and the structure and system of remuneration.

1. Information on Remuneration Committee

Title	Criteria	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant or Other Professional or Technical Specialists Who Has Passed a National Examinations and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, Accounting or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Shyue-Bin Chang	Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Min-Hsiung Hon	Yes	No	No	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Lan-Feng Kao	Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

Note: Please tick the corresponding boxes that apply to a member during the two years before being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person concurrently serves as the independent director, which is appointed to hold the position concurrently in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (3) Not a shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of total shares issued by the Company or ranks as one of its top ten natural-person shareholders.
- (4) Not a spouse, relative within the second degree of relationship, or lineal blood relative within the third degree of relationship of managerial officers listed in the criterion (1) or individuals listed in the criterion (2) and (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total shares issued by the Company, ranks as one of its top five shareholders or designates a representative

- as the director or supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
- (6) Not a director, supervisor, or employee of another company whose half of the seats of directors or shares with voting rights is controlled by the same person as the Company. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
 - (7) Not a director (member of the governing board), supervisor (member of the supervisory board) or employee of another company or institution that the Chairman, President or person holds an equivalent position of it are the same person or the spouse of the person holding the aforementioned positions of the Company. Not applicable in cases where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
 - (8) Not a director (member of the governing board), supervisor (member of the supervisory board), managerial officer, or shareholder holding 5% or more of shares of a specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where the company or institution holds more than 20% but no more than 50% of the total shares issued by the Company and where the person concurrently serves as the independent director, which is appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary, of the Company and its parent company, subsidiaries, or any company that shares the same parent company with it.
 - (9) Not a professional individual who, or an owner, partner, director (member of the governing board), supervisor (member of the supervisory board), or managerial officer of a sole proprietorship, partnership, company, or institution, that provides audit services, or commercial, legal, financial, accounting or related services from which a cumulative amount of remuneration not exceeding NT\$500,000 has been obtained in the most recent two years, to the Company or to any of its affiliates, or a spouse thereof. Not applicable in cases where the person is a member of the remuneration committee, the public tender offer review committee or the special committee for merger/consolidation and acquisition who exercises powers pursuant to the Securities and Exchange Act and the Business Mergers and Acquisitions Act.
 - (10) Not been a person of any conditions defined in Article 30 of the Company Act.

2. Operation of Remuneration Committee

- (1) The Remuneration Committee of the Company is composed of three members.
- (2) Tenure of the current committee members: June 19, 2019 to June 18, 2022. In the most recent year, the Remuneration Committee convened a total of 3 meetings (A).

The qualification and attendance of members are listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remarks
Convener	Shyue-Bin Chang	3	0	100%	Scope of Authority: Discuss and vote on matters related to remuneration at the Company, and submit proposals and recommendations to the Board of Directors.
Committee Members	Min-Hsiung Hon	3	0	100%	
	Lan-Feng Kao	3	0	100%	

Other matters to be noted:

- I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, session, the content of proposals, resolutions of Board Meetings and the Company's action in response to opinions from the Remuneration Committee shall be specified (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be specified): None.
- II. If any member of the Remuneration Committee has dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date, session, the content of proposals, all the members' opinions of the meeting of the Remuneration Committee, and the action in response to these opinions shall be specified: None.

(V) Implementation of Corporate Social Responsibility, its deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations - CSC and Subsidiaries

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to corporate operations and formulated relevant risk management policies or strategies based on materiality principle?	Yes		The Company, listed subsidiaries of CSC Group, and other main subsidiaries have established a materiality analysis process; identified material topics and related risks in CSR through the procedure of collection and review, prioritization and identification, and verification; as well as formulated the relevant management strategies. The Company's CSR reports are prepared by the Sustainable Environment Development Team under the Corporate Governance and Sustainability Committee. These reports disclose the analysis of risk assessment for material topics and related risk management policies or strategies. The key points are summarized as follows: 1. Material environmental issues: The Company has identified the risks of climate change, such as the risks of water shortage in the dry season and power rationing in summer caused by climate change, and assessed the relevant response measures for climate change. The Company has also formulated risk management procedures for water and electricity consumption, including rules for water rationing and water supply interruption management, and the operating standards for emergency priority of power supply. 2. Material social issues: The Company has listed "improving occupational safety and health management" as a key item in the social issues. The Company successfully obtained the OHSAS 18001 certification in 2002 and the TOSHMS certification in 2009. Furthermore, the Company revised its existing safety and health management regulations in line with the new ISO 45001:2018 standards and completed the conversion certification in June 2020. The relevant management policies include improving employees' attitude, awareness, and skills related to safety and health through training and promotion; and routine inspection on the conduct and working environment of employees and personnel of subcontractors by on-site supervisors at all levels. In 2020, supervisors conducted safety observation and inspection (including patrols) for a total of 92,673 times.	No significant difference

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			3. Material corporate governance issues: In order to prevent risks arising from the internal operating procedures not responding to external regulation updates immediately, the Company has established a regulation identification system that can keep abreast of developments in domestic regulations and compliance with local regulations in overseas production sites, in order to effectively implement, integrate, and respond to regulatory changes.
II. Has the Company established an exclusively (or concurrently) dedicated unit under supervision of senior management authorized by the Board of Directors to promote CSR and report its implementation to the Board of Directors?	Yes		1. The Company has established the "Corporate Governance and Sustainability Committee" under the Board of Directors, which is responsible for promoting corporate social responsibility, implementing sustainable management concepts, and supervising matters related to risk management. This committee shall convene at least two meetings a year. The powers of this committee are listed as follows: (1) Promote and strengthen corporate governance organization and system. (2) Promote and implement ethical corporate management-related work. (3) Promote and develop CSR policies and matters related to sustainable management. (4) Implement and assist in supervising matters related to risk management. (5) Plan and promote matters related to energy saving & carbon reduction and carbon neutrality. (6) Implement other matters adopted by resolution of the Board of Directors. In order to ensure the implementation of sustainable management policies and sound risk control, this committee has established four execution teams, including "Corporate Governance and Ethical Corporate Management," "Sustainable Environment Development," "Employee Care and Social Engagement," and "Risk Management," which are responsible for the operation and promotion of relevant matters, and implementing matters adopted by resolution of this committee. This committee regularly reports the implementation status of each team and plans for the following year to the Board of Directors every year. 2. In 2020, the achievements of the execution teams were as follows: strengthening the disclosure of information in English by listed companies of CSC Group, continuously taking air pollution reduction measures, incorporating the use of reclaimed water and water conservation, promoting self-health management, and regularly inspecting and updating corporate governance disclosures.
			No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			3. In order to take practical actions with regard to environmental protection and climate change, the Board of Directors approved the establishment of the "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality," headed by the chairman, under the Corporate Governance and Sustainability Committee in February 2021. This task force is responsible for reporting implementation plans and results to the Corporate Governance and Sustainability Committee and the Board of Directors on a regular basis. 4. Listed subsidiaries and other main subsidiaries of CSC Group have also established exclusively or concurrently dedicated units in charge of CSR promotion. At CHS, the Administration Division concurrently promotes CSR while the Vice President of the Administration Division reports the implementation of CSR to the Board of Directors. Meanwhile, CHC Resources, CSSC, CCCC, and CEC have established the CSR Management Committee, which regularly convenes meetings and reports the implementation of CSR to the Board of Directors.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry? (II) Is the Company committed to improving resource utilization efficiency and to the use of renewable materials with low environmental impact? (III) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues? (IV) Has the Company collected statistics of emissions of greenhouse gas(GHG), the usage of water, and the total weight of waste in the past two years; and formulated energy saving and carbon reduction, GHG reduction, water saving, and other waste management policies?	(I) Yes (II) Yes (III) Yes (IV) Yes		(I) Since the establishment of the Environmental Management System (EMS) in 1996, the Company has identified all the environmental impact arising from activities and operations through identification of environmental aspects. In 2020, the Company's ISO 14001:2015 environmental management system was externally audited by the British Standards Institution (BSI) Taiwan Branch and successfully passed the follow-up verification, so as to maintain the effectiveness of the system. In addition, the Company proposes and implements countermeasures based on the type and degree of environmental impact and risk level from medium to high, and reduces the environmental impact using the PDCA cycle for continuous improvement. Besides, the Company also actively participates in meetings related to the development and amendment of environmental protection regulations, provides opinions on amendments, and masters the trend of regulations, so that the Company can develop countermeasures in advance to effectively control environmental risks. All the listed subsidiaries of CSC Group have established dedicated units to assist in the promotion, planning and implementation of environmental protection works, and have set up a sound environmental management system. Meanwhile, CHS has established the Environmental and Energy	No significant difference

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			Management Committee, which regularly reports environmental and energy management performance to the President. (II) To reduce the load on the environment caused by our operations, the Company is committed to the development of various resourceization technologies for waste generated in manufacturing processes based on the life cycle of steel, and simultaneously integrates the links between internal and external resourceization in Linhai Industrial Park to implement proper resourceization of industrial waste. After years of hard work and close cooperation with academia, the Company has achieved significant results in various areas, such as reduction of process residues, on-site recycling, and off-site resourceization. In 2020, 5.491 million tons (wet basis) of by-products were generated from manufacturing processes, where on-site recycling and off-site resourceization accounted for 24.8% and 75.2% of the total amount of by-products generated, respectively. Moreover, in line with the government's circular economy policy, the Company increased the production capacity for basic oxygen furnace slag powder and mineral fines in 2020 to expand and promote the use of basic oxygen furnace slag powder and mineral fines as cement raw materials. In 2020, about 280 thousand tons of basic oxygen furnace slag powder and mineral fines were supplied to cement manufacturers, which can replace limestone and iron slag, thereby reducing load on the environment resulted from natural ore mining in the cement industry. For the resourceization of blast furnace slag, it can be water-quenched as raw materials for producing blast furnace slag powder or air cooled as materials for various types of engineering. In 2020, approximately 2.852 million tons of blast furnace slag were used for resourceization. Listed subsidiaries and other main subsidiaries of CSC Group are also committed to reducing load on the environment and adopt the following methods. For example, strengthening water resource and waste management measures, continuously reducing resource and energy consumption during production, increasing resource reuse ratio, giving priority to the procurement of green mark certified products, producing green products, and developing eco-friendly pharmaceuticals and technologies. (III) The Company has been planning to incorporate the TCFD (Task Force on

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			Climate-related Financial Disclosures) reporting since 2020 and became the first TCFD supporter in Taiwan's steel industry in September of the same year. The Company assesses climate change related risks and opportunities through cross-departmental discussions in accordance with the TCFD framework, including identifying physical risks such as water shortages in the dry season due to extreme weather and power rationing in summer, and transformation risks resulted from changes in laws and policies; formulates countermeasures; and identifies opportunities arising therefrom. Having included climate change as one of the factors influencing operating activities, listed subsidiaries and other main subsidiaries of CSC Group identify potential risks and opportunities for companies from climate change at present and in the future, and also plan and formulate response measures for climate-related issues. (IV) 1. Statistics on greenhouse gas (GHG) emissions and related management policies: (1) The Company carries out GHG inventory audit every year, commissions a third-party verification agency accredited by the Environmental Protection Administration (EPA) to carry out verification and obtains a verification statement. The relevant information is also reported to EPA's National Greenhouse Gas Registry Platform in compliance with current regulations. (2) The Company's greenhouse gas emissions in 2019 and 2020 were 21,533 and 19,579 thousand metric tons of CO₂e, with an emission intensity of 2.269 and 2.376 tons of CO₂e per metric ton of crude steel. (3) The Company promises to take actions against climate change and plans to invest resources to realize the carbon reduction plan, with the goal of reducing carbon emission by 1% per year through 2025 from the base year 2018. 2. Statistics on water consumption and related management policies: The Company determined water consumption strategies for multiple water sources in 2012 and has actively cooperated with the government in developing the urban polluted water recycling policies. With the

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			Construction and Planning Agency under the Ministry of the Interior, as well as the Water Resources Agency and the Industrial Development Bureau under the Ministry of Economic Affairs actively pulling the strings, Taiwan's first public sewage treatment plant for recycling the wastewater, i.e. the Fengshan Creek Reclaimed Water Plant, was born, where CSC and C.S.Aluminium Corporation in Linhai Industrial Park have incorporated the use of reclaimed water as industrial water in manufacturing processes. Fengshan Creek Urban Polluted Water Recycling Demonstration Plan: The use of reclaimed water started in August 2018. In 2020, 12.224 million tons of reclaimed water were secured from Fengshan Creek, accounting for approximately 33% of the overall water consumption at the Company. The Company's tap water consumption in 2019 and 2020 were 36.21 and 31.76 million tons respectively, while the Company's reclaimed water consumption in 2019 and 2020 were 9.075 and 12.224 million tons respectively. The reclaimed water from Fengshan Creek in 2020, together with the recovery of water used in manufacturing processes, have significantly reduced raw water consumption by approximately 12% compared to last year. In 2020, CSC's daily raw water consumption has declined to approximately 87,000 tons. 3.Statistics on waste and related management policies: With respect to waste management targets, the Company aims to achieve a resourceization rate of more than 90% and zero solidification landfill. The amount of waste disposal in 2019 and 2020 were 664,106 and 584,469 tons respectively, while the amount of waste recycled in 2019 and 2020 were 634,982 and 556,141 tons, with a resourceization rate of 95.6% and 95.2% respectively. 4.Companies of CSC Group, such as CHS, CHC Resources, CSCC, CSSC, DSC, CSAC, CSE, and CSMC, have completed the GHG inventory audit and recorded the statistics on water usage and the total weight of waste. These companies have also formulated various management solutions to effectively improve energy performance and achieved resource recycling and waste reduction.

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights? (II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration? (III) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees? (IV) Has the Company established effective career development training programs for its employees? (V) Does the Company comply with relevant laws and international standards in health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer protection policies and appeals procedures? (VI) Has the Company established supplier management policies, requesting suppliers to comply with relevant regulations on issues regarding environmental protection, occupational safety and hygiene, or labor rights, and disclosed the implementation?	(I) Yes (II) Yes (III) Yes (IV) Yes (V) Yes (VI) No	(I) No	The Company carefully evaluates each supplier before engaging in a business but doesn't include the record of impacts to environment and the society as one of the evaluation items. Other implementations are not significantly different from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies. (I) Complying with the principles and spirits of the "Universal Declaration of Human Rights," the "United Nations Global Compact," the "Declaration on Fundamental Principles and Rights at Work" adopted by the International Labor Organization (ILO), and other international codes on human rights, the Company and subsidiaries of CSC Group have been treating and respecting all current employees and personnel of business partners equally, as well as eradicating any infringement and violation of human rights. The specific action includes incorporating the policies and specific management solutions for safeguarding human rights into the Company's "Personnel Management System," and enhancing employees' understanding of human rights protection through training: 1. Formulate labor conditions in accordance with labor-related government regulations. 2. Provide equal employment opportunities to all job seekers in accordance with the Employment Service Act, where no violation of human rights or discrimination occurred during employee recruitment in 2020. 3. Establish complaint channels in accordance with the "Guidelines for Handling Complaints," with the purpose of protecting the human rights of employees and providing employees with the relevant channels when their legal rights have been infringed or improperly handled and such incidents cannot be resolved reasonably. No discriminatory incidents or grievances and violations of human rights regulations were recorded in 2020. 4. Establish the "Rewards and Punishments Review Committee," with the purpose of reviewing major rewards and punishments for employees, in accordance with the "Guidelines for Establishing Rewards and Punishments Review Committee." 5. Formulate the "Workplace Sexual Harassment Prevention, Grievance, and Disciplinary Action Regulations" in accordance with Article 13 of the "Act of Gender Equality in Employment" and the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to provide employees, dispatched workers, interns, and job seekers with a work environment free of sexual harassment and to prohibit the incidence of sexual harassment at the workplace.

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			6. All new employees receive courses on human rights during induction training. Senior employees have received the same training as well. In 2020, the Company provided 1,120 hours of training on human rights, while a total of 560 employees received the training. (II) 1. The Company has established the "Salary Management" section in the "Personnel Management System," which specifies that employee salary standards are formulated based on duties and responsibilities with reference to the salary market conditions, the Company's financial status and organizational structure. The main items for employee remuneration are basic salary (including three items, such as base pay, food allowance, and special environment allowance/special maintenance allowance/special allowance for operating bridge crane at basic oxygen furnace), year-end bonus, and surplus bonus for production and sales. 2. Furthermore, the Company has established regulations governing employee remuneration, incentives, and bonuses to reflect the Company's operating performance and results in the current year on the salary and compensation of employee, which also links to the performance appraisal for individual employees. 3. The Company has established a working environment with great benefits to enhance the well-being of employees, and has set up welfare facilities such as the cooperative store, restaurant, the CSC Group Hall, single employee dormitories, gymnasium, and kindergarten to meet employees' welfare needs. Besides, the Company organizes activities every year, such as raffle activity for factory celebrations, to maintain relationships between employees and their families and enhance employees' sense of belonging to the Company. In addition, the Company has set up many requirements for leave application that are better than those stipulated in the Labor Standards Act and the Act of Gender Equality in Employment, such as marriage leave and pregnancy checkup leave, so as to emphasize work-life balance. For more details, please refer to VI. Labor Relations under Chapter V. Operational Highlights in this annual report. 4. Listed subsidiaries of CSC Group have established their own regulations for employee compensation, and indicated in their articles of

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			incorporation the percentage of contribution to employee remuneration if there is a profit, so as to appropriately reflect their operating performance or achievements on employee compensation. The Company and subsidiaries of CSC Group have established a joint employee welfare committee to deal with various employee welfare measures. (III)The Company conducts training and education on occupational safety and health to promote workplace safety every year, and have a computerized safety and health training management system in place, which allows instant updates of data and online enquiries. The Company also regularly organizes relevant industrial safety training and invites medical professionals from time to time to give a talk about health-related issues to employees. For detailed information on workplace safety and healthy work environment for employees, please refer to V. Protection Measures for Working Environment and Employees' Personal Safety under Chapter V. Operational Highlights in this annual report. Listed subsidiaries of CSC Group all provide employees with a safe and healthy work environment in compliance with or better than the standard set in the Occupational Safety and Health Act by conducting safety and health training and organizing regular health examinations and additional health examination items for employees every year. (IV)The Company reviews each employee's career development plan while conducting employee performance appraisal every six months. All positions are provided with relevant competency training. Through the implementation of training programs, employees can effectively develop professional skills in their current positions and future career paths. Each year, listed subsidiaries of CSC Group formulate training plans according to their needs, and arrange appropriate courses for personnel and newcomers in different positions so that employees can acquire the skills required for career development. (V) 1. The Company has established a complete pricing system. After setting domestic prices, the Company will announce the price change in the corporate website, ensuring fairness in acquiring price information through fully disclosure to customers. In addition, the Company sets up the Technical Service Section-Metallurgy to dedicatedly provide

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			technical consultation and quality complaint services before, during, and after sales. Besides, the Marketing Administration Department is in charge of customer service email. Customers can protect their rights thorough the complaint system established by CSC. Furthermore, the Company has expanded customer services by integrating marketing resources in CSC Group. 2.The Company commissions academic institutions to conduct customer satisfaction survey every year to keep improving the quality of customer service. 3.In addition to prohibiting the leakage of customers' order information, the Company has established the following control measures to protect customers' privacy: (1) All computers in the Company are equipped with legal antivirus software to prevent being exploited to spread computer viruses in e-commerce system. (2) Information search and operations in e-commerce must be carried out after logging in to the account with a password. The person who is not a customer or fails to identity verification is not allowed to make a search. At the same time, SSL encryption is employed to ensure the security of information transformation. (3) The Company has established rules for managing digital certificates in e-commerce systems, where expired certificates have to be renewed or extended for further use. 4.Five major products sold by the Company, including plates, bars and wire rods, hot-rolled products, cold-rolled products, and coated products, comply with the relevant international product standards (e.g., CNS, JIS, ASTM, EN, etc.), and the specifications agreed by both the Company and customers. CSC also follows international standards for hazardous substance control and packaging regulations, such as the Registration, Evaluation Authorization and Restriction of Chemicals (REACH), and the Restriction of Hazardous Substances (RoHS), to manufacture, pack, label and sell the products. 5.Listed subsidiaries of CSC Group have established procedures to protect consumer rights and customer privacy, such as setting up a specific complaint channel, conducting customer satisfaction surveys regularly

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			and setting up rigorous privacy protection measures. In addition, the products of subsidiaries in the steel industry under CSC Group also comply with relevant international product specifications and are labeled in accordance with the relevant regulations. (VI)1. All the counterparties involved in the Company's domestic transactions are government-registered suppliers, which are subject to the government regulations and audit by local government authorities such as the Labor Affairs Bureau and the Environmental Protection Department. The Company does not formulate its own management policy because supplier who affects the environment and society will be punished or forced to suspend operations according to current government regulations. However, in order to implement the Environmental, Health and Safety (EHS) policies established by the Company, the Company has formulated the "Rules for Safety and Hygiene and Pollution Prevention Management for Procurement, Contracting and Outsourcing" to manage the procurement, contracting and outsourcing of raw materials and equipment that may lead to issues related to safety and hygiene, environmental pollution, energy saving, and carbon reduction. Moreover, in-plant subcontractors are regularly audited. If any violation of workplace safety, environmental or human rights regulation is found, disciplinary actions, such as fines or termination of contract, will be taken against those involved depending on the circumstance. 2. Listed subsidiaries of CSC Group also follow the abovementioned practices. In addition, CHC Resources, CHS, and CEC have termination clauses in procurement contracts or requests for quotation that allow them to terminate or rescind the contract at any time if suppliers or contractors violate corporate social responsibility policies and cause significant environmental and social impact. Apart from specifying clauses in contracts, CHC Resources also requires suppliers to sign the letter of commitment to corporate social responsibility. Meanwhile, CSCC and CHS have also established supplier management policies, which include measures like listing environmental protection, labor conditions, human rights, and social issues as the core items for supplier selection, so as to strengthen supply chain management.

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
V. Has the Company adopted internationally recognized standards or guidelines to prepare non-financial reports such as corporate social responsibility reports? Has the Company obtained a third-party assurance or verification for such reports?	Yes		No significant difference The latest CSR report of the Company has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and verified by third-party British Standards Institution (BSI) in accordance with Type 1 of AA 1000 AS (2008), with part of the data in the report (i.e. waste management, air pollutants, water resources, and occupational safety) verified in accordance with Type 2 of AA 1000 AS (2008). The CSR reports of listed subsidiaries and other main subsidiaries have been prepared in accordance with the GRI Standards. The CSR reports of CEC, CHS, CHC Resources, DSC, CSAC, and CSMC have passed the verification conducted by BSI, while the CSR reports of CSE and CSCC have passed the verifications conducted by Lloyd's Register Quality Assurance (LRQA) and SGS Taiwan Ltd., respectively.
VI. If the Company has formulated its own Corporate Social Responsibility Code of Practice in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and its discrepancies between the Principles: The Company has formulated the Corporate Social Responsibility Code of Practice in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed it on MOPS and the corporate website. All the implementation complies with the Corporate Social Responsibility Best Practice Principles.			
VII. Other important information to facilitate a better understanding of the Company's CSR practices: (I) Environmental protection and energy saving: The Company is committed to not only the reduction of traditional pollutants, but also reducing the temperature of the Earth and energy saving & carbon reduction. In 1997, the Company obtained ISO 14001 - Environmental Management System (EMS) certification and received registration approval which required renewal every three years. In 2020, the Company was externally audited by the British Standards Institution (BSI) Taiwan Branch for the ISO 14001:2015 Edition, where no deficiencies were found, and successfully passed the certification. By upholding the spirit of continuous improvement demonstrated by ISO 14001 - Environmental Management System, the Company gradually improved environmental management performance in all operations. Besides, the Company conducts internal and external audits every year to ensure that all the operations comply with the ISO 14001 standard. In addition, the Company successfully obtained the ISO 50001 - Energy Management System in 2011, as the first steel company in Taiwan to obtain this certification. The Company also required companies of CSC Group to pass the ISO 50001 certification to ensure the energy saving performance of CSC Group. In response to the new edition of the ISO 50001:2018 standards, the Company has undergone an external audit in June 2019 and successfully passed the verification for edition conversion. Besides, the Company continues to develop high-end and high-strength green steel and provide them to steel-using industries to reduce the carbon footprint of steel products. The Company not only continuously reduces water used in production, but also actively recycles industrial and urban wastewater to reduce the use of raw water, thereby decreasing water footprint. The Company's vision on energy and the environment is "To be a trustworthy steel company of global distinction that pursues growth, environmental protection, energy saving, and value innovation." The Company has established cross-departmental "Energy Conservation Committee" and the "Environmental, Health and Safety (EHS) Management Committee" to enhance communication and coordination, thereby improving the overall effectiveness of environmental protection and energy saving. Community involvement and social contribution: 1. Sponsor schools in Hsiao Kang District for teaching equipment renewal and assists with greening, plantation, and landscaping.			
(II)			

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
2. Offer scholarships for academic achievements and education assistance to underprivileged schoolchildren in Hsiao Kang District. 3. Assist in school anniversaries, art activities, and related educational activities. 4. Sponsor local communities and organize charity events. 5. Organize large-scale arts and cultural activities over the long run in collaboration with the city government, with a view to contributing to efforts in expanding the international visibility of Kaohsiung City. (III) Social welfare: 1. Distribute scholarships for underprivileged schoolchildren and aids on major festivals and for emergency relief to low-income families in Hsiao Kang District. 2. Participate and assist in organizing various local festivals of respect for the elderly, farmers and fishermen, folk festivals during Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival, as well as charity events. 3. Assist local agencies in Hsiao Kang District in organizing charity meetups and outdoor activities. 4. Organize the "Steel Journey" field trip to improve the environmental and scientific literacy of students. In response to COVID-19 prevention rules, online learning was adopted in graduating classes at various elementary schools in Hsiao Kang District in 2020. 5. Organize summer camps for elementary school students in Hsiao Kang District, with the purpose of promoting the balanced development of body and mind. 6. Organized the "2020 Award Ceremony for Filial Exemplar Commendation and Scholarships for Outstanding Students" to celebrate Mother's Day and promote the virtue of filial piety. Due to the impact of COVID-19, the event was held separately at 17 junior high schools and elementary schools in Hsiao Kang District in 2020. 7. Donates used notebook computers to schoolchildren in rural areas and from low-income families or disadvantaged groups. 8. Set up prefabricated building for "Quarantine Observation Zone" in collaboration with United Steel Engineering & Construction Corporation, so that medical staff can complete testing operations outside the hospital in a safe environment, and CSC Group can make a modest contribution to COVID-19 prevention work and fulfill corporate social responsibility. (IV) Giving back to the local community: With the belief of "Giving back to society what society gave us," the Company shows our utmost care and concern for the society, the community and the disadvantaged, and takes practical actions in various aspects such as engaging in environmental protection, community care services, and charity activities. (V) Education foundation: To further fulfill corporate social responsibility and enhance the international image of CSC Group, the Company approved the establishment of the "CSC Group Education Foundation" in the 11th meeting of the 12th Board of Directors in 2006. The foundation began operations on January 1, 2007, and is funded through donations made by the Company and subsidiaries of CSC Group. The CSC Group Education Foundation is composed of nine directors, six of which are representatives from the Management Team of CSC and subsidiaries of CSC Group, whereas the three remaining seats comprise external experts and scholars. The foundation has an executive director who is concurrently assumed by Vice President of Administration Division at the Company, a vice executive director, an executive secretary and an accountant. As a non-profit organization (NPO), the CSC Group Education Foundation is a national foundation, whose competent authority is the Ministry of Education. The goals of the Foundation are to promote steel-related education and talent cultivation, express concerns about ecology conservation, improve the spirit of humanity, and pursue sustainable development. The services launched by the CSC Group Education Foundation in 2020 are as follows: 1. Organized the Steel Talent Scholarship and conducted special courses on steel manufacturing process at five of the top universities in Taiwan; organized workshops for teachers; organized technical seminars on steel and environmental protection; and held activities, such as the CSC "Steel Journey" field trip, the King of Wisdom Summer Education Camp, workshops titled "Basic Oxygen Furnace Slag and the Circular Economy," and EWeek popular science education, to promote steel education and talent cultivation.			

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
2. Organized the Environmental Education Bus Tour, with a total of 10 bus trips made in 2020. Set up environmental classrooms to assist schools in developing featured lesson plans. Organized ecological camps for elementary school students to experience nature and acquire related knowledge. 3. Adopted green lands to provide local residents with recreational spaces, and promoted environmental greening. 4. Organized charity concerts such as Wheelchairs Concert and Concert in Prison with music-related organizations; assisted in promoting artistic and cultural heritage such as shadow puppetry, preservation of local Taiwanese music and artistic performances by the Kaohsiung Symphony Orchestra and Chinese Orchestra; as well as sponsored music events and offered tickets to employees of CSC Group and their families to enjoy high-quality concerts, so as to improve artistic literacy. 5. Humanities lecture series: Organized 5 CSC citizen lectures and 6 campus lectures. 6. Promotion of arts and cultural activities: Conducted microfilm workshops in rural areas to assist students in developing a second skill while getting to know their hometowns from students' perspective; and gave free tickets to students in Hsiao Kang District in collaboration with the Kaohsiung Film Festival to nurture artistic and cultural literacy.			
(VI) Consumer rights:			
1. Enhance customer service quality			
The Company provides multi-phase services for before, during, and after sale and supplies steel products in the right quality and quantity and at the right time. The Company makes proper use of outward service workforce, in-plant technical support, and R&D experts to fulfill customers' needs and assist them in solving product use and technical problems to promote the growth of steel-using industries. With the vision of winning customers' trusts and helping them succeed, the Technical Service Section of Metallurgical Department which is responsible for providing technical services to customers aims to assist customers in technical advancement and promote steel industry upgrade. Customer service engineers are representatives of customers internally to request for development and supply of products, while acting on behalf of CSC externally to provide application knowledge and problem solving in product use. (1) To strengthen and realize customer service: The Technical Service Section-Metallurgy has set clear targets and reviews performances every month. (2) CSC's customer service achievements in 2020 are as follows: • Conducted 28 cases of market quality feedback, 108 cases of technical exchange for key customers, and 225 cases of process technology improvement; • Completed 8 cases of industrial material usage trend surveys, and 8 new product demand surveys and quality function deployments; • Expanded the market for automotive steel, completed 8 automotive steel verifications, with accumulated 256 verifications acquired from 27 automobile manufacturers, and obtained the necessary threshold conditions for incorporating the use of such steel products in automobile factories; • Organized 3 sessions of domestic and international technical seminars and workshops; • Sent people from technical teams, with a total of 90 man-days, to China to conduct interviews with customers and introduce our products to them; • Actively assisted in market expansion for new products that failed to reach the target volume in the past four years, where a total of 17 products have successfully met the target, with 714 thousand tons of orders clinched.			
2. Customer satisfaction			
The Company commissions academic institutions to conduct satisfaction survey on domestic and foreign customers every year. The issues of concern, including quantity and billing, product price, R&D, quality, response to customer claim, customer service, communication, delivery period, shipping and e-commerce service, are reviewed as an important reference for developing operational guidelines. In 2020, the preliminary satisfaction score is 78.9 for domestic customers and 77.9 for foreign customers. The top three high satisfaction items for domestic customers are salesperson's service attitude, salesperson's speed of response to inquiry (including services such as taking orders), and interaction with customers. The top three high satisfaction items for foreign customers are interaction with customers, dimensional accuracy of products (length, width, thickness, and diameter tolerances), and instantaneity in providing products that meet the control requirements for hazardous substance content. For issues raised by domestic and foreign customers and items with the lowest three satisfaction scores, responsible units are required to propose and implement corrective			

Assessment Item	Status of Implementation		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
action plans, specify the status of implementation in the "Improvement Report for Customer Suggestions in Customer Satisfaction Survey," and discuss the implementation at the "Steel Product System Management Review Meeting" to track the effectiveness. After compiling customer suggestions in the satisfaction survey, improvement results of the relevant units, and policy descriptions, the information will be published on the e-commerce system and sent to customers with the survey questionnaire for the following year at the same time. Such a feedback measure demonstrates our utmost respect and attention to customers and eliminates customers' concerns, thereby enhancing consensus and mutual understanding and trust. In addition, the Company has set up a customer service mailbox for customers to submit their problems immediately. After receiving a customer's problem, dedicated personnel will be assigned to respond to and handle the problem as soon as possible. In 2020, a total of 13 cases received via the customer service mailbox were processed, with each case completely resolved within 4.5 days on average. In the future, the Company will continue to uphold the belief of "Giving back to society what society gave us," show our utmost care and concern for the society, the community and the disadvantaged, and take practical actions in various aspects such as engaging in environmental protection, community care services, and charity activities. For detailed information on the operation of CSR, please refer to the CSR report of CSC or the CSR section on the CSC corporate website. For more details on the operation of CSR at listed subsidiaries of CSC Group as well as DSC, CSE, CSAC, CSMC, ICSC, CSCSS, TTMC, CSC Steel, CSGT, and SDMS, please refer to the CSR reports of these companies and the CSR section on their corporate websites.			

(VI) Implementation of Ethical Corporate Management, deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations- CSC and Subsidiaries

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
I. Formulation of Ethical Corporate Management Policies and Programs (I) Has the Company formulated ethical corporate management policies approved by the Board of Directors and specified its ethical corporate management policies, measures, and the commitment of Board of Directors and the senior management on active implementation of such policies in its regulations and external documents? (II) Has the Company established a risk assessment mechanism against unethical behavior, periodically analyzed and assessed operating activities with higher risk of unethical behavior within its business scope, and established prevention programs accordingly which at least include precautions against behaviors stipulated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (III) Has the Company specified operating procedures, guidelines for conduct, disciplinary and appeal system in its programs to prevent unethical behavior, implemented them accordingly and regularly reviewed those programs?	(I) Yes (II) Yes (III) Yes		No Significant Difference
			(I) 1. The Company's Board of Directors has approved the formulation of the "Ethical Corporate Management Best Practice Principles," and established the "Procedures for Ethical Management and Guidelines for Conduct" accordingly, specifying matters that should be noted by all employees of the Company and companies of CSC Group while performing duties. 2. The Company promotes moral values and ethics, as well as compliance with discipline and company regulations through internal publications, and implements corporate culture concepts and practices focusing on teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation, thereby encouraging employees to speak and act conscientiously and create an honest and upright atmosphere. 3. Ethical corporate management policies are publicized on the Company's website, promotional materials or external activities, so that managements, employees, suppliers, customers or other business-related institutions and personnel can understand the Company's ethical corporate management philosophy and regulations. 4. Listed subsidiaries of CSC Group have all formulated the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct," and disclosed on corporate websites and MOPS. In addition, policies related to ethical corporate management, such as the Codes of Ethics for Directors and Senior Executives, Integrity and Ethics Directions for Employees have been formulated, meanwhile ethical corporate management philosophy or values and ethics have also been regularly promoted through internal website, meetings or education and training. (II) 1. The Company plans internal organization, structure, and functions, and establishes mutual supervised check-and-balance mechanisms for business activities with higher risk of being involved in an unethical conduct within the business scope. 2. The Company has formulated the "Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making An Intercession" to fulfill good corporate culture and maintain company

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			image, thereby serving as a basis for employees while handling acceptance of valued gifts, invitations to banquets and requests for making an intercession. In the event that an employee receives a valued gift from persons related to his/her position, the employee shall refuse or return the gift, unless otherwise specified. When the gift cannot be returned, the employee shall fill out the "Report on Handling Acceptance of Valued Gifts", and submit the form to a first echelon supervisor for review. The employee shall also deliver the valued gift to the General Affairs Department for subsequent processing. 3. The Company has formulated the "Guidelines on Hosting Business Banquets", where any employee at the Company who has to host banquets to develop business relationships shall comply with these guidelines. 4. Listed subsidiaries of CSC Group have formulated the following regulations: the Employee Code of Ethics, the Codes of Ethics for Directors or Senior Executives, the Guidelines for Recusal Due to Conflict of Interests, and the Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making an Intercession, etc. 5. To prevent unethical conduct, the Company has taken specific measures, such as organizing internal training associated with the issue of ethical corporate management (including courses related to the corporate culture, quality system, internal auditor training, etc.), training 1,366 people involving a total of 7,573 man-hours. (III) 1. The Company has formulated provisions related to the prevention of unethical conduct in various regulations, including the "Codes of Ethics for Directors," the "Codes of Ethics for First Echelon Supervisors and Executives" (refer to Page 58-62 of this annual report), and the "Integrity and Ethics Directions for Employees of CSC Group," as well as the "Internal Control System Provisions" and some sections of the human resource management system, meanwhile reviews and amends related provisions at appropriate times in line with amendments to the law. In addition, the Company has also clearly specified provisions related to eradicating bribery or kickbacks in various engineering, procurement and subcontractor contracts. Furthermore, the Company has set up the Complaint Committee and the Rewards and Punishments Review Committee to implement the appeal system and punishment for violations.	

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			2. Upon approval of the suggestions for improvement proposed by the Internal Audit Office, the suggestions are keyed into the Company's "Audit Management System," and are controlled and managed electronically to continuously track the progress of related improvements. After completing the improvement measure for each audit item, the result is reported to Independent Directors for review in accordance with applicable regulations. This is an important mechanism for the Board of Directors to supervise the implementation of the Company's ethical corporate management policy. 3. Listed subsidiaries of CSC Group have formulated appropriate management regulations governing operating activities with higher risk of being involved in an unethical conduct within its business scope, as well as regulations governing appeal or punishment for violations in order to prevent unethical conduct. The Internal Audit Office regularly audits the implementation of ethical corporate management and reports to the Board of Directors.
II. Implementation of Ethical Corporate Management (I) Does the Company evaluate the ethical records of counterparties and specify ethical conduct clauses in business contracts? (II) Does the Company establish an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management and report its ethical corporate management policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a year)? (III) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly? (IV) Has the Company established effective accounting and internal control systems for	(I) Yes (II) Yes (III) Yes (IV) Yes		(I) The Company assesses the ethical record of counterparties in accordance with the "Guidelines for Handling Business Partners in Violation of Ethical Principles at the Purchasing Department," to enhance the management of business partners. Ethic clauses are included in the terms of transaction stipulated in sales contracts. In case of violations by customers, there are relevant penalties stipulated, including confiscation of guarantee payments and termination of discounts, or even considering temporarily suspension of material supply under severe circumstances. For construction contracts, the Company conducts credit investigation of qualified business partners registered in the most recent 3 years quarterly. For subcontractor agreements, the ethical corporate management related policies are specified in the universal conditions. After the Company has successfully obtained the authorized economic operator (AEO) certification in March 2012, subcontractors, with which the Company has dealings, have been included as targets of regular audit. In addition, some subcontractors have also successfully obtained the AEO certification, and are regularly audited by the customs, where the audit content covers a wide range including ethical conduct and those who violate is subject to punishment for withdrawal of certification. In 2020, no penalty imposed on transportation business partners due to

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA? (V) Does the Company regularly hold internal and external trainings on ethical corporate management?	(V) Yes		violation of ethic clauses was recorded by the Company, and neither were engineering business partners found to have records of dishonored bills. In the first, second, third and fourth quarters of 2020, the Company has halted business dealings with 0, 0, 2, and 3 companies in violation of ethical principles, respectively. If a business partner is involved in any of the following circumstances, the Purchasing Department and the Engineering Management Department may permanently blacklist such partner upon approval by Vice President: 1. The business partner commits breach of contract, causing significant detriment to the rights and interests of the Company. 2. The business partner intentionally causes an employee of the Company or the Company to receive penal or disciplinary punishment by falsely accusing the employee or the Company to a competent public official. 3. The business partner is found engaging in illegal conducts such as manipulation and collusion upon investigation. 4. The business partner is found offering bribes, gifts, commissions, remuneration, appreciation or other improper benefits to the executives, employees, part-time employees at the Company or their spouses and lineal relatives, or consultants and business partners providing design and planning services, upon investigation; or, the project contracting by a business partner is identified as unqualified in a performance appraisal conducted by the project organizer after a contract project is officially inspected and accepted. Listed subsidiaries and other subsidiaries of CSC Group have included ethical records as an important condition for screening business partners, which is implemented using the following methods: 1. Specify ethical conduct clauses in contracts. 2. Permanently blacklist or request payment of punitive damages from business partners which are found engaging in unlawful conduct such as breach of contract or violation of ethical principles upon investigation. 3. Formulate regulations such as the "Regulations Governing Evaluation of Contractors and Suppliers", and the "Regulations Governing Customer Credit Management." (II) To ensure sound ethical corporate management, the Company has established the "Corporate Governance and Sustainability Committee."

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			under the Board of Directors. One of the main duties of this committee is to promote and carry out ethical corporate management related work. In addition, this committee is responsible for reporting the implementation of ethical corporate management to the Board of Directors every year. The committee has established the "Corporate Governance and Ethical Corporate Management Team," in which the Legal Department and the Human Resources Department are responsible for formulating ethical corporate management policies and prevention plans, as well as promoting and implementing ethical corporate management. In addition, the Internal Audit Office reviews and assesses whether the prevention measures on ethical corporate management are effectively implemented, and regularly assesses relevant processes compliance with the standards and reports the review results to the Board of Directors. Among listed subsidiaries, Chung Hung Steel, CHC Resources and China Steel Chemical have set up the ethical corporate management promotion unit, in which the Administration Division or the Management Division is responsible for formulating ethical corporate management related regulations to ensure the implementation of ethical corporate management. This unit is responsible for reporting the operation and implementation of ethical corporate management to the Board of Directors once a year. At China Ecotek and China Steel Structure, the audit unit is responsible for regularly reporting the results of ethical corporate management audit to the Board of Directors every year. For China Ecotek, the Management Division is also responsible for formulating related regulations while other units are obliged to perform their respective duties to ensure the implementation of ethical corporate management. (III) 1. The Company has formulated the following regulations: (1) Codes of Ethics for Directors (refer to Page 58-59 of this annual report): Directors shall faithfully perform their duties for the best interests of all shareholders. Article 11 of the Codes of Ethics for Directors specifies that "If any proposal at a Board Meeting involves a Director him/herself or the interested parties set forth in Articles 5 and 6 where there are concerns about impairing the interests of the Company, the Director shall immediately and voluntarily recuse him/herself, and take no part in voting, nor	

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			exercise the voting right as proxy for another Director.” (2) Codes of Ethics for First Echelon Supervisors and Executives (refer to Page 60-62 of this annual report): To prevent first echelon supervisors and executives up to the position of President from using their positions at the Company to seek improper gains. Article 4 of the Codes of Ethics for First Echelon Supervisors and Executives specifies provisions related to the prevention of conflict of interests. (3) Directions for Recusal Due to Conflict of Interests in Chapter 6, Part 4 of the Human Resource Management System: To prevent employees from using their powers or their identities or news they obtain due to their positions at the Company to seek personal gains. (4) Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making An Intercession: To fulfill excellent corporate culture, maintain company image, and serve as a basis for employees while handling acceptance of valued gifts, invitations to banquets and requests for making an intercession. (5) Guidelines on Hosting Business Banquets: Any employee at the Company who has to host banquets to develop business relationships shall comply with these guidelines. 2. The Company plans internal organization, structure, and functions, and establishes mutual supervised check-and-balance mechanisms for business activities with higher risk of being involved in an unethical conduct within the business scope. The Internal Audit Office assists the Board of Directors and the Management Team in examining and assessing whether the implementation of the check-and-balance mechanism is effective. Besides, the Company regularly assesses relevant business processes compliance with the standards, and reports the results to the Board of Directors. 3. For more details on reporting channels, refer to Item 3 - "Implementation of Whistleblowing System" in this form. 4. Listed subsidiaries of CSC Group have established the Directions for Recusal Due to Conflict of Interests. In the event of conflict of interests involving a Director him/herself and his/her relatives, the Director shall recuse him/herself, and is encouraged to report any conduct that is illegal or that violates the Codes of Ethics. In addition,

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			the Company has also formulated regulations including the Employee Code of Ethics, the Codes of Ethics for Directors or Senior Executives, etc, verified effectiveness of internal control implementation annually, and had the audit unit responsible for accepting and handling appeals. (IV) Accounting system: 1. The Company formulates our accounting system based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers published by Financial Supervisory Commission (FSC), the Business Entity Accounting Act, the Regulations on Business Entity Accounting Handling and other relevant regulations. Taking into consideration the Company's operating policies, actual business conditions and development, and actual management needs, as well as coordinating with information systems, the Company expects to fully utilize accounting in assisting corporate management, enhance the operating efficiency of the Company, and achieve a fair presentation of the Company's financial status, operating results and cash flows. 2. The Company's accounting system includes procedures for 13 items, including general accounting, cash, notes and financial asset accounting, materials accounting, long-term equity investment accounting under equity method, capital expenditure accounting, fixed asset accounting, long-term and short-term financing and equity accounting, operating income accounting, operating expense accounting, payroll accounting, profit-seeking enterprise income tax accounting, consolidated financial statement accounting, and reconciliation of transactions with affiliates. Besides, the Company has also formulated a cost system. 3. The Company's accounting system mainly governs the Company's accounting standards, procedures, accounting items and accounts, accounting documents, accounting books, as well as the types and methods of preparing and using accounting reports, in order to protect the Company's property security, prevent errors and fraud, clarify work procedures and responsibilities, provide relevant and objective financial accounting information, serve as the basis for establishing a comprehensive information system, and to comply with the International Financial Reporting Standards (IFRSs). In addition, the

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			Company supervises the formulation of subsidiaries' accounting systems that comply with IFRSs in accordance with Paragraph 2, Article 2 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers stipulates: "The accounting system referred to in the preceding paragraph shall separately provide items based on the nature of the issuer's business operations, and in a way that meets the needs of preparation of the consolidated financial reports and consistency of the accounting policies of the issuer and its subsidiaries". 4. The accounting affairs of each division at the Company are handled in accordance with the provisions of this accounting system, and are reviewed by the responsible managers. Internal control system: 1. Establish an effective internal control system: (1) The Company formulates the "Internal Control System Provisions" as the basis for all relevant units and personnel to implement the internal control system upon approval by the Board of Directors. (2) The Company formulates the "Internal Control System Self-Assessment Procedures" to implement self-assessment of internal control. Before the end of January each year, each first echelon unit will conduct self-review of its management status, and submit the factory (department) management review report to the Internal Audit Office for review upon approval of the Vice President of its division. 2. Fully implement internal audit: (1) Subordinated to the Board of Directors, the Internal Audit Office assesses whether the Company's various plans, organizations and supervision procedures can effectively achieve the Company's goals, examine whether supervisors at all levels set operating standards to balance the economic nature and effectiveness of various resources, including human resource, equipment and materials, and evaluate whether to analyze the reasons and adopt improvement measures with regard to personnel with low efficiency and equipment and materials with low utilization rates. (2) The Internal Audit Office formulated the "2020 Audit Plan," and the plan was approved by the Board of Directors. In 2020, the Internal

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			Audit Office implemented internal audit and completed a total of 47 audit reports, including 25 internal operation items at the Company, and 22 field surveys at subsidiaries under CSC Group. In the aforementioned reports, a total of 540 suggestions for improvement were made with regard to deficiencies and abnormal items. (3) After the suggestions for improvement listed in the audit report were approved, the suggestions were keyed into the Company's "Audit Management System," and was controlled and managed electronically to continuously track the progress of related improvements till they are completed. The tracking report was prepared and then submitted to each Independent Director for reference at least every quarter in accordance with the regulations. In addition, listed subsidiaries of CSC Group have established appropriate accounting systems in accordance with regulations such as Business Entity Reports by Securities Issuers. These companies have also established and implemented an internal control system in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, according to which the internal audit formulates audit plan and reports the internal control audit result to the Board of Directors. (V) 1. The Company promotes moral values and ethics, as well as compliance with discipline and company regulations through internal publications, and implements corporate culture concepts and practices focusing on teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation, thereby encouraging employees to speak and act conscientiously and create an honest and upright atmosphere. Corporate culture courses are also conducted during induction training for new employees, and promote the importance of the integrity based on relevant content such as "holding concurrent positions" and "accepting improper benefits." In 2020, the Company held a total of 9 new employee seminars, which were attended by 406 trainees in total. Furthermore, the Company regularly holds at least two sessions of continuing education and training related to corporate governance every year, which targets not only senior managements of the Company but also related personnel of subsidiaries.

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			2. Listed subsidiaries of CSC Group regularly organize training courses related to ethical corporate management to ensure that employees fully understand and truly comply with regulations related to ethical corporate management.
III. Implementation of Whistleblowing System (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related confidentiality mechanisms? (III) Does the Company adopt measures to protect whistleblowers?	(I) Yes (II) Yes (III) Yes		(I) The "Employee Work Rules" and the "Integrity and Ethics Directions" for Employees of CSC Group" specify the following matters: (1) Employees shall live in harmony, help and care for each other. However, to maintain the overall interests of the Company, employees shall assume the responsibility of reporting any graft and fraud. Considering legitimacy, the Company may reject anonymous accusation. (2) Employees shall clearly present specific facts through a proper channel when reporting unlawful conduct, and shall not report such conduct anonymously or present fictional facts to the Company in order to punish others intentionally. 2. The Internal Audit Office is in charge of accepting appeals regarding improper conduct such as seeking private gains, fraud, impairing the interests of the Company, and violation of company regulations. The Company has set up the following appeals channels: Tel.: 07-8021111 ext 2191; Fax: 07-8010736; Mailbox: P.O. Box 47-13 Kaohsiung; Email: IA00@mail.csc.com.tw. 3. The Company also clearly specifies the appeals channels above for reporting fraud, bribery, and deception in the quotation notice section of the procurement inquiry form (in the e-commerce system). 4. The Internal Audit Office designates personnel to accept whistleblowing complaints. After accepting a complaint, a case shall be filed and the "Record of Appeal" shall be filled. 5. In 2020, the Company handled a total of 30 appeals, which were handled properly by the relevant units upon duly investigation. No non-compliance with operational regulations, such as material corruption, was found in such investigations. 6. Listed subsidiaries of CSC Group have established the whistleblowing system and set up accessible appeals channels, including appeal hotline, email and reporting system on website. Also, audit unit is designated to accept and handle appeals, while some companies further formulate regulation on rewards for whistleblowers.

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			(II) 1. An appeal will be passed on to relevant unit for further handling after accepted and duly investigated by the Internal Audit Office. The unit will compile relevant information and submit the result to the vice president for review. 2. The Internal Audit Office regularly reports the number of appeals to the Board of Directors. 3. The identity of the whistleblower is kept absolutely confidential. 4. Listed subsidiaries of CSC Group fully maintain confidentiality while handling appeals. (III) CSC and listed subsidiaries of CSC Group fully maintain the absolute confidentiality of whistleblowers, protecting them from retaliatory action for filing an appeal.
IV. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on corporate website and MOPS?	Yes		No Significant Difference
			The Company discloses information on ethical corporate management in the "Corporate Governance" section under "Investor Relations" on corporate website, www.csc.com.tw, and on MOPS, including "Codes of Ethics," "Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct" in the "Corporate Governance Regulations." The Company's "Corporate Governance and Sustainability Committee" regularly reports the results of implementation of ethical corporate management to the Board of Directors, and the relevant operation status will be disclosed in the "Ethical Corporate Management" subsection under the "Corporate Governance" section on the Company's website. Besides, the Internal Audit Office is responsible for monitoring the implementation and regularly reporting the relevant results to the Board of Directors. The implementation is disclosed in the "Internal Auditing" section on the corporate website. The implementation of ethical corporate management for listed subsidiaries of CSC Group and for subsidiaries such as DSC, CSAC and CSE is disclosed on their corporate websites, MOPS, annual reports or CSR reports respectively.
V. If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and its discrepancies with the Principles: The Company has formulated the Ethical Corporate Management Best Practice Principles. All Directors, managements, employees, mandatories, or persons having substantial control over the Company shall comply with the Principles and related regulations. There is no discrepancies between the implementation of ethical corporate management and the Principles.			

Assessment Item	Status of Implementation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management practices (e.g. reviews and amends its Ethical Corporate Management Best Practice Principles).			
1. The Company's General Penal Provisions for Subcontractors stipulate the following: (1) Subcontractors and personnel related to contracts are executives, employees, part-time employees of the Company or their spouses and lineal relatives, or consultants and business partners providing design and planning services, but the responsible units are not notified in writing. (2) Subcontractors offer bribes, gifts, commissions, remuneration, appreciation or other improper benefits to executives, employees, part-time employees of the Company or their spouses and lineal relatives, or consultants and business partners providing design and planning services. (3) For the violations mentioned above, the Company may terminate or rescind the relevant contract in part or in whole without notice based on the reason that the subcontractor has violated the warranty, and may seek compensation for all the losses suffered by the Company. In the event of serious violations by a subcontractor, the Company could terminate or rescind other contracts signed with the subcontractor.			
2. The Company's domestic procurement agreement stipulates that "The seller may not offer any commission or similar gift to personnel on the buyer side. If the buyer finds that the seller violates the provisions of this paragraph, the commission or similar gift is treated as an equivalent allowance provided to the buyer or deducted an equivalent amount from the payment of goods to be paid by the buyer, while anything illegal regarding such violations shall be handled in accordance with the law. Any seller violation of the provisions above shall be deemed as a breach of contract, the buyer may terminate or rescind the contract from the date when such violations are found and may permanently blacklist the seller. For the items or quantity purchased but yet to be delivered according to the Contract, the buyer may cancel the order, and at the same time unconditionally terminate or rescind other contracts signed with the seller without notice. The Company's foreign procurement agreement stipulates the following content: "TERMS AND CONDITIONS OF CONTRACT(WARRANTY AGAINST CONTINGENT FEES、OFFICIALS AND EMPLOYEES NOT TO BENEFIT)"			

(VII) Access and Search Method of the Corporate Governance Best-Practice Principles and Related Regulations

1. Corporate Governance Principles and Related Regulations:

(1) Internal Control System Provisions, (2) Procedures for Acquisition or Disposal of Assets, (3) Procedures for Endorsements and Guarantees, (4) Procedures for Loaning of Funds, (5) Rules of Procedure for Board of Directors Meetings (it specifies the matters to be performed by the Chairman and Management Team as authorized by the Board of Directors, and stipulates the level of authority for the Board of Directors and Management Team and the delegation of authority between the Board of Directors, Chairman, and President), (6) Organization Regulations for Remuneration Committee, (7) Organization Regulations for Audit Committee, (8) Organization Regulations for Corporate Governance and Sustainability Committee, (9) Risk Management Policies and Procedures, (10) Rules Governing Procedures for Shareholders' Meeting, (11) Code of Ethics for Directors, (12) Code of Ethics for First Echelon Supervisors and Executives, (13) Rules Governing the Election of Directors, (14) Guidelines for Related Party Transactions, (15) Ethical Corporate Management Best Practice Principles, (16) Procedures for Ethical Management and Guidelines for Conduct, (17) Corporate Governance Best-Practice Principles, (18) Procedures for Trading Halt and Suspension and (19) Corporate Social Responsibility Code of Practice, (20) Rules Governing the Performance Evaluation of the Board of Directors, and (21) Procedures for Handling Material Internal Information and Guidelines for Establishment of Spokesperson as well as Deputy Spokespersons.

2. Search methods:

(1) Listed companies of CSC Group: These rules and regulations can be downloaded from "Rules and Regulations Related to Corporate Governance" under the "Corporate Governance" section on MOPS (<http://mops.twse.com.tw/mops/web/index>).

(2) The Company's official website (<http://www.csc.com.tw/index.html>):

These rules and regulations can be downloaded from the "Investor Relations" section → "Corporate Governance" → "Corporate Governance Regulations".

(VIII) Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company:

Domestic and foreign certifications obtained by finance, accounting, and internal audit personnel in companies under CSC Group:

Name of Company	Number of Persons Obtaining Certifications
China Steel Corporation	(1) Domestic certifications: Certified Public Accountant (CPA) - 25 persons; Certified Internal Auditor - 2 persons; Certified Securities Investment Analyst - 4 persons (2) Other certifications: US Certified Public Accountant (US CPA) - 2 persons; Certified Internal Auditor (CIA) – 1 person; Project Management Professional Certification (PMP) - 1 person; Certified Management Accountant - 1 person; Financial Risk Manager (FRM) – 1 person; Certified Practising Accountant (CPA) Australia - 1 person
Dragon Steel Corporation	Domestic certifications: Certified Public Accountant - 4 persons
Chung Hung Steel Corporation	None
China Ecotek Corporation	Domestic certifications: Certified Internal Auditor - 1 person
China Steel Chemical Corporation	None
CHC Resources Corporation	Domestic certifications: Certified Public Accountant - 4 persons; Certified Internal Auditor - 2 persons
China Steel Structure Co., Ltd.	None

(IX) Implementation of Internal Control System

1. Statement on Internal Control System

China Steel Corporation Statement on Internal Control System

Date: February 26, 2021

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2020:

- I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining adequate internal control system. The objectives of this system are to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws, and regulations.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems contain self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes a number of items. Refer to the Regulations for more information on the abovementioned items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. The Statement shall become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was passed by the Board of Directors on February 26, 2021, with none of the eleven attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

China Steel Corporation

Chairman *Chao-Tung Wong* 

President *Shyi-Chin Wang* 

Note: The Company has not entrusted CPAs to review our internal control system; therefore, there is no CPA review report.

- (X) Specify the Content, Major Deficiencies and Status of Improvements Made on Penalties Imposed on the Company and Its Internal Staff or Penalties Imposed on Its Internal Staff by the Company for Violation of Internal Control Regulations, where Such Penalties May Have Significant Impact on Shareholders' Rights or Securities Price, in the Most Recent Year up to the Publication Date of this Annual Report: None.
- (XI) Significant Resolutions Adopted by the Shareholders' Meeting and the Board of Directors in the Most Recent Year up to the Publication Date of this Annual Report:
- ◎ Material resolutions of the Board of Directors
- Material resolutions in the 12th meeting of the 17th Board of Directors (February 26, 2021):
The 12th meeting of the 17th Board of Directors of the Company was held in the morning of February 26, 2021. Major resolutions were:
 1. Proposal for Distribution of 2020 Profits
The meeting proposed to appropriate NT\$1.4 and NT\$0.3 per share for dividends of preferred stocks and common stocks respectively. The above proposal will be submitted to the 2021 Annual General Meeting of Shareholders for adoption.
 2. Date and venue for 2021 Annual General Meeting of Shareholders
 - (1) The Company's 2021 Annual General Meeting of Shareholders:
Date: 9.00 am, June 18, 2021(Friday)
Venue: CSC Auditorium (No. 1, Chung-Kang Rd., Hsiao Kang Dist., Kaohsiung City, Taiwan)
 - (2) Time and place for accepting shareholders' proposals:
Date: April 13, 2021 to April 22, 2021
Place: China Steel Building (No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan)
 3. Environmental, social, and corporate governance (ESG), as an important global trend, is a vital indicator of sustainable development for corporates. To advance the Company's ESG sustainable development work and fulfill the commitment to taking concrete actions on environmental protection and climate change, the "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality" has been set up under the Corporate Governance and Sustainability Committee. The Chairman serves as the head of Task Force, the President and the Executive Vice President serve as deputies, and the Vice President of Production Division and the Vice President of Technology Division serve as executive secretary and deputy executive secretary, respectively. The Task Force is responsible for reporting implementation plans and results to the Corporate Governance and Sustainability Committee and the Board of Directors on a regular basis, in order to reduce the Company's impact on the climate and the environment through the implementation of energy saving, carbon reduction, and greenhouse gas emission control, thereby achieving the goal of sustainable development.
 4. Personnel change of Vice President of Administration Division
The Vice President of Administration Division, Mr. Chiu-Po Chang, would be transferred to another position (Chairman of China Steel Express Corporation) with effect from February 26, 2021.

- Material resolutions in the 11th meeting of the 17th Board of Directors (December 28, 2020):
The 11th meeting of the 17th Board of Directors of the Company was held in the morning of December 28, 2020. Major resolutions were:
 1. CSC will invest NT\$3,799.1 million in the "Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard." The project, aiming at improving environmental protection, is scheduled to last for 2 years and 5 months, from August 1, 2021 to December 31, 2023.
 2. CSC will invest NT\$8,080.3 million in the "Stage 2 Construction of Coke Oven Plant and Coke Dry Quenching Facility." The purpose of this project is to accelerate the reduction of emission of CO₂ and PMs by upgrading equipment and improving environmental protection. This project is scheduled to last for 2 years and 8 months, from July 1, 2021 to February 29, 2024.

With the completion of each construction stage in the future, the project could reduce volatile organic compounds (VOCs) emission (percentage) by 73 metric tons (around 63%), particulate matters (PMs) by 41 metric tons (around 56%), and energy consumption by 214 million cal/metric ton coke (around 10%) per year. In addition, it could increase power generation by 273 million kWh and reduce CO₂ emission by 146 thousand metric tons per year, which is equivalent to the annual carbon uptake of 375 Daan Forest Park.
- Material resolutions in the 10th meeting of the 17th Board of Directors (November 6, 2020):
The 10th meeting of the 17th Board of Directors of the Company was held in the morning of November 6, 2020, in which the issuance of unsecured domestic bonds totaling no more than NT\$15 billion during 2020 to 2021 was approved.
- Material resolutions in the 9th meeting of the 17th Board of Directors (August 3, 2020):
The 9th meeting of the 17th Board of Directors of the Company was held in the morning of August 3, 2020, in which the investment of NT\$1,984 million in the "Construction of Coke Transportation and Handling System" was approved. The purpose of this project is to upgrade equipment, improve environmental protection, and maintain stable production at blast furnaces and sinter plants. In addition, domestic production of critical equipment in this project can contribute to a total savings of NT\$255 million, including NT\$229 million from machinery and equipment, and NT\$26 million from conveyor electrical control equipment. The project is scheduled to last for 3 years, from January 1, 2021 to December 31, 2023.
- Material resolutions in the 8th meeting of the 17th Board of Directors (June 19, 2020):
The 8th meeting of the 17th Board of Directors of the Company was held in the afternoon of June 19, 2020. In this meeting, the Board of Directors approved the proposal of joint capital contribution to China Steel Power Holding Corporation with Copenhagen Infrastructure Partners K/S (CIP) within a limit of NT\$680 million according to the progress and capital demand of the Zhong Neng Offshore Wind Farm Project, in order to seize business opportunities in the development of renewable energy via offshore wind farms.

The Zhong Neng Offshore Wind Farm Project, which have been allocated 300MW grid capacity for installation, is currently in the early stage of construction, where geotechnical site investigations and negotiations and planning with contractors/suppliers about related construction are in progress. As offshore wind power is a highly steel-intensive industry, participating in the Zhong Neng Project enables the Company to not only capture potential

business opportunities in the sale of steel materials and offshore wind power as well as expand the localization of the offshore wind power industry, but also promote the development of the Company's business in the green energy industry.

- Material resolutions in the 7th meeting of the 17th Board of Directors (May 4, 2020):

The 7th meeting of the 17th Board of Directors of the Company was held in the morning of May 4, 2020, in which the investment of NT\$5,909 million in the "Phase 1 Replacement of Boiler Turbine Generators for No. 1 Power House" was approved.

The purpose of this project is to improve the efficiency of electricity generation, stabilize the Company's steam and electricity supply, increase the proportion of self-generated electricity, and improve the environment by installing air pollution control equipment. Upon completion of this replacement project, the Company's proportion of self-generated electricity will increase from 55.6% at present to 69.2%. In addition, this project can reduce sulfur oxide (SOx) emissions by 154 metric tons per year, nitrogen oxide (NOx) emissions by 56 metric tons per year, and external carbon dioxide (CO₂) emissions by an estimate of 147 thousand tons per year. This project is scheduled to last for 5 years and 10 months, from June 1, 2020 to March 31, 2026.

- Material resolutions in the 6th meeting of the 17th Board of Directors (March 23, 2020):

The 6th meeting of the 17th Board of Directors of the Company was held in the morning of March 23, 2020. Major resolutions were:

1. Proposal for Distribution of 2019 Profits

The meeting proposed to appropriate NT\$1.4 and NT\$0.5 per share for dividends of preferred stocks and common stocks respectively. The above proposal will be submitted to the 2020 Annual General Meeting of Shareholders for adoption.

2. CSC will invest NT\$9.429 billion in the "Stage 1 Construction Project of Coke Oven Plant and Coke Dry Quenching Facility". The purpose of this project is to reduce emission of CO₂ and PMs by upgrading equipment and improving environmental protection. Besides, in order to expand and encourage domestic investment and procurement, this project is moved up to April 1, 2020 and will last for 4 years and 11 months to February 28, 2025.

3. Date and venue for 2020 Annual General Meeting of Shareholders

- (1) The Company's 2020 Annual General Meeting of Shareholders:

Date: 9.00 am, June 19, 2020 (Friday)

Venue: CSC Auditorium (No. 1, Chung-Kang Rd., Hsiao Kang Dist., Kaohsiung City, Taiwan)

- (2) Time and place for accepting shareholders' proposals:

Date: April 13, 2020 to April 22, 2020

Place: China Steel Building (No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan)

4. Appointment of Vice President of Production Division

The Vice President of Production Division, Mr. Chih-Tai Charng, would retire on March 31, 2020. The former Assistant Vice President of Production Division (the incumbent Chairman of China Steel Chemical Corporation), Mr. Wen-Ge Lo, would return to succeed Mr. Charng as the Vice President of Production Division with effect from March 31, 2020.

◎ Significant resolutions in the Annual General Meeting of Shareholders

● Material resolutions in the 2020 Annual General Meeting of Shareholders (June 19, 2020):

1. Vote to adopt 2019 Business Report and Financial Statements
2. Vote to adopt distribution of 2019 profits:
 - (1) The Company's earnings distribution of 2019 is proposed in accordance with the provisions in Article 6 of the Articles of Incorporation of the Company.
 - (2) The proposed dividend appropriation for preferred shares totaled NT\$1.4 per share in cash. The proposed dividend appropriation for common shares totaled NT\$0.5 per share in cash.
 - (3) Upon approval of this earnings distribution plan by resolution of the shareholders' meeting, the Chairman would be authorized to set the ex-dividend date for cash dividend distribution. When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than a NT dollar shall be rounded to the next NT dollar. The resulting difference shall be recognized as a Company expense.
3. Vote to approve amendments to the Procedures for Acquisition or Disposal of Assets.
4. Vote to approve amendments to the Procedures for Loaning of Funds.
5. Vote to approve releasing the prohibition on Chairman, Mr. Chao-Tung Wong, from holding the position of Director of Taiwan High Speed Rail Corporation.
6. Vote to approve releasing the prohibition on Director, Mr. Shyi-Chin Wang, from holding the position of Director of China Ecotek Corporation.
7. Vote to approve releasing the prohibition on Director, Mr. Chien-Chih Hwang, from holding the position of Director of China Steel Structure Co., Ltd., CSBC Corporation, Taiwan, Formosa Ha Tinh (Cayman) Limited, and Formosa Ha Tinh Steel Corporation.

(XII) Implementation of Resolutions in the 2020 Annual General Meeting of Shareholders

1. 2019 Business Report and Financial Statements was adopted.
2. Distribution of 2019 profit was adopted, the ex-dividend date was set to be on August 1, 2020, while the payment date was set to be on August 27, 2020 (where a dividend of NT\$1.4 per preferred stock and a dividend of NT\$0.5 per ordinary stock were distributed).
3. Amendments to the Procedures for Acquisition or Disposal of Assets approved was exercised and published on the corporate website.
4. Amendments to the Procedures for Loaning of Funds approved was exercised and published on the corporate website.
5. Approval of releasing the prohibition on Chairman, Mr. Chao-Tung Wong, from holding the position of Director of Taiwan High Speed Rail Corporation has been fully implemented.
6. Approval of releasing the prohibition on Director, Mr. Shyi-Chin Wang, from holding the position of Director of China Ecotek Corporation has been fully implemented.
7. Approval of releasing the prohibition on Director, Mr. Chien-Chih Hwang, from holding the position of Director of China Steel Structure Co., Ltd., CSBC Corporation, Taiwan, Formosa Ha Tinh (Cayman) Limited, and Formosa Ha Tinh Steel Corporation has been fully implemented.

(XIII) Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors Which are Made by Directors and are Documented or Issued through Written Statements, in the Most Recent Year up to the Publication Date of This Annual Report: None

(XIV) Summary of Resignation and Dismissal of Related Personnel

January 1, 2020 to March 31, 2021

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Discharge
Vice President, Engineering Division	Hsin-Chin Kuo	2018.03.31	2020.01.31	Mandatory Retirement Age
Vice President, Technology Division	Song-Jau Tsai	2018.01.01	2020.03.01	Mandatory Retirement Age
Vice President, Production Division	Chih-Tai Charng	2018.03.31	2020.03.31	Mandatory Retirement Age
Vice President, Technology Division	Yie-Shing Hwang	2020.03.01	2020.10.31	Mandatory Retirement Age
Vice President, Administration Division	Chiu-Po Chang	2018.01.01	2021.02.26	Transfer to China Steel Express Corporation

V. Information on CPA Fees

(I) Range of CPA Fees

Name of Accounting Firm	Name of CPA		Audit Period	Remark
Deloitte Taiwan	Jui-Hsuan Hsu	Cheng-Hung Kuo	2020.01~ 2020.12	None

Unit: NT\$ thousands

Range of Fees	Fee Item	Audit Fees	Non-Audit Fees	Total
1	Less than \$2,000			
2	\$2,000 (inclusive) - \$4,000		V	
3	\$4,000 (inclusive) - \$6,000			
4	\$6,000,000 (inclusive) - \$8,000			
5	\$8,000 (inclusive) - \$10,000			
6	Over \$10,000 (inclusive)	V		V

(II) Information on CPA Fees

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Audit Fees	Non-Audit Fees					Audit Period
			System Design	Business Registration	Human Resources	Others	Subtotal	
Deloitte Taiwan	Jui-Hsuan Hsu Cheng-Hung Kuo	21,219	—	—	—	3,113	3,113	2020.01~ 2020.12
Remark	Non-Audit Service Items: 1. Transfer pricing documentation report 2,950 2. Others <u>163</u> Total 3,113							

Note: This year, there were no circumstances listed in Subparagraph 1, Paragraph 5, Article 10 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

VI. Replacement of Certified Public Accountants:

(I) Regarding the Former CPA

Replacement Date	Approved by the Board of Directors on March 25, 2019		
Replacement Reasons and Explanations	The original CPAs of the Company were Lee-Yuan Kuo and Cheng-Hung Kuo from Deloitte Taiwan. Due to internal transfer at Deloitte Taiwan, the CPAs of the Company were changed to Jui-Hsuan Hsu and Cheng-Hung Kuo, beginning the first quarter of 2019.		
Describe whether the Company Terminated or the CPA Did Not Accept the Appointment	Parties Status	CPA	The Company
	Termination of appointment	Not applicable	
	No longer accepted (continued) appointment		
Other Issues (Except for Unqualified Issues) in the Audit Reports within the Last Two Years	Not applicable		
Differences with the Company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	√	
	Remarks	Not applicable	
Other Disclosed Matters	None		

(II) Regarding the Successor CPA

Name of Accounting Firm	Deloitte Taiwan
Name of CPA	Jui-Hsuan Hsu
Date of Appointment	Approved by the Board of Directors on March 25, 2019
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not applicable
Successor CPA's written opinion of disagreement toward the former CPA	Not applicable

(III) The reply letter from the former CPA regarding matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

VII. Information on the Company's Chairman, President or Managements Having Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Year: None.

VIII.Shareholding Information of Directors, Managements and Major Shareholders

(I) Changes in equity of directors, managements and major shareholders

Title	Name	Change in Equity in 2020		As of March 31, 2021		Remark
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	
Juristic-person Director	Ministry of Economic Affairs	0	0	0	0	None
Juristic-person Director	Ever Wealthy International Corporation	0	0	0	0	None
Juristic-person Director	Chiun Yu Investment Corporation	0	0	0	0	None
Juristic-person Director	Hung Kao Investment Corporation	0	0	0	0	None
Juristic-person Director	Gau Ruei Investment Corporation	0	0	0	0	None
Juristic-person Director	Labor Union of China Steel Corporation, Kaohsiung City	0	0	0	0	None
Director	Chao-Tung Wong	0	0	0	0	None
Director	Wen-Sheng Tseng	0	0	0	0	None
Director	Fong-Sheng Wu	0	0	Not applicable	Not applicable	Dismissed on November 20, 2020
Director	Ming-Jong Liou	0	0	0	0	Newly appointed on November 20, 2020
Director	Shyi-Chin Wang	19,583	0	0	0	None
Director	Chien-Chih Hwang	0	0	0	0	None
Director	Cheng-I Weng	0	0	0	0	None
Director	Yueh-Kun Yang	0	0	0	0	None
Director	Chun-Sheng Chen	0	0	0	0	None
Independent Director	Shyue-Bin Chang	0	0	0	0	None
Independent Director	Min-Hsiung Hon	0	0	0	0	None
Independent Director	Lan-Feng Kao	0	0	0	0	None
Manager	Shyi-Chin Wang	19,583	0	0	0	None
Manager	Chien-Chih Hwang	0	0	0	0	None
Manager	Chiu-Po Chang	0	0	0	0	Dismissed on February 26, 2021
Manager	Min-Hsiung Liu	0	0	0	0	None
Manager	Yueh-Kun Yang	0	0	0	0	None
Manager	Pai-Chien Huang	0	0	0	0	None
Manager	Song-Jau Tsai	0	0	Not applicable	Not applicable	Dismissed on March 01, 2020
Manager	Yie-Shing Hwang	0	0	Not applicable	Not applicable	Newly appointed on March 01, 2020 Dismissed on October 31, 2020
Manager	Hsin-Chin Kuo	0	0	Not applicable	Not applicable	Dismissed on January 31, 2020
Manager	Chung-Te Chen	0	0	0	0	Newly appointed on January 31, 2020
Manager	Chih-Tai Charng	0	0	Not applicable	Not applicable	Dismissed on March 31, 2020
Manager	Wen-Ge Lo	0	0	0	0	Newly appointed on March 31, 2020
Manager	Shih-Hsin Chen	0	0	0	0	None
Manager	Kai-Ching Huang	0	0	0	0	None
Major shareholder	Ministry of Economic Affairs	0	0	0	0	None

Note 1: The shareholding percentage of dismissed directors and managers at the end of the period refers to the shareholding percentage thereof during the month when they were dismissed. The shareholding percentage of newly appointed directors and managers at the beginning of the period refers to the shareholding percentage thereof during the month when they were appointed.

Note 2: The information above listed the changes in common stock, while transferee and transferor involved are all non-related parties.

IX. Relationship Information Between the 10 Largest Shareholders in Terms of Shareholding Ratio
As of December 31, 2020
Unit: shares; %

Name	Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Relationship		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Ministry of Economic Affairs	3,154,709,357	20.00%	Not applicable	Not applicable	0	0%	None	None	None
Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd.	665,429,944	4.22%	Not applicable	Not applicable	0	0%	None	None	None
Transglory Investment Corporation	256,765,331	1.63%	Not applicable	Not applicable	0	0%	Winning Investment Corporation	Sister Company	None
Representative of Transglory Investment Corporation: Chien-Chih Hwang	33,233	0.00%	0	0%	0	0%	None	None	None
Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	209,895,247	1.33%	Not applicable	Not applicable	0	0%	None	None	None
Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	167,146,308	1.06%	Not applicable	Not applicable	0	0%	None	None	None
Norges Bank Investment Management under the custody of Citibank (Taiwan) Limited	164,419,484	1.04%	Not applicable	Not applicable	0	0%	None	None	None
Winning Investment Corporation	160,406,339	1.02%	Not applicable	Not applicable	0	0%	Transglory Investment Corporation	Sister Company	None
Representative of Winning Investment Corporation: Chun-Hui Wu	28,095	0.00%	0	0%	0	0%	None	None	None
New Labor Pension Fund	151,854,249	0.96%	Not applicable	Not applicable	0	0%	None	None	None
Public Service Pension Fund Management Board	143,637,257	0.91%	Not applicable	Not applicable	0	0%	None	None	None
Labor Insurance Fund	128,150,939	0.81%	Not applicable	Not applicable	0	0%	None	None	None

X. Ownership of Shares in Affiliated Companies

As of December 31, 2020

Unit: shares; %

Affiliated Companies	Ownership by the Company		Ownership by Directors, Supervisors, Managers, and Directly/ Indirectly Controlled Entities		Total Ownership	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chung Hung Steel Corporation	582,673,153	40.59%	106,445	0.01%	582,779,598	40.60%
China Steel Chemical Corporation	68,787,183	29.04%	948,440	0.40%	69,735,623	29.44%
China Steel Structure Co., Ltd.	66,487,844	33.24%	4,717,861	2.36%	71,205,705	35.60%
China Ecotek Corporation	55,393,138	44.76%	1,836,521	1.49%	57,229,659	46.25%
CHC Resources Corporation	49,289,597	19.83%	39,227,299	15.78%	88,516,896	35.61%
Dragon Steel Corporation	8,612,586,123	100.00%	0	0.00%	8,612,586,123	100.00%
CSC Steel Australia Holdings Pty Ltd	594,638	100.00%	0	0.00%	594,638	100.00%
China Steel Express Corporation	422,545,250	100.00%	0	0.00%	422,545,250	100.00%
Gains Investment Corporation	559,375,112	100.00%	0	0.00%	559,375,112	100.00%
C.S.Aluminium Corporation	840,122,049	99.98%	0	0.00%	840,122,049	99.98%
China Prosperity Development Corporation	509,802,912	100.00%	0	0.00%	509,802,912	100.00%
China Steel and Nippon Steel Vietnam Joint Stock Company	514,304,000	56.00%	0	0.00%	514,304,000	56.00%
China Steel Asia Pacific Holdings Pte Ltd	191,065,407	100.00%	0	0.00%	191,065,407	100.00%
China Steel Global Trading Corporation	78,827,362	100.00%	0	0.00%	78,827,362	100.00%
Sing Da Marine Structure Corporation	342,100,000	100.00%	0	0.00%	342,100,000	100.00%
Kaohsiung Rapid Transit Corporation	120,799,811	43.36%	21,443,595	7.70%	142,243,406	51.06%
CSC Solar Corporation	95,920,000	55.00%	78,480,000	45.00%	174,400,000	100.00%
China Steel Resources Corporation	98,112,000	100.00%	0	0.00%	98,112,000	100.00%
China Steel Machinery Corporation	100,066,400	73.97%	35,204,170	26.02%	135,270,570	99.99%
China Steel Power Holding Corporation	102,306,000	51.00%	0	0.00%	102,306,000	51.00%
InfoChamp Systems Corporation	41,465,634	99.99%	0	0.00%	41,465,634	99.99%
China Steel Corporation India Pvt. Ltd.	253,567,202	100.00%	0	0.00%	253,567,202	100.00%
China Steel Security Corporation	25,036,986	99.96%	0	0.00%	25,036,986	99.96%
HIMAG Magnetic Corporation	19,183,286	69.49%	5,010,203	18.15%	24,193,489	87.64%
CSC Precision Metal Industrial Corporation	32,250,000	100.00%	0	0.00%	32,250,000	100.00%
United Steel International Co., Ltd.	12,000,000	80.00%	3,000,000	20.00%	15,000,000	100.00%
ChinaSteel Management Consulting Corporaion	999,993	100.00%	0	0.00%	999,993	100.00%
China Steel Power Corporation	10	0.00%	200,379,990	100.00%	200,380,000	100.00%
Taiwan Rolling Stock Co., Ltd.	95,527,811	47.76%	0	0.00%	95,527,811	47.76%
Kaohsiung Arena Development Corporation	45,000,000	18.00%	27,500,000	11.00%	72,500,000	29.00%
Honley Auto. Parts Co., Ltd.	59,087,570	35.14%	9,050,822	5.38%	68,138,392	40.52%
Hsin Hsin Cement Enterprise Corporation	28,658,729	30.80%	9,298,583	10.00%	37,957,312	40.80%
Dyna Rechi Co.,Ltd	40,000,000	23.45%	0	0.00%	40,000,000	23.45%
Eminent II Venture Capital Corporation	30,000,000	46.25%	0	0.00%	30,000,000	46.25%
Overseas Investment & Development Corporation	5,000,000	5.56%	14,000,000	15.56%	19,000,000	21.12%
TaiAn Technologies Corporation	1,666,700	16.67%	499,998	5.00%	2,166,698	21.67%

Chapter IV. Capital Overview

I. Capital and Shares

(I) Sources of Share Capital

As of March 31, 2021

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Preferred Shares	38,267,999	None	38,267,999	None
Common shares	15,734,860,997	1,226,871,004	16,961,732,001	None

Note: Shares issued by the Company are publicly traded on TWSE.

Year / Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousands)	Number of Shares (thousand shares)	Amount (NT\$ thousands)	Source of Share Capital	Capital Increase by Assets Other than Cash	Others
1998.1	10	9,500,000	95,000,000	8,197,099	81,970,995	Capital increase of 750,425,410 shares by retained earnings	None	None
1999.6	10	9,900,000	99,000,000	8,610,902	86,109,028	Capital increase of 413,803,375 shares by retained earnings	None	None
2000.9	10	9,900,000	99,000,000	8,796,140	87,961,396	Capital increase of 185,236,697 shares by retained earnings	None	None
2001.7	10	10,600,000	106,000,000	9,108,936	91,089,364	Capital increase of 312,796,806 shares by retained earnings	None	None
2002.7	10	10,600,000	106,000,000	9,315,761	93,157,609	Capital increase of 206,824,544 shares by retained earnings	None	None
2003.7	10	10,600,000	106,000,000	9,500,086	95,000,858	Capital increase of 184,324,830 shares by retained earnings	None	None

Year / Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousands)	Number of Shares (thousand shares)	Amount (NT\$ thousands)	Source of Share Capital	Capital Increase by Assets Other than Cash	Others
2004.7	10	10,600,000	106,000,000	9,931,114	99,311,138	Capital increase of 431,028,007 shares by retained earnings	None	None
2005.8	10	10,600,000	106,000,000	10,586,672	105,866,716	Capital increase of 655,557,824 shares by retained earnings	None	None
2006.8	10	12,000,000	120,000,000	11,094,452	110,944,516	Capital increase of 507,779,985 shares by retained earnings	None	None
2007.8	10	12,000,000	120,000,000	11,535,291	115,352,910	Capital increase of 440,839,437 shares by retained earnings	None	None
2008.8	10	14,000,000	140,000,000	12,019,820	120,198,200	Capital increase of 484,528,973 shares by retained earnings	None	None
2008.10	10	14,000,000	140,000,000	12,595,811	125,958,111	Capital increase of 575,991,075 shares from conversion of shares by Dragon Steel Corporation	None	None
2009.8	10	14,000,000	140,000,000	13,132,787	131,327,869	Capital increase of 536,975,875 shares by retained earnings	None	None
2010.8	10	14,000,000	140,000,000	13,566,169	135,661,689	Capital increase of 433,381,968 shares by retained earnings	None	None

Year / Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousands)	Number of Shares (thousand shares)	Amount (NT\$ thousands)	Source of Share Capital	Capital Increase by Assets Other than Cash	Others
2011.7	10	17,000,000	170,000,000	14,244,477	142,444,774	Capital increase of 678,308,445 shares by retained earnings	None	None
2011.8	10	17,000,000	170,000,000	15,084,477	150,844,774	Capital increase of 840,000,000 shares by cash	None	None
2012.8	10	17,000,000	170,000,000	15,310,745	153,107,445	Capital increase of 226,267,160 shares by retained earnings	None	None
2013.8	10	17,000,000	170,000,000	15,463,852	154,638,520	Capital increase of 153,107,445 shares by retained earnings	None	None
2014.8	10	17,000,000	170,000,000	15,773,129	157,731,290	Capital increase of 309,277,039 shares by retained earnings	None	None

Information on shelf registration for the issuance of securities: Not applicable

(II) Shareholder Structure

As of December 31, 2020

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	16	35	1,679	1,103,415	1,534	1,106,679
Number of Shares Held	3,171,038,942	417,578,737	2,702,448,761	6,617,039,812	2,865,022,744	15,773,128,996
Shareholding Percentage	20.11%	2.65%	17.13%	41.95%	18.16%	100%

Note: The Company is not a foreign issuer; therefore disclosing shares held by mainland area investors is not required.

(III) Distribution of Equity Ownership

1. Common Shares

As of December 31, 2020

Range of Shares Held	Number of Shareholders	Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	332,459	30.07%	56,653,409	0.36%
1,000 to 5,000	509,285	46.07%	1,049,060,126	6.67%
5,001 to 10,000	122,265	11.06%	867,450,297	5.51%
10,001 to 15,000	53,897	4.88%	643,346,296	4.09%
15,001 to 20,000	26,346	2.38%	463,620,572	2.95%
20,001 to 30,000	25,047	2.27%	602,601,490	3.83%
30,001 to 50,000	17,457	1.58%	663,719,864	4.22%
50,001 to 100,000	10,782	0.98%	735,242,148	4.67%
100,001 to 200,000	4,581	0.41%	618,810,978	3.93%
200,001 to 400,000	2,135	0.19%	579,281,881	3.68%
400,001 to 600,000	505	0.05%	241,981,428	1.54%
600,001 to 800,000	157	0.01%	107,447,584	0.68%
800,001 to 1,000,000	76	0.01%	67,263,240	0.43%
1,000,001 and above	440	0.04%	9,038,381,684	57.44%
Total	1,105,432	100.00%	15,734,860,997	100.00%

2. Preferred Shares

As of December 31, 2020

Range of Shares Held	Number of Shareholders	Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	193	4.02%	26,157	0.07%
1,000 to 5,000	3,944	82.24%	6,798,355	17.76%
5,001 to 10,000	309	6.44%	2,516,600	6.58%
10,001 to 15,000	99	2.06%	1,274,570	3.33%
15,001 to 20,000	59	1.23%	1,104,000	2.88%
20,001 to 30,000	42	0.88%	1,066,000	2.79%
30,001 to 50,000	52	1.08%	2,094,000	5.47%
50,001 to 100,000	46	0.96%	3,347,092	8.75%
100,001 to 200,000	30	0.63%	4,300,225	11.24%
200,001 to 400,000	10	0.21%	2,583,000	6.75%
400,001 to 600,000	4	0.08%	2,133,000	5.57%
600,001 to 800,000	2	0.04%	1,346,000	3.52%
800,001 to 1,000,000	1	0.02%	999,000	2.61%
1,000,001 and above	5	0.11%	8,680,000	22.68%
Total	4,796	100.00%	38,267,999	100.00%

(IV) List of Major Shareholders

As of December 31, 2020

Rank	Name of Shareholders	Number of Shares Held	Shareholding Percentage
1	Ministry of Economic Affairs (MOEA)	3,154,709,357	20.00%
2	Employee's Stock Ownership Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd.	665,429,944	4.22%
3	Transglory Investment Corporation	256,765,331	1.63%
4	Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	209,895,247	1.33%
5	Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	167,146,308	1.06%
6	Norges Bank Investment Management under the custody of Citibank (Taiwan) Limited	164,419,484	1.04%
7	Winning Investment Corporation	160,406,339	1.02%
8	New Labor Pension Fund	151,854,249	0.96%
9	Public Service Pension Fund Management Board	143,637,257	0.91%
10	Labor Insurance Fund	128,150,939	0.81%

Major Shareholders of Corporate Shareholders

As of December 31, 2020

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
Transglory Investment Corporation	China Steel Express Corporation 49.89%; Chung Hung Steel Corporation 40.91%; China Steel Chemical Corporation 9.20%
Winning Investment Corporation	Gains Investment Corporation 49.00%; Maruichi Steel Tube Ltd. 42.00%; Transglory Investment Corporation 9.00%

Note: Other than the companies listed above, the remaining corporate shareholders are government agencies, funds and trusts.

(V) Market price, Net Worth, Earnings, Dividends per share

Item \ Year		2019	2020	Current Year up to March 31, 2021 (Note 8)
Market Price Per Share (Note 1)	Highest	25.50	25.60	26.80
	Lowest	22.80	18.35	22.95
	Average (trading value/trading volume)	24.20	21.53	25.04
	Average Closing Price (A)	24.21	21.24	24.81
Net Worth per Share (Note 2)	Before Distribution	19.20	18.62	19.23
	After Distribution	18.70	N/A	N/A
Earnings Per Share	Weighted Average Shares (thousand shares)	15,414,667	15,414,073	15,414,150
	Earnings Per Share (Note 3) (B)	0.57	0.05	0.58
Dividends per Share	Cash Dividends (C)		1.40 (Preferred shares) 0.50 (Common shares)	1.40 (Preferred shares) 0.30 (Common shares) N/A
	Stock Dividends	0	0	N/A
		0	0	N/A
	Accumulated Unpaid Dividend (Note 4)		0	0 N/A
Return on Investment	Price/Earnings Ratio (A/B) (Note 5)		42.47	424.80 N/A
	Price/Dividend Ratio (A/C) (Note 6)		48.42	70.80 N/A
	Cash Dividend Yield (C/A) (Note 7)		0.0207	0.0141 N/A

* If retained earnings or capital surplus are used for capital increase, market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: Please list the market share prices, including the highest, lowest and average of common stock for the year, and the average market price should be calculated based on trading value and volume for each year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the shareholders' meeting held in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/earnings Ratio = Average closing price per share /Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share /Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share.

Note 8: Net worth and earnings per share shall be disclosed based on latest audited quarterly results up to the publication date of this annual report. For all other columns, Please fill the information as of the publication date of this annual report.

(VI) Dividend Policy and Implementation

1. Dividend Policy

In case of any earnings earned in any given fiscal year being reported from the Company's final annual accounting, the Company shall appropriate or reverse a special reserve firstly after taxes, losses and legal reserves have been paid, made up and set aside respectively. Secondly, a preferred share dividend shall be distributed at 14% of the par value, and a common share bonus shall be distributed at no more than 14% of the par value. In case the account still remains any distributable earnings, additional bonuses shall be distributed according to the percentage of shares held by each shareholder of preferred and common shares. When necessary, the Company may, upon a resolution by a shareholders' meeting, set aside special reserved earnings surplus or retained earnings first after distribution of dividends for preferred shares. In case of no earnings in a given year or in the event that the earnings are insufficient to cover the distribution of dividends for preferred shares, the outstanding dividends for distributable preferred shares shall accrue and be made up firstly when there are earnings in any subsequent year.

The Company's business life cycle is in the stage of steady growth. Pursuant to the distribution of the dividends and shareholders' bonuses provided in the preceding paragraph, cash distributed shall be no less than 75% and shares distributed no more than 25%.

The priority and proportions for distributing the remaining company properties for preferred shares shall be the same as those for common shares.

Shareholders of preferred shares shall have no right to vote for members of the Boards of Directors, and their other rights and obligations shall be the same as those of shareholders of common shares.

Preferred shares issued by the Company may be redeemable. Shareholders of preferred shares may request a conversion of preferred shares into common shares.

Dividend policy for the coming year will follow the dividend policy mentioned above.

2. Distribution of dividend proposed in the current shareholders' meeting

- (1) The Company's 2020 earnings distribution, as shown below, is proposed in accordance with the provisions in Article 6 of the Articles of Incorporation of the Company.
- (2) The proposed dividend appropriation for preferred shares totaled NT\$1.4 per share in cash. The proposed dividend appropriation for common shares totaled NT\$0.3 per share in cash.
- (3) Upon approval of this earnings appropriation plan by resolution of the meeting of shareholders, Chairman of the Board will be authorized to set the record date for cash dividend distribution. When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than a NT dollar shall be rounded up to the next NT dollar. The resulting difference shall be recognized as a Company expense.

China Steel Corporation	
2020	
Earnings Distribution Table	Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	13,108,282,449.23
After-tax earnings of 2020	885,865,067.86
Reverse of special reserve: disposal of fixed assets	2,365,728.00
Actuarial gains (losses) from defined benefit pension plans (included in retained earnings)	(45,018,473.00)
Effects resulting from changes in long-term equity investment	(53,905,959.00)
Amount to be included in undistributed earnings by adding up after-tax earnings of 2020 and other items (A)	789,306,363.86
Deduct : Legal reserve=(A)* 10%	(78,930,636.00)
Add: Reverse of special reserve to undistributed earnings	272,355,438.00
Subtotal of distributable earnings	14,091,013,615.09
Distribution of preferred dividends - 38,267,999 preferred shares at NT\$1.4 per share (NT\$1.4 in cash)	53,575,199.00
Distribution of ordinary dividends - 15,734,860,997 common shares at NT\$0.3 per share (NT\$0.3 in cash)	4,720,458,299.00
Subtotal of distributable items	(4,774,033,498.00)
Undistributed earnings at the end of the period	9,316,980,117.09

Chairman:



Manager:
President:



Vice President,
Finance
Division:



Accounting
Manager:



(VII) Impact on Business Performance and EPS Due to Stock Dividend Distribution Proposed in the Current Shareholders' Meeting: Not applicable.

(VIII) Remuneration of Employees and Directors

1. Percentage or range of remuneration to employees and directors as stipulated in the Company's Articles of Incorporation:

If there is profit in any given fiscal year, the Company shall set aside no less than 0.1% as the remuneration in stock or cash for employees, and no more than 0.15% as the remuneration for Directors under the resolution of the Meeting of the Board of Directors and shall be reported in the shareholders' meeting. Nevertheless, accumulated losses shall be offset in advance.

2. Basis for estimating the amount of employee and director remuneration, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

The Company shall distribute remuneration of employees and directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting remuneration of employees and directors. The Board of Directors shall decide to distribute the remuneration either in the form of shares or cash. The estimated remunerations of employees and directors for 2020 have been estimated based on this principle.

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in accounting

estimate and will be recognized in the following year.

3. Information on proposal of remunerations distribution of employees and directors approved by the Board of Directors (February 26, 2021):
 - (1) Amount of employees' remunerations: NT\$82,057,174.
 - (2) Amount of directors' remunerations: NT\$1,538,572.
 - (3) All the amounts above shall be paid in cash.
4. Actual Distribution of 2019 Earnings in 2020

Unit: NT\$

	Actual Distribution in 2020	Amount Recognized in 2019	Difference
Remuneration for Employees	622,978,554	621,159,984	1,818,570
Remuneration for Directors	11,680,848	11,646,749	34,099

Reasons and adjustments of the differences: The base for the calculation of legal reserve changed because of the application to Letter No. Economics-Commerce-10802432410 dated January 9, 2020 issued by the Ministry of Economic Affairs. As a result, the actual distribution amount of employees' and directors' remunerations in 2020 is NT\$1,852,669 higher than the estimated amount. The difference has been adjusted to the profit for the year ended December 31, 2020.

(IX) Buyback of the Treasury Shares

1. Buyback of the Treasury Shares (Executed)

As of March 31, 2021

Implementation of Buybacks	1	2	3
Purpose of Buyback	Transfer to employees	Transfer to employees	Transfer to employees
Buyback Period	2001.09.03~2001.11.02	2005.12.21~2006.02.20	2008.10.08~2008.12.07
Price Range of Buyback	NT\$8.4 ~ NT\$19	NT\$16.8 ~ NT\$37.9	NT\$21.18 ~ NT\$52.67
Class and Quantity of Shares Bought Back	150,000,000 common shares	1,600,000 common shares	108,000,000 common shares
Amount of Shares Bought Back	NT\$1,904,383,700	NT\$39,525,000	NT\$2,509,544,050
Percentage of Actual to Planned Number of Shares Bought Back (%)	100	0.8	36
Shares Retired and Transferred	150,000,000 common shares	1,600,000 common shares	108,000,000 common shares
Accumulated Number of Company Shares Held	0 share	0 share	0 share
Percentage of Accumulated Number of Company Shares Held to Total Number of Shares Issued (%)	0	0	0

2. Buyback of the Treasury Shares (Executing): None.

II. Status of Issuance of Corporate Bonds, Preferred Shares, Global Depository Receipts, Employee Stock Warrants, New Restricted Employee Shares, New Shares for Merger and Acquisition of Other Companies, and Implementation of Capital Utilization Plans

(I) Issuance of Corporate Bonds

As of March 31, 2021

Type of Corporate Bonds	1 st Unsecured Corporate Bond B in 2012	1 st Unsecured Corporate Bond A in 2013	1 st Unsecured Corporate Bond B in 2013	1 st Unsecured Corporate Bond C in 2013
Issue Date	August 3, 2012 to August 3, 2022	July 12, 2013 to July 12, 2020	July 12, 2013 to July 12, 2023	July 12, 2013 to July 12, 2028
Par Value	NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Issue Price	At par value	At par value	At par value	At par value
Total Amount	NT\$15.0 billion	NT\$6.3 billion	NT\$9.7 billion	NT\$3.6 billion
Coupon Rate	1.50% per annum	1.44% per annum	1.60% per annum	1.88% per annum
Maturity	10 years	7 years	10 years	15 years
Trustee	Trust Department, Taipei Fubon Commercial Bank	Trust Department, Mega International Commercial Bank	Trust Department, Mega International Commercial Bank	Trust Department, Mega International Commercial Bank
Underwriter	None	None	None	None
Certified Lawyer	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices
Certified Public Accountant	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan
Repayment	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the sixth and seventh years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 30%, 30% and 40% of the principal will be paid at the end of the 13th, 14th and 15th years, respectively.
Outstanding Principal Balance	NT\$15 billion	NT\$0 billion	NT\$9.7 billion	NT\$3.6 billion
Terms of Redemption or Early Repayment	None	None	None	None
Restrictive Terms	None	None	None	None
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings	twAA given by Taiwan Ratings Corporation on July 4, 2012 (Note 1)	twAA-given by Taiwan Ratings Corporation on April 30, 2013	twAA-given by Taiwan Ratings Corporation on April 30, 2013	twAA- given by Taiwan Ratings Corporation on April 30, 2013
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None	None	None
	Terms of Issuance and Conversion or Option of Shares	None	None	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders	None	None	None	None
Custodian	None	None	None	None

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <http://www.taiwanratings.com/portal/index.gsp>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

Type of Corporate Bonds		1 st Unsecured Corporate Bond A in 2014	1 st Unsecured Corporate Bond B in 2014	1 st Unsecured Corporate Bond C in 2014	1 st Unsecured Corporate Bond in 2018
Issue Date		January 23, 2014 to January 23, 2021	January 23, 2014 to January 23, 2024	January 23, 2014 to January 23, 2029	May 28, 2018 to May 28, 2025
Par Value		NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Issue Price		At par value	At par value	At par value	At par value
Total Amount		NT\$6.9 billion	NT\$7.0 billion	NT\$9.0 billion	NT\$6.0 billion
Coupon Rate		1.75% per annum	1.95% per annum	2.15% per annum	0.95% per annum
Maturity		7 years	10 years	15 years	7 years
Trustee		Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank	Hua Nan Bank Co., Ltd.
Underwriter		None	None	None	8 underwriters, like Capital Securities Corporation, etc.
Certified Lawyer		Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices
Certified Public Accountant		Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan
Repayment		From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the sixth and seventh years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 30%, 30% and 40% of the principal will be paid at the end of the 13th, 14th and 15th years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the sixth and seventh years, respectively.
Outstanding Principal Balance		NT\$0 billion	NT\$7.0 billion	NT\$9.0 billion	NT\$6.0billion
Terms of Redemption or Early Repayment		None	None	None	None
Restrictive Covenants		None	None	None	None
Name of Credit Rating Agency, Rating Date and Corporate Bond Ratings		twAA- given by Taiwan Ratings Corporation on August 27, 2013 (Note 2)	twAA- given by Taiwan Ratings Corporation on August 27, 2013 (Note 2)	twAA- given by Taiwan Ratings Corporation on August 27, 2013 (Note 2)	twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note2)
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None	None	None	None
	Terms of Issuance and Conversion or Option of Shares	None	None	None	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders		None	None	None	None
Custodian		None	None	None	None

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <http://www.taiwanratings.com/portal/index.gsp>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

Type of Corporate Bonds		2 nd Unsecured Corporate Bond in 2018	3 rd Unsecured Corporate Bond A in 2018	3 rd Unsecured Corporate Bond B in 2018	1 st Unsecured Corporate Bond A in 2020
Issue Date		August 8, 2018 to August 8, 2028	October 9, 2018 to October 9, 2025	October 9, 2018 to October 9, 2028	December 28, 2020 to December 28, 2025
Par Value		NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Issue Price		At par value	At par value	At par value	At par value
Total Amount		NT\$5.6 billion	NT\$4.15 billion	NT\$2.25 billion	NT\$1.6 billion
Coupon Rate		1.10% per annum	0.90% per annum	1.05% per annum	0.39% per annum
Maturity		10 years	7 years	10 years	5 years
Trustee		Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank	Trust Department, Taipei Fubon Commercial Bank	Mega International Commercial Bank
Underwriter		12 underwriters, like KGI securities Corporation, etc.	11 underwriters, like Capital Securities Corporation, etc.	8 underwriters, like Capital Securities Corporation, etc.	4 underwriters, like Yuanta Securities Co., Ltd., etc.
Certified Lawyer		Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices	Chien Yeh Law Offices
Certified Public Accountant		Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan	Deloitte & Touche Taiwan
Repayment		From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 25% and 75% of the principal will be paid at the end of the sixth and seventh years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the ninth and tenth years, respectively.	From the issue date, interest will be paid once a year based on the coupon rate, while 50% of the principal will be paid at the end of the fourth and fifth years, respectively.
Outstanding Principal Balance		NT\$5.6 billion	NT\$4.15 billion	NT\$2.25 billion	NT\$1.6 billion
Terms of Redemption or Early Repayment		None	None	None	None
Restrictive Covenants		None	None	None	None
Name of Credit Rating Agency, Rating Date and Corporate Bond Ratings		twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note2)	twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note2)	twAA- given by Taiwan Ratings Corporation on April 26, 2018 AA-(tw) given by Fitch Ratings Inc. on December 18, 2017 (Note2)	twAA- given by Taiwan Ratings Corporation on April 16, 2020 AA-(tw) given by Fitch Ratings Inc. on December 5, 2019 (Note2)
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None	None	None	None
	Terms of Issuance and Conversion or Option of Shares	None	None	None	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders		None	None	None	None
Custodian		None	None	None	None

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <http://www.taiwanratings.com/portal/index.gsp>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

Type of Corporate Bonds	1 st Unsecured Corporate Bond B in 2020	
Issue Date	December 28, 2020 to December 28, 2027	
Par Value	NT\$1 million	
Issue Price	At par value	
Total Amount	NT\$4.2 billion	
Coupon Rate	0.43% per annum	
Maturity	7 years	
Trustee	Mega International Commercial Bank	
Underwriter	6 underwriters, like Yuanta Securities Co., Ltd., etc.	
Certified Lawyer	Chien Yeh Law Offices	
Certified Public Accountant	Deloitte & Touche Taiwan	
Repayment	From the issue date, interest will be paid once a year based on the coupon rate, while 70% and 30% of the principal will be paid at the end of the sixth and seventh years, respectively.	
Outstanding Principal Balance	NT\$4.2 billion	
Terms of Redemption or Early Repayment	None	
Restrictive Covenants	None	
Name of Credit Rating Agency, Rating Date and Corporate Bond Ratings	twAA- given by Taiwan Ratings Corporation on April 16, 2020 AA-(tw) given by Fitch Ratings Inc. on December 5, 2019 (Note2)	
Other Rights Attached	Amount of Converted or Exchanged Common Shares, GDR or Other Securities	None
	Terms of Issuance and Conversion or Option of Shares	None
The Impact of Issuance & Conversion, Swap or Subscription and Issuance Terms on the Possible Dilution of Equities and the Equities of Current Shareholders	None	
Custodian	None	

Note 1: The ratings obtained as of the issuance of corporate bonds were listed. For the latest bond ratings, please visit the website: <http://www.taiwanratings.com/portal/index.gsp>

Note 2: The latest issuer rating obtained when the Company issued the corporate bonds. Due to the amendment and cancellation of certain provisions about credit rating requirements in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company does not have to provide bond rating report in accordance with the new regulation.

(II) Issuance of Preferred Shares

Issue Date		November 18, 1974	January 31, 1980	November 30, 1980	December 31, 1981
Item					
Par Value		NT\$10	NT\$10	NT\$10	NT\$10
Issue Price		NT\$10	NT\$10	NT\$10	NT\$10
Number of Shares		50,000,000 shares	21,887,000 shares	797,000 shares	4,006,000 shares
Total Amount		NT\$500,000,000	NT\$218,870,000	NT\$7,970,000	NT\$40,060,000
Rights and Obligations	Distribution of Dividends and Bonuses	In case of any earnings earned in any given fiscal year being reported from the Company's final annual accounting, the Company shall appropriate or reverse a special reserve firstly after taxes, losses and legal reserves have been paid, made up and set aside respectively. Secondly, a preferred share dividend shall be distributed at 14% of the par value, and a common share bonus shall be distributed at no more than 14% of the par value. In case the account still remains any distributable earnings, additional bonuses shall be distributed according to the percentage of shares held by each shareholder of preferred and common shares. In case of no earnings in a given year or in the event that the earnings are insufficient to cover the distribution of dividends for preferred shares, the outstanding dividends for distributable preferred shares shall accrue and be made up firstly when there are earnings in any subsequent year.			
	Distribution of Residual Property	Same as common shares			
	Exercise of voting rights	No right to elect directors			
	Others	Same as other rights and obligations for common shares			
Outstanding Preferred Shares	Number of Shares Recovered or Converted	0 share (2020 and up to March 31, 2021)			
	Number of Shares not Recovered or Converted	38,267,999 shares (as of March 31, 2021)			
	Terms for Recovery or Conversion	The Company may recover the preferred shares issued with the earnings or proceeds from the issuance of new shares. Preferred shareholders may request to convert their preferred shares to common shares.			
Market Price per Preferred Share	2017	Highest	44.00		
		Lowest	41.55		
		Average	42.44		
	2018	Highest	43.40		
		Lowest	40.20		
		Average	42.58		
	2019	Highest	55.40		
		Lowest	43.15		

		Average	48.27
	2020	Highest	55.50
		Lowest	47.35
		Average	52.92
	As of March 31, 2021	Highest	51.50
		Lowest	50.50
		Average	51.01
Other Rights Attached	Amount of Shares Converted or Subscribed as of March 31, 2021		NT\$0
	Terms of Issuance and Conversion or Option of Shares		Preferred shares issued by the Company can be recovered using its earnings or the proceeds from the issuance of new shares. Preferred shareholders may request to convert their preferred shares to ordinary shares.
The Impact of Issuance Terms on the Equities of Preferred Shareholders, the Possible Dilution of Equities, and Equities of Current Shareholders			None

(III) Issuance of Global Depository Receipts

Issue Date		May 28, 1992	February 2, 1997	October 22, 2003	August 1, 2011
Item					
Issuance and Listing Location		Major regions in Europe, America and Asia	Major regions in Europe, America and Asia	Major regions in Europe, America and Asia	Major regions in Europe, America and Asia
Total Amount Issued		US\$327,600,000	US\$186,607,572.50	US\$936,086,488	US\$751,067,478
Issue Price per unit		US\$18.2/1 unit	US\$18.35/1 unit	US\$15.56/1 unit	US\$19.67/1 unit
Total Number of Units Issued		18,000,000 units	10,169,350 units	60,159,800 units	38,183,400 units
Source of Securities Represented		Common shares of China Steel Corporation	Common shares of China Steel Corporation	Common shares of China Steel Corporation	Common shares of China Steel Corporation
Amount of Securities Represented		360,000,000	203,387,000	1,203,196,000	763,668,000
Rights and Obligations of Depository Receipt Holders		Dividend distribution for depository receipts is the same as that of the Company's common shares, while other rights and obligations shall follow the content of the depository contract.			
Trustee		None	None	None	None
Depository Institution		Citibank, New York Branch	Citibank, New York Branch	Citibank, New York Branch	Citibank, New York Branch
Custodian		Citibank, Taipei Branch	Citibank, Taipei Branch	Citibank, Taipei Branch	Citibank, Taipei Branch
Outstanding Balance		12,597,670 shares (as of March 31, 2021)			
Apportionment of Expenses for Issuance and Maintenance		Issuance costs were borne by the Ministry of Economic Affairs	Issuance costs were borne by the Ministry of Economic Affairs	Issuance costs were borne by the Ministry of Economic Affairs	Issuance costs were borne by the Company
Terms and Conditions in the Deposit Agreement & Custody Agreement		Omitted	Omitted	Omitted	Omitted
Market Price per Unit	2020	Highest	US\$ 17.79		
		Lowest	US\$ 12.22		
		Average	US\$ 14.43		
	Current year up to March 31, 2021	Highest	US\$ 18.57		
		Lowest	US\$ 16.38		
		Average	US\$ 17.57		

(IV) Issuance of Employee Stock Warrants and New Restricted Employee Shares: None

(V) Issuance of New Shares for Merger or Acquisition of Other Companies: None

(VI) Implementation of Capital Utilization Plan: The Company does not have any security issuance that was incomplete or completed over the past three years but not fully yielded the planned benefits.

Chapter V Operational Highlights

I. Business Activities

(I) Business Scope

1. CA01010 Iron and Steel Refining
2. CA01030 Steel Casting
3. CA01020 Iron and Steel Rolls over Extends and Crowding
4. CA01050 Iron and Steel Rolling, Drawing, and Extruding
5. CA02080 Metal Forging Industry
6. CA03010 Metal Heat Treating
7. CA04010 Metal Surface Treating
8. E103101 Environmental Protection Construction
9. E602011 Refrigeration and Air Conditioning Engineering
10. CB01010 Machinery and Equipment Manufacturing
11. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
12. E604010 Machinery Installation Construction
13. ZZ99999 Any other businesses that are not prohibited or restricted by law, except for businesses requiring special approvals.

Please refer to Page 130 for more details on the Company's current products. Please refer to Page 194-198 for more details on new products to be developed.

Main business scope of CSC Group:

1. Steel industry - includes China Steel Corporation, Dragon Steel Corporation, Chung Hung Steel Corporation, CSC Steel Sdn. Bhd., China Steel and Nippon Steel Vietnam Joint Stock Company, and China Steel Corporation India Pvt. Ltd., which mainly engages in the manufacture and sales of steel products.
2. The remaining business scope of CSC Group includes the following: production and sales of coal chemicals and specialty chemicals; environmental electromechanical engineering and agent; production and sales of granulated blast furnace slag (GBFS) powder and cement, resource reutilization; design, processing, manufacture and sales of various types of steel structure; dry bulk shipping; manufacture and sales of aluminum, titanium, nickel and other non-ferrous metals; design and sales of software and hardware; general investment; trading; contracting and management of civil engineering project; manufacture and sales of targets, magnetic materials, electronic ceramics and machinery; development, leasing and sales of real estate; mass rapid transit system operations; manufacture of rolling stock and parts; green power generation; offshore wind power substructure; offshore wind power generation.

(II) Revenue Breakdown
Standalone

Unit: NT\$ thousands

Item	2020		2019	
	Amount	%	Amount	%
Revenue from sales of goods	177,864,295	96.75	201,535,449	97.22
Revenue from construction contracts	2,339,990	1.27	2,090,380	1.01
Revenue from rendering of services	1,213,170	0.66	1,310,380	0.63
Other revenues	2,424,071	1.32	2,361,324	1.14
Operating revenues	183,841,526	100.00	207,297,533	100.00

Consolidated

Unit: NT\$ thousands

Item	2020		2019	
	Amount	%	Amount	%
Revenue from sales of goods	289,981,764	92.12	332,497,927	90.79
Revenue from construction contracts	14,140,855	4.49	24,243,739	6.62
Freight and service revenues	7,359,857	2.34	6,773,430	1.85
Other revenues	3,300,825	1.05	2,725,639	0.74
Operating revenues	314,783,301	100.00	366,240,735	100.00

(III) Industry Overview

In 2020, revenues from steel products account for nearly 80% of the consolidated operating revenues of CSC Group. Therefore, the following industry overview mainly revolves around the steel industry:

1. Current situation and development of the industry

The year 2020 had witnessed a downturn in the global economy and the aftermath of trade disputes between China and the United States and among other countries, Brexit, and geopolitical risks continued to reverberate. These uncertainties had sapped global economic momentum, weakening the growth rate of international trade and investment confidence. Coupled with the spread of the COVID-19 pandemic, the world's major economies were shrouded in downbeat expectations. In the first half, the international steel market was in a downturn, the majority of steel mills were faced with a difficult situation in their operations, and the global steel prices also hit the cyclical bottom for a while. Under the circumstance that basic industries had weak momentum, the global economic growth was significantly impacted, especially for the European and American markets that were worst stricken by the pandemic, so that economic support had generally weakened. In response to the impact of negative factors, countries have introduced a variety of measures and policies in terms of tax and fee reduction, corporate financing, lower requirement for loan application, boosting consumption, and increasing investment in infrastructures such as railways, highways, and airports. These efforts are expected to maintain the domestic demand

market and support enterprises to tide over the difficulties. On the other hand, industries such as remote control and 5G, benefiting from the new lifestyle under the pandemic, had witnessed robust development against the trend, serving as the driving force of global economic growth. In the second half of the year, countries had successively released the lockdown to restart their economies, and consequently, the market conditions began to bottom out. With the progress in the rollout of COVID-19 vaccines in 2021 and a growing vaccination rate, the global economy is projected to steadily recover, and the steel market is expected to have a robust resurgence.

Since Taiwan's downstream steel industries are export-oriented, the domestic steel demand was under pressure due to the international pandemic situation in 2020 and the overall sales volume was in a decline. Nonetheless, the demand from industries such as public construction, factory building, and housing remained stable thanks to the government's domestic demand stimulus policies to boost the economy, the incentives to encourage the return of overseas Taiwanese businesses, and the remarkable domestic anti-epidemic performance. In addition, the demand from automobile, motorcycle and home appliance industries that were benefited from tax break or subsidy policies maintained stable. However, the orders from some of the export-oriented industries, such as machinery, metal processing, hand tools, and fasteners was in a decline for a time, but it has begun to revive since the second half as the economies of various countries released the lockdown one after another.

In the tide of global supply chain restructuring and regional economic integration, as a result of responding to the pandemic and echoing the structural changes of industries, the steel downstream industries in Taiwan continue to actively expand overseas markets, scatter the proportion of customers around the world, and increase investment to reduce production risks. Moreover, they also make constant efforts to push for high-value added development, increase resilience to changes and strengthen corporate competitiveness. Looking forward to 2021, the outlook of the steel market is optimistic as the global pandemic is gradually under control.

2. Relevance between the upstream, midstream, and downstream sectors of the industry

The structure of the steel industry in Taiwan is well developed and comprised of complete upstream, midstream, and downstream systems. Ironmaking raw materials (e.g., coking coal, iron ore, and scrap) mainly rely on imports. The midstream steel rolling industry is mainly composed of re-rollers, so semi-finished products such as billets and slabs rely on imports. The downstream is finely divided and comprised of numerous metal processing industries that are distributed throughout the country.

Upstream manufacturers can be divided, according to crude steel production method, into steel making by blast furnace and electric arc furnace. The Company, an integrated steel mill, uses main raw materials, such as coking coal and iron ore. The raw materials are processed through iron making in blast furnaces to steel making in basic oxygen furnaces, and are eventually rolled into various types of steel materials (e.g., plates, hot-rolled and cold-rolled coils, coated products, and bar and wire rods). Electric arc furnace major operators, Feng Hsin Steel Co., Ltd. and Dragon Steel Corporation, use steel scrap as main raw material and produce steel mainly for construction application.

Midstream manufacturers refer to re-rollers and coil centers, which purchase billets, slabs or hot-rolled products from upstream manufacturers, and process them into various types of cold-rolled or long products.

Major downstream steel-using industries include construction, transportation (ships, automobiles, motorcycles and bicycles), metal products (bolts and nuts, hand tools, hardware and furniture), industrial machinery and equipment, electrical and electronic machinery (home appliances, motors, personal computers, and electronic components), chemical engineering, telecommunications and other industries.

3. Product development trends and competition

Except for a few types of steel products made of special materials, Taiwan experiences an oversupply of most types of steel products due to the limited absorption of the Taiwan market. Although not many Taiwanese manufacturers produce certain steel products, these products can still be imported; thus, there are many competitors in the market. The thin market in Taiwan has further intensified competition.

Although Taiwan holds a superior geographical location of the center of East Asia that is in favor of export, it is susceptible to the export competition pressure from major steel-producing countries such as Mainland China, Russia, Japan, South Korea, Vietnam, and India. In recent two years, the situation that low-price products from these exporting countries to interfere with external markets has slightly been suppressed as the result of the prevailing international trade protectionism. However, in the face of cutthroat competition in the global common-grade steel market, it is an inevitable trend for Taiwan's steel industry progresses toward the development of high-end and high value-added steel products.

(IV) Technology and Research & Development Overview

Research and development (R&D) expenditure in 2020 is listed as follows:

Unit: NT\$ thousands	Standalone	Consolidated
2020	1,880,953	1,947,816
First Quarter of 2021	517,457	541,357

R&D status in 2020:

The Company completed a total of 34 new product R&D projects in 2020, a fruitful year for the Company in terms of R&D, and continued the efforts towards enhancing competitive advantage through product differentiation. In terms of intellectual property rights, the Company applied for 186 patents in 2020, of which 179 had been granted the certificate. Once again in 2020, the Company was awarded the Silver Medal of National Innovation and Creation Award for the research achievement of "Method for manufacturing gyromagnetic element".

Based on the operational and developmental cores, “the high value added steel mill” and “development of green energy industry,” the current R&D strategy of the Company is to develop core capabilities, including developing advanced premium steel, establishing excellent manufacturing capability, and introducing AIoT, boosting productivity, and deepening the upgrade of steel-using industry. R&D resources are mainly invested in key research projects, in the hope of cultivating technology and achieving sustainable development.

In 2020, the Company and our subsidiaries accomplished outstanding R&D results in various areas, including products, manufacturing processes, and energy and environmental protection technologies. The major R&D outcomes are listed as follows:

1. Core technology for the electric vehicle industry
 - (1) Development of electrical sheets: Through the establishment of key technologies, the Company has developed thin electrical sheets, such as 30CS2000P and 20CS1200FY, which are characterized by lower iron loss, higher magnetic flux and higher strength for drive motors in electric vehicles. The Company has successfully made such products sourced by major electric vehicle manufacturers and has become a critical supplier of electrical sheets.
 - (2) Development of advanced high-strength steel: To meet lightweight and safety requirements, advanced high-strength steel has become the development trend of vehicle structural components. In addition to a variety of dual-phase steel and high hole-expansion steel, CSC spares no efforts to develop steel products with higher strength and ductility, and intends to fill the gap in the industry's supply chain by supplying domestic and overseas automobile brands.
 - (3) Development of self-adhesive coating sheets and its processing technology: The Company has successfully developed self-adhesive coating sheets and its processing technology to reduce the iron loss of electric vehicles, improve efficiency, and increase endurance. In addition, the Company has mastered the core technology of the production of self-adhesive molds and jigs and has been equipped with demonstration equipment, in support of domestic manufacturers to optimize their process equipment and enhance their mass production capacity.
2. Intelligent manufacturing technology
 - (1) Development of smart metallurgical design technology: In a bid to facilitate the design and simulation of the most suitable metallurgical parameters, the Company applies AI to construct a prediction model for mechanical properties with cross-process production parameters, effectively shortening the time of product development and response to customers' inquiry for available capacity. Besides, it achieved the goals of simplifying steel types and improving the rate of continuous casting.
 - (2) Development of multi-purpose object detection technology through deep learning: With the characteristics of images observed, the Company has developed multi-purpose object detection technology specifically for steel production.
3. Energy and environmental protection technology

The Company has accomplished the development and application of several energy-saving technologies, introduced the pure oxygen combustion to ladle preheating stations in order to reduce the consumption of sourced natural gas, and completed system design and component production. Besides, the Company has established furnace temperature control system for low capacity utilization periods, effectively reducing fuel consumption of annealing furnaces. What's more, intelligent models for hot stove have been constructed and incorporated into the intelligent blast furnace module.
4. Development of important industrial materials

CSC Group makes constant efforts to develop various industrial materials and

products, such as fine carbon materials, lithium-ion battery materials, magnetic materials and automotive lightweight aluminum sheets. In 2020, the orders for automotive aluminum sheets reached up to 8,200 tons from the domestic and foreign markets. What's more, it has passed 14 material verifications from 4 OEMs.

In the face of business challenges, the Company will continue to enhance our differentiation advantage in terms of cost, product, energy saving and environmental protection, and customer service to improve the Company's overall competitiveness. To achieve the goal of continuous growth, we combine the research capabilities of the industry, the government and the academia in developing products and technology for downstream applications.

(V) Short-Term and Long-Term Business Development Plans

"Being customer service oriented, we truly understand customers' needs, and supply steel materials with appropriate quality in appropriate quantities at appropriate times through multi-stage and multi-level of services before, during and after sales. In addition, we assist customers in solving problems related to material use and technologies to improve service quality, turning quality assurance into usage assurance." Based on these principles, CSC's short-term and long-term business development plans can be divided into the following:

1. Short-term business development plans

- (1) Enhance manufacturing process technology capabilities, improve the competitiveness of production lines, and increase the production of high-end and high value-added steel.
- (2) Strengthen the marketing capabilities of overseas production bases, coil centers, and sales bases, and master the changes in sales channels and the international market.
- (3) Actively participate in important meetings of international organizations and grasp the dynamic and strategic thinking of major global steel mills.
- (4) Integrate the Group's and invested resources, such as hot-rolled products and slabs from the Company, Chung Hung Steel Corporation, Dragon Steel Corporation, Formosa Ha Tinh Steel Corporation, etc., and provides mutual support to expand the regional sales foundation in Southeast Asia, Europe, America, and Japan.
- (5) Promote environmental protection and energy-saving, uplift production efficiency, and accelerate the implementation of equipment replacement.

2. Long-term business development plans

- (1) Develop peripheral businesses around the steel industry, and intervene in industries relevant to the steel industry in terms of sales, technology and process.
- (2) Use extensive experience and capabilities in business management, plant construction and engineering, and information integration to provide technology consulting service.
- (3) Participate in major national infrastructure construction and expand domestic demand market.
- (4) Develop target products with high added value and high competitiveness to enhance the competitiveness of the steel-using industry.

- (5) Strengthen environmental protection and social services.
- (6) Improve talent cultivation, technology and experience inheritance, and achieve the long-term goal of sustainable development.
- (7) Promote intelligent production and sales and smart manufacturing through artificial AI innovation, with the goal of developing into a high value added steel mill with premium products.

II. Market, Production and Sales Overview

(I) Domestic and Export Sales Breakdown for Steel Products

2020 Domestic and Export Sales Breakdown by Region - Standalone

Sales Target	Amount (metric ton)	Percentage (%)
Taiwan	6,663,700	65.70%
Southeast Asia	1,018,892	10.04%
Mainland China (including Hong Kong)	918,944	9.06%
Japan	525,548	5.18%
Others	1,015,900	10.02%
Total	10,142,984	100.00%

2020 Domestic and Export Sales Breakdown by Region- Consolidated

Sales Target	Amount (metric ton)	Percentage (%)
Taiwan	8,023,151	55.24%
Southeast Asia	2,014,836	13.87%
Mainland China (including Hong Kong)	1,637,573	11.28%
Japan	809,669	5.58%
Others	2,037,989	14.03%
Total	14,523,218	100.00%

(II) Market Supply and Demand Outlook

Looking forward to 2021, the global economy is expected to recover steadily with the constant good news in COVID-19 vaccine development and production and the continuous launch of infrastructure projects and domestic demand stimulus policies in countries worldwide.

According to worldsteel's short range outlook published in October 2020, global steel demand is projected to grow by 4.1% in 2021 compared to 2020. As for the supply side, the prices of coking coal and iron ore are expected to remain at a high level, which also drives the rise of the prices in other by-materials such as alloy and limestone. Alongside the tightness in global shipping markets, the high prices will additionally increase the costs of steel mills, but in turn they will help to support the steel market. On the one hand, international steel mills have recovered their production capacity successively; on the other hand, China has announced that the crude steel output in 2021 shall fall below that in 2020 and Tangshan City has announced its production restriction measures to curb emission through the end of this year. Therefore, under the condition of a tight supply side, steel prices are expected to maintain stability.

For the domestic market, the sales of domestic-oriented products is worth expecting. Compared with other countries, Taiwan is less stricken by the pandemic, which contributes to the stability of the domestic market. Benefited from the return of overseas Taiwanese businesses that has begun since last year and the continued effect of transfer orders, domestic investment is expected to grow steadily. As a result, industries related more to domestic demand, such as steel structures, automobiles and motorcycles, wind power, infrastructure, network servers, motors, and home appliances, are anticipated to have a robust demand, while the export-oriented industries including hand tools, fasteners, and machinery, are also expected to register recovery with the mitigating pandemic situation worldwide. On the whole, Taiwan's steel industry is anticipated to bottom out and the market outlook is optimistic.

In 2020, the domestic market share of the Company's main steel products were 56% for plates, 53% for bar and wire rods, 31% for hot-rolled coils, 50% for cold-rolled coils, 81% for electrical sheets, 27% for hot-dip galvanized steels and 59% for electrogalvanized steels, respectively. (The joint market share of hot-rolled coils produced by the Company, Dragon Steel Corporation and Chung Hung Steel Corporation was 86%, while the market share of cold-rolled coils produced by the Company and Chung Hung Steel Corporation was 67%)

(III) Business Objectives

In 2021, the Company plans to sell a total of 9.46 million tons of steel products, including domestic sales of 5.91 million tons and export sales of 3.55 million tons. The Steel Division of CSC Group is targeting sales of 14.44 million tons, including domestic sales of 9.48 million tons and export sales of 4.96 million tons.

In the future, the Company will continue to optimize the production and marketing mechanism of monthly pricing and establish effective flexible measures to quickly acquire orders and maintain smooth shipments; to enhance customer relationship management, play well the role of a high-value added steel mill, and promote the supply of high-end and strategic steel products; to actively establish marketing channels and expand overseas business opportunities to build a solid supply chain for domestic and international sales and achieve the goal of sales growth.

(IV) Development Prospects and Favorable and Unfavorable Factors Thereof

1. Development prospects

Regarding the domestic and international environment, according to the forecast by the International Monetary Fund (IMF) in January 2021, the global economic growth rate this year will be 5.5%, up from the 5.2% it had forecast in October 2020. The National Development Council issued Taiwan business cycle indicators for December, indicating that with the "full recovery" of the domestic economy, the economy has turned into a "yellow-red light," which was not seen since March 2011, suggesting a trend of the economy toward boom. In Taiwan, the leading and coincident indicators were rising simultaneously and the 2.98% GDP growth rate registered last year. All these signals reveal that Taiwan's economy continues to warm up, which will further drive consumption and investment demand. In addition, with the rollout of the COVID-19 vaccines and the large-scale vaccination in Europe

and the United States, it is expected that the pandemic will come to an end and the global economy will regain the upward momentum.

In terms of the international steel market, World Steel Association (worldsteel) projected in October 2020 that the global steel demand will increase by 4.1% to 1.795 billion tons in 2021, suggesting that the international steel consumption will rise after the pandemic eased.

Under the aforesaid internal and external challenges, the Company continuously aims at growing into a steel mill with premium products and developing high technical content and high value-added steel products. Conforming to the trend of Industry 4.0, the Company strives to uplift the production efficiency to reduce costs and shorten delivery lead time with the help of various techniques including smart factory, smart manufacturing, cloud computing, and big data. In addition, the Company aims to optimize transportation scheduling to reduce logistics costs using AI technology and improve overall customer services to create a niche. With the goal of improving customer services experience, CSC will try its best to meet customers' potential needs and pay more attention to the overall long-term development of the steel industry.

2. Favorable and unfavorable factors

Favorable factors:

- (1) Governments in Europe, America, and Southeast Asia continue to promote infrastructure projects and cut interest rates to lower capital costs, which will drive global steel demand.
- (2) Mainland China's production restriction policy directions remain unchanged. The stabilized steel production capacity, expanding infrastructure, and reducing steel exports are conducive to a stable growth of the steel market.
- (3) Despite the moderate epidemic situation in Taiwan, the government continues to strengthen the policies of investing in public construction and stimulating domestic demand, which, coupled with the return of overseas Taiwanese businesses and the effect of transfer orders, will drive the steel industry to rise steadily.
- (4) The industrial chain moves toward high-end applications and the downstream industries have strong international competitiveness, high industry intensity, division of labor based on specialization, and rapid responsiveness, which are beneficial to the expansion of overseas markets.

Unfavorable factors:

- (1) Protectionism in global trade still exists and restricts the export market expansion. The efforts of Taiwan to join relevant regional economic cooperation organizations are subject to international political and economic objective conditions, leading to higher tariff barriers than competing countries.
- (2) A 25% tariff imposed by the U.S. on imported steel since 2018 has pushed out products previously sold to the U.S. by downstream manufacturers in Taiwan, such as coated products, steel pipes, and cold-rolled products. Thus, such products have to be sold to relatively low-priced regions, such as Southeast Asia.

The US-China trade dispute is not over yet and the new situation remains unclear as U.S. President Biden takes office.

- (3) Considering the volatile geopolitics in Southeast Asia and other regions, few steel mills may undersell steel when the steel market faces an adjusted period, which may cause short-term regional steel market fluctuations and operational risks.

3. The Company's countermeasures

The Company's countermeasures in response to problems and challenges in the steel industry are as follows: (1) Consolidate the market: File anti-dumping charges against the unfair competition caused by low-priced imports; grasp development trends of related industries to expand the scope of product supply; For the tariff imposed by various countries, strive for tariff exemption or quota with help from the government or develop cooperation with downstream enterprises in response; (2) Enhance the added value of products: Actively develop high-end and high value-added new products to increase the percentage of new products and high-end products; (3) Improve process flexibility: Develop dynamic metallurgical process models to improve product quality, shorten delivery time, and reduce costs; (4) Improve productivity: Reduce production costs by running lean organizations, lowering costs of raw material, saving energy, simplifying production processes, and improving yield rate and production efficiency; (5) Strengthen supply chain services: Provide customers and suppliers with a more efficient production and sales mechanism, for example, increasing the management efficiency of monthly pricing system to improve flexibility and adaptability; (6) While the steel market is undergoing structural changes, to get close to the market demand, quickly obtain orders and maintain operational momentum.

(V) Uses and Production Process of Major Products

Plates: Shipbuilding, bridges, steel structures, oil country tubular goods (OCTGs), storage tanks, boilers, pressure vessels, truck chassis, general structural components, etc.

Bars: Bolts and nuts, hand tools, loudspeaker parts, automobile and motorcycle parts, machinery parts, etc.

Wire rods: Bolts and nuts, steel wires and ropes, hand tools, welding electrodes, tire cords, umbrella ribs, chains, etc.

Hot-rolled steels: Steel pipes and tubes, vehicle parts, containers, pressure vessels, jacks, cold-rolled and galvanized steels, light steel frame and formed processed products, etc.

Cold-rolled steels: Steel pipes and tubes, steel furniture, home appliances, drums, automobile panels, galvanized steels, general hardware, etc.

Electro-galvanized steels: Computer cases/parts and accessories, home appliance panels/parts and accessories, automobile panels, construction materials, furniture hardware, etc.

Hot-dip galvanized steels: Automobile and home appliance parts and components, computer cases/parts and accessories, PPGI, construction materials, etc.

Electrical steels: Motors, transformers, ballasts, etc.

The main manufacturing processes for the Company's products comprise raw material

processing, ironmaking, steelmaking, rolling and surface treatment:

Raw materials: Imported coking coal, iron ore and limestone are unloaded to the raw material storage yard. Coking coal is then transported to coke oven plants to produce coke, while iron ore and limestone are transferred to the sinter plants to produce sinter.

Ironmaking: Iron ore, sinter, pellet, coke and flux are charged to blast furnaces to produce molten iron (hot metal), which is then transported by torpedo cars to basic oxygen furnaces for steelmaking.

Steelmaking: Hot metal and steel scrap are poured into basic oxygen furnaces to be processed into liquid steel, most of which are further processed at secondary refining stations before being cast into blooms and slabs.

Rolling: Blooms are fed into the billet mill to be shaped into billets and further processed into bars or wire rod products in the bar or rod mills. Slabs are fed into the plate mill to be rolled into plates or processed into hot rolled bands in the hot strip mills. Hot rolled bands can be further processed into hot rolled products in the finishing mill or to produce cold rolled products in the cold rolling mills.

Surface treatment: To enhance the special functions of cold-rolled coils, special treatment is made on the surface of these products, such as applying a thin insulating coating on electrical sheet to improve its electromagnetic performance. Galvanized steel sheets are made through coating cold-rolled coils with a layer of zinc by hot-dipped galvanizing or electrogalvanizing to achieve aesthetic and anti-corrosion effects. The surface of galvanized steel sheet is even applied with chromate or anti-fingerprint coating to improve its corrosion resistance and painting properties.

(VI) Supply of Major Raw Materials

A. Sources of Coking Coal (January 1, 2020 to December 31, 2020)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Australia	563	76.81%	Australia	305	84.72%
Canada	123	16.78%	Canada	49	13.61%
Others	47	6.41%	Others	6	1.67%
Total	733	100.00%	Total	360	100.00%

B. Sources of Iron Ore (January 1, 2020 to December 31, 2020)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Australia	1,099	83.00%	Australia	546	72.60%
Brazil	128	9.67%	Brazil	174	23.14%
Canada	97	7.33%	Canada	19	2.53%
Others	1,324	100.00%	Others	13	1.73%
			Total	752	100.00%

C. Sources of Limestone (January 1, 2020 to December 31, 2020)

China Steel Corporation			Dragon Steel Corporation		
Country	Amount (ten thousand tons)	Percentage (%)	Country	Amount (ten thousand tons)	Percentage (%)
Japan	111	44.22%	Japan	80	50.63%
Taiwan	51	20.32%	Vietnam	28	17.72%
Vietnam	35	13.95%	Taiwan	20	12.66%
Philippines	31	12.35%	Philippines	19	12.03%
Others	23	9.16%	Others	11	6.96%
Total	251	100.00%	Total	158	100.00%

Note: CSC Group mainly engages in the steel industry and only the Company and Dragon Steel Corporation are integrated steel manufacturers, so here we only provide the sources of main raw materials, namely coking coal, iron ore and limestone.

(VII) Information on suppliers/customers accounting for more than 10 percent of the total purchases (sales) of goods in any of the most recent two years:

- Information on customers accounting for more than 10 percent of the total sales of goods at the Company:

Year	Name	Amount (NT\$ thousands)	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
2019	Chung Hung Steel Corporation	20,637,270	10.24	Subsidiary
	Others	180,898,179	89.76	N/A
	Net sales	201,535,449	100.00	N/A
2020	The Company do not have any customers accounting for more than 10 percent of the total sales of goods.			
As of the previous quarter in 2021	Information for the previous quarter prior to the publication date of this annual report is the information for 2020. Hence, the information is as above.			

Note on increase or decrease: The sales to Chung Hung Steel Corporation decreased and fell below 10%, which was mainly due to the decreased sales volume and falling unit price of steel products, thereby resulting in a decrease of the overall sales amount.

- Information on suppliers accounting for more than 10 percent of the total purchases of goods at the Company:

Year	Name	Amount (NT\$ thousands)	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
2019	Company A	18,873,284	13.76	Supplier
	Dragon Steel Corporation	17,209,793	12.55	Wholly-owned subsidiary
	Company B	14,765,907	10.77	Supplier
	Others	86,282,143	62.92	N/A
	Net purchases	137,131,127	100.00	N/A

2020	Company A	17,105,479	17.19	Supplier
	Dragon Steel Corporation	13,710,118	13.78	Wholly-owned subsidiary
	Others	68,667,458	69.03	N/A
	Net purchases	99,483,055	100.00	N/A
As of the previous quarter in 2021	Information for the previous quarter prior to the publication date of this annual report is the information for 2020. Hence, the information is as above.			

Note on increase or decrease: The purchase amount of Company B decreased and fell below 10%, which was mainly due to the decreased purchase quantity and falling unit price of slabs, thereby resulting in a decrease of the overall purchase amount.

3. The Company and our subsidiaries do not have any customers accounting for more than 10 percent of the total consolidated sales of goods.
4. Information on suppliers accounting for more than 10 percent of the total purchases of goods at the Company and our subsidiaries:

Year	Name	Amount (NT\$ thousands)	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
2019	Company A	25,105,135	10.91	Supplier
	Others	204,957,133	89.09	N/A
	Net purchases	230,062,268	100.00	N/A
2020	Company A	25,541,991	14.52	Supplier
	Others	150,312,302	85.48	N/A
	Net purchases	175,854,293	100.00	N/A
As of the previous quarter in 2021	Information for the previous quarter prior to the publication date of this annual report is the information for 2020. Hence, the information is as above.			

Note on increase or decrease: The increased purchase amount of Company A in 2020 was mainly due to the rising unit price of products purchased.

(VIII) Breakdown of production and sales volume and value of steel products in the most recent two years

Standalone - Breakdown of production volume and value

Unit: Production capacity/volume - metric ton; Production value - NT\$ thousands

Major Product	Year Production Volume and Value	2020			2019		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Plates		1,000,000	865,484	15,130,669	1,000,000	840,934	15,747,144
Bars and wire rods		1,626,000	1,691,492	30,529,627	1,626,000	1,666,159	33,313,153
Hot-rolled products		3,725,000	2,724,713	38,595,289	3,725,000	2,814,129	44,454,938
Cold-rolled products		2,409,000	2,927,398	56,440,877	2,409,000	2,991,574	62,863,850
Other steel products		-	500,331	6,276,375	-	426,872	5,979,061
Total (Steel products)		8,760,000	8,709,418	146,972,837	8,760,000	8,739,668	162,358,146
Others (Non-steel products and by-products)		NA	NA	2,788,578	NA	NA	3,386,836
Total		NA	NA	149,761,415	NA	NA	165,744,982

Note: Other steel products refer to commercial slabs, pig iron, titanium and nickel alloy steel, stainless steel, etc.

Standalone - Breakdown of sales volume and value

Unit: Sales volume - metric ton; Sales value - NT\$ thousands

Major Product	Year Sales Volume and Value	2020				2019			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plates		826,976	17,346,691	44,763	738,094	785,110	16,864,130	58,167	1,173,403
Bars and wire rods		1,654,658	34,228,410	160,286	3,028,899	1,716,307	40,444,184	163,221	3,617,989
Hot-rolled products		1,450,598	22,133,769	1,556,293	21,603,305	1,671,353	28,143,241	1,484,654	24,390,882
Cold-rolled products		1,321,788	26,690,104	1,701,810	30,727,842	1,466,048	31,132,502	1,561,041	32,712,257
Other steel products		1,409,680	16,341,179	16,132	226,646	1,385,014	18,467,258	26	8,417
Others (Non-steel products and by-products)		NA	4,312,517	NA	486,839	NA	4,581,186	NA	-
Total		6,663,700	121,052,670	3,479,284	56,811,625	7,023,832	139,632,501	3,267,109	61,902,948

Consolidated – Breakdown of production volume and value

Unit: Production capacity/volume - metric ton; Production value - NT\$ thousands

Major Product	Year	2020			2019		
	Production Volume and Value	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Plates		1,000,000	865,484	15,130,669	1,000,000	840,934	15,747,144
Bars and wire rods		1,626,000	1,691,492	30,529,627	1,626,000	1,666,159	33,313,153
Hot-rolled products		9,925,000	8,179,373	114,835,062	9,925,000	8,241,940	130,914,007
Cold-rolled products (including cold-rolled and coated products)		4,839,000	4,430,040	84,177,534	4,839,000	4,615,946	97,090,844
Steel pipes		248,000	58,242	1,188,934	248,000	136,757	3,016,435
H-beams		600,000	464,397	8,042,797	600,000	442,385	8,681,345
Narrow plates			59,742	1,106,793		43,658	895,406
Steel frames		240,000	119,583	6,183,973	240,000	131,796	6,871,406
Other steel products		NA	1,898,802	24,601,814	NA	1,827,948	27,148,702
Total (Steel products)		18,478,000	17,767,155	285,797,203	18,478,000	17,947,523	323,678,442
Others (Non-steel products and by-products)		NA	NA	14,578,108	NA	NA	21,210,979
Total		NA	NA	300,375,311	NA	NA	344,889,421

Note: Other steel products refer to commercial slabs, billet, pig iron, titanium and nickel alloy steel, stainless steel, etc.

Consolidated – Breakdown of sales volume and value

Unit: Sales volume - metric ton; Sales value - NT\$ thousands

Major Product	Year		2020				2019			
	Sales Volume and Value		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plates			695,599	14,229,490	44,562	734,571	718,406	15,346,695	58,099	1,171,345
Bars and wire rods			1,651,957	34,204,664	160,288	3,030,400	1,710,463	40,394,247	163,218	3,622,542
Hot-rolled products			3,400,890	51,479,834	3,267,102	44,628,954	3,458,395	58,381,080	3,124,737	50,457,313
Cold-rolled products			1,605,299	31,692,009	2,888,669	53,021,668	1,733,562	36,141,593	2,907,703	60,747,194
Steel pipes			9,797	209,952	52,860	1,013,014	9,410	253,628	128,859	3,464,883
H-beams			393,548	8,345,072	34,749	603,958	360,609	7,633,923	53,534	1,077,928
Narrow plates			59,402	1,222,671	-	-	35,400	776,653	-	-
Other steel products			206,659	2,357,090	51,837	456,326	124,113	1,510,845	36,802	384,826
Steel trading and others (Non-steel products and by-products)			NA	774,871	NA	544,146	NA	924,910	NA	76,257
Total			8,023,151	144,515,653	6,500,067	104,033,037	8,150,358	161,363,574	6,472,952	121,002,288

Note: The sales revenue of China Steel Global Trading Corporation and its subsidiaries has been reclassified from “Steel products revenue” to “Trading and logistics revenue” since 2019, and will no longer be included in the breakdown of steel product sales volume and value.

III. Human Resources Overview

(I) Number of employees, average age and years of service at the Company in the most recent three years:

(As of March 31, 2021)

Year		2019	2020	2021.03.31
Number of Employees		10,238	9,969	9,819
Average Age		45.14	44.40	44.36
Average Years of Service		13.77	13.62	13.69
Distribution of Academic Qualifications (%)	PhD	1.86	1.90	2.02
	Master's degree	19.14	19.54	19.73
	Bachelor's degree	48.40	50.89	51.20
	High school	29.57	26.93	26.35
	Below high school	1.03	0.74	0.70

Note: Years of service were recalculated when the Company was privatized on April 12, 1995.

(II) Number of employees, average age and years of service at CSC Group in the most recent three years:

(As of March 31, 2021)

Year		2019	2020	2021.03.31
Number of Employees		28,634	28,353	28,041
Average Age		40.72	41.22	41.45
Average Years of Service		10.93	11.20	11.32
Distribution of Academic Qualifications (%)	PhD	0.83	0.85	0.90
	Master's degree	14.85	15.13	15.25
	Bachelor's degree	53.55	54.54	55.16
	High school	26.66	24.94	24.67
	Below high school	4.11	4.54	4.02

2020	CSC	CSC and DSC
Crude steel production (metric ton)	8,594,319	14,107,113
Revenues (NT\$ thousands)	183,841,526	260,665,855
Average number of workers (persons)	10,132	13,359
Average annual crude steel production per capita (metric ton)	848	1,056
Average annual revenues per capita (NT\$ thousands)	18,145	19,512
Working hours per ton of crude steel (hour/ton)	2.41	1.97

Note: In CSC Group, only China Steel Corporation and Dragon Steel Corporation are integrated steel manufacturers. Therefore, the information above is provided as CSC's and DSC's standalone data.

IV. Information on Environmental Management and Environmental Protection Expenditure

In 1997, the Company obtained ISO 14001 - Environmental Management System (EMS) certification and received registration approval which required renewal every three years. In 2020, the Company was externally audited by the British Standards Institution (BSI) Taiwan Branch for the 2015 edition of the certification, where no deficiencies were found, and successfully passed the certification. By upholding the spirit of continuous improvement demonstrated by ISO 14001 - Environmental Management System, the Company gradually improved environmental management performance in all operations. Besides, the Company conducts internal and external audits every year to ensure that all the operations comply with the ISO 14001 standard. The Company also continues to promote works related to environmental protection with a computerized Environmental, Health and Safety (EHS) Management System.

In terms of environmental ecology, the Company continues to enhance greening of the entire factory based on the concept of "environmental greening." With regard to environmental impact assessment (EIA), the Company handles various EIA documents and submits declaration based on company needs, as well as conducts environmental load analysis, in order to fully keep track of the change of pollutions from the Company's planned capital expenditure.

As regards toxic and concerned chemical substance control, the Company reports the monthly handling quantity and annual release quantity in accordance with the law. Besides, in order to prevent and respond to the toxic chemical disaster, the Company has formulated the "Toxic Chemical Substance Emergency Response, Detection and Alarm Equipment Plan" and the "Toxic Chemical Substance Hazard Prevention and Emergency Response Plan," and regularly conducts toxic chemical disaster drills.

According to the ISO environmental management system, the Company promotes air pollutant reduction goals, incorporates the best available control technologies (BACT) and conducts rolling review year by year, as well as promote reduction plans to reduce air pollution emissions and air pollution fees, aiming to realize low-pollution, green, and sustainable steel mills.

In terms of air pollution management, the Company's management policies are listed as follows: 1. Strengthen the management of air pollution-related laws and regulations to comply with the requirements of various laws and regulations and reduce abnormal situations related to air pollution. 2. Plan response measures for poor air quality in autumn and winter, as well as medium- and long-term air pollution improvement plans in line with the government's air quality improvement policy.

While ensuring the normal operation of various environmental monitoring equipment (Continuous Emission Monitoring System (CEMS), environmental condition monitoring system (CCTV), Ambient Air Quality Monitoring System (AAQMS)), the Company has completed the inspection and declaration of particles (Par.), sulfur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOCs), and dioxins (DXNs), etc. in all chimneys, and has applied for

stationary pollution source installation, modification, alteration and extension permits in accordance with the law. The Company continuously strengthens in-plant inspections, reviews the implementation of pollution prevention, and plans reduction and improvement measures in line with the "Air Pollution Prevention and Control Plan" formulated by the Executive Yuan and the Air Pollution Control Act set forth by the Environmental Protection Administration (EPA).

With regard to greenhouse gas management, in order to properly manage and reduce greenhouse gas emissions, the Company completed the 2019 organizational-level greenhouse gas inventory audit (including Scope 1 and 2), passed the verification process conducted by third-party verification agencies, and registered the greenhouse gas related data annually in line with the policy. The Company has also completed the 2020 organizational-level greenhouse gas inventory internal audit. In addition, the Company continues to manage the amount of greenhouse gas reduction, where a balance of 4,520,948 tons of CO₂e was recorded at the end of 2020. In cooperation with the Environmental Protection Administration and the Industrial Development Bureau, the Company provides specific suggestions on the content of amendments to the Greenhouse Gas Reduction and Management Act, including planning of performance standards, cap on greenhouse gas emission, and carbon fee collection, in order to ensure the feasibility and reasonableness of policies.

The Company recycles, processes, and reuses rainwater to reduce the contaminant level of discharge and decreases load to adjacent water bodies through interception stations and runoff wastewater treatment facilities set up in material yards and rainwater drainage systems. In 2020, the amount of wastewater discharged at the Company averaged approximately 41,500 tons/day, while the contaminant concentration discharged fully complied with standards for discharged water.

Complying with the government's "zero waste" policy, the Company continues to uphold the principles of "100 percent resourceization" and "zero solidification landfill." Pursuing appropriate technologies with existing equipment in our factory, the Company converts waste into raw materials that can be used in our factory with excellent management techniques based on the principle of making the best of materials and improving their value.

As regards the application of by-products, the Company has completed the manuals related to the application of basic oxygen furnace slag and desulfurization slag according to the principle of gradual and orderly promotion instructed by the Executive Yuan, as well as audited and approved by third-party organizations since 2017. In addition to on-site recycling, basic oxygen furnace slag can also be used in asphalt concrete for roads and cement raw materials in cement mills. On the other hand, desulfurization slag will be used in cement raw materials with the aim of continuously increasing its usage among cement mills.

Moreover, to assist the companies of CSC Group in resourceization of industrial wastes, the Company continues to reutilize sludge from China Steel Chemical Corporation, waste oil from China Steel Express Corporation, sludge from Chung Hung Steel Corporation, oily wastewater

from C.S.Aluminium Corporation, calcium carbonate crystals from China Ecotek Corporation, as well as waste acid from the production processes at China Steel Machinery Corporation and Chung Hung Steel Corporation.

Based on the off-site resources chain established by CSC in the past, the Company has expanded the industrial ecology network within and outside Kaohsiung Linhai Industrial Park in cooperation with the Environmental Protection Administration and the Industrial Development Bureau, so that waste between industries can be effectively reused. In 2020, the industrial ecology network centered on CSC comprised 24 enterprises mainly from traditional industries, and links resources including water-quenched blast furnace slag, air-cooled blast furnace slag, desulfurization slag, basic oxygen furnace slag, sludge mixture, coal tar, waste pickling liquor and spent refractory.

To fully understand the quality of soil and groundwater and to implement soil and groundwater pollution prevention work, the Company has set up 13 groundwater monitoring wells in the entire factory to regularly carry out sampling and testing. Furthermore, the Company also investigates soil and groundwater pollution before leasing or purchasing lands to clarify pollution liabilities and protect the Company's interests.

(I) Losses caused by pollution in the most recent year up to the publication date of this annual report (March 31, 2021)

		2020		January to March 2021
CSC	Status of Pollution (Type and Level)	Air pollution	Air pollution	None
	Compensation Claimed by/Penalty Incurred by	Environmental Protection Bureau, Kaohsiung City Government	Environmental Protection Bureau, Kaohsiung City Government	None
	Amount of Compensation or Penalty	A fine of NT\$150,000	A fine of NT\$540,000	None
	Other Losses	None	None	None
	Date of Punishment (Date of Violation)	2020.09.09 (2020.02.21)	2020.09.14 (2020.08.24)	None
	Punishment Letter No.	No. 20-109-090003 from Environmental Protection Bureau, Kaohsiung City Government	No. 20-109-090006 from Environmental Protection Bureau, Kaohsiung City Government	None
	Regulations Violated	Paragraph 1, Article 20 of the Air Pollution Control Act	Subparagraph 1, Paragraph 1, Article 32 of the Air Pollution Control Act	None

		2020		January to March 2021
CSC	Content of Regulations Violated	Emission pipes failed to comply with emission standards	Effusion of particulate pollutants	None
	Content of Punishment	Failure to comply with the "Waste Incinerator Air Pollutant Emissions Standards"	Effusion of significant particulate pollutants in the air above the plant	None
	Status of Pollution (Type and Level)	Water pollution	Air pollution	None
	Compensation Claimed by/Penalty Incurred by	Environmental Protection Bureau, Kaohsiung City Government	Environmental Protection Bureau, Kaohsiung City Government	None
	Amount of Compensation or Penalty	A fine of NT\$300,000	A fine of NT\$990,000	None
	Other Losses	None	None	None
	Date of Punishment (Date of Violation)	2020.11.04 (2020.09.22)	2020.11.06 (2020.10.08)	None
	Punishment Letter No.	No. 30-109-110006 from the Environmental Protection Bureau, Kaohsiung City Government	No. 20-109-110006 from the Environmental Protection Bureau, Kaohsiung City Government	None
	Regulations Violated	Article 18 of the Water Pollution Control Act and Article 10 of the Water Pollution Control Measures and Test Reporting Management Regulations	Subparagraph 1, Paragraph 1, Article 32 of the Air Pollution Control Act	None
	Content of Regulations Violated	Before proceeding to work at construction sites, the parties concerned shall present a plan for the reduction of pollutants from runoff wastewater to the competent authority of the municipality or county (city) for approval, and proceed as approved.	Effusion of particulate pollutants	None
	Content of Punishment	Works began at the construction site before the plan for the reduction of pollutants from runoff wastewater was approved by the competent authority.	Effusion of obvious particulate pollutants (black smoke) was found outside the perimeter of the factory area.	None
	Status of Pollution (Type and Level)	Water pollution	Air pollution	None
	Compensation Claimed by/Penalty Incurred by	Environmental Protection Bureau, Kaohsiung City Government	Environmental Protection Bureau, Kaohsiung City Government	None

		2020		January to March 2021
CSC	Amount of Compensation or Penalty	A fine of NT\$297,000	A fine of NT\$1,530,000	None
	Other Losses	None	None	None
	Date of Punishment (Date of Violation)	2020.11.13 (2020.08.20)	2020.11.17 (2020.10.27)	None
	Punishment Letter No.	No. 30-109-110014 from the Environmental Protection Bureau, Kaohsiung City Government	No. 20-109-110019 from the Environmental Protection Bureau, Kaohsiung City Government	None
	Regulations Violated	Paragraph 1, Article 7 of the Water Pollution Control Act and Paragraph 1, Article 2 of the Effluent Standards	Subparagraph 1, Paragraph 1, Article 32 of the Air Pollution Control Act	None
	Content of Regulations Violated	One item of suspended solids (SS) in water discharged from wastewater outfall exceeded the standards.	Effusion of particulate pollutants	None
	Content of Punishment	Failure to comply with the "Effluent Discharge Standards"	Effusion of significant particulate pollutants in the air above the plant	None
CHC Resources	Status of Pollution (Type and Level)	Air pollution	Water pollution	None
	Compensation Claimed by/Penalty Incurred by	Environmental Protection Bureau, Kaohsiung City Government	Environmental Protection Bureau, Kaohsiung City Government	None
	Amount of Compensation or Penalty	A fine of NT\$100,000	A fine of NT\$18,000	None
	Other Losses	None	None	None
	Date of Punishment	2020.11.05 (2020.09.28)	2020.12.15 (2020.11.19)	None
	Punishment Letter No.	No. 20-109-110005 from the Environmental Protection Bureau, Kaohsiung City Government	No. 30-109-120008 from the Environmental Protection Bureau, Kaohsiung City Government	None
	Regulations Violated	Paragraph 1, Article 20 of the Air Pollution Control Act and Article 2 of the Stationary Pollution Source Air Pollutant Emissions Standards	Article 18 of the Water Pollution Control Act and Article 10 of the Water Pollution Control Measures and Test Reporting Management Regulations	None

		2020		January to March 2021
	Content of Regulations Violated	Emission standards for malodorous pollutants from "emission pipes" (height: 30 m; pipe height: $18 < h \leq 50$ m) as stipulated in the "Stationary Pollution Source Air Pollutant Emissions Standards" were exceeded.	Before proceeding to work at construction sites, the parties concerned shall present a plan for the reduction of pollutants from runoff wastewater to the competent authority of the municipality or county (city) for approval, and proceed as approved.	None
	Content of Punishment	The concentration of malodorous pollutants from the P101 smoke vent at Linhai Plant exceeded the emission standard value of 2,000 for malodorous pollutants from "emission pipes" as stipulated in the "Stationary Pollution Source Air Pollutant Emissions Standards."	Works began at the construction site for the "construction of new CHC Resources plant" before the plan for the reduction of pollutants from runoff wastewater was approved by the competent authority.	None
CSSC	Status of Pollution (Type and Level)	Industrial waste		None
	Compensation Claimed by/Penalty Incurred by	Environmental Protection Bureau, Tainan City Government		None
	Amount of Compensation or Penalty	A fine of NT\$6,000		None
	Other Losses	None		None
	Date of Punishment	2020.12.28 (2020.02.13)		None
	Punishment Letter No.	Fine Notification No. 40-109-120072		None
	Regulations Violated	Paragraph 1, Article 36 of the Waste Disposal Act and Subparagraph 1, Paragraph 1, Article 10 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste		None
	Content of Regulations Violated	Storage facilities shall be established for general industrial waste according to the characteristics of its major components. Apart from the items officially announced by the central competent authority, general industrial waste storage facilities shall also comply with the following regulations: I. There shall be equipment or measures to prevent the inflow or infiltration of surface water, rainwater or groundwater.		None
	Content of Punishment	No equipment or measures to prevent the inflow or infiltration of surface water, rainwater or groundwater were put in place at the waste storage facilities at Guantian Factory		None

		2020	January to March 2021	
DSC	Status of Pollution (Type and Level)	Environment impact assessment	Air pollution	Air pollution
	Compensation Claimed by/Penalty Incurred by	Environmental Protection Bureau, Taichung City Government	Environmental Protection Bureau, Taichung City Government	Environmental Protection Bureau, Taichung City Government
	Amount of Compensation or Penalty	A fine of NT\$300,000	A fine of NT\$100,000	A fine of NT\$390,000
	Other Losses	None	None	None
	Date of Punishment	2020.09.18 (2019.04.18)	2021.01.20 (2020.11.12)	2021.02.23 (2020.11.16)
	Punishment Letter No.	Fine Notification No. 10-109-090002	Fine Notification No. 20-110-010045	Fine Notification No. 20-110-020015
	Regulations Violated	Article 17 of the Environmental Impact Assessment Act	Paragraph 2 and Paragraph 4, Article 24 of the Air Pollution Control Act and	Paragraph 1, Article 23 of the Air Pollution Control Act
	Content of Regulations Violated	The developer shall implement development activity strictly in accordance with the environmental impact statement, the content of the environmental impact assessment report, and the review conclusion.	After the installation or modification of stationary pollution sources designated and officially announced by the central competent authority, public and private premises shall submit verification documents that demonstrate compliance with the regulations of the Act to the special municipality, county or city competent authority or other government agency commissioned by the central competent authority in order to apply for the issuance of operating permits, and shall perform operations pursuant to the permit contents.	Public and private premises shall effectively collect each type of air pollutant and maintain the normal operation of their air pollution control facilities and monitoring facilities. The maximum operating quantity of their stationary pollution sources may not exceed the maximum treatment capacity of their air pollution control facilities.
	Content of Punishment	The total resource material output for 2018 (approximately 3.13 million tons) exceeded the amount indicated in the content of the third modification to the comparison table (approximately 2.97 million tons).	The air-cooled blast furnace slag pit and the temporary storage area for water-quenched blast furnace slag for No. 2 Blast Furnace at M26 were not consistent with the content of the operating license.	Waste gas was not collected effectively by the denitrification/dedioxin equipment at No. 1 Sinter Plant at M17 and No. 2 Sinter Plant at M25 due to equipment failure.

In 2020 and up to the publication date of this annual report, Chung Hung Steel Corporation, China Steel Chemical Corporation, and China Ecotek Corporation did not face any penalty due to pollution.

(II) Countermeasures

1. Improvements proposed

(1) Improvement plans

Over the years, CSC Group has devoted a great deal of manpower, material, and financial resources on environmental protection works, in hopes of achieving international benchmark levels. To properly prevent pollution incidents, the Company not only requires all factories (departments) to enhance self-management to prevent human errors and implement economically feasible environmental management solutions, but also assists all factories (departments) in enhancing self-administration through internal audit. In addition, the Company inflicts punishment for human errors that cause major pollution and rewards units with outstanding performance in accordance with the "Directions Governing Reward and Punishment in Environmental Management."

Besides, CHC Resources Corporation, China Steel Structure Co., Ltd., and Dragon Steel Corporation have immediately made improvements on deficiency items and have taken improvement measures such as conducting training related to environmental protection regulations, upgrading and replacing equipment, implementing tracking control, and installing environmental monitoring equipment.

(2) Expected environmental investments in the next two years

To reduce air pollution emissions, the expected investment amount in the next two years is as follows:

- A. The environmental protection investment project for 2021 includes "Phase 1 Construction of the New Enclosed Building in Coking Coal Storage Yard" and others with a total investment amount of NT\$9,355,664 thousand.
- B. The environmental protection investment project for 2022 is "Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard" and others with a total investment amount of NT\$6,505,556 thousand.

(3) Effects after improvement

Profitability: Improve environmental protection, reduce CO₂ and particles emissions, and avoid penalties for violations of environmental protection regulations.

Competitiveness: Follow the international trend of energy saving and carbon reduction and maintain the Company's green competitiveness among its peers in the global steel industry.

V. Protection Measures for Working Environment and Employees' Personal Safety

The Company adopts the Plan–Do–Check & Correction–Act (PDCA) management cycle to continuously improve and implement comprehensive safety and health management, so as to create a healthy work environment. To realize effective discussion and solution to practical issues, the Company has set up the Occupational Safety & Hygiene Committee, in which the President and the Executive Vice President concurrently serve as the Chairman and the Vice Chairman of the committee, respectively, while the committee also comprises 15 labor union representatives (where labor union representatives exceeds one-third of the total committee members). The Occupational Safety & Hygiene Committee meets once every two months and reports the annual safety and health management performance in the annual report for public inspection.

(I) Important Safety and Hygiene Management Works

1. Industrial safety risk control

The occupational safety and hygiene management system is operated based on risk management. The Company successfully obtained the OHSAS 18001 certification in 2002, and the TOSHMS certification in 2009 with follow up verifications every year (including 2020). In addition, the ISO 45001 standard, which is used to replace OHSAS 18001, was officially released on March 12, 2018. In 2020, the Company completed the conversion certification process and successfully obtained the new version of the certification. The Company is required to pass a certification audit every year. Furthermore, the Company carries out hazard identification and risk assessment on all processes and engineering construction projects, and classifies assessment results into five risk levels, namely negligible, low, moderate, high, and significant. For moderate risks and above, subsequent measures should be taken to reduce risks. Besides, the Company regularly conducts emergency response drills and personnel training to reinforce the corresponding abilities for emergencies, and prevent personal injuries, property losses, and environmental impacts resulting from accidents.

2. Safety and health education and training

Training, the foundation of safety, enables personnel to acquire safety-related knowledge and develop safety-related awareness to avoid accidents arising from negligence. In 2020, the Company conducted 11 types of courses related to on-the-job licensing training regarding safety and hygiene regulations for 61 batches of personnel, with up to 2,099 employees trained in total; 4 types of courses related to physical safety training for 63 batches of personnel, with up to 629 employees trained in total; and traffic safety training for 6 batches of personnel to improve the concept of defensive driving, with up to 468 employees trained in total. In response to the regulations and the current situation, the Company organized a number of industrial safety seminars, including "Training Course on Explosion-proof and Electrical Safety Management Practices," "Introduction to the TS Mark System and Explosion-proof Safety Management Training," "Basic Training on Process Safety Management," "Briefing on the Issuance of the New Version of Work Permit," etc.

3. Health care

- (1) All employees working in special work-sites undergone special health examination as planned, covering test items such as high temperature, noise,

radioactivity, lead, dust, organic and special chemicals. This examination has a total of 3,470 counts of participation. A total of 2 employees working in noisy environments were listed under level 4 management, while the remaining personnel working in special work-sites were not listed in level 4 health management.

- (2) This year, the Company conducted 11 health promotion activities (health speech, weight loss activities, physical fitness test, nutrition consultation, physical fitness guidance, body fat test, oral cancer screening, influenza vaccine injection, self-paid advanced health checkup, mammography, papanicolaou test, female breast ultrasound examination, gynecological ultrasound examination, etc.) with a total of 4,629 counts of attendance, aiming at promoting employees to pay attention to their own health and implement healthy living habits.
- (3) This year, the Company's maternity protection program comprised a total of 20 maternal health promotion cases, which were all classified as level 1 management upon assessment by occupational medicine specialists; thus, no work adjustment was required. All high-risk individuals in the overload prevention program completed the assessment interview conducted by these doctors, and were regularly tracked by the health management system.

4. In-plant traffic improvement plan

- (1) To strengthen the in-plant traffic safety, the Company implemented a mid-to-long-term plan for the road safety inspection in the plant and engaged external traffic scholars and expert, Dr. Ming-Tsung Lee from the National Kaohsiung University of Science and Technology, to inspect and formulate the "Inspection Table for Road Safety" suitable for the Company, according to which the Company carries out inspection and draws up corresponding traffic improvement plans. The Company has completed the road safety inspection for the entire plant in 2020.
- (2) Promote massive traffic enforcement
For drivers to comply with traffic rules, the Company increases the frequency and intensity of violation enforcement. Crackdown actions include promoting stop-watch upon turning vehicles, speed limitation for driving, and sobriety test at the gate. The Company also increases the inspection methods for traffic violations, such as fixed-spot, dynamic and CCTV inspection.

5. Industrial safety enhancement measures

- (1) New factory safety and hygiene inspection competition
Items to be assessed in this competition comprises: 1. Employees' competence in industrial safety, 2. Inspection capacity of supervisors and managers at all levels, 3. Review of various safety and health management measures, so as to strengthen safety and health management capabilities at all workplaces.
- (2) Reinforce industrial safety awareness among safety and hygiene supervisory personnel from contractors
The Company has launched a program for supervisory and managing personnel of high-risk operation (including two days of physical safety training courses) to improve their supervisory capability of the on-site industrial safety.
- (3) Virtual reality (VR) traffic safety module

The Company plans to use VR teaching aids, which simulate possible traffic conditions in the plant and determine whether the trainees' driving behavior is appropriate according to their operation, with a view to improving compliance with traffic rules and inculcating the concept of defensive driving among all road users.

(4) Employee health protection

In order to keep track of employees' actual working environment and assess employees' exposure situation, employees are required to undergo general and special health examinations on a regular basis, and carry out health management and protection according to examination results. In addition, the Company implements tiered management and hosts on-site visits from occupational medicine specialists.

(II) Labor and Equipment Management Audit

1. Inspections of dangerous machinery, equipment, and workplace

Dangerous machinery and equipment have passed periodic inspections in accordance with the law, while all operators have obtained professional licenses as well as regularly receive on-the-job training. In 2020, the Company carried out and completed a total of 1,047 regular inspections of dangerous machinery and equipment, as well as a total of 23 modifications and final inspections on dangerous machinery and equipment. Meanwhile, the Company conducted workplace hazard risk assessment on Class C dangerous workplaces, whose process safety is reassessed every five years in accordance with the law, in order to ensure safe operations in these workplaces.

2. Safety and hygiene audit

With a view to establishing an effective project for improving patrols and inspections, the Industrial Safety & Hygiene Department has formed an audit team with industrial safety auditing personnel from other departments. The team, split into several groups, conducts daily inspection at key venues in the factories (departments), and the supervisor of the Industrial Safety & Hygiene Department reviews the inspection results, thereby facilitating the maintenance of operation safety in the factory.

3. On-site safety observation

To enhance employees' understanding and attention toward industrial safety and health, improve safety awareness, and prevent accidents, the Company regularly conducts industrial safety observation activities, which enable factories (departments) to learn from each other and make up for their own shortcomings. The Vice President of the Production Division summoned these activities and led the Occupational Safety & Hygiene Committee, factory (department) supervisors, and labor union representatives to conduct observations and discussions. A total of 5 observation activities were carried out in 2020, while 10 second echelon units were selected as "Outstanding Units in Industrial Safety Management."

VI. Labor Relations

(I) Recent Important Labor-Management Agreements and Related Implementation

1. Employee welfare measures

To take care of the daily life of our people, the Company not only provides a safe and healthy working environment, but also launches various types of benefits and welfare, and organizes various types of activities so that employees can relieve stress, relax their body and mind, and lead a more fulfilling life, thereby promoting harmonious labor relations.

The Company and companies of CSC Group have established a joint employee welfare committee. Employee benefits provided include the following:

- (1) Offers cash allowance for four major festivals, including Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival and Labor Day; club activities; education subsidies for members' children; emergency and disaster relief; marriage subsidies; domestic and overseas trips; flexible welfare points; childbirth and birthday cash gifts, etc.
- (2) Established a cafeteria, providing meal boxes and group meals; set up convenience stores, food court and gymnasium in CSC Group Hall, providing complete amenities for daily living.
- (3) Regularly organizes large-scale self-improvement activities for employees and family members, as well as various events including CSC Group marriage event, year-end lottery, and factory celebrations.
- (4) Provides movies watching for the neighborhood, rental subsidies for transport bus, as well as book and newspaper borrowing and reading in the reading room.
- (5) Offers comprehensive group insurance under the employee welfare committee.
- (6) Sets up single employee dormitories, gymnasium, the CSC Group Hall and kindergarten.
- (7) Accepts applications for consumer loans, interest-free emergency loans, as well as marriage, funeral and festive supplies.

2. Retirement system

According to the Company's personnel management system, an employee, who is involved in any of the following situation, should be required to retire immediately:

- (1) Those who aged 65 years old and above
- (2) Those with mental disorders or physical disabilities that prevent them from working.

With the implementation of the Labor Pension Act starting from July 1, 2005, employees are required to choose between the previous and new labor pension systems within five years from the date above. However, the new labor pension system applies to all employees who joined the Company starting from July 1, 2005. As of December 2020, a total of 6,751 employees applies to the new labor pension system, while a total of 3,176 employees remained with the previous labor pension system.

Based on the labor pension system under the "Labor Pension Act" applicable to the Company and domestic subsidiaries, employers shall contribute 6 percent of employees' monthly salaries as labor pension to individual accounts of labor pension

at the Bureau of Labor Insurance. In addition, overseas subsidiaries shall contribute labor pensions in accordance with local laws and regulations.

Based on the labor pension system under the "Labor Standard Act" applicable to the Company and domestic subsidiaries, employees' labor pension shall be calculated based on years of service and average salary for the 6 months before the approved retirement date. The Company and domestic subsidiaries contribute a certain percentage of employees' monthly salaries to an employee pension fund, which is deposited into a special account in Bank of Taiwan by the Labor Retirement Reserve Fund Supervisory Committee in the name of the committee.

The Company and some subsidiaries have also established the Pension Fund Management Committee, which is responsible for reviewing, supervising and inspecting pension fund-related contributions, deposits and expenditures for appointed management personnel. This pension fund is deposited in the name of the management committee.

3. Other important agreements

To promote harmonious labor relations, the Company signed a three-year collective agreement starting from April 2, 1997 with labor union on February 14, 1997 according to the Collective Agreement Act. The agreement comprises 10 chapters, including general principles, labor union activities, personnel, working hours, rest and annual leave, compensation and bonuses, human resource development, benefits and welfare, safety and hygiene, labor-management meetings, collective bargaining and handling of labor disputes, and supplementary provisions. The current collective agreement is the fifth edition, which signed on August 15, 2019 and took effect on the next day. The agreement totaled 79 articles.

To enhance employees' sense of belonging to the Company and increase business partners awareness that employees are also shareholders, the Company implemented the Employee Stock Ownership Trust system in July 1998 in hopes of connecting employees' work performance with company growth and providing better protection for employees after retirement. In this system, each participant can freely choose the monthly contribution amount within the 10% limit of his/her basic salary; however, it is limited to 12 bases only, where each base is NT\$1,000. Meanwhile, the Company contributes additional 20% of participating employees' monthly deposit amount as incentives. The Company has commissioned a financial institution to manage this trust and to purchase shares of the Company using all deposits in the name of a special account. Participating employees will receive shares from the trust upon leaving the Company.

4. Employee communication

As the Company attaches great importance to labor relations, a labor-management meeting is held every month (a total of 12 meetings convened in 2020), with the purpose of promoting labor-management cooperation and improving work efficiency. Besides, according to the implementation directions for communication forums for plants (and departments), each plant (or department) shall conduct a forum every two to three months to communicate with employees, as well as strengthen exchange of opinions internally, so as to enhance employees' sense of belonging. In addition to labor-management meetings and communication forums

held in plants and departments, employees can express their opinions through the following channels:

- (1) Labor Union of China Steel Corporation: Employees who are members of the labor union can submit their appeals to the labor union through proper channels.
 - (2) Employee Welfare Committee: This committee handles employees' welfare-related matters.
 - (3) Occupational Safety & Hygiene Committee: This committee handles matters related to safety, hygiene, and environmental protection.
 - (4) Labor Retirement Reserve Fund Supervisory Committee: This committee handles matters related to depositing, using, and managing the retirement reserve fund.
 - (5) Appeals system/appeals hotline: Employees, who suffer from infringement of legal rights, improper treatment, or difficulties at work, and is unable to resolve reasonably after raising them through the administrative system, may lodge complaints.
 - (6) Sexual Harassment Complaint Committee: This committee is responsible for handling appeals related to sexual harassment at the workplace, in order to provide employees, dispatched workers, interns, and job seekers with a work environment free of sexual harassment.
5. Employee code of conduct and ethics

In order to promote an honest and upright atmosphere, ensuring that employees become self-driven and self-motivated and implement four major spirits that is teamwork, entrepreneurial approach, down-to-earthness and pursuit of innovation while performing duties, the CSC Group Employee Code of Ethics was formulated in accordance with the "Ethics Guidelines for Civil Servants" and related regulations. All employees shall fully comply with this code to pass down the Company's excellent corporate culture. In addition, the "Service Rules" chapter in the Company's work rules and the Company's "Guidelines for Recusal Due to Conflict of Interests" specify employee code of conduct and ethics.

6. Employee training and talent development

Enhancing training and talent management, promoting excellent corporate culture, and advancing leadership skills and passing down of technologies have always been the Company's annual business policies and benchmarks. In the face of current wave of retirement, the Company not only has actively recruited outstanding talents to join the CSC team in recent years, but also focuses on efforts to effectively pass down our extensive experience in steel production, operations and management over these years. Therefore, talent development, knowledge management, corporate culture and succession plans are currently the key tasks that have to be undertaken immediately by CSC Group. The Company has established the Manpower Development Section subordinated to the Human Resources Department. This team is responsible for planning the formulation of rules and regulations governing human resources development, mapping out and implementing training plans and budgets, and planning and promoting management skills development, knowledge management and e-Learning. To nurture talents required for the development of the Company's businesses, the Company has established the "Education and Training Manual", and the Regulations Governing Training and Continuing Education, in

order to specify the education and training system, training specifications, and the training and development framework for talents of CSC Group. The Company maps out annual training plans based on business conditions, and conducts training based on these plans in order to enhance employees' knowledge and skills. Through the talent development system, the Company enhances management skills development and technical know-how, develops future management and professional talents, and encourages all employees to pursue continuing education to improve themselves.

The implementation of training programs in key companies of CSC Group in 2020 is as follows:

Company Name	Education and Training Expenditure in 2020 (NT\$ thousands)	Average Training Hours	Content of Training Course
China Steel Corporation	59,385	35	Mainly include management, language, specialized training (e.g., technology and quality management), computer, environment safety and hygiene, induction training for new employees, management training for supervisors, general education training, etc.
Dragon Steel Corporation	6,526	15	
Chung Hung Steel Corporation	1,577	12	
China Ecotek Corporation	1,401	6	
China Steel Chemical Corporation	1,500	31	
CHC Resources Corporation	1,120	15	
China Steel Structure Co., Ltd.	1,849	18	

- (II) Losses caused by labor disputes in the most recent year up to the publication date of this annual report:

China Steel Corporation, Dragon Steel Corporation, Chung Hung Steel Corporation, China Ecotek Corporation, China Steel Chemical Corporation, CHC Resources Corporation, and China Steel Structure Co., Ltd. did not record any loss caused by labor disputes in 2020 up to the publication date of this annual report.

VII. Important Contracts

1. China Steel Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Procurement contract	Vale S.A. (Brazil)	2017.04.01~ 2020.03.31	Iron ore	None
		2020.04.01~ 2023.03.31		
Procurement contract	BHP Billiton Marketing AG (Australia)	2017.04.01~ 2020.03.31	Iron ore	None
		2020.04.01~ 2021.03.31		
Procurement contract	Hamersley Iron Pty. Ltd. (Australia)	2017.04.01~ 2022.03.31	Iron ore	None
Procurement contract	BM Alliance Coal Marketing Pty Ltd (Australia)	2018.04.01~ 2020.03.31	Coking coal	None
		2020.04.01~ 2021.03.31		
Procurement contract	Teck Coal Limited (Canada)	2018.04.01~ 2021.03.31	Coking coal	None
Procurement contract	Nippon Steel Corporation	2020.04.01~ 2024.06.30	Supply of slabs	None
Procurement contract	ROSEN Germany GmbH (Germany)	2018.12.12~ 2020.03.31	Installation of ultrasonic testing system for plate mill	None
Procurement contract	Primetals Technologies Austria GmbH (Austria)	2019.05.23~ 2021.01.15	Caster oscillation, mold width adjustment, and breakout prediction system for No. 3 Continuous Casters at No.1 Basic Oxygen Furnace in the Steelmaking Department	None
Procurement contract	SMS group S.p.A. (Italy)	2019.09.12~ 2023.08.31	Auxiliary equipment for finishing rolling area at No. 1 Hot Strip Mill	None
Procurement contract	Toshiba Mitsubishi-Electric Industrial Systems Corporation (Japan)	2019.09.18~ 2021.06.15	Replacement of the main integrated motor drive at Rolling Mill Department II	None
Procurement contract	Paul Wurth IHI Co., Ltd. (Japan)	2019.09.25~ 2021.12.31	Reformation of dense-phase conveyor system for pulverized coal injection (PCI) and addition of the oxy-coal injection system for No. 2 Blast Furnaces	None
Procurement contract	Toshiba Mitsubishi-Electric Industrial Systems Corporation (Japan) and Primetals Technologies Japan, Ltd. (Japan)	2019.10.23~ 2021.12.31	Ultra-high pressure water jet system for rust removal at Hot Strip Mill	None
Procurement contract	MAN Energy Solutions SE (Germany)	2019.12.05~ 2022.12.31	Replacement of turbine blowers for No.1 Power House	None
Procurement contract	Nippon Steel Engineering Co., Ltd. (Japan)	2020.11.04~ 2023.01.31	Coke dry quenching equipment for coke ovens	None
Procurement contract	Paul Wurth Italia S.p.A. (Italy)	2020.11.24~ 2024.06.30	New Phase I and II coke ovens, coke transport cars, and coal chemical equipment	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Long-term borrowing	Mizuho Bank	2018.06~2021.06	Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Bank of Taiwan	2018.12~2021.12	Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Mega International Commercial Bank	2018.12~2021.12	Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Bank of Taiwan	2019.11~2022.11	Japanese yen loan, floating rate, principal repayment at maturity	None
Long-term borrowing	Chang Hwa Bank	2019.08~2022.07	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Bank of Taiwan	2019.08~2022.08	New Taiwan dollar loan with a revolving credit line	Credit utilization rate
Long-term borrowing	MUFG Bank	2019.11~2022.08	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Cathay United Bank	2019.12~2023.12	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Taishin International Bank	2020.01~2024.01	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	CTBC Bank	2020.04~2024.04	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Engineering contract	China Steel Structure Co., Ltd.	2018.09~2020.01	Manufacturing and installation of the automatic enclosed building structure in sinter plants	None
Engineering contract	Taiwan High Speed Rail Corporation	2018.09~2024.03	Manufacturing and supply of catenary maintenance vehicles	None
Engineering contract	China Steel Machinery Corporation	2018.11~2020.12	Manufacturing and installation of the replacement of No. 31 Hot Stove shell and mechanical instruments	None
Engineering contract	United Steel Engineering & Construction Corporation	2018.12~2020.07	Civil engineering and renovation of automatic enclosed building structure in sinter plants	None
Engineering contract	Kaohsiung Rapid Transit Corporation	2018.12~2022.01	Operation and maintenance services for the Danhai LRT during the operating period	None
Engineering contract	China Steel Machinery Corporation	2018.12~2022.12	Procurement of main maintenance equipment for the Ankeng LRT Depot	None
Engineering contract	China Ecotek Corporation	2019.03~2022.12	Equipment supply for the demolition of Phase I and II coking coal and iron ore transportation equipment	None
Engineering contract	China Ecotek Corporation	2019.04~2022.12	Installation works for the demolition of Phase I and II coking coal and iron ore transportation equipment	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Engineering contract	China Ecotek Corporation	2019.05~2020.12	Construction for the replacement of No. 31 Hot Stove	None
Engineering contract	China Steel Machinery Corporation	2019.07~2022.12	Procurement of auxiliary and miscellaneous equipment for the maintenance of Ankeng LRT Depot	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.08~2021.01	Civil foundation engineering of conveyor line and renovation of the electric room on Raw Material 1 st East Rd.	None
Engineering contract	China Ecotek Corporation	2019.09~2021.03	Manufacturing and installation works for raw coking coal conveying and pulverizing system in Area 9200 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2019.10~2021.05	Manufacturing and installation works in Area 1000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2019.10~2021.12	Equipment supply of scraper reclaimer for the construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Machinery Corporation	2019.10~2021.12	Installation of scraper reclaimer for the construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2019.11~2021.05	Manufacturing and installation works in Area 9400/9700 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2019.11~2022.06	Manufacturing and installation works in Area 3400 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Structure Co., Ltd.	2019.12~2021.01	Phase 1 manufacturing and installation of T-BAR and sky bridge steel structure for the construction of the new enclosed building in coking coal storage yard	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.12~2021.11	Procurement of rebars and formwork materials for the civil engineering of the north section of the construction of new enclosed building in coking coal storage yard	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Engineering contract	United Steel Engineering & Construction Corporation	2019.12~2021.12	Civil foundation engineering of the north section of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2019.12~2021.12	Installation works for conveying process of Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2019.12~2021.12	Equipment supply for conveying process of Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2020.01~2020.12	Equipment supply for the replacement of No. 1 and No. 2 Sinter Plants (Area C)	None
Engineering contract	China Ecotek Corporation	2020.01~2021.01	Replacement of the 3rd campaign of No. 2 Blast Furnace and the inner lining of hot-blast system	None
Engineering contract	China Ecotek Corporation	2020.01~2021.06	Manufacturing and installation works in Area 3600 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2020.01~2021.06	Manufacturing and installation works in Area 2000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.02~2021.06	Replacement of equipment at No. 1 and No. 2 Sinter Plants (Areas A and E)	None
Engineering contract	China Steel Machinery Corporation	2020.02~2021.09	Manufacturing and installation works in Area 4000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Machinery Corporation	2020.04~2022.02	Manufacturing and installation works in Area 3000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.03~2021.03	Replacement of equipment at No. 1 and No. 2 Sinter Plants (Areas C)	None
Engineering contract	China Ecotek Corporation	2020.03~2021.04	Manufacturing and installation works in Area 6000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Ecotek Corporation	2020.03~2021.06	Replacement of equipment at No. 1 and No. 2 Sinter Plants (Areas B)	None
Engineering contract	Steel Castle Technology Corporation	2020.06~2021.12	Fire protection engineering for Phase 1 construction of the new enclosed building in coking coal storage yard	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Engineering contract	China Steel Machinery Corporation	2020.06~2021.12	Demolition of mechanical equipment and refractory materials and installation of mechanical pipelines for No. 3 Reheating Furnace	None
Engineering contract	United Steel Engineering & Construction Corporation	2020.06~2022.06	Civil engineering of superstructures in the north section of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Structure Co., Ltd.	2020.07~2020.07	Procurement of scaffolding steel structure materials for Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Steel Structure Co., Ltd.	2020.08~2021.09	Manufacturing and installation of scaffolding steel structure for Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	China Ecotek Corporation	2020.08~2023.02	Configuration of utilities for the replacement of Phase I and II coke ovens	None
Engineering contract	China Ecotek Corporation	2020.08~2023.02	Specifications for the procurement of new cooling towers and pipelines for No. 1 Power House	None
Engineering contract	China Ecotek Corporation	2020.08~2023.02	Manufacturing and installation of new cooling towers and pipelines for No. 1 Power House	None
Engineering contract	China Ecotek Corporation	2020.09~2022.06	Electromechanical and pipeline engineering of the addition of biological filters for effluents	None
Engineering contract	China Steel Machinery Corporation	2020.09~2022.09	Manufacturing and installation works for the replacement of No. 21 Hot Stove shell and mechanical instruments	None
Engineering contract	China Ecotek Corporation	2020.11~2022.07	Construction for the replacement of No. 21 Hot Stove	None
Engineering contract	China Steel Machinery Corporation	2020.11~2022.12	Manufacturing and installation works for the replacement of No. 33 Hot Stove shell and mechanical instruments	None
Engineering contract	China Ecotek Corporation	2021.02~2021.09	Replacement of equipment for No. 3 Reheating Furnace - Refractory production and construction fees	None
Engineering contract	China Ecotek Corporation	2021.02~2022.10	Construction for the replacement of No. 33 Hot Stove	None
Technical service contract	Formosa Ha Tinh Steel Corporation	2017.01~2022.01	Service contract for bar and wire rod products	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Technical service contract	Formosa Ha Tinh Steel Corporation	2017.11~2021.11	Service contract for electrical steels	None
Contracting agreement	Kaohsiung City Government	2016.08~2021.04	Turnkey project for the (Phase 2) construction of Kaohsiung Circular Light Rail	None
Contracting agreement	Department of Rapid Transit Systems, New Taipei City	2016.09~2022.12	Turnkey project for the electromechanical system of Ankeng LRT Transportation System Project	None

2. Dragon Steel Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Procurement contract	Port of Taichung, Taiwan International Ports Corporation, Ltd. Taichung City Government	To expire 15 years from the date of commencement of operation	Contract for effluent recycling and reuse at Futian Water Resource Recycling Center in Taichung City	Annual guaranteed water consumption: Party B's daily water consumption multiplied by 350 calendar days (20.3 million cubic meters per year)
Procurement contract	Air Liquide Far Eastern Ltd. - Taichung Branch	2019.01~2029.11	Industrial gas procurement contract	The minimum oxygen consumption is 16,500 metric tons per year.
Procurement contract	ShinChang Natural Gas Co., Ltd.	2019.11~2022.10	Natural gas procurement contract	None
Engineering contract	China Steel Machinery Corporation	2019.04~2020.12	Addition of No.3/4 scraper reclaimers	None
Engineering contract	China Steel Machinery Corporation	2019.05~2021.02	Equipment splitting for the ladle furnace of basic oxygen furnaces shop	None
Long-term borrowing	Mega Bills Finance Co., Ltd.	2017.12~2022.12	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Taiwan Cooperative Bills Finance Corporation	2018.05~2022.05	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Taiwan Finance Corporation	2018.06~2022.06	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Cathay United Bank	2019.06~2023.06	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	Taishin International Bank	2019.12~2022.12	New Taiwan dollar, non-guaranteed commercial paper	Credit utilization rate
Long-term borrowing	CTBC Bank	2020.06~2023.06	New Taiwan dollar, non-guaranteed commercial paper	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Long-term borrowing	Cathay United Bank	2019.12~2021.12	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Taiwan Cooperative Bank	2020.05~2022.05	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Sumitomo Mitsui Banking Corporation	2020.06~2022.06	New Taiwan dollar loan with a revolving credit line	Shareholding ratio
Long-term borrowing	Bank SinoPac	2020.06~2023.06	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	Bank of Taiwan	2020.08~2022.08	New Taiwan dollar loan with a revolving credit line	None
Long-term borrowing	MUFG Bank	2020.08~2022.08	New Taiwan dollar loan with a revolving credit line	Shareholding ratio
Long-term borrowing	Mizuho Bank	2020.09~2022.09	New Taiwan dollar loan with a revolving credit line	None

3. China Ecotek Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Engineering contract	Taiwan Power Company	2012.09~2020.06	Upgrade and expansion of coal transportation system at Linkou Power Plant	None
Engineering contract	Onyx Ta-Ho Environmental Services Co., Ltd.	2017.01~2021.02	EPC project for dust collection system in the ROT of incinerators in Shulin and Xindian	None
Engineering contract	Taiwan Power Company	2017.12~2020.03	Procurement of recommended spare parts for the Linkou Power Plant Upgrading and Expansion Project	None
		2020.04~2020.12		
Engineering contract	China Steel Corporation	2018.01~2020.06	Modification of coking coal and iron ore transportation processes at China Steel Corporation	None
Engineering contract	Dragon Steel Corporation	2018.01~2020.12	Optimization of transmission process for improving efficiency of wind- and dust-proof in the raw material storage yard	None
Engineering contract	Dragon Steel Corporation	2018.05~2020.05	Time and material contract for construction of R02 electric arc furnace for Dragon Steel Corporation	None
Engineering contract	Taiwan Water Corporation	2019.02~2022.02	Operation and maintenance of the Chengcing Lake Water Treatment Plant	None
Engineering contract	Formosa Ha Tinh Steel Corporation	2019.03~2021.03	The 4th contract for repair of refractories in the steelmaking area of the basic oxygen furnace plant for Formosa Ha Tinh Steel	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
			Corporation - construction contract	
Engineering contract	China Steel Corporation	2019.03~2022.12	Equipment supply for the demolition of Phase I and II coking coal and iron ore transportation equipment	None
Engineering contract	Dragon Steel Corporation	2019.04~2021.04	Operation management of the water treatment plant	None
Engineering contract	China Steel Corporation	2019.04~2022.12	Installation works for the demolition of Phase I and II coking coal and iron ore transportation equipment	None
Engineering contract	Dragon Steel Corporation	2019.05~2020.05	R01 contract for the repair of refractory lining	None
		2020.06~2022.05		
Engineering contract	China Steel Corporation	2019.05~2020.12	Revamping of No. 31 Hot Stove	None
Engineering contract	China Steel Corporation	2019.09~2021.03	Manufacturing and installation works for raw coking coal conveying and pulverizing system in Area 9200 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Corporation	2019.09~2021.10	Waste gas desulfurization work for No.1 Sinter Plants	None
Engineering contract	SBC Virbac Biotech Co., Ltd.	2019.10~2021.01	Construction of Process R&D laboratory for Virbac Biotech	None
Engineering contract	Dragon Steel Corporation	2019.11~2020.03	Emergency repair of the flue and SCR catalyst of denitration tower for No. 2 Sinter Plant	None
Engineering contract	China Steel Corporation	2019.11~2021.05	Manufacturing and installation works in Area 9400/9700 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Corporation	2019.11~2022.06	Manufacturing and installation works in Area 3400 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Corporation	2019.12~2021.12	Conveying process for Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	Taiwan Power Company	2020.01~2020.12	Material procurement for the maintenance of air floating conveyors	None
		2021.01~2021.12		
Engineering contract	China Steel Corporation	2020.01~2020.12	Equipment replacement of No. 1 and No. 2 Sinter Plants -Area C	None
Engineering contract	China Steel Corporation	2020.01~2021.01	Replacement of the 3rd campaign of No. 2 Blast Furnace and the inner lining of hot-blast system	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Engineering contract	China Steel Corporation	2020.01~2021.04	Doubling the mixing lines of Phase I and II	None
Engineering contract	China Steel Corporation	2020.01~2021.06	Manufacturing and installation works in Area 3600 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Corporation	2020.01~2021.12	Replacement of conveyors M27, C10, and S6.	None
Engineering contract	China Steel Corporation	2020.02~2021.06	Equipment replacement of No. 1 and No. 2 Sinter Plants (Area A and E)	None
Engineering contract	China Steel Corporation	2020.03~2021.03	Equipment replacement of No. 1 and No. 2 Sinter Plants - Area C (Construction tender)	None
Engineering contract	China Steel Corporation	2020.03~2021.04	Manufacturing and installation works in Area 6000 for the revamping of the 3rd campaign of No. 2 Blast Furnace	None
Engineering contract	China Steel Corporation	2020.03~2021.06	Equipment replacement of No. 1 and No. 2 Sinter Plants - Area B	None
Engineering contract	CSC Solar Corporation	2020.05~2022.12	Planning and construction of solar photovoltaic power generation system for CSC Group	None
Engineering contract	Adimmune Corporation	2020.08~2021.07	Construction of cell factory for Adimmune Corporation	None
Engineering contract	China Steel Corporation	2020.08~2023.02	Layout of utility pipelines for the replacement of Phase I and II coke ovens	None
Engineering contract	China Steel Corporation	2020.08~2023.02	Manufacturing and installation of new cooling towers and pipelines for No. 1 Power House	None
Engineering contract	China Steel Corporation	2020.09~2022.06	Electromechanical and pipeline engineering of the addition of biological filters for effluents	None
Engineering contract	China Steel Corporation	2020.11~2022.07	Revamping of No. 21 Hot Stove	None
Engineering contract	China Steel Corporation	2020.12~2022.06	Power distribution engineering of substations for motor-driven blowers of blast furnaces	None
Engineering contract	China Steel Corporation	2021.02~2021.09	Replacement and modification of No.3 Reheating Furnace	None
Engineering contract	China Steel Corporation	2021.02~2022.10	Construction for the replacement of No. 33 Hot Stove	None

4. China Steel Chemical Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Sales contract	Koppers Carbon Materials & Chemicals Pty Ltd	2018.01.01~2027.12.31	85°C Soft pitch sales contract	None
Sales contract	Taiwan Prosperity Chemical Corporation	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Benzene sales contract	None
Sales contract	Formosan Union Chemical Corp.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Benzene sales contract	None
Sales contract	Taiwan Styrene Monomer Corporation	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Benzene sales contract	None
Sales contract	Grand Pacific Petrochemical Corporation	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Benzene sales contract	None
Sales contract	Linyuan Advanced Materials Technology Co., Ltd.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Creosote oil sales contract	None
Sales contract	Tokai Carbon Co., Ltd.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Creosote oil sales contract	None
Sales contract	Dalian Shengyuan Chemical Co., Ltd.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Creosote oil sales contract	None
Procurement contract	China Steel Corporation	2018.03.01~2023.02.28	Crude light oil procurement contract	None
Procurement contract	China Steel Corporation	2019.04.01~2024.03.31	Coal tar procurement contract	None
Procurement contract	China Steel Corporation	2018.01.01~2022.12.31	Metallurgical coke procurement contract	None
Procurement contract	China Steel Corporation	2018.01.01~2022.12.31	Dehydrated coke fines procurement contract	None
Procurement contract	China Steel Corporation	2018.01.01~2022.12.31	Coke fines procurement contract	None
Procurement contract	China Steel Corporation	2018.01.01~2022.12.31	Dried quenching coke procurement contract	None
Procurement contract	China Steel Corporation	2018.01.01~2022.12.31	Coke dust procurement contract	None
Procurement contract	CPC Corporation, Taiwan	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Hydrogen procurement contract	None
Procurement contract	CPC Corporation, Taiwan	2019.05.31~2022.05.30	Natural gas procurement contract	None
Commissioned processing contract	China Steel Corporation	2018.01.01~2022.12.31	Coke breeze processing contract	None

5. CHC Resources Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Land lease contract	Port of Taichung, Taiwan International Ports Corporation, Ltd.	2007.01.01~2026.12.31	Water-quenched basic furnace slag grinding and slag processing factory	None
Land lease contract	Port of Taichung, Taiwan International Ports Corporation, Ltd.	2016.02.04~2036.02.03	Slag processing factory	None
Land lease contract	Kai Ching Industry Co., Ltd.	2017.11.01~2027.10.31	Product storage area	None
Land lease contract	He Su Co., Ltd.	2018.01.01~2027.12.31	Product storage area	None
Land lease contract	Shang Chen Steel Co., Ltd.	2018.02.02~2028.02.01	Product storage area	None
Land lease contract	UPC Technology Corporation	2018.11.15~2028.11.14	Product storage area	None
Land and building lease contract	Shang Chen Steel Co., Ltd.	2012.05.01~2029.04.30	Processing factory for blast furnace and basic oxygen furnace slag	None
Sales contract	China Steel Corporation	2019.07.01~2021.06.30	Sales of recycled metals	None
Sales contract	China Steel Corporation	2019.07.01~2021.06.30	Sales of zinc oxide powder	None
Sales contract	Li Tai Constructional Co., Ltd.	2019.01.01~2022.12.31	Sales of blast furnace slag powder	None
Sales contract	Taiwan Cement Corporation	2019.05.01~2020.03.31 2020.04.01~2021.03.31	Sales of blast furnace slag powder	None
Sales contract	Universal Cement Corporation	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Sales of blast furnace slag powder	None
Sales contract	Ya Tung Ready Mixed Concrete Co., Ltd.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Sales of blast furnace slag powder	None
Sales contract	Goldsun Building Materials Co., Ltd.	2020.03.01~2021.02.28 2021.03.01~2022.02.28	Sales of blast furnace slag powder	None
Sales contract	Kedge Construction Co., Ltd.	2020.01.01~2020.12.31	Sales of soil improvement agents	None
Distributor contract	Kun Pao Industrial Co., Ltd.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Sales of blast furnace slag powder	None
Distributor contract	Kuang Hui Building Materials Co., Ltd.	2020.01.01~2020.12.31 2021.01.01~2021.12.31	Sales of soil improvement agents	None
Contracting agreement	Union Steel Development Corporation	2017.07.21~2021.04.20	Off-site resourceization of used refractories	None
Contracting agreement	China Steel Corporation	2018.07.01~2020.04.20	Processing and transportation of blast furnace and basic oxygen	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
		2020.04.21~ 2022.04.20	furnace slag (contract for indoor slag plant at China Steel Corporation)	
Contracting agreement	Dragon Steel Corporation	2019.03.21~ 2021.03.20	Shipment of sludge; processing and transportation of iron slag (coal ash-sludge blended material)	None
Contracting agreement	China Steel Corporation	2019.03.26~ 2021.04.20	Commissioned production and transportation of iron slag (coal ash-sludge blended material)	None
Contracting agreement	China Steel Corporation	2019.04.21~ 2020.07.20 2020.07.21~ 2022.04.20	Processing and promoting application of blast furnace slag and basic oxygen furnace slag	None
Contracting agreement	China Steel Corporation	2019.04.21~ 2021.04.20	Used refractory resourceization contract	None
Contracting agreement	China Steel Resources Corporation	2019.04.21~ 2020.06.20 2020.06.21~ 2022.04.20	Operation and maintenance of Yanhai Plant at China Steel Resources Corporation	None
Contracting agreement	China Steel Resources Corporation	2019.04.21~ 2020.06.20 2020.06.21~ 2022.04.20	Operation and maintenance of Dafa Plant at China Steel Resources Corporation	None
Contracting agreement	Dragon Steel Corporation	2019.05.21~ 2021.01.20 2021.01.21~ 2023.01.20	In-plant cleaning and transportation of blast furnace slag and basic oxygen furnace slag	None
Contracting agreement	Dragon Steel Corporation	2019.05.21~ 2020.07.20 2020.07.21~ 2021.07.20	Offsite treatment and reutilization of blast furnace slag and basic oxygen furnace slag	None
Contracting agreement	China Steel Corporation	2020.10.21~ 2025.04.20	Coordinated transportation and filling of BOF slag for Phase II, III and IV windbreaks at the Warehousing & Logistics Area, Port of Taipei	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.06.20~ 2020.02.29	Civil construction of the storage yard of Yongguang plant	None
Engineering contract	United Steel Engineering & Construction Corporation	2019.08.12~ 2020.03.31	Construction of the new underground storage pit and spare parts warehouse at Chunglin Yard	None
Engineering contract	Chien Chung Construction Co., Ltd.	2020.04.30~ 2021.03.31	Civil construction/Steel structure engineering at Mao Lian construction site	None
Engineering contract	China Steel Express Corporation	2020.11.01~ 2023.12.31	Coordinated construction for marine transportation	None
Subcontracting agreement	Nan-Hwa Cement Corporation	2020.01.01~ 2022.12.31	Grinding subcontracting agreement for water-quenched blast furnace slag	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Procurement contract	Formosa Ha Tinh Steel Corporation	2017.06.01~2036.05.31	Water-quenched blast furnace slag procurement contract	None
Procurement contract	China Steel Corporation	2018.01.01~2022.12.31	Water-quenched blast furnace slag procurement contract	None
Procurement contract	Taiwan Cement Corporation	2020.01.01~2024.12.31	Portland cement ordering contract	None
Procurement contract	Asia Cement Corporation	2020.01.01~2024.12.31	Portland cement ordering contract	None
Procurement contract	Southeast Cement Corporation	2020.01.01~2024.12.31	Portland cement ordering contract	None
Procurement contract	Universal Cement Corporation	2020.01.01~2024.12.31	Portland cement ordering contract	None
Purchase and sales contract	Chung Hung Steel Corporation	2019.04.01~2020.03.31	Scrap purchase and sales contract	None
		2020.04.01~2021.03.31		
Long-term borrowing	Mega Bills Finance Co., Ltd.	2019.11.14~2022.11.13	Three-year revolving line of credit with fixed interest rate	Credit utilization rate
Long-term borrowing	International Bills Finance Corporation	2018.06.12~2022.06.11	Four-year revolving line of credit with fixed interest rate	Credit utilization rate
Long-term borrowing	Taipei Fubon Bank	2019.11.20~2022.11.20	Three-year working capital limit	Credit utilization rate/financial ratio restrictions
Long-term borrowing	KGI Bank	2020.10.02~2023.10.02	Three-year working capital credit line	None
Long-term borrowing	DBS Bank	2020.10.28~2023.10.28	Three-year working capital credit line	None
Long-term borrowing	Export-Import Bank of the Republic of China	2019.06.25~2024.06.25	Five-year line of credit for overseas investment loans	None
Long-term borrowing	Bank of Taiwan	2020.01.08~2023.01.08	Three-year working capital credit line	None
Long-term borrowing	Mizuho Bank	2020.03.16~2022.03.16	Two-year working capital credit line	None
Long-term borrowing	Hua Nan Bank	2020.06.12~2022.06.12	Two-year working capital credit line	None
Long-term borrowing	Sumitomo Mitsui Banking Corporation	2021.02.01~2022.12.09	Two-year working capital credit line	None

6. Chung Hung Steel Corporation

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Material supply contract	Nippon Steel Corporation	2020.04.01~2024.06.30	Supply of slabs	None
Long-term natural gas supply contract	Shinhsiung Natural Gas Inc.	2015.01.01~2024.12.31	Supply of fuel for the production of heating stoves at hot rolling mills	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Long-term natural gas supply contract	CPC Corporation, Taiwan	2017.09.01~2021.08.31	Supply of fuel for waste acid regeneration process at pickling and galvanizing mills	None
Long-term natural gas supply contract	Nan-Jehn Gas Corporation	2018.11.01~2021.10.31	Supply of fuel for the production of annealing furnaces at cold rolling mills	None
Long-term steam supply contract	China Steel Corporation	2019.01.01~2023.12.31	Providing heating in production lines at pickling and galvanizing mills	None
Long-term hydrogen and nitrogen supply contract	Linde LienHwa Industrial Gases Co., Ltd.	2019.02.01~2024.01.31	Supply of fuel for production at cold rolling mills and pickling and galvanizing mills	None
Equipment contract	InfoChamp Systems Corporation	2018.11.20~2020.12.31	Upgrading of electrical control equipment in pickling line at pickling and galvanizing mills	None
Land lease contract	Costco Wholesale Taiwan, Ltd.	2011.08.24~2031.08.23	Land lease	1. The lessee has the right to notify the lessor in writing of lease renewal between 18 months and 24 months before the expiration of the operating period. The renewal period is limited up to 10 years, but shall not be less than 5 years. 2. The lessee may terminate the contract at any time after 10 years from the commencement of the lease. However, the lessee shall notify the lessor in writing no less than 6 months before the termination, and shall indicate the reasons for not renewing the contract (hereinafter referred to as "termination notice period"). In addition, the lessee shall obtain written consent from the lessor. The lessor shall not refuse to give consent without any justifiable reason. However, the lessee is not required to obtain written consent from the lessor when the land lease cannot be extended due to losses arising from operations on the site/construction for two consecutive years and above (supporting documents from CPAs shall be provided).

7. China Steel Structure Co., Ltd.

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Engineering contract	Dragon Steel Corporation	2016.03~2023.12	Steel structure construction for the improvement of wind- and dust-proof efficiency in the raw material storage yard at Dragon Steel Corporation	None
Engineering contract	United Steel Engineering & Construction Corporation	2016.10~2021.12	Phase 1 steel structure construction of the Danhai LRT Transportation System Project	None
Engineering contract	Lien Jade Construction Co., Ltd.	2017.08~2021.12	Construction of Ruihe Building for Lien Jade Construction	None
Engineering contract	Kun Fu Construction Co., Ltd.	2018.01~2021.12	Construction of Hongwell Parking Garage No. 2 in Xinzhuang	None
Engineering contract	Jia Liu Yuan Construction Corp.	2018.02~2021.12	(Hygge Project) Construction for B6F to 28F of the new building	None
Engineering contract	Sing Da Marine Structure Corporation	2018.05~2020.12	Plant manufacturing and installation	None
Engineering contract	Ta Chen Construction and Engineering Corp.	2018.05~2021.12	Construction of landmark plaza at TS Dream Mall	None
Engineering contract	China Steel Corporation	2018.05~2021.12	Phase III and IV construction of automated indoor warehouse of sinter plant	None
Engineering contract	Kedge Construction Co., Ltd.	2018.09~2020.01	Construction of the headquarters of Kindom Construction Corporation	None
Engineering contract	Li Jin Engineering Co., Ltd.	2018.11~2021.12	Steel Structure #1 for Fubon A25 Project	None
Engineering contract	Shine Far Construction Co., Ltd.	2018.11~2021.12	Hangzhou South Road construction	None
Engineering contract	Taiwan Semiconductor Manufacturing Company Limited	2018.12~2021.12	F18P3 construction project for Taiwan Semiconductor Manufacturing Company Limited at Southern Taiwan Science Park	None
Engineering contract	Privatized 2009 RSEA Engineering Corporation	2019.01~2020.12	Taiwan Life Insurance C3 top-down steel construction	None
Engineering contract	Raito Engineering Corp.	2019.01~2020.12	Fuguo Bridge Project	None
Engineering contract	Reiju Construction Co., Ltd.	2019.01~2021.12	Taichung Green Museumbrary Project	None
Engineering contract	Privatized 2009 RSEA Engineering Corporation	2019.01~2021.12	Parcel No. 15 project at Nangang Business Park for Taiwan Life Insurance	None
Engineering contract	China Steel Corporation	2020.10~2021.07	Phase 1 construction of the new enclosed building in coking coal storage yard	None
Engineering contract	Continental Engineering Corp.	2020.08~2022.01	Steel structure construction for CMP Midtown	None
Engineering contract	Taiwan Semiconductor Manufacturing Company	2021.01~2021.03	F18P5A construction project for Taiwan Semiconductor	None

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
			Manufacturing Company Limited at Southern Taiwan Science Park	
Engineering contract	Huang Yuann Construction Co., Ltd.	2021.03~2022.04	Residential building of Huang Yuann Construction in Qinghai Section, Gushan District	None
Long-term borrowing	KGI Bank	2019.03~2021.03	Long-term line of credit	None
Long-term borrowing	Dah Chung Bills Finance Corp.	2018.03~2021.03	One-year and above revolving line of credit with fixed interest rate	None
Long-term borrowing	KGI Bank	2019.09~2022.09	One-year and above revolving line of credit with fixed interest rate	None
Long-term borrowing	KGI Bank	2019.09~2022.09	One-year and above revolving line of credit with fixed interest rate	None
Long-term borrowing	KGI Bank	2019.10~2022.09	One-year and above revolving line of credit with fixed interest rate	None

8. Thintech Materials Technology Co., Ltd.

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Precious metal and foreign exchange trading	Samsung C&T Hongkong Limited	2020.04.10~2020.12.31	Precious metal supply contract	The transaction between Thintech Materials Technology Co., Ltd. and Samsung is carried out by signing contracts and delivering case by case, and may be extended when necessary.
Precious metal and foreign exchange trading	Bank of Nova Scotia	2006.08.16~ (The contract was amended on January 2, 2019)	Precious metal supply contract	The transaction between Thintech Materials Technology Co., Ltd. and Bank of Nova Scotia is carried out based on the amount stipulated in the supply contract signed on August 16, 2006 and amended on March 18, 2014, where there is no clear maturity date.
Land lease contract	Southern Taiwan Science Park Bureau	2016.01.12~2027.05.31	Land use in the park	According to the provisions of the lease contract, both parties may extend the contract upon the lease expiration.
R&D cooperation	China Steel Corporation	2020.01.01~2020.12.31	Development of high-purity aluminum-copper targets and titanium targets for the semiconductor industry	None

Note: Contracting party, main content, restrictive covenants, and contract commencement date of other important contracts that may affect shareholders' rights and interests: None.

Chapter VI. Financial Overview

I. Five-Year Condensed Balance Sheet, Statement of Comprehensive Income and CPA's Audit Opinion

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet - Consolidated

Unit: NT\$ thousands

Year		Five-Year Financial Information (Note 1)				
		End of 2020 (Note 2)	End of 2019	End of 2018	End of 2017	End of 2016
Item						
Current assets		141,337,884	164,629,375	174,307,744	150,980,415	140,055,190
Property, plant and equipment		384,332,644	390,063,303	398,733,684	413,821,236	430,849,587
Intangible assets		1,654,972	1,677,536	1,850,508	1,938,180	2,488,714
Other assets		108,757,197	110,261,767	99,634,660	100,976,048	102,728,302
Total assets		636,082,697	666,631,981	674,526,596	667,715,879	676,121,793
Current liabilities	Before distribution	135,326,553	152,276,308	155,338,705	144,320,040	123,150,208
	After distribution	undistributed	160,197,313	171,127,141	158,220,292	136,578,415
Noncurrent liabilities		177,649,163	182,141,163	176,390,173	191,443,852	223,391,892
Total liabilities	Before distribution	312,975,716	334,417,471	331,728,878	335,763,892	346,542,100
	After distribution	undistributed	342,338,476	347,517,314	349,664,144	359,970,307
Equity attributable to owners of the Company		293,298,945	302,558,533	312,908,037	304,010,063	302,559,886
Share capital		157,731,290	157,731,290	157,731,290	157,731,290	157,731,290
Capital surplus		39,077,456	38,877,269	38,545,884	38,211,082	37,807,466
Retained earnings	Before distribution	108,342,066	115,476,131	122,682,396	109,227,145	106,917,266
	After distribution	undistributed	107,555,126	106,893,960	95,326,893	93,489,059
Other equity		(3,187,669)	(861,959)	2,595,167	7,372,935	8,680,706
Treasury shares		(8,664,198)	(8,664,198)	(8,646,700)	(8,532,389)	(8,576,842)
Non-controlling interests		29,808,036	29,655,977	29,889,681	27,941,924	27,019,807
Total equity	Before distribution	323,106,981	332,214,510	342,797,718	331,951,987	329,579,693
	After distribution	undistributed	324,293,505	327,009,282	318,051,735	316,151,486

Note 1: Financial information from 2016 to 2020 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2021, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2020.

2. Condensed Balance Sheet - Standalone

Unit: NT\$ thousands

Year Item		Five-Year Financial Information (Note 1)				
		End of 2020 (Note 2)	End of 2019	End of 2018	End of 2017	End of 2016
Current assets		61,576,209	82,799,286	85,311,954	73,703,417	65,458,991
Property, plant and equipment		148,160,443	146,141,153	155,897,997	162,042,223	167,632,162
Intangible assets		14,934	24,890	34,847	44,810	54,785
Other assets		233,166,821	237,113,859	239,837,379	236,637,062	237,129,431
Total assets		442,918,407	466,079,188	481,082,177	472,427,512	470,275,369
Current liabilities	Before distribution	56,431,956	68,415,109	68,011,905	65,066,190	45,556,399
	After distribution	undistributed	76,336,114	83,800,341	78,966,442	58,984,606
Noncurrent liabilities		93,187,506	95,105,546	100,162,235	103,351,259	122,159,084
Total liabilities	Before distribution	149,619,462	163,520,655	168,174,140	168,417,449	167,715,483
	After distribution	undistributed	171,441,660	183,962,576	182,317,701	181,143,690
Share capital		157,731,290	157,731,290	157,731,290	157,731,290	157,731,290
Capital surplus		39,077,456	38,877,269	38,545,884	38,211,082	37,807,466
Retained earnings	Before distribution	108,342,066	115,476,131	122,682,396	109,227,145	106,917,266
	After distribution	undistributed	107,555,126	106,893,960	95,326,893	93,489,059
Other equity		(3,187,669)	(861,959)	2,595,167	7,372,935	8,680,706
Treasury shares		(8,664,198)	(8,664,198)	(8,646,700)	(8,532,389)	(8,576,842)
Total equity	Before distribution	293,298,945	302,558,533	312,908,037	304,010,063	302,559,886
	After distribution	undistributed	294,637,528	297,119,601	290,109,811	289,131,679

Note 1: Financial information from 2016 to 2020 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2021, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2020.

3. Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Information (Note 1)				
	2020 (Note 2)	2019	2018	2017	2016
Operating revenues	314,783,301	366,240,735	400,665,057	347,012,002	293,055,804
Gross profit	15,117,520	27,827,888	48,838,402	39,339,149	39,723,308
Profit (loss) from operations	2,296,237	12,578,230	33,579,011	24,921,629	25,431,621
Non-operating income and expenses	471,925	223,325	(1,657,266)	(1,518,332)	(3,532,454)
Profit before income tax	2,768,162	12,801,555	31,921,745	23,403,297	21,899,167
Net profit from continuing operations	2,257,833	10,330,458	27,886,609	20,431,190	19,187,324
Loss from discontinued operations	-	-	-	-	-
Net profit	2,257,833	10,330,458	27,886,609	20,431,190	19,187,324
Other comprehensive income (net of income tax)	(2,893,683)	(3,589,807)	(1,218,335)	(3,298,276)	(1,176,053)
Total comprehensive income for the period	(635,850)	6,740,651	26,668,274	17,132,914	18,011,271
Net profit attributable to owners of the Company	885,865	8,809,555	24,454,152	16,905,588	16,038,369
Net profit attributable to non-controlling interests	1,371,968	1,520,903	3,432,457	3,525,602	3,148,955
Total comprehensive income attributable to owners of the Company	(1,538,770)	5,125,045	23,004,013	14,430,315	15,950,850
Total comprehensive income attributable to non-controlling interests	902,920	1,615,606	3,664,261	2,702,599	2,060,421
Basic earnings per share (NT\$) (Note 3)	0.05	0.57	1.58	1.09	1.04
Retrospective basic earnings per share (NT\$) (Note 4)	-	0.57	1.58	1.09	1.04

Note 1: Financial information from 2016 to 2020 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2021, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2020.

Note 3: Basic earnings per share is calculated based on the weighted average of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration and convertible preferred shares.

4. Condensed Statement of Comprehensive Income - Standalone

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Information (Note 1)				
	2020 (Note2)	2019	2018	2017	2016
Operating revenues	183,841,526	207,297,533	235,403,151	207,098,630	168,927,075
Gross profit	8,226,737	12,706,144	24,972,208	19,529,825	21,752,291
Profit (loss) from operations	597,227	4,586,901	16,316,631	11,575,044	13,081,144
Non-operating income and expenses	410,149	5,448,207	10,080,759	6,945,620	4,952,067
Profit before income tax	1,007,376	10,035,108	26,397,390	18,520,664	18,033,211
Net profit from continuing operations	885,865	8,809,555	24,454,152	16,905,588	16,038,369
Loss from discontinued operations	-	-	-	-	-
Net profit	885,865	8,809,555	24,454,152	16,905,588	16,038,369
Other comprehensive income (net of income tax)	(2,424,635)	(3,684,510)	(1,450,139)	(2,475,273)	(87,519)
Total comprehensive income for the period	(1,538,770)	5,125,045	23,004,013	14,430,315	15,950,850
Basic earnings per share (NT\$) (Note 3)	0.05	0.57	1.58	1.09	1.04
Retrospective basic earnings per share (NT\$) (Note 4)	-	0.57	1.58	1.09	1.04

Note 1: Financial information from 2016 to 2020 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2021, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2020.

Note 3: Basic earnings per share is calculated based on the weighted average of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration, and convertible preferred shares.

(II) Names and opinions of CPAs for the most recent five years

Year Item	2020	2019	2018	2017	2016
Name of CPAs	Jui-Hsuan Hsu Cheng-Hung Kuo	Jui-Hsuan Hsu Cheng-Hung Kuo	Lee-Yuan Kuo Cheng-Hung Kuo	Lee-Yuan Kuo Cheng-Hung Kuo	Lee-Yuan Kuo Cheng-Hung Kuo
Audit Opinion	Unqualified opinion	Unqualified opinion	Unmodified opinion with emphasis of matter and other matter paragraphs (Note 1)	Unqualified opinion	Unqualified opinion

Note 1: Emphasis of Matter: The Company has applied the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC starting from 2018.

Other Matter: Certain investments accounted for using the equity method in the Company's financial statements were based on financial statements audited by other independent auditors.

II. Five-Year Financial Analysis

(I) Financial Analysis - Consolidated

Item \ Year		Five-Year Financial Analysis (Note 1)					Difference Comparison between 2020 and 2019	Difference Analysis > 20%
		2020 (Note 2)	2019	2018	2017	2016		
Capital Structure	Debt-to-asset ratio (%)	49	50	49	50	51	(2)	
	Long-term fund to property, plant and equipment ratio (%)	130	132	130	126	128	(2)	
Solvency	Current ratio (%)	104	108	112	105	114	(4)	
	Quick ratio (%)	33	29	32	30	34	14	
	Interest coverage ratio	2	5	11	7	7	(60)	1
Operating Ability	Accounts receivable turnover (times)	22	21	21	21	20	5	
	Average collection days	17	17	17	17	18	-	
	Inventory turnover (times)	3	3	3	3	3	-	
	Accounts payable turnover (times)	15	15	17	19	18	-	
	Average inventory turnover days	137	128	115	116	130	7	
	Property, plant and equipment turnover (times)	1	1	1	1	1	-	
	Total asset turnover (times)	0.44	0.49	0.55	0.48	0.39	(10)	
Profitability	Return on assets (%)	1	2	5	4	3	(50)	2
	Return on equity (%)	1	3	8	6	6	(67)	3
	Pre-tax income to paid-in capital ratio (%)	2	8	20	15	14	(75)	4
	Net margin (%)	1	3	8	6	7	(67)	5
	Basic earnings per share (NT\$) (Note 3)	0.05	0.57	1.58	1.09	1.04	(91)	6
	Retrospective basic earnings per share (NT\$) (Note 4)	-	0.57	1.58	1.09	1.04	-	
Cash Flow	Cash flow ratio (%)	47	26	42	34	45	81	7
	Cash flow adequacy ratio (%)	135	124	138	118	109	9	
	Cash flow reinvestment ratio (%)	5	2	5	4	5	150	8
Leverage	Operating leverage	30	7	3	4	4	329	9
	Financial leverage	(14)	1	1	1	1	(1,500)	10

Reasons for differences in financial ratios in the most recent two years (comparison between 2020 and 2019):

- Interest coverage ratio decreased by 60% from the previous year, mainly due to the decrease in earnings before interests and income tax.
- Return on assets decreased by 50% from the previous year, mainly due to the decrease in net profit.
- Return on equity decreased by 67% from the previous year, mainly due to the decrease in net profit.
- Pre-tax income to paid-in capital ratio decreased by 75% from the previous year, mainly due to the decrease in profit before income tax.
- Net margin decreased by 67% from the previous year, mainly due to the decrease in net profit.
- Basic earnings per share decreased by 91% from the previous year, mainly due to the decrease in net profit.
- Cash flow ratio increased by 81% from the previous year, mainly due to the increase in net cash generated from operating activities.

8. Cash flow reinvestment ratio increased by 150% from the previous year, mainly due to the increase in net cash generated from operating activities.
9. Operating leverage increased by 329% from the previous year, mainly due to the decrease in profit from operations.
10. Financial leverage decreased by 1500% from the previous year, mainly due to a loss realized after subtracting interest expenses from profit from operations.

Note 1: Financial information from 2016 to 2020 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2021, the most recent financial information audited or reviewed by CPAs is the financial information at the end of 2020.

Note 3: Basic earnings per share is calculated based on the weighted average number of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration, and convertible preferred shares.

The formulas for financial analysis are listed as follows:

1. Capital Structure
 - (1) Debt-to-asset ratio = Total liabilities / Total assets.
 - (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities.
 - (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense.
3. Operating Ability
 - (1) Accounts receivable turnover = Net sales / Average accounts receivable
 - (2) Average collection days = 365 / Receivables turnover.
 - (3) Inventory turnover = Cost of goods sold / Average inventory.
 - (4) Average payment turnover = Cost of goods sold / Average accounts payables.
 - (5) Average inventory turnover days = 365 / Inventory turnover.
 - (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment.
 - (7) Total asset turnover = Net sales / Average total assets.
4. Profitability
 - (1) Return on assets = [Net profit + Interest expense (1 – Tax rate)] / Average total assets.
 - (2) Return on equity = Net profit / Average total equity.
 - (3) Net margin = Net profit / Net sales.
 - (4) Earnings per share = (Net profit (loss) attributable to owners of the Company – Preferred share dividends) / Weighted average of shares outstanding.
5. Cash Flow
 - (1) Cash flow ratio = Net cash generated from operating activities / Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash generated from operating activities / Five-year sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash flow reinvestment ratio = (Net cash generated from operating activities – Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
 - (1) Operating leverage = (Net sales – Variable expenses) / Profit from operations.
 - (2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

(II) Financial Analysis - Standalone

Item \ Year		Financial Analysis in the Most Recent Five Years (Note 1)					Differences Comparison between 2020 and 2019	Differences Analysis > 20%
		2020 (Note 2)	2019	2018	2017	2016		
Capital Structure	Debt-to-asset ratio (%)	34	35	35	36	36	(3)	
	Long-term fund to property, plant and equipment ratio (%)	261	272	265	251	253	(4)	
Solvency	Current ratio (%)	109	121	125	113	144	(10)	
	Quick ratio (%)	26	30	39	28	36	(13)	
	Interest coverage ratio	2	9	17	11	10	(78)	1
Operating Ability	Accounts receivable turnover (times)	40	42	40	42	54	(5)	
	Average collection days	9	9	9	9	7	-	
	Inventory turnover (times)	3	3	4	4	3	-	
	Accounts payable turnover (times)	29	24	26	33	38	21	2
	Average inventory turnover days	111	112	95	99	117	(1)	
	Property, plant and equipment turnover (times)	1	1	1	1	1	-	
	Total asset turnover (times)	0.39	0.43	0.48	0.43	0.35	(9)	
Profitability	Return on assets (%)	0.4	2	5	4	4	(80)	3
	Return on equity (%)	0.3	3	8	6	5	(90)	4
	Pre-tax income to paid-in capital ratio (%)	1	6	17	12	11	(83)	5
	Net margin (%)	1	4	11	8	10	(75)	6
	Basic earnings per share (NT\$) (Note 3)	0.05	0.57	1.58	1.09	1.04	(91)	7
	Retrospective basic earnings per share (NT\$) (Note 4)	-	0.57	1.58	1.09	1.04	-	
Cash Flow	Cash flow ratio (%)	57	10	57	36	69	470	8
	Cash flow adequacy ratio (%)	100	93	122	117	122	8	
	Cash flow reinvestment ratio (%)	3	(1)	3	1	3	400	9
Leverage	Operating leverage	55	9	3	4	4	511	10
	Financial leverage	(1)	1	1	1	1	(200)	11

Reasons for differences in financial ratios in the most recent two years (comparison between 2020 and 2019):

1. Interest coverage ratio decreased by 78% from the previous year, mainly due to the decrease in earnings before interest and taxes.
2. Accounts payable turnover increased by 21% from the previous year, mainly because the decrease in cost of goods sold was smaller than the decrease in accounts payable.
3. Return on assets decreased by 80% from the previous year, mainly due to the decrease in net profit.
4. Return on equity decreased by 90% from the previous year, mainly due to the decrease in net profit.
5. Pre-tax income to paid-in capital ratio decreased by 83% from the previous year, mainly due to the decrease in profit before income tax.
6. Net margin decreased by 75% from the previous year, mainly due to the decrease in net profit.
7. Basic earnings per share decreased by 91% from the previous year, mainly due to the decrease in net profit.
8. Cash flow ratio increased by 470% from the previous year, mainly due to the increase in net cash generated from operating activities.
9. Cash flow adequacy ratio increased by 400% from the previous year, mainly due to the increase in net cash generated from operating activities.
10. Operating leverage increased by 511% from the previous year, mainly due to the substantial decrease in profit from operations.
11. Financial leverage decreased by 200% from the previous year, mainly due to a loss realized after subtracting interest expenses from profit from operations.

Note 1: Financial information from 2016 to 2020 was audited by CPA.

Note 2: As the Company's annual report was published on March 31, 2021, the most recent financial information audited or reviewed by CPAs is the financial information at the end of 2020.

Note 3: Basic earnings per share is calculated based on the weighted average number of shares outstanding.

Note 4: Retrospective basic earnings per share is calculated based on retrospective adjustment of earnings, the number of common shares after capital increase transferred from employees' remuneration, and convertible preferred shares.

Refer to Page 175 for the formulas used in financial analysis.

III. 2020 Audit Committee's Audit Report

China Steel Corporation

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2020 Financial Statements audited by Deloitte & Touche Taiwan, earnings distribution plan and business report. The Audit Committee has reviewed the aforementioned financial statements and documents, and concluded all information is presented fairly. We hereby submit this report pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2021 Annual General Shareholders' Meeting

China Steel Corporation

Convener of the Audit Committee:



Shyue-Bin Chang

February 26, 2021

IV. 2020 Consolidated Financial Statements

Please refer to the Appendix on page 259-412.

V. 2020 Standalone Financial Statements

Please refer to the Appendix on page 413-489.

VI. Impact on the Financial Status of the Company Due to Financial Difficulties Experienced by the Company and Its Affiliated Companies: None

Chapter VII. Analysis of Financial Status and Financial Performance and Risk Management

I. Financial Status

(I) Comparative Analysis of Financial Status - Consolidated

Unit: NT\$ thousands

Item \ Year	End of 2020	End of 2019	Difference	
			Amount	%
Current assets	141,337,884	164,629,375	(23,291,491)	(14)
Property, plant and equipment	384,332,644	390,063,303	(5,730,659)	(1)
Other noncurrent assets	110,412,169	111,939,303	(1,527,134)	(1)
Total assets	636,082,697	666,631,981	(30,549,284)	(5)
Current liabilities	135,326,553	152,276,308	(16,949,755)	(11)
Noncurrent liabilities	177,649,163	182,141,163	(4,492,000)	(2)
Total liabilities	312,975,716	334,417,471	(21,441,755)	(6)
Share capital	157,731,290	157,731,290	-	-
Capital surplus	39,077,456	38,877,269	200,187	1
Retained earnings	108,342,066	115,476,131	(7,134,065)	(6)
Other equity	(3,187,669)	(861,959)	(2,325,710)	(270)
Treasury shares	(8,664,198)	(8,664,198)	-	-
Non-controlling interests	29,808,036	29,655,977	152,059	1
Total equity	323,106,981	332,214,510	(9,107,529)	(3)

Note

Note: Other equity decreased by NT\$2,325,710 thousand, mainly due to the unfavorable impact from unrealized gains and losses on financial assets at fair value through other comprehensive income (FVOCI) and exchange differences on translating foreign operations in the current year compared to that of the previous year.

(II) Comparative Analysis of Financial Status – Standalone

Unit: NT\$ thousands

Item \ Year	End of 2020	End of 2019	Difference		
			Amount	%	
Current assets	61,576,209	82,799,286	(21,223,077)	(26)	Note 1
Property, plant and equipment	148,160,443	146,141,153	2,019,290	1	
Other noncurrent assets	233,181,755	237,138,749	(3,956,994)	(2)	
Total assets	442,918,407	466,079,188	(23,160,781)	(5)	
Current liabilities	56,431,956	68,415,109	(11,983,153)	(18)	
Noncurrent liabilities	93,187,506	95,105,546	(1,918,040)	(2)	
Total liabilities	149,619,462	163,520,655	(13,901,193)	(9)	
Share capital	157,731,290	157,731,290	-	-	
Capital surplus	39,077,456	38,877,269	200,187	1	Note 2
Retained earnings	108,342,066	115,476,131	(7,134,065)	(6)	
Other equity	(3,187,669)	(861,959)	(2,325,710)	(270)	
Treasury shares	(8,664,198)	(8,664,198)	-	-	
Total equity	293,298,945	302,558,533	(9,259,588)	(3)	

Note:

1. Current assets decreased by NT\$21,223,077 thousand from the previous year, mainly due to the decrease in inventory.
2. Other equity decreased by NT\$2,325,710 thousand, mainly due to the unfavorable impact from unrealized gains and losses on financial assets at fair value through other comprehensive income (FVOCI) and exchange differences on translating foreign operations in the current year compared to that of the previous year.

II. Financial Performance

(I) Comparative Analysis of Financial Performance - Consolidated

Unit: NT\$ thousands

Item \ Year	2020	2019	Increase (Decrease)	Percentage Change (%)	
Operating revenues	314,783,301	366,240,735	(51,457,434)	(14)	
Operating costs	299,665,781	338,412,847	(38,747,066)	(11)	
Gross profit	15,117,520	27,827,888	(12,710,368)	(46)	Note 1
Realized (unrealized) gain on sales	-	-	-	-	
Operating expenses	12,821,283	15,249,658	(2,428,375)	(16)	
Profit from operations	2,296,237	12,578,230	(10,281,993)	(82)	Note 2
Non-operating income and expenses	471,925	223,325	248,600	111	Note 3
Profit before income tax	2,768,162	12,801,555	(10,033,393)	(78)	Note 4
Income tax	510,329	2,471,097	(1,960,768)	(79)	Note 5
Net profit	2,257,833	10,330,458	(8,072,625)	(78)	Note 6
Other comprehensive income (net of income tax)	(2,893,683)	(3,589,807)	696,124	19	
Total comprehensive income	(635,850)	6,740,651	(7,376,501)	(109)	Note 7

Note:

- Gross profit decreased by NT\$12,710,368 thousand from the previous year, mainly due to the decrease in unit price of steel products was greater than the decrease in unit cost of goods sold.
- Profit from operations decreased by NT\$10,281,993 thousand from the previous year due to reasons stated in Note 1.
- Non-operating income and expenses increased by NT\$248,600 thousand from the previous year, mainly due to the decrease in finance costs.
- Profit before income tax decreased by NT\$10,033,393 thousand from the previous year due to reasons stated in Note 1.
- Income tax expense decreased by NT\$1,960,768 thousand from the previous year, mainly due to the decrease in profit before income tax.
- Net profit decreased by NT\$8,072,625 thousand from the previous year due to reasons stated in Notes 1 to 4.
- Total comprehensive income decreased by NT\$7,376,501 thousand from the previous year due to reasons stated in Notes 1 to 6.

(II) Comparative Analysis of Financial Performance – Standalone

Unit: NT\$ thousands

Item \ Year	2020	2019	Increase (Decrease)	Percentage Change (%)	
Operating revenues	183,841,526	207,297,533	(23,456,007)	(11)	
Operating costs	175,614,789	194,591,389	(18,976,600)	(10)	
Gross profit	8,226,737	12,706,144	(4,479,407)	(35)	Note 1
Realized (unrealized) gain on sales	(139,358)	138,254	(277,612)	(201)	Note 2
Operating expenses	7,490,152	8,257,497	(767,345)	(9)	
Profit from operations	597,227	4,586,901	(3,989,674)	(87)	Note 3
Non-operating income and expenses	410,149	5,448,207	(5,038,058)	(92)	Note 4
Profit before income tax	1,007,376	10,035,108	(9,027,732)	(90)	Note 5
Income tax	121,511	1,225,553	(1,104,042)	(90)	Note 6
Net profit	885,865	8,809,555	(7,923,690)	(90)	Note 7
Other comprehensive income (net of income tax)	(2,424,635)	(3,684,510)	1,259,875	34	Note 8
Total comprehensive income	(1,538,770)	5,125,045	(6,663,815)	(130)	Note 9

Note:

- Gross profit decreased by NT\$4,479,407 thousand from the previous year, mainly due to the decrease in unit price of steel products was greater than the decrease in unit cost of goods sold.
- Realized (unrealized) gain on sales decreased by NT\$277,612 thousand from the previous year, mainly due to the decrease in realized gross profit from steel products sold to subsidiaries in the current year compared to that of the previous year.
- Profit from operations decreased by NT\$3,989,674 thousand from the previous year due to reasons stated in Notes 1 and 2.
- Non-operating income and expenses decreased by NT\$5,038,058 thousand from the previous year, mainly due to the decrease in the share of the profit (loss) of subsidiaries and associates.
- Profit before income tax decreased by NT\$9,027,732 thousand from the previous year due to reasons stated in Notes 1 to 4.
- Income tax expense decreased by NT\$1,104,042 thousand from the previous year, mainly due to the decrease in profit before income tax.
- Net profit decreased by NT\$7,923,690 thousand from the previous year due to reasons stated in Notes 1 to 6.
- Other comprehensive income (net of income tax) for the period increased by NT\$1,259,875 thousand from the previous year, mainly due to the increase in unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income (FVOCI) in the current year compared to that of the previous year.
- Total comprehensive income decreased by NT\$6,663,815 thousand from the previous year due to reasons stated in Notes 1 to 8.

(III) Expected Sales Volume in the Coming Year and Its Basis

Please refer to Business Objectives in V. Operations Highlights in this annual report (Page 128).

III. Cash Flow

1. Analysis of Changes in Cash Flow for the Year – Consolidated

The net amount of cash and cash equivalents of the Company and our subsidiaries in 2020 increased by NT\$775,325 thousand (Note), where changes in various types of cash flows are described as follows:

- (1) Operating activities: Net cash generated from operating activities totaled NT\$63,215,359 thousand, mainly due to the profit before income tax of NT\$2,768,162 thousand, the add-back of depreciation of NT\$33,247,153 thousand, and the add-back of a decrease of NT\$ 26,492,408 thousand in inventory in the current year.
- (2) Investing activities: Net cash used in investing activities totaled NT\$28,864,739 thousand, mainly due to the acquisition of property, plant and equipment of NT\$26,815,441 thousand.
- (3) Financing activities: Net cash used in financing activities totaled NT\$34,667,762 thousand, mainly due a net decrease of NT\$22,160,804 thousand in long-term and short-term financing as well as dividends paid to the owners of the Company of NT\$7,915,869 thousand.

Note: Changes in the balance of cash and cash equivalents include bank overdraft.

Cash Flow Analysis for the Coming Year

Unit: NT\$ millions

Year	Cash balance at the beginning of the period ①	Estimated net cash generated from operating activities for the year ②	Estimated net cash used in investing activities for the year ③	Estimated net cash used in financing activities for the year ④	Estimated cash surplus (deficit) ①+②-③-④	Remedial measures for cash deficit
						Financing plan
2021	12,806	38,538	20,884	21,936	8,524	-

Analysis of changes in cash flows in 2021:

1. Net cash generated from operating activities is mainly affected by net profit, depreciation and amortization.
2. Net cash used in investing activities is mainly affected by the acquisition of property, plant and equipment.
3. Net cash used in financing activities is mainly resulted from repayment of long-term and short-term borrowings.

2. Analysis of Changes in Cash Flow for the Year – Standalone

The net amount of cash and cash equivalents of the Company in 2020 decreased by NT\$1,233,141 thousand (Note), where changes in various types of cash flows are described as follows:

- (1) Operating activities: Net cash generated from operating activities totaled NT\$32,164,434 thousand, mainly due to the profit before income tax of NT\$1,007,376 thousand, the add-back of depreciation of NT\$15,249,956 thousand, the add-back of a decrease of NT\$18,934,316 thousand in inventory, and the deduction of reversal of inventories of NT\$2,394,332 thousand.
- (2) Investing activities: Net cash used in investing activities totaled NT\$12,039,551 thousand, mainly due to the acquisition of property, plant and equipment of NT\$15,729,921 thousand, the derecognition of financial liabilities for hedging of NT\$2,682,577 thousand, a decrease of NT\$3,576,000 thousand in other receivables — loans to related parties, and dividends received from subsidiaries and associates of NT\$1,308,122 thousand.
- (3) Financing activities: Net cash used in financing activities totaled NT\$21,358,024 thousand, mainly due to dividends paid of NT\$7,915,869 thousand, a net decrease of NT\$9,991,546 thousand in short-term notes payable, a net decrease of NT\$7,801,912 thousand in short-term borrowings, and a net increase of NT\$4,898,821 thousand in long-term notes payable.

Note: Changes in the balance of cash and cash equivalents include bank overdraft.

Analysis of Cash Flow in the Coming Year

Unit: NT\$ millions

Year	Cash balance at the beginning of the period ①	Estimated net cash generated from operating activities for the year ②	Estimated net cash used in investing activities for the year ③	Estimated net cash used in financing activities for the year ④	Estimated cash surplus (deficit) ①+②-③-④	Remedial measures for cash deficit
						Financing plan
2021	-1,410	12,715	6,973	7,348	-3,016	Note

Note: The amount of cash balance shown in the balance sheet is expected to remain positive after adding back bank overdraft.

Analysis of changes in cash flows in 2021:

1. Net cash generated from operating activities is mainly affected by the cash generated from operation.
2. Net cash used in investing activities is mainly affected by the acquisition of property, plant and equipment.
3. Net cash used in financing activities is mainly resulted from repayment of corporate bonds.

IV. Impact of Major Capital Expenditure on the Company's Finance and Business in 2020

The Company's internal fixed asset investment plan included new production lines, equipment upgrades, production capacity or quality improvement, resource recycling, and other general items. A total of NT\$15.7 billion has been paid for the acquisition of property, plant and equipment in 2020. The major individual projects with an investment amount of over NT\$2 billion, which are currently in progress, are listed as follows:

(I) Uses of major capital expenditure and sources of funds

Unit: NT\$ million

Project	Source of Funds	Actual or Scheduled Completion Date	Investment Amount	Funds for Each Year				
				2017	2018	2019	2020	2021
Upgrading Project of the Process Control and Electrical Control System of the No. 2 Hot Strip Mill	Equity 77.28% Long-term borrowings 22.72%	June 2021	2,293	328	730	439	128	-
Stage 1 Replacement of Phase I and II Coke Ovens	Equity 77.28% Long-term borrowings 22.72%	December 2022	2,777	-	543	507	828	307
Revamping of the 3rd Campaign of No. 2 Blast Furnace	Equity 77.28% Long-term borrowings 22.72%	June 2021	6,369	-	296	2,163	3,014	897
Replacement of No. 3 and No. 4 Ship-unloaders	Equity 77.28% Long-term borrowings 22.72%	April 2021	2,077	-	-	700	1,156	220
Replacement of Turbine Blowers for No.1 Power House	Equity 77.28% Long-term borrowings 22.72%	December 2022	2,593	-	-	389	1,015	730
Phase 1 Construction of the New Enclosed Building in Coking Coal Storage Yard	Equity 70.48% Long-term borrowings 29.52%	December 2021	7,438	-	-	1,749	2,367	3,321
Phase 1 Construction of Coke Ovens and Coke Dry Quenching Facility	Equity 70.48% Long-term borrowings 29.52%	February 2025	9,429	-	-	-	761	1,519
Phase 1 Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10)	Equity 70.48% Long-term borrowings 29.52%	March 2026	5,909	-	-	-	195	526
Phase 2 Construction of Coke Ovens and Coke Dry Quenching Facility	Equity 70.48% Long-term borrowings 29.52%	October 2024	8,080	-	-	-	-	1,656
Phase 2 Construction of the New Enclosed Building in Coking Coal Storage Yard	Equity 70.48% Long-term borrowings 29.52%	December 2023	3,799	-	-	-	-	496

(II) Expected Benefits

1. Upgrading Project of the Process Control and Electrical Control System of the No.2 Hot Strip Mill

This project can solve the problem that no spare parts are available for electrical control in the 2nd hot strip mill, avoid interruption in material supply in the downstream due to production shutdown and downtime, expand the process control capacity of equipment, and increase the process capability of production lines in developing a new type of steel.

2. Replacement of Phase I and II Coke Ovens

This project is divided into the construction of the new enclosed building in coking coal storage yard, the replacement of Phase I and II coke ovens, and the construction of Coke Dry Quenching Facility, which are to be implemented in eight stages. The purpose of this project is to accelerate the reduction of CO₂ and particles emissions by upgrading equipment and improving environmental protection.

Upon gradual completion of each stage in this project, the amount of electricity generated can be increased by 273 million kWh every year by turning the recycled waste heat from production processes into electric energy. In addition, this project can reduce volatile organic compounds (VOCs) emissions (percentage) by 73 metric tons (around 63%), reduce particulate matters (PMs) by 41 metric tons (around 56%), reduce energy consumption by 214 million cal/metric ton coke (around 10%), and reduce CO₂ emissions by 146 thousand metric tons per year, thereby increasing tangible and intangible benefits for the Company.

3. Revamping of the 3rd Campaign of No. 2 Blast Furnace

The 3rd Campaign of No. 2 Blast Furnace has been in operation for years since January 2006. Upon assessment, the 3rd Campaign will finished its mission of production and the furnace shall be shut down for revamping to improve and stabilize the production and to enhance the Company's competitiveness.

4. Replacement of No. 3 and No. 4 Ship-unloaders

No. 3 and No. 4 Ship-unloaders of the Company for the import of raw materials at Dock No. 97 at Kaohsiung Port have been in operation for over 30 years. With a view to stabilizing the supply of raw materials required for blast furnace production, these ship-unloaders must be replaced to ensure smooth unloading of raw materials.

5. Replacement of Turbine Blowers for No.1 Power House

The purpose of the replacement project is to ensure the stable supply of cold blast air needed by blast furnaces, increase energy efficiency, and comply with strict regulations and requirements in the future.

6. Replacement of Boiler Turbine Generators for No. 1 Power House (BTG-9/10)

Since Phase I and II boiler turbine generators at No. 1 Power House have reached the age for replacement, replacing the turbine generators at the present stage can reduce the risk of electric power and medium-pressure steam supply interruption at the Company due to the failure of turbine generators in the future.

(III) Investments with amount exceeding 5% of paid-in capital in the most recent year: None.

V. Investment Policies, Major Causes for Profit or Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year

The Company's investment policy mainly revolves around our business strategies of further consolidating the steel business and expanding export markets. We focus on enhancing industrial competitiveness with professional cooperation among associates, in hopes of creating synergy, thereby increasing investment income to enhance shareholders' interests.

The share of the loss of subsidiaries and associates indicated in the Company's 2020 standalone financial statements was NT\$486 million, a decrease of NT\$5.302 billion from 2019. As a result of US-China trade war and COVID-19 pandemic, the share of profit decreased mainly due to a loss recorded by Dragon Steel Corporation in the sluggish steel market and a decline in business experienced by subsidiaries associated with industrial materials, logistics, and trading, thus leading to a decrease in investment income compared to that of 2019.

The share of the profit of associates indicated in the consolidated financial statements in 2020 by equity method was NT\$583 million, a decrease of NT\$26 million from 2019. The share of profit decreased mainly due to the combined effect of recognition of the increase in investment loss from TSK Steel Company Limited and Eminent II Venture Capital Corporation and the recognition of the increase in investment income from Taiwan Rolling Stock Co., Ltd.

In the future, the Company will continue to improve investment management, to implement performance appraisal system, and to drive investee companies to improve operating performance so as to increase the Company's investment income, and create synergy from all businesses to enhance competitiveness, thereby becoming a steel enterprise of global distinction. Future investment projects will continue to revolve around the steel business, which highly related to our sales, technology and process, and target emerging countries in Asia with strong steel demand growth. Considering differences in steel demand in various regions and those of our products with greater market advantage, the Company plans the expansion of landscape of the overall steel businesses taking into account the overall production and sales allocation of CSC Group and mutual support between production lines. On the other hand, facing the crucial era for energy transformation, the Company will also assess and participate in the promotion of the green industry chain, including offshore wind power. To achieve the steady development of CSC Group, the Company will take advantage of operating synergies of CSC Group to enhance the operational efficiency of non-steel businesses.

VI. Risk Management

(I) Organization of Risk Management

1. Organization and operation of risk management:

- (1) Risk control at the Company is divided into three levels (mechanisms): The organizing unit is the "first mechanism", and has to assume the responsibility for initial detection, designing of the assessment and control and prevention of risks in operations. The second mechanism is various functional committees, monthly and morning management meetings hosted by the Vice Presidents or the President, which includes the feasibility assessment as well as various types of risk assessments and legal advice and setting of control points provided by the Legal Department and the Internal Audit Office. The third mechanism is the review and approval from the Corporate Governance and Sustainability Committee, Audit Committee and the Board of Directors, while the Internal Audit Office regularly or

irregularly carries out random checks and assessment on various risk reports. The Company adopts comprehensive risk control over all employees, which is usually implemented from level to level, instead of being controlled by a single person. This is the most practical approach for risk control.

- (2) To enhance stable operation and sustainable development of the Company, the Board of Directors approved the formulation of the "Risk Management Policy and Procedure" in December 2020 as the highest guiding principle for risk management. The Risk Management Policy and Procedure stipulates the scope of risks, which covers operational risks, financial risks, information security risks, environmental risks, compliance risks, etc. Business execution units are responsible for identifying the sources of risks, carrying out risk analysis and assessment, and formulating response strategies or measures. Relevant risks are properly monitored and controlled through regular reporting to each level of management, functional committees, and the Board of Directors.
- (3) The medium-term and long-term operational goals of the Company are led by the Secretariat Department, while annual management policy is led by the Industrial Engineering Department. Risk assessment at each operation level is included by the Industrial Engineering Department in the establishment and tracking of annual management policy and objectives at all first echelon units. Matters to be implemented will also be reviewed at each level, while cross-unit task forces have to be formed to implement risk detection, assessment and prevention if needed. During normal times, the Internal Audit Office regularly carries out the examination of all items in each operating cycle, in hopes of early detection, correction and prevention of possible risks.
- (4) At the beginning of each year, all first echelon units, from bottom to top, carry out risk assessment on various operating items and prepare management review (self-assessment) reports, which are then reviewed by the Internal Audit Office. Each division also performs overall risk assessment in each operating cycle, and prepares self-assessment reports based on the five major components of internal control, which are then submitted to the President for review. These reports and the written reports prepared by the Internal Audit Office, which are listed as the main basis for the Company to issue the Statement on Internal Control System, are submitted to the Audit Committee and the Board of Directors for review. In summary, the Company's approach is extremely stringent to minimize possible risks and well implemented.

2. Organizational structure of risk management:

Important Risk Assessment Item	Direct Risk Control Unit (Direct Business Unit) (First Mechanism)	Risk Review and Control (Second Mechanism)	Corporate Governance and Sustainability Committee, Audit Committee, Board of Directors and Internal Audit Office (Third Mechanism)
(1) Changes in interest rates, exchange rates and inflation	Finance Department	Vice President of Finance Division, monthly and morning management meetings, and Internal Audit Office	Corporate Governance and Sustainability Committee, Audit Committee and Board of Directors: (Risk assessment control and ultimate control)
(2) High-risk and high-leverage investments, loaning of funds to others, derivative instruments, and financial investment	Finance Department		
(3) R&D Projects	Iron & Steel Research & Development Department, and New Materials Research & Development Department	Vice President at each divisions, Total Quality Management Committee, Legal Department, and Internal Audit Office	
(4) Changes in policies and laws	Secretariat Department, Industrial Engineering Department, and Legal Department		
(5) Technological and industrial changes and strengthening relationship with customers	Marketing Department, Marketing Administration Department, and Metallurgical Department		
(6) Changes in corporate image	Marketing Department , Public Affairs Department and Corporate Strategy Department		
(7) Benefits from investments, reinvestments and mergers and acquisitions	Corporate Strategy Department, Finance Department, factories (departments) governing the investment targets, and Legal Department	Vice President of Corporate Planning Division, Vice President of Finance Division, Group Business Conference, and Internal Audit Office	Internal Audit Office: (Risk inspection, assessment, supervision, improvement tracking and reporting)
(8) Plant expansion or production	All first echelon units	Vice President of Production Division, Vice President of Commercial Division, Vice President of Engineering Division; Production-sales meeting, and Internal Audit Office	
(9) Concentration of purchases and sales	Purchasing Department, Marketing Department, and Marketing Administration Department		

Important Risk Assessment Item	Direct Risk Control Unit (Direct Business Unit) (First Mechanism)	Risk Review and Control (Second Mechanism)	Corporate Governance and Sustainability Committee, Audit Committee, Board of Directors and Internal Audit Office (Third Mechanism)
(10) Information on investments in Mainland China	Corporate Strategy Department and Finance Department	Vice President of Corporate Planning Division, Vice President of Finance Division, Vice President of Administration Division, Vice President of Production Division, monthly and morning management meetings, EHS Management Committee, Legal Department, and Internal Audit Office	
(11) Transfers or changes in shareholdings of directors, supervisors and major shareholders	Finance Department		
(12) Changes in management rights	Finance Department		
(13) Litigious or non-litigious matters	Legal Department, Public Affairs Department, and business units involved in such cases		
(14) Other operational matters			
(15) Environmental, health and safety incidents	All first echelon units		
(16) Employee behavior, ethics and conduct	Supervisors and executives at various levels, and Human Resources Department	Rewards and Punishments Review Committee	
(17) SOP and legal compliance	Supervisors and executives at various levels	Legal Department and Internal Audit Office	
(18) Management of Board of Directors' meetings	Secretariat Department	Legal Department and Internal Audit Office	
(19) External construction contracts	First echelon units from Engineering Division	Vice President of Engineering Division, Legal Department, and Internal Audit Office	

(II) Impact on profit and loss of the Company due to interest rate and exchange rate fluctuation and inflation and response measures thereof

1. Impact on profit and loss of the Company

Unit: NT\$ thousands; %

Item	2020
Net interest expense	990,207
Net foreign exchange gain	340,821
Ratio of net interest expense to net revenue	0.54%
Ratio of net interest expense to profit before income tax	98.30%
Ratio of net foreign exchange gain to net revenue	0.19%
Ratio of net foreign exchange gain to profit before income tax	33.83%

(1) Changes in interest rate

The Company sources funds through both fixed and floating interest rates borrowings, thereby resulting in exposure to interest rate risk. Hence, the Company manages interest rate risks by maintaining a suitable combination of fixed and floating interest rates, so as to lower cost of capital and thus mitigate the impact of future interest rate fluctuations. If interest rate increases or decreases by 1%, the Company's profit before income tax in 2020 will decrease or increase by NT\$265 million assuming all other variables remain unchanged. Looking ahead to 2021, central banks in countries around the world continue to adopt easing policies despite the fact that the COVID-19 pandemic has yet to be brought under control; hence, the trend of interest rate is indeed favorable to the Company. All in all, interest rate risks experienced by the Company due to changes in interest rates remains within a controllable range.

(2) Changes in exchange rates

As regards the daily operations of import and export business, the Company not only adopts natural hedge that partially offsets income and expenditure in connection with foreign currency positions derived from these operations, but also purchase or sell foreign currency in line with exchange rate trends with respect to net gaps or positions. All in all, the risk of exchange rate fluctuations arising from daily operations remains within a controllable range.

(3) Inflation

The Company's production costs are mainly resulted from imported raw materials, and those affected by domestic inflation include utilities and supplies, which accounted for less than 10% of the total cost. A 1% increase in inflation rate will increase the Company's annual cost by approximately NT\$138 million. Hence, domestic inflation poses little risk on the Company's earnings.

2. Future response measures

(1) Response measures for changes in interest rates

For existing liabilities with floating interest rates, the Company sets a strict range of interest rate risk tolerance and regularly assesses the best time to issue medium-term to long-term corporate bonds. Moreover, the Company also uses line of credit and various financial instruments in due course to lower interest expenses.

(2) Response measures for changes in exchange rates

In order to reduce the risk of exchange rate fluctuations for equipment or engineering procurement involving large payment amounts and long payment periods, the Company hedges against risks by purchasing forward foreign exchange contracts in batches when opportunities arise, so as to lock in the cost of foreign currency purchases required for procurement cases and avoid rising New Taiwan dollar-denominated procurement costs due to exchange rate fluctuations in future payments. As of the end of 2020, the balance of unexpired forward foreign exchange contracts purchased by the Company for imported equipment were US\$22,461 thousand, JPY\$89,600 thousand and EUR\$18,838 thousand, whereas the total unrealized loss based on fair value assessment was approximately NT\$14,913 thousand.

Response measures for inflation

Inflation poses little risk on the Company's earnings.

(III) Since the Company's policies focus on our main businesses, the Company does not engage in high-risk or high-leverage trading activities. The purpose of derivatives trading is limited to hedging against risks. Forward foreign exchange contracts, which were yet to expire at the end of 2020, were purchased for the procurement of imported equipment in order to hedge against risks. In addition, the Company provides guarantees only to our subsidiaries or invested companies which is guaranteed by all joint shareholders according to the shareholding ratio. Such guarantees are strictly controlled through careful evaluation procedures before they are provided to reduce possible risks.

(IV) Impact on profit and loss of the Group due to interest rate and exchange rate fluctuation and inflation and future response measures thereof

1. Impact on profit and loss of CSC Group

Unit: NT\$ thousands; %

Item	2020
Net interest expense	2,157,190
Net foreign exchange gain	124,740
Ratio of net interest expense to net revenue	0.69%
Ratio of net interest expense to profit before income tax	77.93%
Ratio of net foreign exchange gain to net revenue	0.04%
Ratio of net foreign exchange gain to profit before income tax	4.51%

(1) Changes in interest rates

The Company and our subsidiaries sources funds through both fixed and floating interest rates borrowings, thereby resulting in exposure to interest rate risk. Hence, the Company and our subsidiaries manage interest rate risks by maintaining a suitable combination of fixed and floating interest rates, so as to lower cost of capital and thus mitigate the impact of future interest rate fluctuations. If interest rate increases or decreases by 1%, the Company's consolidated profit before income tax in 2020 will decrease or increase by NT\$875 million assuming all other variables remain unchanged. Looking ahead to 2021, central banks in countries around the world continue to adopt easing policies despite the fact that the COVID-19 pandemic has yet to be brought under control; hence, the trend of interest rate is indeed favorable to the companies of CSC Group. All in all, interest rate risks experienced by the Company and our subsidiaries due to changes in interest rates remains within a controllable range.

(2) Changes in exchange rates

As regards the daily operations of import and export business, the companies of CSC Group not only adopt natural hedge that partially offsets income and expenditure in connection with foreign currency positions derived from these operations, but also purchase or sell foreign currency in line with exchange rate trends with respect to net gaps or positions. All in all, the risk of exchange rate fluctuations arising from daily operations remains within a controllable range.

(3) Inflation

Domestic inflation poses little risk to the profits of companies of CSC Group.

2. Future response measures

(1) Response measures for changes in interest rates

For existing liabilities with floating interest rates, the The Company and our subsidiaries sets a strict range of interest rate risk tolerance and regularly assesses the best time to issue medium-term to long-term corporate bonds. Moreover, The Company and our subsidiaries also use line of credit and various financial instruments in due course to lower interest expenses.

(2) Response measures for changes in exchange rates

The Company and our subsidiaries manage exposure to exchange rate risks by engaging in forward foreign exchange contracts, purchasing or borrowing foreign currency within the scope permitted by policies.

(3) Response measures for inflation

Inflation poses little risk to the earnings of the Company and our subsidiaries.

(V) Future R&D Projects and Expected R&D Expenditure

1. China Steel Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of 0.20/0.15 mm ultra-thin electrical sheets for electric vehicle motors	1. A thin gauge electrical sheet with thickness 0.25 mm and above for electric vehicle drive motor has been successfully developed. 2. A type of ultra-thin electrical sheet with a thickness of 0.20/0.15 mm is currently being developed according to the requirements of electric vehicle manufacturers around the world. This type of electrical sheet possesses the features of even lower iron loss and higher strength, so as to meet the requirements of higher efficiency design in future electric vehicle motors.	1,000	2021.12	1. Establish composition effects and formulate the best range for composition. 2. Establish analysis of cross-process microstructure and aggregate structure evolution, and optimize parameters for cross-process production conditions.
Development of high hole expansion ratio hot-rolled steel with 80 kg strength	1. Establish ideal micro-alloy addition and coiling conditions for hot-rolling according to the requirements for steel strength and hole-expansion ratio to adjust the overall strength of steel products, as well as suppress the formation of carbides to optimize hole expansion ratio. 2. Adjust finish rolling temperature to control the level of non-recrystallization rolling, so that the adjustment of structure is more ideal and hole expansion ratio is more optimized.	400	2021.12	1. Optimize nano precipitation behavior and adjust the texture by further adjusting the laminar cooling model, while simultaneously optimizing the strength, elongation ratio, and hole expansion ratio of steel. 2. Establish a hole expansion ratio prediction model in the laboratory in cooperation with academic and research units.
Development of low-carbon green process steelmaking technology	1. Develop technologies of highly efficient electric arc furnace (EAF) steelmaking process using low-carbon iron sources such as scrap and direct reduced iron from hydrogen ironmaking process, in consideration of the potential of effectively reducing CO₂ emissions per ton of steel produced through EAF steelmaking. 2. Develop high-efficiency basic oxygen furnace blowing technology according to the route plan for the development of low-carbon steelmaking process, as well as carry out research and development on mass-energy calculation analysis system to develop a one-key steelmaking system as the goal of developing high-efficiency intelligent steelmaking technology.	1,000	2021.12	1. Carry out research and development to improve the steel making efficiency of EAF using the EAF at a subsidiary. 2. Advance and improve the existing technologies for basic oxygen furnaces. 3. Perform computer simulation in cooperation with universities through academia-industry collaboration. 4. Conduct experiments to acquire key process technologies.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Develop continuous monitoring technology for the permeability and burn-through point of sintering bed	1. Monitoring technologies for the permeability of sintering bed and the uniformity indicator for the permeability of sintering bed's cross-section have been established. 2. Control technology for the opening of the charging valve that is based on the burden level and the permeability indicators have been established. 3. Plans to install LiDAR scanners during the scheduled maintenance of sintering machines are currently in progress, so as to facilitate the subsequent construction of a charging distribution and burden level indicator visualization system for feeding warehouse.	1,000	2021.12	This project had combined systems of horizontal burden permeability indicators, tail transverse temperature, longitudinal wind box waste gas temperature launched, and shuttle car charging distribution type to be established subsequently, to conduct data analysis and confirm the control rules, so as to estimate and control the permeability of burden and the uniformity of the burn-through point during the course of sintering for increasing the production quantity and reducing costs.
Development of a real-time shape monitoring & diagnosis and operating parameter expert system for TCM (Tandem Cold Mill)	Develop a shape calculation model and integrate the model into the CARAT (Computer Aided Rolling process Analysis and quality conTrol) system to provide shape profile between stations and perform offline shape analysis.	200	2021.12	1. Optimize tuning parameters in the shape calculation model to enhance model accuracy. 2. Analyze changes in crown and flatness after rolling at each station to formulate the best shape control strategy. 3. Provide real-time shape profile between stations to dynamically adjust shape control parameters.
Development of silicon-carbon composite powder for energy storage	Development of graphite/Si/C composite material with capacity reaching 550 mAh/g has been completed. Based on half-cell testing, the initial capacity and cycle life of the graphite/Si/C composite material prototype are found to be better than its competitor, i.e. silicon oxide anode material. Full-cell cycle life testing is currently in progress.	500	2021.11	1. This product can be sent for launch and promotion if full-cell testing goes well. 2. If there is still a need to optimize the cycle life of this type of material, the optimal particle size grading method for both graphite and Si/C anode materials and a solid Si/C composite structure can be developed.
Development of technologies for the manufacturing and application of fine spherical iron powder	1. The establishment of technologies for the manufacturing of fine spherical iron powder has been completed in the laboratory. 2. A test line for fine spherical iron powder has been set up using equipment and resources within the Group. 3. The iron powder tested on the test line has passed the certification on the actual production line of customers in the metal injection molding (MIM) industry.	900	2021.12	1. Successful development of iron powder for the inductor industry and customer certification. 2. Production cost being competitive during mass production with economies of scale. 3. Strategic technology marketing and promotion are carried out through business and technology cooperation.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of high-quality aluminium plate	1. Reduce residual stress in the L direction and the C direction of solid solution aluminium plate to less than 10 MPa. 2. Maintain the solid solution atomic concentration of aluminium plate and increase its age hardness to above HRB 52, which is equivalent to Alcoa's Type 200.	500	2021.11	1. Design solid solution homogenization and microstructure parameters. 2. Design the cooling path of solid solution atoms with a C-curve in the phase diagram. 3. Design gas film elimination and fluid mechanics in cooling ponds.
Development of self-owned refractory material technologies for blast furnace runner	Eight products, including ultra-low cement castables for main runners (single layer and double layers), hot metal runners and tilting runners, dry spray materials, wet spray materials, and low-cement castables with splash-proof cover, whose performance is as good as existing materials, have been successfully developed. Approximately 1,100 tons of these materials have been used in blast furnace sites at the Company and Dragon Steel Corporation in 2020, meeting the annual target.	1,500	2022.11	1. Optimize the formulations and improve the price-to-performance ratio of these products. 2. Carry out the mass production process with good quality control. 3. Improve the process technology and establish the relevant SOP. 4. Implement smooth technology transfer and mass production, with the products successfully passing customer testing.
Development of fingerprint identification technology for PM2.5	1. PM2.5 sampling and the development of chemical composition analysis technology have been completed. 2. Identification of fugitive PM2.5 components in flue gas of sintering and coal and gas combustion, and in material storage has been completed, thereby establishing the Company's PM2.5 fingerprint component database. 3. Technologies for PM2.5 tracing and real-time monitoring as well as the health impact assessment of PM2.5 within the perimeter are currently being established.	3,000	2022.12	1. Complete the establishment of data regarding the fingerprint components of PM2.5 emissions from the Company's manufacturing processes, so as to make comparisons with PM2.5 tracing in the environment and quantify the contribution of each emission source. 2. Establish a real-time PM2.5 monitoring technology in the environment to monitor the trend of change in PM2.5 concentration and components in the environment within the Company's plants, so as to clarify the correlation between PM2.5 in the environment and PM2.5 emissions from manufacturing processes.
Development of self-owned tap hole clay technology for blast furnace	1. In view of the demand for self-developed tap hole clay to be used in each blast furnace, the Company has developed its own formulation and manufacturing technology for tap hole clay featuring "ease of clogging, opening, and tapping." 2. The Company's self-developed tap hole clay has been	2,500	2023.09	1. Optimize the formulations and improve the price-to-performance ratio of these products. 2. Carry out the mass production process with good quality control. 3. Improve the process technology and establish the relevant SOP.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
	successfully used in No. 3 and No. 4 Blast Furnaces at the Company and No. 1 and No. 2 Blast Furnaces at Dragon Steel Corporation. Approximately 430 tons of this material have been used in 2020, meeting the annual target.			4. Implement smooth technology transfer and mass production, with the products successfully passing customer testing.
Establishment of applied technology for self-adhesive coil processing	1. Continue to improve self-adhesive die technology while simultaneously developing mass production dies using accumulated results in collaboration with downstream stamping manufacturers. 2. Conditions for baking and solidifying processes that are applicable to self-adhesive cores have been established. At present, a process database for different cores is continuously being built. 3. Outside-the-die demo equipment for large-size self-adhesive core manufacturing process has been built. The need for function improvement is currently being assessed.	700	2021.12	1. Carry out interdisciplinary cooperation with leading domestic die manufacturers to jointly overcome technological differences after enlarging die specifications. Component manufacturers must also work in coordination to develop customized specifications in the process. 2. Continue to enrich the process database for various application conditions in the industry using accurate finite analysis simulation methods in collaboration with the academia. 3. Establish and maintain close communication with domestic and overseas stamping and motor manufacturers to identify technical benefits and lower process costs, thereby increasing manufacturers' willingness to use this technology.
Scheduling technology for low cost optimization in power plants	1. Development of heating value prediction technology has been completed. 2. Prediction of steam production from waste heat recovery in the steelmaking process has been completed. 3. The blast furnace gas pipeline network model has been completed.	600	2022.12	1. Make good use of existing process data to truly keep track of fluctuations in the upstream and downstream sectors, as well as establish power plant boiler and power generator models and gas production and sales information. 2. Jointly realize the application of this technology through the cooperation of on-site operation and maintenance personnel at the Company. 3. Carry out the launch of this technology to other sites using the experiences of development and application of this technology in No. 2 Power Plant.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Performance optimization and processing application technologies for anti-oxidation (AO) coating materials for hot stamping	Supplier has delivered six types of coating materials, where three types of coating materials with different aluminium paste/binder ratios were applied on December 15, 2020. Comparison of hot stamping performance and corrosion resistance of electro-deposition coating will be made subsequently.	500	2021.12	1. Complete the development of new-generation lubricating AO coating materials and the establishment of mass production technology for new formulation production lines. 2. Cooperate with subsidiary, Honley Auto Parts Co., Ltd., to promote trial use. 3. Incorporate sticking agents developed by the Company to reduce coating costs.
Development of virtual reality (VR) intelligent training application technology	1. Complete the development of VR training system for basic oxygen furnace tapping process. 2. Develop the Immersive Defensive Riding Training System to build a physical training platform. 3. Develop motion control components. 4. Complete the simulation of approximately 5 kilometers of streetscape within the Company's plant and five types of unique vehicles at the Company.	1,000	2022.12	1. Combine the real driving state and virtual image changes to achieve immersive simulation in collaboration with the Industrial Technology Research Institute (ITRI). 2. Develop multiperson shared mixed reality (MR) technology with plans to apply this technology to process training, as well as collaborative applications such as inspection or touring in collaboration with ITRI. 3. Develop training scripts to achieve four training processes, namely Concrete Experience, Reflective Observation, Abstract Conceptualization, and Active Experimentation, together with ITRI.

2. China Steel Chemical Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of coke-based artificial graphite with fast-charging capability	Coke materials and artificial graphite related equipment are under evaluation.	6,000	2022.Q4	Demand for fast-charging power batteries with high-magnification charge and discharge capability.
Development of materials with high-capacity and low-impedance	Polygonization and surface treatment technologies have been established. Construction of mass production equipment has been completed. The equipment is currently under trial run.	500	2021.Q2	Power battery used by electric vehicles and energy storage systems.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Development of high-capacity silicon-carbon anode materials	Silicon-carbon anode materials, which are jointly developed and promoted in collaboration with partners, have been sent to customers for testing.	500	2021.Q2	Anode materials for lithium batteries with high energy density.
Development of advanced carbon materials with high voltage and low thermal expansion	The optimized design for the production process and the best conditions between the carbon materials with other materials are currently being studied.	5,000	2021.Q4	Its applications include wind energy storage, automobile start-stop system, electric bus, and light rail vehicle.
Development of high-grade fine-structure isotropic graphite	Trial production equipment has been purchased. Samples of high-quality fine-structure isotropic graphite have been sent for testing.	3,000	2022.Q4	Advanced 3C product molds, electrical discharge machining electrodes, and graphite crucibles.

3. CHC Resources Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
R&D and promotion of high-quality wet grouting materials	This material has been widely used in the southern region from 2014 to 2020. According to statistics, 550 thousand bags of this material have been sold cumulatively as of December 2020.	24	2021.12	1. Continue to maintain stable quality. 2. Contact customers to perform product technical services.
Promotion of air-cooled blast furnace slag in Phase 2 of the Kaohsiung Light Rail Project	Air-cooled blast furnace slag has been used in Phase 2 of the Kaohsiung Light Rail Project since May 2018. According to statistics, 17,828 tons of air-cooled furnace slag has been used as of December 2020.	20	2021.12	1. Control quality stability. 2. Engage external parties for testing regularly. 3. Contact customers to perform product technical services.
Trial paving and promotion of asphalt concrete graded aggregates applications on public constructions	In addition to completing the manual for using BOF slag in asphalt concrete, the construction regulations of the Kaohsiung City Government was amended in February 2019 to increase the substitution rate of using BOF slag in asphalt concrete. In addition, the Public Construction Commission, Executive Yuan had officially promulgated the Chapter 02701 "BOF Slag Asphalt Concrete for Paving" under the Construction Outline Specifications in December 2019 for construction authorities to refer to and comply with.	125	2021.12	1. Eliminate concerns regarding the use of basic oxygen furnace slag raised by all sectors of society, and encourage the inclusion of basic oxygen furnace slag in the construction specifications of various city and county governments. 2. Achieve relevant performance.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Upgrade of steel slag resourceization technology	Continue to carry out R&D by referencing the applications on a variety of areas domestically and abroad as follows: 1.AC aggregate (including recycled asphalt pavement) 2.Paving brick 3.Artificial building materials 4.Soil improvement agents 5.Foundation stones in maritime and hydraulic engineering 6.Reclamation materials 7.Steel slag fine powder	300	2021.12	1. Eliminate concerns regarding the use of basic oxygen furnace slag raised by all sectors of society, and encourage the inclusion of basic oxygen furnace slag in the construction specifications of various city and county governments. 2. Achieve relevant performance.
Application of basic oxygen furnace slags in cement raw materials	In January 2019, the project for promoting the use of BOF slag in cement raw materials was launched. The manual for using BOF slag in cement raw materials was completed in July 2019, passed the third-party audit by the Industrial Development Bureau in January 2020, and was officially published in January 2020. 92,822 tons of BOF slag were used as cement raw materials at cement plants in 2020. Furthermore, in response to the expansion of production capacity, research on process optimization is being conducted to continuously improve quality.	30	2021.12	1. Control quality stability. 2. Engage external parties for testing regularly. 3. Contact customers to perform product technical services.
Resourceization of used refractories	The use of medium to high magnesium used refractories as auxiliary materials for sintering at steel plants has been completed in 2018, and a balance in the production and sale of these materials have also been achieved. The volume expansion and stability technologies for used refractories are being developed continuously to reduce offsite resourceization risk.	250	2021.12	Control the quality of raw materials, particle size, variation of free magnesium oxide content, degree of volume stability, and quantity used in offsite resourceization.

4. Chung Hung Steel Corporation

Project in the Most Recent Year	Project Category	Further R&D Expenditure (NT\$ ten thousands)
Hot rolling - Replacement of upper and lower skids of crop shear for coil box zone	R&D and Improvement Plan in 2021	3,491
Hot rolling - Addition of wireless temperature monitoring system to roll bearing box		
Hot rolling - Replacement of cleaning equipment for work roll bearings		
Cold rolling - Replacement of cooling water pump		
Cold rolling - Replacement of rolling oil motor for No. 1 Rolling Mill		

Project in the Most Recent Year	Project Category	Further R&D Expenditure (NT\$ ten thousands)
Cold rolling - Replacement of infrared thermal imaging cameras		
Pickling and galvanizing - Replacement of cooling water pump (608A)		
Pickling and galvanizing - Addition of video recording equipment and system (industrial safety improvement) in plants		
Pickling and galvanizing - Replacement of corrugated panels on the rooftop of Pickling & Oiling Line (Pillars 8 to 12, 15 to 17)		
Steel pipes and tubes - Development of API 5CT K55 20"		
Hot rolling - Development of low-temperature rolling and fine blanking materials S55C	Unfinished projects in 2020 will be continued in 2021	27,909
Hot rolling - Revamping of Grinder No. 3		
Hot rolling - Addition of automated surface inspection system (ASIS) to skin pass mills		
Hot rolling - Acquisition of spare parts for universal connector used on roll end in roughing mill		
Hot rolling - Replacement of width gauge for down coiler		
Hot rolling - Replacement of width gauge at the at the entry and exit sides of roughing mill		
Hot rolling - Replacement of information collection system and equipment		
Hot rolling - Addition of pinch roll grinding equipment to down coiler zone		
Hot rolling - Replacement of F3 main motor		
Cold rolling - Replacement of power factor system equipment		
Pickling and galvanizing - Upgrading of electrical control equipment at pickling lines		
Pickling and galvanizing - Addition of automated surface inspection system (ASIS) to pickling lines		
Pickling and galvanizing - Replacement of electricity consumption measurement system		
Pickling and galvanizing - Replacement of electrical control system for No. 2 Crane		
Steel pipes and tubes - Development of CSA Z245.1 Grade 359 Cat. II M45C		
Steel pipes and tubes - Establishment of forming performance simulation technology for No. 4 Pipe Production Line		
Steel pipes and tubes - Development of API 5CT K55 5"		
Steel pipes and tubes - Development of API 5CT J55U2 7-5/8"		
Steel pipes and tubes - Development of API 5L X70M PSL2 steel pipe with diameter 16" and above		
Steel pipes and tubes - Change to spraying process at coating lines in Dafa Mill		

5. China Steel Structure Co., Ltd.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
Offshore wind power - Research on the impact of multiple weld repairs on the performance of base material and welding bead	Selection of welding materials and welding methods have been completed.	40	2021.06	1. Selection of welding method. 2. Establishment of welding procedure. 3. Selection of welding materials.
Research on improving the	Trial plan arrangement and selection of welding materials have	100	2021.06	1. Selection of welding method. 2. Establishment of welding

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
performance of HyperFill Twin-wire Welding Machine	been completed.			procedure. 3. Selection of welding materials.
Offshore wind power - Application of shield metal arc welding (SMAW) in single-side back welding	Trial plan arrangement and selection of welding materials have been completed.	40	2021.12	1. Establishment of welding procedure. 2. Training for on-site welding personnel.
Completion of nine sets of C-type substructures for offshore wind power project	Planning in progress (including drawings, materials, welding procedures, equipment, sites, etc.)	20	2021.06	Application of experience in A- and D-type substructures.

6. China Ecotek Corporation

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
R&D of molybdenum-containing wastewater treatment technology	Physico-chemical methods tests have been conducted in laboratory on the treatment of molybdenum-containing wastewater. Research on reduction technology will be conducted in relation to the problem of large amounts of sludge produced in traditional treatment methods in the future.	180	2021.12	Application on the reduction of sludge in molybdenum-containing wastewater.
Establishment of flue gas desulfurization technology for coke oven plants	Research on treatment process is currently being conducted in collaboration with CSC. Analysis of the best desulfurization technology for coking flue gas is expected to be completed and made available for reference in engineering implementation in December 2021.	200	2021.12	Flue gas desulfurization in coke oven plants.
Development and engineering application of medium-temperature catalyst for coke oven plants	Research on treatment process has been conducted in collaboration with CSC. Testing of the water and sulfur resistance of commercial catalysts and identification of the most suitable catalyst for coking flue gas denitrification have been completed in December 2020.	200	2021.12	Flue gas denitrification in coke oven plants.
Establishment of high-temperature dust collecting technologies that can achieve the	Feasibility assessment for the application of hazardous industrial waste incineration plant has been completed in July 2020.	200	2021.12	Energy-saving and dust precipitation.

Project in the Most Recent Year	Current Progress	Further R&D Expenditure (NT\$ ten thousands)	Completion Time	Key Success Factors for R&D Project
effect of heat recycling, energy-saving, and carbon reduction				
Integrated research on building information modeling (BIM) and self-development of cooling tower	Plant Design Management System (PDMS), a software design tool, is incorporated to carry out R&D on a three-dimensional layout design management system for plants. It has been applied to small system design, and is expected to be applied to large-scale projects in 2021. In the design of self-developed cooling towers, the PTC-CREO software is incorporated as a design assistant tool to collect and analyze the operating performance of existing cooling towers for the purpose of design optimization.	240	2021.12	Software compatibility and technology advancement.

Looking into the future, CSC and companies of CSC Group will continuously devote itself to developing premium steel products with high technical content, high profitability, and high industrial benefits, as well as to creating independent core technologies. At the same time, we have formed R&D alliances with domestic steel-using industries to run a more diverse range of industrial upgrading programs to meet the material quality requirements of downstream industries and facilitate the development of high value-added end products, thereby enhancing the international competitiveness of upstream and downstream steel industries. The Company also integrates CSC Group's marketing resources to improve sales and technical services for customers.

(VI) Impact on the Company's finance and business due to changes in important domestic/foreign policies and laws and response measures thereof

1. In line with the "Corporate Governance 3.0 - Sustainable Development Roadmap" promulgated by the Financial Supervisory Commission (FSC), the Company has announced its financial report for the previous year (2020) in advance at the end of February starting from 2021. In addition, the Company officially signed in September 2020 to become a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), and expects to disclose risks and opportunities associated with climate change in the soon-to-be-published corporate social responsibility report for 2020. The Company also plans to disclose information in future CSR reports in accordance with the Sustainability Accounting Standards Board (SASB) Standards.
2. In response to the important trend of promoting carbon neutrality in the international community, the Company set up the "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality" under the Corporate Governance and Sustainability Committee in February 2021. The Chairman serves as the head of Task Force, the President and the Executive Vice President serve as deputies, and the Vice President of Production Division and the Vice President of Technology Division serve as executive secretary and deputy executive secretary, respectively. The Task Force is responsible for reporting implementation plans and results to the Corporate Governance and Sustainability Committee and the Board of Directors on a regular basis, in order to reduce the Company's impact on the climate and the environment through the implementation of energy saving, carbon reduction, and greenhouse gas emission control, thereby achieving the goal of sustainable development.

(VII) Impact on the Company's finance and business due to technological and industrial changes and response measures thereof

With the rapid development of technology, the Company faces cross-industry competition globally, the COVID-19 pandemic, and obstacles from regional trade agreements. In order to steadily and effectively support the ever-expanding business landscape, as well as demand for flexible and massive capital management, the Company must improve the visibility of cash flow and financial forecasts and develop support tools for rapid financial decision making.

The Company creates a common and integrated financial and accounting system using the latest information technology in an automated, smart and collectivized manner, in order to integrate resources and realize synergy from group management. Furthermore, the Company enhances partnerships in the supply chain, improves product and service value, pursues production and sales collaboration, and satisfies customer needs with minimum costs and effective methods, so as to create a win-win situation through interaction and cooperation between related industries and eventually drive the transformation of the steel industry in Taiwan, thereby becoming a trustworthy steel company of global distinction.

In view of increasing attention to information security issues, the Company has appointed external professional information security consultants to upgrade the relevant software and hardware, and assists its subsidiaries in forming a common defense network to strengthen the mechanisms for detecting, monitoring, and reporting information security incidents. Also, the Company has set up the Information Security Committee in January 2021, which will be responsible for promoting and reviewing the information security management system.

(VIII) Impact on the Company's corporate crisis management due to changes in corporate image and response measures thereof

In 2020, the Company won various awards given by domestic and foreign institutions, such as: 1. Winning the "2019 Steel Sustainability Champions" of World Steel Association, thus demonstrating that the Company is on a par with the world's leading steel manufacturers and has gained high recognition for its sustainability performance in promoting circular economy, advancing environmental protection measures, and engaging in green energy investment. 2. Being selected as a constituent of the Dow Jones Sustainability Indexes (DJSI) Emerging Markets Indices for the 9th consecutive year in 2020, thereby indicating that CSC has earned high praise and recognition from the international community and investment institutions for its commitment to corporate sustainability. 3. Receiving nine awards, including the "Top 10 Domestic Companies Sustainability Model Awards (Manufacturing Industry)", which is the highest honor of Taiwan Corporate Sustainability Awards (TCSA), the "Corporate Sustainability Report Award - Platinum Award in Traditional Manufacturing Sector," the "English Report Award - Gold Award," and excellent case awards such as the "Sustainable Water Management Award," the "Climate Leadership Award," the "Circular Economy Leadership Award," the "Supply Chain Management Award," the "Growth through Innovation Award," and the "Talent Development Award" by TWCA, thus showing that all sectors of the community highly acknowledge and recognize the Company's efforts in promoting sustainable development in social, environmental, and economic aspects. 4. Winning the "Leader in Sustainability Resilience Award" by the British Standards Institution (BSI), thereby marking the Company's continuous engagement in ESG innovation as a role model for companies in developing sustainable resilience in the future. 5. Being ranked 17th among the Top 50 Large Enterprises in the 2020 Excellence in Corporate Social Responsibility Award by CommonWealth Magazine and being awarded such an honor for the fourth consecutive year, thus demonstrating that the Company has earned high recognition from the domestic society for its emphasis on talent development and commitment to creating a happy workplace. 6. Being selected as an "Outstanding Manufacturer in Greenhouse Gas Reduction in 2020" by the Industrial Development Bureau, thereby highlighting the Company's significant performance in the reduction of greenhouse gas. 7. Being honored with the "Best Innovative Technology Award" of 2020 Taiwan Circular Economy Awards, in which the Company participated in the evaluation with the project titled "Application of Basic Oxygen Furnace Slag in Asphalt Concrete Pavement" for the first time, thus proving that the application of basic oxygen furnace slag is of value in the circular economy. 8. The Company's Rolling Mill Department I was honored with the "Gold Award in Group A of the 2020 Energy Saving Benchmark Award by Ministry of Economic Affairs" and shared the Company's concept and achievements in promoting energy saving and carbon reduction. 9. Being ranked top 5% in the 6th Corporate Governance Evaluation for listed companies, thereby showing that the Company has earned recognition for its performance in implementing corporate governance.

Amid heightened attention to sustainability and climate change around the world, the Company continues to advance corporate sustainability and management, collaborate with manufacturers in the industry value chain while taking into account stakeholders' needs, and enhance international competitiveness to consolidate its position as a leader in the steel industry based on its vision of "being a trustworthy steel company of global distinction that pursues growth, environmental protection, energy saving and value-innovation." In addition, the Company positions itself as a steel mill that produces premium products with high value

and devotes itself to the development of the green energy industry as the operational and developmental cores in enhancing its competitiveness for the next 50 years.

(IX) Expected benefits and potential risks related to mergers and acquisitions

On July 30, 2020, CHC Resources Corporation held the 11th meeting of the 11th Board of Directors, in which the Board of Directors approved the acquisition of 100% equity interest in Mao Lian Enterprise Co., Ltd. with a capital contribution of approximately NT\$1.1 billion. The acquisition, which took place on October 6, 2020, is expected to benefit CHC Resources Corporation by meeting its need for land required to launch various resourcezation businesses.

(X) Expected benefits and potential risks related to plant expansion

In assessing plant expansions, the Company and companies of CSC Group have taken into account investment benefits and potential risks, and have conducted evaluations through a complete, cautious, and professional process. Significant capital expenditures must also be reported to the Audit Committee for review, and to the Board of Directors for approval. To reduce risks arising from market changes, risk sensitivity analysis has been enhanced, while benefit performance assessment has been implemented.

(XI) Risks related to concentration of purchases and sales

1. Risk related to concentration of purchases

(1) Equipment

In order to avoid over concentrated sources of procurement, the Company has always invited well-known manufacturers from all over the world to bid for equipment procurement after carrying out extensive investigations on potential suppliers. However, the steel production equipment is a highly specialized industry, and the number of manufacturers in this industry is quite limited. In recent years, equipment suppliers in various countries has achieved business integration through mergers, acquisitions, and strategic alliances; therefore, only a handful of manufacturers are able to provide quotations. Reduced competitiveness may prompt manufacturers to raise the quoted price, thereby increasing equipment investment costs.

(2) Raw materials

The Company and Dragon Steel Corporation are the only integrated steel mills in the CSC Group. Coking coal is mainly sourced from Australia, with a small amount from Canada. Meanwhile, iron ore is primarily sourced from Australia and Brazil, with a small amount from Canada. The Company takes the following response measures:

- 1) Develop new material sources in other regions.
- 2) Spot purchase a few amount of raw materials required in order to respond flexibly to changing circumstances.

2. Risk related to concentration of sales

In order to disperse risks arising from concentration of sales while maintaining the mindset of global development strategy, the Company and steel companies in CSC Group adopt the sales channel strategy of "focusing on domestic sales, supplemented with export sales," which is adjusted according to changes in market conditions. The specific measures taken include: increasing the promotion of new products to create new value; mastering developments in related industries to expand the scope of product supply; actively seeking investment opportunities in downstream steel manufacturers or steel-using industries; and establishing coil

centers in overseas markets with development potential to rapidly respond to customer needs and establish steady long-term strategic partnerships. At present, the Company has established 12 coil centers in various countries and regions, including Mainland China, Southeast Asia, India, and Italy, in order to disperse risks arising from recession in individual regional economy.

(XII) Impact of major transfers or changes in shareholdings of directors, supervisors or major shareholders with over 10% shareholding on the Company

No such circumstance was found from 2020 up to the publication date of this annual report (March 31, 2021).

(XIII) Impact and risks of changes in management rights on the Company

No such circumstance was found from 2020 up to the publication date of this annual report (March 31, 2021).

(XIV) Litigious or non-litigious matters: List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any of its director, supervisor, president, person with actual responsibility for the company, major shareholder with over 10% shareholding, and/or any affiliated companies; and (2) have been concluded with a final judgment, or are still under litigation. Where such a dispute could materially affect shareholders' rights or share prices, the annual report shall provide the facts in issue, amount of money at issue, commencement date, litigants, and current status of the case as of the publication date of this annual report.

Listed below are the cases in which major litigious, non-litigious or administrative disputes involving affiliates, with a subject matter value of NT\$100 million, have been concluded with a final judgment or are still under litigation:

Name of Affiliates	Litigant	Fact in Issue	Amount of Money at Issue	Commencement Date	Case Status as of the Publication Date of this Annual Report
Kaohsiung Rapid Transit Corporation (KRTC)	Maeda Corporation Long Da Construction & Development Corporation	Maeda-Long Da was the EPC contractor for the EPC Project for the Orange Line CO2 Section of Kaohsiung MRT. On December 4, 2005, a collapse accident took place during the construction of catch basin in the cross passage of tunnel LU009. After completing the reconstruction, a lawsuit was filed to seek payment for resulting additional expenses. The first instance case number was Taiwan Kaohsiung District Court 2010 Chien Tzu No. 34. After the first instance judgment on August 31, 2016, the EPC contractor filed an appeal to Taiwan High Court Kaohsiung Branch Court, where the second instance case number was Taiwan High Court Kaohsiung Branch Court 2016 Chien-Shang-Tzu No. 32.	NT\$1.675 billion	On September 26, 2016, the plaintiff filed an appeal. Then, the court of second instance held the first session in Taiwan High Court Kaohsiung Branch Court on December 30, 2016.	This lawsuit was filed on October 9, 2009, by the plaintiff in Taiwan Kaohsiung District Court and the first instance judgment was made 6 years and 10 months later on August 31, 2016. "The plaintiff's lawsuit is dismissed, and the litigation costs will be borne by the plaintiff," the verdict of Taiwan Kaohsiung District Court reads. The court of the first instance commented that the request made by the plaintiff (i.e., the EPC contractor) for disaster reconstruction expenses was unreasonable. In other words, Kaohsiung Rapid Transit Corporation won the case in the court of the first instance. As the plaintiff refused to accept the judgment thereafter, the plaintiff submitted an appeal against the first instance judgment on September 26, 2016 to seek full payment for the amount of money requested in the first instance and filed a lawsuit with the court of the second instance. Taiwan High Court Kaohsiung Branch Court, the court for the second instance, opened the first sessions on December 30, 2016. By January 7, 2019, preliminary proceeding has gone through 10 court sessions. As the appellant expressed its willingness to pay the fee for the supplementary appraisal report on the reasonable expenses required for the construction, the Court issued a letter to Taiwan Construction Research Institute (the "TCRI"), and TCRI agreed to conduct a supplementary appraisal regarding the reasonable expenses required for the construction. The proceeding had been suspended until the completion of supplementary appraisal by TCRI on February 2, 2021. The supplementary appraisal report maintained the amount of money at issue announced in the first instance appraisal. At present, KRTC is actively preparing for the relevant procedures according to the notice issued by the court of second instance.
Dragon Steel Corporation	Plaintiff: Tao-Yuan Ruan; Mu-Lan Lu; Ding-Yong Jiang	1. As citizens in an environmental protection group, including Tao-Yuan Ruan, were not satisfied with the resolution	None	July 26, 2018	1. The sentence made by Taichung High Administrative Court on March 25, 2020 is as follows: "1. The Appeal Decision Fu-shou-fa-su-tzu No. 1070140424 made by Taichung City Government and the original administrative disposition were

Name of Affiliates	Litigant	Fact in Issue	Amount of Money at Issue	Commencement Date	Case Status as of the Publication Date of this Annual Report
	Defendant: Environmental Protection Bureau of Taichung City Government Intervener: Dragon Steel Corporation	made at the 47th meeting of the Environment Impact Assessment Audit Committee on July 24, 2017, in the Letter of Chung-shi-huan-zhong No. 1060083497 issued by Environmental Protection Bureau of Taichung City Government on July 31, 2017, the citizens filed an appeal according to the law to rescind the administrative disposition. Taichung City Government determined to reject the appeal. The plaintiffs were unsatisfied with the result of the appeal and filed the administrative litigation according to the law. 2. As the results of the judgment for the litigation may compromise Dragon Steel's rights or legal interests, Dragon Steel attended the proceeding as an independent intervener on November 16, 2018.			discharged. 2. Reject the appeals made by plaintiffs Tao-Yuan Ruan and Mu-Lan Lu. 3. 50% of the litigation expenses shall be borne by Tao-Yuan Ruan and Mu-Lan Lu, and the remaining shall be born by the defendant. 2. Dragon Steel Corporation has filed an appeal on April 17, 2020. Currently the action is pending in the Supreme Administrative Court with Case No.: 2020 Shang-tzu No. 576.
CHC Resources Corporation	Kaohsiung City Government	CHC Resources Corporation received a letter from the Environmental Protection Bureau of Kaohsiung City Government in June and October 2018, respectively. These letters recognized that CHC Resources Corporation should be jointly liable for the clean-up of the BOFS-graded aggregates in certain land parcels in the Dalin section of Cishan District backfilled by Chien Fa Construction Co., Ltd., etc. In response to the letter, CHC Resources Corporation filed an administrative litigation with Kaohsiung High Administrative Court in January 2019, and the Court determined to reject the appeal of CHC Resources Corporation in	None	January 31, 2019	This case is currently being tried by the Supreme Administrative Court.

Name of Affiliates	Litigant	Fact in Issue	Amount of Money at Issue	Commencement Date	Case Status as of the Publication Date of this Annual Report
		July 2019. Hence, CHC Resources Corporation filed an appeal with the Supreme Administrative Court in August 2019. In October 2020, CHC Resources Corporation received another letter from the Environmental Protection Bureau of the Kaohsiung City Government, requesting that the parties jointly liable for the clean-up, including CHC Resources Corporation, submit a clean-up plan for the aforesaid land parcels in the Dalin section of Cishan District to the Environmental Protection Bureau for review within five days upon delivery of the letter. CHC Resources Corporation filed an administrative litigation in respect of this letter with Kaohsiung High Administrative Court in March 2021.		March 4, 2021	This case is currently being tried by the Kaohsiung High Administrative Court.
C.S.Aluminium Corporation	Far East Steel Enterprise Corporation	On March 30, 2020, C.S.Aluminium Corporation received a notice from the Civil Court under Taiwan Kaohsiung District Court, attached with a civil complaint filed by Far East Steel Enterprise Corporation (hereinafter called Far East Steel), which claimed that C.S.Aluminium Corporation violated the commissioned aluminium coil slitting contracts (Contract No. 101M210001 and 106-L7-A-0002) signed by both parties, and requested C.S.Aluminium Corporation to pay a compensation of NT\$130,347,384 based on the reason that the commissioned slitting volume between 2013 and 2019 failed to meet the guaranteed volume indicated in the contract.	NT\$130 million	March 30, 2020	On March 30, 2021, the 5th session of the court of first instance was held, where both parties debated on various issues, including "the evidence provided by C.S.Aluminium Corporation," "the agreement procedure implementation report from the CPA of C.S.Aluminium Corporation," "unreasonable claim from Far East Steel to seek various details and information from C.S.Aluminium Corporation," and "C.S.Aluminium Corporation's request for various inspection records from Far East Steel." The judge ordered that the closing arguments is to be heard on July 1.
United Steel Engineering & Construction Corporation	Han Huang Co., Ltd., Po-Cheng International Hospital, Lan-Ting Juan, and Hsing-Hua Juan	On July 1 and 18, 2019, United Steel Engineering & Construction Corporation undertook mechanical, electrical, and renovation works at Po-Cheng International Hospital. Thereafter, Po-Cheng International Hospital issued a letter on June 5, 2020, stating that it shall re-apply for a GUI number and requested that Han	NT\$202 million	On January 27, 2021, the plaintiff submitted the civil complaint to Taiwan Kaohsiung District Court.	After filing the lawsuit, Hsing-Hua Juan, the person in charge of Han Huang Co., Ltd., was included as a defendant in this case according to Paragraph 2, Article 99 of the Company Act, which stipulates that "If a shareholder abuses the company's status as a legal entity and thus causes the company to bear specific debts and to be apparently difficult for the company to pay such debts, and if such abuse is of a severe nature, the shareholder shall, if necessary, be liable for the debts." This case is currently awaiting notice from the court.

Name of Affiliates	Litigant	Fact in Issue	Amount of Money at Issue	Commencement Date	Case Status as of the Publication Date of this Annual Report
		Huang Co., Ltd. undertook the contract, with Po-Cheng International Hospital and Lan-Ting Juan serving as the joint guarantors of Han Huang Co., Ltd. Despite the completion and acceptance of the projects for nearly half a year, Han Huang Co., Ltd. has yet to settle the project payments and additional project payments totaled NT\$201,694,848. After issuing multiple reminders without success, United Steel Engineering & Construction Corporation filed a civil lawsuit, requesting the defendants to settle the project payments. This action is currently pending in the Taiwan Kaohsiung District Court with the First Instance Case No.: 2021 Shen-chien-tzu No. 7.			

(XV) Other significant risks: None.

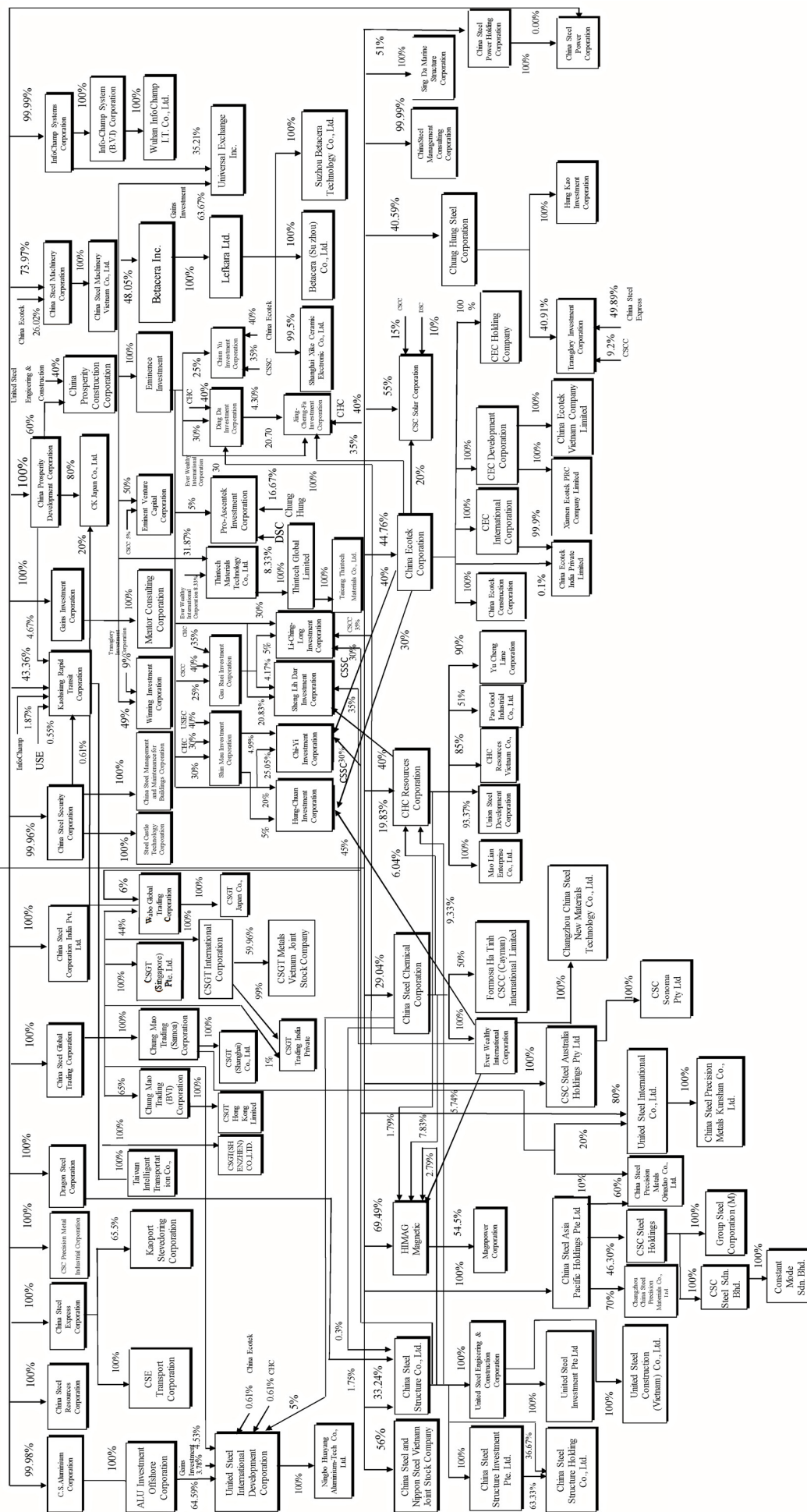
VII. Other Significant Matters: None.

Chapter VIII. Special Disclosures

I. Information on Affiliated Companies

(I) 2020 Consolidated Financial Statements of Affiliated Companies: None.

China Steel Corporation



2. Basic Information on Affiliated Companies

(As of March 31, 2021)

Unit: \$ thousands

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Chung Hung Steel Corporation	1983.09.29	No. 317, Yuliao Rd., Qiaotou Dist., Kaohsiung City, Taiwan	NT\$	14,355,444	Manufacture and sale of steel products
Hung Kao Investment Corporation	2006.09.26	28F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	26,000	General investment
China Steel Chemical Corporation	1989.02.03	25F, No. 88, Chengong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,369,044	Manufacture of coal chemicals and specialty chemicals
Ever Wealthy International Corporation	1999.08.30	25F, No. 88, Chengong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,045,750	General investment
Changzhou China Steel New Materials Technology Co., Ltd.	2013.12.19	No. 18, Changyang Rd., Wujin Economic Development Zone, Changzhou, Jiangsu Prov., China	CNY\$	39,950	Processing and sale of green mesophase powder
Formosa Ha Tinh CSMC (Cayman) International Limited	2016.01.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Rd., P.O. Box 32052, Grand Cayman KY1-1208 Cayman Islands	US\$	20,000	General investment
China Ecotek Corporation	1993.03.15	8F, No. 8, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,237,426	Environmental and electromechanical engineering, Operation & Maintenance (O&M)
China Ecotek Construction Corporation	2012.11.20	8F, No. 6, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	25,000	Engineering services
CEC International Corporation	2002.10.08	Porteallis Chambers, P.O. Box 1225, Apia, Samoa	US\$	1,000	Holding and investment
China Ecotek India Private Limited	2012.08.17	B-33, 2F, Janki Residency, Undera-Koyali Rd., Undera, Vadodara, Gujarat, India	INR\$	50,000	Engineering design-build services
CEC Holding Company Limited	2012.08.24	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$	11,196	Holding and investment
CEC Development Corporation	2017.05.16	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	US\$	16,450	Holding and investment
China Ecotek Vietnam Company Limited	2010.06.09	Phuoc Lap Zone, My Xuan Ward, Phu My Town, Ba Ria Vung Tau Prov., Vietnam	US\$	10,000	Engineering design-build services
Xiamen Ecotek PRC Company Limited	2011.11.09	Rm. 2502, Lin Shinn Plaza, No. 90 Hubin South Rd., Siming Dist., Xiamen City, Fujian Prov., China	US\$	6,000	Sales agency for import and export of equipment and materials
China Steel Structure Co., Ltd.	1978.02.24	No. 500, Zhongxing Rd., Yanchao Dist., Kaohsiung City, Taiwan	NT\$	2,000,000	Manufacture and sale of steel structures
United Steel Engineering & Construction Corporation	1985.01.10	8F-1 to 8F-4, No. 88, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	740,000	Contracting and management of civil engineering construction, etc
United Steel Construction (Vietnam) Co., Ltd.	1999.03.26	9F, Petroland Tower, No. 12, Tan Trao St., Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	US\$	1,000	Contracting and management of civil engineering construction, etc
United Steel Investment Pte Ltd	1994.05.20	160 Robinson Rd., #15-06 SBF Centre, Singapore	US\$	4,180	Holding and investment
China Steel Structure Holding Co., Ltd.	2003.11.03	Porteallis Chambers, P.O. Box 1225, Apia, Samoa	US\$	10	Holding and investment
China Steel Structure Investment Pte. Ltd.	1997.01.13	160 Robinson Rd., #15-06 SBF Centre, Singapore	US\$	10	Holding and investment

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
CHC Resources Corporation	1991.05.25	22F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,485,404	Manufacture and sale of GBFS powder and GBFS cement, air-cooled BFS and BOFS, soil and groundwater pollution remediation, treatment of hazardous industrial waste, recycling of resources
Mao Lian Enterprise Co., Ltd.	1987.01.08	11F-2, No. 243, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	25,000	Real estate leasing
Yu Cheng Lime Corporation	1969.04.16	No.1, Youcheng Ln., Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	12,000	Real estate leasing and tally service of raw materials
Union Steel Development Corporation	1995.06.20	11F-2, No. 243, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	50,000	Manufacture and sale of iron powder, contract manufacturing and sale of refractory materials, trading and labor dispatching
Pao Good Industrial Co., Ltd.	1996.08.29	11F-1, No. 241, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	106,050	Trading of fly ash, production and sale of dry-mix mortar and trading business
CHC Resources Vietnam Co., Ltd	2016.03.17	Complex of Formosa Ha Tinh Steel Corporation Administration Area, Vung Ang Economic Zone, Ky Long Ward, Ky Anh Town, Ha Tinh Prov., Vietnam	US\$	25,000	Sale of water-quenched slag
China Steel Security Corporation	1997.11.27	17F-1, No. 247, Minsheng 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	250,470	On-site guarding and system security
Steel Castle Technology Corporation	1999.04.20	17F-2, No. 247, Minsheng 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	130,000	Installation of fire protection equipment
China Steel Management And Maintenance For Buildings Corporation	2012.01.02	17F-2, No. 247, Minsheng 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan	NT\$	10,000	Management and maintenance for buildings
ChinaSteel Management Consulting Corporation	1998.11.30	No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	10,000	Corporate business management consulting
China Prosperity Development Corporation	1998.08.18	23F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	5,098,095	Development of real estate
China Prosperity Construction Corporation	2008.10.28	24F-6, No.31, Hai Bian Rd., Ling Yea Dist., Kaohsiung City, Taiwan	NT\$	133,875	Development of real estate
CK Japan Co., Ltd.	2012.01.06	2-4-7, Uchiommachi, Osaka Shi Chuo Ku, Osaka Fu, 540-0026, Japan	JP\$	480,000	Leasing of real estate
HIMAG Magnetic Corporation	1991.01.10	No. 24-1, Chienkuo Rd., Fengtien Vill., Neipu Township, Pingtung County, Taiwan	NT\$	276,055	Manufacture and trading of magnetic materials, specialty chemicals and iron oxide
MagnPower Corporation	2014.09.30	No. 36, Jingjian Rd., Pingtung City, Pingtung Country, Taiwan	NT\$	400,000	Powder metallurgy
Eminent Venture Capital Corporation	2005.03.25	28F, No. 7, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan	NT\$	270,027	General investment
Sing Da Marine Structure Corporation	2018.04.19	No. 201, Sec. 1, Dongfang Rd., Qieding Dist., Kaohsiung City, Taiwan	NT\$	3,421,000	Offshore wind power substructure
China Steel Power Holding Corporation	2018.06.28	15F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,686,000	General investment

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
China Steel Power Corporation	2019.12.11	10F-1, No. 369, Zhonghua W. Rd., Changhua City, Changhua County, Taiwan	NT\$	2,003,800	Offshore Wind Power Generation
CSC Solar Corporation	2016.10.11	9F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,744,000	Solar power generation
CSC Precision Metal Industrial Corporation	2014.06.05	28F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	322,500	Other non-ferrous metal basic industries
China Steel Resources Corporation	2014.02.18	No. 38, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	981,120	Manufacture of other non-metallic mineral products
InfoChamp Systems Corporation	2000.03.27	19F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	414,706	ERP system integration services
Info-Champ System (B.V.I) Corporation	2000.04.28	Portcullis Chambers, 4F, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, B.V.I	US\$	201	Holding and investment
Wuhan InfoChamp I.T. Co., Ltd.	2002.04.22	15F, Quanta Building, No. 1 Friendship Ave., Wuchang Dist., Wuhan, China	US\$	200	ERP system integration services
Kaohsiung Rapid Transit Corporation	2000.12.28	No. 1, Jungan Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,786,064	Mass rapid transit system operations
Taiwan Intelligent Transportation Co., Ltd.	2018.10.01	7F, No. 1, Jungan Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	26,000	Technical services
China Steel Machinery Corporation	2001.09.20	No. 3, Taichi Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	1,352,824	Manufacture and sale of mechanical equipments, including steel making equipment, rolling stock, transportation equipment, power plant equipment, etc.
China Steel Machinery Vietnam Co., Ltd.	2013.04.15	32 Hoang Viet, Ngoc Ha Neighborhood, Phu My Town, Phu My Ward, Ba Ria Vung Tau Prov., Vietnam	US\$	300	Machinery manufacturing
Dragon Steel Corporation	1993.11.18	No. 100, Longchang Rd., Longjing Dist., Taichung City, Taiwan	NT\$	86,125,861	Hot-rolled coils, H beams, billets, flat steels
C.S.Aluminium Corporation	1996.01.16	No. 17, Donglin Rd., Xiaogang Dist., Kaohsiung City, Taiwan	NT\$	8,402,512	Production and trading of aluminum products and other non-ferrous metal products
ALU Investment Offshore Corporation	2002.01.04	Portcullis Chambers, 4F, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, B.V.I	US\$	31,650	Holding and investment
United Steel International Development Corporation	1997.04.11	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, B.V.I	US\$	49,000	Holding and investment
Ningbo Huayang Aluminium-Tech Co., Ltd.	2002.10.30	No. 288, Si-Ming East Rd., High-Tech Development Zone, Fenghua Dist., Ningbo City, Zhejiang, China	US\$	49,000	Production and trading of aluminum products
China Steel Express Corporation	1996.02.13	24F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	4,225,453	Dry bulk shipping business
Kaoport Stevedoring Corporation	1997.11.08	33F-1, No. 8, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	50,000	Ship stevedoring
Transglory Investment Corporation	2005.05.13	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	7,499,638	General investment

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
CSE Transport Corporation	1996.10.04	78E, No. 30, Loma Alegre, San Francisco, Panama City, Republic of Panama	US\$	10	Dry bulk shipping business
Gains Investment Corporation	1996.04.01	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	5,593,820	General investment
Thintech Materials Technology Co., Ltd.	2000.03.29	8F-4, No. 140, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City, Taiwan	NT\$	734,980	Manufacture and sale of sputtering targets
Thintech Global Limited	2011.02.23	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	6,800	Holding and investment
Taichang Thintech Materials Co., Ltd.	2011.07.28	No. 98, Beitaoan Rd., Shaxi Town, Taichang City, Jiangsu Prov., China	US\$	6,800	Manufacture and sale of sputtering targets
Winning Investment Corporation	1997.04.25	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	2,300,000	General investment
Betacera Inc.	1987.11.06	No. 105, Yongchang St., Yingge Dist., New Taipei City, Taiwan	NT\$	427,803	Manufacture and trading of electronic ceramics
Lefkara Ltd.	1992.04.01	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, B.V.I	US\$	13,623	Holding and investment
Betacera (Su Zhou) Co., Ltd.	2000.08.18	No. 1219, Yunli Rd., Economic Develop Zone, Wujiang City, Jiangsu Prov., China	US\$	4,400	Manufacture and trading of electronic ceramics
Suzhou Betacera Technology Co., Ltd.	2007.06.04	No. 500, Gancuan West Rd., Economic Develop Zone, Wujiang City, Jiangsu Prov., China	US\$	15,000	Manufacture and trading of life-saving equipment for shipping and aviation
Shanghai Xike Ceramic Electronic Co., Ltd.	1992.08.11	No. 600, Xiaomugiao Rd., Xuhui Dist., Shanghai, China	US\$	1,200	Manufacture and trading of electronic ceramics
Universal Exchange Inc.	2000.01.21	6F, No. 20, Nanhai Rd., Zhongzheng Dist., Taipei City, Taiwan	NT\$	165,450	Wholesale, service of IT software and electronic information services supply
Pro-Ascentek Investment Corporation	2021.01.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,200,000	General investment
Mentor Consulting Corporation	1996.06.05	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	10,000	Management consulting business
Eminence Investment Corporation	1996.06.06	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	1,500,000	General investment
Shin Mau Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
Hung-Chuan Investment Corporation	1999.09.27	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	20,000	General investment
Chi-Yi Investment Corporation	1999.10.04	26F, No. 88 Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	20,000	General investment
Ding Da Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
Jiing-Cherng-Fa Investment Corporation	1999.09.27	26F, No. 88 Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	23,000	General investment
Gau Ruei Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
Li-Ching-Long Investment Corporation	1999.09.27	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	20,000	General investment

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Sheng Lih Dar Investment Corporation	1999.09.27	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	24,000	General investment
Chiun Yu Investment Corporation	1997.05.21	26F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan	NT\$	29,900	General investment
China Steel Global Trading Corporation	1996.04.02	10F, No. 88, Chenggong 2nd Rd., QianZhen Dist., Kaohsiung City, Taiwan	NT\$	788,298	Sales agent and trading of steel products
Wabo Global Trading Corporation	1997.11.24	9F, No. 88, Chenggong 2nd Rd., Quianzhen Dist., Kaohsiung City, Taiwan	NT\$	119,000	Sales agent and trading of steel products
CSGT Japan Co., Ltd.	1998.03.17	2F, Osaka U2 Building, 4-7 Uchihonmachi 2-Chome, Chuoku, Osaka 540-0026, Japan	JP\$	40,000	Sales agent and trading of steel products
Chung Mao Trading (Samoa) Corporation	2002.07.04	Porteullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	11,800	Holding and investment
CSGT (Shanghai) Co., Ltd.	2002.09.23	Rm. 1907, No. 501, Daming Rd., Hongkou Dist., Shanghai, China	US\$	600	Sales agent and trading of steel products
Chung Mao Trading (BVI) Corporation	1997.08.15	P.O. Box 3321, Road Town, Tortola B.V.I	US\$	502	Holding and investment
CSGT Hong Kong Limited	1998.01.14	Rm. 1407, 14F, World-Wide House, 19 Des Voeux Road Central, Hong Kong, China	HK\$	1,000	Sales agent and trading of steel products
CSGT International Corporation	2007.08.07	Porteullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	20,740	Holding and investment
CSGT Metals Vietnam Joint Stock Company	2007.10.31	Lot VI-1A, The 6th Rd., Ho Nai Industrial Zone, Trang Bom Dist., Dong Nai Prov., Vietnam	US\$	13,800	Cutting and processing of steel products
CSGT Trading India Private Limited	2014.09.10	215, Atrium Unit No. 101-102 1F, A-Wing, Andheri Kurla Rd., Andheri- E, Mumbai, India	INR\$	48,000	Sales agent and trading of steel products
CSGT (Singapore) Pte. Ltd.	2001.02.03	#14-01, MAS Building, 10 Shenton Way, Singapore	SG\$	6,100	Sales agent and trading of steel products
CSGT (Shenzhen) Co., Ltd.	2020.06.02	No. 01A, 02 & 03C, 38F, Building 1, Huanggang Business Center, Jintian Rd., Futian Dist., Shenzhen City, China	US\$	520	Sales agent and trading of steel products
China Steel and Nippon Steel Vietnam Joint Stock Company	2009.06.09	My Xuan A2 Industrial Zone, My Xuan Ward, Phu My Town, Ba Ria-Vung Tau Prov., Vietnam	US\$	574,000	Manufacture and sale of steel products
CSC Steel Australia Holdings Pty Ltd	2007.02.05	Level 23, 240 Queen St., Brisbane, QLD 4000, Australia	AU\$	594,638	General investment
CSC Sonoma Pty Ltd	2007.02.05	Level 23, 240 Queen St., Brisbane, QLD 4000, Australia	AU\$	16,440	Mining investment
China Steel Corporation India Pvt. Ltd.	2011.10.20	Office No. 204, 2F, Iscon Atria, Tower-2, Gotri Rd., Vadodara Gujarat, India	INR\$	2,535,672	Electrical sheets
China Steel Asia Pacific Holdings Pte Ltd	2000.11.01	160 Robinson Rd., SBF Center #15-06, Singapore	SG\$	191,065	Holding and investment
CSC Steel Holdings Berhad	2004.01.20	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	413,163	General investment
Group Steel Corporation (M) Sdn. Bhd.	1994.12.19	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	1,000	General investment
CSC Steel Sdn. Bhd.	1991.11.14	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	359,000	Manufacture and sale of steel products

Name of Subsidiary	Date of Incorporation	Address	Currency	Paid-in Capital	Main Business
Constant Mode Sdn. Bhd.	2010.11.19	180, Kawasan Industri Ayer Keroh, 75450 Melaka, Malaysia	RM\$	750	General investment
Changzhou China Steel Precision Materials Co., Ltd.	2008.09.17	No. 18, Changyang Rd., Wujin Economic Development Zone, Changzhou, Jiangsu Prov., China	US\$	43,600	Manufacture and trading of titanium alloys, nickel alloys, non-ferrous forged products
China Steel Precision Metals Qingdao Co., Ltd.	2012.11.06	Building No. 3, No. 500, Fenjin Rd., Economic & Technological Dist., Qingdao, Shandong, China	US\$	20,000	Cutting and processing of steel products
United Steel International Co., Ltd.	2003.11.19	Porteullis Chambers, P.O. Box 1225, Apia, Samoa	US\$	15,000	Holding and investment
China Steel Precision Metals Kunshan Co., Ltd.	2004.06.10	No. 168, ShuangHua Rd., HuaQiao Kunshan Jiangsu Prov., China	US\$	15,000	Cutting and processing of steel products

3. Information on common shareholders of companies with control or subordinate relationship: None

4. Business Scope and Relationships of Affiliated Companies

(As of March 31, 2021)

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Steel industry	Chung Hung Steel Corporation	Purchasing slabs from China Steel Corporation
	Dragon Steel Corporation	Supplying hot-rolled coils and slabs to China Steel Corporation and Chung Hung Steel Corporation
	China Steel and Nippon Steel Vietnam Joint Stock Company	Purchasing hot-rolled coils from China Steel Corporation and Dragon Steel Corporation
	China Steel Corporation India Pvt. Ltd.	Purchasing cold-rolled coils from China Steel Corporation
	CSC Steel Sdn. Bhd.	Purchasing hot-rolled coils from China Steel Corporation and Chung Hung Steel Corporation
	CSGT Metals Vietnam Joint Stock Company	Purchasing steel coils from China Steel Corporation, Chung Hung Steel Corporation and China Steel and Nippon Steel Vietnam Joint Stock Company
Steel cutting and processing	China Steel Precision Metals Qingdao Co., Ltd.	Purchasing hot-rolled and cold-rolled coils from China Steel Corporation
	China Steel Precision Metals Kunshan Co., Ltd.	Purchasing hot-rolled and cold-rolled coils from China Steel Corporation
	China Steel Chemical Corporation	Purchasing coal tar, light oil and other raw materials from China Steel Corporation
	Changzhou China Steel New Materials Technology Co., Ltd.	Purchasing mesophase graphite from China Steel Chemical Corporation
	CHC Resources Corporation	Purchasing water-quenched slag from China Steel Corporation and processing BOFS and air-cooled BFS from China Steel Corporation
	Yu Cheng Lime Corporation	Providing storages for BFS material and finished products from CHC Resources Corporation
Non-ferrous industrial materials	Pao Good Industrial Co., Ltd.	Supplying fly ash to CHC Resources Corporation
	CHC Resources Vietnam Co., Ltd	Supplying water-quenched slag to CHC Resources Corporation
	HIMAG Magnetic Corporation	Purchasing iron oxides from China Steel Corporation and providing specialty chemicals to CSC Group
	MagnPower Corporation	A subsidiary of HIMAG Magnetic Corporation
	CSC Precision Metal Industrial Corporation	Providing special alloy products machining and finishing business for China Steel Corporation
	China Steel Resources Corporation	Processing of desulfurized slag from China Steel Corporation
	C.S.Aluminium Corporation	Supplying aluminum bars, wires and drops to China Steel Corporation
	Ningbo Huayang Aluminium-Tech Co., Ltd.	A subsidiary of United Steel International Development Corporation
	Thintech Materials Technology Co., Ltd.	Purchasing titanium from Changzhou China Steel Precision Materials Co., Ltd. and supplying sputtering targets to Taicang Thintech Materials Co., Ltd.
	Taicang Thintech Materials Co., Ltd.	Purchasing sputtering targets from Thintech Materials Technology Co., Ltd.
	Betacera Inc.	Supplying materials of electronic ceramics to Betacera (Su Zhou) Co., Ltd. and Shanghai Xike Ceramic Electronic Co., Ltd.
	Betacera (Su Zhou) Co., Ltd.	Purchasing materials of electronic ceramics from Betacera Inc. and supplying electronic ceramics products to Betacera Inc.
	Suzhou Betacera Technology Co., Ltd.	Selling lifesaving products to Betacera Inc.

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Non-ferrous industrial materials	Shanghai Xike Ceramic Electronic Co., Ltd.	Purchasing materials of electronic ceramics from Betacera Inc.
	Changzhou China Steel Precision Materials Co., Ltd.	Selling titanium plates and sputtering targets to Thintech Materials Technology Co., Ltd.
	China Steel Express Corporation	Providing shipping services for CSC Group
	Kaopert Stevedoring Corporation	Providing shipping cargo stevedoring services for CSC Group
Ocean freight forwarding and stevedoring	CSE Transport Corporation	Providing shipping services for CSC Group
	Xiamen Ecotek PRC Company Limited	A subsidiary of CEC Development Corporation
	China Steel Global Trading Corporation	Sales agent for CSC Group steel and aluminum products
	Wabo Global Trading Corporation	Sales agent for CSC Group steel and aluminum products
International trade	CSGT Japan Co., Ltd.	Sales agent for CSC Group steel and aluminum products
	CSGT (Shanghai) Co., Ltd.	Sales agent for CSC Group steel and aluminum products
	CSGT Hong Kong Limited	Sales agent for CSC Group steel and aluminum products
	CSGT Trading India Private Limited	Sales agent for CSC Group steel and aluminum products
	CSGT (Singapore) Pte. Ltd.	Sales agent for CSC Group steel and aluminum products
	CSGT (Shenzhen) Co., Ltd.	Sales agent for CSC Group steel and aluminum products
	Hung Kao Investment Corporation	A subsidiary of Chung Hung Steel Corporation
	Ever Wealthy International Corporation	A subsidiary of China Steel Chemical Corporation
	Formosa Ha Tinh CSMC (Cayman) International Limited	A subsidiary of China Steel Chemical Corporation
	CEC International Corporation	A subsidiary of China Ecotek Corporation
Investment holding companies	CEC Holding Company Limited	A subsidiary of China Ecotek Corporation
	CEC Development Corporation	A subsidiary of China Ecotek Corporation
	United Steel Investment Pte Ltd	A subsidiary of United Steel Engineering & Construction Corporation
	China Steel Structure Holding Co., Ltd.	A subsidiary of China Steel Structure Co., Ltd.
	China Steel Structure Investment Pte. Ltd.	A subsidiary of China Steel Structure Co., Ltd.
	Eminent Venture Capital Corporation	A subsidiary of Gains Investment Corporation and China Steel Chemical Corporation
	China Steel Power Holding Corporation	A subsidiary of China Steel Corporation
	Info-Champ System (B.V.I) Corporation	A subsidiary of InfoChamp Systems Corporation
	ALU Investment Offshore Corporation	A subsidiary of C.S.Aluminium Corporation
	United Steel International Development Corporation	A subsidiary of ALU Investment Offshore Corporation
	Transglory Investment Corporation	A joint-company invested by China Steel Express Corporation, Chung Hung Steel Corporation and China Steel Chemical Corporation
	Gains Investment Corporation	A subsidiary of China Steel Corporation
	Thintech Global Limited	A subsidiary of Thintech Materials Technology Co., Ltd.
	Winning Investment Corporation	A joint-company invested by Gains Investment Corporation and Transglory Investment Corporation
	Lefkara Ltd.	A subsidiary of Betacera Inc.
	Pro-Ascentek Investment Corporation	A subsidiary of Gains Investment Corporation
	Eminence Investment Corporation	A subsidiary of Gains Investment Corporation

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Investment holding companies	Shin Mau Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and United Steel Engineering & Construction Corporation
	Hung-Chuan Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and Ever Wealthy International Corporation
	Chi-Yi Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and China Steel Structure Co., Ltd.
	Ding Da Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and Ever Wealthy International Corporation
	Jiing-Cherng-Fa Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and CHC Resources Corporation
	Gau Ruei Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and China Steel Chemical Corporation
	Li-Ching-Long Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Steel Chemical Corporation and China Steel Structure Co., Ltd.
	Sheng Lih Dar Investment Corporation	A joint-company invested by Eminence Investment Corporation, CHC Resources Corporation and Ever Wealthy International Corporation
	Chiun Yu Investment Corporation	A joint-company invested by Eminence Investment Corporation, China Ecotek Corporation and China Steel Structure Co., Ltd.
	Chung Mao Trading (Samoa) Corporation	A subsidiary of China Steel Global Trading Corporation
	Chung Mao Trading (BVI) Corporation	A subsidiary of China Steel Global Trading Corporation
	CSGT International Corporation	A subsidiary of China Steel Global Trading Corporation
	CSC Steel Australia Holdings Pty Ltd	A subsidiary of China Steel Corporation
	CSC Sonoma Pty Ltd	A subsidiary of CSC Steel Australia Holdings Pty Ltd
	China Steel Asia Pacific Holdings Pte Ltd	A subsidiary of China Steel Corporation
	CSC Steel Holdings Berhad	A subsidiary of China Steel Asia Pacific Holdings Pte Ltd
	Group Steel Corporation (M) Sdn. Bhd.	A subsidiary of CSC Steel Holdings Berhad
	United Steel International Co., Ltd.	A joint-company invested by China Steel Corporation and Chung Mao Trading (Samoa) Corporation
Management consulting companies	ChinaSteel Management Consulting Corporation	Providing business management and consulting services management for CSC Group
	Mentor Consulting Corporation	A subsidiary of Gains Investment Corporation
Other metal products manufacturing	Union Steel Development Corporation	Processing refractory from China Steel Corporation
Fire protection, security and business management services	China Steel Security Corporation	Providing services of on-site security and systematic security for CSC Group
	Steel Castle Technology Corporation	Providing services of firefighting engineering, mechatronic engineering and professional technical operation for CSC Group
	China Steel Management And Maintenance For Buildings Corporation	Providing services of management and maintenance of office building for CSC Group

Industry	Name of Affiliated Company	Business Relationship with Other Affiliated Companies
Machinery manufacturing and assembly	China Steel Machinery Corporation	Purchasing plate from China Steel Corporation
	China Steel Machinery Vietnam Co., Ltd.	Providing repair & maintenance and manufacturing service of mechanical equipment for China Steel and Nippon Steel Vietnam Joint Stock Company
	Mao Lian Enterprise Co., Ltd.	Providing storages for BFS material and finished products from CHC Resources Corporation
Real estate development	China Prosperity Development Corporation	Providing real estate development services for CSC Group
	China Prosperity Construction Corporation	A subsidiary of China Prosperity Development Corporation
	CK Japan Co., Ltd.	Providing real estate leasing services for CSC Group
Construction engineering	Constant Mode Sdn. Bhd.	A subsidiary of CSC Steel Sdn. Bhd.
	China Steel Structure Co., Ltd.	Providing plant design and construction services for CSC Group
	United Steel Engineering & Construction Corporation	Providing civil engineering services of plant construction for CSC Group
	United Steel Construction (Vietnam) Co., Ltd.	A subsidiary of United Steel Engineering & Construction Corporation
	China Ecotek Corporation	Providing environmental engineering and plant construction services for CSC Group
Engineering services	China Ecotek Construction Corporation	A subsidiary of China Ecotek Corporation
	China Ecotek India Private Limited	Providing plant construction services for CSC Group
	China Ecotek Vietnam Company Limited	Providing plant construction services for CSC Group
Information services	InfoChamp Systems Corporation	Providing ERP establishment services for CSC Group
	Wuhan InfoChamp I.T. Co., Ltd.	A subsidiary of Info-Champ System (B. V.I) Corporation
Green energy	Sing Da Marine Structure Corporation	Purchasing plate from China Steel Corporation
	China Steel Power Corporation	A subsidiary of China Steel Power Holding Corporation
	CSC Solar Corporation	Renting the roof of the factory buildings of CSC Group to implement the solar photovoltaic business
E-commerce	Universal Exchange Inc.	Providing the Electronic Letter of Credit service for CSC Group
Mass transit system operation	Kaohsiung Rapid Transit Corporation	A subsidiary of China Steel Corporation
	Taiwan Intelligent Transportation Co., Ltd.	A subsidiary of Kaohsiung Rapid Transit Corporation

5. Directors, Supervisors and Presidents of Affiliated Companies
(As of March 31, 2021)

Unit: shares, %

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Chung Hung Steel Corporation	Chairman	China Steel Corporation (Representative: Min-Hsiung Liu)	582,673,153	40.59%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	582,673,153	40.59%
	Director	China Steel Corporation (Representative: Kai-Ming Hwang)	582,673,153	40.59%
	Independent Director	Lin-Lin Lee	0	0.00%
	Independent Director	Juh-Shan Chiou	0	0.00%
	Independent Director	Hsien-Tang Tsai	0	0.00%
Hung Kao Investment Corporation	Director and President	China Steel Corporation (Representative: Kuei-Sung Tseng)	582,673,153	40.59%
	Chairman	Chung Hung Steel Corporation (Representative: Chia-Wen Luo)	2,600,000	100.00%
	Chairman	China Steel Corporation (Representative: Wen-Ge Lo)	68,787,183	29.04%
China Steel Chemical Corporation	Director	China Steel Corporation (Representative: Chao-Tung Wong)	68,787,183	29.04%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	68,787,183	29.04%
	Director	International CSRC Investment Holdings Co., Ltd. (Representative: Gong-Yi Gu)	11,759,096	4.96%
	Director	International CSRC Investment Holdings Co., Ltd. (Representative: Tien-Fu Chao)	11,759,096	4.96%
	Independent Director	Hsin-Shu Hsieh	0	0.00%
	Independent Director	Chris Wang	0	0.00%
	Independent Director	Tsun-Tzu Hsu	0	0.00%
	Director and President	China Steel Corporation (Representative: Ming-Da Fang)	68,787,183	29.04%
Ever Wealthy International Corporation	Chairman	China Steel Chemical Corporation (Representative: Ming-Da Fang)	104,574,982	100.00%
	President	Chu-Kai Huang	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Changzhou China Steel New Materials Technology Co., Ltd.	Chairman	Ever Wealthy International Corporation (Representative: Ming-Da Fang)	CNY\$ 39,950,000	100.00%
	Director	Ever Wealthy International Corporation (Representative: Wen-Ge Lo)	CNY\$ 39,950,000	100.00%
	Supervisor	Ever Wealthy International Corporation (Representative: Chu-Kai Huang)	CNY\$ 39,950,000	100.00%
	Director and President	Ever Wealthy International Corporation (Representative: Chien-Ping Chao)	CNY\$ 39,950,000	100.00%
Formosa Ha Tinh CISC (Cayman) International Limited	Chairman	Formosa Ha Tinh (Cayman) Limited (Representative: Fu-Ning Jang)	10,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Wen-Ge Lo)	10,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Ming-Da Fang)	10,000,000	50.00%
	Director	China Steel Chemical Corporation (Representative: Chu-Kai Huang)	10,000,000	50.00%
	Director	Formosa Ha Tinh (Cayman) Limited (Representative: Yao-Kang Lin)	10,000,000	50.00%
	Director	Formosa Ha Tinh (Cayman) Limited (Representative: Hung-Ming Lu)	10,000,000	50.00%
	President	Hsin-Yao Chang	0	0.00%
	Chairman	China Steel Corporation (Representative: Chung-Te Chen)	55,393,138	44.76%
China Ecotek Corporation	Director	China Steel Corporation (Representative: Chao-Tung Wong)	55,393,138	44.76%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	55,393,138	44.76%
	Director	China Steel Corporation (Representative: Jung-Fa Li)	55,393,138	44.76%
	Director	Hua Eng Wire And Cable Co., Ltd. (Representative: Ming-Hsiang Lin)	11,843,730	9.57%
	Director	Great Grandeur Steel Co., Ltd. (Representative: Yu-Lun Kuo)	3,918,000	3.17%
	Director	Chin Ho Fa Steel & Iron Co., Ltd. (Representative: Tsan-Jen Chen)	3,610,475	2.92%
	Independent Director	Chia-Jung Chen	0	0.00%
	Independent Director	Po-Han Wang	0	0.00%
	Independent Director	Tai-Guang Peng	0	0.00%
	Director and President	China Steel Corporation (Representative: Chih-Feng Lee)	55,393,138	44.76%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
China Ecotek Construction Corporation	Liquidator	China Ecotek Corporation (Representative: Ching-Sung Tu)	0	0.00%
CEC International Corporation	Director	China Ecotek Corporation (Representative: Juinn-Sheng Lee)	10,000,000	100.00%
China Ecotek India Private Limited	Director	CEC International Corporation (Representative: Juinn-Sheng Lee)	4,995,000	99.90%
	Director	Yung-Chen Wu	0	0.00%
CEC Holding Company Limited	Director	China Ecotek Corporation (Representative: Li-Ming Hu)	14,860,000	100.00%
CEC Development Corporation	Director	China Ecotek Corporation (Representative: Tzu-An Wu)	17,000,000	100.00%
China Ecotek Vietnam Company Limited	Director	CEC Development Corporation (Representative: Tzu-An Wu)	USD\$10,000,000	100.00%
	President	Ming-Fang Liang	USD\$0	0.00%
Xiamen Ecotek PRC Company Limited	Director and President	CEC Development Corporation (Representative: Li-Ming Hu)	USD\$6,000,000	100.00%
	Supervisor	CEC Development Corporation (Representative: Ya-Min Chuang)	USD\$6,000,000	100.00%
China Steel Structure Co., Ltd.	Chairman	China Steel Corporation (Representative: Hsu-Kun Chen)	66,487,844	33.24%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	66,487,844	33.24%
	Director	IHI Corporation (Representative: Tao-Peng Lin)	11,061,690	5.53%
	Director	Great Grandeur Steel Co., Ltd. (Representative: Chih-Hao Kuo)	3,899,000	1.95%
	Director	Dragon Steel Corporation (Representative: Chao-Shyang Lee)	3,500,000	1.75%
	Director	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	600,069	0.30%
	Director	Grace Investment Co., Ltd. (Representative: Che-Sheng Chen)	496,000	0.25%
	Independent Director	Hsiu-Ling Lee	0	0.00%
	Independent Director	Hwa-Teng Lee	0	0.00%
	Independent Director	Wei Lo	0	0.00%
	Director and President	China Steel Corporation (Representative: Jui-Teng Chen)	66,487,844	33.24%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
United Steel Engineering & Construction Corporation	Chairman	China Steel Structure Co., Ltd. (Representative: Jui-Teng Chen)	74,000,000	100.00%
	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	74,000,000	100.00%
	Director	China Steel Structure Co., Ltd. (Representative: Sheng-Yi Chen)	74,000,000	100.00%
	Director	China Steel Structure Co., Ltd. (Representative: Ping-Hao Li)	74,000,000	100.00%
	Director and President	China Steel Structure Co., Ltd. (Representative: I-Fang Kao)	74,000,000	100.00%
United Steel Construction (Vietnam) Co., Ltd.	Chairman	United Steel Engineering & Construction Corporation (Representative: Jui-Teng Chen)	USD\$ 1,000,000	100.00%
United Steel Investment Pre Ltd	Director	United Steel Engineering & Construction Corporation (Representative: Jui-Teng Chen)	4,180,000	100.00%
	Director	Choon-Chiauw Loo	0	0.00%
China Steel Structure Holding Co., Ltd.	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	4	36.67%
China Steel Structure Investment Pre. Ltd.	Director	China Steel Structure Co., Ltd. (Representative: Jui-Teng Chen)	10	100.00%
	Director	Choon-Chiauw Loo	0	0.00%
CHC Resources Corporation	Chairman	China Steel Corporation (Representative: Hung-Chang Chang)	49,289,597	19.83%
	Director	China Steel Corporation (Representative: Hung-Ta Lin)	49,289,597	19.83%
	Director	China Steel Corporation (Representative: Hsiang-Ya Huang)	49,289,597	19.83%
	Director	Taiwan Cement Corporation (Representative: Wei-Chueh Hong)	30,196,163	12.15%
	Director	Taiwan Cement Corporation (Representative: Yun-De Wu)	30,196,163	12.15%
	Director	China Steel Structure Co., Ltd. (Representative: Huo-Kun Chen)	23,182,738	9.33%
	Director	Asia Cement Corporation (Representative: Ying-Fong Chang)	22,801,185	9.17%
	Director	Asia Cement Corporation (Representative: Chen-Ho Chung)	22,801,185	9.17%
	Director			

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Universal Cement Corporation (Representative: Chih-Yuan Hou)	17,020,254	6.85%
	Director	China Steel Chemical Corporation (Representative: Chu-Kai Huang)	15,019,341	6.04%
	Director	Southeast Cement Corporation (Representative: Chang-Chih Wu)	13,083,801	5.26%
	Independent Director	Jung-Shien Wang	0	0.00%
	Independent Director	Chung-Chia Yang	0	0.00%
	Independent Director	Fu-Tien Cheng	0	0.00%
	Director and President	China Steel Corporation (Representative: Shih-Ho Shang Kuan)	49,289,597	19.83%
Mao Lian Enterprise Co., Ltd.	Chairman and President	CHC Resources Corporation (Representative: Chih-Lin Yang)	2,500	100.00%
Yu Cheng Lime Corporation	Chairman and President	CHC Resources Corporation (Representative: Hung-Shu Chung)	108,000	90.00%
	Supervisor	Chih-Lin Yang	0	0.00%
Union Steel Development Corporation	Chairman	CHC Resources Corporation (Representative: Shih-Ho Shang Kuan)	4,668,333	93.37%
	Supervisor	Kuo-Yuan Chen	0	0.00%
	President	Chia-Hao Chang	0	0.00%
Pao Good Industrial Co., Ltd.	Chairman	CHC Resources Corporation (Representative: Ming-Chang Chiu)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Shih-Ho Shang Kuan)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Hung-Shu Chung)	5,408,550	51.00%
	Director	Nan Hwa Cement Corporation (Representative: Chen-Ho Chung)	3,287,550	31.00%
	Director	Nan Hwa Cement Corporation (Representative: Wen-Hua Yeh)	3,287,550	31.00%
	Supervisor	Yuen Shwei Enterprise Co., Ltd. (Representative: Hsin-Lu Liu)	1,060,500	10.00%
	President	I-Chun Chen	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
CHC Resources Vietnam Co., Ltd	Chairman	CHC Resources Corporation (Representative: Hung-Shu Chung)	USD\$21,250,000	85.00%
	Director	CHC Resources Corporation (Representative: Hung-Chang Chang)	USD\$21,250,000	85.00%
	Director	CHC Resources Corporation (Representative: Shih-Ho Shang Kuan)	USD\$21,250,000	85.00%
	Director	Formosa Ha Tinh Steel Corporation (Representative: Yuan-Cheng Chen)	USD\$ 3,750,000	15.00%
	Director	Formosa Ha Tinh Steel Corporation (Representative: Chung-Yao Hung)	USD\$ 3,750,000	15.00%
	President	Chao-Kuei Huang	USD\$ 0	0.00%
China Steel Security Corporation	Chairman	China Steel Corporation (Representative: Ya-Tang Liang)	25,036,986	99.96%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	25,036,986	99.96%
	Director	China Steel Corporation (Representative: I-Chung Huang)	25,036,986	99.96%
	Supervisor	Yu-Huei Su	0	0.00%
	President	Chang-Chin Yu	0	0.00%
Steel Castle Technology Corporation	Chairman	China Steel Security Corporation (Representative: Sheng-Te Lin)	13,000,000	100.00%
	Director	China Steel Security Corporation (Representative: I-Hsiung Shih)	13,000,000	100.00%
	Director	China Steel Security Corporation (Representative: Meng-Tsung Wu)	13,000,000	100.00%
	President	Yu-Jung Chang	0	0.00%
	Chairman	China Steel Security Corporation (Representative: Chang-Chin Yu)	1,000,000	100.00%
China Steel Management And Maintenance For Buildings Corporation	President	Wei-Hua Chiang	0	0.00%
	Chairman	China Steel Corporation (Representative: Hsi-Chou Chung)	999,993	100.00%
	Supervisor	Jheng-Hong Chen	0	0.00%
ChinaSteel Management Consulting Corporation	President	Mao-Yuan Huang	0	0.00%
	Chairman	China Steel Corporation (Representative: Chao-Tung Wong)	509,802,912	100.00%
	Director	China Steel Corporation (Representative: Hsi-Ju Tseng)	509,802,912	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	509,802,912	100.00%
	Supervisor	Jheng-Hong Chen	0	0.00%
	President	Wei-Chang Lu	0	0.00%
China Prosperity Construction Corporation	Chairman and President	China Prosperity Development Corporation (Representative: Wei-Chang Lu)	8,032,500	60.00%
	Director	China Prosperity Development Corporation (Representative: Chin-Lin Kuo)	8,032,500	60.00%
	Director	United Steel Engineering & Construction Corporation (Representative: Jui-Teng Chen)	5,355,000	40.00%
	Supervisor	I-Fang Kao	0	0.00%
CK Japan Co., Ltd.	Chairman	Wabo Global Trading Corporation (Representative: Wei-Ting Chen)	960	20.00%
	Director	China Prosperity Development Corporation (Representative: Fu-Chang Huang)	3,840	80.00%
	Director	China Prosperity Development Corporation (Representative: Wei-Chang Lu)	3,840	80.00%
	Supervisor	China Prosperity Development Corporation (Representative: Hui-Ju Chang)	3,840	80.00%
	Chairman	China Steel Corporation (Representative: Ching-Fang Tu)	19,183,286	69.49%
HIMAG Magnetic Corporation	Director	China Steel Corporation (Representative: Ting-Han Lai)	19,183,286	69.49%
	Director	China Steel Corporation (Representative: Kai-Ching Huang)	19,183,286	69.49%
	Supervisor	Ever Wealthy International Corporation (Representative: Wen-Liang Tseng)	1,584,731	5.74%
	President	Fong-Fu Lin	0	0.00%
	Chairman	HIMAG Magnetic Corporation (Representative: Fong-Fu Lin)	21,800,000	54.50%
MagnPower Corporation	Director	HIMAG Magnetic Corporation (Representative: Chen-Feng Chan)	21,800,000	54.50%
	Director	Super Electronics Co., Ltd. (Representative: Chi-Ping Lee)	15,200,000	38.00%
	Supervisor	Rechi Investments Holdings Co., Ltd. (Representative: Yung-Fu Hsu)	3,000,000	7.50%
	President	Chi-Lih Chen	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Eminent Venture Capital Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	13,500,000	50.00%
	Director	Gains Investment Corporation (Representative: Chun-Hui Wu)	13,500,000	50.00%
	Director	Mega International Commercial Bank Co., Ltd. (Representative: Yi-Chian Wang)	6,750,000	25.00%
	Director	Mega International Commercial Bank Co., Ltd. (Representative: Yen-Hua Huang)	6,750,000	25.00%
	Director	Oriental Union Chemical Corporation (Representative: Hsi-Chin Tsai)	2,700,000	10.00%
	Director	Taiwan Fertilizer Co., Ltd. (Representative: Tzung-Wu Tsai)	2,700,000	10.00%
	Director	TaiAn Technologies Corporation (Representative: Yueh-Kun Yang)	2,700	0.01%
	Supervisor	China Steel Chemical Corporation (Representative: Ming-Da Fang)	1,350,000	5.00%
	Supervisor	Tu-Mu Kuo	0	0.00%
	President	Shih-Chia Lin	0	0.00%
Sing Da Marine Structure Corporation	Chairman	China Steel Corporation (Representative: Rong-Yuan Hsieh)	342,100,000	100.00%
	Director	China Steel Corporation (Representative: Ya-Chou Wang)	342,100,000	100.00%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	342,100,000	100.00%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	342,100,000	100.00%
	President	Wu-Hsiung Lu	0	0.00%
	Chairman	China Steel Corporation (Representative: Shyi-Chin Wang)	136,986,000	51.00%
China Steel Power Holding Corporation	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	136,986,000	51.00%
	Director	China Steel Corporation (Representative: Bor-Chih Hwang)	136,986,000	51.00%
	Director	CI III Zhong Neng K/S (Representative: Mads Skovgaard-Andersen)	131,614,000	49.00%
	Director	CI III Zhong Neng K/S (Representative: John Michael Hannibal)	131,614,000	49.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	CI III Zhong Neng K/S (Representative: Thomas Wibe Poulsen)	131,614,000	49.00%
	Supervisor	Hung-Tai Chou	0	0.00%
China Steel Power Corporation	Chairman	China Steel Power Holding Corporation (Representative: Shyi-Chin Wang)	200,379,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Kuan-Fu Chen)	200,379,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Bor-Chih Hwang)	200,379,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Mads Skovgaard-Andersen)	200,379,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: John Michael Hannibal)	200,379,990	100.00%
	Director	China Steel Power Holding Corporation (Representative: Thomas Wibe Poulsen)	200,379,990	100.00%
	Supervisor	Hung-Tai Chou	0	0.00%
	Chairman	China Ecotek Corporation (Representative: Chung-Te Chen)	34,880,000	20.00%
CSC Solar Corporation	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	95,920,000	55.00%
	Supervisor	Dragon Steel Corporation (Representative: Chien-Chou Chen)	17,440,000	10.00%
	Director and President	China Steel Corporation (Representative: Der-Shuh Ting)	95,920,000	55.00%
	Chairman	China Steel Corporation (Representative: Bao-Tuan Hung)	32,250,000	100.00%
CSC Precision Metal Industrial Corporation	Chairman	China Steel Corporation (Representative: Hung-Ta Lin)	98,112,000	100.00%
China Steel Resources Corporation	Chairman	China Steel Corporation (Representative: Jih-Jau Jeng)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	41,465,634	99.99%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	41,465,634	99.99%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Info-Champ System (B.V.I) Corporation	Director	China Steel Corporation (Representative: Huang-Pin Chen)	41,465,634	99.99%
	Supervisor	Tsyr-Ling Su	0	0.00%
	President	Jiang-Kuen Kuo	0	0.00%
Wuhan InfoChamp I.T. Co., Ltd.	Director	InfoChamp Systems Corporation (Representative: Jih-Jau Jeng)	201,000	100.00%
	Executive Director	Info-Champ System (B.V.I) Corporation (Representative: Cheng-Hsien Ma)	USD\$ 200,000	100.00%
	Supervisor	Info-Champ System (B.V.I) Corporation (Representative: Teng-Chuan Huang)	USD\$ 200,000	100.00%
Kaohsiung Rapid Transit Corporation	Chairman	China Steel Corporation (Representative: Yueh-Kun Yang)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: Pai-Chien Huang)	120,799,811	43.36%
	Director	China Steel Corporation (Representative: Kuo-Hua Sun)	120,799,811	43.36%
	Director	National Development Fund, Executive Yuan (Representative: Chi-Kuo Lin)	38,560,638	13.84%
	Director	Asia Cement Corporation (Representative: Chan-Fong Cheng)	15,873,243	5.70%
Kaohsiung Rapid Transit Corporation	Director	China Prosperity Development Corporation (Representative: Wei-Chang Lu)	13,000,000	4.67%
	Director	Bank of Kaohsiung Co., Ltd. (Representative: Chi-Chuan Wang)	643,031	0.23%
	Director	Bank of Kaohsiung Co., Ltd. (Representative: Chia-Hsing Chang)	643,031	0.23%
	Supervisor	Far Eastern Department Store, Ltd. (Representative: Wei-Kun Chou)	6,286,063	2.26%
	Supervisor	Hsieh-Hsing Huang	0	0.00%
Taiwan Intelligent Transportation Co., Ltd.	Director and President	China Steel Corporation (Representative: Hsiu-Chi Chang)	120,799,811	43.36%
	Chairman	Kaohsiung Rapid Transit Corporation (Representative: Hsiu-Chi Chang)	2,600,000	100.00%
	Director	Kaohsiung Rapid Transit Corporation (Representative: Chih-Ming Lin)	2,600,000	100.00%
	Director	Kaohsiung Rapid Transit Corporation (Representative: Jui-Pin Hung)	2,600,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
China Steel Machinery Corporation	Supervisor	Kaohsiung Rapid Transit Corporation (Representative: Wen-Ho Chiu)	2,600,000	100.00%
	Director	China Steel Corporation	100,066,400	73.97%
	Director	China Steel Corporation (Representative: Pai-Chien Huang)	100,066,400	73.97%
	Director	China Steel Corporation (Representative: Jung-Fa Li)	100,066,400	73.97%
	Supervisor	China Ecotek Corporation (Representative: Chih-Feng Lee)	35,204,170	26.02%
China Steel Machinery Vietnam Co., Ltd	President	Chia-Chi Chang	0	0.00%
	Chairman	China Steel Machinery Corporation (Representative: Chia-Chi Chang)	USD\$ 300,000	100.00%
	President	Hsin-Fa Li	USD\$ 0	0.00%
	Chairman	China Steel Corporation (Representative: Shyi-Chin Wang)	8,612,586,123	100.00%
Dragon Steel Corporation	Director	China Steel Corporation (Representative: Chao-Tung Wong)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Wen-Ge Lo)	8,612,586,123	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	8,612,586,123	100.00%
	Supervisor	China Steel Corporation (Representative: I-Chung Huang)	8,612,586,123	100.00%
	Supervisor	China Steel Corporation (Representative: Hung-Tai Chou)	8,612,586,123	100.00%
	President	Chao-Shyang Lee	0	00.00%
	Chairman	China Steel Corporation (Representative: Chung-Shin Chen)	840,122,049	99.98%
C.S.Aluminium Corporation	Director	China Steel Corporation (Representative: Yueh-Kun Yang)	840,122,049	99.98%
	Director	China Steel Corporation (Representative: Huan-Chien Tung)	840,122,049	99.98%
	Director	China Steel Corporation (Representative: Fu-Chang Huang)	840,122,049	99.98%
	Supervisor	Pei-How Huang	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
ALU Investment Offshore Corporation	Director and President	China Steel Corporation (Representative: Jye-Long Lee)	840,122,049	99.98%
	Director	C.S. Aluminium Corporation (Representative: Jye-Long Lee)	1	100.00%
United Steel International Development Corporation	Chairman	ALU Investment Offshore Corporation (Representative: Jye-Long Lee)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Chung-Shin Chen)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Li-Chung Chen)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Ying-Pin Hsieh)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Chun-Jen Su)	31,650,000	64.59%
	Director	ALU Investment Offshore Corporation (Representative: Huan-Chien Tung)	31,650,000	64.59%
	Director	Fu Tai Universal Incorporated (Representative: Jan-San Chen)	3,430,000	7.00%
	Director	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	2,220,000	4.53%
	Director	Mayer Steel Pipe Corporation (Representative: Jen-Chin Chiang)	1,250,000	2.55%
	Director	Ye-Ming Cheng	1,250,000	2.55%
	Director	Chin Ho Fa Steel & Iron Co., Ltd. (Representative: Tsan-Jen Chen)	400,000	0.82%
Ningbo Huayang Aluminium-Tech Co., Ltd.	Supervisor	ALU Investment Offshore Corporation (Representative: Yueh-Kun Yang)	31,650,000	64.59%
	Supervisor	ALU Investment Offshore Corporation (Representative: Fu-Chang Huang)	31,650,000	64.59%
	Supervisor	China Steel Chemical Corporation (Representative: Wen-Pin Chiang)	2,450,000	5.00%
	Supervisor	Chun Yuan Investment (Singapore) Pte Ltd (Representative: Hsi-Chi Tsai)	1,500,000	3.06%
	Chairman	United Steel International Development Corporation (Representative: Jye-Long Lee)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Chung-Shin Chen)	USD\$ 49,000,000	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	United Steel International Development Corporation (Representative: Chun-Jen Su)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Huan-Chien Tung)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Jen-Chin Chiang)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Ye-Ming Cheng)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Jan-San Chen)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Yi-Jen Kuo)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Ying-Pin Hsieh)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Tsan-Jen Chen)	USD\$ 49,000,000	100.00%
	Director	United Steel International Development Corporation (Representative: Li-Chung Chen)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Yueh-Kun Yang)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Wen-Pin Chiang)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Hsi-Chi Tsai)	USD\$ 49,000,000	100.00%
	Supervisor	United Steel International Development Corporation (Representative: Fu-Chang Huang)	USD\$ 49,000,000	100.00%
	President	Ming-Feng Tsai	0	0.00%
	Chairman	China Steel Corporation (Representative: Chiu-Po Chang)	422,545,250	100.00%
China Steel Express Corporation	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Chien-Chih Hwang)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Wen-Ge Lo)	422,545,250	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	422,545,250	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Kaoport Stevedoring Corporation	President	Hong-Joe Chen	0	0.00%
	Chairman and President	China Steel Express Corporation (Representative: Hong-Joe Chen)	3,275,000	65.50%
	Director	China Steel Express Corporation (Representative: Chin-Chun Lin)	3,275,000	65.50%
	Director	Eastern Media International Corporation (Representative: Chin-Chi Chen)	750,000	15.00%
	Supervisor	Hsueh-I Chen	750,000	15.00%
Transglory Investment Corporation	Chairman	China Steel Express Corporation (Representative: Chien-Chih Hwang)	374,138,548	49.89%
	Supervisor	China Steel Chemical Corporation (Representative: Chu-Kai Huang)	69,000,960	9.20%
	President	Pai-Chien Huang	0	0.00%
CSE Transport Corporation	Director	China Steel Express Corporation (Representative: Chin-Chun Lin)	10	100.00%
	Director	China Steel Express Corporation (Representative: Li-Ho Hsu)	10	100.00%
	Director and President	China Steel Express Corporation (Representative: Hong-Joe Chen)	10	100.00%
	Chairman	China Steel Corporation (Representative: Pai-Chien Huang)	559,375,112	100.00%
Gains Investment Corporation	Director	China Steel Corporation (Representative: Chao-Tung Wong)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Shyi-Chin Wang)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Yueh-Kun Yang)	559,375,112	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	559,375,112	100.00%
	Supervisor	Chiu-Chen Hung	0	0.00%
	President	Chun-Hui Wu	0	0.00%
	Chairman	Gains Investment Corporation (Representative: Chung-Chia Huang)	23,423,016	31.87%
	Director	Gains Investment Corporation (Representative: Pai-Chien Huang)	23,423,016	31.87%
Thintech Materials Technology Co., Ltd.	Director	United Renewable Energy Co., Ltd. (Representative: Ja-Cheng Hsu)	7,000,000	9.52%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Ever Wealthy International Corporation (Representative: Ming-Da Fang)	6,119,748	8.33%
	Independent Director	Ming-Chi Tsai	0	0.00%
	Independent Director	Su-Mei Liang	0	0.00%
	Independent Director	Cheng-Hwa Fang	0	0.00%
	President	Yung-Chun Pan	0	0.00%
Thintech Global Limited	Chairman	Thintech Materials Technology Co., Ltd. (Representative: Yung-Chun Pan)	6,800,000	100.00%
Taicang Thintech Materials Co., Ltd.	Chairman	Thintech Global Limited (Representative: Yung-Chun Pan)	USD\$ 6,800,000	100.00%
	Director	Thintech Global Limited (Representative: Yu-Chuan Lin)	USD\$ 6,800,000	100.00%
	Supervisor	Thintech Global Limited (Representative: Chang-Ming Lin)	USD\$ 6,800,000	100.00%
	Director and President	Thintech Global Limited (Representative: Jung-Chang Huang)	USD\$ 6,800,000	100.00%
	Chairman and President	Gains Investment Corporation (Representative: Chun-Hui Wu)	112,700,000	49.00%
Winning Investment Corporation	Director	Gains Investment Corporation (Representative: Min-Hsiung Liu)	112,700,000	49.00%
	Director	Gains Investment Corporation (Representative: Kuan-Fu Chen)	112,700,000	49.00%
	Director	Maruichi Steel Tube Ltd. (Representative: Takeshi Takeuchi)	96,600,000	42.00%
	Director	Maruichi Steel Tube Ltd. (Representative: Hiroyuki Suzuki)	96,600,000	42.00%
Betacera Inc.	Supervisor	Transglory Investment Corporation (Representative: Hung-Tai Chou)	20,700,000	9.00%
	Chairman	Gains Investment Corporation (Representative: Liang-Ching Chen)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Pai-Chien Huang)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Yu-Chen Lee)	20,555,253	48.05%
	Director	Gains Investment Corporation (Representative: Wen-Hsien Chou)	20,555,253	48.05%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Delta Electronics, Inc. (Representative: Hsun-Hai Chang)	8,101,732	18.94%
	Director	Delta Electronics, Inc. (Representative: Chen-Yu Yu)	8,101,732	18.94%
	Supervisor	Ding Da Investment Corporation (Representative: Kai-Ching Huang)	1,000	0.00%
	Supervisor	Chih-Lu Fan	0	0.00%
	Director and President	Ping-Yang Chien	430,000	1.01%
Lefkara Ltd.	Chairman	Betacera Inc. (Representative: Liang-Ching Chen)	13,623,000	100.00%
	Director	Betacera Inc. (Representative: Chen-Yu Yu)	13,623,000	100.00%
	Director	Betacera Inc. (Representative: Ping-Yang Chien)	13,623,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 4,400,000	100.00%
Betacera (Su Zhou) Co., Ltd.	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 4,400,000	100.00%
	Director	Lefkara Ltd. (Representative: Liang-Ching Chen)	USD\$ 4,400,000	100.00%
	Supervisor	Lefkara Ltd. (Representative: Kai-Ching Huang)	USD\$ 4,400,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 15,000,000	100.00%
Suzhou Betacera Technology Co., Ltd.	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 15,000,000	100.00%
	Director	Lefkara Ltd. (Representative: Liang-Ching Chen)	USD\$ 15,000,000	100.00%
	Supervisor	Lefkara Ltd. (Representative: Kai-Ching Huang)	USD\$ 15,000,000	100.00%
	Chairman and President	Lefkara Ltd. (Representative: Ping-Yang Chien)	USD\$ 1,194,000	99.50%
Shanghai Xike Ceramic Electronic Co., Ltd.	Director	Lefkara Ltd. (Representative: Chen-Yu Yu)	USD\$ 1,194,000	99.50%
	Director	Lefkara Ltd. (Representative: Liang-Ching Chen)	USD\$ 1,194,000	99.50%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Universal Exchange Inc.	Director	Shanghai Xike Special Ceramics Electric Factory (Representative: Yun Zhang)	USD\$ 6,000	0.50%
	Supervisor	Lefkara Ltd. (Representative: Kai-Ching Huang)	USD\$ 1,194,000	99.50%
	Chairman	Gains Investment Corporation (Representative: Ching-Chen Huang)	10,533,713	63.67%
	Director	Gains Investment Corporation (Representative: Chun-Hui Wu)	10,533,713	63.67%
	Director	InfoChamp Systems Corporation (Representative: Jiang-Kuen Kuo)	5,825,030	35.21%
	Supervisor	Ding Da Investment Corporation (Representative: Chia-Jui Hsu)	1,600	0.01%
	President	Tai-Chen Chen	184,571	1.12%
	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	6,000,000	5.00%
	Director	Chung Hung Steel Corporation (Representative: Chia-Wen Luo)	20,000,000	16.67%
	Director	Kwang Hsing Industrial Co., Ltd. (Representative: Chun-Pin Ko)	12,000,000	10.00%
Pro-Ascentek Investment Corporation	Director	Feng Hsin Steel Co., Ltd. (Representative: Te-I Cheng)	10,000,000	8.33%
	Director	Chun Yuan Steel Industry Co., Ltd. (Representative: Kuo-I Ao)	8,000,000	6.67%
	Director	Berlin Co., Ltd. (Representative: Che-Sheng Chen)	8,000,000	6.67%
	Director	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	6,000,000	5.00%
	Director	China Ecotek Corporation (Representative: Chih-Feng Lee)	6,000,000	5.00%
	Director	China Prosperity Development Corporation (Representative: Chao-Tung Wong)	5,000,000	4.17%
	Director	China Steel Structure Co., Ltd. (Representative: Jui-Teng Chen)	4,000,000	3.33%
	Director	C.S. Aluminium Corporation (Representative: Jye-Long Lee)	3,000,000	2.50%
	Supervisor	Dragon Steel Corporation (Representative: Chien-Hui Lee)	10,000,000	8.33%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Supervisor	Super Electronics Co., Ltd. (Representative: Chi-Ping Lee)	3,000,000	2.50%
	President	Chun-Hui Wu	0	0.00%
Mentor Consulting Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	1,000,000	100.00%
	President	Chun-Hui Wu	0	0.00%
Eminence Investment Corporation	Chairman	Gains Investment Corporation (Representative: Pai-Chien Huang)	150,000,000	100.00%
	President	Chun-Hui Wu	0	0.00%
Shin Mau Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Chiung-Wen Hsu)	896,999	30.00%
	Supervisor	CHC Resources Corporation (Representative: Ching-An Lin)	897,000	30.00%
Hung-Chuan Investment Corporation	Chairman and President	Shin Mau Investment Corporation (Representative: Wan-Fei Wu)	100,000	5.00%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	600,000	30.00%
Chi-Yi Investment Corporation	Chairman and President	Shin Mau Investment Corporation (Representative: Chin-Chun Lin)	99,000	4.95%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	800,000	40.00%
Ding Da Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Hung-Tsung Hsiao)	897,000	30.00%
	Supervisor	Ever Wealthy International Corporation (Representative: Li-Li Kuo)	897,000	30.00%
Jiing-Cherng-Fa Investment Corporation	Chairman and President	Ding Da Investment Corporation (Representative: Fu-Ching Yang)	99,000	4.30%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	805,000	35.00%
Gau Ruei Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Yung-Chung Lin)	747,499	25.00%
	Supervisor	CHC Resources Corporation (Representative: Ching-An Lin)	1,046,500	35.00%
Li-Ching-Long Investment Corporation	Chairman and President	Gau Ruei Investment Corporation (Representative: Fu-Chang Huang)	100,000	5.00%
	Supervisor	China Steel Chemical Corporation (Representative: Li-Li Kuo)	700,000	35.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
Sheng Lih Dar Investment Corporation	Chairman and President	Gau Ruei Investment Corporation (Representative: Kuei-Nien Chou)	100,000	4.17%
	Supervisor	Ever Wealthy International Corporation (Representative: Li-Li Kuo)	840,000	35.00%
Chiun Yu Investment Corporation	Chairman and President	Eminence Investment Corporation (Representative: Ming-Chu Chu)	747,500	25.00%
	Supervisor	China Ecotek Corporation (Representative: Ya-Min Chuang)	1,196,000	40.00%
China Steel Global Trading Corporation	Chairman	China Steel Corporation (Representative: Chien-Chih Hwang)	78,827,362	100.00%
	Director	China Steel Corporation (Representative: Chao-Tung Wong)	78,827,362	100.00%
	Director	China Steel Corporation (Representative: Min-Hsiung Liu)	78,827,362	100.00%
	Supervisor	Ming-Rea Kao	0	0.00%
	President	Yi-Jen Kuo	0	0.00%
Wabo Global Trading Corporation	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Ming-Yuan Chen)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Shen-Chin Huang)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Kai-Ming Hwang)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	5,236,000	44.00%
	Director	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	5,236,000	44.00%
	Director	Top Steel Corporation (Representative: Su-Hao Chen)	1,547,000	13.00%
	Director	Shen Tai Trading Corporation Limited; (Representative: Ping-Chun Chen)	1,309,000	11.00%
	Director	Great Grandeur Corporation (Representative: Young-Ho Kuo)	1,309,000	11.00%
	Director	China Steel Structure Co., Ltd. (Representative: Ping-Hao Li)	714,000	6.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Bichain Trading Co., Ltd. (Representative: Po-Nien Lin)	595,000	5.00%
	Director	Brimetal International Co., Ltd. (Representative: Kwo-Shyang Shen)	595,000	5.00%
	Supervisor	Chun Yuan Steel Industry Co., Ltd. (Representative: Chang-Yi Tsai)	595,000	5.00%
	Director and President	China Steel Global Trading Corporation (Representative: Wei-Ting Chen)	5,236,000	44.00%
	Director and President	Wabo Global Trading Corporation (Representative: Wei-Ting Chen)	800	100.00%
CSGT Japan Co., Ltd.	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	11,800,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	11,800,000	100.00%
Chung Mao Trading (Samoa) Corporation	Director	China Steel Global Trading Corporation (Representative: Wen-Hao Lin)	11,800,000	100.00%
	Chairman	Chung Mao Trading (Samoa) Corporation (Representative: Chien-Chih Hwang)	USD\$ 600,000	100.00%
	Director	Chung Mao Trading (Samoa) Corporation (Representative: Min-Hsiung Liu)	USD\$ 600,000	100.00%
	Director	Chung Mao Trading (Samoa) Corporation (Representative: Yi-Jen Kuo)	USD\$ 600,000	100.00%
	Supervisor	Chung Mao Trading (Samoa) Corporation (Representative: Ming-Yuan Chen)	USD\$ 600,000	100.00%
CSGT (Shanghai) Co., Ltd.	President	Hsiao-Sheng Wang	USD\$ 0	0.00%
	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Ming-Yuan Chen)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Chin-Long Wu)	326,300	65.00%
Chung Mao Trading (BVI) Corporation	Director	China Steel Global Trading Corporation (Representative: Che-Chia Chang)	326,300	65.00%
	Director	China Steel Global Trading Corporation (Representative: Chen-Jung Huang)	326,300	65.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	326,300	65.00%
	Director	Chang Yee Steel Co., Ltd. (Representative: Ching-Wen Yun)	50,200	10.00%
	Director	Jo & Dave Company Ltd. (Representative: Jean-Jean Wang)	37,650	7.50%
	Director	Chun Yuan Steel Industry Co., Ltd (Representative: Chang-Yi Tsai)	37,650	7.50%
	Director	Vulcan Industrial Corporation (Representative: Sung-Shyong Hong)	25,100	5.00%
	Director	Cathay Gen International Co., Ltd. (Representative: Fu-Lin Kao)	12,550	2.50%
	Director	Mayer Steel Pipe Corporation (Representative: Lung-Chi Wu)	12,550	2.50%
	Director and President	China Steel Global Trading Corporation (Representative: Hsiao-Sheng Wang)	326,300	65.00%
	Chairman	Chung Mao Trading (BVI) Corporation (Representative: Min-Hsiung Liu)	1,000,000	100.00%
CSGT Hong Kong Limited	Director and President	Chung Mao Trading (BVI) Corporation (Representative: Pai-Cheng Chang)	1,000,000	100.00%
CSGT International Corporation	Chairman	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	20,740,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Wen-Hao Lin)	20,740,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	20,740,000	100.00%
CSGT Metals Vietnam Joint Stock Company	Chairman	CSGT International Corporation (Representative: Che-Chia Chang)	13,279,770	59.96%
	Director	CSGT International Corporation (Representative: Ming-Yuan Chen)	13,279,770	59.96%
	Director	CSGT International Corporation (Representative: Yi-Jen Kuo)	13,279,770	59.96%
	Director	CSGT International Corporation (Representative: Yen-Hui Lin)	13,279,770	59.96%
	Director	Kingrock International Development Limited (Representative: Sung-Shyong Hong)	3,322,350	15.00%
	Director			

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	Nippon Steel Trading Corporation (Representative: Jun Tokunaga)	2,889,000	13.04%
	Director	Fuku Holding Co., Ltd. (Representative: Yu-Fu Chang)	1,328,940	6.00%
	Director	Kao Hsing Chang Iron And Steel Corporation (Representative: Rong-Feng Lu)	1,328,940	6.00%
	Supervisor	CSGT International Corporation (Representative: Chin-Da Lin)	13,279,770	59.96%
	Supervisor	Kingrock International Development Limited (Representative: Tsang-Yuan Wang)	3,322,350	15.00%
	Director and President	CSGT International Corporation (Representative: Tu-Sheng Shao)	13,279,770	59.96%
	Chairman	CSGT International Corporation (Representative: Chen-Jung Huang)	4,752,000	99.00%
	Director	CSGT International Corporation (Representative: Kuei-Sung Tseng)	4,752,000	99.00%
	Director and President	CSGT International Corporation (Representative: Yung-Chen Wu)	4,752,000	99.00%
CSGT Trading India Private Limited	Chairman	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	6,100,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Choon-Chiaw Loo)	6,100,000	100.00%
CSGT (Singapore) Pte. Ltd.	Director and President	China Steel Global Trading Corporation (Representative: Wei-Tei Chen)	6,100,000	100.00%
	Chairman	China Steel Global Trading Corporation (Representative: Min-Hsiung Liu)	USD\$520,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Chien-Chih Hwang)	USD\$520,000	100.00%
	Director	China Steel Global Trading Corporation (Representative: Yi-Jen Kuo)	USD\$520,000	100.00%
	Supervisor	China Steel Global Trading Corporation (Representative: Ming-Yuan Chen)	USD\$520,000	100.00%
China Steel and Nippon Steel Vietnam Joint Stock Company	President	Hsiao-Sheng Wang	USD\$0	0.00%
	Chairman and President	China Steel Corporation (Representative: Jiunn-Yann Lee)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Ming-Yuan Chen)	514,304,000	56.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Corporation (Representative: Yu-Chuan Lu)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Tse-Wei Hsu)	514,304,000	56.00%
	Director	China Steel Corporation (Representative: Yeong-Kuen Chen)	514,304,000	56.00%
	Director	Nippon Steel Corporation (Representative: Ichiro Sato)	275,520,000	30.00%
	Director	Nippon Steel Corporation (Representative: Hiroaki Takenaka)	275,520,000	30.00%
	Supervisor	China Steel Corporation (Representative: Hung-Tai Chou)	514,304,000	56.00%
	Supervisor	China Steel Corporation (Representative: Yu-Chia Huang)	514,304,000	56.00%
	Supervisor	Nippon Steel Trading Corporation (Representative: Taisuke Arai)	45,920,000	5.00%
	Director	China Steel Corporation (Representative: John Toigo)	594,638	100.00%
CSC Steel Australia Holdings Pty Ltd	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	594,638	100.00%
	Director	China Steel Corporation (Representative: Hsin-Tien Lin)	594,638	100.00%
	Director	CSC Steel Australia Holdings Pty Ltd (Representative: Kuan-Fu Chen)	16,440,001	100.00%
CSC Sonoma Pty Ltd	Director	CSC Steel Australia Holdings Pty Ltd (Representative: Hsin-Tien Lin)	16,440,001	100.00%
	Director	CSC Steel Australia Holdings Pty Ltd (Representative: John Toigo)	16,440,001	100.00%
	Chairman	China Steel Corporation (Representative: Kuei-Sung Tseng)	253,567,202	100.00%
China Steel Corporation India Pvt. Ltd.	Director	China Steel Corporation (Representative: Ming-Yuan Chen)	253,567,202	100.00%
	Director	China Steel Corporation (Representative: Hung-Tai Chou)	253,567,202	100.00%
	Director and President	China Steel Corporation (Representative: Han-Chuan Lai)	253,567,202	100.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
China Steel Asia Pacific Holdings Pte Ltd	Director	China Steel Corporation (Representative: Wei-Tei Chen)	191,065,407	100.00%
	Director	China Steel Corporation (Representative: Fu-Chang Huang)	191,065,407	100.00%
CSC Steel Holdings Berhad	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Min-Hsiung Liu)	171,000,000	46.30%
	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Yi-Jen Kuo)	171,000,000	46.30%
	Director	Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud	0	0.00%
	Independent Director	Lay-Ching Lim	0	0.00%
Group Steel Corporation (M) Sdn. Bhd.	Independent Director	Hon-Wai Phong	0	0.00%
	Director and President	China Steel Asia Pacific Holdings Pte Ltd (Representative: Shou-Kang Yin)	171,000,000	46.30%
	Executive Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Yi-Chien Chen)	171,000,000	46.30%
	Director and President	CSC Steel Holdings Berhad (Representative: Shou-Kang Yin)	1,000,000	100.00%
CSC Steel Sdn. Bhd.	Director	CSC Steel Holdings Berhad (Representative: Min-Hsiung Liu)	359,000,000	100.00%
	Director	CSC Steel Holdings Berhad (Representative: Yi-Jen Kuo)	359,000,000	100.00%
	Director and President	CSC Steel Holdings Berhad (Representative: Shou-Kang Yin)	359,000,000	100.00%
	Director and President	CSC Steel Sdn. Bhd. (Representative: Shou-Kang Yin)	750,000	100.00%
Changzhou China Steel Precision Materials Co., Ltd.	Chairman	China Steel Asia Pacific Holdings Pte Ltd (Representative: Shou-Tao Chen)	USD\$ 30,520,000	70.00%
	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Hong-Yih Liou)	USD\$ 30,520,000	70.00%
	Director	Concord Industries Ltd. (Representative: Chih-Ta Wang)	USD\$ 13,080,000	30.00%
	Supervisor	China Steel Asia Pacific Holdings Pte Ltd (Representative: Ming-Yuan Chen)	USD\$ 30,520,000	70.00%
China Steel Precision Metals Qingdao Co., Ltd.	President	Fu-An Feng	USD\$ 0	0.00%
	Chairman	Chung Mao Trading (Samoa) Corporation (Representative: Yi-Jen Kuo)	USD\$ 2,000,000	10.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	%
	Director	China Steel Asia Pacific Holdings Pte Ltd (Representative: Shen-Chin Huang)	USD\$ 12,000,000	60.00%
	Director	Rechi Holdings Co., Ltd. (Representative: Chih-Cheng Ko)	USD\$ 6,000,000	30.00%
	Supervisor	Rechi Holdings Co., Ltd. (Representative: Yong-Guang Niu)	USD\$ 6,000,000	30.00%
	President	Hsi-Chang Ou	USD\$ 0	0.00%
United Steel International Co., Ltd.	Director	Chung Mao Trading (Samoa) Corporation (Representative: Min-Hsiung Liu)	3,000,000	20.00%
	Director	China Steel Corporation (Representative: Kuan-Fu Chen)	12,000,000	80.00%
China Steel Precision Metals Kunshan Co., Ltd.	Chairman	United Steel International Co., Ltd. (Representative: Yi-Jen Kuo)	USD\$ 15,000,000	100.00%
	Director	United Steel International Co., Ltd. (Representative: Shen-Chin Huang)	USD\$ 15,000,000	100.00%
	Supervisor	United Steel International Co., Ltd. (Representative: Hsi-Chang Ou)	USD\$ 15,000,000	100.00%
	Director and President	United Steel International Co., Ltd. (Representative: Hsiao-Sheng Wang)	USD\$ 15,000,000	100.00%

6. Operating Overview of Affiliated Companies

(From January 1, 2020 to December 31, 2020)

Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Chung Hung Steel Corporation	14,355,444	27,099,903	11,866,629	15,233,274	36,789,518	337,801	528,260	0.37
Hung Kao Investment Corporation	26,000	28,483	154	28,329	636	291	302	0.12
China Steel Chemical Corporation	2,369,044	10,989,071	4,454,902	6,534,169	5,251,341	738,859	716,891	3.09
Ever Wealthy International Corporation	1,045,750	1,688,085	135	1,687,950	59,012	56,919	54,722	0.52
Changzhou China Steel New Materials Technology Co., Ltd.	174,861	354,981	202,153	152,828	126,572	(13,826)	(11,962)	NA
Ever Glory International Co., Ltd. (Note 1)	0	0	0	0	0	(292)	(2,471)	NA
Formosa Ha Tinh CSCC (Cayman) International Limited	668,800	1,079,762	527,250	552,512	0	(20,057)	(17,729)	(0.89)
China Ecotek Corporation	1,237,426	6,621,879	3,661,623	2,960,256	8,627,332	44,385	197,435	1.60
Econova Technology Corporation (Note 1)	0	0	0	0	0	(231)	(168)	NA
China Ecotek Construction Corporation	25,000	40,932	191	40,741	17,844	17,110	13,647	5.46
CEC International Corporation	30,642	40,462	0	40,462	0	(17)	308	0.03
China Ecotek India Private Limited	27,097	37,594	55	37,539	0	(518)	479	0.10
CEC Holding Company Limited	163,779	23,522	2,445	21,077	0	(1)	359	0.02
CEC Development Corporation	494,146	962,623	0	962,623	0	(599)	44,480	2.62
China Ecotek Vietnam Company Limited	302,065	812,161	105,214	706,947	216,322	6,616	41,455	NA
Xiamen Ecotek PRC Company Limited	170,880	178,517	1,203	177,314	0	(2,052)	3,145	NA
China Steel Structure Co., Ltd.	2,000,000	11,895,787	7,088,729	4,807,058	8,823,151	157,213	630,701	3.26

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
United Steel Engineering & Construction Corporation	740,000	4,566,590	3,099,319	1,467,271	4,624,453	132,653	99,297	1.34
United Steel Construction (Vietnam) Co., Ltd.	33,129	68,715	17,336	51,379	5,794	(3,501)	(2,319)	NA
United Steel Investment Pte Ltd	126,806	139,363	0	139,363	0	(671)	(6,309)	(1.51)
China Steel Structure Holding Co., Ltd.	0	229,644	0	229,644	0	(7,159)	419,894	541.17
China Steel Structure Investment Co., Ltd. (Note 1)	0	0	0	0	0	0	(4,170)	NA
Chung-Kang Steel Structure (Kunshan) Co., Ltd. (Note 1)	0	0	0	0	4,939	(1,189)	(4,170)	NA
China Steel Structure Investment Pte. Ltd.	0	145,636	0	145,636	0	0	258,482	84.91
CHC Resources Corporation	2,485,404	12,426,238	7,051,638	5,374,600	9,158,739	875,404	761,987	3.07
Mao Lian Enterprise Co., Ltd.	25,000	70,018	2,249	67,769	10,521	7,334	5,741	2,296.54
Yu Cheng Lime Corporation	12,000	187,270	49,090	138,180	12,632	2,780	2,252	18.77
Union Steel Development Corporation	50,000	249,372	122,713	126,659	577,631	59,905	48,404	9.68
Pao Good Industrial Co., Ltd.	106,050	481,169	311,673	169,496	240,067	14,562	10,969	1.03
CHC Resources Vietnam Co., Ltd	761,573	979,394	281,590	697,804	420,801	13,702	14,832	NA
China Steel Security Corporation	250,470	1,381,446	755,084	626,362	1,433,897	53,818	103,421	4.13
Steel Castle Technology Corporation	130,000	702,464	393,744	308,720	1,194,734	62,357	50,148	3.86
China Steel Management And Maintenance For Buildings Corpora	10,000	17,113	3,246	13,867	27,173	1,623	1,278	1.28
China Steel Management Consulting Corporation	10,000	20,550	3,192	17,358	39,090	3,750	2,660	2.66
China Prosperity Development Corporation	5,098,095	9,560,825	1,220,435	8,340,390	1,180,485	522,920	388,941	0.76

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
China Prosperity Construction Corporation	133,875	152,795	75	152,720	0	(239)	376	0.03
CK Japan Co., Ltd.	189,408	511,524	282,137	229,387	56,051	24,597	13,968	2,910
HIMAG Magnetic Corporation	276,055	711,025	157,415	553,610	946,070	107,264	17,815	0.65
MagnPower Corporation	400,000	577,062	387,950	189,112	35,145	(43,281)	(79,022)	(1.98)
Eminent Venture Capital Corporation	270,027	180,775	23,640	157,135	26,668	26,088	26,090	0.97
Sing Da Marine Structure Corporation	3,421,000	6,086,360	3,870,521	2,215,839	1,439,515	(1,008,162)	(1,007,513)	(2.95)
China Steel Power Holding Corporation	2,006,000	1,730,234	170	1,730,064	0	(839)	(275,654)	(1.75)
China Steel Power Corporation	2,003,800	2,018,686	290,368	1,728,318	0	(274,506)	(275,345)	(1.75)
CSC Solar Corporation	1,744,000	4,398,526	2,485,320	1,913,206	480,149	214,964	153,194	0.88
CSC Precision Metal Industrial Corporation	322,500	319,169	13,473	305,696	136,696	5,695	6,428	0.20
China Steel Resources Corporation	981,120	2,382,035	1,386,555	995,480	602,729	19,647	9,686	0.10
InfoChamp Systems Corporation	414,706	1,750,964	845,051	905,913	2,047,366	178,933	138,909	3.35
Info-Champ System (B.V.I) Corporation	6,828	18,218	8	18,210	0	(211)	4,307	21.43
Wuhan InfoChamp I.T. Co., Ltd.	5,696	70,151	52,053	18,098	48,567	4,963	4,518	NA
Kaohsiung Rapid Transit Corporation	2,786,064	6,667,872	3,836,506	2,831,366	2,238,565	(284,295)	(189,505)	(0.68)
Taiwan Intelligent Transportation Co., Ltd.	26,000	62,359	32,640	29,719	114,725	1,078	1,275	0.49
China Steel Machinery Corporation	1,352,824	5,094,995	3,208,200	1,886,795	6,598,061	277,715	239,750	1.77
China Steel Machinery Vietnam Co., Ltd.	8,960	19,583	2,299	17,284	57,126	4,559	3,660	NA
Dragon Steel Corporation	86,125,861	167,215,484	70,102,345	97,113,139	76,824,329	(2,209,100)	(2,192,627)	(0.25)
C.S.Aluminium Corporation	8,402,512	26,573,108	18,945,090	7,628,018	14,245,546	83,896	(320,890)	(0.38)
ALU Investment Offshore Corporation	1,063,593	411,335	731	410,604	0	(719)	(134,913)	(134,913,000)
United Steel International Development Corporation	1,646,637	636,827	0	636,827	0	(151)	(207,745)	(4.24)

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Ningbo Huayang Aluminium-Tech Co., Ltd.	1,395,520	1,864,989	1,238,044	626,945	1,036,151	(179,707)	(207,359)	NA
China Steel Express Corporation	4,225,453	27,536,810	14,214,617	13,322,193	13,486,001	1,533,903	1,953,621	4.62
Kaoport Stevedoring Corporation	50,000	115,381	45,192	70,189	268,481	11,181	11,206	2.24
Transglory Investment Corporation	7,499,638	6,600,890	75,063	6,525,827	134,062	121,410	120,233	0.16
CSEI Transport Corporation	316	4,081,504	1,208,225	2,873,279	2,084,968	599,220	578,435	57,843,500
CSEI Transport (Panama) Corporation (Note 1)	0	0	0	0	147,243	(5,909)	(10,468)	NA
Gains Investment Corporation	5,593,820	10,340,275	2,674,854	7,665,421	591,086	522,974	480,372	0.86
Thintech Materials Technology Co., Ltd.	734,980	1,620,707	459,432	1,161,275	2,166,976	46,825	47,326	0.64
Thintech Global Limited	205,435	47,672	0	47,672	0	0	15,092	2.22
Taichang Thintech Materials Co., Ltd.	193,664	312,916	265,244	47,672	295,290	22,777	15,092	NA
Winning Investment Corporation	2,300,000	3,971,238	1,265,929	2,705,309	80,203	73,832	63,102	0.27
Betacera Inc.	427,803	3,303,624	1,573,410	1,730,214	1,967,013	306,222	303,829	7.10
Lefkara Ltd.	438,904	1,308,033	5,555	1,302,478	0	18,782	64,369	4.73
Betacera (Su Zhou) Co., Ltd.	125,312	854,180	379,569	474,611	1,281,746	36,703	31,349	NA
Suzhou Betacera Technology Co., Ltd.	427,200	620,728	60,230	560,498	400,435	12,696	3,002	NA
Shanghai Xike Ceramic Electronic Co., Ltd.	34,176	161,939	34,735	127,204	189,273	10,133	10,330	NA
Universal Exchange Inc.	165,450	219,140	28,912	190,228	119,324	18,039	15,342	0.93
Mentor Consulting Corporation	10,000	66,373	38,077	28,296	78,590	9,555	7,522	7.52
Eminence Investment Corporation	1,500,000	2,709,211	621,521	2,087,690	199,734	195,875	190,613	1.27
Shin Mau Investment Corporation	29,900	59,452	39	59,413	3,593	3,570	3,531	1.18
Hung-Chuan Investment Corporation	20,000	39,986	0	39,986	803	792	793	0.40
Chi-Yi Investment Corporation	20,000	40,246	0	40,246	808	798	798	0.40

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
Ding Da Investment Corporation	29,900	52,621	0	52,621	1,582	1,454	1,455	0.49
Jiing-Cherng-Fa Investment Corporation	23,000	43,673	0	43,673	1,235	1,225	1,225	0.53
Gau Ruei Investment Corporation	29,900	65,284	48	65,236	1,714	(1,515)	(1,659)	(0.55)
Li-Ching-Long Investment Corporation	20,000	40,099	0	40,099	803	793	794	0.40
Sheng Lih Dar Investment Corporation	24,000	49,577	52	49,525	2,374	2,365	2,313	0.96
Chiun Yu Investment Corporation	29,900	59,744	0	59,744	2,343	462	383	0.13
Gainsplus Asset Management Inc.	3,522	3,282	0	3,282	0	(203)	(272)	(2.72)
China Steel Global Trading Corporation	788,298	3,369,098	964,281	2,404,817	10,619,457	349,514	330,686	4.19
Wabo Global Trading Corporation	119,000	174,062	12,065	161,997	30,103	15,252	23,056	1.94
CSGT Japan Co., Ltd.	10,160	53,448	28,960	24,488	73,314	6,647	4,515	5,643.75
Chung Mao Trading (Samoa) Corporation	376,066	587,606	150	587,456	0	(651)	26,778	2.27
CSGT (Shanghai) Co., Ltd.	17,088	46,631	6,478	40,153	31,850	5,752	5,843	NA
Chung Mao Trading (BVI) Corporation	16,705	16,769	0	16,769	0	(2,488)	6,007	11.97
CSGT Hong Kong Limited	4,273	12,299	(824)	13,123	26,291	9,367	8,482	8.48
CSGT International Corporation	631,983	893,791	0	893,791	0	(577)	73,945	3.57
CSGT Metals Vietnam Joint Stock Company	420,509	1,219,508	654,511	564,997	1,809,824	83,662	94,187	4.25
CSGT Trading India Private Limited	23,695	21,950	865	21,085	11,082	5,691	6,181	1.29
CSGT (Singapore) Pte. Ltd.	136,396	342,988	25,790	317,198	101,189	33,131	(21,994)	(3.61)
CSGT (Shenzhen) Co., Ltd.	14,810	22,235	7,753	14,482	7,136	(361)	(1,029)	NA
China Steel and Nippon Steel Vietnam Joint Stock Company	17,387,235	18,202,570	7,593,689	10,608,881	15,540,816	(95,781)	(175,209)	(0.19)
CSC Steel Australia Holdings Pty Ltd	17,359,623	22,798,268	1,955,438	20,842,830	0	(6,604)	821,594	1,381.67

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Profit	Net Profit or Loss (After Tax)	Earnings per Share (NT\$)
CSC Sonoma Pty Ltd	479,943	268,552	48,658	219,894	104,751	43,149	33,727	2.05
China Steel Corporation India Pvt. Ltd.	1,928,874	5,174,514	4,484,079	690,435	2,892,761	(74,706)	(294,224)	(1.16)
China Steel Asia Pacific Holdings Pte Ltd	6,853,104	4,414,652	406	4,414,246	0	(913)	120,910	0.63
CSC Steel Holdings Berhad	5,486,470	5,670,823	307	5,670,516	682	(2,384)	262,175	0.71
Group Steel Corporation (M) Sdn. Bhd.	13,279	18,298	0	18,298	0	(302)	125	0.13
CSC Steel Sdn. Bhd.	4,767,227	6,108,688	581,244	5,527,444	7,276,170	146,775	262,117	0.73
Constant Mode Sdn. Bhd.	9,959	6,695	119	6,576	445	214	181	0.24
Changzhou China Steel Precision Materials Co., Ltd.	1,241,728	2,259,797	990,003	1,269,794	2,485,670	23,500	1,529	NA
China Steel Precision Metals Qingdao Co., Ltd.	569,600	816,974	201,542	615,432	775,007	7,659	14,256	NA
United Steel International Co., Ltd.	450,000	365,493	0	365,493	0	0	41,054	2.74
China Steel Precision Metals Kunshan Co., Ltd.	427,200	1,408,797	1,043,326	365,471	1,909,436	53,193	41,054	NA

Note 1: Ever Glory International Co., Ltd., Econova Technology Corporation and CSEI Transport (Panama) Corporation completed liquidation process in September 2020.

The transfer of equity interest in China Steel Structure Investment Co., Ltd. and Chung-Kang Steel Structure (Kunshan) Co., Ltd. is completed in May 2020.

Therefore, the aforementioned companies recorded no balance sheet items, whereas statements of comprehensive income is presented for fiscal year ended

December 31, 2020.

Note 2: If an affiliated company is a foreign company, the relevant figures shall be expressed in New Taiwan dollar after conversion based on the following exchange rates.

Exchange rates on balance sheet:	USD	(28.4800)	JPY	(0.276300)	SGD	(21.5600)	MYR	(6.78950)	HKD	(3.6730)
	RMB	(4.3770)	VND	(0.001110)	AUD	(21.9500)	INR	(0.38445)		
Exchange rates on income statement:	USD	(29.5494)	JPY	(0.276880)	SGD	(22.4324)	MYR	(6.73635)	HKD	(3.8092)
	RMB	(4.2813)	VND	(0.001150)	AUD	(20.3970)	INR	(0.39765)		

(III) Affiliation report: None.

II. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report (March 31, 2021): None.

III. Shares of the Company Held or Disposed of by Subsidiaries

From January 1, 2020 to March 31, 2021

Unit: NT\$ thousands; shares; %

Name of Subsidiary (Note 1)	Paid-In Capital	Source of Funds	Shareholding Ratio Held by the Company	Date of Acquisition or Disposal	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain or Loss	Number of shares and Amount Held up to the Publication Date of this Annual Report (Note 3) (Note 4)	Status of Shares Pledged	Amount of Endorsements/ Guarantees Made for Subsidiaries by the Company	Amount Loaned to Subsidiaries by the Company
Chung Hung Steel Corporation	14,355,444	Own funds	40.60% (Note 5)	2020	0	0	0	NA	None	0	3,150,000
				Current year up to the publication date of this annual report	0	0	0	33,109,239 shares 857,529 thousand	None	0	2,750,000
Hung Kao Investment Corporation	26,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,003,980 shares 26,003 thousand	None	0	0
China Steel Chemical Corporation	2,369,044	Own funds	29.44% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	2,556,915 ordinary shares 66,224 thousand 229,000 preferred shares 11,679 thousand	None	0	0
Ever Wealthy International Corporation	1,045,750	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	4,226,265 shares 109,460 thousand	None	0	0
China Steel Structure Co., Ltd.	2,000,000	Own funds	35.60% (Note 5)	2020	0	0	0	NA	None	0	450,000
				Current year up to the publication date of this annual report	0	0	0	6,936,878 shares 179,665 thousand	None	0	450,000
United Steel Engineering & Construction Corporation	740,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	3,745,446 shares 97,007 thousand	None	0	0
CHC Resources Corporation	2,485,404	Own funds	35.61% (Note 5)	2020	0	0	0	NA	None	0	400,000
				Current year up to the publication date of this annual report	0	0	0	9,201,806 shares 238,327 thousand	None	0	400,000
Union Steel Development Corporation	50,000	Own funds	93.37% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	423,849 shares 10,978 thousand	None	0	0
China Steel Security Corporation	250,470	Own funds	99.96%	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	2,349,975 shares 60,864 thousand	None	0	0
China	5,098,095	Own funds	100%	2020	0	0	0	NA	None	0	0

Name of Subsidiary (Note 1)	Paid-In Capital	Source of Funds	Shareholding Ratio Held by the Company	Date of Acquisition or Disposal	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain or Loss	Number of shares and Amount Held up to the Publication Date of this Annual Report (Note 3) (Note 4)	Status of Shares Pledged	Amount of Endorsements/ Guarantees Made for Subsidiaries by the Company	Amount Loaned to Subsidiaries by the Company
Prosperity Development Corporation				Current year up to the publication date of this annual report	0	0	0	952,979 shares 24,682 thousand	None	0	0
HIMAG Magnetic Corporation	276,055	Own funds	87.64% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	325,505 shares 8,431 thousand	None	0	0
InfoChamp Systems Corporation	414,706	Own funds	99.99%	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	3,834,338 shares 99,309 thousand	None	0	0
C.S.Aluminium Corporation	8,402,512	Own funds	99.98%	2020	0	0	0	NA	None	0	5,200,000
				Current year up to the publication date of this annual report	0	0	0	4,431,944 shares 114,787 thousand	None	0	5,200,000
China Steel Express Corporation	4,225,453	Own funds	100%	2020	0	0	0	NA	None	0	500,000
				Current year up to the publication date of this annual report	0	0	0	8,801,555 shares 227,960 thousand	None	0	500,000
Transglory Investment Corporation	7,499,638	Own funds	100% (Note 5)	2020	0	0	0	NA	132,100,000 shares as the mortgage of commercial paper issued (Note 6)	0	0
				Current year up to the publication date of this annual report	0	0	0	256,765,331 shares 6,650,222 thousand		0	0
Winning Investment Corporation	2,300,000	Own funds	58.00% (Note 5)	2020	0	0	0	NA	123,100,000 shares as the mortgage of commercial paper issued (Note 6)	0	0
				Current year up to the publication date of this annual report	0	0	0	160,406,339 shares 4,154,524 thousand		0	0
Shin Mau Investment Corporation	29,900	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,433,749 shares 37,134 thousand	None	0	0
Hung-Chuan Investment Corporation	20,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,605,875 shares 41,592 thousand	None	0	0
Chi-Yi Investment Corporation	20,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,616,723 shares 41,873 thousand	None	0	0
Ding Da Investment Corporation	29,900	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,525,494 shares 39,510 thousand	None	0	0
Jiing-Chemg-Fa Investment Corporation	23,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,461,875 shares 37,863 thousand	None	0	0

Name of Subsidiary (Note 1)	Paid-In Capital	Source of Funds	Shareholding Ratio Held by the Company	Date of Acquisition or Disposal	Shares and Amount Acquired (Note 2)	Shares and Amount Disposed of (Note 2)	Investment Gain or Loss	Number of shares and Amount Held up to the Publication Date of this Annual Report (Note 3) (Note 4)	Status of Shares Pledged	Amount of Endorsements/ Guarantees Made for Subsidiaries by the Company	Amount Loaned to Subsidiaries by the Company
Gau Ruei Investment Corporation	29,900	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,493,318 shares 38,677 thousand	None	0	0
Li-Ching-Long Investment Corporation	20,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,605,441 shares 41,581 thousand	None	0	0
Sheng Lih Dar Investment Corporation	24,000	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,542,138 shares 39,941 thousand	None	0	0
Chiun Yu Investment Corporation	29,900	Own funds	100% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	1,623,289 shares 42,043 thousand	None	0	0
China Steel Global Trading Corporation	788,298	Own funds	100%	2020	0	0	0	NA	None	0	150,000
				Current year up to the publication date of this annual report	0	0	0	4,349,507 shares 112,652 thousand	None	0	150,000
Wabo Global Trading Corporation	119,000	Own funds	50% (Note 5)	2020	0	0	0	NA	None	0	0
				Current year up to the publication date of this annual report	0	0	0	487,367 shares 12,623 thousand	None	0	0

Note 1: Each subsidiary is listed separately.

Note 2: The aforementioned amount refers to the actual amount acquired or disposed of.

Note 3: The status of holding and disposal are listed separately.

Note 4: Shareholding amount is calculated based on the closing price on the publication date of this annual report.

Note 5: Shareholding ratio refers to the total shares held by China Steel and its subsidiaries.

Note 6: Pledging of shares has no significant impact on the financial performance and condition of the Company.

IV. Other Supplementary Matters: None

Chapter IX. During 2020 and up to the publication date of this annual report, any event which significantly affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

None.

China Steel Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of China Steel Corporation as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, China Steel Corporation and Subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

China Steel Corporation

By

Chao-Tung Wong
Chairman

February 26, 2021

INDEPENDENT AUDITORS' REPORT

China Steel Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Steel Corporation (the Corporation) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Inventory Valuation

As of December 31, 2020, inventories of the Corporation and its subsidiaries amounted to NT\$76,177,207 thousand, of which the inventories from steel industry amounted to NT\$64,758,341 thousand, representing 10% of the Corporation and its subsidiaries' total assets. Due to the drastic fluctuations in the prices of raw materials and finished goods in the steel industry, inventory valuation, which involved critical accounting estimates, is

deemed to be a key audit matter. Refer to Notes 4, 5 and 11 to the consolidated financial statements for the related accounting policies and disclosures on inventory valuation.

The audit procedures we performed included the following:

1. We evaluated the appropriateness of the approach applied to inventory valuation.
2. We verified the completeness of inventory included in inventory valuation.
3. We tested the net realizable value of inventory items on a sample basis and evaluated the underlying assumptions and supporting documents, re-performed and calculated the appropriateness of net realizable value and the value written - off.

Recognition of Revenue from Sale of Goods of Steel Department

The Corporation and its subsidiaries manufacture and sell steel products and engage in mechanical, communications, and electrical engineering. Revenue from sale of goods of steel department represented approximately 80% of the total operating revenue. Because revenue recognition is presumed to be significant risk, it subjects to fluctuation in terms of market demand, and it is also the financial factor that financial report users focused on, revenue recognition is deemed to be a key audit matter. Refer to Notes 4, 24 and 37 to consolidated financial statements for the related accounting policies and disclosures on sales revenue.

The audit procedures we performed included the following:

1. We understood the design and implementation regarding approval of sales order, shipping and cash collecting process of the Corporation's steel department .
2. We evaluated the appropriateness of sales amount and nature by analyzing sales quantities, unit price, sales to major customers and sales of major goods based on two-year comparative information.
3. We tested details on the above-mentioned specific goods and customers on a sample basis, including confirming customer information, testing shipping documents or bill of lading and cash collection to confirm the existence of sales revenue.
4. We obtained subsequent details of the above-mentioned specific customers and tested whether there is any unusual sales returns and allowances on a sample basis to confirm the appropriateness of accounting treatment and presentation.

Other Matter

We have also audited the standalone financial statements of China Steel Corporation as of and for the years ended December 31, 2020 and 2019 on which we both have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee or supervisors, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Corporation and its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Hsuan Hsu and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 16,140,326	3	\$ 17,029,797	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	4,425,282	1	3,927,715	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 5 and 8)	5,179,109	1	3,958,587	1
Financial assets for hedging - current (Notes 4 and 9)	1,458,618	-	1,970,043	-
Contract assets - current (Notes 4 and 24)	10,158,521	2	9,984,279	1
Notes receivable (Notes 4 and 10)	1,602,893	-	1,246,805	-
Notes receivable - related parties (Notes 4, 10 and 32)	118,989	-	225,179	-
Accounts receivable, net (Notes 4 and 10)	11,480,441	2	11,013,257	2
Accounts receivable - related parties (Notes 4, 10 and 32)	199,624	-	396,542	-
Other receivables (Notes 4 and 32)	1,733,785	-	1,626,652	-
Current tax assets	710,432	-	395,179	-
Inventories (Notes 4, 5 and 11)	76,177,207	12	99,651,852	15
Other financial assets - current (Notes 13 and 33)	8,601,911	1	8,864,968	1
Other current assets	3,350,746	1	4,338,520	1
Total current assets	141,337,884	23	164,629,375	25
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	1,015,359	-	996,547	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	54,879,242	9	55,854,165	8
Financial assets at amortized cost - noncurrent (Note 4)	3,939	-	3,875	-
Financial assets for hedging - noncurrent (Notes 4 and 9)	4,561	-	461	-
Investments accounted for using the equity method (Notes 4 and 12)	13,708,257	2	14,367,890	2
Property, plant and equipment (Notes 4, 14 and 33)	384,332,644	61	390,063,303	59
Right-of-use assets (Notes 3, 4 and 15)	13,720,878	2	14,394,336	2
Investment properties (Notes 4, 16 and 33)	9,718,233	2	9,750,647	2
Intangible assets (Note 4)	1,654,972	-	1,677,536	-
Deferred tax assets (Notes 4 and 26)	8,863,670	1	8,897,359	1
Refundable deposits	683,498	-	526,351	-
Other financial assets - noncurrent (Notes 13 and 33)	3,079,366	-	2,330,359	-
Other noncurrent assets	3,080,194	-	3,139,777	1
Total noncurrent assets	494,744,813	77	502,002,606	75
TOTAL	\$ 636,082,697	100	\$ 666,631,981	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings and bank overdraft (Notes 17 and 33)	\$ 22,510,392	4	\$ 40,057,395	6
Short-term bills payable (Note 17)	32,072,318	5	39,035,932	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	736	-	10,879	-
Financial liabilities for hedging - current (Notes 4 and 9)	1,880,889	-	220,578	-
Contract liabilities - current (Notes 4 and 24)	5,564,585	1	6,203,958	1
Notes payable	1,561,308	-	1,648,218	-
Accounts payable (Note 19)	17,138,527	3	14,627,805	2
Accounts payable - related parties (Notes 19 and 32)	37,588	-	70,726	-
Other payables (Notes 20 and 32)	23,055,595	4	23,066,651	4
Current tax liabilities	883,896	-	1,242,745	-
Provisions - current (Notes 4 and 21)	6,501,683	1	3,858,959	1
Lease liabilities - current (Notes 3, 4 and 15)	954,695	-	951,653	-
Current portion of bonds payable (Note 18)	17,399,351	3	15,549,642	2
Current portion of long-term bank borrowings (Notes 17 and 33)	2,215,129	-	2,536,181	1
Refund liabilities - current	2,148,949	-	1,739,701	-
Other current liabilities	1,400,912	-	1,455,285	-
Total current liabilities	135,326,553	21	152,276,308	23
NONCURRENT LIABILITIES				
Financial liabilities for hedging - noncurrent (Notes 4 and 9)	338,608	-	4,636,085	1
Bonds payable (Note 18)	79,800,146	13	83,399,883	13
Long-term bank borrowings (Notes 17 and 33)	42,157,426	7	42,993,841	6
Long-term bills payable (Note 17)	18,673,657	3	14,094,893	2
Provisions - noncurrent (Notes 4 and 21)	1,041,882	-	1,036,460	-
Deferred tax liabilities (Notes 4 and 26)	14,267,718	2	14,078,731	2
Lease liabilities - noncurrent (Notes 3, 4 and 15)	10,966,743	2	11,394,449	2
Net defined benefit liabilities (Note 22)	9,267,896	1	9,398,363	1
Other noncurrent liabilities	1,135,087	-	1,108,458	-
Total noncurrent liabilities	177,649,163	28	182,141,163	27
Total liabilities	312,975,716	49	334,417,471	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 23)				
Share capital				
Ordinary shares	157,348,610	25	157,348,610	23
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	25	157,731,290	23
Capital surplus	39,077,456	6	38,877,269	6
Retained earnings				
Legal reserve	66,532,412	10	65,674,189	10
Special reserve	27,912,065	4	27,803,906	4
Unappropriated earnings	13,897,589	2	21,998,036	3
Total retained earnings	108,342,066	16	115,476,131	17
Other equity	(3,187,669)	-	(861,959)	-
Treasury shares	(8,664,198)	(1)	(8,664,198)	(1)
Total equity attributable to owners of the Corporation	293,298,945	46	302,558,533	45
NON-CONTROLLING INTERESTS	29,808,036	5	29,655,977	5
Total equity	323,106,981	51	332,214,510	50
TOTAL	\$ 636,082,697	100	\$ 666,631,981	100

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

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 32 and 37)	\$ 314,783,301	100	\$ 366,240,735	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>299,665,781</u>	<u>95</u>	<u>338,412,847</u>	<u>92</u>
GROSS PROFIT	<u>15,117,520</u>	<u>5</u>	<u>27,827,888</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing expenses	4,441,752	1	6,122,845	1
General and administrative expenses	6,441,564	2	6,906,724	2
Research and development expenses	1,947,816	1	2,165,619	1
Loss (reversal) of expected credit loss	<u>(9,849)</u>	<u>-</u>	<u>54,470</u>	<u>-</u>
Total operating expenses	<u>12,821,283</u>	<u>4</u>	<u>15,249,658</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>2,296,237</u>	<u>1</u>	<u>12,578,230</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	302,888	-	417,940	-
Other income (Notes 25 and 32)	2,151,834	1	1,846,359	1
Other gains and losses (Notes 25 and 32)	(105,969)	-	493,084	-
Finance costs (Note 25)	(2,460,078)	(1)	(3,143,383)	(1)
Share of the profit of associates	<u>583,250</u>	<u>-</u>	<u>609,325</u>	<u>-</u>
Total non-operating income and expenses	<u>471,925</u>	<u>-</u>	<u>223,325</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	2,768,162	1	12,801,555	4
INCOME TAX (Notes 4 and 26)	<u>510,329</u>	<u>-</u>	<u>2,471,097</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,257,833</u>	<u>1</u>	<u>10,330,458</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(177,312)	-	(306,884)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(1,125,935)	(1)	(471,772)	-
Gains and losses on hedging instruments	(71,637)	-	(314,008)	-

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates	\$ (158,505)	-	\$ 15,142	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss	(293,735)	-	(1,491,818)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(358,528)	-	(1,095,938)	-
Gains and losses on hedging instruments	5,115	-	(3,417)	-
Share of the other comprehensive income (loss) of associates	(742,571)	-	55,640	-
Income tax benefit relating to items that may be reclassified subsequently to profit or loss	<u>29,425</u>	<u>-</u>	<u>23,248</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(2,893,683)</u>	<u>(1)</u>	<u>(3,589,807)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (635,850)</u>	<u>-</u>	<u>\$ 6,740,651</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 885,865	-	\$ 8,809,555	2
Non-controlling interests	<u>1,371,968</u>	<u>1</u>	<u>1,520,903</u>	<u>1</u>
	<u>\$ 2,257,833</u>	<u>1</u>	<u>\$ 10,330,458</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (1,538,770)	(1)	\$ 5,125,045	1
Non-controlling interests	<u>902,920</u>	<u>1</u>	<u>1,615,606</u>	<u>1</u>
	<u>\$ (635,850)</u>	<u>-</u>	<u>\$ 6,740,651</u>	<u>2</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.05</u>		<u>\$ 0.57</u>	
Diluted	<u>\$ 0.05</u>		<u>\$ 0.57</u>	

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

(Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Equity Attributable to Owners of the Corporation										Other Equity		
	Share Capital			Retained Earnings			Unrealized Gains and Losses on Financial Assets Through Other Comprehensive Income			Gains and Losses on Hedging Instruments	Total Other Equity		Total Equity Attributable to Owners of the Corporation
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Through Other Comprehensive Income	Financial Assets		Treasury Shares	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 157,348,610	\$ 382,680	\$ 38,545,884	\$ 63,228,774	\$ 27,649,488	\$ 31,804,134	\$ (5,919,624)	\$ 4,410,913	\$ 4,103,878	\$ 2,595,167	\$ (8,646,700)	\$ 29,889,681	\$ 342,797,718
Appropriation of 2018 earnings (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	2,445,415	-	(2,445,415)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	154,480	(154,480)	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
- NT\$1.0 per share	-	-	-	-	-	(15,734,861)	-	-	-	-	-	-	(15,734,861)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(62)	62	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	8,809,555	-	-	-	-	-	1,520,903	10,330,458
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(242,632)	(919,212)	(2,271,323)	(251,343)	(3,441,878)	-	94,703	(3,589,807)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	8,566,923	(919,212)	(2,271,323)	(251,343)	(3,441,878)	-	1,615,606	6,740,651
Acquisition of the Corporation's shares held by subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,498)	-	(17,498)
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	320,031
Adjustment of non-controlling interests	-	-	320,031	-	-	-	-	-	-	-	-	(1,849,310)	(1,849,310)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of other equity	-	-	11,354	-	-	15,248	-	(15,248)	-	(15,248)	-	-	-
BALANCE AT DECEMBER 31, 2019	\$ 157,348,610	\$ 382,680	\$ 38,877,269	\$ 65,674,189	\$ 27,803,906	\$ 21,998,036	\$ (6,838,836)	\$ 2,124,342	\$ 3,852,535	\$ (861,959)	\$ (8,664,198)	\$ 29,655,977	\$ 332,214,510
BALANCE AT JANUARY 1, 2020	\$ 157,348,610	\$ 382,680	\$ 38,877,269	\$ 65,674,189	\$ 27,803,906	\$ 21,998,036	\$ (6,838,836)	\$ 2,124,342	\$ 3,852,535	\$ (861,959)	\$ (8,664,198)	\$ 29,655,977	\$ 332,214,510
Appropriation of 2019 earnings (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	858,223	-	(858,223)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	110,524	(110,524)	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
- NT\$0.5 per share	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(7,867,430)	-	-	-	-	-	-	(7,867,430)
Reversal of special reserve	-	-	-	-	(2,365)	(2,365)	-	-	-	-	-	-	(53,575)
Net profit for the year ended December 31, 2020	-	-	-	-	-	885,865	-	-	-	-	-	1,371,968	2,257,833
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(134,422)	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(469,048)	(2,893,683)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	751,436	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	902,920	(635,850)
Acquisition of the Corporation's shares held by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,780)	-	(1,780)
Disposal of the Corporation's shares held by subsidiaries	-	-	271	-	-	-	-	-	-	-	1,780	-	2,051
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	160,443
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(750,861)	(750,861)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of other equity	-	-	-	-	-	35,504	-	(35,504)	-	(35,504)	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 157,348,610	\$ 382,680	\$ 39,077,456	\$ 66,532,412	\$ 27,912,065	\$ 13,897,589	\$ (7,528,950)	\$ 543,417	\$ 3,797,864	\$ (3,187,669)	\$ (8,664,198)	\$ 29,808,036	\$ 323,106,981

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

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,768,162	\$ 12,801,555
Adjustments for:		
Depreciation expense	33,247,153	35,146,724
Amortization expense	263,724	261,276
Expected credit loss (reversal)	(9,849)	54,470
Net gain on financial assets and liabilities at fair value through profit or loss	(246,293)	(165,317)
Finance costs	2,460,078	3,143,383
Interest income	(302,888)	(417,940)
Dividend income	(1,134,446)	(902,375)
Share of the profit of associates	(584,960)	(610,361)
Loss (gain) on disposal of property, plant and equipment	(799,655)	199,687
Gain on disposal of investments	(434,206)	(47,318)
Impairment loss recognized on financial assets	-	1,668
Write-down (reversal) of inventories	(3,008,823)	2,935,121
Impairment loss recognized on (reversal of) nonfinancial assets	576,317	(100,366)
Recognition (reversal) of provisions	2,693,284	(3,174,339)
Others	(14,192)	12,879
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	354,202	18,976
Financial assets for hedging	428,090	341,064
Contract assets	(174,051)	1,579,958
Notes receivable	(386,081)	606,826
Notes receivable - related parties	106,190	263,501
Accounts receivable	(479,850)	4,260,614
Accounts receivable - related parties	196,918	392,490
Other receivables	(69,760)	552,883
Inventories	26,492,408	(1,488,812)
Other current assets	888,737	907,205
Financial liabilities for hedging	52,678	(31,643)
Contract liabilities	(639,373)	(1,351,306)
Notes payable	(86,910)	(138,625)
Accounts payable	2,517,477	(4,726,211)
Accounts payable - related parties	(33,138)	4,555
Other payables	(195,466)	(1,821,727)
Provisions	(51,228)	(103,442)
Other current liabilities	(54,381)	216,505
Net defined benefit liabilities	(307,692)	(270,242)
Refund liabilities	409,248	(1,129,114)
Cash generated from operations	64,441,424	47,222,202
Income taxes paid	(1,226,065)	(6,968,632)
Net cash generated from operating activities	63,215,359	40,253,570

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (5,611,851)	\$ (2,264,871)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,535,280	1,390,274
Proceeds from the capital reduction on financial assets at fair value through other comprehensive income	8,382	20,291
Acquisition of financial assets at amortized cost	-	(3,885)
Proceeds from disposal of financial assets at amortized cost	-	7,865
Acquisition of financial assets at fair value through profit or loss	(9,376,248)	(9,274,665)
Proceeds from disposal of financial assets at fair value through profit or loss	8,689,326	8,956,600
Acquisition of financial liabilities for hedging	-	349,389
Derecognition of financial liabilities for hedging	(2,682,577)	(4,239,103)
Acquisition of investments accounted for using the equity method	(375,000)	(142,107)
Proceeds from disposal of investments accounted for using the equity method	354,191	19,752
Net cash outflow on acquisition of subsidiaries	(1,099,447)	-
Disposal of subsidiaries	748,920	33,863
Proceeds from the capital reduction on investments accounted for using the equity method	296,526	25,402
Acquisition of property, plant and equipment	(26,815,441)	(27,054,867)
Proceeds from disposal of property, plant and equipment	1,072,657	68,865
Decrease (increase) in refundable deposits	(59,596)	14,258
Acquisition of intangible assets	(188,199)	(30,816)
Acquisition of right-of-use assets	-	(153,347)
Acquisition of investment properties	(10,483)	-
Decrease (increase) in other financial assets	(485,950)	449,059
Increase in other noncurrent assets	(15,503)	(114,786)
Interest received	289,993	423,241
Dividends received from associates	726,219	748,176
Dividends received from others	<u>1,134,062</u>	<u>900,867</u>
Net cash used in investing activities	<u>(28,864,739)</u>	<u>(29,870,545)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	262,134,157	299,333,748
Repayments of short-term borrowings	(279,370,100)	(301,080,902)
Proceeds from short-term bills payable	135,830,659	132,280,150
Repayments of short-term bills payable	(142,794,272)	(115,656,264)
Issuance of bonds payable	13,800,000	-
Repayments of bonds payable	(15,550,000)	(12,900,000)

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2020	2019
Proceeds from long-term bank borrowings	\$ 58,466,497	\$ 62,922,900
Repayments of long-term bank borrowings	(59,256,509)	(47,679,030)
Proceeds from long-term bills payable	13,099,578	7,193,184
Repayments of long-term bills payable	(8,520,814)	(14,417,785)
Repayment of principal of lease liabilities	(1,006,431)	(917,995)
Increase in other noncurrent liabilities	26,629	39,115
Dividends paid to owners of the Corporation	(7,915,869)	(15,779,153)
Acquisition of the Corporation's shares held by subsidiaries	-	(17,498)
Interest paid	(2,860,426)	(3,477,560)
Decrease in non-controlling interests	<u>(750,861)</u>	<u>(1,849,310)</u>
Net cash used in financing activities	<u>(34,667,762)</u>	<u>(12,006,400)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>1,092,467</u>	<u>1,131,582</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	775,325	(491,793)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,031,039</u>	<u>12,522,832</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,806,364</u>	<u>\$ 12,031,039</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2020 and 2019:		
Cash and cash equivalents in the consolidated balance sheets	\$ 16,140,326	\$ 17,029,797
Bank overdraft	<u>(3,333,962)</u>	<u>(4,998,758)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 12,806,364</u>	<u>\$ 12,031,039</u>

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

(Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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 and its subsidiaries, including China Steel Structure Co., Ltd., China Steel Chemical Corporation, CHC Resources Corporation, China Ecotek Corporation and Chung Hung Steel Corporation, have been listed on the Taiwan Stock Exchange. The shares of the subsidiary Thintech Materials Technology Co., Ltd. have been traded on the Taipei Exchange. The subsidiary Dragon Steel Corporation has issued shares to the public.

As of December 31, 2020, the Ministry of Economic Affairs (MOEA), Republic of China owned 20% of the Corporation's issued shares.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors and authorized for issue on February 26, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries' accounting policies:

- 1) Amendments to IAS 1 and IAS 8 "Definition of Material"

The Corporation and its subsidiaries adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to "could reasonably be expected to influence" and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

- 2) Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Corporation and its subsidiaries elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Related accounting policies are stated in Note 4. Before the application of the amendment, the Corporation and its subsidiaries was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Corporation and its subsidiaries applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were reported to the board of directors and authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact that the initial application of the other standards and the amendments and interpretations will have on

their financial position and financial performance and disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For readers' convenience, the accompanying consolidated 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 consolidated financial statements shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted 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
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) 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 reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within twelve months after the reporting period even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

For the Corporation and its subsidiaries' construction-related business, which has an operating cycle of over one year, the length of the operating cycle is the basis for classifying the Corporation and its subsidiaries' construction assets and liabilities as current or noncurrent.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2020	December 31, 2019	
China Steel Corporation	Dragon Steel Corporation (DSC)	Hot-rolled products, H beams, billets, flat steels	100	100	
China Steel Corporation	Gains Investment Corporation (GIC)	General investment	100	100	
China Steel Corporation	China Steel Express Corporation (CSE)	Shipping services for raw materials	100	100	
China Steel Corporation	C.S.Aluminium Corporation (CSAC)	Production and sale of aluminum and non-ferrous metal products	100	100	
China Steel Corporation	China Prosperity Development Corporation (CPDC)	Real estate development	100	100	
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd (CSAP)	Holding and investment	100	100	
China Steel Corporation	Chung Hung Steel Corporation (CHS)	Manufacture and sale of steel products	41	41	Refer to 2) below
China Steel Corporation	China Steel Chemical Corporation (CSCC)	Manufacture of coal chemistry and specialty chemical	29	29	Refer to 1) below
China Steel Corporation	China Steel Global Trading Corporation (CSGT)	Buy and sell, and act as an agency for steel products	100	100	
China Steel Corporation	CHC Resources Corporation (CHC)	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	20	20	Direct and indirect ownerships amounted to 36%, and refer to 1) below
China Steel Corporation	Infochamp Systems Corporation (Info Champ)	ERP systems automation control systems service	100	100	
China Steel Corporation	China Steel Structure Co., Ltd. (CSSC)	Manufacture and sale of products of steel structure	33	33	Direct and indirect ownerships amounted to 36%, and refer to 1) below
China Steel Corporation	China Ecotek Corporation (CEC)	Environmental engineering, M&E engineering, and O&M engineering	45	45	Refer to 1) below
China Steel Corporation	China Steel Security Corporation (CSS)	On-site security, systematic security	100	100	
China Steel Corporation	HIMAG Magnetic Corporation (HIMAG)	Production and sale of industrial magnetic, chemical, and iron oxides	69	69	Direct and indirect ownerships amounted to 88%
China Steel Corporation	China Steel Machinery Corporation (CSMC)	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	74	74	Direct and indirect ownerships amounted to 100%

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2020	December 31, 2019	
China Steel Corporation	ChinaSteel Management Consulting Corporation (CMCC)	Business management and management consulting services	100	100	
China Steel Corporation	Eminent Venture Capital Corporation (Eminent VC)	General Investment	-	-	Indirect ownership was 55%
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd (CSC SAH)	General investment	100	100	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC)	Manufacture and sale of steel products	56	56	
China Steel Corporation	China Steel Corporation India Pvt. Ltd. (CSCI)	Electrical steel	100	100	
China Steel Corporation	Kaohsiung Rapid Transit Corporation (KRTC)	Mass Rapid Transit service	43	43	Direct and indirect ownerships amounted to 51%
China Steel Corporation	China Steel Resources Corporation (CSRC)	Other non-metallic mineral products manufacturing	100	100	
China Steel Corporation	CSC Precision Metal Industrial Corporation (CPMI)	Other non-ferrous metal basic industries	100	100	
China Steel Corporation	White Biotech Corporation (WBT)	Biotechnology introduction and development	-	-	End of settlement in September 2019
China Steel Corporation	CSC Solar Corporation (CSCSOLAR)	Solar energy generation	55	55	Direct and indirect ownerships amounted to 100%
China Steel Corporation	Sing Da Marine Structure Corporation (SDMS)	Foundation of offshore wind power	100	100	
China Steel Corporation	United Steel International Co., Ltd. (USICL)	Holding and investment	80	80	Direct and indirect ownerships amounted to 100%
China Steel Corporation	China Steel Power Holding Corporation (CPHC)	General investment	51	100	Not increasing in shares proportionally to percentage of ownership in February 2020
Gains Investment Corporation	Eminence Investment Corporation (EIC)	General investment	100	100	
Gains Investment Corporation	Betacera Inc. (BETACERA)	Manufacturing and trading of electronic ceramics	48	48	Direct and indirect ownerships amounted to 52%
Gains Investment Corporation	Thintech Materials Technology Co., Ltd. (TTMC)	Sputtering target manufacturing and sales	32	32	Direct and indirect ownerships amounted to 40%, and refer to 1) below
Gains Investment Corporation	Gainsplus Asset Management Inc. (GAINSPULS)	General investment	100	100	
Gains Investment Corporation	Universal Exchange Inc. (UEC)	Wholesale of computer software, software design services, digital information supply services	64	64	Direct and indirect ownerships amounted to 99%
Gains Investment Corporation	Mentor Consulting Corporation (MCC)	Management consulting services	100	100	
Gains Investment Corporation	Winning Investment Corporation (WIC)	General investment	49	49	Direct and indirect ownerships amounted to 58%
Eminence Investment Corporation	Shin Mau Investment Corporation (SMIC)	General investment	30	30	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Ding Da Investment Corporation (DDIC)	General investment	30	30	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Gau Ruei Investment Corporation (GRIC)	General investment	25	25	Direct and indirect ownerships amounted to 100%
Eminence Investment Corporation	Chiun Yu Investment Corporation (CYIC)	General investment	25	25	Direct and indirect ownerships amounted to 100%
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation (HCIC)	General investment	5	5	Direct and indirect ownerships amounted to 100%

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2020	December 31, 2019	
Shin Mau Investment Corporation	Chi-Yi Investment Corporation (CYIIC)	General investment	5	5	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing-Cherng-Fa Investment Corporation (JCFIC)	General investment	4	4	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation (SLDIC)	General investment	4	4	Direct and indirect ownerships amounted to 100%
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation (LCLIC)	General investment	5	5	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd. (Lefkara)	Trading of electronic ceramics and life saving products	100	100	
Lefkara Ltd.	Betacera (Su Zhou) Co., Ltd. (BSZ)	Manufacturing and trading of electronic ceramics	100	100	
Lefkara Ltd.	Shanghai Xike Ceramic Electronic Co., Ltd. (SHXCE)	Manufacturing and trading of electronic ceramics	100	100	
Lefkara Ltd.	Suzhou Betacera Technology Co., Ltd. (SBTC)	Manufacturing and trading of aeronautical or marine life saving products	100	100	
Thintech Materials Technology Co., Ltd.	Thintech Global Limited (TTGL)	Holding and investment	100	100	
Thintech Materials Technology Co., Ltd.	Thintech United Limited (TTUL)	Holding and investment	-	-	End of settlement in June 2019
Thintech Global Limited	Taichang Thintech Materials Co., Ltd. (TCMC)	Sputtering target manufacturing and sales	100	100	
Thintech United Limited	Thintech United Metal Resources (Taichang) Co., Ltd. (TUMC)	Precious metal refining and sales	-	-	Disposal in March 2019
China Steel Express Corporation	CSEI Transport (Panama) Corporation (CSEIP)	Shipping services for raw materials	-	100	End of settlement in September 2020
China Steel Express Corporation	CSE Transport Corporation (CSEP)	Shipping services for raw materials	100	100	
China Steel Express Corporation	Transglory Investment Corporation (TIC)	General investment	50	50	Direct and indirect ownerships amounted to 100%
China Steel Express Corporation	Kaoport Stevedoring Corporation (KPC)	Ship cargo loading and unloading industry	66	66	
C.S.Aluminium Corporation	ALU Investment Offshore Corporation (ALU)	Holding and investment	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corporation (USID)	Holding and investment	65	65	Direct and indirect ownerships amounted to 79%
United Steel International Development Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd. (NA)	Production of aluminum products	100	100	
China Prosperity Development Corporation	CK Japan Co., Ltd. (CKJCL)	Real estate lease	80	80	Direct and indirect ownerships amounted to 100%
China Prosperity Development Corporation	China Prosperity Construction Corporation (CPCC) (Renamed from United Steel Development Corporation Limited)	Real estate development	60	60	Direct and indirect ownerships amounted to 100% and renamed in January 2020
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad (CSHB)	General investment	46	46	Refer to 2) below
China Steel Asia Pacific Holdings Pte Ltd	Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Production and sale of titanium and titanium alloys, nickel and nickel alloys	70	70	
China Steel Asia Pacific Holdings Pte Ltd	China Steel Precision Metals Qingdao Co., Ltd. (CSMQ)	Cutting and processing of steel products	60	60	Direct and indirect ownerships amounted to 70%
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCM)	Manufacture and sale of steel products	100	100	
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd. (GSC)	General investment	100	100	
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd. (CMSB)	General investment	100	100	
Chung Hung Steel Corporation	Taiwan Steel Corporation (TSC)	Iron and steel industry chain industry	-	-	End of settlement in December 2019
Chung Hung Steel Corporation	Hung Kao Investment Corporation (HKIC)	General investment	100	100	
China Steel Chemical Corporation	Ever Wealthy International Corporation (EWIC)	General investment	100	100	
China Steel Chemical Corporation	Ever Glory International Co., Ltd. (EVERGLORY)	International trading and general investment	-	100	End of settlement in September 2020
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited (FHTCIL)	General investment	50	50	
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd. (CSNCMT)	Mesophase sales and trading	100	100	

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2020	December 31, 2019	
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation (SAMOA)	Holding and investment	100	100	
China Steel Global Trading Corporation	Wabo Global Trading Corporation (WABO)	Buy and sell, and act as an agency for steel products	44	44	Direct and indirect ownerships amounted to 50%
China Steel Global Trading Corporation	CSGT (Singapore) Pte. Ltd. (CSGTSNG)	Buy and sell, and act as an agency for steel products	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation (CSGTBVI)	Holding and investment	65	65	
China Steel Global Trading Corporation	CSGT International Corporation (CIC)	Holding and investment	100	100	
China Steel Global Trading Corporation	CSGT (Shenzhen) Co., Ltd. (SZH)	Buy and sell, and act as an agency for steel products	100	-	Investment in September 2020
Chung Mao Trading (Samoa) Corporation	CSGT (Shanghai) Co., Ltd. (CSGTSPRC)	Buy and sell, and act as an agency for steel products	100	100	
Wabo Global Trading Corporation	CSGT Japan Co., Ltd. (CSGTJPN)	Buy and sell, and act as an agency for steel products	100	100	
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited (CSGTHK)	Buy and sell, and act as an agency for steel products	100	100	
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company (CSGT-VTM)	Cutting and processing of steel products	60	54	
CSGT International Corporation	CSGT Trading India Private Limited (CSGTIN)	Buy and sell, and act as an agency for steel products	99	99	Direct and indirect ownerships amounted to 100%
CHC Resources Corporation	Union Steel Development Corporation (USDC)	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	93	93	
CHC Resources Corporation	Pao Good Industrial Co., Ltd. (PG)	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	51	51	
CHC Resources Corporation	Yu Cheng Lime Corporation (YCC)	Real estate lease, management of raw materials	90	90	
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd (CHCV)	Sales of GBFS	85	85	
CHC Resources Corporation	Hsieh Sheng Development Corporation (HSDC)	Real estate lease	-	-	Merged with CHC in December 2019
CHC Resources Corporation	Mao Lian Enterprise Co., Ltd. (Mao Lian)	Real estate lease, management of raw materials	100	-	Acquired in October 2020
Infochamp Systems Corporation	Info-Champ System (B.V.I) Corporation (ICSCB)	Holding and investment	100	100	
Info-Champ System (B.V.I) Corporation	Wuhan InfoChamp I.T. Co., Ltd. (WICIT)	Enterprise information system integration services	100	100	
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation (USEC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd. (CSSHCL)	Holding and investment	37	37	Direct and indirect ownerships amounted to 100%
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd. (CSSIPL)	Holding and investment	100	100	
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd (USIPL)	Holding and investment	100	100	
United Steel Engineering & Construction Corporation	United Steel Construction (Vietnam) Co., Ltd. (USCVC)	Construction and management of buildings, roads and railways, and other civil engineering projects	100	100	
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd. (CSSICL)	Holding and investment	-	100	Disposal in May 2020
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd. (CKSSKC)	Manufacture and sale of products of steel structure	-	100	Disposal in May 2020
China Ecotek Corporation	CEC International Corporation (CECIC)	Holding and investment	100	100	
China Ecotek Corporation	CEC Development Corporation (CDC)	Holding and investment	100	100	
China Ecotek Corporation	China Ecotek Construction Corporation (CECC)	Engineering service industry	100	100	
China Ecotek Corporation	CEC Holding Company Limited (CHC)	Holding and investment	100	100	
China Ecotek Corporation	Econova Technology Corporation (ETC)	Environmental engineering, M&E engineering, and O&M engineering	-	100	End of settlement in September 2020
CEC International Corporation	China Ecotek India Private Limited (CECI)	Projects designs, construction and related services	100	100	
CEC Development Corporation	China Ecotek Vietnam Company Limited (CEVC)	Projects designs, construction and related services	100	100	
CEC Development Corporation	Xiamen Ecotek PRC Company Limited (XEP)	Sales agency for import and export of equipment and materials	100	100	
China Steel Security Corporation	Steel Castle Technology Corporation (SCTC)	Firefighting engineering and mechatronic engineering	100	100	
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation (CSMM)	Management and maintenance for buildings	100	100	
HIMAG Magnetic Corporation	MagnPower Corporation (MPC)	Powder metallurgy	55	55	
China Steel Machinery Corporation	China Steel Machinery Holding Corporation (CSMHC)	General investment.	-	-	End of settlement in May 2019
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd. (CSMVC)	Machines manufacturing	100	100	
China Steel Machinery Corporation	China Steel Machinery Corporation India Private Limited (CSMCI)	Machines manufacturing	-	-	End of settlement in May 2019
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd (CSC Sonoma)	Investments in mining industry	100	100	
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd. (TITC)	Technical service	100	100	

Investor	Investee	Main Businesses	Percentage of Ownership (%)		Additional Descriptions
			December 31, 2020	December 31, 2019	
United Steel International Co., Ltd.	China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Cutting and processing of steel products	100	100	
China Steel Power Holding Corporation	China Steel Power Corporation (ZN)	Offshore wind power generation	100	100	Investment in December 2019

1) Explanations for subsidiaries which are less than 50% owned but included in the consolidated entities are as follows:

- a) The chairman and general manager of CEC, CSMC, CHC, CSSC and TTMC are designated by the Corporation and other subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over aforementioned subsidiaries and included them in the consolidated entities.
- b) The actual operations of CHS and CSHB are controlled by the respective board of directors. The Corporation and other subsidiaries jointly had more than half of the seats in the board of directors of CHS and CSHB. Therefore, the Corporation had control-in-substance over the aforementioned entities and included them in the consolidated entities.

2) The Corporation had no subsidiary with material non-controlling interests.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Corporation and its subsidiaries' previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if that interest were directly disposed of by the Corporation and its subsidiaries.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year 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 included in profit or loss for the year except for exchange differences 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 purpose of presenting consolidated financial statements, the functional currencies of the Corporation's entities (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Corporation and its subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories manufactured or traded by the Corporation and its subsidiaries 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 or weighted-average cost.

Besides the goods manufactured or traded by the Corporation and its subsidiaries, inventories also include buildings and lands under construction and held for sale and prepayment for land.

The cost of buildings construction is calculated by each different construction project. The expenditure on land before acquiring land ownership is recorded as prepayment for land. The construction and other costs after acquiring land ownership are recognized as construction in progress, which will be transferred to property held for sale after the completion, and transferred to operating costs based on the ratio of area sold to total area when the lands and buildings are sold and the criteria of revenue recognition were met.

Before the transfer of land ownership and the completion of construction, interest arising from land purchase and cost of construction in progress (including costs of lands and constructions) is capitalized and recorded as acquisition cost of land and construction cost.

h. Investment in associates

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

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other

comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

Any excess of the cost of acquisition over the Corporation and its subsidiaries' 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 and its subsidiaries' 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 the Corporation and its subsidiaries subscribe 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 and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Corporation and its subsidiaries' share of equity of associates. If the Corporation and its subsidiaries' 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 a deduction to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is deducted from retained earnings.

When the Corporation and its subsidiaries' share of losses of an associate equal or exceed their 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 and its subsidiaries' net investment in the associate), the Corporation and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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 is deducted from investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment cease to be associates. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. 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 and its subsidiaries account 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 and its subsidiaries transact with their associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries.

i. Joint operations

A joint operation is a joint arrangement whereby the Corporation and its subsidiaries and other parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Corporation and its subsidiaries recognize the following items in relation to their interests in a joint operation:

- 1) The assets, including their share of any assets held jointly;
- 2) The liabilities, including their share of any liabilities incurred jointly;
- 3) The revenue from the sale of their share of the output arising from the joint operation;
- 4) The share of the revenue from the sale of the output of the joint operation; and
- 5) The expenses, including their share of any expenses incurred jointly.

The Corporation and its subsidiaries account for the assets, liabilities, revenue and expenses relating to their interests in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Corporation and its subsidiaries sell or contribute assets to their joint operation, they recognize gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Corporation and its subsidiaries purchase assets from its joint operation, they do not recognize their share of the gain or loss until they resell those assets to a third party.

j. Property, plant and equipment

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

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 and depreciation of the machineries in the recycling plant of the subsidiary CHC is calculated by the working-hour method, other depreciation (including assets held under finance leases) is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

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

Investment properties under construction of which the fair value is not reliably measurable are stated at cost less accumulated depreciation and accumulated impairment loss until either such time as the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

Investment properties in the course of construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

l. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation and its subsidiaries' cash-generating units or Corporation and its subsidiaries of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

m. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

n. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment, right-of-use assets 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 and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation; 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. The impairment loss is recognized in profit or loss.

Before the Corporation and its subsidiaries recognize an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation and its subsidiaries expect to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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 for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

o. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become 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.

1) 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 are classified into the following categories: Financial assets at FVTPL, investments in equity instruments at FVTOCI, and financial assets at amortized cost.

i Financial asset at FVTPL

Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) at amortized cost, other receivables (including related parties), refundable deposits and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits, negotiable certificates of deposit, commercial papers and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

In the Corporation and its subsidiaries' consolidated statements of cash flows, bank overdraft, which is deemed to be repayable at any time and forms part of cash management, is classified as cash and cash equivalents. Bank overdraft is recorded under current liabilities in the consolidated balance sheets.

b) Impairment of financial assets and contract assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Corporation and its subsidiaries always recognize lifetime expected credit loss (ECL) for accounts receivable and contract assets. For other financial assets, the Corporation and its subsidiaries recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Corporation and its subsidiaries recognize an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize 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 at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation and its subsidiaries 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 and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

- i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation and its subsidiaries' documented risk management or investment strategy, and information about the group is provided internally on that basis.
- iii) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividend paid on the financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 31.

ii Financial guarantee contracts

Financial guarantee contracts issued by the Corporation and its subsidiaries, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit loss and amortized cost.

b) Derecognition of financial liabilities

Only when the obligation is relieved, cancelled or expired would the Corporation and its subsidiaries derecognize financial liabilities. 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.

4) Derivative financial instruments

The Corporation and its subsidiaries enter into foreign exchange forward contracts and interest swap contracts to manage their exposure to foreign exchange rate and interest rate.

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.

5) Hedging instruments

The Corporation and its subsidiaries designate 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.

a) Fair value hedges

Gains and losses on 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.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b) Cash flow hedges

The effective portion of gains and losses on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

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 line item relating to the hedged item in the same period when the hedged item affects 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 from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. 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.

c) 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 gains and losses on hedging instruments. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the exchange differences on translating the financial statements of foreign operations are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

p. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

q. Treasury shares

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

r. Revenue recognition

The Corporation and its subsidiaries identify the contract with the customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation and its subsidiaries to customers to satisfy performance obligations, as follows: domestic sales - when products are moved out of the Corporation and its subsidiaries' premises for delivery to customers; exports - when products are loaded onto vessels. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is 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 and its subsidiaries with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation and its subsidiaries transfer a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

2) Construction contract revenue

As property is being constructed and construction is in progress, the Corporation and its subsidiaries recognize revenue from construction contract over time. The Corporation and its subsidiaries measure the progress on the basis of costs incurred relative to the total expected costs or the units produced and installed relative to estimated total units under the contract as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Corporation and its subsidiaries recognize a contract liability for the difference. Certain amount retained by the customer as specified in the contract is intended to ensure that the subsidiaries adequately complete all their contractual obligations. Such retention receivables are recognized as contract assets until the subsidiaries satisfy their performance obligations.

3) Revenue from rendering of services

Revenue from services is recognized when services are provided by reference to the stage of completion of the services provided.

s. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as new lease from the effective date of modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Corporation and its subsidiaries assess the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Corporation and its subsidiaries. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries

account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Corporation and its subsidiaries negotiate with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation and its subsidiaries elect to apply the practical expedient to rent concessions and, therefore, do not assess whether the rent concessions are lease modifications. Instead, the Corporation and its subsidiaries recognize the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and make a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

t. 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 period in which they are incurred.

u. Government grants

Government grants are not recognized until there is reasonable assurance that the subsidiaries will comply with the conditions attaching to them and that the grants will be received.

v. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Corporation and its subsidiaries' defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation and its subsidiaries can no longer withdraw the offer of the termination benefit and when the Corporation and its subsidiaries recognize any related restructuring costs.

w. Taxation

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

1) Current tax

The Corporation and its subsidiaries' income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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, unused loss carry forward and unused tax credits for purchases of machinery and equipment, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary 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, except where the Corporation and its subsidiaries are 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 and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and its subsidiaries' accounting policies, management is required to make judgments, estimates and assumptions 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 Corporation and its subsidiaries consider the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Key sources of estimation uncertainty

a. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation and its subsidiaries use judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

b. Fair value of private-placement shares of listed companies, emerging market shares, unlisted equity securities

As described in Note 31, the Corporation and its subsidiaries 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 private-placement shares of listed companies, emerging market shares and unlisted equity securities includes assumptions not based on observable market prices or interest rates; therefore, the fair value may change significantly.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 47,840	\$ 47,286
Checking accounts and demand deposits	12,375,487	12,435,184
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits and negotiable certificates of deposit	2,290,657	3,284,855
Commercial papers with repurchase agreements	1,381,305	894,902
Bonds with repurchase agreements	<u>45,037</u>	<u>367,570</u>
	<u>\$ 16,140,326</u>	<u>\$ 17,029,797</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ 3,894,345	\$ 2,559,451
Listed shares	158,219	276,734
Unlisted shares	-	826,071
Emerging market shares	242,410	181,351
Convertible bonds	130,308	78,997
Foreign exchange forward contracts (a)	-	344
Future contracts (b)	<u>-</u>	<u>4,767</u>
	<u>\$ 4,425,282</u>	<u>\$ 3,927,715</u>
<u>Financial assets at FVTPL - noncurrent</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ 982,947	\$ 967,876
Emerging market shares	<u>32,412</u>	<u>28,671</u>
	<u>\$ 1,015,359</u>	<u>\$ 996,547</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Foreign exchange forward contracts (a)	<u>\$ 736</u>	<u>\$ 10,879</u>

- a. The subsidiaries entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, some of those contracts were not accounted for by using hedge accounting. The outstanding foreign exchange forward contracts not under hedge accounting of the subsidiaries at the end of the reporting period were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	USD/NTD	2021.01-2021.03	USD2,690/NTD75,862
<u>December 31, 2019</u>			
Sell	USD/NTD	2020.01	USD5,000/NTD150,700
Buy	NTD/USD	2020.01	NTD291,213/USD9,350

- b. The subsidiary entered into precious metals futures contracts to manage fair value exposures arising from price fluctuation on precious metals. However, some of those contracts were not accounted for by using hedge accounting. As of the balance sheet date, the outstanding precious metals futures contracts were as follows:

Maturity Date	Weight (Kilograms)	Amount (In thousands)
<u>December 31, 2019</u>		
June 15, 2020	1,830	\$ 33,667 (RMB 7,821 thousand)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	<u>December 31</u>	
	2020	2019
<u>Current</u>		
Domestic investments		
Listed shares	\$ 5,120,061	\$ 3,900,097
Emerging market shares and unlisted shares	29,158	58,490
Corporate bonds	<u>29,890</u>	<u>-</u>
	<u>\$ 5,179,109</u>	<u>\$ 3,958,587</u>
<u>Noncurrent</u>		
Domestic investments		
Listed shares	\$ 10,644,288	\$ 12,423,358
Emerging market shares and unlisted shares	<u>2,360,670</u>	<u>2,179,248</u>
	<u>13,004,958</u>	<u>14,602,606</u>
Foreign investments		
Unlisted shares	39,493,848	38,515,865
Listed shares	1,520,440	1,944,817
Certificate of entitlement	<u>859,996</u>	<u>790,877</u>
	<u>41,874,284</u>	<u>41,251,559</u>
	<u>\$ 54,879,242</u>	<u>\$ 55,854,165</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

9. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2020	2019
Financial assets for hedging - current		
Hedging foreign-currency deposits	\$ 1,436,312	\$ 1,851,414
Foreign exchange forward contracts	<u>22,306</u>	<u>118,629</u>
	<u>\$ 1,458,618</u>	<u>\$ 1,970,043</u>
Financial assets for hedging - noncurrent		
Foreign exchange forward contracts	<u>\$ 4,561</u>	<u>\$ 461</u>
Financial liabilities for hedging - current		
Bank loans (Note 17)	\$ 1,625,611	\$ -
Borrowed precious metals from bank	217,190	181,210
Foreign exchange forward contracts	<u>38,088</u>	<u>39,368</u>
	<u>\$ 1,880,889</u>	<u>\$ 220,578</u>
Financial liabilities for hedging - noncurrent		
Bank loans (Note 17)	\$ 335,428	\$ 4,620,425
Foreign exchange forward contracts	<u>3,180</u>	<u>15,660</u>
	<u>\$ 338,608</u>	<u>\$ 4,636,085</u>

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation and its subsidiaries purchased foreign-currency deposits and entered into foreign exchange forward contracts. As of December 31, 2020 and 2019, the balance of the foreign-currency deposits, which consist of those designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT\$1,436,312 thousand (JPY0.22 billion, RMB20,524 thousand, USD33,043 thousand and EUR9,871 thousand) and NT\$1,851,414 thousand (JPY0.99 billion, RMB27,954 thousand, USD25,440 thousand, EUR20,332 thousand and GBP332 thousand), respectively. As of December 31, 2020 and 2019, cash outflows were expected from the aforementioned contracts during the periods from 2021 and 2020, respectively.

Refer to Note 31 for information relating to financial instruments for hedging.

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

	December 31	
	2020	2019
Notes receivable		
Operating	\$ 1,721,882	\$ 1,471,984
Non-operating	<u>-</u>	<u>-</u>
	<u>\$ 1,721,882</u>	<u>\$ 1,471,984</u>
Accounts receivable	\$ 11,720,332	\$ 11,481,468
Less: Allowance for impairment loss	<u>40,267</u>	<u>71,669</u>
	<u>\$ 11,680,065</u>	<u>\$ 11,409,799</u>

The Corporation and its subsidiaries make prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation and its subsidiaries did transactions with a large number of unrelated customers and no concentration of credit risk was observed. The Corporation and its subsidiaries continue to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast GDP and direction of economic conditions at the reporting date.

The Corporation and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 12,739,430	\$ 625,353	\$ 6,089	\$ 34,228	\$ 37,114	\$ 13,442,214
Loss allowance (Lifetime ECL)	<u>(7,526)</u>	<u>(506)</u>	<u>(3,219)</u>	<u>(1,978)</u>	<u>(27,038)</u>	<u>(40,267)</u>
Amortized cost	<u>\$ 12,731,904</u>	<u>\$ 624,847</u>	<u>\$ 2,870</u>	<u>\$ 32,250</u>	<u>\$ 10,076</u>	<u>\$ 13,401,947</u>

December 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 12,096,649	\$ 545,721	\$ 92,229	\$ 171,608	\$ 47,245	\$ 12,953,452
Loss allowance (Lifetime ECL)	<u>(23,726)</u>	<u>(6)</u>	<u>(696)</u>	<u>(1,918)</u>	<u>(45,323)</u>	<u>(71,669)</u>
Amortized cost	<u>\$ 12,072,923</u>	<u>\$ 545,715</u>	<u>\$ 91,533</u>	<u>\$ 169,690</u>	<u>\$ 1,922</u>	<u>\$ 12,881,783</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance, beginning of year	\$ 71,669	\$ 71,859
Recognition (reversal)	(11,741)	1,316
Written off	(18,827)	(101)
Effect of foreign currency exchange difference	<u>(834)</u>	<u>(1,405)</u>
Balance, end of year	<u>\$ 40,267</u>	<u>\$ 71,669</u>

The Corporation and its subsidiaries CHS entered into accounts receivable factoring agreements (without recourse) with Mega Bank and other financial institutions. Under the agreements, the Corporation and its subsidiaries are empowered to sell accounts receivable to the banks upon the delivery of products to customers and are required to complete related formalities at the next banking day.

For the years ended December 31, 2020 and 2019, the related information for the Corporation and its subsidiaries CHS's sale of accounts receivable was as follows.

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2020						
Mega Bank	\$ 3,468,167	\$ 8,272,733	\$ 9,165,285	\$ 2,575,615	0.99-1.75	NT\$9 billion
Bank of Taiwan	1,474,316	2,974,314	3,569,472	879,158	0.99-1.75	NT\$3 billion
Bank of Taiwan	716,373	4,996,125	5,515,669	196,829	0.60-3.75	USD130,000 thousand
Taishin Bank	2,184,170	9,348,121	7,758,647	3,773,644	0.89-2.82	USD150,000 thousand
CTBC Bank	608,287	1,852,675	1,702,612	758,350	0.94-3.22	USD40,000 thousand
Mizuho Bank	31,380	437,648	448,430	20,598	1.02-2.99	USD10,000 thousand
Mega Bank	926,731	2,243,387	2,568,873	601,245	1.09	NT\$85,500 thousand
Bank of Taiwan	-	193,763	126,489	67,274	1.09	NT\$200,000 thousand
Bank of Taiwan	124,214	195,829	305,466	14,577	2.06	USD20,000 thousand
	<u>\$ 9,533,638</u>	<u>\$ 30,514,595</u>	<u>\$ 31,160,943</u>	<u>\$ 8,887,290</u>		
For the Year Ended December 31, 2019						
Mega Bank	\$ 4,309,472	\$ 9,947,303	\$ 10,788,608	\$ 3,468,167	1.05-1.75	NT\$9 billion
Bank of Taiwan	1,582,029	4,376,609	4,484,322	1,474,316	1.05-1.75	NT\$3 billion
Bank of Taiwan	491,723	5,374,940	5,150,290	716,373	0.60-3.86	USD130,000 thousand
Taishin Bank	3,341,792	8,480,143	9,637,765	2,184,170	2.82-3.39	USD150,000 thousand
CTBC Bank	1,046,091	2,180,840	2,618,644	608,287	2.84-3.47	USD40,000 thousand
Mizuho Bank	13,372	472,671	454,663	31,380	2.61-3.34	USD10,000 thousand
Mega Bank	1,033,187	2,719,821	2,826,277	926,731	1.24	NT\$3 billion
Bank of Taiwan	199,960	520,664	596,410	124,214	3.66	USD20,000 thousand
	<u>\$ 12,017,626</u>	<u>\$ 34,072,991</u>	<u>\$ 36,556,979</u>	<u>\$ 9,533,638</u>		

11. INVENTORIES

	December 31	
	2020	2019
Work in progress	\$ 20,683,426	\$ 28,774,928
Finished goods	17,068,238	23,024,361
Raw materials	13,498,088	23,395,362
Supplies	12,459,433	12,933,866
Raw materials and supplies in transit	10,303,866	9,750,625
Buildings and lands under construction	1,097,511	1,019,181
Others	<u>1,066,645</u>	<u>753,529</u>
	<u>\$ 76,177,207</u>	<u>\$ 99,651,852</u>

The costs of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 was NT\$256,643,486 thousand and NT\$286,958,174 thousand, respectively, which included reversal of inventory write-down of NT\$3,008,823 thousand and write-down of inventory of NT\$2,935,121 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Material associate		
9404-5515 Québec Inc	\$ 7,693,698	\$ 8,113,736
Associates that are not individually material	<u>6,014,559</u>	<u>6,254,154</u>
	<u>\$ 13,708,257</u>	<u>\$ 14,367,890</u>

a. Material associate

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)	
			December 31, 2020	December 31, 2019
9404-5515 Québec Inc.	Mineral Investment	Canada	25	25

The summarized financial information below represents amounts shown in the financial statements of 9404-5515 Québec Inc., which have been prepared in accordance with the IFRSs, converted to the functional currency and adjusted for the purposes of applying the equity method.

	December 31	
	2020	2019
Current assets	\$ 23,611	\$ 84,863
Noncurrent assets	31,328,138	32,978,480
Current liabilities	<u>(84)</u>	<u>(35)</u>
Equity	<u>\$ 31,351,665</u>	<u>\$ 33,063,308</u>
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	<u>\$ 7,693,698</u>	<u>\$ 8,113,736</u>

	For the Year Ended December 31	
	2020	2019
Net profit for the year	\$ 2,638,638	\$ 2,527,339
Total comprehensive income for the year	\$ (426,160)	\$ 2,779,683
Dividends received from 9404-5515 Québec Inc.	\$ 662,614	\$ 631,069
Comprehensive income attributable to the Corporation and its subsidiaries	\$ (104,580)	\$ 682,134

b. Information about associates that are not individually material was as follows:

	For the Year Ended December 31	
	2020	2019
The Corporation and its subsidiaries' share of		
Net loss for the year	\$ (62,562)	\$ (9,848)
Other comprehensive income (loss)	<u>(148,974)</u>	<u>8,857</u>
Total comprehensive income (loss)	\$ <u>(211,536)</u>	\$ <u>(991)</u>

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2020	2019
Chateau International Development Co., Ltd.	\$ <u>634,260</u>	\$ <u>562,291</u>

Refer to Table 9 "Information on Investees" for the nature of main business, principal place of business and countries of incorporation of associates that are not individually material.

13. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Current		
Pledged time deposits (Note 33)	\$ 6,509,891	\$ 6,507,473
Time deposits with original maturities more than three months	1,767,510	2,339,339
Deposits for projects	<u>324,510</u>	<u>18,156</u>
	\$ <u>8,601,911</u>	\$ <u>8,864,968</u>
Noncurrent		
Pledged receivables (Note 33)	\$ 2,000,000	\$ 2,000,000
Deposits for projects	842,382	2,258
Pledged time deposits (Note 33)	208,708	281,109
Time deposits	<u>28,276</u>	<u>46,992</u>
	\$ <u>3,079,366</u>	\$ <u>2,330,359</u>

Refer to Note 33 for information relating to other financial assets pledged as collateral.

14. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 12 for the movements of property, plant and equipments for the year ended December 31, 2020 and 2019.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Land improvements	
Bridge	40 years
Drainage system	40 years
Wharf	20-40 years
Wall	20-40 years
Others	3-15 years
Buildings	
Main structure	5-60 years
Facility	5-40 years
Mechanical and electrical facilities	10-15 years
Trellis and corrugated iron building	3-20 years
Others	3-10 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-40 years
Lifting equipment	5-25 years
Electrical equipment	3-16 years
High-temperature equipment	3-17 years
Examination equipment	3-10 years
Others	2-25 years
Transportation Equipment	
Ship equipment	18-25 years
Railway equipment	5-20 years
Telecommunication equipment	5-8 years
Transportation equipment	5-10 years
Others	2 years
Other equipment	
Leasehold improvement	2-35 years
Office, air condition and extinguishment equipment	3-25 years
Computer equipment	3-15 years
Others	2-35 years
Rental assets	
Financial lease assets	31 years

The subsidiary CHS bought farmlands for warehousing at the Jia Xing Section and Quing Shui Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHS from registering the title of these farmlands in CHS's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHS in freely changing the land title to CHS or to other name under CHS's instructions. Meanwhile, the land had been pledged to CHS as collateral. As of December 31, 2020 and 2019, the book value of the farmlands was both NT\$55,433 thousand and recorded as land.

The continuous cold rolling line, continuous pickling galvanizing line, quenching and tempering rolling line and rolling work roll of the Corporation acid plating plant are evaluated to have no future recoverable

amount by the management. An impairment loss of NT\$576,317 thousand was recognized under operating costs.

Refer to Note 33 for the carrying amount of property, plant and equipment that had been pledged by the Corporation and its subsidiaries to secure borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	\$ 12,608,800	\$ 13,247,835
Land improvements	347,211	409,226
Buildings	640,920	633,975
Machinery	8,053	14,673
Transportation equipment	96,218	86,110
Office equipment	14,751	170
Others	4,925	2,347
	<u>\$ 13,720,878</u>	<u>\$ 14,394,336</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 583,425</u>	<u>\$ 826,064</u>
Depreciation charge for right-of-use assets		
Land	\$ 806,793	\$ 776,835
Land improvements	62,015	62,015
Buildings	181,595	144,013
Machinery	11,099	9,798
Transportation equipment	56,124	60,729
Office equipment	2,368	43
Others	941	44
	<u>\$ 1,120,935</u>	<u>\$ 1,053,477</u>

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	\$ 954,695	\$ 951,653
Non-current	<u>10,966,743</u>	<u>11,394,449</u>
	<u>\$ 11,921,438</u>	<u>\$ 12,346,102</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land (%)	0.70-2.21	0.92-2.21
Land improvements (%)	0.92-1.31	0.92-1.31
Buildings (%)	0.70-5.44	0.85-5.44
Machinery (%)	0.70-0.93	0.88-0.92
Transportation equipment (%)	0.59-5.44	0.60-5.44
Office equipment (%)	0.86-6.07	6.07
Others (%)	0.70-2.03	2.00-2.01

c. Material lease activities and terms

The Corporation leases land with a total of 261,207.62 square meter from Taiwan International Ports Corporation, Ltd. The rent is calculated by an annual rate of 5% based on the aforementioned announced land value. The lease term started from January 2008 to December 2027.

The Corporation leases No. 101 berth in Kaohsiung Harbor from Taiwan International Ports Corporation, Ltd. for the use of cargo handling of raw materials, including coal and iron ore, as well as GBFS with a lease term started from December 2016 to December 2027.

The subsidiary DSC negotiated with the lessor, Taichung branch of Taiwan International Ports Corporation, Ltd., for rent concessions as a direct consequence of the Covid-19 for the year ended December 31, 2020. The lessor agreed to adjust the rent for the six months ended June 30, 2020 based on the decline in cargo throughput compared to the last period.

To expand its operation in central Taiwan, the subsidiary CHC rented land from Taiwan International Ports Corporation, Ltd. Taichung branch for 20 years, which is from January 1, 2007 to December 31, 2026. Rental cost consists of rent and fixed as well as floating operating royalties during operating period. Rental duration may be extended when due. Each extension is limited to no more than 20 years until such extension is not permitted. The conditions of the extension shall be negotiated when extended.

To expand storage of GBFS and mid to long-term utilization, the subsidiary CHC continued to rent several pieces of land in the Port of Taichung industrial area from Taiwan International Ports Corporation, Ltd. Taichung branch with a lease period due on various dates through 2036. Rental duration may be extended when expired, with conditions of the extension to be negotiated.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	<u>\$ 312,175</u>	<u>\$ 229,865</u>
Expenses relating to variable lease payments	\$ 1,443	\$ 26,045
Covid-19-related rent concessions	<u>(13,867)</u>	<u>-</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	<u>\$ (12,424)</u>	<u>\$ 26,045</u>
Total cash outflow for leases	<u>\$ (1,501,697)</u>	<u>\$ (1,528,397)</u>

For land and buildings which qualify as short-term leases and some office and transportation equipment which qualify as low-value asset leases, the Corporation and its subsidiaries have elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2020

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 8,262,206	\$ 2,717,256	\$ 10,979,462
Additions	10,483	-	10,483
Transferred from property, plant and equipment	3,525	8,480	12,005
Effect of foreign currency exchange difference	<u>170</u>	<u>1,497</u>	<u>1,667</u>
Balance at December 31, 2020	<u>\$ 8,276,384</u>	<u>\$ 2,727,233</u>	<u>\$ 11,003,617</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 137,379	\$ 1,091,436	\$ 1,228,815
Depreciation	-	50,803	50,803
Transferred from property, plant and equipment	-	5,283	5,283
Effect of foreign currency exchange difference	<u>-</u>	<u>483</u>	<u>483</u>
Balance at December 31, 2020	<u>\$ 137,379</u>	<u>\$ 1,148,005</u>	<u>\$ 1,285,384</u>
Carrying amount at December 31, 2020	<u>\$ 8,139,005</u>	<u>\$ 1,579,228</u>	<u>\$ 9,718,233</u>

For the year ended December 31, 2019

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 8,126,680	\$ 2,719,497	\$ 10,846,177
Transferred from property, plant and equipment	136,776	-	136,776
Effect of foreign currency exchange difference	<u>(1,250)</u>	<u>(2,241)</u>	<u>(3,491)</u>
Balance at December 31, 2019	<u>\$ 8,262,206</u>	<u>\$ 2,717,256</u>	<u>\$ 10,979,462</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 237,364	\$ 1,038,310	\$ 1,275,674
Depreciation	-	54,706	54,706
Reversal of impairments	(99,985)	-	(99,985)
Effect of foreign currency exchange difference	<u>-</u>	<u>(1,580)</u>	<u>(1,580)</u>
Balance at December 31, 2019	<u>\$ 137,379</u>	<u>\$ 1,091,436</u>	<u>\$ 1,228,815</u>
Carrying amount at December 31, 2019	<u>\$ 8,124,827</u>	<u>\$ 1,625,820</u>	<u>\$ 9,750,647</u>

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

Buildings

6-60 years

The fair value of the investment properties was arrived at on the basis of valuations carried out in 2013, 2014, 2015, 2017 and 2019 by independent appraisers, who are not related parties. The valuation was measured under the market approach, income approach, cost approach and land developing analysis approach of similar properties' market price using Level 3 inputs. In December 2016, due to the significant change in the present value of several plots of land, the Corporation, based on the actual selling prices of land sale in the vicinity, reappraised the land value. The important assumptions and fair value were as follows:

	December 31	
	2020	2019
Fair value	<u>\$ 23,336,069</u>	<u>\$ 23,367,837</u>
Depreciation rate (%)	1.20-2.00	1.20-2.00
Discount rate (%)	2.11	2.11

All of the Corporation and its subsidiaries' investment properties are held under freehold interests. Refer to Note 33 for the carrying amount of the investment properties that had been pledged by the Corporation and its subsidiaries to secure borrowings.

17. BORROWINGS

a. Short-term borrowings and bank overdraft

	December 31	
	2020	2019
Unsecured loans	\$ 16,533,751	\$ 33,533,163
Bank overdraft (Note 33)	3,333,962	4,998,758
Letters of credit	1,507,271	775,033
Export bill loans	1,039,114	584,361
Secured loans (Note 33)	<u>96,294</u>	<u>166,080</u>
	<u>\$ 22,510,392</u>	<u>\$ 40,057,395</u>
Range of interest rate (%)	0-5.75	0-7.95

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 32,079,000	\$ 39,051,700
Less: Unamortized discounts	<u>6,682</u>	<u>15,768</u>
	<u>\$ 32,072,318</u>	<u>\$ 39,035,932</u>
Range of interest rate (%)	0.23-1.47	0.52-1.48

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taching Bills Finance Corporation, Taiwan Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Bank of Taiwan, Dah Chung Bills Finance, Grand Bills Finance Corporation and Shanghai Commercial & Savings Bank, etc.

c. Long-term borrowings

	December 31	
	2020	2019
Syndicated bank loans	\$ 4,550,128	\$ 5,301,542
Mortgage loans (Note 33)	14,399,416	13,951,479
Unsecured loans	<u>27,384,050</u>	<u>30,897,426</u>
	46,333,594	50,150,447
Less: Current portion	2,215,129	2,536,181
Financial liabilities for hedging - current	1,625,611	-
Financial liabilities for hedging - noncurrent	<u>335,428</u>	<u>4,620,425</u>
	<u>\$ 42,157,426</u>	<u>\$ 42,993,841</u>
Range of interest rate (%)	0.24-2.99	0.30-3.50

- 1) The subsidiary CSVC entered into a syndicated credit facility agreement with financial institutions for a US\$126,000 thousand of credit line. Under the agreements, CSVC should meet certain financial ratios and criteria. CSVC was not in compliance with the syndicated credit facility agreement based on its 2019 audited financial statements, and a markup has been added accordingly. Therefore, there was no material impact on CSVC. The loans had been repaid. The subsidiary CSVC entered into a new syndicated credit facility agreement with financial institutions for a US\$94,000 thousand of credit line. Under the agreements, CSVC should also meet certain financial ratios and criteria. CSVC was in compliance with the syndicated credit facility agreement based on its audited financial statements for 2020.
- 2) The subsidiary CSCI entered into a syndicated credit facility agreement with financial institutions for a US\$105,000 thousand credit line. Under the agreements, CSCI and the Corporation should meet certain financial ratios and criteria. In March 2020, CSCI had been granted exemption by syndicated bank from reviewing CSCI's financial ratio. The syndicated credit facility agreement had been re-signed in June 2020. The Corporation should meet certain financial ratios and criteria required by the new syndicated credit facility agreement based on its reviewed consolidated financial statements for the six months ended June 30, 2020 and audited consolidated annual financial statements. The Corporation was in compliance with the syndicated credit facility agreement based on its audited consolidated financial statements for the years ended December 31, 2020 and 2019.

The above unsecured loans and syndicated credit facility agreements included those obtained by the Corporation in JPY and USD to hedge the exchange rate fluctuations on equity investments, which were reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 18,680,000	\$ 14,100,000
Less: Unamortized discounts	<u>6,343</u>	<u>5,107</u>
	<u>\$ 18,673,657</u>	<u>\$ 14,094,893</u>

	December 31	
	2020	2019
Range of interest rate (%)	0.20-0.96	0.48-1.08

The Corporation and its subsidiaries entered into commercial paper contracts with bills finance corporations and banks. The duration of the contracts is three to five years which the Corporation and its subsidiaries only have to pay service fees and interests. Therefore, the Corporation and its subsidiaries recorded those commercial papers issued as long-term bills payable.

The above commercial paper was secured by Mega Bank, KGI Bank, Agricultural Bank of Taiwan, Bangkok Bank, Bank of Taiwan and Bank BNP Paribas, etc.

18. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured domestic bonds	\$ 97,250,000	\$ 99,000,000
Less: Issuance cost of bonds payable	50,503	50,475
Current portion	<u>17,399,351</u>	<u>15,549,642</u>
	<u>\$ 79,800,146</u>	<u>\$ 83,399,883</u>

The major terms of unsecured domestic bonds are as follows:

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	July 2013 to July 2020	\$ 6,300,000	1.44	Repayable in July 2019 and July 2020; interest payable annually
The Corporation	January 2014 to January 2021	6,900,000	1.75	Repayable in January 2020 and January 2021; interest payable annually
The Corporation	May 2018 to May 2025	6,000,000	0.95	Repayable in May 2024 and May 2025; interest payable annually
The Corporation	October 2018 to October 2025	4,150,000	0.90	Repayable 25% in October 2024 and 75% in October 2025; interest payable annually
The Corporation	August 2012 to August 2022	15,000,000	1.50	Repayable in August 2021 and August 2022; interest payable annually
The Corporation	July 2013 to July 2023	9,700,000	1.60	Repayable in July 2022 and July 2023; interest payable annually
The Corporation	January 2014 to January 2024	7,000,000	1.95	Repayable in January 2023 and January 2024; interest payable annually
The Corporation	August 2018 to August 2028	5,600,000	1.10	Repayable in August 2027 and August 2028; interest payable annually
The Corporation	October 2018 to October 2028	2,250,000	1.05	Repayable in October 2027 and October 2028; interest payable annually
The Corporation	July 2013 to July 2028	3,600,000	1.88	Repayable 30% in July 2026, 30% in July 2027 and 40% in July 2028; interest payable annually
The Corporation	January 2014 to January 2029	9,000,000	2.15	Repayable 30% in January 2027, 30% in January 2028 and 40% in January 2029; interest payable annually
The Corporation	December 2020 to December 2025	1,600,000	0.39	Repayable in December 2024 and December 2025; interest payable annually

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	December 2020 to December 2027	\$ 4,200,000	0.43	Repayable 70% in December 2026, 30% in December 2027; interest payable annually
DSC	June 2015 to June 2020	15,000,000	1.45	Repayable in June 2019 and June 2020; interest payable annually
DSC	June 2016 to June 2021	5,400,000	0.89	Repayable in June 2020 and June 2021; interest payable annually
DSC	June 2018 to June 2023	4,500,000	0.91	Repayable in June 2022 and June 2023; interest payable annually
DSC	December 2018 to December 2023	3,250,000	0.97	Repayable in December 2022 and December 2023; interest payable annually
DSC	June 2014 to June 2021	5,000,000	1.75	Repayable in June 2020 and June 2021; interest payable annually
DSC	June 2015 to June 2022	2,500,000	1.72	Repayable in June 2021 and June 2022; interest payable annually
DSC	June 2018 to June 2025	2,250,000	1.00	Repayable in June 2024 and June 2025; interest payable annually
DSC	June 2020 to June 2025	5,000,000	0.73	Repayable in June 2024 and June 2025; interest payable annually
CHS	March 2020 to March 2025	2,000,000	0.78	Repayable in March 2025; interest payable annually
CHS	September 2020 to September 2025	1,000,000	0.65	Repayable in September 2025; interest payable annually

19. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Accounts payable includes advances received on construction contracts. Advances received on construction contracts bears no interests and are expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within the normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months.

20. OTHER PAYABLES

	December 31	
	2020	2019
Salaries and bonus	\$ 6,781,680	\$ 7,381,952
Purchase of equipment	3,232,591	2,910,598
Outsourced repair and construction	925,379	1,256,892
Interest payable	805,838	963,078
Dividends payable	320,666	314,092
Employee compensation and remuneration of directors and supervisors	312,632	832,345
Others	<u>10,676,809</u>	<u>9,407,694</u>
	<u>\$ 23,055,595</u>	<u>\$ 23,066,651</u>

21. PROVISIONS

		December 31	
		2020	2019
Current			
Onerous contracts (a)		\$ 6,001,108	\$ 3,476,626
Construction warranties (b)		460,577	333,167
Others		<u>39,998</u>	<u>49,166</u>
		<u>\$ 6,501,683</u>	<u>\$ 3,858,959</u>
Noncurrent			
Provision for stabilization funds (c)		\$ 856,182	\$ 850,168
Construction warranties (b)		2,724	-
Others		<u>182,976</u>	<u>186,292</u>
		<u>\$ 1,041,882</u>	<u>\$ 1,036,460</u>

	Onerous Contracts	Construction Warranties	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2020	\$ 3,476,626	\$ 333,167	\$ 850,168	\$ 235,458	\$ 4,895,419
Recognized	2,524,532	150,778	6,140	17,974	2,699,424
Paid	-	(20,644)	(126)	(30,458)	(51,228)
Effect of foreign currency exchange difference	(50)	-	-	-	(50)
Balance at December 31, 2020	<u>\$ 6,001,108</u>	<u>\$ 463,301</u>	<u>\$ 856,182</u>	<u>\$ 222,974</u>	<u>\$ 7,543,565</u>
Balance at January 1, 2019	\$ 6,880,915	\$ 292,043	\$ 844,090	\$ 121,440	\$ 8,138,488
Recognized (reversal)	(3,404,226)	82,135	6,175	176,352	(3,139,564)
Paid	-	(41,011)	(97)	(62,334)	(103,442)
Effect of foreign currency exchange difference	(63)	-	-	-	(63)
Balance at December 31, 2019	<u>\$ 3,476,626</u>	<u>\$ 333,167</u>	<u>\$ 850,168</u>	<u>\$ 235,458</u>	<u>\$ 4,895,419</u>

- The provision for onerous contracts represents the present value of the future payments that the Corporation and its subsidiaries were presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts, and the difference between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation and its subsidiaries from non-cancellable construction contracts.
- The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries' obligations for warranties. The estimate had been made on the basis of historical warranty trends.
- The provision for stabilization funds represents the provision recognized in accordance with the build-operate-transfer contract by the subsidiary KRTC. The provision was used for capital demand due to force majeure, exceptional events, operating deficits, etc. The provision for stabilization funds was recognized based on increase in stabilization funds.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries 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 and its subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contribution in accordance with the local regulations, which is a defined contribution plan.

b. Defined benefit plans

The Corporation and its domestic subsidiaries 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 and its domestic subsidiaries make 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. Before the end of each year, the Corporation and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and its domestic is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation and its subsidiaries have no right to influence the investment policy and strategy. The Corporation and some of its subsidiaries also makes contributions, equal to a certain percentage of salaries of management personnel, to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation and some of its subsidiaries, also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 26,867,911	\$ 28,468,259
Fair value of plan assets	<u>(17,566,154)</u>	<u>(19,008,490)</u>
Deficit	9,301,757	9,459,769
Net defined benefit liabilities - recognized as other payables, other current assets or other noncurrent assets	<u>(33,861)</u>	<u>(61,406)</u>
Net defined benefit liabilities	<u>\$ 9,267,896</u>	<u>\$ 9,398,363</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 28,468,259</u>	<u>\$ (19,008,490)</u>	<u>\$ 9,459,769</u>
Service cost			
Current service cost	685,587	-	685,587
Past service cost and loss on settlements	93,899	-	93,899

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Interest expense (income)	\$ 186,073	\$ (126,079)	\$ 59,994
Recognized in profit or loss	<u>965,559</u>	<u>(126,079)</u>	<u>839,480</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(663,247)	(663,247)
Actuarial loss - changes in demographic assumptions	23,862	-	23,862
Actuarial loss - changes in financial assumptions	493,652	-	493,652
Actuarial loss - experience adjustments	<u>322,958</u>	<u>-</u>	<u>322,958</u>
Recognized in other comprehensive income	<u>840,472</u>	<u>(663,247)</u>	<u>177,225</u>
Contributions from the employer	-	(1,051,041)	(1,051,041)
Benefits paid	(3,393,722)	3,282,703	(111,019)
Liabilities extinguished on settlement	(11,667)	-	(11,667)
Others	<u>(990)</u>	<u>-</u>	<u>(990)</u>
	<u>(3,406,379)</u>	<u>2,231,662</u>	<u>(1,174,717)</u>
Balance at December 31, 2020	<u>\$ 26,867,911</u>	<u>\$ (17,566,154)</u>	<u>\$ 9,301,757</u>
Balance at January 1, 2019	<u>\$ 29,363,047</u>	<u>\$ (19,951,892)</u>	<u>\$ 9,411,155</u>
Service cost			
Current service cost	737,085	-	737,085
Past service cost and loss on settlements	1,787	-	1,787
Interest expense (income)	<u>269,914</u>	<u>(184,938)</u>	<u>84,976</u>
Recognized in profit or loss	<u>1,008,786</u>	<u>(184,938)</u>	<u>823,848</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(739,934)	(739,934)
Actuarial loss - changes in demographic assumptions	29,987	-	29,987
Actuarial loss - changes in financial assumptions	545,438	-	545,438
Actuarial loss - experience adjustments	<u>471,393</u>	<u>-</u>	<u>471,393</u>
Recognized in other comprehensive income	<u>1,046,818</u>	<u>(739,934)</u>	<u>306,884</u>
Contributions from the employer	-	(992,277)	(992,277)
Benefits paid	(2,950,184)	2,860,539	(89,645)
Others	<u>(208)</u>	<u>12</u>	<u>(196)</u>
	<u>(2,950,392)</u>	<u>1,868,274</u>	<u>(1,082,118)</u>
Balance at December 31, 2019	<u>\$ 28,468,259</u>	<u>\$ (19,008,490)</u>	<u>\$ 9,459,769</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 619,508	\$ 562,815
Operating expenses	217,811	260,269
Others	<u>2,161</u>	<u>764</u>
	<u>\$ 839,480</u>	<u>\$ 823,848</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation and its subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate (%)	0.375-1.625	0.625-1.625
Expected rate of salary increase (%)	2.000-3.250	2.000-3.250
Turnover rate (%)	0.000-17.000	0.000-11.000

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate		
0.25% increase	<u>\$ (626,497)</u>	<u>\$ (641,935)</u>
0.25% decrease	<u>\$ 653,100</u>	<u>\$ 668,760</u>

	December 31	
	2020	2019
Expected rate of salary increase		
0.25% increase	<u>\$ 637,431</u>	<u>\$ 652,468</u>
0.25% decrease	<u>\$ (614,198)</u>	<u>\$ (629,030)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 785,203</u>	<u>\$ 962,334</u>
The average duration of the defined benefit obligation	5.7-16.7 years	5.7-16 years

23. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>17,000,000</u>	<u>17,000,000</u>
Shares authorized	<u>\$ 170,000,000</u>	<u>\$ 170,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares (in thousands)	15,734,861	15,734,861
Preference shares (in thousands)	<u>38,268</u>	<u>38,268</u>
	<u>15,773,129</u>	<u>15,773,129</u>
Shares issued		
Ordinary shares	\$ 157,348,610	\$ 157,348,610
Preference shares	<u>382,680</u>	<u>382,680</u>
	<u>\$ 157,731,290</u>	<u>\$ 157,731,290</u>

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
- 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, 2020 and 2019, the outstanding depositary receipts were 634,512 units and 713,607 units and equivalent to 12,690,550 ordinary shares (including 310 fractional shares) and 14,272,450 ordinary shares (including 310 fractional shares), which represented 0.08% and 0.09% of the outstanding ordinary shares, respectively.

b. Capital surplus

	December 31	
	2020	2019
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	7,239,784	7,079,070
Others	<u>8,099</u>	<u>8,099</u>
	<u>38,402,649</u>	<u>38,241,935</u>
May be used to offset deficits only (see 2 below)		
Share of change in equity of subsidiaries	515,257	509,181
Share of change in equity of associates	<u>159,550</u>	<u>126,153</u>
	<u>674,807</u>	<u>635,334</u>
	<u>\$ 39,077,456</u>	<u>\$ 38,877,269</u>

- 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) Ordinary share dividends at no more than 14% of par value; and
- 4) 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 shares 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.

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.

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve. In addition, 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 appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meeting in June 2020 and 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share	
	For the Year Ended December 31		(NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 858,223	\$ 2,445,415		
Special reserve	110,524	154,480		
Preference shares				
Cash dividends	53,575	53,575	<u>\$ 1.40</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	7,867,430	15,734,861	<u>\$ 0.50</u>	<u>\$ 1.00</u>

The appropriations of earnings for 2020 had been proposed by the Corporation's board of directors on February 26, 2021 as follows:

	Appropriations of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 78,931	
Reversal of special reserve	(272,355)	
Preference shares		
Cash dividends	53,575	<u>\$ 1.40</u>
Ordinary shares		
Cash dividends	4,720,458	<u>\$ 0.30</u>

The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held in June 2021.

d. Special reserves

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 27,803,906	\$ 27,649,488
Appropriation in respect of		
Difference due from the Corporation's shares held by subsidiaries in prices lower than carrying amount	110,524	154,480
Reversal in respect of		
Disposal of property, plant and equipment	<u>(2,365)</u>	<u>(62)</u>
Balance, end of the year	<u>\$ 27,912,065</u>	<u>\$ 27,803,906</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ (6,838,836)	\$ (5,919,624)
Recognized during the year		
Exchange differences arising on translating foreign operations	24,772	(998,099)
Income tax relating to exchange differences arising on translating the net assest of foreign operations	23,353	19,446
Share from associates accounted for using the equity method	<u>(738,239)</u>	<u>59,441</u>
Other comprehensive income (loss) recognized in the year	<u>(690,114)</u>	<u>(919,212)</u>
Balance, end of the year	<u>\$ (7,528,950)</u>	<u>\$ (6,838,836)</u>

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 2,124,342	\$ 4,410,913
Recognized during the year		
Unrealized gains and losses - equity instruments	(1,089,224)	(674,550)
Unrealized gains and losses - debt instruments	(248)	-
Income tax relating to unrealized gains and losses	(340,726)	(1,610,432)
Share from associates accounted for using the equity method	<u>(115,223)</u>	<u>13,659</u>
Other comprehensive income recognized in the year	<u>(1,545,421)</u>	<u>(2,271,323)</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(35,504)</u>	<u>(15,248)</u>
Balance, end of the year	<u>\$ 543,417</u>	<u>\$ 2,124,342</u>

3) Gains and losses on hedging instrument

	Cash Flow Hedges	Fair Value Hedges	Hedges of Net Investments in Foreign Operations	Total
Balance at January 1, 2020	\$ 34,535	\$ 23,945	\$ 3,794,055	\$ 3,852,535
Decrease in the year	<u>(48,258)</u>	<u>(1,144)</u>	<u>(5,269)</u>	<u>(54,671)</u>
Balance at December 31, 2020	<u>\$ (13,723)</u>	<u>\$ 22,801</u>	<u>\$ 3,788,786</u>	<u>\$ 3,797,864</u>
Balance at January 1, 2019	\$ 290,851	\$ 15,555	\$ 3,797,472	\$ 4,103,878
Increase (decrease) in the year	<u>(256,316)</u>	<u>8,390</u>	<u>(3,417)</u>	<u>(251,343)</u>
Balance at December 31, 2019	<u>\$ 34,535</u>	<u>\$ 23,945</u>	<u>\$ 3,794,055</u>	<u>\$ 3,852,535</u>

a) Cash flow hedges

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	<u>\$ 34,535</u>	<u>\$ 290,851</u>
Recognized during the year		
Foreign currency risk - foreign exchange forward contracts and hedging foreign - currency deposits	(74,119)	(311,263)
Share from associates accounted for using the equity method	379	-
Income tax effect	16,514	59,894
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	11,210	(6,184)
Income tax effect	<u>(2,242)</u>	<u>1,237</u>
Other comprehensive income recognized in the year	<u>(48,258)</u>	<u>(256,316)</u>
Balance, end of the year	<u>\$ (13,723)</u>	<u>\$ 34,535</u>

b) Fair value hedges

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 23,945	\$ 15,555
Recognized during the year		
Foreign currency risk - bank loans	<u>(1,144)</u>	<u>8,390</u>
Balance, end of the year	<u>\$ 22,801</u>	<u>\$ 23,945</u>

c) Hedges of net investments in foreign operations

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 3,794,055	\$ 3,797,472
Recognized during the year		
Foreign currency risk - bank loans	<u>(5,269)</u>	<u>(3,417)</u>
Balance, end of the year	<u>\$ 3,788,786</u>	<u>\$ 3,794,055</u>

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2020					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,765</u>	<u>90</u>	<u>90</u>	<u>320,765</u>	<u>\$ 8,664,198</u>
For the year ended December 31, 2019					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,004</u>	<u>761</u>	<u>-</u>	<u>320,765</u>	<u>\$ 8,664,198</u>

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 financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - 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.

Refer to Table 3 for the Corporation's shares held by subsidiaries. The subsidiaries acquired and sold 200 thousand shares of the Corporation in 2020, with the disposal amount NT\$4,580 thousand, of which NT\$2,051 thousand was based on percentage of ownership. The afore mentioned amount was higher than the book value of treasury shares by NT\$604 thousand, of which NT\$271 thousand was based on percentage of ownership. The above adjustment was transferred capital surplus. As of December 31, 2020 and 2019, the market values of the treasury shares calculated by combined holding percentage were NT\$7,940,725 thousand and NT\$7,668,370 thousand, respectively.

g. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 29,655,977	\$ 29,889,681

	For the Year Ended December 31	
	2020	2019
Attributable to non-controlling interests:		
Share of net profit for the year	\$ 1,371,968	\$ 1,520,903
Other comprehensive income for the year		
Exchange difference on translating foreign operations	(383,300)	(97,839)
Income tax relating to exchange difference on translating foreign operations	3,476	3,386
Unrealized gains and losses on financial assets at fair value through other comprehensive income	(36,463)	202,778
Income tax relating to unrealized gains and losses on financial assets at fair value through other comprehensive income	(2,031)	(745)
Gains and losses on hedging instrument	2,800	(4,951)
Income tax relating to gains and losses on hedging instrument	(640)	1,502
Remeasurement of defined benefit plans	(7,637)	(6,333)
Remeasurement on defined benefit plans	2,814	(777)
Share of other comprehensive income of associates accounted for using the equity method	(48,067)	(2,318)
Non-controlling interests arising from capital increase (decrease) of subsidiaries	913,144	62,344
Dividend distributed by subsidiaries	(1,663,290)	(1,755,647)
Others	<u>(715)</u>	<u>(156,007)</u>
Balance, end of the year	<u>\$ 29,808,036</u>	<u>\$ 29,655,977</u>

24. OPERATING REVENUE

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (Note 10)	<u>\$ 13,401,947</u>	<u>\$ 12,881,783</u>	<u>\$ 18,401,090</u>
Contract assets			
Construction contracts	\$ 9,087,148	\$ 8,512,064	\$ 9,667,413
Retentions receivable	971,816	1,373,103	1,744,344
Others	<u>99,557</u>	<u>99,112</u>	<u>124,632</u>
	<u>\$ 10,158,521</u>	<u>\$ 9,984,279</u>	<u>\$ 11,536,389</u>
Contract liabilities			
Construction contracts	\$ 3,139,927	\$ 4,280,397	\$ 4,993,926
Sale of goods	1,761,228	1,882,540	1,766,034
Sales of real estate	610,538	-	787,335
Others	<u>52,892</u>	<u>41,021</u>	<u>7,969</u>
	<u>\$ 5,564,585</u>	<u>\$ 6,203,958</u>	<u>\$ 7,555,264</u>

b. Disaggregation of revenue

For the year ended December 31, 2020

	Steel Department	Construction Department	Shipping Department	Others	Total
Type of goods or services					
Revenue from the sale of goods	\$ 244,117,592	\$ 1,776,248	\$ -	\$ 44,087,924	\$ 289,981,764
Construction contract revenue	2,339,990	9,186,276	-	2,614,589	14,140,855
Service revenue	558,696	537,929	2,055,585	4,207,647	7,359,857
Other revenue	<u>1,682,418</u>	<u>17,411</u>	<u>1,092,030</u>	<u>508,966</u>	<u>3,300,825</u>
	<u>\$ 248,698,696</u>	<u>\$ 11,517,864</u>	<u>\$ 3,147,615</u>	<u>\$ 51,419,126</u>	<u>\$ 314,783,301</u>

For the year ended December 31, 2019

	Steel Department	Construction Department	Shipping Department	Others	Total
Type of goods or services					
Revenue from the sale of goods	\$ 278,393,796	\$ 2,115,720	\$ -	\$ 51,988,411	\$ 332,497,927
Construction contract revenue	2,090,380	18,690,800	-	3,462,559	24,243,739
Service revenue	591,200	511,094	1,329,996	4,341,140	6,773,430
Other revenue	<u>2,190,097</u>	<u>40,264</u>	<u>-</u>	<u>495,278</u>	<u>2,725,639</u>
	<u>\$ 283,265,473</u>	<u>\$ 21,357,878</u>	<u>\$ 1,329,996</u>	<u>\$ 60,287,388</u>	<u>\$ 366,240,735</u>

c. Partially completed contracts

As of December 31, 2020 and 2019, the transaction prices allocated to the performance obligations that were not fully satisfied amounted to NT\$40,617,748 thousand and NT\$45,669,073 thousand, respectively. The Corporation will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through March 2025.

25. PROFIT BEFORE INCOME TAX

a. Interest income

	<u>For the Year Ended December 31</u>	
	2020	2019
Bank deposits	\$ 190,169	\$ 320,889
Others	<u>112,719</u>	<u>97,051</u>
	<u>\$ 302,888</u>	<u>\$ 417,940</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2020	2019
Dividends income	\$ 810,311	\$ 651,960
Rental income	145,270	137,874
Insurance claim income	169,446	248,127
Others	<u>1,026,807</u>	<u>808,398</u>
	<u>\$ 2,151,834</u>	<u>\$ 1,846,359</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of investments	\$ 425,837	\$ 34,412
Net foreign exchange gain	124,740	460,969
Loss on disposal of property, plant and equipment	(104,375)	(199,687)
Reversal of impairment loss	-	76,244
Gain arising from financial assets at fair value through profit or loss	184,117	4,292
Gain on disposal of non-current assets held for sale	-	763,943
Other losses	<u>(736,288)</u>	<u>(647,089)</u>
	<u>\$ (105,969)</u>	<u>\$ 493,084</u>

The components of net foreign exchange gain were as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange gain	\$ 1,411,593	\$ 1,816,064
Foreign exchange loss	<u>(1,286,853)</u>	<u>(1,355,095)</u>
Net exchange gain	<u>\$ 124,740</u>	<u>\$ 460,969</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Total interest expense	\$ 2,703,169	\$ 3,363,262
Less: Amounts included in the cost of qualifying assets	<u>243,091</u>	<u>219,879</u>
	<u>\$ 2,460,078</u>	<u>\$ 3,143,383</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized amounts	\$ 243,091	\$ 219,879
Capitalized annual rates (%)	0.30-2.30	0.48-1.49

e. Impairment loss recognized on (reversal) non-financial assets

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment (recorded under operating costs)	\$ 576,317	\$ (381)
Investment properties	<u>-</u>	<u>(99,985)</u>
	<u>\$ 576,317</u>	<u>\$ (100,366)</u>

		For the Year Ended December 31	
		2020	2019
Analysis of recognition (reversal) of impairment loss on non-financial assets by function			
Operating costs		\$ 576,317	\$ (22,454)
Other gains and losses		<u>-</u>	<u>(77,912)</u>
		<u>\$ 576,317</u>	<u>\$ (100,366)</u>
f. Depreciation and amortization			
		For the Year Ended December 31	
		2020	2019
Property, plant and equipment		\$ 32,075,415	\$ 34,038,541
Right-of use assets		1,120,935	1,053,477
Investment properties		50,803	54,706
Intangible assets		210,329	203,355
Others		<u>53,395</u>	<u>57,921</u>
		<u>\$ 33,510,877</u>	<u>\$ 35,408,000</u>
Analysis of depreciation by function			
Operating costs		\$ 31,404,013	\$ 33,207,502
Operating expenses		1,714,908	1,730,130
Others		<u>128,232</u>	<u>209,092</u>
		<u>\$ 33,247,153</u>	<u>\$ 35,146,724</u>
Analysis of amortization by function			
Operating costs		\$ 197,483	\$ 182,937
Operating expenses		64,956	67,717
Others		<u>1,285</u>	<u>10,622</u>
		<u>\$ 263,724</u>	<u>\$ 261,276</u>
g. Employee benefits			
		For the Year Ended December 31	
		2020	2019
Short-term employee benefits			
Salaries		\$ 27,126,888	\$ 30,407,432
Labor and health insurance		2,084,616	2,162,901
Others		<u>1,398,529</u>	<u>1,493,711</u>
		<u>30,610,033</u>	<u>34,064,044</u>
Post-employment benefits			
Defined contribution plans		906,871	892,170
Defined benefit plans (Note 22)		<u>839,480</u>	<u>823,848</u>
		<u>1,746,351</u>	<u>1,716,018</u>
Termination benefits		<u>92,721</u>	<u>84,724</u>
		<u>\$ 32,449,105</u>	<u>\$ 35,864,786</u>

	For the Year Ended December 31	
	2020	2019
Analysis of employee benefits by function		
Operating costs	\$ 26,064,522	\$ 28,834,518
Operating expenses	5,788,012	6,527,760
Others	<u>596,571</u>	<u>502,508</u>
	<u>\$ 32,449,105</u>	<u>\$ 35,864,786</u>

h. Employee's compensation and remuneration of directors

According to the Articles of Incorporation, the article stipulates the Corporation distributed employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which have been approved by the Corporation's board of directors in February 2021 and March 2020, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2020	2019
Employees' compensation	\$ 82,057	\$ 622,979
Remuneration of directors	1,539	11,681

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation (%)	7.52	5.84
Remuneration of directors (%)	0.14	0.11

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors (all in cash) for 2019 and 2018 which had been resolved by the board of directors in March 2020 and 2019, respectively, were as follows:

	For the Year Ended December 31			
	2019		2018	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 622,979	\$ 11,681	\$ 1,744,054	\$ 32,701
Amounts recognized in the annual financial statements	<u>621,160</u>	<u>11,647</u>	<u>1,744,054</u>	<u>32,701</u>
Differences	<u>\$ 1,819</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>

The above differences were adjusted to profit and loss for the year ended December 31, 2020.

Information on the employees' compensation and remuneration of directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 1,280,125	\$ 2,459,654
Income tax on unappropriated earnings	174,058	424,786
In respect of prior years	(642,315)	116,083
Deferred tax		
In respect of the current year	(327,180)	(437,710)
In respect of prior years	<u>25,641</u>	<u>(91,716)</u>
	<u>\$ 510,329</u>	<u>\$ 2,471,097</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before income tax	<u>\$ 2,768,162</u>	<u>\$ 12,801,555</u>
Income tax expense calculated at the statutory rate	\$ 840,624	\$ 3,017,668
Non-deductible expenses in determining taxable income	35,755	28,432
Tax-exempt income	(507,983)	(869,444)
Others	11,375	(103,965)
Additional income tax under the Alternative Minimum Tax Act	-	6,453
Income tax on unappropriated earnings	174,058	424,786
Separate taxation on repatriated offshore funds	114,222	-
Unrecognized deductible temporary differences	104,705	(196,783)
Unrecognized loss carryforwards	354,800	159,007
Unrecognized investment credits	(553)	(19,425)
In respect of prior years	<u>(616,674)</u>	<u>24,368</u>
	<u>\$ 510,329</u>	<u>\$ 2,471,097</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation and its subsidiaries only deduct the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Corporation and its subsidiaries used the losses incurred in the first quarter of 2020 to estimate losses for the first six months of 2020 and this amount is deducted from the Corporation and its subsidiaries' unappropriated earnings for 2018 for filing the additional tax. For the 2020 consolidated financial

reporting purpose, the tax on unappropriated earnings for 2018 is measured based on the actual profit for 2020, and the current income tax payable is adjusted accordingly.

In addition, in accordance with Rule No. 10904558730 issued by the MOF, the Corporation and its subsidiaries have deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2020	2019
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 732	\$ 23
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	<u>(732)</u>	<u>(23)</u>
	<u>\$ -</u>	<u>\$ -</u>

c. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
Current - remeasurement of defined benefit plans	\$ 37,986	\$ 57,142
Current - translation of foreign operations	26,829	22,832
Current - unrealized gains and losses on financial assets at fair value through other comprehensive income	(342,757)	(1,611,177)
Current - fair value changes of cash flow hedges	15,874	61,396
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>(2,242)</u>	<u>1,237</u>
	<u>\$ (264,310)</u>	<u>\$ (1,468,570)</u>

d. Deferred tax assets and liabilities

The Corporation and its subsidiaries offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

Refer to Table 13 for information relating to changes of deferred tax assets and liabilities.

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2020	2019
Loss carryforwards	<u>\$ 11,717,664</u>	<u>\$ 11,485,023</u>

	December 31	
	2020	2019
Investment credits (tax)		
Investment expenditure	\$ <u>93</u>	\$ <u>-</u>
Deductible temporary differences	\$ <u>2,663,975</u>	\$ <u>1,637,258</u>

The unrecognized loss carryforwards will expire from 2021 to 2030.

f. Information about unused investment credits and unused loss carryforwards

As of December 31, 2020, investment tax credits comprised:

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Act For The Development of Biotech And New Pharmaceuticals Industry, Article 6, Paragraph 2	Investment expenditures	\$ <u>93</u>	2023

Loss carryforwards as of December 31, 2020 comprised of:

Unused Amount	Expiry Year
\$ <u>15,140,753</u>	2021-2030

g. Income tax assessments

The Corporation's income tax returns through 2016 and the subsidiaries' income tax returns through 2016 to 2019 have been assessed by the tax authorities.

27. 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	
	2020	2019
Net profit for the year attributable to owners of the Corporation	\$ 885,865	\$ 8,809,555
Less: Dividends on preference shares	<u>53,575</u>	<u>53,575</u>
Net profit used in computation of basic earnings per share	\$ <u>832,290</u>	\$ <u>8,755,980</u>

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,073	15,414,667
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>10,450</u>	<u>42,045</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>15,424,523</u>	<u>15,456,712</u>

Preference shares were not included in the calculation of diluted earnings per share for the years ended December 31, 2020 and 2019 because of their anti-dilutive effect.

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. BUSINESS COMBINATIONS

a. Consideration received

Subsidiary	Principal Activity	Date of Acquisition	Acquired (%)	Consideration Transferred
Mao Lian Enterprise Co., Ltd. (Mao Lian)	Real estate lease	October 2020	100	<u>\$1,100,440</u>

To meet the demand of operation, the subsidiary CHC acquired 100% shareholding of Mao Lian Enterprise Co., Ltd., for NT\$1,100,440 thousand. Mao Lian Enterprise Co., Ltd. is originally a non-related party whose main assets comprise of land. The shareholding was transferred in October 2020 and the consideration transferred was negotiated based on the appraisal report.

b. Assets acquired and liabilities assumed at the date of acquisition

Current assets	
Cash	\$ 993
Other current assets	451
Non-current assets	
Property, plant and equipment	1,099,004
Current liabilities	
Other current liabilities	<u>(8)</u>
	<u>\$ 1,100,440</u>

c. Net cash outflow on the acquisition of subsidiaries

Consideration paid in cash	\$ 1,100,440
Less: Cash balances acquired	<u>993</u>
	<u>\$ 1,099,447</u>

d. Impact of acquisitions on the results of the Corporation and its subsidiaries

After the date of the business combination, the operations results of the subsidiary were immaterial. Therefore, the business combination had no material impact on the Corporation and its subsidiaries' revenue and profit for the year ended December 31, 2020.

29. DISPOSAL OF SUBSIDIARIES

The subsidiary CSSC sold its entire shares of CSSICL in May 2020 and thus CSSC lost control of CSSICL and CKSSKC due to the disposal.

a. Consideration received from disposals

**CSSICL and
CKSSKC**

Total consideration received	<u>\$ 751,677</u>

According to the contract, the consideration received will be adjusted as interests and obligations have been transferred. The subsidiary CSSC will adjust the amount of consideration received based on the progress of completion of the contract in the future.

b. Analysis of assets and liabilities on the date control was lost

**CSSICL and
CKSSKC**

Current assets	
Cash and cash equivalents	\$ 2,757
Contract assets	59,003
Notes receivable	29,993
Accounts receivable, net	49,561
Other receivables	9,577
Prepayments	1,937
Non-current assets	
Property, plant and equipment	155,033
Right-of-use assets	59,729
Current liabilities	
Short-term borrowings	(92,158)
Accounts payable	(6,755)
Other payables	<u>(3,805)</u>
Net assets on disposal date	<u>\$ 264,872</u>

c. Gain on disposals of subsidiaries

	CSSICL and CKSSKC
Consideration received	\$ 751,677
Net assets on disposal date	(264,872)
Accumulated exchange differences from the reclassification of the subsidiaries' net assets from equity to profit or loss due to loss control of subsidiaries	<u>(44,930)</u>
Gain on disposals	<u>\$ 441,875</u>

d. Net cash inflow on disposals of subsidiaries

	CSSICL and CKSSKC
Consideration received in cash and cash equivalents	\$ 751,677
Less: Cash and cash equivalent balances on disposal date	<u>(2,757)</u>
	<u>\$ 748,920</u>

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Corporation and its subsidiaries believe the carrying amounts of financial instruments, including cash and cash equivalents, receivables and payables recognized in the consolidated financial statements approximated their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 3,894,345	\$ -	\$ -	\$ 3,894,345
Unlisted shares	-	-	982,947	982,947
Emerging market shares	-	-	274,822	274,822
Listed shares	158,219	-	-	158,219
Convertible bonds	<u>130,308</u>	<u>-</u>	<u>-</u>	<u>130,308</u>
	<u>\$ 4,182,872</u>	<u>\$ -</u>	<u>\$ 1,257,769</u>	<u>\$ 5,440,641</u>

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 736</u>	<u>\$ -</u>	<u>\$ 736</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 40,353,844	\$ 40,353,844
Domestic listed shares	15,764,349	-	-	15,764,349
Domestic emerging market shares and unlisted shares	-	-	2,389,828	2,389,828
Foreign listed shares	1,520,440	-	-	1,520,440
Corporate bonds	<u>29,890</u>	<u>-</u>	<u>-</u>	<u>29,890</u>
	<u>\$ 17,314,679</u>	<u>\$ -</u>	<u>\$ 42,743,672</u>	<u>\$ 60,058,351</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 26,867</u>	<u>\$ -</u>	<u>\$ 26,867</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 41,268</u>	<u>\$ -</u>	<u>\$ 41,268</u>
<u>December 31, 2019</u>				
Financial assets at fair value through profit or loss				
Mutual funds	\$ 2,559,451	\$ -	\$ -	\$ 2,559,451
Unlisted shares	-	-	1,793,947	1,793,947
Listed shares	276,734	-	-	276,734
Emerging market shares	-	-	210,022	210,022
Convertible bonds	78,997	-	-	78,997
Future contracts	-	4,767	-	4,767
Foreign exchange forward contracts	<u>-</u>	<u>344</u>	<u>-</u>	<u>344</u>
	<u>\$ 2,915,182</u>	<u>\$ 5,111</u>	<u>\$ 2,003,969</u>	<u>\$ 4,924,262</u>
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 10,879</u>	<u>\$ -</u>	<u>\$ 10,879</u>
Financial assets at fair value through other comprehensive income				
Equity instruments				
Foreign unlisted shares and certificate of entitlement	\$ -	\$ -	\$ 39,306,742	\$ 39,306,742
Domestic listed shares	16,323,455	-	-	16,323,455

	Level 1	Level 2	Level 3	Total
Domestic emerging market shares and unlisted shares	\$ -	\$ -	\$ 2,237,738	\$ 2,237,738
Foreign listed shares	<u>1,944,817</u>	<u>-</u>	<u>-</u>	<u>1,944,817</u>
	<u>\$ 18,268,272</u>	<u>\$ -</u>	<u>\$ 41,544,480</u>	<u>\$ 59,812,752</u>
Financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 119,090</u>	<u>\$ -</u>	<u>\$ 119,090</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 55,028</u>	<u>\$ -</u>	<u>\$ 55,028</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

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

For the year ended December 31, 2020

	Equity Instruments		Total
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	
Balance, beginning of the year	\$ 2,003,969	\$ 41,544,480	\$ 43,548,449
Recognized in profit or loss	118,738	-	118,738
Recognized in other comprehensive income	-	476,597	476,597
Purchases	-	390,416	390,416
Transfer out of Level 3	-	(93,697)	(93,697)
Disposal	(862,284)	(203,024)	(1,065,308)
Reduction of capital cash return	(2,654)	(8,382)	(11,036)
Others	-	80,670	80,670
Effect of foreign currency exchange difference	<u>-</u>	<u>556,612</u>	<u>556,612</u>
Balance, end of the year	<u>\$ 1,257,769</u>	<u>\$ 42,743,672</u>	<u>\$ 44,001,441</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 119,568</u>	<u>\$ -</u>	<u>\$ 119,568</u>

For the year ended December 31, 2019

	Equity Instruments		
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 2,096,353	\$ 43,825,627	\$ 45,921,980
Recognized in profit or loss	14,650	-	14,650
Recognized in other comprehensive income	-	(2,214,399)	(2,214,399)
Purchases	1,082	227,902	228,984
Reclassification	-	153,687	153,687
Transfer out of Level 3	-	(16,637)	(16,637)
Disposal	(105,046)	(53,588)	(158,634)
Reduction of capital cash return	(3,070)	(20,291)	(23,361)
Effect of foreign currency exchange difference	-	(357,821)	(357,821)
Balance, end of the year	<u>\$ 2,003,969</u>	<u>\$ 41,544,480</u>	<u>\$ 43,548,449</u>
Unrealized gains and losses recognized in profit or loss	<u>\$ 34,250</u>	<u>\$ -</u>	<u>\$ 34,250</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivative instruments	A discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-option derivatives, and option pricing models for option derivatives. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for the financial instrument.
Private-placement shares of listed companies	Based on information from the Market Observation Post System, the Taipei Exchange, etc. and calculated by using the Black-Scholes Model.

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

- For emerging market shares, fair values were estimated on the basis of the closing price and liquidity.
- For domestic unlisted shares, some foreign unlisted shares and certificate of entitlement, fair values were determined based on industry types or valuations of similar companies and operations.

- c) For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected returns by using a discounted cash flow model. Significant unobservable inputs were as follows; if the long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	December 31	
	2020	2019
Long-term pre-tax operating income rate (%)	7.98-54.07	10.65-50.76
Discount rate (%)	7.62-10.69	10.79-11.01

If the below input to the valuation model was changed to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the equity investment would increase (decrease) as follows:

	December 31	
	2020	2019
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 268,384</u>	<u>\$ 187,755</u>
Decrease 1%	<u>\$ (270,220)</u>	<u>\$ (189,229)</u>
Discount rate		
Increase 1%	<u>\$ (479,780)</u>	<u>\$ (365,524)</u>
Decrease 1%	<u>\$ 652,297</u>	<u>\$ 452,460</u>

- d) For parts of foreign unlisted shares, their fair values were measured under the market approach. In particular significant unobservable inputs included discount for lack of marketability and control premium. If discount for lack of marketability decreased or control premium increased, the fair values of the investments would increase.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 5,440,641	\$ 4,924,262
Financial assets for hedging	1,463,179	1,970,504
Financial assets at amortized cost 1)	43,803,846	43,520,410
Financial assets at fair value through other comprehensive income		
Equity and debt instruments	60,058,351	59,812,752
Financial liabilities		
Fair value through profit or loss		
Held for trading	736	10,879
Financial liabilities for hedging	2,219,497	4,856,663
Financial liabilities at amortized cost 2)	259,430,444	279,481,156

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, financial assets at amortized cost-noncurrent, 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, refund liabilities, bonds payable, long-term borrowings, long-term bills payable and deposits received.

d. Financial risk management objectives and policies

The Corporation and its subsidiaries place great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation and its subsidiaries were equipped with sufficient and cost-efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation and its subsidiaries for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Corporation and its subsidiaries were 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 (including those eliminated on consolidation) at the balance sheet date were referred to Note 35.

The Corporation and its subsidiaries were mainly exposed to the USD and RMB. The following table details the sensitivity to a 1% increase in the functional currencies against the relevant foreign currencies.

	USD Impact		RMB Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Pre-tax profit or loss	\$ 18,957	\$ 36,635 i	\$ (13,797)	\$(12,324) i
Equity	(9,411)	13,428 ii	(1,068)	(1,338) ii

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

ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges, and financial liabilities for hedging that were designated as hedging instruments in foreign equity investments and 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 year.

Hedge accounting

The Corporation and its subsidiaries' hedging strategies were as follows:

- i. The Corporation and its subsidiaries' hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure of its foreign currency capital expenditure and sales contracts. Those transactions are designated as cash flow hedges.
- ii. The Corporation has designated certain long-term foreign currency borrowing as a hedge to manage its foreign currency risk:
 - i) Currency risks on foreign equity investments are accounted for as fair value hedge. Changes in the fair value of hedging instruments are recognized, based on the nature of hedged items, either in other gains or losses or other comprehensive income. The Corporation performs assessment of hedging effectiveness and it expects that the value of long-term foreign currency borrowing and the value of the foreign equity investment will systematically change in opposite direction in response to movements in the underlying exchange rates.
 - ii) Foreign currency risk on investments in foreign operations is managed by using long-term foreign currency borrowing as a hedge instrument to hedge the investment in the subsidiary CSVC, which has USD as their functional currency.

The following tables summarize the information relating to the hedges of foreign currency risk.

December 31, 2020

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	Financial assets/liabilities for hedging	\$ 26,867	\$ 40,841
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	1,436,312	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and raw materials	Financial assets/liabilities for hedging	-	427
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,053,808
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	907,231
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	-

Hedging Instruments/ Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
			Continuing Hedges	Discontinuing Hedges		
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ (79,860)	\$ 79,860	\$ (13,974)	\$ (2,787)	NA	NA
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	9,747	(9,747)	(41,511)	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	383	(383)	NA	NA	-	-
Foreign currency bank borrowings/Financial assets at FVTOCI	(1,144)	1,144	22,801	-	\$ 1,495,004	\$ (50,321)
Foreign currency bank borrowings/Financial assets at FVTPL	(985)	1,000	NA	NA	843,818	(97,386)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	-	-	(177,876)	3,966,662	NA	NA

December 31, 2019

Hedging Instruments/ Hedged Items	Line Item in Balance Sheet	Carrying Amount	
		Asset	Liability
Cash flow hedge			
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	Financial assets/liabilities for hedging	\$ 119,023	\$ 54,423
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	Financial assets for hedging	1,851,414	-
Fair value hedge			
Foreign exchange forward contracts/Forecast purchases and raw materials	Financial assets/liabilities for hedging	67	605
Foreign currency bank borrowings/Financial assets at FVTOCI	Financial liabilities for hedging	-	1,052,664
Foreign currency bank borrowings/Financial assets at FVTPL	Financial liabilities for hedging	-	1,812,492
Net investment hedge in foreign operations			
Foreign currency bank borrowings/Investment in foreign operations	Financial liabilities for hedging	-	1,755,269

Hedging Instruments/ Hedged Items	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments
			Continuing Hedges	Discontinuing Hedges	Asset	Asset
Cash flow hedge						
Foreign exchange forward contracts/Forecast purchases, construction contracts and raw materials	\$ (252,594)	\$ 252,594	\$ 64,599	\$ -	NA	NA
Hedging foreign-currency deposits/Forecast purchases, construction contracts and raw materials	(69,805)	69,805	(63,142)	-	NA	NA
Fair value hedge						
Foreign exchange forward contracts/Forecast purchases and raw materials	2,961	(2,961)	NA	NA	\$ -	\$ -
Foreign currency bank borrowings/Financial assets at FVTOCI	8,390	(8,388)	23,945	-	1,925,597	(51,465)
Foreign currency bank borrowings/Financial assets at FVTPL	14,447	(14,667)	NA	NA	1,651,895	(196,801)
Net investment hedge in foreign operations						
Foreign currency bank borrowings/Investment in foreign operations	43,033	43,033	(172,607)	3,966,662	NA	NA

For the year ended December 31, 2020

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ (70,113)	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ (5,269)	\$ -	-	\$ -	\$ -

For the year ended December 31, 2019

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffec - tiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge	\$ (322,398)	\$ -	-	\$ -	\$ -
Net investment hedge in foreign operations	\$ (3,417)	\$ -	-	\$ -	\$ -

The outstanding foreign exchange forward contracts of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2020</u>			
Buy	NTD/USD	2021.01-2023.03	NTD784,653/USD26,240
Buy	NTD/JPY	2018.12-2023.03	NTD157,322/JPY562,809
Buy	NTD/EUR	2020.10-2022.12	NTD746,896/EUR22,079
Buy	NTD/CNY	2021.02-2023.01	NTD142,589/CNY33,921
Buy	INR/USD	2020.12-2021.02	INR132,430/USD1,789
Sell	USD/NTD	2021.01-2021.03	NTD46,702/USD1,649

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2019</u>			
Buy	NTD/USD	2020.01-2023.03	NTD4,304,197/USD144,695
Buy	NTD/EUR	2020.01-2023.01	NTD450,037/EUR12,987
Buy	NTD/JPY	2020.01-2023.03	NTD713,385/JPY2,521,286
Buy	NTD/CNY	2020.03-2023.03	NTD3,344/CNY784
Buy	INR/USD	2020.01	INR247,418/USD3,441
Sell	USD/NTD	2020.01	USD95/NTD2,884
Sell	CNY/NTD	2020.02-2020.09	CNY17,247/NTD74,230

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts.

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

	<u>December 31</u>	
	2020	2019
Fair value interest rate risk		
Financial liabilities	\$ 141,193,253	\$ 150,331,559
Cash flow interest rate risk		
Financial liabilities	87,517,643	104,302,735

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the years ended December 31, 2020 and 2019 would have been lower/higher by NT\$875,176 thousand and NT\$1,043,027 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through their investments in mutual funds, listed shares and private placement shares of listed companies.

If equity prices had been 1% lower/higher, the pre-tax profit or loss for the years ended December 31, 2020 and 2019 would have been lower/higher by NT\$40,526 thousand and NT\$28,362 thousand, respectively, as a result of the fair value changes of financial assets at fair value through profit or loss, and the other comprehensive income for the years ended December 31, 2020 and 2019 would have been lower/higher by NT\$172,848 thousand and NT\$182,683 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

Hedge accounting

A subsidiary minimizes its fair value exposures to price fluctuations of precious metals by entering into precious metals borrowing contracts. The fair value of the precious metals borrowing transactions at the end of the reporting period is determined by the price of the precious metals.

The terms of the precious metals borrowing contracts matched the terms of financial liabilities. The subsidiary performs a qualitative assessment of effectiveness and it expects that the value of

the precious metals borrowing contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying prices. The source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the subsidiary's own credit risk on the fair value of the precious metals borrowing contracts, which is not reflected in the fair value of the hedged item attributable to the change in prices. No other sources of ineffectiveness are expected to emerge from these hedging relationships.

The following tables summarize the information relating to the hedges of other price risk.

December 31, 2020

				Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability
Fair value hedge				
Precious metals borrowing contracts			Financial liabilities for hedging	
	\$ 241,625	-		\$ 217,190
				\$ 24,435

			Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	
Fair value hedge			
Inventory	\$ 217,190	\$ (24,435)	\$ (24,435)

December 31, 2019

Hedging Instruments	Contract Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals borrowing contracts	\$ 188,815	-	Financial liabilities for hedging	\$ 181,210	\$ 7,605

Hedged Items	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness
Fair value hedge Inventory	\$ 181,210	\$ (7,605)	\$ (7,605)

2) Credit risk

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

The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions and companies.

Counterparties of accounts receivable consisted of a large number of different customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition.

The Corporation and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Corporation and its subsidiaries define counterparties as having similar characteristics if they are related entities.

As of December 31, 2020 and 2019, the maximum credit risk of off-balance-sheet guarantees and amount provided to investees of co-investment for procurement compliance was NT\$34,939,451 thousand and NT\$38,176,561 thousand, respectively.

3) Liquidity risk

The management of the Corporation and its subsidiaries 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 and its subsidiaries' 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 span 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.

The table below summarized the maturity profile of the Corporation and its subsidiaries' financial liabilities based on contractual undiscounted payments:

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<u>December 31, 2020</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 40,717,903	\$ 269,277	\$ -	\$ 40,987,180
Lease liabilities	1,101,308	3,235,082	10,577,981	14,914,371
Variable interest rate liabilities	26,931,649	59,647,998	2,439,694	89,019,341
Fixed interest rate liabilities	51,320,879	57,840,119	25,385,730	134,546,728
Refund liabilities	2,148,949	-	-	2,148,949
Financial guarantee liabilities	<u>7,475,847</u>	<u>22,599,316</u>	<u>4,864,288</u>	<u>34,939,451</u>
	<u>\$ 129,696,535</u>	<u>\$ 143,591,792</u>	<u>\$ 43,267,693</u>	<u>\$ 316,556,020</u>

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
December 31, 2019				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 37,664,882	\$ 785,440	\$ -	\$ 38,450,322
Lease liabilities	1,100,597	3,116,647	10,767,105	14,984,349
Variable interest rate liabilities	43,403,870	57,880,435	4,930,246	106,214,551
Fixed interest rate liabilities	56,690,350	58,823,579	28,791,858	144,305,787
Refund liabilities	1,739,701	-	-	1,739,701
Financial guarantee liabilities	<u>154,259</u>	<u>32,922,647</u>	<u>5,099,655</u>	<u>38,176,561</u>
	<u>\$ 140,753,659</u>	<u>\$ 153,528,748</u>	<u>\$ 49,588,864</u>	<u>\$ 343,871,271</u>

The amounts included above for financial guarantee liabilities were the maximum amounts the Corporation and its subsidiaries 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 and its subsidiaries considered that it is more likely than not that none of the amount will be payable under the arrangement.

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and its subsidiaries and other related parties were disclosed below:

- a. The name of the company and its relationship with the Corporation and its subsidiaries

Company	Relationship
TaiAn Technologies Corporation	Associate
Fukuta Electric & Machinery Co., Ltd.	Associate
Dyna Rechi Co., Ltd.	Associate
Hsin Hsin Cement Enterprise Corporation	Associate
Eminent III Venture Capital Corporation	Associate
Nikken & CSSC Metal Products Co., Ltd.	Associate
Eminent II Venture Capital Corporation	Associate
Honley Auto. Parts Co., Ltd. (HAPC)	Associate
Ascentek Venture Capital Corporation	Associate
Taiwan Rolling Stock Co., Ltd.	Associate
Kaohsiung Arena Development Corporation	Associate
Overseas Investment & Development Corporation	Associate
Chateau International Development Co., Ltd.	Associate
Chungkang Steel Structure (Cambodia) Co., Ltd.	Associate
HC&C Auto Parts Co., Ltd.	Associate
Hanwa Steel Centre (M) Sdn. Bhd. (Renamed from Tatt Giap Steel Centre Sdn. Bhd.)	Associate
TSK Steel Company Limited	Associate

Company	Relationship
Changchun CECK Auto. Parts Co., Ltd.	Subsidiary of associates
Dyna Rechi (Jiujiang) Co., Ltd	Subsidiary of associates
CSBC Corporation, Taiwan	The Corporation as key management personnel of other related parties
Taiwan High Speed Rail Corporation	The Corporation as key management personnel of other related parties
Rechi Precision Co., Ltd.	The Corporation as key management personnel of other related parties
Taiwan International Windpower Training Corporation Ltd.	The Corporation as key management personnel of other related parties
Tang Eng Iron Works Co., Ltd.	The Corporation as key management personnel of other related parties
CDIB Bioscience Ventures I, Inc.	The Corporation as key management personnel of other related parties
East Asia United Steel Corporation	The Corporation as key management personnel of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management personnel of other related parties
CSBC Coating Solutions Co., Ltd.	The Corporation as key management of parent Company
Rechi Refrigeration (Dongguan) Co, Ltd.	The Corporation as key management of parent Company
Rechi Precision (Qingdao) Electric Machinery Limited	The Corporation as key management of parent Company
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The Corporation as key management of parent Company
Ministry of Economic Affairs, R.O.C.	Director of the Corporation
CSC Labor Union	Director of the Corporation
Formosa Ha Tinh Steel Corporation	Other related party
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related party
CSC Educational Foundation	Other related party
iPASS Corporation	Associate before February 2019
SINO Vietnam HI-TECH Material CO., Ltd.	Associate before December 2019

b. Operating revenues

Account Items	Related Parties Types	For the Year Ended December 31	
		2020	2019
Revenue from sale of goods	The Corporation as key management personnel of other related parties	\$ 931,753	\$ 1,665,773
	The Corporation as key management of parent Company	784,602	1,157,795

Account Items	Related Parties Types	For the Year Ended December 31	
		2020	2019
	Associates	\$ 758,431	\$ 938,821
	Other related party	237,790	193,562
	Others	<u>165,327</u>	<u>93,262</u>
		<u>\$ 2,877,903</u>	<u>\$ 4,049,213</u>
Construction contract revenue	The Corporation as key management personnel of other related parties	\$ 214,189	\$ 85,041
	Other related party	204,571	1,700,256
	Others	<u>19,782</u>	<u>28,683</u>
		<u>\$ 438,542</u>	<u>\$ 1,813,980</u>

Sales to related parties were made at arm's length. The construction contracts undertaken by the Corporation and its subsidiaries with related parties were different from those with unrelated parties; therefore, the prices were not comparable while the collection terms have no material differences.

c. Purchase of goods

Related Parties Types	For the Year Ended December 31	
	2020	2019
Other related party	\$ 7,241,405	\$ 10,088,086
Others	<u>410,762</u>	<u>452,550</u>
	<u>\$ 7,652,167</u>	<u>\$ 10,540,636</u>

Purchases from related parties were made at arm's length.

d. Receivables from related parties

Account Items	Related Parties Types/ Name	December 31	
		2020	2019
Notes and accounts receivable	The Corporation as key management personnel of other related parties	\$ 161,769	\$ 328,349
	Subsidiaries of associates	63,928	20,295
	The Corporation as key management of parent parties	53,617	98,432
	Other related party	20,882	146,528
	Associates	18,406	28,106
	Others	<u>11</u>	<u>11</u>
		<u>\$ 318,613</u>	<u>\$ 621,721</u>
Other receivables	Other related party		
	FHC	\$ 199,360	\$ 209,860
	Others	66,287	125,519

Account Items	Related Parties Types/ Name	December 31	
		2020	2019
	Associates	\$ 18,812	\$ 18,775
	Others	<u>15</u>	<u>25</u>
		<u>\$ 284,474</u>	<u>\$ 354,179</u>

e. Payables to related parties

Account Items	Related Parties Types	December 31	
		2020	2019
Accounts payable	Associates	\$ 30,636	\$ 35,734
	Other related party	<u>6,952</u>	<u>34,992</u>
		<u>\$ 37,588</u>	<u>\$ 70,726</u>
Other payables	Other related party	\$ 530,928	\$ 555,277
	Associates	381,555	-
	Others	<u>769</u>	<u>5,910</u>
		<u>\$ 913,252</u>	<u>\$ 561,187</u>

The outstanding payables to related parties were unsecured.

f. Others

Classified as operating and non-operating income by their nature:

Account Items	Related Parties Types	For the Year Ended December 31	
		2020	2019
Service and other revenues and other income - other	The Corporation as key management personnel of other related parties	\$ 535,629	\$ 551,293
	Other related party	278,215	409,665
	Others	<u>23,924</u>	<u>28,681</u>
		<u>\$ 837,768</u>	<u>\$ 989,639</u>

g. Endorsements and guarantees provided by the Corporation and its subsidiaries

Related Parties Types/Names	December 31	
	2020	2019
Other related party - FHC		
Amount endorsed	\$ 33,904,899	\$ 36,978,426
Amount utilized	<u>(33,904,899)</u>	<u>(36,978,426)</u>
	<u>\$ -</u>	<u>\$ -</u>

Related Parties Types/Names	December 31	
	2020	2019
The Corporation as key management personnel of other related parties		
Amount endorsed	\$ 1,329,520	\$ 1,502,038
Amount utilized	<u>(933,739)</u>	<u>(1,157,800)</u>
	<u>\$ 395,781</u>	<u>\$ 344,238</u>
Associates		
Amount endorsed	\$ 136,846	\$ 88,291
Amount utilized	<u>(19,099)</u>	<u>(20,430)</u>
	<u>\$ 117,747</u>	<u>\$ 67,861</u>

Endorsements and guarantees above are provided to investee by the percentage of shareholdings under joint venture agreements.

h. Compensation of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 52,960	\$ 74,111
Post-employment benefits	<u>1,368</u>	<u>1,439</u>
	<u>\$ 54,328</u>	<u>\$ 75,550</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Corporation and its subsidiaries' assets mortgaged or pledged as collateral for long-term borrowings, short-term borrowings and bank overdraft, performance guarantees and bankers' acceptance bills, etc. were as follows (listed based on their carrying amounts):

	December 31	
	2020	2019
Net property, plant and equipment	\$ 32,176,561	\$ 24,957,498
Time deposits	6,718,599	6,788,582
Shares (a)	6,316,200	5,638,010
Pledged receivables (b)	2,000,000	2,000,000
Net investment properties	<u>1,128,870</u>	<u>1,136,910</u>
	<u>\$ 48,340,230</u>	<u>\$ 40,521,000</u>

- Shares of the Corporation were pledged by WIC and TIC, both subsidiaries, and were recorded as treasury shares in the consolidated financial statements.
- In accordance with revised agreements of build-operate-transfer contract in 2013, the subsidiary KRTC reclassified NT\$2,000,000 thousand including arbitration receivable - Kaohsiung City Government and part of the consideration of transferred assets to operating performance guarantees.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation and its subsidiaries as of December 31, 2020 were as follows:

- a. The Corporation and its subsidiaries provided letters of credits for NT\$12.5 billion guaranteed by financial institutions for several constructions, lease contracts and payment. Guarantee notes for NT\$48.4 billion were provided to banks and owners for loans, purchase agreements and warranties.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$6.3 billion.
- c. Property purchase and construction contracts for NT\$13.9 billion were signed but not yet recorded.
- d. The Corporation and its subsidiaries entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, China, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 5 years. Contracted annual purchases of 10,930,000 metric tons of coal, 22,510,000 metric tons of iron ore, and 3,420,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2020 were US\$6.1 billion (including 4,220,000 metric tons of coal, 36,670,000 metric tons of iron ore, and 1,000,000 metric tons of limestone).
- e. Refer to Table 2 for information relating to endorsements/guarantees provided.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2020</u>			
Monetary foreign assets			
USD	\$ 251,453	28.4800 (USD:NTD)	\$ 7,161,384
USD	19,008	6.5067 (USD:RMB)	541,361
USD	20,723	1.2975 (USD:AUD)	590,186
USD	12,014	25,890.9091 (USD:VND)	342,161
JPY	5,339,071	0.2763 (JPY:NTD)	1,475,185
RMB	357,770	4.3770 (RMB:NTD)	1,565,959
EUR	13,260	35.0200 (EUR:USD)	464,373
VND	856,998,921	0.00004 (VND:USD)	951,269
Non-monetary foreign assets			
Financial assets at fair value through other comprehensive income			
USD	851,071	28.4800 (USD:NTD)	24,238,494
JPY	5,410,800	0.2763 (JPY:NTD)	1,495,004
MYR	227,523	6.7895 (MYR:NTD)	1,544,767

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Associates accounted for using equity method				
USD	\$ 373,863	28.4800	(USD:NTD)	\$ 10,645,842
AUD	949,559	21.9500	(AUD:NTD)	20,842,831
INR	1,795,671	0.3845	(INR:NTD)	690,435
Monetary foreign liabilities				
VND	498,668,203	0.00004	(VND:USD)	553,522
JPY	8,693,083	0.2763	(JPY:NTD)	2,401,899
USD	255,727	28.4800	(USD:NTD)	7,283,105
USD	38,584	74.0702	(USD:INR)	1,098,884
USD	18,678	25,890.9091	(USD:VND)	531,962
USD	21,058	6.5067	(USD:RMB)	599,729
December 31, 2019				
Monetary foreign assets				
USD	196,792	29.9800	(USD:NTD)	5,899,816
USD	14,570	6.9640	(USD:RMB)	436,807
USD	37,507	1.4273	(USD:AUD)	1,124,469
USD	3,902	4.2628	(USD:MYR)	116,983
USD	4,169	24,983.3333	(USD:VND)	124,982
JPY	8,361,630	0.2760	(JPY:NTD)	2,307,810
RMB	328,636	4.3050	(RMB:NTD)	1,414,777
EUR	21,001	33.5900	(EUR:USD)	705,411
Non-monetary foreign assets				
Financial assets at fair value through other comprehensive income				
USD	814,935	29.9800	(USD:NTD)	24,431,755
JPY	6,976,800	0.2760	(JPY:NTD)	1,925,597
MYR	238,160	7.0330	(MYR:NTD)	1,674,977
Associates accounted for using equity method				
USD	364,732	29.9800	(USD:NTD)	10,901,478
AUD	939,953	21.0050	(AUD:NTD)	19,743,722
INR	2,535,672	0.4196	(INR:NTD)	1,063,968
Monetary foreign liabilities				
VND	105,760,937	0.00004	(VND:USD)	123,740
JPY	12,087,610	0.2760	(JPY:NTD)	3,336,180
USD	258,611	29.9800	(USD:NTD)	7,753,153
USD	129,133	71.4490	(USD:INR)	3,871,419
USD	20,651	24,983.3333	(USD:VND)	619,126
USD	14,432	6.9640	(USD:RMB)	432,666
USD	3,600	4.2628	(USD:MYR)	107,925

It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity. Please refer to Note 25 for information relating to net foreign exchange gains and losses.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments (Note 31)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 9)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investee, investment income (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
 - e) The highest balance, the end of period balance and the interest rate range, and total current period interest with respect to financing of funds (Table 1)

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 11)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

- Steel - manufacture and sell steel products, including the Corporation, DSC, CHS, CSCM, CSVC and CSCI.
- Construction - construction, including CPDC, CEC, CECC, CECI, CEVC, CSSC, CKSSKC, CPCC, USEC and USCVC.
- Shipping - cargo handling, vessel shipping and trade in vessels, including CSE, CSEP, CSEIP and KPC.

a. Segment revenue and operating results

The following is an analysis of the Corporation and its subsidiaries' revenues and results of operations by reportable segment.

	Steel Department	Construction Department	Shipping Department	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2020</u>						
Revenue from external customers	\$ 248,698,696	\$ 11,517,864	\$ 3,147,615	\$ 51,419,126	\$ -	\$ 314,783,301
Inter-segment revenue	<u>74,466,424</u>	<u>11,982,456</u>	<u>12,839,078</u>	<u>22,739,467</u>	<u>(122,027,425)</u>	<u>-</u>
Segment revenue	<u>\$ 323,165,120</u>	<u>\$ 23,500,320</u>	<u>\$ 15,986,693</u>	<u>\$ 74,158,593</u>	<u>\$ (122,027,425)</u>	<u>\$ 314,783,301</u>
Segment profit	\$ (1,297,784)	\$ 875,449	\$ 2,138,395	\$ 3,025,326	\$ (2,445,149)	\$ 2,296,237
Interest income	158,114	75,769	22,983	116,227	(70,205)	302,888
Financial costs	(1,987,616)	(46,273)	(164,085)	(437,459)	175,355	(2,460,078)
Share of the profit (loss) of associates	(411,996)	764,733	635,106	1,123,563	(1,528,156)	583,250
Other non-operating income and expenses	<u>2,347,885</u>	<u>49,118</u>	<u>(13,243)</u>	<u>598,178</u>	<u>(936,073)</u>	<u>2,045,865</u>
Profit before income tax	(1,191,397)	1,718,796	2,619,156	4,425,835	(4,804,228)	2,768,162
Income tax	<u>(205,580)</u>	<u>352,960</u>	<u>86,363</u>	<u>783,072</u>	<u>(506,486)</u>	<u>510,329</u>
Net profit for the year	<u>\$ (985,817)</u>	<u>\$ 1,365,836</u>	<u>\$ 2,532,793</u>	<u>\$ 3,642,763</u>	<u>\$ (4,297,742)</u>	<u>\$ 2,257,833</u>
<u>For the year ended December 31, 2019</u>						
Revenue from external customers	\$ 283,265,473	\$ 21,357,878	\$ 1,329,996	\$ 60,287,388	\$ -	\$ 366,240,735
Inter-segment revenue	<u>81,193,750</u>	<u>11,822,251</u>	<u>16,581,975</u>	<u>22,727,400</u>	<u>(132,325,376)</u>	<u>-</u>
Segment revenue	<u>\$ 364,459,223</u>	<u>\$ 33,180,129</u>	<u>\$ 17,911,971</u>	<u>\$ 83,014,788</u>	<u>\$ (132,325,376)</u>	<u>\$ 366,240,735</u>
Segment profit	\$ 2,173,909	\$ 3,049,192	\$ 2,030,040	\$ 5,416,133	\$ (91,044)	\$ 12,578,230
Interest income	227,160	52,444	62,773	153,540	(77,977)	417,940
Financial costs	(2,565,268)	(69,721)	(195,630)	(495,996)	183,232	(3,143,383)
Share of the profit (loss) of associates	4,929,053	112,921	233,415	1,277,823	(5,943,887)	609,325
Other non-operating income and expenses	<u>2,221,975</u>	<u>36,753</u>	<u>37,003</u>	<u>351,284</u>	<u>(307,572)</u>	<u>2,339,443</u>
Profit before income tax	6,986,829	3,181,589	2,167,601	6,702,784	(6,237,248)	12,801,555
Income tax	<u>920,825</u>	<u>419,842</u>	<u>120,657</u>	<u>965,090</u>	<u>44,683</u>	<u>2,471,097</u>
Net profit for the year	<u>\$ 6,066,004</u>	<u>\$ 2,761,747</u>	<u>\$ 2,046,944</u>	<u>\$ 5,737,694</u>	<u>\$ (6,281,931)</u>	<u>\$ 10,330,458</u>

Inter-segment revenue was accounted for according to market price or cost-plus pricing.

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2020	2019
Segment assets		
Steel department	\$ 666,719,566	\$ 704,729,544
Construction department	33,757,278	32,254,638
Shipping department	31,733,695	32,486,485
Others	171,841,563	163,192,928
Adjustment and elimination	<u>(267,969,405)</u>	<u>(266,031,614)</u>
Consolidated total assets	<u>\$ 636,082,697</u>	<u>\$ 666,631,981</u>
Segment liabilities		
Steel department	\$ 244,247,448	\$ 270,170,121
Construction department	15,192,979	14,271,119
Shipping department	15,468,033	17,585,377
Others	64,644,087	60,023,352
Adjustment and elimination	<u>(26,576,831)</u>	<u>(27,632,498)</u>
Consolidated total liabilities	<u>\$ 312,975,716</u>	<u>\$ 334,417,471</u>

c. Revenue from major products and services

Revenue from major products and services of the Corporation and its subsidiaries were as follows:

	For the Year Ended December 31	
	2020	2019
Steel products	\$ 248,548,690	\$ 282,365,862
Non-ferrous materials	30,296,962	36,585,469
Construction contracts revenue	14,140,855	24,243,739
Freight and service revenue	12,528,404	14,285,051
Others	<u>9,268,390</u>	<u>8,760,614</u>
	<u>\$ 314,783,301</u>	<u>\$ 366,240,735</u>

d. Geographical information

The Corporation and its subsidiaries operate in five principal geographical areas - Taiwan, Malaysia, China, Vietnam and India.

The Corporation and its subsidiaries' revenue from continuing operations from external customers and information about its non-current assets by geographical location were detailed below:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	\$ 279,277,831	\$ 321,888,645	\$ 386,684,482	\$ 390,050,363
Vietnam	17,503,904	22,383,448	12,708,187	14,075,525
Malaysia	7,276,503	9,789,945	1,524,849	1,678,540
China	6,969,221	7,316,346	2,605,763	2,964,472
India	2,891,291	3,013,514	3,871,203	4,459,003
Others	<u>864,551</u>	<u>1,848,837</u>	<u>5,112,437</u>	<u>5,797,696</u>
	<u>\$ 314,783,301</u>	<u>\$ 366,240,735</u>	<u>\$ 412,506,921</u>	<u>\$ 419,025,599</u>

Non-current assets excluded those classified as financial instruments and deferred tax assets.

e. Information about major customers

No revenue from any individual customer exceeds 10% of the Corporation and its subsidiaries' total revenue for the years ended December 31, 2020 and 2019.

TABLE 1

CHINA STEEL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	China Steel Corporation	Dagon Steel Corporation	Other receivables	Yes	1,850,000	900,000	-	N/A	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Steel Global Trading Corporation	Other receivables	Yes	450,000	150,000	-	0.56%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	Sing Da Marine Structure Corporation	Other receivables	Yes	700,000	700,000	700,000	0.40%-0.64%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Steel Express Corporation	Other receivables	Yes	1,000,000	500,000	-	0.52%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	Gaina Investment Corporation	Other receivables	Yes	200,000	100,000	-	0.50%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Steel Resources Corporation	Other receivables	Yes	1,250,000	1,050,000	944,000	0.45%-0.69%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	C.S. Aluminum Corporation	Other receivables	Yes	7,200,000	5,200,000	3,600,000	0.41%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Other receivables	Yes	638,250	393,930	-	N/A	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Steel Machinery Corporation	Other receivables	Yes	350,000	-	-	0.50%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	Changzhou China Steel Precision Materials Co., Ltd.	Other receivables	Yes	255,300	131,310	-	N/A	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Ecotek Corporation	Other receivables	Yes	310,000	-	-	0.68%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	Kaohsiung Rapid Transit Corporation	Other receivables	Yes	600,000	450,000	450,000	0.41%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	Chung Hung Steel Corporation	Other receivables	Yes	4,400,000	3,150,000	-	0.49%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	China Steel Structure Co., Ltd.	Other receivables	Yes	750,000	450,000	-	0.51%-0.70%	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
0	China Steel Corporation	CHC Resources Corporation	Other receivables	Yes	600,000	400,000	-	N/A	2	-	Operating capital	-	-	-	29,329,894	58,659,788	Note2
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Other receivables	No	216,200	-	-	3.60%	2	-	Repayments of bank borrowings	-	-	-	480,705	1,922,823	Note3
2	United Steel Investment Pre Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Other receivables	Yes	18,755	17,658	17,658	5.80%	2	-	Operating capital	-	-	-	50,000	55,745	Note4
3	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	192,060	108,224	108,224	1.00%-2.50%	2	-	Operating capital	-	-	-	337,590	506,385	Note5
4	Thintech Materials Technology Co., Ltd.	Thintech Thintech Materials Co., Ltd.	Other receivables	Yes	105,358	105,311	87,102	2.80%-3.25%	2	-	Operating capital	-	-	-	348,382	464,510	Note6

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
5	C.S.A.luminium Corporation	Ningbo Huayang Aluminium-Tech Co., Ltd.	Other receivables	Yes	530,820	512,640	-	N/A	2	-	Repayments of bank borrowings	-	-	-	762,801	1,525,603	Note7
6	China Prosperity Development Corporation	China Steel Corporation	Other receivables	Yes	2,950,000	2,350,000	2,350,000	0.41%-0.70%	2	-	Operating capital	-	-	-	3,336,155	3,336,155	Note8
7	China Steel Security Corporation	China Steel Corporation	Other receivables	Yes	100,000	100,000	100,000	0.45%-0.69%	2	-	Operating capital	-	-	-	187,908	250,544	Note9
8	Lefkara Ltd.	Suzhou Betaera Technology Co., Ltd.	Other receivables	Yes	60,500	-	-	N/A	2	-	Operating capital	-	-	-	260,495	520,990	Note10
9	Sing Da Marine Structure Corporation	China Steel Corporation	Other receivables	Yes	300,000	-	-	N/A	2	-	Operating capital	-	-	-	886,335	886,335	Note11
10	CSC Precision Metal Industrial Corporation	China Steel Corporation	Other receivables	Yes	100,000	100,000	100,000	0.43%-0.69%	2	-	Operating capital	-	-	-	106,993	122,278	Note12
11	China Steel Power Holding Corporation	China Steel Power Corporation	Other receivables	Yes	268,000	268,000	-	0.70%	2	-	Operating capital	-	-	-	692,025	692,025	Note13
12	Betaera Inc.	Betaera (Su Zhou) Co., Ltd.	Other receivables	Yes	59,260	56,960	-	N/A	2	-	Operating capital	-	-	-	173,021	346,042	Note14
13	CSGT (Shanghai) Co., Ltd.	CSGT (Shenzhen) Co., Ltd.	Other receivables	Yes	8,758	8,754	7,105	4.12%	2	-	Operating capital	-	-	-	12,044	16,059	Note15

Note 1: The nature for financing is as follows:

- 1) Business relationship
- 2) The need for short-term financing

Note 2: According to “The Process of Financing Others” established by the Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of the Corporation, respectively.

Note 3: According to “The Process of Financing Others” established by China Steel Structure Co., Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 10% of the net worth of China Steel Structure Co., Ltd., respectively.

Note 4: According to “The Process of Financing Others” established by United Steel Investment Pte Ltd., the total available amount for lending to others shall not exceed 40% of the net worth of the company; for short-term financing needs, the total amount for lending to a company shall not exceed NT\$50,000 thousand; however, its wholly-owned subsidiary is free from these limits. Except for the aforementioned, the total available amount for lending to others shall not exceed 40% of the net worth of United Steel Investment Pte Ltd.

Note 5: According to “The Process of Financing Others” established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 6: According to “The Process of Financing Others” established by Thintech Materials Technology Co., Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of Thintech Materials Technology Co., Ltd., respectively.

Note 7: According to “The Process of Financing Others” established by C.S.Aluminium Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of C.S.Aluminium Corporation, respectively.

Note 8: According to “The Process of Financing Others” established by China Prosperity Development Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Prosperity Development Corporation.

Note 9: According to “The Process of Financing Others” established by China Steel Security Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of China Steel Security Corporation, respectively.

- Note 10: According to “The Process of Financing Others” established by Lefkara Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 20% of the net worth of Lefkara Ltd., respectively.
- Note 11: According to “The Process of Financing Others” established by Sing Da Marine Structure Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of Sing Da Marine Structure Corporation.
- Note 12: According to “The Process of Financing Others” established by CSC Precision Metal Industrial Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 35% of the net worth of CSC Precision Metal Industrial Corporation, respectively.
- Note 13: According to “The Process of Financing Others” established by China Steel Power Holding Corporation, the total available amount for lending to others and the total amount for lending to a company both shall not exceed 40% of the net worth of China Steel Power Holding Corporation, respectively.
- Note 14: According to “The Process of Financing Others” established by Betacera Inc., the total available amount for lending to others and the total amount for lending to a company shall not exceed 20% and 10% of the net worth of Betacera Inc., respectively.
- Note 15: According to “The Process of Financing Others” established by CSGT (Shanghai) Co., Ltd., the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 30% of the net worth of CSGT (Shanghai) Co., Ltd., respectively.

TABLE 2

CHINA STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

NO.	Endorsement/Guarantee Provider	Endorsee/Guaranteee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	China Steel Corporation	China Steel Power Corporation	2	87,989,683	2,580,000	2,580,000	1,308,952	-	1	117,319,577	Y	N	N	Notes 2 and 4
0	China Steel Corporation	Formosa Ha Tinh (Cayman) Limited	6	87,989,683	37,311,454	33,904,899	33,904,899	-	12	117,319,577	N	N	N	Note 4
0	China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	6	87,989,683	1,513,034	1,329,520	933,739	-	-	117,319,577	N	N	N	Note 4
1	China Steel Structure Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	2	1,602,352	769,470	-	-	-	-	9,133,409	N	N	Y	Note 5
1	China Steel Structure Co., Ltd.	United Steel Construction (Vietnam) Co., Ltd.	2	1,602,352	181,500	-	-	-	-	9,133,409	N	N	N	Note 5
1	China Steel Structure Co., Ltd.	ChungKang Steel Structure (Cambodia) Co., Ltd.	6	1,602,352	144,246	136,846	19,099	-	3	9,133,409	N	N	N	Note 5
2	United Steel Engineering & Construction Corporation Co., Ltd.	China Steel Structure Co., Ltd.	3	22,009,060	746,500	71,300	71,300	-	5	22,009,060	N	N	N	Notes 3 and 6
3	Thimtech Materials Technology Co., Ltd.	Taiyang Thimtech Materials Co., Ltd.	2	464,510	257,125	242,080	96,302	-	21	464,510	N	N	Y	Note 7
4	InfoChamp Systems Corporation	Wuhan InfoChamp I.T. Co., Ltd.	2	271,773	108,078	87,517	87,517	-	10	452,956	N	N	Y	Note 8
4	InfoChamp Systems Corporation	Tung Steel International Engineering Technology Corp.	5	271,773	40,857	40,857	40,857	-	5	452,956	N	N	Y	Note 8
5	Wuhan InfoChamp I.T. Co., Ltd.	InfoChamp Systems Corporation	3	90,481	40,362	40,362	40,362	-	223	108,577	N	N	N	Note 9
5	Wuhan InfoChamp I.T. Co., Ltd.	Tung Steel International Engineering Technology Corp.	5	90,481	40,857	40,857	40,857	-	226	108,577	N	N	Y	Note 9

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

- 1) A company that the Corporation has business relationship with.
- 2) The Corporation owns directly or indirectly over 50% ownership of the investee company.
- 3) The company that owns directly or indirectly hold over 50% ownership of the Corporation.
- 4) In between companies that were held over 90% of voting shares directly or indirectly by an entity.
- 5) The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- 6) Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- 7) According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note 2: Endorsements and guarantees provided by the Corporation to its subsidiaries.

Note 3: Performance guarantee regarding the construction contract.

Note 4: According to “The Process of making endorsements/quadrants” established by the Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 40% of the net worth of the Corporation, respectively.

Note 5: According to “The Process of making endorsements/quadrants” established by China Steel Structure Co., Ltd., the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed one third and 190% of the net worth of China Steel Structure Co., Ltd. However, the ceilings on the amounts to United Steel Engineering & Consumption Corporation shall not exceed 190% of the net worth of China Steel Structure Co., Ltd.

Note 6: According to “The Process of making endorsements/quadrants” established by United Steel Engineering & Construction Corporation, both the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 1500% of the net worth of United Steel Engineering & Construction Corporation.

Note 7: According to “The Process of making endorsements/quadrants” established by Thintech Materials Technology Co., Ltd., both the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 40% of the net worth of Thintech Materials Technology Co., Ltd..

Note 8: According to “The Process of making endorsements/quadrants” established by InfoChamp Systems Corporation, the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 30% and 50% of the net worth of InfoChamp Systems Corporation, respectively.

Note 9: According to “The Process of making endorsements/quadrants” established by Wuhan InfoChamp I.T. Co., Ltd., the ceilings on the amounts for any single entity or the aggregate amounts to the entities shall not exceed 500% and 600% of the net worth of Wuhan InfoChamp I.T. Co., Ltd., respectively.

TABLE 3

CHINA STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	Taiwan High Speed Rail Corporation	Financial assets at fair value through other comprehensive income - noncurrent	242,148,000	7,676,092	4	7,676,092	
China Steel Corporation	Common stock	Maruichi Steel Tube Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	1,262,138	2	1,262,138	
China Steel Corporation	Common stock	TANG ENG IRON WORKS CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	29,860,691	1,155,609	9	1,155,609	
China Steel Corporation	Common stock	O-Bank Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	103,847,695	719,665	4	719,665	
China Steel Corporation	Common stock	RECHI PRECISION CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	23,002,022	480,742	5	480,742	
China Steel Corporation	Common stock	Yodogawa Steel Works, Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	400,000	232,866	1	232,866	
China Steel Corporation	Common stock	CSBC Corporation, Taiwan	Financial assets at fair value through other comprehensive income - noncurrent	7,751,346	220,525	2	220,525	
China Steel Corporation	Common stock	Formosa Ha Tinh (Cayman) Limited	Financial assets at fair value through other comprehensive income - noncurrent	1,111,418,177	23,106,829	20	23,106,829	
China Steel Corporation	Common stock	Sakura Ferroalloys Sdn. Bhd.	Financial assets at fair value through other comprehensive income - noncurrent	207,290,000	1,214,160	19	1,214,160	
China Steel Corporation	Common stock	CSN Mineracao S.A.	Financial assets at fair value through other comprehensive income - noncurrent	745,562	973,945	-	973,945	
China Steel Corporation	Common stock	CDIB & Partners Investment Holding Corporation	Financial assets at fair value through other comprehensive income - noncurrent	54,000,000	827,982	5	827,982	
China Steel Corporation	Common stock	Taiwan International Windpower Training Corporation	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	14,344	15	14,344	
China Steel Corporation	Common stock	CDIB BioScience Ventures I, Inc.	Financial assets at fair value through other comprehensive income - noncurrent	1,063,534	7,666	5	7,666	
China Steel Corporation	Common stock	PHALANX BIOTECH GROUP, INC.	Financial assets at fair value through other comprehensive income - noncurrent	1,073,812	3,486	1	3,486	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,500,000	-	1	-	
China Steel Corporation	Preferred stock	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	3,333	843,818	10	843,818	
China Steel Corporation	Preferred stock	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	56,443,634	330,607	19	330,607	
Chung Hung Steel Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	730,000	-	15	-	
Chung Hung Steel Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	36,728,800	242,410	1	242,410	
Chung Hung Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	958,333	36,599	2	36,599	
Chung Hung Steel Corporation	Common stock	The held company as its supervisor	Financial assets at fair value through other comprehensive income - noncurrent	250,000	5,880	5	5,880	
Chung Hung Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,948	866	3	866	
Chung Hung Steel Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	33,109,239	819,454	-	819,454	
Hung Kao Investment Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	1,003,980	24,849	-	24,849	
China Steel Chemical Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	2,556,915	63,284	-	63,284	
China Steel Chemical Corporation	Preferred stock	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	11,679	-	11,679	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	20,097	9,391	-	9,391	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,427,115	14,595	-	14,595	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	10,055	37,374	-	37,374	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	96,119	29,051	-	29,051	
China Steel Chemical Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	91,262	26,689	-	26,689	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	Taishin Senior Secured High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	51,562	15,465	-	15,465	
China Steel Chemical Corporation	Mutual fund	Taishin Short Duration Emerging High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	47,830	14,445	-	14,445	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Global Corporate Bond Fund - A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	15,806	9,179	-	9,179	
China Steel Chemical Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	626,975	10,003	-	10,003	
China Steel Chemical Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	335,735	5,019	-	5,019	
China Steel Chemical Corporation	Convertible bond	UBS 5 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	14,382	-	14,382	
China Steel Chemical Corporation	Convertible bond	BNP 4 1/2 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	14,360	-	14,360	
China Steel Chemical Corporation	Convertible bond	SOFTBK 6 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	14,128	-	14,128	
China Steel Chemical Corporation	Convertible bond	CS 4 1/2 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,000	8,664	-	8,664	
China Steel Chemical Corporation	Convertible bond	HSBC 4.6 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000	5,844	-	5,844	
China Steel Chemical Corporation	Convertible bond	STANLN 3.265 02/18/36	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000	5,810	-	5,810	
China Steel Chemical Corporation	Convertible bond	STANLN 4.3 02/19/27	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	15,792	-	15,792	
China Steel Chemical Corporation	Corporate bond	T 3 1/2 02/01/61	No relation	Financial assets at fair value through other comprehensive income - current	5,000	14,098	-	14,098	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,620,057	82,008	-	82,008	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	257,000	7,659	-	7,659	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	95,748	4,045	-	4,045	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	209,983	2,782	-	2,782	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,400	2,660	-	2,660	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	109,058	1,183	-	1,183	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,540,000	46,897	4	46,897	
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	300,000	2,617	9	2,617	
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	81,281	935	-	935	
Ever Wealthy International Corporation	Common stock	Risalink Venture Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,632	577	2	577	
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,000	20	1	20	
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	133,300	-	2	-	
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,896,543	24,996	7	24,996	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares II	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	8,437	-	8,437	
Ever Wealthy International Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	12,540	789	-	789	
Ever Wealthy International Corporation	Mutual fund	Cathay High Dividend Taiwan Equity Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,000,000	24,040	-	24,040	
Ever Wealthy International Corporation	Mutual fund	FSITC AI Global Precision Medicine Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	726,183	11,466	-	11,466	
Ever Wealthy International Corporation	Mutual fund	FSITC Gbl Artificial Intelligence Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	355,619	5,992	-	5,992	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Global Smart Car Fund (TWD A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	356,379	5,182	-	5,182	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	DECEMBER 31, 2020				Note
			Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund FSITC Global Video Gaming & eSports Fund-TWD-N	No relation	400,000	4,268	-	4,268	
Ever Wealthy International Corporation	Mutual fund UPAMC Global AIoT Fund	No relation	218,182	3,419	-	3,419	
Ever Wealthy International Corporation	Mutual fund FSITC Global Health & Weight Loss Fund-TWD-N	No relation	300,000	3,216	-	3,216	
Ever Wealthy International Corporation	Mutual fund FSITC Global Pet Care Fund-TWD-N	No relation	300,000	3,150	-	3,150	
Ever Wealthy International Corporation	Mutual fund KGI Cloud Force Fund USD	No relation	3,228	2,960	-	2,960	
Ever Wealthy International Corporation	Mutual fund FSITC Global Utilities and Infrastructure Fund	No relation	207,641	2,417	-	2,417	
Ever Wealthy International Corporation	Mutual fund JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	3,058,938	37,250	-	37,250	
Ever Wealthy International Corporation	Mutual fund UPAMC James Bond Money Market	No relation	620,086	10,443	-	10,443	
Ever Wealthy International Corporation	Mutual fund Shin Kong Emerging Wealthy Nations Bond Fund A TWD	No relation	964,153	9,806	-	9,806	
Ever Wealthy International Corporation	Mutual fund Jih Sun Upstream Fund A	No relation	107,181	5,510	-	5,510	
Ever Wealthy International Corporation	Mutual fund SinoPac TWD Money Market Fund	No relation	194,009	2,721	-	2,721	
Ever Wealthy International Corporation	Mutual fund Taishin Strategy Senior Total Return High Yield Bond Fund Acc TWD A	No relation	1,500,000	15,275	-	15,275	
Ever Wealthy International Corporation	Mutual fund PineBridge Global ESG Quantitative Bond Fund A TWD	No relation	1,000,000	10,356	-	10,356	
Ever Wealthy International Corporation	Mutual fund FSITC US Top 100 Bond Fund(TWD)	No relation	959,813	9,787	-	9,787	
Ever Wealthy International Corporation	Mutual fund Prudential Financial US Investment Grade Corporate Bond Fund Acc TWD	No relation	500,000	5,051	-	5,051	
Ever Wealthy International Corporation	Mutual fund PineBridge US Dual Core Income Fund-A(TWD)	No relation	-	-	-	-	
Ever Wealthy International Corporation	Mutual fund PineBridge ESG Quant Multi-Asset Fund A USD	No relation	99,951	28,824	-	28,824	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	KGI Taiwan Premium Assets Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,360	10,347	-	10,347
Ever Wealthy International Corporation	Mutual fund	Union Multi-Asset High Income Fund A TWD-N	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	4,800	-	4,800
Ever Wealthy International Corporation	Mutual fund	KGI Fund Taiwan Multi-Asset Income Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-
Ever Wealthy International Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,424,472	19,608	-	19,608
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,188,232	15,011	-	15,011
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Taiwan First Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	861,234	13,088	-	13,088
Ever Wealthy International Corporation	Mutual fund	TCB Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	688,428	7,048	-	7,048
Ever Wealthy International Corporation	Mutual fund	Taishin North American Income Trust Fund TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	9,156	-	9,156
Ever Wealthy International Corporation	Mutual fund	FSITC Taiwan Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	989,857	15,277	-	15,277
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	896,752	14,308	-	14,308
Ever Wealthy International Corporation	Mutual fund	Taishin 1699 Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	932,710	12,728	-	12,728
Ever Wealthy International Corporation	Mutual fund	Yuanta De- Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	846,639	10,253	-	10,253
Ever Wealthy International Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	493,716	7,381	-	7,381
Ever Wealthy International Corporation	Mutual fund	JPMorgan Investment Funds - Global High Yield Bond Fund A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,089	6,089	-	6,089
Ever Wealthy International Corporation	Mutual fund	PGIM US Corporate Bond Fund USD T Accumulation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,659	5,866	-	5,866
Ever Wealthy International Corporation	Mutual fund	MFS Meridian Funds - Prudent Capital Fund AI USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	14,981	5,862	-	5,862
Ever Wealthy International Corporation	Corporate bond	CNH Bond Offering by ITNL Offshore Pre Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	3,939	-	3,939

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	515,759	-	515,759	
Ever Wealthy International Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	104,600	-	104,600	
China Ecotek Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	630,000	16,097	-	16,097	
China Ecotek Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	440,000	13,399	1	13,399	
China Ecotek Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	525,000	9,203	2	9,203	
China Ecotek Corporation	Common stock	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	74,681	600	19	600	
China Ecotek Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	650,000	-	4	-	
China Ecotek Corporation	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	391,249	-	-	-	
China Ecotek Corporation	Common stock	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,212,590	157,720	11	157,720	
China Ecotek Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,164,609	50,012	-	50,012	
China Steel Structure Co., Ltd.	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	6,936,878	171,688	-	171,688	
United Steel Engineering & Construction Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	6,804,767	222,516	-	222,516	
United Steel Engineering & Construction Corporation	Common stock	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	3,745,446	92,700	-	92,700	
CHC Resources Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	9,201,806	227,745	-	227,745	
CHC Resources Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	932,053	12,896	2	12,896	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
CHC Resources Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,013,588	30,103	-	30,103	
Union Steel Development Corporation	Certificate of entitlement	Shanghai Bao Shan Lian Steel Products Co., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	16,974	19	16,974	
Union Steel Development Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	423,849	10,490	-	10,490	
China Steel Security Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,349,975	58,162	-	58,162	
China Steel Security Corporation	Common stock	Taiwan Secom Corporation	No relation	Financial assets at fair value through other comprehensive income - current	2,223	197	-	197	
China Steel Security Corporation	Common stock	Taiwan Shin Kong Security Corporation	No relation	Financial assets at fair value through other comprehensive income - current	3,614	134	-	134	
China Steel Security Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	4,316,152	45,011	-	45,011	
China Steel Security Corporation	Mutual fund	Mega Diamond Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	790,633	10,001	-	10,001	
China Steel Security Corporation	Mutual fund	Union Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	751,332	10,000	-	10,000	
China Steel Management Consulting Corporation	Mutual fund	Capital Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	348,056	5,661	-	5,661	
China Prosperity Development Corporation	Common stock	HUA NAN FINANCIAL HOLDINGS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	4,773,882	87,123	-	87,123	
China Prosperity Development Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	463,457	13,811	-	13,811	
China Prosperity Development Corporation	Common stock	Taiwan Cooperative Financial Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	236,356	4,810	-	4,810	
China Prosperity Development Corporation	Common stock	QUN XIN PROPERITES CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - current	6,000,000	24,960	-	24,960	
China Prosperity Development Corporation	Common stock	HI SCENE WORLD ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	386,535	4,198	-	4,198	
China Prosperity Development Corporation	Mutual fund	FSITC MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,224,076	400,000	-	400,000	
China Prosperity Development Corporation	Mutual fund	Jih Sun Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	20,119,540	300,787	-	300,787	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Prosperity Development Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - current	952,979	23,586	-	23,586	
HIMAG Magnetic Corporation	Common stock	China Steel Corporation	Financial assets at fair value through other comprehensive income - noncurrent	325,505	8,056	-	8,056	
HIMAG Magnetic Corporation	Common stock	Superrite Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income - noncurrent	600,000	8,351	2	8,351	
Eminent Venture Capital Corporation	Common stock	SynCore Biotechnology Co., Ltd.	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	436,000	20,361	-	20,361	
Eminent Venture Capital Corporation	Common stock	SYNMOSA BIOPHARMA CORPORATION	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	478,398	12,199	-	12,199	
Eminent Venture Capital Corporation	Common stock	Asia Best Healthcare Co., Ltd.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	4,530	18,258	1	18,258	
Eminent Venture Capital Corporation	Common stock	StemCye International, Ltd.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,080,647	12,582	1	12,582	
Eminent Venture Capital Corporation	Common stock	New Medical Imaging Co., LTD	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	160,368	210	3	210	
Eminent Venture Capital Corporation	Common stock	Dance Biopharm Holdings, Inc.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	166,394	-	1	-	
Eminent Venture Capital Corporation	Common stock	Cellerant Therapeutics, Inc.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	43,900	-	-	-	
Eminent Venture Capital Corporation	Common stock	American BrVion (Holding) Corporation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	33,334	3,798	-	3,798	
Eminent Venture Capital Corporation	Common stock	HOLY STONE HEALTHCARE CO., LTD.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	173,000	3,618	-	3,618	
Eminent Venture Capital Corporation	Preferred stock	BioResource International, Inc.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	815,486	24,231	4	24,231	
Eminent Venture Capital Corporation	Preferred stock	Nereus Pharmaceuticals, Inc.	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,895,531	6,964	2	6,964	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminent Venture Capital Corporation	Preferred stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	612,648	2,636	1	2,636	
Eminent Venture Capital Corporation	Preferred stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,404,494	-	2	-	
Eminent Venture Capital Corporation	Preferred stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,111,111	-	7	-	
Eminent Venture Capital Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,028,196	45,272	-	45,272	
Eminent Venture Capital Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,020,675	21,072	-	21,072	
InfoChamp Systems Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	58	-	-	-	
InfoChamp Systems Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	4,000,000	22,927	4	22,927	
InfoChamp Systems Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	726,885	6,792	2	6,792	
InfoChamp Systems Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,632	577	2	577	
InfoChamp Systems Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	889,571	-	5	-	
InfoChamp Systems Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,923,015	30,012	-	30,012	
InfoChamp Systems Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,967,071	30,008	-	30,008	
InfoChamp Systems Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,665,716	50,022	-	50,022	
InfoChamp Systems Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,461,039	40,030	-	40,030	
InfoChamp Systems Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,193,409	40,027	-	40,027	
InfoChamp Systems Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	222,499	40,016	-	40,016	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
InfoChamp Systems Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	3,834,338	94,900	-	94,900	
C.S.Aluminium Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - current	4,431,944	109,691	-	109,691	
Kaohsiung Rapid Transit Corporation	Common stock	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	10,395,750	74,511	11	74,511	
China Steel Machinery Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	16,061,214	230,003	-	230,003	
China Steel Machinery Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	556,084	100,012	-	100,012	
China Steel Machinery Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	7,978,999	100,010	-	100,010	
Dragon Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	103,895	-	-	-	
Dragon Steel Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	5,602,000	-	-	-	
China Steel Express Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,240,000	49,679	-	49,679	
China Steel Express Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	35,000	3,585	1	3,585	
China Steel Express Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,948	866	3	866	
China Steel Express Corporation	Common stock	Parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,801,555	217,838	-	217,838	
Gains Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	23,129,242	637,211	-	637,211	
Gains Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	13,850,000	433,505	-	433,505	
Gains Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	1,422,723	151,520	-	151,520	
Gains Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	2,507,620	145,442	-	145,442	
Gains Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	513,000	89,006	-	89,006	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	QST INTERNATIONAL CORP.	Financial assets at fair value through other comprehensive income - current	1,212,257	82,676	-	82,676	
Gains Investment Corporation	Common stock	SYMTEK AUTOMATION ASIA CO., LTD.	Financial assets at fair value through other comprehensive income - current	841,610	68,170	-	68,170	
Gains Investment Corporation	Common stock	FENG HSIN STEEL CO., LTD.	Financial assets at fair value through other comprehensive income - current	945,000	67,190	-	67,190	
Gains Investment Corporation	Common stock	SHEH FUNG SCREWS CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,321,791	60,009	-	60,009	
Gains Investment Corporation	Common stock	ARDENTEC CORPORATION	Financial assets at fair value through other comprehensive income - current	1,550,000	59,908	-	59,908	
Gains Investment Corporation	Common stock	ZENG HSING INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	423,000	59,432	-	59,432	
Gains Investment Corporation	Common stock	Capital Futures Corporation	Financial assets at fair value through other comprehensive income - current	1,476,000	57,121	-	57,121	
Gains Investment Corporation	Common stock	HERAN CO., LTD.	Financial assets at fair value through other comprehensive income - current	452,000	55,144	-	55,144	
Gains Investment Corporation	Common stock	IJIANG INDUSTRIAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,012,000	52,725	-	52,725	
Gains Investment Corporation	Common stock	FARCENT ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - current	735,032	52,702	-	52,702	
Gains Investment Corporation	Common stock	CHENFULL INTERNATIONAL CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,275,000	51,893	-	51,893	
Gains Investment Corporation	Common stock	ASIA TECH IMAGE INC.	Financial assets at fair value through other comprehensive income - current	947,000	50,286	-	50,286	
Gains Investment Corporation	Common stock	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,318,000	49,820	-	49,820	
Gains Investment Corporation	Common stock	TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.	Financial assets at fair value through other comprehensive income - current	1,115,000	49,506	-	49,506	
Gains Investment Corporation	Common stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	Financial assets at fair value through other comprehensive income - current	91,000	48,230	-	48,230	
Gains Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.	Financial assets at fair value through other comprehensive income - current	402,184	45,447	-	45,447	
Gains Investment Corporation	Common stock	SYNCMOLD ENTERPRISE CORP.	Financial assets at fair value through other comprehensive income - current	485,000	42,098	-	42,098	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	SHENG ELECTRIC WIRE & CABLE CO., LTD.	No relation	998,000	42,066	-	42,066	
Gains Investment Corporation	Common stock	San Neng Group Holdings Co., Ltd.	No relation	1,035,000	40,469	-	40,469	
Gains Investment Corporation	Common stock	LONGWELL COMPANY	No relation	719,000	37,460	-	37,460	
Gains Investment Corporation	Common stock	SENSORTEK TECHNOLOGY CORP.	No relation	50,856	34,582	-	34,582	
Gains Investment Corporation	Common stock	WAH LEE INDUSTRIAL CORP.	No relation	412,000	31,312	-	31,312	
Gains Investment Corporation	Common stock	FORESEE PHARMACEUTICALS CO., LTD.	No relation	328,543	29,437	-	29,437	
Gains Investment Corporation	Common stock	GSD Technologies Co., Ltd. Taiwan Branch (Cayman Islands)	No relation	450,000	28,845	-	28,845	
Gains Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION	No relation	885,300	27,223	-	27,223	
Gains Investment Corporation	Common stock	TAISUN INTL (HOLDING) CORP., TAIWAN BRANCH(CAYMAN)	No relation	182,000	22,204	-	22,204	
Gains Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.	No relation	407,000	20,676	-	20,676	
Gains Investment Corporation	Common stock	SHINY CHEMICAL INDUSTRIAL CO., LTD.	No relation	186,000	20,181	-	20,181	
Gains Investment Corporation	Common stock	ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.	No relation	301,000	19,475	-	19,475	
Gains Investment Corporation	Common stock	HOTAI FINANCE CO., LTD.	No relation	230,000	18,538	-	18,538	
Gains Investment Corporation	Common stock	HSING TA CEMENT CO., LTD.	No relation	790,000	15,800	-	15,800	
Gains Investment Corporation	Common stock	AAEON TECHNOLOGY INC.	No relation	203,000	15,387	-	15,387	
Gains Investment Corporation	Common stock	HI-LAI FOODS CO., LTD.	No relation	112,000	14,560	-	14,560	
Gains Investment Corporation	Common stock	MITAKE INFORMATION CORPORATION	No relation	300,000	14,550	-	14,550	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	ARGOSY RESEARCH INC.	Financial assets at fair value through other comprehensive income - current	115,000	12,650	-	12,650	
Gains Investment Corporation	Common stock	Bionime Corporation	Financial assets at fair value through other comprehensive income - current	178,036	12,089	-	12,089	
Gains Investment Corporation	Common stock	CHING CHAN OPTICAL TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	414,000	11,137	-	11,137	
Gains Investment Corporation	Common stock	AMPACS CORPORATION	Financial assets at fair value through other comprehensive income - current	78,000	10,140	-	10,140	
Gains Investment Corporation	Common stock	Thai Kin Co., LTD.	Financial assets at fair value through other comprehensive income - current	154,126	10,018	-	10,018	
Gains Investment Corporation	Common stock	NOVA TECHNOLOGY CORP.	Financial assets at fair value through other comprehensive income - current	69,000	9,626	-	9,626	
Gains Investment Corporation	Common stock	ACTER GROUP CORPORATION LIMITED	Financial assets at fair value through other comprehensive income - current	51,000	9,588	-	9,588	
Gains Investment Corporation	Common stock	PEGAVISION CORPORATION	Financial assets at fair value through other comprehensive income - current	30,000	8,490	-	8,490	
Gains Investment Corporation	Common stock	MetaTech (AP) Inc.	Financial assets at fair value through other comprehensive income - current	183,000	8,327	-	8,327	
Gains Investment Corporation	Common stock	CHIEN SHING HARBOUR SERVICE CO., LTD.	Financial assets at fair value through other comprehensive income - current	270,000	8,073	-	8,073	
Gains Investment Corporation	Common stock	JETWELL COMPUTER CO., LTD.	Financial assets at fair value through other comprehensive income - current	226,000	6,780	-	6,780	
Gains Investment Corporation	Common stock	MOSA INDUSTRIAL CORPORATION	Financial assets at fair value through other comprehensive income - current	188,000	5,640	-	5,640	
Gains Investment Corporation	Common stock	ADIMMUNE CORPORATION	Financial assets at fair value through other comprehensive income - current	100,000	5,610	-	5,610	
Gains Investment Corporation	Common stock	INTAI TECHNOLOGY CORP.	Financial assets at fair value through other comprehensive income - current	40,800	4,027	-	4,027	
Gains Investment Corporation	Common stock	LINTES TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	31,000	3,953	-	3,953	
Gains Investment Corporation	Common stock	TAIWAN CEMENT CORPORATION	Financial assets at fair value through other comprehensive income - current	63,020	2,722	-	2,722	
Gains Investment Corporation	Common stock	FUZETEC TECHNOLOGY CO., LTD.	Financial assets at fair value through other comprehensive income - current	3,000	142	-	142	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	Rentian Technology Holdings Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	18,350	-	-	-	
Gains Investment Corporation	Common stock	GEMINI OPEN CLOUD COMPUTING INC.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	889,571	-	5	-	
Gains Investment Corporation	Common stock	Tech alliance Corporation	The held company as its director	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	455,000	-	5	-	
Gains Investment Corporation	Common stock	AltruBio Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	500,000	-	-	-	
Gains Investment Corporation	Common stock	TAIWAN IMPLANT TECHNOLOGY CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,678,788	-	10	-	
Gains Investment Corporation	Common stock	FLEXUP TECHNOLOGIES CORPORATION	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,315,000	-	8	-	
Gains Investment Corporation	Common stock	TBI MOTION TECHNOLOGY CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,975,000	109,217	-	109,217	
Gains Investment Corporation	Common stock	LUXNET CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,927,969	78,909	-	78,909	
Gains Investment Corporation	Common stock	Yonggu Group Inc.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	588,319	46,124	-	46,124	
Gains Investment Corporation	Common stock	ULTRA CHIP, INC.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	953,430	39,615	-	39,615	
Gains Investment Corporation	Common stock	KING POINT ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,500,000	105,000	9	105,000	
Gains Investment Corporation	Common stock	Poju International Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,127,000	77,931	5	77,931	
Gains Investment Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,980,000	60,297	5	60,297	
Gains Investment Corporation	Common stock	GREENWAY ENVIRONMENTAL TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,750,000	60,000	10	60,000	
Gains Investment Corporation	Common stock	FOXCONN GLOBAL NETWORK CORPORATION	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	3,000,000	43,500	9	43,500	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	CYBERSOFT DIGITAL SERVICES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,300,000	39,750	4	39,750	
Gains Investment Corporation	Common stock	YONGDA FOOD TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,413,500	35,980	5	35,980	
Gains Investment Corporation	Common stock	CDIB & Partners Investment Holding Corporation	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,160,000	33,119	-	33,119	
Gains Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	29,866	6	29,866	
Gains Investment Corporation	Common stock	ULTRADISPLAY INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,446,891	29,416	9	29,416	
Gains Investment Corporation	Common stock	MUTUAL-PAK TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,300,000	26,500	8	26,500	
Gains Investment Corporation	Common stock	SUN RISE F&T CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	756,000	22,400	2	22,400	
Gains Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,050,000	19,326	4	19,326	
Gains Investment Corporation	Common stock	SUNNY PHARMTECH INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	2,060,413	17,017	2	17,017	
Gains Investment Corporation	Common stock	MITAGRI CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,500,000	14,903	15	14,903	
Gains Investment Corporation	Common stock	T-Car Inc.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	500,000	9,172	2	9,172	
Gains Investment Corporation	Common stock	Huiyang Private Equity Fund Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	35,000	3,585	1	3,585	
Gains Investment Corporation	Common stock	Rislink Venture Capital Corp.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	6,579	1,443	4	1,443	
Gains Investment Corporation	Common stock	TRANSCOM, INC.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	697,713	68,892	2	68,892	
Gains Investment Corporation	Common stock	ENIMMUNE CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,526,872	54,259	3	54,259	
Gains Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,188,000	52,300	6	52,300	
Gains Investment Corporation	Common stock	LIAN HONG ART CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	569,595	46,092	2	46,092	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Common stock	WINWAY TECHNOLOGY CO., LTD.	No relation	101,000	41,695	-	41,695	
Gains Investment Corporation	Common stock	Ping Ho Environmental Technology Company Co., Ltd.	No relation	664,650	37,784	2	37,784	
Gains Investment Corporation	Common stock	CHEN NAN IRON WIRE CO., LTD.	No relation	2,000,000	36,304	5	36,304	
Gains Investment Corporation	Common stock	FLASHAIM INC.	No relation	700,000	32,466	6	32,466	
Gains Investment Corporation	Common stock	FEMCO STEEL TECHNOLOGY CO., LTD.	No relation	1,248,000	29,483	3	29,483	
Gains Investment Corporation	Common stock	AMPAK TECHNOLOGY INC.	No relation	285,000	19,645	-	19,645	
Gains Investment Corporation	Common stock	GMT GLOBAL INC.	No relation	570,325	18,416	2	18,416	
Gains Investment Corporation	Common stock	TIGERAIR TAIWAN CO., LTD.	No relation	712,000	17,749	-	17,749	
Gains Investment Corporation	Common stock	EVERGREEN STEEL CORPORATION	No relation	364,000	16,879	-	16,879	
Gains Investment Corporation	Common stock	DAS TECHNOLOGY CO., LTD.	No relation	140,000	10,350	-	10,350	
Gains Investment Corporation	Common stock	BRIGHTEK OPTOELECTRONIC CO., LTD.	No relation	382,000	9,951	1	9,951	
Gains Investment Corporation	Common stock	STUDY KING CO., LTD.	No relation	200,000	9,158	1	9,158	
Gains Investment Corporation	Common stock	BRILLIAN NETWORK & AUTOMATION INTEGRATED SYSTEM CO., LTD.	No relation	102,000	8,500	-	8,500	
Gains Investment Corporation	Common stock	BIOGEN THERAPEUTICS CO., LTD.	No relation	169,000	6,378	-	6,378	
Gains Investment Corporation	Mutual fund	Allianz Income and Growth	No relation	12,857	8,330	-	8,330	
Gains Investment Corporation	Mutual fund	CATHAY US MULTI-INCOME BALANCED FUND-TWD	No relation	500,000	5,160	-	5,160	

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Gains Investment Corporation	Convertible bond	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300	30,000	-	30,000	
Betacera Inc.	Common stock	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	74,149	-	-	-	
Betacera Inc.	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	994,153	5,843	15	5,843	
Shanghai Xike Ceramic Electronic Co., Ltd.	Common stock	No relation	Financial assets at fair value through other comprehensive income - noncurrent	71,820	2,150	-	2,150	
Universal Exchange Inc.	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,683,120	22,402	-	22,402	
Mentor Consulting Corporation	Mutual fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,664,854	22,159	-	22,159	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	3,294,000	182,158	-	182,158	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	3,718,000	143,887	-	143,887	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	1,547,000	110,920	-	110,920	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	1,262,416	98,973	-	98,973	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	105,000	74,340	-	74,340	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	600,000	71,700	-	71,700	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	124,000	65,720	-	65,720	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	580,000	63,510	-	63,510	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	640,000	59,648	-	59,648	
Eminence Investment Corporation	Common stock	No relation	Financial assets at fair value through other comprehensive income - current	400,000	56,400	-	56,400	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	ASE Technology Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	659,000	53,577	-	53,577	
Eminence Investment Corporation	Common stock	REALTEK SEMICONDUCTOR CORP.	No relation	Financial assets at fair value through other comprehensive income - current	134,000	52,327	-	52,327	
Eminence Investment Corporation	Common stock	First Financial Holding Co. Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	2,404,473	51,335	-	51,335	
Eminence Investment Corporation	Common stock	Bionime Corporation	No relation	Financial assets at fair value through other comprehensive income - current	722,200	49,037	-	49,037	
Eminence Investment Corporation	Common stock	YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	1,000,000	43,700	-	43,700	
Eminence Investment Corporation	Common stock	MICRO-STAR INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	329,000	43,592	-	43,592	
Eminence Investment Corporation	Common stock	MEDIA TEK INC.	No relation	Financial assets at fair value through other comprehensive income - current	54,000	40,337	-	40,337	
Eminence Investment Corporation	Common stock	PROMATE SOLUTIONS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	515,000	33,268	-	33,268	
Eminence Investment Corporation	Common stock	TONG YANG INDUSTRY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	700,000	30,344	-	30,344	
Eminence Investment Corporation	Common stock	QST INTERNATIONAL CORP.	No relation	Financial assets at fair value through other comprehensive income - current	443,000	30,212	-	30,212	
Eminence Investment Corporation	Common stock	EXCELSIOR MEDICAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	538,095	30,186	-	30,186	
Eminence Investment Corporation	Common stock	TRIPOD TECHNOLOGY CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	232,000	27,491	-	27,491	
Eminence Investment Corporation	Common stock	QUALIPOLY CHEMICAL CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	885,450	27,227	-	27,227	
Eminence Investment Corporation	Common stock	MERRY ELECTRONICS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	184,000	26,955	-	26,955	
Eminence Investment Corporation	Common stock	NAN YA PRINTED CIRCUIT BOARD CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	148,000	26,936	-	26,936	
Eminence Investment Corporation	Common stock	TAIWAN CHELIC CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	467,000	23,724	-	23,724	
Eminence Investment Corporation	Common stock	QUANTA COMPUTER INC.	No relation	Financial assets at fair value through other comprehensive income - current	287,000	23,218	-	23,218	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	CHINA FINEBLANKING TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	524,472	22,395	-	22,395	
Eminence Investment Corporation	Common stock	TONG YANG INDUSTRY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	559,000	21,801	-	21,801	
Eminence Investment Corporation	Common stock	GREATEK ELECTRONICS INC.	No relation	Financial assets at fair value through other comprehensive income - current	376,000	21,056	-	21,056	
Eminence Investment Corporation	Common stock	QISDA CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	700,000	20,265	-	20,265	
Eminence Investment Corporation	Common stock	GIGA-BYTE TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	260,000	20,228	-	20,228	
Eminence Investment Corporation	Common stock	TOPKEY CORP.	No relation	Financial assets at fair value through other comprehensive income - current	127,000	19,812	-	19,812	
Eminence Investment Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	647,000	19,281	-	19,281	
Eminence Investment Corporation	Common stock	ITEQ CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	134,000	18,492	-	18,492	
Eminence Investment Corporation	Common stock	ADVANCED WIRELESS SEMICONDUCTOR COMPANY	No relation	Financial assets at fair value through other comprehensive income - current	135,000	18,225	-	18,225	
Eminence Investment Corporation	Common stock	LUXNET CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	675,168	18,196	-	18,196	
Eminence Investment Corporation	Common stock	NOVATEK MICROELECTRONICS CORP.	No relation	Financial assets at fair value through other comprehensive income - current	49,000	18,081	-	18,081	
Eminence Investment Corporation	Common stock	WIN SEMICONDUCTORS CORP.	No relation	Financial assets at fair value through other comprehensive income - current	49,000	16,954	-	16,954	
Eminence Investment Corporation	Common stock	GREAT WALL ENTERPRISE CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	333,200	16,927	-	16,927	
Eminence Investment Corporation	Common stock	BROGENT TECHNOLOGIES INC.	No relation	Financial assets at fair value through other comprehensive income - current	145,279	16,417	-	16,417	
Eminence Investment Corporation	Common stock	CHICONY ELECTRONICS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	181,000	15,602	-	15,602	
Eminence Investment Corporation	Common stock	RADIANT OPTO-ELECTRONICS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	134,000	15,276	-	15,276	
Eminence Investment Corporation	Common stock	HERAN CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	120,000	14,640	-	14,640	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	TURVO INTERNATIONAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	170,000	14,229	-	14,229	
Eminence Investment Corporation	Common stock	BizLink Holding Inc.	No relation	Financial assets at fair value through other comprehensive income - current	58,000	14,123	-	14,123	
Eminence Investment Corporation	Common stock	Fulgent Sun International (Holding) Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	125,148	14,017	-	14,017	
Eminence Investment Corporation	Common stock	NAN PAO RESINS CHEMICAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	87,000	13,572	-	13,572	
Eminence Investment Corporation	Common stock	HIWIN TECHNOLOGIES CORP.	No relation	Financial assets at fair value through other comprehensive income - current	34,000	13,073	-	13,073	
Eminence Investment Corporation	Common stock	EVERLIGHT ELECTRONICS CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	305,000	12,871	-	12,871	
Eminence Investment Corporation	Common stock	TTFB COMPANY LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	49,000	11,491	-	11,491	
Eminence Investment Corporation	Common stock	TAIWAN PAIHO LIMITED	No relation	Financial assets at fair value through other comprehensive income - current	146,000	10,804	-	10,804	
Eminence Investment Corporation	Common stock	HO TA INDUSTRIAL MFG. CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	103,000	10,764	-	10,764	
Eminence Investment Corporation	Common stock	Ginko International Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - current	68,000	9,928	-	9,928	
Eminence Investment Corporation	Common stock	CHICONY POWER TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	119,000	8,401	-	8,401	
Eminence Investment Corporation	Common stock	CHIPMOS TECHNOLOGIES INC.	No relation	Financial assets at fair value through other comprehensive income - current	219,000	7,523	-	7,523	
Eminence Investment Corporation	Common stock	KING CHOU MARINE TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	216,000	7,074	-	7,074	
Eminence Investment Corporation	Common stock	POU CHEN CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	212,000	6,657	-	6,657	
Eminence Investment Corporation	Common stock	YULON NISSAN MOTOR CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	20,000	5,180	-	5,180	
Eminence Investment Corporation	Common stock	SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	90,000	4,842	-	4,842	
Eminence Investment Corporation	Common stock	MAKALOT INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	25,000	4,788	-	4,788	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Eminence Investment Corporation	Common stock	TSC AUTO ID TECHNOLOGY CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - current	23,000	4,485	-	4,485	
Eminence Investment Corporation	Common stock	FORMOSA PLASTICS CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	40,000	3,856	-	3,856	
Eminence Investment Corporation	Common stock	TAIWAN CEMENT CORPORATION	No relation	Financial assets at fair value through other comprehensive income - current	14,254	616	-	616	
Eminence Investment Corporation	Common stock	GLOBAL TEK FABRICATION CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	1,720,943	99,815	-	99,815	
Eminence Investment Corporation	Common stock	TAI-SAW TECHNOLOGY CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	813,323	17,974	-	17,974	
Eminence Investment Corporation	Common stock	JUFAN INDUSTRIAL CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,800,000	44,799	8	44,799	
Eminence Investment Corporation	Common stock	FOXCONN GLOBAL NETWORK CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,000,000	43,500	9	43,500	
Eminence Investment Corporation	Common stock	JDV CONTROL VALVES CO., LTD.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,050,000	19,326	4	19,326	
Eminence Investment Corporation	Common stock	SUNNY PHARMTECH INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,646,801	13,601	1	13,601	
Eminence Investment Corporation	Common stock	MEDICAL IMAGING CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,188,000	52,301	6	52,301	
Eminence Investment Corporation	Common stock	TRANSCOM, INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	207,472	20,486	1	20,486	
Eminence Investment Corporation	Common stock	FLASHAIM INC.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	350,000	16,233	3	16,233	
Eminence Investment Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)	No relation	Financial assets at fair value through other comprehensive income - noncurrent	167,000	10,504	-	10,504	
Eminence Investment Corporation	Mutual fund	Cathay Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	798,817	10,013	-	10,013	
Eminence Investment Corporation	Convertible bond	PCHOME ONLINE INC.1th Convertible Corporate Bonds	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	339,000	37,120	-	37,120	
Transglory Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	256,765,331	6,354,942	2	6,354,942	Note 1
Winning Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	160,406,339	3,970,057	1	3,970,057	Note 2

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Shin Mau Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,433,749	35,485	-	35,485	
Hung-Chuan Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,875	39,745	-	39,745	
Chi-Yi Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,616,723	40,014	-	40,014	
Ding Da Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,525,494	37,756	-	37,756	
Jing-Cheng-Fa Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,461,875	36,181	-	36,181	
Gau Ruei Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,493,318	36,960	-	36,960	
Li-Ching-Long Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,605,441	39,735	-	39,735	
Sheng Lih Dar Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,542,138	38,168	-	38,168	
Chiun Yu Investment Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	1,623,289	40,176	-	40,176	
China Steel Global Trading Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,349,507	107,650	-	107,650	
Wabo Global Trading Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	487,367	12,062	-	12,062	
China Steel Global Trading Corporation	Common stock	Nippon Steel Thai Sumilox Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,110	68,579	15	68,579	
China Steel Global Trading Corporation	Preferred stock	Nippon Steel Thai Sumilox Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	15	48,821	15	48,821	
Wabo Global Trading Corporation	Mutual fund	Franklin Templeton Sinoam Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	4,883,724	50,929	-	50,929	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Maruichi Metal Product (Foshan) Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	266,968	15	266,968	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	pCMI Metal Products (Chongqing) Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	121,218	8	121,218	
Chung Mao Trading (Samoa) Corporation	Certificate of entitlement	Xiamen Chun Yuan Precision Mechatronic Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	18,286	19	18,286	

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	DECEMBER 31, 2020				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
CSGT International Corporation	Common stock	NST Coil Center (Thailand) Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,001	73,974	13	73,974	
CSGT International Corporation	Certificate of entitlement	Hanoi Steel Center Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	167,984	19	167,984	
CSC Steel Australia Holdings Pty Ltd	Common stock	KJTC Pty Ltd	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	2,623,595	13,441,283	13	13,441,283	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	Wuxi TECO Electric & Machinery Co., Ltd.	The held company as its director and supervisor	Financial assets at fair value through other comprehensive income - noncurrent	-	173,728	6	173,728	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	QINGDAO TECO PRECISION MECHATRONICS CO., Ltd.	The held company as its director	Financial assets at fair value through other comprehensive income - noncurrent	-	62,656	12	62,656	
China Steel Asia Pacific Holdings Pte Ltd	Certificate of entitlement	TOP PRO STEEL JOINT STOCK COMPANY	No relation	Financial assets at fair value through other comprehensive income - noncurrent	-	32,182	3	32,182	
CSC Steel Holdings Berhad	Common stock	Astino Berhad	No relation	Financial assets at fair value through other comprehensive income - noncurrent	3,574,472	23,285	-	23,285	
CSC Steel Holdings Berhad	Mutual fund	AFFINHWANG – AIIMAN MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	23,629,999	85,899	-	85,899	
CSC Steel Holdings Berhad	Mutual fund	Afin Hwang Select Cash Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	-	-	-	-	
CSC Steel Sdn. Bhd.	Mutual fund	AFFINHWANG – AIIMAN MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	280,605,726	1,020,049	-	1,020,049	
CSC Steel Sdn. Bhd.	Mutual fund	HLAM – MONEY MARKET FUND	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	82,443,930	559,820	-	559,820	
Constant Mode Sdn. Bhd.	Mutual fund	OSK-UOB Cash Management Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	240,975	2,358	-	2,358	

Note 1: Parent company's stocks pledged as collateral amounted to 120,100 thousand shares and NT\$2,456,045 thousand.

Note 2: Parent company's stocks pledged as collateral amounted to 115,800 thousand shares and NT\$3,046,725 thousand.

TABLE 4

CHINA STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Type of Marketable Securities	Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)			Ending Balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units
China Steel Corporation	Common stock	China Steel Power Holding Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	500,000	4,719	101,806,000	853,386	-	-	-	102,306,000	858,105
	Preferred stock	East Asia United Steel Corporation (A)	Financial assets mandatorily classified as at fair value through profit or loss	Subsidiary	The held company as its director	3,334	826,071	-	15,708	3,334	931,520	841,779	-	-
CHC Resources Corporation	Common stock	Mao Lian Enterprise Co., Ltd.	-current(including measurement) Investments accounted for using equity method	Subsidiary	Subsidiary	-	-	2,500	1,099,591	-	-	-	2,500	1,099,591
CHC Resources Corporation	Mutual fund	Taishin 1699 Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss	-	-	-	-	37,475,753	510,000	37,475,753	510,141	510,000	-	-
CHC Resources Corporation	Mutual fund	Jih Sun Money Market Fund	-current(including measurement) Financial assets mandatorily classified as at fair value through profit or loss	-	-	4,039,030	60,091	25,478,524	379,937	27,503,966	410,248	409,925	2,013,588	30,103
China Prosperity Development Corporation	Mutual fund	Taishin Ta-Chong Money Market Fund	-current(including measurement) Financial assets mandatorily classified as at fair value through profit or loss	-	-	-	-	27,991,015	400,000	27,991,015	400,274	400,000	-	-
China Prosperity Development Corporation	Mutual fund	Jih Sun Money Market Fund	-current(including measurement) Financial assets mandatorily classified as at fair value through profit or loss	-	-	-	-	40,222,332	600,534	20,102,792	300,000	299,747	253	300,787
China Prosperity Development Corporation	Mutual fund	FSITC MONEY MARKET FUND	-current(including measurement) Financial assets mandatorily classified as at fair value through profit or loss	-	-	162,180	29,046	2,224,076	400,000	162,180	29,069	29,046	2,224,076	400,000
China Steel Power Holding Corporation	Common stock	China Steel Power Corporation	Investments accounted for using equity method	Subsidiary	Subsidiary	479,990	4,663	199,900,000	1,723,655	-	-	-	200,379,990	1,728,318
China Steel Machinery Corporation	Mutual fund	FSITC MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss	-	-	-	-	1,976,654	355,000	1,420,570	255,073	254,988	556,084	100,012

Company	Type of Marketable Securities	Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)			Ending Balance		
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
China Steel Machinery Corporation	Mutual fund	Taishin Ta-Chong Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	45,437,658	650,000	29,376,444	420,101	419,997	104	16,061,214	230,003
China Steel Machinery Corporation	Mutual fund	Cathay Taiwan Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	31,962,952	400,000	23,983,953	300,018	299,990	28	7,978,999	100,010
CSC Steel Sdn. Bhd.	Mutual fund	AFFIN HWANG SELECT CASH FUND	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	177,601,217	1,316,827	41,635,263	238,255	219,236,480	1,555,082	1,555,082	-	-	-
CSC Steel Sdn. Bhd.	Mutual fund	AFFINHWANG - AIMAN MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	434,077,559	1,572,503	153,471,832	552,454	552,454	-	280,605,726	1,020,049
CSC Steel Sdn. Bhd.	Mutual fund	HLAM – MONEY MARKET FUND	Financial assets mandatorily classified as at fair value through profit or loss -current(including measurement)	-	-	-	-	82,443,930	559,820	-	-	-	-	82,443,930	559,820
China Steel Structure Holding Co., Ltd.	Common stock	China Steel Structure Investment Co., Ltd.	Investments accounted for using equity method	-	-	12,000,000	276,405	-	-	12,000,000	807,972	366,097	441,875	-	- (Note 2)

Note 1: The acquisition and disposal include the costs, proceeds from sale, share of profits/losses of investees and other related adjustment.

Note 2: CSSHCL sold its entire shares of CSSICL in May 2020 and thus CSSC lost control of CSSICL and CKSSKC due to the disposal were referred to Note 29.

TABLE 5

CHINA STEEL CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is a Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
China Steel Corporation	Sinter Indoor Facility	2018.03.28	404,368	According to the contract	United Steel Engineering & Construction Corporation, China Steel Structure Co., Ltd. and Steel Castle Technology Corporation	Subsidiary	-	-	-	Price negotiation	Construction for own use	

TABLE 6

CHINA STEEL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020

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

Buyer	Related Party	Relationship	Purchase/Sale	Relationship Amount	% of Total	Payment Terms	Abnormal Transaction Unit Price	Notes/Accounts Receivable (Payable) Ending Balance	% of Total	Note
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	Sales	(17,233,140)	(9)	Letter of credit/Receivables were collected after final acceptance	-	80,104	2	
China Steel Corporation	China Steel Structure Co., Ltd.	Subsidiary	Sales	(3,392,626)	(2)	Letter of credit/Accounts received in advance before shipment date	-	86,198	2	
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Subsidiary	Sales	(2,522,310)	(1)	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	-	-	-	
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	Sales	(1,852,675)	(1)	Accounts receivable factoring agreements	-	298,314	7	
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	Sales	(1,721,551)	(1)	Receivables were collected within 85 days after shipment date	-	776,853	18	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Sales	(1,513,259)	(1)	Receivables were collected within 10 days after shipment date	-	52,107	1	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Sales	(1,458,130)	(1)	Letter of credit	-	119,518	3	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Sales	(1,420,589)	(1)	Receivables were collected within 5 days after shipment date	-	101,537	2	
China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	Subsidiary	Sales	(935,516)	(1)	Receivables were collected within 14 days after shipment date	-	58,347	1	
China Steel Corporation	CSBC Corporation, Taiwan	The Corporation as director of the board of related party	Sales	(909,268)	-	Accounts received in advance before shipment date	-	111,592	3	
China Steel Corporation	CHC Resources Corporation	Subsidiary	Sales	(771,196)	-	Letter of credit	-	1,230	-	
China Steel Corporation	CSC Steel Sdn. Bhd.	Subsidiary	Sales	(719,566)	-	Receivables were collected within 14 days after shipment date	-	6,949	-	
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	Sales	(658,247)	-	Receivables were collected within 60 days after shipment date	-	175,340	4	
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	Sales	(561,916)	-	Receivables were collected within 10 days after shipment date	-	114	-	
China Steel Corporation	TSK Steel Company Limited	Affiliated enterprise	Sales	(510,718)	-	Letter of credit/Accounts received in advance before shipment date	-	-	-	
China Steel Corporation	China Steel Machinery Corporation	Subsidiary	Sales	(281,233)	-	Receivables were collected within 10 days after shipment date	-	71	-	
China Steel Corporation	Rochi Refrigeration Dongguan Co, Ltd.	The Corporation as director of the board of related party's parent company	Sales	(212,728)	-	Receivables were collected after shipment date	-	-	-	

Buyer	Related Party	Relationship	Purchase/Sale	Relationship		% of Total	Payment Terms	Abnormal Transaction Unit Price	Transaction Payment Terms	Notes/Accounts Receivable (Payable) Ending Balance	% of Total	Note
				Amount								
China Steel Corporation China Steel Corporation	Fukuta Electric & Machinery Co., Ltd. Chang-Chun Ceck Auto. Parts Co., Ltd	Affiliated enterprise Other related parties	Sales	(163,826)	-	Letter of credit	-	-	-	-	-	
			Sales	(155,157)	-	Receivables were collected within 85 days after shipment date	-	-	63,487	2		
China Steel Corporation	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The Corporation as director of the board of related party's parent company Subsidiary	Sales	(143,062)	-	Letter of credit	-	-	-	-	-	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Sales	(134,378)	-	Letter of credit/Accounts received in advance before shipment date	-	-	-	2,618	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Service revenue and other operating revenue	(1,508,774)	(1)	By contract terms	-	-	-	95,492	2	
China Steel Corporation	Tang Eng Iron Works Co., Ltd.	The Corporation as director of the board of related party	Service revenue and other operating revenue	(438,193)	-	By contract terms	-	-	-	4,375	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	Service revenue and other operating revenue	(213,361)	-	By contract terms	-	-	-	26,824	1	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Service revenue and other operating revenue	(135,975)	-	By contract terms	-	-	-	7,719	-	
China Steel Corporation	Taiwan High Speed Rail Corporation	The Corporation as director of the board of related party	Construction revenue	(213,664)	-	By contract terms	-	-	-	-	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	Purchases	13,713,145	12	Payment within 5 days after shipment date/Payment after final acceptance	-	-	-	(240,762)	(5)	
China Steel Corporation	China Steel Express Corporation	Subsidiary	Purchases	6,241,858	6	Payment against copy of B/L	-	-	-	(473,670)	(9)	
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	Purchases	1,814,789	2	Payment after final acceptance	-	-	-	(199,257)	(4)	
China Steel Corporation	CSE Transport Corporation	Subsidiary	Purchases	733,735	1	Payment against copy of B/L	-	-	-	(32,718)	(1)	
China Steel Corporation	China Steel Global Trading Corporation	Subsidiary	Purchases	400,484	-	Payment after final acceptance	-	-	-	(32,985)	(1)	
China Steel Corporation	HIMAG Magnetic Corporation	Subsidiary	Purchases	306,981	-	Payment after final acceptance	-	-	-	(27,002)	(1)	
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Affiliated enterprise	Purchases	158,299	-	Payment after final acceptance	-	-	-	(21,429)	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	Sales	(13,510,994)	(18)	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	-	-	-	245,524	12	
Dragon Steel Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(9,379,359)	(12)	Letter of credit/Receivables were collected within 5 days after shipment date	-	-	-	223,383	11	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Sales	(6,027,811)	(8)	Receivables were collected within 5 days after shipment date	-	-	-	592,078	29	
Dragon Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(2,965,073)	(4)	Receivables were collected within 5 days after shipment date	-	-	-	44,219	2	
Dragon Steel Corporation	China Steel Structure Co., Ltd. China Steel Global Trading Corporation	The same parent company The same parent company	Sales Sales	(917,355) (898,050)	(1) (1)	Letter of credit Receivables were collected within 5 days after shipment date	- -	-	-	51,800 6,329	3 -	
Dragon Steel Corporation	China Steel Chemical Corporation	The same parent company	Sales	(515,258)	(1)	Receivables were collected within 5 days after shipment date	-	-	-	17,283	1	
Dragon Steel Corporation Dragon Steel Corporation	CHC Resources Corporation CSGT Metals Vietnam Joint Stock Company	The same parent company The same parent company	Sales Sales	(396,540) (145,664)	(1) -	Letter of credit Receivables were collected within 5 days after shipment date	- -	-	-	6,640 13,566	- 1	
Dragon Steel Corporation	China Steel Corporation	Parent company	Other operating revenue	(202,151)	-	Receivables were collected after final acceptance	-	-	-	55,928	3	

Buyer	Related Party	Relationship	Relationship		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total
Dragon Steel Corporation	China Steel Express Corporation	The same parent company	Purchases	3,305,655	6	-	Payment against copy of B/L	(253,139)	(9)
Dragon Steel Corporation	China Steel Corporation	Parent company	Purchases	2,465,157	5	-	Payment within 5 days after shipment date	(101,537)	(4)
Dragon Steel Corporation	C.S.Aluminium Corporation	The same parent company	Purchases	757,818	1	-	advance Payment within 30 days after final acceptance	(63,126)	(2)
Dragon Steel Corporation	CSE Transport Corporation	The same parent company	Purchases	461,298	1	-	Payment against copy of B/L	(17,770)	(1)
Dragon Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	168,487	-	-	Payment in advance/Payment within 30 days after final acceptance	(11,616)	-
Batacera Inc.	Batacera (Su Zhou) Co., Ltd.	Subsidiary	Sales	(383,098)	(18)	-	Net 90 days from the end of the month of when invoice is issued	92,089	19
Batacera Inc.	Batacera (Su Zhou) Co., Ltd.	Subsidiary	Purchases	1,060,573	57	-	Net 90 days from the end of the month of when invoice is issued	(192,499)	(42)
Batacera Inc.	Suzhou Batacera Technology Co., Ltd.	Subsidiary	Purchases	401,323	22	-	Net 90 days from the end of the month of when invoice is issued	(95,699)	(21)
Batacera (Su Zhou) Co., Ltd.	Batacera Inc.	Parent company	Sales	(1,061,098)	(83)	-	Net 90 days from the end of the month of when invoice is issued	193,036	80
Batacera (Su Zhou) Co., Ltd.	Batacera Inc.	Parent company	Purchases	383,007	45	-	Net 90 days from the end of the month of when invoice is issued	(175,562)	(46)
Suzhou Batacera Technology Co., Ltd.	Batacera Inc.	Parent company	Sales	(400,398)	(100)	-	Net 90 days from the end of the month of when invoice is issued	95,966	100
China Steel Express Corporation	China Steel Corporation	Parent company	Service revenue	(6,928,880)	(51)	-	Payment after shipping document specified	487,446	49
China Steel Express Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(3,851,612)	(29)	-	Payment after shipping document specified	274,973	28
China Steel Express Corporation	CHC Resources Corporation	The same parent company	Service revenue	(127,893)	(1)	-	Payment after shipping document specified	-	-
CSE Transport Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(718,997)	(34)	-	Payment after shipping document specified	32,718	41
CSE Transport Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(458,745)	(22)	-	Payment after shipping document specified	17,770	22
CSE Transport Corporation	China Steel Express Corporation	Parent company	Service revenue	(233,766)	(11)	-	Payment after shipping document specified	-	-
Kaopert Stevedoring Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(226,052)	(84)	-	Receivable were collected within 30 working days against copy of B/L	14,822	72
C.S.Aluminium Corporation	China Steel Corporation	Parent company	Sales	(1,814,789)	(13)	-	Receivables were collected after final acceptance	199,257	32
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	Sales	(757,818)	(5)	-	Receivables were collected after final acceptance	63,126	10
CSC Steel Sdn. Bhd.	Dragon Steel Corporation	The same parent company	Purchases	3,059,761	52	-	Payment after shipping document specified	(41,187)	(24)
CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	The same parent company	Purchases	1,325,338	23	-	Payment after shipping document specified	(51,974)	(30)
CSC Steel Sdn. Bhd.	China Steel Corporation	The ultimate parent of the company	Purchases	700,408	12	-	Payment after shipping document specified	(6,769)	(4)
CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	The same parent company	Purchases	340,783	6	-	Payment after shipping document specified	(44,191)	(25)
China Steel Precision Metals Qingdao Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	The parent company as the director of other related party's parent company	Sales	(428,773)	(55)	-	Net 7 days from invoice date/Net 30 days from invoice date	53,612	31
							ES: Payment within 7 days after receipt of invoice; PO: Pay 180 days Banker's acceptance within 30 days after receipt of invoice		

Buyer	Related Party	Relationship	Relationship		Payment Terms	Abnormal Transaction	Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Unit Price	Ending Balance	% of Total	
China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	658,975	99	-	(175,340)	(97)	
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(1,363,568)	(4)	-	53,331	6	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Service revenue	(319,010)	(1)	-	52,905	6	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchases	17,341,242	62	-	(267,429)	(78)	
Chung Hung Steel Corporation	Dragon Steel Corporation	The same parent company	Purchases	9,479,326	34	-	-	-	
Chung Hung Steel Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	510,299	2	-	(41,210)	(12)	
China Steel Chemical Corporation	Jinyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	(845,761)	(16)	-	90,911	23	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,447,865	55	-	(151,092)	(81)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	605,995	23	-	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	515,258	19	-	-	-	
China Steel Global Trading Corporation	Chung Hung Steel Corporation	The same parent company	Sales	(468,198)	(5)	-	41,210	7	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Sales	(400,484)	(4)	-	32,985	6	
China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	The same parent company	Sales	(365,378)	(4)	-	46,815	8	
China Steel Global Trading Corporation	Sing Da Marine Structure Corporation	The same parent company	Sales	(242,315)	(2)	-	-	-	
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Sales	(232,599)	(2)	-	110	-	
China Steel Global Trading Corporation	Dragon Steel Corporation	The same parent company	Sales	(168,487)	(2)	-	11,616	2	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Service revenue	(344,270)	(83)	-	16,943	3	
China Steel Global Trading Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	5,427,065	54	-	-	-	
China Steel Global Trading Corporation	China Steel Corporation	Parent company	Purchases	2,419,668	24	-	(52,142)	(46)	Note 1
China Steel Global Trading Corporation	Tang Eng Iron Works Co., Ltd.	The Corporation as director of the board of related party	Purchases	193,923	2	-	-	-	
CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	The ultimate parent of the company	Purchases	1,090,551	65	-	(70,974)	(52)	Note 1
CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	Purchases	428,980	28	-	(56,069)	(45)	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Sales	(653,981)	(7)	-	141,613	14	
									Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable) Ending Balance	% of Total	Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price			
CHC Resources Corporation	YA TUNG READY-MIXED CONCRETE CORP.	Subsidiary of director of the board	Sales	(469,828)	(5)	Net 60 days from the end of the month of when invoice is issued	-	64,455	6	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	Universal Cement Corporation	Director of the board	Sales	(221,713)	(2)	Net 60 days from the end of the month of when invoice is issued	-	39,455	4	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(1,769,937)	(19)	Net 60 days from the end of the month of when invoice is issued	-	221,148	22	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(1,264,214)	(14)	Net 30-70 days from the end of the month of when invoice is issued	-	152,936	15	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Service revenue	(454,036)	(5)	By contract terms	-	39,027	4	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Service revenue	(106,066)	(1)	Net 60 days from the end of the month of when invoice is issued	-	141,613	14	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	China Steel Resources Corporation	The same parent company	Construction revenue	(236,330)	(3)	By contract terms	-	39,027	4	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	China Steel Corporation	Parent company	Construction revenue	(175,500)	(2)	By contract terms	-	221,148	22	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	786,710	27	Letter of credit	-	(1,230)	(1)	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	Purchases	396,525	14	Letter of credit	-	(1,140)	(1)	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	Chung Hung Steel Corporation	The same parent company	Purchases	269,902	9	Letter of credit	-	(25,389)	(19)	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	243,134	8	Prepaid before shipping	-	-	-	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	Purchases	138,165	5	45 days after B/L	-	(8,928)	(7)	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(335,003)	(58)	Net 60 days from the end of the month of when invoice is issued	-	47,558	61	Credit policy for sales to non-related parties starts from bill of lading date, and the payment term has no significant difference from the term of related parties.
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Service revenue	(119,898)	(28)	Net 10 days from invoice date	-	15,689	64	
CHC Resources Vietnam Co., Ltd	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	255,332	98	Prepaid before shipment date	-	-	-	
Inf6Champ Systems Corporation	China Steel Corporation	Parent company	Service revenue	(818,936)	(42)	Receivables were collected within 30 days after shipment date	-	102,538	32	
China Steel Structure Co., Ltd	China Steel Corporation	Parent company	Service revenue	(386,501)	(4)	Contractual period	-	35,040	5	
China Steel Structure Co., Ltd	Dragon Steel Corporation	The same parent company	Service revenue	(115,163)	(1)	Contractual period	-	14,414	2	
China Steel Structure Co., Ltd	Dragon Steel Corporation	The same parent company	Construction revenue	(675,301)	(8)	Contractual period	-	44,445	6	
China Steel Structure Co., Ltd	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(312,504)	(4)	Contractual period	-	-	-	
China Steel Structure Co., Ltd	United Steel Engineering & Construction Corporation	Subsidiary	Construction revenue	(212,139)	(2)	Contractual period	-	-	-	
China Steel Structure Co., Ltd	China Steel Corporation	Parent company	Construction revenue	(102,154)	(1)	Contractual period	-	-	-	
China Steel Structure Co., Ltd	China Steel Corporation	Parent company	Purchases	3,518,834	69	Letter of credit/Prepaid before shipment date	-	(93,900)	(6)	Payment 7th of next month after accept supplier invoice.
China Steel Structure Co., Ltd	Dragon Steel Corporation	The same parent company	Purchases	919,185	18	Letter of credit	-	(45,985)	(3)	Payment 7th of next month after accept supplier invoice.
United Steel Engineering & Construction Corporation	China Steel Corporation	The ultimate parent of the company	Construction revenue	(1,092,553)	(24)	Contractual period	-	69,212	17	
United Steel Engineering & Construction Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(433,289)	(9)	Contractual period	-	54,065	13	

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction			Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	The same parent company	Construction revenue	(391,493)	(8)	Contractual period	-	Contractual period	-	-	
United Steel Engineering & Construction Corporation	CHC Resources Corporation	The same parent company	Construction revenue	(344,263)	(7)	Contractual period	-	Contractual period	-	-	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(183,369)	(4)	Contractual period	-	Contractual period	112,556	27	
China Ecotek Corporation	China Steel Corporation	Parent company	Construction revenue	(5,644,084)	(65)	Contractual period	-	Contractual period	640,553	60	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(1,257,027)	(15)	Contractual period	-	Contractual period	101,042	9	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	Construction revenue	(421,313)	(5)	Contractual period	-	Contractual period	147,522	14	
China Ecotek Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Construction revenue	(154,574)	(2)	Contractual period	-	Contractual period	2,232	-	
China Ecotek Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(129,359)	(2)	Contractual period	-	Contractual period	674	-	
China Ecotek Corporation	Sing Da Marine Structure Corporation	The same parent company	Purchases	220,472	3	Contractual period	-	Contractual period	-	-	
China Steel Security Corporation	China Steel Corporation	Parent company	Service revenue	(373,010)	(26)	By contract terms	-	By contract terms	27,672	20	
China Steel Security Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(103,323)	(7)	By contract terms	-	By contract terms	9,817	7	
Steel Castle Technology Corporation	China Steel Corporation	The ultimate parent of the company	Service revenue	(541,151)	(45)	By contract terms	-	By contract terms	46,393	59	
Steel Castle Technology Corporation	Dragon Steel Corporation	The same parent company	Service revenue	(170,826)	(14)	By contract terms	-	By contract terms	22,290	29	
Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	The same parent company	Service revenue	(103,728)	(9)	By contract terms	-	By contract terms	-	-	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Sales	(314,585)	(33)	Receivables were collected within 10 days after shipment date	-	Receivables were collected within 10 days after shipment date	27,237	17	
HIMAG Magnetic Corporation	China Steel Corporation	Parent company	Purchases	134,175	26	Receivables were collected within 10 days after shipment date	-	Receivables were collected within 10 days after shipment date	(2,585)	(5)	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Construction revenue	(4,071,813)	(62)	Payment after final acceptance	-	Payment after final acceptance	508,838	59	
China Steel Machinery Corporation	Dragon Steel Corporation	The same parent company	Construction revenue	(1,009,176)	(15)	Payment after final acceptance	-	Payment after final acceptance	67,950	8	
China Steel Machinery Corporation	Sing Da Marine Structure Corporation	The same parent company	Construction revenue	(329,553)	(5)	Payment after final acceptance	-	Payment after final acceptance	17,769	2	
China Steel Machinery Corporation	China Steel Corporation	Parent company	Purchases	285,910	14	Payment after final acceptance	-	Payment after final acceptance	(71)	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL & SUMIKIN SALES VIETNAM COMPANY LIMITED	Other related parties	Sales	(1,287,268)	(8)	Accounts receivable, 10 days term	-	Accounts receivable, 10 days term	87,554	12	
China Steel and Nippon Steel Vietnam Joint Stock Company	NS Bluescope (Vietnam) Limited	Other related parties	Sales	(574,068)	(4)	Accounts receivable, 60 days term	-	Accounts receivable, 60 days term	191,098	25	
China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	The same parent company	Sales	(475,596)	(3)	Accounts receivable, 30 days term	-	Accounts receivable, 30 days term	62,121	8	
China Steel and Nippon Steel Vietnam Joint Stock Company	Nippon Steel Trading Vietnam Co., Ltd.	Other related parties	Sales	(104,244)	(1)	Accounts receivable, 10 days term	-	Accounts receivable, 10 days term	-	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	Parent company	Purchases	8,949,718	74	Receivables were collected within 120 days after shipment date	-	Receivables were collected within 120 days after shipment date	93,925	2	Notes 1 and 2
China Steel and Nippon Steel Vietnam Joint Stock Company	NIPPON STEEL TRADING CORPORATION	Other related parties	Purchases	2,491,717	21	Receivables were collected within 45 days after shipment date	-	Receivables were collected within 45 days after shipment date	(116,618)	(3)	
China Steel and Nippon Steel Vietnam Joint Stock Company	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	666,378	6	Prepaid before shipment date	-	Prepaid before shipment date	-	-	
China Steel Corporation India Pvt. Ltd.	China Steel Corporation	Parent company	Purchases	1,871,843	98	Payment to the bank after the Corporation's shipment date	-	Payment to the bank after the Corporation's shipment date	-	-	
Kaohsiung Rapid Transit Corporation	China Steel Corporation	Parent company	Service revenue	(219,951)	(10)	Net 15 days from the end of the month of when invoice is issued	-	Net 15 days from the end of the month of when invoice is issued	-	-	
China Steel Resources Corporation	China Steel Corporation	Parent company	Sales	(602,729)	(100)	Net 60 days from the end of the month of when invoice is issued	-	Net 60 days from the end of the month of when invoice is issued	51,555	100	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	Service revenue	(136,696)	(100)	Net 60 days from the end of the month of when invoice is issued	-	Net 60 days from the end of the month of when invoice is issued	15,542	100	
Sing Da Marine Structure Corporation	China Steel Corporation	Parent company	Purchases	561,916	70	Payment within 10 days after shipment date	-	Payment within 10 days after shipment date	(114)	(31)	

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total	
Sing Da Marine Structure Corporation	China Steel Global Trading Corporation	The same parent company	Purchases	242,315	30	Payment within 30 days after shipment date	-	-	-	
China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	The ultimate parent of the company	Purchases	1,722,443	99	Payment within 85 days after shipment date	-	(776,853)	(97)	

Note 1: Purchase amount includes the Corporation's sales commitment to Dragon Steel Corporation.

Note 2: Balance of accounts receivable refers to prepayments.

TABLE 7

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
China Steel Corporation	C.S.Aluminium Corporation	Subsidiary	3,602,242	-	-		-	-	Note
China Steel Corporation	China Steel Resources Corporation	Subsidiary	944,881	-	-		-	-	Note
China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	Subsidiary	776,853	4	-		219,984	-	
China Steel Corporation	Sing Da Marine Structure Corporation	Subsidiary	700,346	-	-		-	-	Note
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Subsidiary	450,672	-	-		24	-	Note
China Steel Corporation	China Steel Corporation India Pvt. Ltd.	Subsidiary	298,314	12	-		298,314	-	
China Steel Corporation	Dragon Steel Corporation	Subsidiary	197,029	20	-		102,094	-	
China Steel Corporation	Chung Hung Steel Corporation	Subsidiary	193,712	-	-		172,377	-	Note
China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	Subsidiary	176,575	5	-		166,283	-	
China Steel Corporation	China Steel Chemical Corporation	Subsidiary	146,342	10	-		146,342	-	
China Steel Corporation	CSBC Corporation, Taiwan	The Corporation as director of the board of related party	111,592	6	-		111,592	-	
Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	The same parent company	592,078	18	-		592,078	-	
Dragon Steel Corporation	China Steel Corporation	Parent company	301,452	91	-		301,452	-	
Dragon Steel Corporation	Chung Hung Steel Corporation	Parent company	271,187	-	-		-	-	Note
Dragon Steel Corporation	Betacera (Su Zhou) Co., Ltd.	The same parent company	223,383	81	-		223,383	-	
China Steel Express Corporation	China Steel Corporation	Parent company	193,161	7	-		99,394	-	
China Steel Express Corporation	Dragon Steel Corporation	Parent company	487,446	9	-		289,366	-	
C.S.Aluminium Corporation	Dragon Steel Corporation	The same parent company	274,973	19	-		274,973	-	
China Prosperity Development Corporation	China Steel Corporation	Parent company	199,257	9	-		192,927	-	
China Prosperity Development Corporation	China Steel Corporation	Parent company	2,354,117	-	-		-	-	Note
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	108,420	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	199,360	-	-		-	-	Note
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	199,360	-	-		-	-	Note
CHC Resources Corporation	China Steel Corporation	Parent company	221,148	12	76,924	Receivable on demand	86,803	-	
CHC Resources Corporation	Dragon Steel Corporation	The same parent company	152,936	8	-		97,102	-	
CHC Resources Corporation	TAIWAN CEMENT CORPORATION	Director of the board	141,613	5	-		-	-	
InfoChamp Systems Corporation	China Steel Corporation	Parent company	103,207	4	-		84,564	-	
United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	The same parent company	112,556	3	-		47,776	-	
China Ecotek Corporation	China Steel Corporation	Parent company	640,553	14	-		637,945	-	
China Ecotek Corporation	CSC Solar Corporation	The same parent company	147,522	1	-		-	-	
China Ecotek Corporation	Dragon Steel Corporation	The same parent company	101,042	12	-		56,609	-	
China Steel Security Corporation	China Steel Corporation	Parent company	100,185	-	-		-	-	Note
China Steel Machinery Corporation	China Steel Corporation	Parent company	508,838	12	-		439,683	-	
China Steel and Nippon Steel Vietnam Joint Stock Company	NS BlueScope (Vietnam) Limited	Other related parties	191,098	2	-		106,122	-	
CSC Precision Metal Industrial Corporation	China Steel Corporation	Parent company	100,033	-	-		-	-	Note

Note: Other receivables.

TABLE 8

CHINA STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Corporation	Chung Hung Steel Corporation	1	Sales	17,233,140	Letter of credit/Receivables were collected after final acceptance	5
0	China Steel Corporation	China Steel Structure Co., Ltd.	1	Sales	3,392,626	Letter of credit/Accounts received in advance before shipment date	1
0	China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	1	Sales	2,522,310	Accounts receivable factoring agreements/Receivables were collected within 14 days after shipment date	1
0	China Steel Corporation	China Steel Corporation India Pvt. Ltd.	1	Sales	1,852,675	Accounts receivable factoring agreements	1
0	China Steel Corporation	China Steel Precision Metals Kunshan Co., Ltd.	1	Sales	1,721,551	Receivables were collected within 85 days after shipment date	1
0	China Steel Corporation	China Steel Global Trading Corporation	1	Sales	1,513,259	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	China Steel Chemical Corporation	1	Sales	1,458,130	Letter of credit	-
0	China Steel Corporation	Dragon Steel Corporation	1	Sales	1,420,589	Receivables were collected within 5 days after shipment date	-
0	China Steel Corporation	CSGT Metals Vietnam Joint Stock Company	1	Sales	935,516	Receivables were collected within 14 days after shipment date	-
0	China Steel Corporation	CHC Resources Corporation	1	Sales	771,196	Letter of credit	-
0	China Steel Corporation	CSC Steel Sdn. Bhd.	1	Sales	719,566	Receivables were collected within 14 days after shipment date	-
0	China Steel Corporation	China Steel Precision Metals Qingdao Co., Ltd.	1	Sales	658,247	Receivables were collected within 60 days after shipment date	-
0	China Steel Corporation	Sing Da Marine Structure Corporation	1	Sales	561,916	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	China Steel Machinery Corporation	1	Sales	281,233	Receivables were collected within 10 days after shipment date	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Sales	134,378	Letter of credit/Accounts received in advance before shipment date	-
0	China Steel Corporation	Dragon Steel Corporation	1	Service revenue and other operating revenue	1,508,774	By contract terms	-
0	China Steel Corporation	China Steel Chemical Corporation	1	Service revenue and other operating revenue	213,361	By contract terms	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Corporation	C.S.Aluminium Corporation	1	Service revenue and other operating revenue	135,975	By contract terms	-
0	China Steel Corporation	Dragon Steel Corporation	1	Purchases	13,713,145	Payment within 5 days after shipment date/Payment after final acceptance	4
0	China Steel Corporation	China Steel Express Corporation	1	Purchases	6,241,858	Payment against copy of B/L	2
0	China Steel Corporation	C.S.Aluminium Corporation	1	Purchases	1,814,789	Payment after final acceptance	1
0	China Steel Corporation	CSE Transport Corporation	1	Purchases	733,735	Payment against copy of B/L	-
0	China Steel Corporation	China Steel Global Trading Corporation	1	Purchases	400,484	Payment after final acceptance	-
0	China Steel Corporation	HIMAG Magnetic Corporation	1	Purchases	306,981	Payment after final acceptance	-
1	Dragon Steel Corporation	China Steel Corporation	2	Sales	13,510,994	Receivables were collected within 5 days after shipment date/Receivables were collected after final acceptance	4
1	Dragon Steel Corporation	Chung Hung Steel Corporation	3	Sales	9,379,359	Letter of credit/Receivables were collected within 5 days after shipment date	3
1	Dragon Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Sales	6,027,811	Receivables were collected within 5 days after shipment date	2
1	Dragon Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	2,965,073	Receivables were collected within 5 days after shipment date	1
1	Dragon Steel Corporation	China Steel Structure Co., Ltd.	3	Sales	917,355	Letter of credit	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Sales	898,050	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Chemical Corporation	3	Sales	515,258	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	CHC Resources Corporation	3	Sales	396,540	Letter of credit	-
1	Dragon Steel Corporation	CSGT Metals Vietnam Joint Stock Company	3	Sales	145,664	Receivables were collected within 5 days after shipment date	-
1	Dragon Steel Corporation	China Steel Corporation	2	Other operating revenue	202,151	Receivables were collected after final acceptance	-
1	Dragon Steel Corporation	China Steel Express Corporation	3	Purchases	3,305,655	Payment against copy of B/L	1
1	Dragon Steel Corporation	China Steel Corporation	2	Purchases	2,465,157	Payment within 5 days after shipment date	1
1	Dragon Steel Corporation	C.S.Aluminium Corporation	3	Purchases	757,818	Payment in advance/Payment within 30 days after final acceptance	-
1	Dragon Steel Corporation	CSE Transport Corporation	3	Purchases	461,298	Payment against copy of B/L	-
1	Dragon Steel Corporation	China Steel Global Trading Corporation	3	Purchases	168,487	Payment in advance/Payment within 30 days after final acceptance	-
2	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Sales	383,098	Net 90 days from the end of the month of when invoice is issued	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
2	Betacera Inc.	Betacera (Su Zhou) Co., Ltd.	1	Purchases	1,060,573	Net 90 days from the end of the month of when invoice is issued	-
2	Betacera Inc.	Suzhou Betacera Technology Co., Ltd.	1	Purchases	401,323	Net 90 days from the end of the month of when invoice is issued	-
3	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Sales	1,061,098	Net 90 days from the end of the month of when invoice is issued	-
3	Betacera (Su Zhou) Co., Ltd.	Betacera Inc.	2	Purchases	383,007	Net 90 days from the end of the month of when invoice is issued	-
4	Suzhou Betacera Technology Co., Ltd.	Betacera Inc.	2	Sales	400,398	Net 90 days from the end of the month of when invoice is issued	-
5	China Steel Express Corporation	China Steel Corporation	2	Service revenue	6,928,880	Payment after shipping document specified	2
5	China Steel Express Corporation	Dragon Steel Corporation	3	Service revenue	3,851,612	Payment after shipping document specified	1
5	China Steel Express Corporation	CHC Resources Corporation	3	Service revenue	127,893	Payment after shipping document specified	-
6	CSE Transport Corporation	China Steel Corporation	2	Service revenue	718,997	Payment after shipping document specified	-
6	CSE Transport Corporation	Dragon Steel Corporation	3	Service revenue	458,745	Payment after shipping document specified	-
6	CSE Transport Corporation	China Steel Express Corporation	2	Service revenue	233,766	Payment after shipping document specified	-
7	Kaoport Stevedoring Corporation	China Steel Corporation	2	Service revenue	226,052	Receivable were collected within 30 working days against copy of B/L	-
8	C.S.Aluminium Corporation	China Steel Corporation	2	Sales	1,814,789	Receivables were collected after final acceptance	1
8	C.S.Aluminium Corporation	Dragon Steel Corporation	3	Sales	757,818	Receivables were collected after final acceptance	-
9	CSC Steel Sdn. Bhd.	Dragon Steel Corporation	3	Purchases	3,059,761	Payment after shipping document specified	1
9	CSC Steel Sdn. Bhd.	Chung Hung Steel Corporation	3	Purchases	1,325,338	Payment after shipping document specified	-
9	CSC Steel Sdn. Bhd.	China Steel Corporation	2	Purchases	700,408	Payment after shipping document specified	-
9	CSC Steel Sdn. Bhd.	China Steel Global Trading Corporation	3	Purchases	340,783	Payment after shipping document specified	-
10	China Steel Precision Metals Qingdao Co., Ltd.	China Steel Corporation	2	Purchases	658,975	60 days after B/L	-
11	Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	3	Sales	1,363,568	T/T within 7 working days against copy of B/L	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
11	Chung Hung Steel Corporation	China Steel Corporation	2	Service revenue	319,010	T/T as the end of the month of when invoice is issued after final acceptance	-
11	Chung Hung Steel Corporation	China Steel Corporation	2	Purchases	17,341,242	Letter of credit at sight/Payment after final acceptance	6
11	Chung Hung Steel Corporation	Dragon Steel Corporation	3	Purchases	9,479,326	Letter of credit at sight	3
11	Chung Hung Steel Corporation	China Steel Global Trading Corporation	3	Purchases	510,299	Letter of credit at sight/Payment after final acceptance	-
12	China Steel Chemical Corporation	China Steel Corporation	2	Purchases	1,447,865	Letter of credit at sight	-
12	China Steel Chemical Corporation	Dragon Steel Corporation	3	Purchases	515,258	Letter of credit at sight	-
13	China Steel Global Trading Corporation	Chung Hung Steel Corporation	3	Sales	468,198	Receivables were collected after shipment date	-
13	China Steel Global Trading Corporation	China Steel Corporation	2	Sales	400,484	Receivables were collected after final acceptance	-
13	China Steel Global Trading Corporation	CSC Steel Sdn. Bhd.	3	Sales	365,378	Receivables were collected after shipment date	-
13	China Steel Global Trading Corporation	Sing Da Marine Structure Corporation	3	Sales	242,315	Receivables were collected after final acceptance	-
13	China Steel Global Trading Corporation	Dragon Steel Corporation	3	Sales	168,487	Receivables were collected after shipment date	-
13	China Steel Global Trading Corporation	China Steel Corporation	2	Service revenue	344,270	By contract terms	-
13	China Steel Global Trading Corporation	China Steel Corporation	2	Purchases (Note 2)	2,419,668	Payment after shipment date	1
14	CSGT Metals Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	1,090,551	Payment from counter-party notice after shipping	-
14	CSGT Metals Vietnam Joint Stock Company	China Steel and Nippon Steel Vietnam Joint Stock Company	3	Purchases	428,980	Payment after shipment date	-
15	CHC Resources Corporation	China Steel Corporation	2	Service revenue	1,769,937	Net 60 days from the end of the month of when invoice is issued	1
15	CHC Resources Corporation	Dragon Steel Corporation	3	Service revenue	1,264,214	Net 30-70 days from the end of the month of when invoice is issued	-
15	CHC Resources Corporation	China Steel Resources Corporation	3	Service revenue	454,036	By contract terms	-
15	CHC Resources Corporation	China Steel Resources Corporation	3	Construction revenue	236,330	By contract terms	-
15	CHC Resources Corporation	China Steel Corporation	2	Construction revenue	175,500	By contract terms	-
15	CHC Resources Corporation	China Steel Corporation	2	Purchases	786,710	Letter of credit	-
15	CHC Resources Corporation	Dragon Steel Corporation	3	Purchases	396,525	Letter of credit	-
15	CHC Resources Corporation	Chung Hung Steel Corporation	3	Purchases	269,902	Letter of credit	-
16	Union Steel Development Corporation	CHC Resources Corporation	2	Service revenue	335,003	Net 60 days from the end of the month of when invoice is issued	-
17	InfoChamp Systems Corporation	China Steel Corporation	2	Service revenue	818,936	Receivables were collected within 30 days after shipment date	-
18	China Steel Structure Co., Ltd.	China Steel Corporation	2	Service revenue	386,501	Contractual period	-
18	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Service revenue	115,163	Contractual period	-

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
18	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Construction revenue	675,301	Contractual period	-
18	China Steel Structure Co., Ltd.	Sing Da Marine Structure Corporation	3	Construction revenue	312,504	Contractual period	-
18	China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	1	Construction revenue	212,139	Contractual period	-
18	China Steel Structure Co., Ltd.	China Steel Corporation	2	Construction revenue	102,154	Contractual period	-
18	China Steel Structure Co., Ltd.	China Steel Corporation	2	Purchases	3,518,834	Letter of credit/Prepaid before shipment date	1
18	China Steel Structure Co., Ltd.	Dragon Steel Corporation	3	Purchases	919,185	Letter of credit	-
19	United Steel Engineering & Construction Corporation	China Steel Corporation	2	Construction revenue	1,092,553	Contractual period	-
19	United Steel Engineering & Construction Corporation	Dragon Steel Corporation	3	Construction revenue	433,289	Contractual period	-
19	United Steel Engineering & Construction Corporation	China Prosperity Development Corporation	3	Construction revenue	391,493	Contractual period	-
19	United Steel Engineering & Construction Corporation	CHC Resources Corporation	3	Construction revenue	344,263	Contractual period	-
19	United Steel Engineering & Construction Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	183,369	Contractual period	-
20	China Ecotek Corporation	China Steel Corporation	2	Construction revenue	5,644,084	Contractual period	2
20	China Ecotek Corporation	Dragon Steel Corporation	3	Construction revenue	1,257,027	Contractual period	-
20	China Ecotek Corporation	CSC Solar Corporation	3	Construction revenue	421,313	Contractual period	-
20	China Ecotek Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	129,359	Contractual period	-
20	China Ecotek Corporation	China Steel Machinery Corporation	3	Purchases	220,472	Contractual period	-
21	China Steel Security Corporation	China Steel Corporation	2	Service revenue	373,010	By contract terms	-
21	China Steel Security Corporation	Dragon Steel Corporation	3	Service revenue	103,323	By contract terms	-
22	Steel Castle Technology Corporation	China Steel Corporation	2	Service revenue	541,151	By contract terms	-
22	Steel Castle Technology Corporation	Dragon Steel Corporation	3	Service revenue	170,826	By contract terms	-
22	Steel Castle Technology Corporation	United Steel Engineering & Construction Corporation	3	Service revenue	103,728	By contract terms	-
23	HIMAG Magnetic Corporation	China Steel Corporation	2	Sales	314,585	Receivables were collected within 10 days after shipment date	-
23	HIMAG Magnetic Corporation	China Steel Corporation	2	Purchases	134,175	Receivables were collected within 10 days after shipment date	-
24	China Steel Machinery Corporation	China Steel Corporation	2	Construction revenue	4,071,813	Payment after final acceptance	1
24	China Steel Machinery Corporation	Dragon Steel Corporation	3	Construction revenue	1,009,176	Payment after final acceptance	-
24	China Steel Machinery Corporation	Sing Da Marine Structure Corporation	3	Construction revenue	329,553	Payment after final acceptance	-
24	China Steel Machinery Corporation	China Steel Corporation	2	Purchases	285,910	Payment after final acceptance	-
25	China Steel and Nippon Steel Vietnam Joint Stock Company	CSGT Metals Vietnam Joint Stock Company	3	Sales	475,596	Accounts receivable, 30 days term	-
25	China Steel and Nippon Steel Vietnam Joint Stock Company	China Steel Corporation	2	Purchases (Note 2)	8,949,718	Receivables were collected within 120 days after shipment date	3
26	China Steel Corporation India Pvt. Ltd.	China Steel Corporation	2	Purchases	1,871,843	Payment to the bank after the Corporation's shipment date	1

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
27	Kaohsiung Rapid Transit Corporation	China Steel Corporation	2	Service revenue	219,951	Net 15 days from the end of the month of when invoice is issued	-
28	China Steel Resources Corporation	China Steel Corporation	2	Sales	602,729	Net 60 days from the end of the month of when invoice is issued	-
29	CSC Precision Metal Industrial Corporation	China Steel Corporation	2	Service revenue	136,696	Net 60 days from the end of the month of when invoice is issued	-
30	Sing Da Marine Structure Corporation	China Steel Corporation	2	Purchases	561,916	Payment within 10 days after shipment date	-
30	Sing Da Marine Structure Corporation	China Steel Global Trading Corporation	3	Purchases	242,315	Payment within 30 days after shipment date	-
31	China Steel Precision Metals Kunshan Co., Ltd.	China Steel Corporation	2	Purchases	1,722,443	Payment within 85 days after shipment date	1

Note 1: The relationships with counterparties are as follows:

- 1) Parent to subsidiaries
- 2) Subsidiaries to parent
- 3) Subsidiaries to subsidiaries

Note 2: Purchase amount includes the Corporation's sales commitment to Dragon Steel Corporation.

TABLE 9

CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%			
China Steel Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	5,539,872	5,539,872	582,673,153	41	528,260	181,590	Subsidiary
China Steel Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and specialty chemical	334,285	334,285	68,787,183	29	716,891	203,783	Subsidiary
China Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	1,024,194	1,024,194	66,487,844	33	630,701	147,430	Subsidiary
China Steel Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	554,268	554,268	55,393,138	45	197,435	(68,757)	Subsidiary
China Steel Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	261,677	261,677	49,289,597	20	761,987	150,675	Subsidiary
China Steel Corporation	Dragon Steel Corporation	Republic of China	Hot-rolled products, H beams, billets, flat steels	95,779,069	95,779,069	8,612,586,123	100	(2,192,627)	(2,778,630)	Subsidiary
China Steel Corporation	CSC Steel Australia Holdings Pty Ltd	Australia	General investment	17,359,623	17,359,623	594,638	100	821,594	821,594	Subsidiary
China Steel Corporation	China Steel Express Corporation	Republic of China	Shipping services for raw materials	2,504,071	2,504,071	422,545,250	100	1,953,621	1,230,040	Subsidiary
China Steel Corporation	Gains Investment Corporation	Republic of China	General investment	4,999,940	4,999,940	559,375,112	100	480,372	439,275	Subsidiary
China Steel Corporation	C.S. Aluminium Corporation	Republic of China	Production and sale of aluminum and non-ferrous metal products	3,922,801	3,922,801	840,122,049	100	(320,890)	(292,514)	Subsidiary
China Steel Corporation	China Prosperity Development Corporation	Republic of China	Real estate development	4,749,938	4,749,938	509,802,912	100	388,941	389,253	Subsidiary
China Steel Corporation	China Steel and Nippon Steel Vietnam Joint Stock Company	Vietnam	Manufacture and sale of steel products	9,651,239	9,651,239	514,304,000	56	(175,209)	(98,117)	Subsidiary
China Steel Corporation	China Steel Asia Pacific Holdings Pte Ltd	Singapore	Holding and investment	6,516,988	6,516,988	191,065,407	100	120,910	120,043	Subsidiary
China Steel Corporation	China Steel Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	309,502	309,502	78,827,362	100	330,686	316,133	Subsidiary
China Steel Corporation	Sing Da Marine Structure Corporation	Republic of China	Foundation of offshore wind power	3,421,000	3,421,000	342,100,000	100	(1,007,513)	(1,007,476)	Subsidiary
China Steel Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	4,031,501	4,031,501	120,799,811	43	(189,505)	(82,359)	Subsidiary
China Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	959,200	959,200	95,920,000	55	153,194	84,925	Subsidiary
China Steel Corporation	China Steel Resources Corporation	Republic of China	Other non-metallic mineral products	981,120	981,120	98,112,000	100	9,686	10,447	Subsidiary
China Steel Corporation	China Steel Machinery Corporation	Republic of China	Manufacturing equipment, power generation and other mechanical equipment	591,748	591,748	100,066,400	74	239,750	(20,105)	Subsidiary
China Steel Corporation	China Steel Power Holding Corporation	Republic of China	General investment	1,023,060	5,000	102,306,000	51	(275,654)	(140,584)	Subsidiary
China Steel Corporation	InfoChamp Systems Corporation	Republic of China	ERP systems automation control systems service	357,602	357,602	41,465,634	100	138,909	101,400	Subsidiary
China Steel Corporation	China Steel Corporation India Pvt. Ltd	India	Electrical steel	3,795,159	3,795,159	253,567,202	100	(294,224)	(294,224)	Subsidiary
China Steel Corporation	China Steel Security Corporation	Republic of China	On-site security, systematic security	149,940	149,940	25,036,986	100	103,421	102,737	Subsidiary
China Steel Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	389,497	389,497	19,183,286	69	17,815	12,295	Subsidiary
China Steel Corporation	CSC Precision Metal Industrial Corporation	Republic of China	Other non-ferrous metal basic industries	322,500	322,500	32,250,000	100	6,428	6,432	Subsidiary
China Steel Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	269,141	269,141	12,000,000	80	41,054	32,844	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%			
China Steel Corporation	China Steel Management Consulting Corporation	Republic of China	Business management and management consulting services	15,144	15,144	999,993	100	17,358	2,660	Subsidiary
China Steel Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	-	-	10	-	-	-	Subsidiary
China Steel Corporation	Taiwan Rolling Stock Co., Ltd.	Republic of China	Manufacture of railway vehicles	970,044	970,044	95,527,811	48	976,757	16,043	Associate
China Steel Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	450,000	450,000	45,000,000	18	529,928	157,381	Associate
China Steel Corporation	Honley Auto Parts Co., Ltd.	Republic of China	Manufacture of automotive components	590,876	590,876	59,087,570	35	406,411	(261,710)	Associate
China Steel Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	320,929	320,929	28,658,729	31	367,041	17,775	Associate
China Steel Corporation	Dyna Rechi Co., Ltd.	Republic of China	Production and marketing of Brushless DC Motor (BLDCM)	400,000	400,000	40,000,000	23	273,915	(41,158)	Associate
China Steel Corporation	Eminent II Venture Capital Corporation	Republic of China	General investment	300,000	500,000	30,000,000	46	213,703	(13,267)	Associate
China Steel Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	50,000	50,000	5,000,000	6	55,728	66,902	Associate
China Steel Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	7,629	7,629	1,666,700	17	23,843	18,479	Associate
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	306,824,279	41	2,669,716	120,233	Subsidiary
Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	26,000	26,000	2,600,000	100	28,329	302	Subsidiary
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	91,338	91,338	15,019,341	6	324,626	761,987	Subsidiary
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	14,421	630,701	Subsidiary
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100	1,289,830	54,722	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9	600,376	120,233	Subsidiary
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15	286,981	153,194	Subsidiary
China Steel Chemical Corporation	Formosa Ha Tinh CISC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50	276,256	(17,729)	Subsidiary
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8	43,348	17,815	Subsidiary
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5	31,841	(207,745)	Subsidiary
China Steel Chemical Corporation	Gau Rui Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	26,095	(1,659)	Subsidiary
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	14,035	794	Subsidiary
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	13,500	22,500	1,350,000	5	7,858	26,090	Subsidiary
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	Republic of China	International trading and general investment	-	39,920	-	-	-	(2,471)	Subsidiary
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Cayman Island	General investment	160,000	80,000	16,000,000	9	121,645	36,808	Associate
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5	7,151	18,479	Associate
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	847	16,934	84,672	6	6,218	(2,756)	Associate
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8	96,734	47,326	Subsidiary
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6	31,777	17,815	Subsidiary
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	17,994	793	Subsidiary
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	17,334	2,313	Subsidiary
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	15,786	1,455	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
China Ecotek Corporation China Ecotek Corporation	CFC Development Corporation China Steel Machinery Corporation	Samoa Republic of China	Holding and investment Manufacture and sale of products for iron and steel equipment, vehicle transportation mechanical equipment Solar energy generation	494,146 329,174	494,146 329,174	17,000,000 35,204,170	100 26	962,623 490,944	44,480 239,750	- -	Subsidiary Subsidiary
China Ecotek Corporation	CSC Solar Corporation	Republic of China	Engineering service industry	348,800	348,800	34,880,000	20	294,734	153,194	-	Subsidiary
China Ecotek Corporation	China Ecotek Construction Corporation	Republic of China	General investment	25,000	25,000	2,500,000	100	40,741	13,647	-	Subsidiary
China Ecotek Corporation	CFC International Corporation	Samoa	Holding and investment	30,642	30,642	10,000,000	100	40,462	308	-	Subsidiary
China Ecotek Corporation	Chium Yu Investment Corporation	Republic of China	General investment	14,233	14,233	1,196,000	40	23,898	383	-	Subsidiary
China Ecotek Corporation	CFC Holding Company Limited	Samoa	Holding and investment	163,779	163,779	14,860,000	100	21,077	359	-	Subsidiary
China Ecotek Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	8,000	8,000	800,000	40	16,098	798	-	Subsidiary
China Ecotek Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	8,050	8,050	805,000	35	15,286	1,225	-	Subsidiary
China Ecotek Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	11,996	793	-	Subsidiary
China Ecotek Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,262	8,262	300,000	1	3,885	(207,745)	-	Subsidiary
China Ecotek Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27	27	5,000	-	38	479	-	Subsidiary
China Ecotek Corporation	Iconova Technology Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	-	25,000	-	-	-	(168)	-	Subsidiary
China Ecotek Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	100,000	50,000	10,000,000	6	76,028	36,808	-	Associate
China Ecotek Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	141	2,822	14,112	1	1,035	(2,756)	-	Associate
CEC International Corporation	China Ecotek India Private Limited	India	Projects designs, construction and related services	27,070	27,070	4,995,000	100	37,502	479	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Projects designs, construction and related services	302,065	302,065	-	100	706,947	41,455	-	Subsidiary
China Steel Structure Co., Ltd.	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	132,715	132,715	23,182,738	9	501,450	761,987	-	Subsidiary
China Steel Structure Co., Ltd.	United Steel Engineering & Construction Corporation	Republic of China	Construction and management of buildings, roads and railways, and other civil engineering projects	410,000	410,000	74,000,000	100	1,380,917	99,297	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Investment Pte. Ltd.	Singapore	Holding and investment	-	134,578	10	100	145,636	258,482	-	Subsidiary
China Steel Structure Co., Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	-	148,264	4	37	84,211	419,894	-	Subsidiary
China Steel Structure Co., Ltd.	Chium Yu Investment Corporation	Republic of China	General investment	12,453	12,453	1,046,500	35	20,910	383	-	Subsidiary
China Steel Structure Co., Ltd.	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	17,080	17,080	769,829	3	15,446	17,815	-	Subsidiary
China Steel Structure Co., Ltd.	Chi-Yi Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	12,074	798	-	Subsidiary
China Steel Structure Co., Ltd.	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,000	6,000	600,000	30	12,030	794	-	Subsidiary
China Steel Structure Co., Ltd.	Wahoh Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	1,500	1,500	714,000	6	9,720	23,056	-	Subsidiary
China Steel Structure Co., Ltd.	Nikken & CSSC Metal Products Co., Ltd.	Republic of China	Building materials wholesale industry, pollution prevention equipment wholesale industry, etc.	6,750	6,750	675,000	45	4,702	119	-	Associate
China Steel Structure Co., Ltd.	Ascentek Venture Capital Corporation	Republic of China	General investment	635	12,701	63,504	5	4,653	(2,756)	-	Associate
United Steel Engineering & Construction Corporation	United Steel Investment Pte Ltd	Singapore	Holding and investment	126,806	126,806	4,180,000	100	139,363	(6,309)	-	Subsidiary
United Steel Engineering & Construction Corporation	China Prosperity Construction Corporation	Republic of China	Real estate development	53,550	53,550	5,355,000	40	61,088	376	-	Subsidiary
United Steel Engineering & Construction Corporation	United Steel Construction (Vietnam) Co., Ltd.	Vietnam	Construction and management of buildings, roads and railways, and other civil engineering projects	33,129	33,129	-	100	51,379	(2,319)	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
United Steel Engineering & Construction Corporation	Shin Mau Investment Corporation	Republic of China	General investment	13,754	13,754	1,196,000	40	23,765	3,531	-	Subsidiary
United Steel Engineering & Construction Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	15,433	15,433	1,543,276	1	15,573	(189,505)	-	Subsidiary
United Steel Engineering & Construction Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	100,000	100,000	10,000,000	4	117,762	157,381	-	Associate
United Steel Engineering & Construction Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	44,100	44,100	4,410,000	5	49,113	66,902	-	Associate
United Steel Engineering & Construction Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	212	4,224	21,168	2	1,548	(2,756)	-	Associate
United Steel Investment Pte Ltd	Chungkang Steel Structure (Cambodia) Co., Ltd.	Cambodia	Building materials manufacturing, construction engineering	96,283	96,283	310	31	89,860	(14,104)	-	Associate
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd.	Samoa	Holding and investment	-	397,075	-	-	-	(4,170)	-	Subsidiary
China Steel Structure Investment Pte. Ltd.	China Steel Structure Holding Co., Ltd.	Samoa	Holding and investment	-	248,811	6	63	145,434	419,894	-	Subsidiary
CHC Resources Corporation	Mao Lian Enterprise Co., Ltd.	Republic of China	Real estate lease, management of raw materials	1,100,440	-	2,500	100	1,099,591	(878)	-	Subsidiary
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Sales of GBFS	647,338	366,557	-	85	593,134	14,832	-	Subsidiary
CHC Resources Corporation	Yu Cheng Line Corporation	Republic of China	Real estate lease, management of raw materials	126,010	126,010	108,000	90	142,061	2,252	-	Subsidiary
CHC Resources Corporation	Union Steel Development Corporation	Republic of China	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	53,345	53,345	4,668,333	93	118,272	48,404	-	Subsidiary
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	China	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	50,937	50,937	5,408,550	51	86,443	10,969	-	Subsidiary
CHC Resources Corporation	Gau Rui Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	22,833	(1,659)	-	Subsidiary
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	21,048	1,455	-	Subsidiary
CHC Resources Corporation	Sheng Li H Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	19,810	2,313	-	Subsidiary
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	17,824	3,531	-	Subsidiary
CHC Resources Corporation	Jiang-Cheng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	17,469	1,225	-	Subsidiary
CHC Resources Corporation	HIMAO Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	10,970	10,970	494,440	2	9,910	17,815	-	Subsidiary
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	8,254	8,254	300,000	1	3,885	(207,745)	-	Subsidiary
CHC Resources Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	73,269	73,269	9,298,583	10	109,951	17,775	-	Associate
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	30,000	15,000	3,000,000	2	22,808	36,808	-	Associate
CHC Resources Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	423	8,467	42,336	3	3,105	(2,756)	-	Associate
Union Steel Development Corporation	Chung Hung Steel Corporation	Republic of China	Manufacture and sale of steel products	1,522	1,522	106,445	-	1,453	528,260	-	Subsidiary
China Steel Security Corporation	Steel Castle Technology Corporation	Republic of China	Firefighting engineering and mechatronic engineering	31,257	31,257	13,000,000	100	306,077	50,148	-	Subsidiary
China Steel Security Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	17,000	17,000	1,700,000	1	17,271	(189,505)	-	Subsidiary
China Steel Security Corporation	China Steel Management And Maintenance For Buildings Corporation	Republic of China	Management and maintenance for buildings	10,000	10,000	1,000,000	100	13,867	1,278	-	Subsidiary
China Steel Security Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	10,000	10,000	1,000,000	1	7,603	36,808	-	Associate
China Steel Security Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	141	2,822	14,112	1	1,035	(2,756)	-	Associate
China Prosperity Development Corporation	Chateau International Development Co., Ltd.	Republic of China	Development of leisure business	131,921	131,921	22,491,623	20	370,824	87,908	-	Associate
China Prosperity Development Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	151,526	151,526	3,840	80	183,509	13,968	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	130,000	130,000	13,000,000	5	132,228	(189,505)	-	Subsidiary
China Prosperity Development Corporation	China Prosperity Construction Corporation	Republic of China	Real estate development	92,105	92,105	8,032,500	60	91,632	376	-	Subsidiary
China Prosperity Development Corporation	Kaohsiung Arena Development Corporation	Republic of China	Development of competitive and leisure sports	175,000	175,000	17,500,000	7	206,083	157,381	-	Associate

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
China Prosperity Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	282	5,645	28,224	2	2,074	(2,756)	-	Associate
HIMAG Magnetic Corporation	MagnaPower Corporation	Republic of China	Powder metallurgy	218,000	218,000	21,800,000	55	103,066	(79,022)	-	Subsidiary
China Steel Power Holding Corporation	China Steel Power Corporation	Republic of China	Offshore Wind Power Generation	2,003,800	4,800	200,379,990	100	1,728,318	(275,345)	-	Subsidiary
CSC Solar Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	38,447	314	1,259,000	1	38,198	197,435	-	Subsidiary
InfoChamp Systems Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	60,784	60,784	5,825,030	35	66,979	15,342	-	Subsidiary
InfoChamp Systems Corporation	Kaohsiung Rapid Transit Corporation	Republic of China	Mass Rapid Transit service	40,265	40,265	5,200,319	2	52,947	(189,505)	-	Subsidiary
InfoChamp Systems Corporation	Info-Champ System (B.V.I) Corporation	British Virgin Islands	Holding and investment	6,816	6,816	201,000	100	18,210	4,307	-	Subsidiary
InfoChamp Systems Corporation	Majestic Solid Light Corporation	Republic of China	Manufacture and sale of UV LED	4,500	4,500	450,000	45	-	(2,378)	-	Associate
Kaohsiung Rapid Transit Corporation	Taiwan Intelligent Transportation Co., Ltd.	Republic of China	Technical service	26,000	26,000	2,600,000	100	29,719	1,275	-	Subsidiary
China Steel Machinery Corporation	China Steel Machinery Vietnam Co., Ltd.	Vietnam	Machines manufacturing	8,544	8,994	-	100	17,284	3,660	-	Subsidiary
China Steel Machinery Corporation	Overseas Investment & Development Corporation	Republic of China	General investment	95,900	95,900	9,590,000	11	106,845	66,902	-	Associate
Dragon Steel Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	98,266	98,266	3,500,000	2	87,846	630,701	-	Subsidiary
Dragon Steel Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	174,400	174,400	17,440,000	10	191,321	153,194	-	Subsidiary
C.S. Aluminium Corporation	ALU Investment Offshore Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	1	100	410,605	(134,913)	-	Subsidiary
C.S. Aluminium Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	847	16,934	84,672	6	6,210	(2,756)	-	Associate
ALU Investment Offshore Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	1,063,593	1,063,593	31,650,000	65	411,326	(207,745)	-	Subsidiary
United Steel International Development Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	282	5,645	28,224	2	2,070	(2,756)	-	Associate
China Steel Express Corporation	CSE Transport Corporation	China	General investment	316	316	10	100	3,255,735	120,233	-	Subsidiary
China Steel Express Corporation	Kaopert Stevedoring Corporation	Panama	Shipping services for raw materials	35,013	35,013	3,275,000	66	2,873,280	578,435	-	Subsidiary
China Steel Express Corporation	CSEI Transport (Panama) Corporation	Panama	Ship cargo loading and unloading industry	-	316	-	6	45,974	11,206	-	Subsidiary
China Steel Express Corporation	Ascentek Venture Capital Corporation	Republic of China	Shipping services for raw materials	847	16,934	84,672	6	6,210	(10,468)	-	Associate
Transglory Investment Corporation	Winning Investment Corporation	Republic of China	General investment	321,331	321,331	20,700,000	9	243,478	63,102	-	Subsidiary
Gains Investment Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	General investment	212,912	212,912	23,423,016	32	370,099	47,326	-	Subsidiary
Gains Investment Corporation	Eminence Investment Corporation	Republic of China	Sputtering target manufacturing and sales	1,600,000	1,600,000	150,000,000	100	2,082,431	190,613	-	Subsidiary
Gains Investment Corporation	Winning Investment Corporation	Republic of China	General investment	989,664	989,664	112,700,000	49	1,325,602	63,102	-	Subsidiary
Gains Investment Corporation	Betaera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	150,165	150,165	20,555,253	48	831,368	303,829	-	Subsidiary
Gains Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	170,432	170,432	10,533,713	64	121,118	15,342	-	Subsidiary
Gains Investment Corporation	Eminent Venture Capital Corporation	Republic of China	General investment	135,000	225,000	13,500,000	50	78,568	26,090	-	Subsidiary
Gains Investment Corporation	Mentor Consulting Corporation	Republic of China	Management consulting services	25,909	25,909	1,000,000	100	28,296	7,522	-	Subsidiary
Gains Investment Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	58,784	58,784	1,850,000	4	24,072	(207,745)	-	Subsidiary
Gains Investment Corporation	Gainsplus Asset Management Inc.	British Virgin Islands	General investment	2,848	2,998	100,000	100	3,282	(272)	-	Subsidiary
Gains Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	525,222	538,688	7,800,395	20	639,241	(97)	-	Associate
Gains Investment Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	400,000	200,000	40,000,000	22	304,112	36,808	-	Associate

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Gains Investment Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	63,311	4,525,411	3	54,751	(261,710)	-	Associate
Thintech Materials Technology Co., Ltd.	Thintech Global Limited	Samoa	Holding and investment	205,435	205,435	6,800,000	100	46,632	15,092	-	Subsidiary
Betacera Inc.	Lefkara Ltd.	British Virgin Islands	Trading of electronic ceramics and life saving products	387,983	408,418	13,623,000	100	1,302,477	64,369	-	Subsidiary
Betacera Inc.	Eminent III Venture Capital Corporation	Republic of China	General investment	50,000	25,000	5,000,000	3	38,014	36,808	-	Associate
Mentor Consulting Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	141	2,822	14,112	1	1,035	(2,756)	-	Associate
Emnience Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	73,510	-	1,608,491	4	77,000	303,829	-	Subsidiary
Emnience Investment Corporation	Shin Mau Investment Corporation	Republic of China	General investment	9,513	9,513	896,999	30	17,824	3,531	-	Subsidiary
Emnience Investment Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	8,805	8,805	747,499	25	16,309	(1,659)	-	Subsidiary
Emnience Investment Corporation	Ding Da Investment Corporation	Republic of China	General investment	8,970	8,970	897,000	30	15,786	1,455	-	Subsidiary
Emnience Investment Corporation	Chium Yu Investment Corporation	Republic of China	General investment	7,475	7,475	747,500	25	14,936	383	-	Subsidiary
Emnience Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	6,262	6,262	600,000	30	12,030	794	-	Subsidiary
Emnience Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	5,317	5,317	500,000	21	10,316	2,313	-	Subsidiary
Emnience Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	5,222	5,222	501,000	25	10,082	798	-	Subsidiary
Emnience Investment Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	4,762	4,762	476,000	21	9,040	1,225	-	Subsidiary
Emnience Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	4,173	4,173	400,000	20	7,997	793	-	Subsidiary
Emnience Investment Corporation	Fukuta Electric & Machinery Co., Ltd.	Republic of China	Motor manufacturing and selling	13,500	5,940	100,000	-	13,369	(97)	-	Associate
Shin Mau Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,454	5,454	512,685	-	11,290	761,987	-	Subsidiary
Shin Mau Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	5,619	5,619	341,896	-	8,583	630,701	-	Subsidiary
Shin Mau Investment Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	1,999	793	-	Subsidiary
Shin Mau Investment Corporation	Chi-Yi Investment Corporation	Republic of China	General investment	990	990	99,000	5	1,992	798	-	Subsidiary
Ding Da Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and specialty chemical	17,404	17,404	474,220	-	12,762	716,891	-	Subsidiary
Ding Da Investment Corporation	Jing-Cheng-Fa Investment Corporation	Republic of China	General investment	990	990	99,000	4	1,878	1,225	-	Subsidiary
Ding Da Investment Corporation	Betacera Inc.	Republic of China	Manufacturing and trading of electronic ceramics	25	25	1,000	-	40	303,829	-	Subsidiary
Ding Da Investment Corporation	Universal Exchange Inc.	Republic of China	Wholesale of computer software, software design services, digital information supply services	17	17	1,600	-	18	15,342	-	Subsidiary
Jing-Cheng-Fa Investment Corporation	China Ecotec Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	7,874	7,874	302,052	-	7,160	197,435	-	Subsidiary
Gau Ruei Investment Corporation	China Steel Chemical Corporation	Republic of China	Manufacture of coal chemistry and specialty chemical	17,584	17,584	474,220	-	12,762	716,891	-	Subsidiary
Gau Ruei Investment Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	4	2,065	2,313	-	Subsidiary
Gau Ruei Investment Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	1,000	1,000	100,000	5	2,005	794	-	Subsidiary
Sheng Lih Dar Investment Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	5,678	5,678	512,535	-	11,290	761,987	-	Subsidiary
Chium Yu Investment Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	3,559	3,559	275,896	-	6,676	630,701	-	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Chium Yu Investment Corporation	China Ecotek Corporation	Republic of China	Environmental engineering, M&E engineering, and O&M engineering	5,764	5,764	275,469	-	6,563	197,435	-	Subsidiary
China Steel Global Trading Corporation	CSGT International Corporation	Samoa	Holding and investment	631,983	631,983	20,740,000	100	893,791	73,945	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (Samoa) Corporation	Samoa	Holding and investment	212,822	212,822	11,800,000	100	587,457	26,778	-	Subsidiary
China Steel Global Trading Corporation	CSGT (Singapore) Pte. Ltd.	Singapore	Buy and sell, and act as an agency for steel products	22,600	22,600	6,100,000	100	317,198	(21,994)	-	Subsidiary
China Steel Global Trading Corporation	Wahio Global Trading Corporation	Republic of China	Buy and sell, and act as an agency for steel products	11,000	11,000	5,236,000	44	71,278	23,056	-	Subsidiary
China Steel Global Trading Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	69,232	69,232	2,220,000	5	28,852	(207,745)	-	Subsidiary
China Steel Global Trading Corporation	Chung Mao Trading (BVI) Corporation	British Virgin Islands	Holding and investment	18,741	18,741	326,300	65	10,900	6,007	-	Subsidiary
China Steel Global Trading Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	240	240	48,000	1	211	6,181	-	Subsidiary
China Steel Global Trading Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	63,311	63,311	4,525,411	3	55,266	(261,710)	-	Associate
China Steel Global Trading Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	282	5,645	28,224	2	2,069	(2,756)	-	Associate
Wahio Global Trading Corporation	CK Japan Co., Ltd.	Japan	Real estate lease	37,488	37,488	960	20	45,633	13,968	-	Subsidiary
Wahio Global Trading Corporation	CSGT Japan Co., Ltd.	Japan	Buy and sell, and act as an agency for steel products	10,160	10,160	800	100	24,488	4,515	-	Subsidiary
Chung Mao Trading (Samoa) Corporation	United Steel International Co., Ltd.	Samoa	Holding and investment	79,872	84,079	3,000,000	20	73,099	41,054	-	Subsidiary
Chung Mao Trading (BVI) Corporation	CSGT Hong Kong Limited	Hong Kong	Buy and sell, and act as an agency for steel products	3,657	3,850	1,000,000	100	13,122	8,482	-	Subsidiary
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	246,498	223,492	13,279,770	60	339,013	94,187	-	Subsidiary
CSGT International Corporation	CSGT Trading India Private Limited	India	Buy and sell, and act as an agency for steel products	22,146	23,313	4,752,000	99	20,875	6,201	-	Subsidiary
CSGT International Corporation	TSK Steel Company Limited	Thailand	Steel coil processing and distributing	82,253	86,585	408,000	34	198,692	(15,300)	-	Associate
CSGT International Corporation	Mahindra Auto Steel Private Limited	India	Cutting and processing of steel products	78,548	82,685	16,782,500	25	90,074	8,310	-	Associate
CSGT International Corporation	Hamwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	53,726	56,556	5,600,000	14	-	-	-	Associate
CSGT (Singapore) Pte. Ltd.	CSGD Limited	Cyprus	International trade and investment	110,001	113,674	1,876,795	49	259,893	(108,349)	-	Associate
CSC Steel Australia Holdings Pty Ltd	CSC Sonoma Pty Ltd	Australia	Investments in mining industry	360,858	345,322	16,440,001	100	219,894	33,727	-	Subsidiary
CSC Steel Australia Holdings Pty Ltd	9404-5515 Quebec Inc.	Canada	Investments in mining industry	5,795,322	5,545,820	270,122,727	25	7,693,699	2,638,638	-	Associate
China Steel Asia Pacific Holdings Pte Ltd	CSC Steel Holdings Berhad	Malaysia	General investment	1,032,014	1,086,368	171,000,000	46	2,625,449	262,175	-	Subsidiary
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	2,965,606	3,071,965	359,000,000	100	5,527,443	262,117	-	Subsidiary
CSC Steel Holdings Berhad	Group Steel Corporation (M) Sdn. Bhd.	Malaysia	General investment	504,684	522,784	1,000,000	100	18,298	125	-	Subsidiary
CSC Steel Holdings Berhad	CSGT Metals Vietnam Joint Stock Company	Vietnam	Cutting and processing of steel products	18,807	19,482	1,328,940	6	-	94,256	-	Subsidiary
CSC Steel Holdings Berhad	Hamwa Steel Centre (M) Sdn. Bhd.	Malaysia	Manufacture and sale of steel products	55,834	57,836	8,000,000	20	-	-	-	Associate
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	Malaysia	General investment	5,092	5,275	750,000	100	6,576	181	-	Subsidiary

TABLE 10

CHINA STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Betacera (Su Zhou) Co., Ltd.	Manufacturing and trading of electronic ceramics	125,312	2	125,312	-	-	125,312	3,1349	100	31,349	474,611	-	Note 3 (1)
CSGT (Shanghai) Co., Ltd.	Buy and sell, and act as an agency for steel products	17,088	2	17,088	-	-	17,088	5,843	100	5,843	40,153	46,588	Note 3 (1)
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Manufacture and sale of products of steel structure	341,760	2	341,760	-	341,760	-	(4,170)	-	(4,170)	-	248,268	Note 3 (1)
Changzhou China Steel Precision Materials Co., Ltd.	Production and sale of titanium and titanium alloys, nickel and nickel alloys	1,241,728	2	869,210	-	-	869,210	1,529	70	1,071	888,856	-	Note 3 (1)
China Steel Precision Metals Qingdao Co., Ltd.	Cutting and processing of steel products	569,600	2	398,720	-	-	398,720	14,256	70	9,979	430,802	1,658	Note 3 (1)
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	174,861	1	185,291	-	-	185,291	(11,962)	100	(11,962)	152,827	-	Note 3 (1)
CSGT (Shenzhen) Co., Ltd.	Buy and sell, and act as an agency for steel products	14,810	2	-	14,810	-	14,810	(1,029)	100	(1,029)	14,483	-	Note 3 (1)
HC&C Auto Parts Co., Ltd.	Manufacture of automotive components	1,139,200	2	113,920	-	-	113,920	517	10	52	114,028	-	Note 3 (1)
Wuhan HUADET Environmental Protection Engineering & Technology Co., Ltd.	Consulting services of construction technology	113,920	2	12,816	-	-	12,816	2,647	30	794	72,155	-	Note 3 (1)
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	1,395,520	2	1,104,170	-	-	1,104,170	(207,359)	79	(164,062)	496,039	93,743	Note 3 (1)
Suzhou Betacera Technology Co., Ltd.	Manufacturing and trading of aeronautical or marine life saving products	427,200	2	427,200	-	-	427,200	3,002	100	3,002	560,498	-	Note 3 (1)
Shanghai Xike Ceramic Electronic Co., Ltd.	Manufacturing and trading of electronic ceramics	34,176	2	34,005	-	-	34,005	10,330	100	10,278	126,569	-	Note 3 (1)
Taichang Thintech Materials Co., Ltd.	Sputtering target manufacturing and sales	193,664	2	193,664	-	-	193,664	15,092	100	15,092	46,632	-	Note 3 (1)
China Steel Precision Metals Kunshan Co., Ltd.	Cutting and processing of steel products	427,200	2	457,389	-	-	457,389	41,054	100	41,055	365,471	-	Note 3 (1)
Wuhan InfoChamp I.T. Co., Ltd.	Enterprise information system integration services	5,696	2	5,696	-	-	5,696	4,518	100	4,518	18,098	55,453	Note 3 (1)
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	170,880	2	170,880	-	-	170,880	3,145	100	3,145	177,314	-	Note 3 (1)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
China Steel Corporation	1,690,801	1,690,801	193,864,189
China Steel Chemical Corporation	255,067	255,067	3,920,502
China Steel Structure Co., Ltd.	-	-	2,884,235
China Ecotek Corporation	192,240	528,771	1,776,153
C.S. Aluminium Corporation	901,392	901,392	4,576,811
Gains Investment Corporation	52,688	52,688	4,599,253
Thintech Materials Technology Co., Ltd.	193,664	193,664	696,765
Betacera Inc.	586,517	586,517	1,038,128
China Steel Global Trading Corporation	243,562	243,562	-
Infochamp Systems Corporation	5,696	5,696	543,548
CHC Resources Corporation	8,544	8,544	3,224,760

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2020.

Note 2: Methods of investment are classified as below:

- 1) Direct investment.
- 2) Investments through a holding company registered in a third region.

Note 3: The basis for recognition of investment income (loss) is based on the following:

- 1) From the financial statements reviewed and attested by R.O.C. parent company's CPA.
- 2) From the investee company, which had not been audited and attested by independent accountants.

Note 4: As the subsidiary CSGT has obtained the certificate of qualified for operating headquarters, which is due on April 29, 2021, issued by the Industrial Development Bureau, MOEA, the limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not applicable, while other companies, investments shall not exceed 60% of their net worth.

TABLE 11**CHINA STEEL CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2020**

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
The Ministry of Economic Affairs, R.O.C.	3,154,709,357	20%

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common and preferred stocks (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CHINA STEEL CORPORATION AND SUBSIDIARIES

**MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Thousands of New Taiwan Dollars)**

**MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Thousands of New Taiwan Dollars)**

For the Year Ended December 31, 2019

	Cost			Land			Land Improvements			Buildings			Machinery and Equipment			Transportation Equipment			Other Equipment			Spare Parts			Rental Assets			Construction in Progress and Equipment to be Inspected			Total		
	Land			Land Improvements			Land Improvements			Buildings			Machinery and Equipment			Transportation Equipment			Other Equipment			Spare Parts			Rental Assets			Construction in Progress and Equipment to be Inspected			Total		
Balance at January 1, 2019	\$ 68,051,676			\$ 5,070,779			\$ 5,070,779			\$ 125,285,948			\$ 639,144,466			\$ 26,549,694			\$ 17,650,303			\$ 10,238,637			\$ 323,003			\$ 18,581,794			\$ 910,896,300		
Adjustments on initial application of IFRS 16	-			-			-			-			-			-			-			-			(323,003)			-			(323,003)		
Balance at January 1, 2019, as restated	68,051,676			5,070,779			5,070,779			125,285,948			639,144,466			26,549,694			17,650,303			10,238,637			-			18,581,794			910,573,297		
Additions	79,933			60,996			60,996			3,802,722			10,817,871			6,005,371			972,030			1,733,096			-			3,361,021			26,833,040		
Disposals	(45,127)			-			-			(39,346)			(2,645,772)			(146,148)			(517,211)			(1,200,677)			-			-			(4,594,281)		
Reclassification	(136,776)			-			-			476,072			(487,618)			2,923			(477)			(4,257)			-			(876)			(151,009)		
Disposal of subsidiaries	-			-			-			(81,507)			(23,962)			-			(10,039)			-			-			-			(115,508)		
Effect of foreign currency exchange difference	(572)			(5,156)			(5,156)			(215,012)			(719,042)			(185,410)			(24,115)			-			-			(9,115)			(1,158,422)		
Balance at December 31, 2019	\$ 67,949,134			\$ 5,126,619			\$ 5,126,619			\$ 129,228,877			\$ 646,085,943			\$ 32,226,430			\$ 18,070,491			\$ 10,766,799			\$ -			\$ 21,932,824			\$ 931,387,117		
Accumulated depreciation and impairment																																	
Balance at January 1, 2019	\$ 25,546			\$ 4,697,736			\$ 4,697,736			\$ 52,172,169			\$ 424,512,529			\$ 11,945,801			\$ 14,212,434			\$ 4,552,853			\$ 43,548			\$ -			\$ 512,162,616		
Adjustments on initial application of IFRS 16	-			-			-			-			-			-			-			-			(43,548)			-			(43,548)		
Balance at January 1, 2019, as restated	25,546			4,697,736			4,697,736			52,172,169			424,512,529			11,945,801			14,212,434			4,552,853			-			-			512,119,068		
Depreciation	-			58,908			58,908			3,922,154			25,959,765			1,659,176			1,126,392			1,312,146			-			-			34,038,541		
Disposals	(19,176)			-			-			(28,871)			(2,432,288)			(146,134)			(498,964)			(1,195,187)			-			-			(4,320,620)		
Impairments (reversal)	-			-			-			382			853			-			(1,616)			-			-			-			(381)		
Reclassification	-			-			-			111,156			(117,332)			2,917			(1,046)			-			-			-			(4,305)		
Disposal of subsidiaries	-			-			-			(20,007)			(15,075)			-			(9,104)			-			-			-			(44,186)		
Effect of foreign currency exchange difference	-			(2,041)			(2,041)			(60,575)			(293,826)			(88,128)			(19,733)			-			-			-			(464,303)		
Balance at December 31, 2019	\$ 6,370			\$ 4,754,603			\$ 4,754,603			\$ 56,096,408			\$ 447,614,626			\$ 13,373,632			\$ 14,808,363			\$ 4,669,812			\$ -			\$ -			\$ 541,323,814		
Carrying amount at December 31, 2019	\$ 67,942,764			\$ 372,016			\$ 372,016			\$ 73,132,469			\$ 198,471,317			\$ 18,852,798			\$ 3,262,128			\$ 6,096,987			\$ -			\$ 21,932,824			\$ 390,063,303		

TABLE 13

CHINA STEEL CORPORATION AND SUBSIDIARIES

CHANGES OF DEFERRED TAX ASSETS AND LIABILITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

For the Year Ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Others	Balance, End of Year
Deferred tax assets							
Temporary differences							
Defined benefit plan and estimated preferential severance pay	\$ 1,799,940	\$ (48,391)	\$ 19,457	\$ -	\$ -	\$ (98)	\$ 1,770,908
Unrealized loss on inventories	1,778,567	(531,793)	-	-	(257)	-	1,246,517
Provisions	307,828	549,154	-	-	-	-	856,982
Impairment loss on financial assets	1,479	22,299	-	-	-	-	23,778
Unrealized loss on construction	1,013,555	(36,782)	-	-	-	-	976,773
Difference between tax reporting and financial reporting - revenue recognition	156,249	79,822	-	-	(630)	-	235,441
Unrealized gain on the transactions with subsidiaries and associates	201,599	28,663	-	-	-	-	230,262
Unrealized settlement loss on foreign exchange forward for hedging	64,272	(12,965)	-	-	-	-	51,307
Foreign investment loss	826,465	(543,441)	-	-	-	-	283,024
Others	2,334,096	150,021	16,594	-	(511)	103	2,500,303
	8,484,050	(343,413)	36,051	-	(1,398)	5	8,175,295
	413,309	539,736	-	-	190	(264,860)	688,375
Loss carryforwards	\$ 8,897,359	\$ 196,323	\$ 36,051	\$ -	\$ (1,208)	\$ (264,855)	\$ 8,863,670
Deferred tax liabilities							
Temporary differences							
Land value increment tax	\$ 10,314,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,314,586
Difference between tax reporting and financial reporting - depreciation methods	697,596	(73,914)	-	-	(5,431)	-	618,251
Foreign investment income	1,214,797	(35,087)	-	-	-	-	1,179,710
Unrealized gains and losses on financial assets	1,696,702	-	342,757	-	-	(61,773)	1,977,686
Others	155,050	3,785	(42,396)	(732)	-	61,778	177,485
	\$ 14,078,731	\$ (105,216)	\$ 300,361	\$ (732)	\$ (5,431)	\$ 5	\$ 14,267,718

For the Year Ended December 31, 2019

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Others	Balance, End of Year
Deferred tax assets							
Temporary differences							
Defined benefit plan and estimated preferential severance pay	\$ 1,777,949	\$ (35,574)	\$ 57,539	\$ -	\$ -	\$ 26	\$ 1,799,940
Unrealized loss on inventories	1,190,079	588,912	-	-	(424)	-	1,778,567
Provisions	870,540	(562,712)	-	-	-	-	307,828
Impairment loss on financial assets	2,428	(949)	-	-	-	-	1,479
Unrealized loss on construction	960,841	52,714	-	-	-	-	1,013,555
Difference between tax reporting and financial reporting - revenue recognition	151,642	4,921	-	-	(314)	-	156,249
Unrealized gain on the transactions with subsidiaries and associates	224,598	(22,999)	-	-	-	-	201,599
Unrealized settlement loss on foreign exchange forward for hedging	74,483	(10,211)	-	-	-	-	64,272
Foreign investment loss	735,041	91,424	-	-	-	-	826,465
Others	1,949,133	310,519	41,786	-	33,179	(521)	2,334,096
	7,936,734	416,045	99,325	-	32,441	(495)	8,484,050
Loss carryforwards	395,928	18,700	-	-	(1,319)	-	413,309
	<u>\$ 8,332,662</u>	<u>\$ 434,745</u>	<u>\$ 99,325</u>	<u>\$ -</u>	<u>\$ 31,122</u>	<u>\$ (495)</u>	<u>\$ 8,897,359</u>
Deferred tax liabilities							
Temporary differences							
Land value increment tax	\$ 10,314,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,314,586
Difference between tax reporting and financial reporting - depreciation methods	713,229	(13,177)	-	-	(1,963)	(493)	697,596
Foreign investment income	1,312,387	(97,590)	-	-	-	-	1,214,797
Unrealized gains and losses on financial assets	23,752	-	1,710,534	-	(37,584)	-	1,696,702
Others	344,165	16,086	(142,639)	(23)	(62,534)	(5)	155,050
	<u>\$ 12,708,119</u>	<u>\$ (94,681)</u>	<u>\$ 1,567,895</u>	<u>\$ (23)</u>	<u>\$ (102,081)</u>	<u>\$ (498)</u>	<u>\$ 14,078,731</u>

China Steel Corporation

**Standalone Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

China Steel Corporation

Opinion

We have audited the accompanying standalone financial statements of China Steel Corporation (the Corporation), which comprise the standalone balance sheets as of December 31, 2020 and 2019, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the standalone financial statements).

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2020 and 2019, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's standalone financial statements for the year ended December 31, 2020 are stated as follows:

Inventory Valuation

As of December 31, 2020, inventories of the Corporation amounted to NT\$39,537,983 thousand, representing 9% of the Corporation's total assets. Due to the drastic fluctuations in the prices of raw materials and finished goods in the steel industry, inventory valuation, which involved critical accounting estimates, is deemed to be a key audit matter. Refer to Notes 4, 5 and 11 to the Corporation's standalone financial statements for the related accounting policies and disclosures on inventory valuation.

The audit procedures we performed included the following:

1. We evaluated the appropriateness of the approach applied to the inventory valuation.
2. We verified the completeness of inventory included in inventory valuation.
3. We tested the net realizable value of inventory items on a sample basis and evaluated the underlying assumptions and supporting documents, re-performed and calculated the appropriateness of net realizable value and the value written-off.

Recognition of Revenue from Sale of Goods of Steel Department

The Corporation manufactures and sells steel products and engages in mechanical, communications, and electrical engineering. Revenue from sale of goods of steel department represented over 90% of the total operating revenue. Because revenue recognition is presumed to be significant risk, it subjects to fluctuation in terms of market demand, and it is also the financial factor that financial report users focused on, revenue recognition is deemed to be a key audit matter. Refer to Notes 4 and 23 to the Corporation's standalone financial statements for the related accounting policies and disclosures on sales revenue.

The audit procedures we performed included the following:

1. We understood the design and implementation regarding approval of sales order, shipping and cash collecting process of the Corporation's steel department.
2. We evaluated the appropriateness of sales amount and nature by analyzing sales quantities, unit price, sales to major customers and sales of major goods based on two-year comparative information.
3. We tested details on the above-mentioned specific goods and customers on a sample basis, including confirming customer information, testing shipping documents or bill of lading and cash collection to confirm the existence of sales revenue.
4. We obtained subsequent details of the above-mentioned specific customers and tested whether there is any unusual sales returns and allowances on a sample basis to confirm the appropriateness of accounting treatment and presentation.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Corporation's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee or supervisors, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Hsuan Hsu and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

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.

CHINA STEEL CORPORATION

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,769,860	-	\$ 4,659,190	1
Financial assets at fair value through profit or loss-current (Notes 4 and 7)	-	-	826,071	-
Financial assets for hedging - current (Notes 4, 9 and 28)	514,119	-	686,940	-
Contract assets - current (Notes 4 and 23)	475,313	-	37,687	-
Notes receivable (Notes 4 and 10)	430,648	-	424,724	-
Notes receivable - related parties (Notes 4, 10 and 29)	111,592	-	187,424	-
Accounts receivable, net (Notes 4 and 10)	2,688,128	1	2,017,984	1
Accounts receivable - related parties (Notes 4, 10 and 29)	2,054,455	1	1,010,906	-
Other receivables	1,203,455	-	1,032,050	-
Other receivables - loans to related parties (Note 29)	5,694,000	1	9,270,000	2
Current tax assets	305,386	-	-	-
Inventories (Notes 4, 5 and 11)	39,537,983	9	55,940,988	12
Other financial assets - current (Notes 13 and 30)	6,027,185	2	5,950,006	2
Other current assets	764,085	-	755,316	-
Total current assets	61,576,209	14	82,799,286	18
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	843,818	-	825,824	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 5 and 8)	38,226,656	9	40,960,721	9
Financial assets for hedging - noncurrent (Notes 4, 9 and 28)	1,852	-	145	-
Investments accounted for using the equity method (Notes 4 and 12)	181,301,445	41	181,884,058	39
Property, plant and equipment (Notes 4, 14 and 29)	148,160,443	33	146,141,153	31
Right-of-use assets (Notes 4 and 15)	1,269,862	-	1,409,621	-
Investment properties (Notes 4 and 16)	7,431,253	2	7,441,922	2
Intangible assets	14,934	-	24,890	-
Deferred tax assets (Notes 4 and 25)	3,836,367	1	4,485,947	1
Refundable deposits	245,565	-	105,619	-
Other financial assets - noncurrent (Note 13)	10,003	-	2	-
Total noncurrent assets	381,342,198	86	383,279,902	82
TOTAL	\$ 442,918,407	100	\$ 466,079,188	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings and bank overdraft (Notes 17, 29 and 30)	\$ 10,685,874	2	\$ 20,143,975	4
Short-term bills payable (Note 17)	3,999,092	1	13,990,638	3
Financial liabilities for hedging - current (Notes 4, 9 and 28)	1,660,353	-	20,396	-
Contract liabilities - current (Notes 4 and 23)	1,200,242	-	1,101,096	-
Accounts payable	4,141,140	1	4,966,533	1
Accounts payable - related parties (Note 29)	1,066,985	-	1,446,124	-
Other payables (Notes 19 and 29)	15,730,689	4	13,963,546	3
Current tax liabilities (Note 25)	732	-	462,797	-
Provisions - current (Notes 4 and 20)	4,287,992	1	2,511,033	1
Lease liabilities - current (Notes 4 and 15)	286,135	-	328,823	-
Current portion of bonds payable (Note 18)	10,949,351	3	6,599,642	2
Refund liabilities - current	1,914,682	1	2,054,213	1
Other current liabilities	508,689	-	826,293	-
Total current liabilities	56,431,956	13	68,415,109	15
NONCURRENT LIABILITIES				
Financial liabilities for hedging - noncurrent (Notes 4, 9 and 28)	338,545	-	4,635,224	1
Bonds payable (Note 18)	60,569,113	13	65,713,769	14
Long-term bank borrowings (Note 17)	7,000,000	2	4,000,000	1
Long-term bills payable (Note 17)	6,897,508	2	1,998,687	-
Deferred tax liabilities (Notes 4 and 25)	10,605,707	2	10,673,748	2
Lease liabilities - noncurrent (Notes 4 and 15)	986,584	-	1,084,022	-
Net defined benefit liabilities (Note 21)	6,790,049	2	7,000,096	2
Total noncurrent liabilities	93,187,506	21	95,105,546	20
Total liabilities	149,619,462	34	163,520,655	35
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	157,348,610	36	157,348,610	34
Preference shares	382,680	-	382,680	-
Total share capital	157,731,290	36	157,731,290	34
Capital surplus	39,077,456	9	38,877,269	8
Retained earnings				
Legal reserve	66,532,412	15	65,674,189	14
Special reserve	27,912,065	6	27,803,906	6
Unappropriated earnings	13,897,589	3	21,998,036	5
Total retained earnings	108,342,066	24	115,476,131	25
Other equity	(3,187,669)	(1)	(861,959)	-
Treasury shares	(8,664,198)	(2)	(8,664,198)	(2)
Total equity	293,298,945	66	302,558,533	65
TOTAL	\$ 442,918,407	100	\$ 466,079,188	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			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 183,841,526	100	\$ 207,297,533	100
OPERATING COSTS (Notes 11 and 29)	<u>175,614,789</u>	<u>96</u>	<u>194,591,389</u>	<u>94</u>
GROSS PROFIT	8,226,737	4	12,706,144	6
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(139,358)</u>	<u>-</u>	<u>138,254</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>8,087,379</u>	<u>4</u>	<u>12,844,398</u>	<u>6</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,613,343	1	2,904,573	1
General and administrative expenses	2,995,856	2	3,451,922	2
Research and development expenses	<u>1,880,953</u>	<u>1</u>	<u>1,901,002</u>	<u>1</u>
Total operating expenses	<u>7,490,152</u>	<u>4</u>	<u>8,257,497</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>597,227</u>	<u>-</u>	<u>4,586,901</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 24 and 29)	102,760	-	194,172	-
Other income (Notes 24 and 29)	1,907,955	1	1,787,129	1
Other gains and losses (Notes 24 and 29)	(21,342)	-	(11,675)	-
Finance costs (Notes 24 and 29)	(1,092,967)	(1)	(1,336,991)	-
Share of profit or loss of subsidiaries and associates	<u>(486,257)</u>	<u>-</u>	<u>4,815,572</u>	<u>2</u>
Total non-operating income and expenses	<u>410,149</u>	<u>-</u>	<u>5,448,207</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,007,376	-	10,035,108	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>121,511</u>	<u>-</u>	<u>1,225,553</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>885,865</u>	<u>-</u>	<u>8,809,555</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(56,273)	-	(172,267)	-

(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			
	2020		2019	
	Amount	%	Amount	%
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ (2,734,065)	(2)	\$ (5,888,537)	(3)
Gains and losses on hedging instruments	33,837	-	(70,861)	-
Share of the other comprehensive income of subsidiaries and associates	1,022,991	1	3,319,480	2
Income tax benefit relating to items that will not be reclassified subsequently to profit or loss	4,258	-	50,304	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(474,314)	-	(733,134)	(1)
Gains and losses on hedging instruments	(5,269)	-	(3,417)	-
Share of the other comprehensive income of subsidiaries and associates	<u>(215,800)</u>	<u>-</u>	<u>(186,078)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,424,635)</u>	<u>(1)</u>	<u>(3,684,510)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (1,538,770)</u>	<u>(1)</u>	<u>\$ 5,125,045</u>	<u>2</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.05</u>		<u>\$ 0.57</u>	
Diluted	<u>\$ 0.05</u>		<u>\$ 0.57</u>	

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)

	Other Equity											
	Unrealized Gains and Losses on Financial Assets Through Other Comprehensive Income						Gains and Losses on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity		
	Exchange Differences on Translating Foreign Operations	Unappropriated Earnings	Special Reserve	Legal Reserve	Retained Earnings							
Ordinary Shares	Preference Shares	Capital Surplus										
BALANCE AT JANUARY 1, 2019	\$ 157,348,610	\$ 382,680	\$ 38,545,884	\$ 63,228,774	\$ 27,649,488	\$ 31,804,134	\$ (5,919,624)	\$ 4,410,913	\$ 4,103,878	\$ 2,595,167	\$ (8,646,700)	\$ 312,908,037
Appropriation of 2018 earnings (Note 22)	-	-	-	-	-	(2,445,415)	-	-	-	-	-	-
Legal reserve	-	-	-	2,445,415	-	(154,480)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$1.0 per share	-	-	-	-	154,480	(154,480)	-	-	-	-	-	(15,734,861)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(62)	62	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	8,809,555	-	-	-	-	-	8,809,555
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(242,632)	(919,212)	(2,271,323)	(251,343)	(3,441,878)	-	(3,684,510)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	8,566,923	(919,212)	(2,271,323)	(251,343)	(3,441,878)	-	5,125,045
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,498)	(17,498)
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	320,031	-	-	-	-	-	-	-	-	320,031
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	15,248	-	(15,248)	-	(15,248)	-	-
Adjustment from changes in equity of subsidiaries and associates	-	-	11,354	-	-	-	-	-	-	-	-	11,354
BALANCE AT DECEMBER 31, 2019	157,348,610	382,680	38,877,269	65,674,189	27,803,906	21,998,036	(6,838,836)	2,124,342	3,852,535	(861,959)	(8,664,198)	302,558,533
Appropriation of 2019 earnings (Note 22)	-	-	-	858,223	-	(858,223)	-	-	-	-	-	-
Legal reserve	-	-	-	-	110,524	(110,524)	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT\$0.5 per share	-	-	-	-	-	(7,867,430)	-	-	-	-	-	(7,867,430)
Cash dividends to preference shareholders - NT\$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	(53,575)
Reversal of special reserve	-	-	-	-	(2,365)	2,365	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	885,865	-	-	-	-	-	885,865
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(134,429)	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(2,424,635)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	751,436	(690,114)	(1,545,421)	(54,671)	(2,290,206)	-	(1,538,770)
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,780)	(1,780)
Disposal of the Corporation's shares held by subsidiaries	-	-	271	-	-	-	-	-	-	-	1,780	2,051
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	160,443	-	-	-	-	-	-	-	-	160,443
Adjustment of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	35,504	-	(35,504)	-	(35,504)	-	-
Adjustment from changes in equity of subsidiaries and associates	-	-	39,473	-	-	-	-	-	-	-	-	39,473
BALANCE AT DECEMBER 31, 2020	157,348,610	382,680	39,077,456	66,532,412	27,912,065	13,897,589	(7,528,950)	543,417	3,797,864	(3,187,662)	(8,664,198)	293,298,945

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	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,007,376	\$ 10,035,108
Adjustments for:		
Depreciation expense	15,249,956	17,429,485
Amortization expense	9,956	9,957
Net gain on financial assets at fair value through profit or loss	(117,861)	(14,534)
Finance costs	1,092,967	1,336,991
Interest income	(102,760)	(194,172)
Dividend income	(478,481)	(536,241)
Share of loss (profit) of subsidiaries and associates	486,257	(4,815,572)
Loss on disposal of property, plant and equipment	3,107	7,148
Write-down (reversal) of inventories	(2,394,332)	1,623,585
Unrealized (realized) gain on the transactions with subsidiaries and associates	139,358	(138,254)
Recognition (reversal) of provisions	1,776,959	(2,422,720)
Others	(120,851)	(168,035)
Changes in operating assets and liabilities		
Financial assets for hedging	208,759	63,422
Contract assets	(415,069)	189,967
Notes receivable	(5,924)	261,783
Notes receivable - related parties	75,832	241,344
Accounts receivable	(670,144)	854,471
Accounts receivable - related parties	(1,043,549)	883,083
Other receivables	(174,595)	318,714
Inventories	18,934,316	(6,646,390)
Other current assets	(8,769)	179,112
Contract liabilities	99,146	(627,061)
Accounts payable	(825,393)	(2,238,865)
Accounts payable - related parties	(379,139)	(831,076)
Other payables	579,074	(3,831,023)
Other current liabilities	(317,604)	325,729
Net defined benefit liabilities	(266,320)	(59,552)
Refund liabilities	(139,531)	(985,846)
Cash generated from operations	32,202,741	10,250,558
Income taxes paid	(38,307)	(3,604,422)
Net cash generated from operating activities	<u>32,164,434</u>	<u>6,646,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	131,399
Proceeds from disposal of financial assets at fair value through profit of loss	931,520	-
Acquisition of financial liabilities for hedging	-	349,389

(Continued)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31	
	2020	2019
Derecognition of financial liabilities for hedging	\$ (2,682,577)	\$ (4,239,103)
Proceeds from disposal of noncurrent assets held for sale	-	561,918
Acquisition of property, plant and equipment	(15,729,921)	(8,531,907)
Increase in refundable deposits	(139,946)	(45,100)
Decrease in other receivables - loans to related parties	3,576,000	1,524,160
Increase in other financial assets	(87,180)	-
Decrease in other financial assets	-	120,835
Interest received	105,950	199,643
Dividends received from subsidiaries and associates	1,308,122	8,947,369
Dividends received from others	478,481	536,241
Proceeds from liquidation of subsidiaries	-	18,665
Proceeds from the capital reduction of associates	<u>200,000</u>	<u>-</u>
Net cash used in investing activities	<u>(12,039,551)</u>	<u>(426,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	17,954,753	68,199,596
Repayments of short-term borrowings	(25,756,665)	(65,017,674)
Proceeds from short-term bills payable	32,958,454	28,490,638
Repayments of short-term bills payable	(42,950,000)	(14,500,000)
Issuance of bonds payable	5,800,000	-
Repayments of bonds payable	(6,600,000)	(5,650,000)
Issuance of long-term bank borrowings	13,500,000	8,000,000
Repayments of long-term bank borrowings	(10,500,000)	(4,000,000)
Proceeds from long-term bills payable	11,298,821	1,998,687
Repayments of long-term bills payable	(6,400,000)	(5,897,729)
Repayments of principal of lease liabilities	(347,514)	(337,794)
Dividends paid	(7,915,869)	(15,779,153)
Acquisition of subsidiaries	(1,018,060)	(2,899,200)
Interest paid	(1,381,944)	(1,529,216)
Proceeds from the capital reduction of subsidiaries	<u>-</u>	<u>108,328</u>
Net cash used in financing activities	<u>(21,358,024)</u>	<u>(8,813,517)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,233,141)</u>	<u>(2,593,872)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>(176,331)</u>	<u>2,417,541</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ (1,409,472)</u></u>	<u><u>\$ (176,331)</u></u>

(Continued)

CHINA STEEL CORPORATION

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

	For the Year Ended December 31	
	2020	2019
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, 2020 and 2019:		
Cash and cash equivalents in the standalone balance sheets	\$ 1,769,860	\$ 4,659,190
Bank overdraft	<u>(3,179,332)</u>	<u>(4,835,521)</u>
Cash and cash equivalents in the standalone statements of cash flows	<u>\$ (1,409,472)</u>	<u>\$ (176,331)</u>

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

(Concluded)

CHINA STEEL CORPORATION

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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, 2020, the Ministry of Economic Affairs (MOEA), Republic of China owned 20% of the Corporation's issued shares.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the board of directors and authorized for issue on February 26, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Corporation adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to "could reasonably be expected to influence" and, therefore, the disclosures in the standalone financial report have been adjusted and immaterial information that may obscure material information has been deleted.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the standalone financial statements were reported to the board of directors for issue, the Corporation is in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

a. Statement of compliance

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

b. 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 and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

The subsidiaries and associates 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.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the standalone financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. 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 the end of each reporting period, 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 from the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item 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 currencies) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress and 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. The 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.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation. 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 of the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of the consideration paid or received are directly recognized in equity.

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 Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, 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.

g. 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.

The Corporation uses equity method to account for investment in associates. 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.

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 Corporations' 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 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.

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 is deducted from 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.

h. Property, plant and equipment

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

Property, plant, and equipment in the course of construction 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.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. 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.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment, right - of use assets and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right - of use assets 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 with the resulting impairment loss recognized in profit or loss.

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 for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

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.

1) 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 are classified into the following categories: Financial assets at FVTPL, investments in equity instruments at FVTOCI, and financial assets at amortized cost.

i Financial assets at FVTPL

Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, net (including related parties), other receivables (including loans to related parties), refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, highly liquid, 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.

In the Corporation's statements of cash flows, bank overdraft, which is deemed to be repayable at any time and forms part of cash management, is classified as cash and cash equivalents. Bank overdraft is recorded under current liabilities in the balance sheets.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable, and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly

since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss 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 at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) 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.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, financial liabilities are measured at amortized cost using the effective interest method:

Financial guarantee contracts

Financial guarantee contracts issued by the Corporation, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and amortized cost.

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.

4) Derivative financial instruments

The Corporation enters the derivative financial instruments and 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.

5) 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.

a) Fair value hedges

Gains or losses on 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.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b) Cash flow hedges

The effective portion of gains or losses on 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 in profit or loss.

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 line item relating to the hedged item in the same period when the hedged item affects 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 from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. 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.

c) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in gains and losses on hedging instruments. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

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.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Treasury shares

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

n. Revenue recognition

The Corporation identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers to satisfy performance obligations, as follows: domestic sales - when products are moved out of the Corporation premises for delivery to customers; exports - when products are loaded onto vessels. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is 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. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

2) Construction contract revenue

As property is being constructed and construction is in progress, the Corporation recognizes revenue from construction contract over time. The Corporation measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Corporation recognizes a contract liability for the difference.

o. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets, which comprises the initial measurement of lease liabilities, are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that

decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the standalone balance sheets.

The Corporation negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. 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.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

r. Taxation

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

1) 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 on 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.

2) 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, loss carryforwards, 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, 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 the end of each reporting period 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 reporting period 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 end of the reporting period. 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) 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.

- 4) According to Income Tax Law and related regulations, the Corporation files a consolidated tax return with its 100% owned subsidiary. The appropriation of the income tax relating to the subsidiary 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 Corporation considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Key sources of estimation uncertainty

a. 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 end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

b. Fair value of emerging market shares and unlisted equity securities

As described in Note 28, 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 18,807	\$ 18,804
Checking accounts and demand deposits	<u>1,751,053</u>	<u>4,640,386</u>
	<u>\$ 1,769,860</u>	<u>\$ 4,659,190</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Current		
Foreign unlisted preference shares	\$ -	\$ 826,071
Noncurrent		
Foreign unlisted preference shares	\$ 843,818	\$ 825,824

The Corporation sold 3,334 preference A shares of East Asia United Steel Corporation to Nippon Steel & Sumitomo Metal Corp. for a consideration of JPY 3.334 billion in November 2020.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	December 31	
	2020	2019
Noncurrent		
Domestic investments		
Listed shares	\$ 10,252,633	\$ 12,098,209
Unlisted shares	853,478	969,454
	<u>11,106,111</u>	<u>13,067,663</u>
Foreign investments		
Listed shares	1,495,004	1,925,597
Unlisted shares	25,625,541	25,967,461
	<u>27,120,545</u>	<u>27,893,058</u>
	<u>\$ 38,226,656</u>	<u>\$ 40,960,721</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2020	2019
Financial assets for hedging - current		
Foreign exchange forward contracts	\$ 21,094	\$ 454
Hedging foreign-currency deposits	<u>493,025</u>	<u>686,486</u>
	<u>\$ 514,119</u>	<u>\$ 686,940</u>

	December 31	
	2020	2019
Financial assets for hedging - noncurrent		
Foreign exchange forward contracts	\$ 1,852	\$ 145
Financial liabilities for hedging - current		
Foreign exchange forward contracts	\$ 34,742	\$ 20,396
Bank loans (Note 17)	1,625,611	-
	<u>\$ 1,660,353</u>	<u>\$ 20,396</u>
Financial liabilities for hedging - noncurrent		
Foreign exchange forward contracts	\$ 3,117	\$ 14,799
Bank loans (Note 17)	335,428	4,620,425
	<u>\$ 338,545</u>	<u>\$ 4,635,224</u>

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. As of December 31, 2020 and 2019, the balance of the foreign-currency deposits, which was designated as hedging instruments and settlements of expired foreign exchange forward contracts, amounted to NT\$493,025 thousand (US\$8,377 thousand and EUR7,267 thousand) and NT\$686,486 thousand (US\$5,658 thousand, EUR15,196 thousand and JPY23,300 thousand), respectively. As of December 31, 2020 and 2019, cash outflows on the contracts are expected in 2021 and 2020, respectively.

Refer to Note 28 for information relating to financial instruments for hedging.

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

	December 31	
	2020	2019
Notes receivable		
Operating	\$ 542,240	\$ 612,148
Non-operating	-	-
	<u>542,240</u>	<u>612,148</u>
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 542,240</u>	<u>\$ 612,148</u>
Accounts receivable	\$ 4,742,583	\$ 3,028,890
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 4,742,583</u>	<u>\$ 3,028,890</u>

The Corporation makes prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation did transactions with a large number of unrelated customers and no concentration of credit risk was observed. The Corporation continues to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast GDP and direction of economic conditions at the reporting date.

The Corporation continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The following table details the loss allowance of notes and accounts receivable based on the impaired aging analysis.

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 5,187,291	\$ 97,532	\$ -	\$ -	\$ 5,284,823
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 5,187,291</u>	<u>\$ 97,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,284,823</u>

December 31, 2019

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 3,624,721	\$ 16,317	\$ -	\$ -	\$ 3,641,038
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 3,624,721</u>	<u>\$ 16,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,641,038</u>

The Corporation entered into accounts receivable factoring agreements (without recourse) with Mega Bank, Bank of Taiwan, Taishin Bank, Chinatrust Commercial Bank (CTBC Bank) and Mizuho Bank. Under the agreements, the Corporation sells 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:

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2020						
Mega Bank	\$ 3,468,167	\$ 8,272,733	\$ 9,165,285	\$ 2,575,615	0.99-1.75	NT\$9 billion
Bank of Taiwan	1,474,316	2,974,314	3,569,472	879,158	0.99-1.75	NT\$3 billion
Bank of Taiwan	716,373	4,996,125	5,515,669	196,829	0.60-3.75	USD130,000 thousand
Taishin Bank	2,184,170	9,348,121	7,758,647	3,773,644	0.89-2.82	USD150,000 thousand
CTBC Bank	608,287	1,852,675	1,702,612	758,350	0.94-3.22	USD40,000 thousand
Mizuho Bank	31,380	437,648	448,430	20,598	1.02-2.99	USD10,000 thousand
	<u>\$ 8,482,693</u>	<u>\$ 27,881,616</u>	<u>\$ 28,160,115</u>	<u>\$ 8,204,194</u>		

Counterparty	Advances Received at Year - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Year - End	Annual Interest Rate on Advances Received (%)	Credit Line
For the Year Ended December 31, 2019						
Mega Bank	\$ 4,309,472	\$ 9,947,303	\$ 10,788,608	\$ 3,468,167	1.05-1.75	NT\$9 billion
Bank of Taiwan	1,582,029	4,376,609	4,484,322	1,474,316	1.05-1.75	NT\$3 billion
Bank of Taiwan	491,723	5,374,940	5,150,290	716,373	0.60-3.86	USD130,000 thousand
Taishin Bank	3,341,792	8,480,143	9,637,765	2,184,170	2.82-3.39	USD150,000 thousand
CTBC Bank	1,046,091	2,180,840	2,618,644	608,287	2.84-3.47	USD40,000 thousand
Mizuho Bank	13,372	472,671	454,663	31,380	2.61-3.34	USD10,000 thousand
	<u>\$ 10,784,479</u>	<u>\$ 30,832,506</u>	<u>\$ 33,134,292</u>	<u>\$ 8,482,693</u>		

11. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 7,939,742	\$ 10,689,410
Work in progress	13,584,111	21,096,102
Raw materials	6,789,880	12,047,408
Supplies	4,185,748	4,488,674
Raw materials and supplies in transit	6,451,881	7,253,127
Others	<u>586,621</u>	<u>366,267</u>
	<u>\$ 39,537,983</u>	<u>\$ 55,940,988</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 was NT\$170,497,942 thousand and NT\$190,047,383 thousand, respectively, which included reversal of inventory write-down of NT\$2,394,332 thousand and write-down of inventory of NT\$1,623,585 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 178,454,119	\$ 178,767,607
Investments in associates	<u>2,847,326</u>	<u>3,116,451</u>
	<u>\$ 181,301,445</u>	<u>\$ 181,884,058</u>

a. Investments in subsidiaries

	December 31			
	2020		2019	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Listed companies				
Chung Hung Steel Corporation (CHS)	\$ 6,248,987	41	\$ 6,064,076	41
China Steel Chemical Corporation (CSCC)	1,963,954	29	2,104,642	29
China Steel Structure Co., Ltd. (CSSC)	1,330,501	33	1,274,475	33
China Ecotek Corporation (CEC)	1,072,630	45	1,232,328	45
CHC Resources Corporation (CHC)	<u>991,270</u>	20	<u>951,904</u>	20
	11,607,342		11,627,425	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>2,081,642</u>		<u>2,081,642</u>	
	<u>9,525,700</u>		<u>9,545,783</u>	
Unlisted companies				
Dragon Steel Corporation (DSC)	96,066,355	100	98,857,201	100
CSC Steel Australia Holdings Pty Ltd. (CSC SAH)	20,842,831	100	19,743,722	100
China Steel Express Corporation (CSE)	12,914,176	100	11,869,947	100
Gains Investment Corporation (GIC)	8,013,031	100	7,112,136	100
C. S. Aluminium Corporation (CSAC)	7,573,118	100	7,855,607	100
China Prosperity Development Corporation (CPDC)	7,166,532	100	6,806,029	100
China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC)	5,940,973	56	6,353,422	56
China Steel Asia Pacific Holdings Pte. Ltd. (CSAP)	4,412,474	100	4,293,509	100
China Steel Global Trading Corporation (CSGT)	2,341,310	100	2,050,305	100
Sing Da Marine Structure Corporation (SDMS)	2,052,107	100	3,169,040	100
Kaohsiung Rapid Transit Corporation (KRTC)	1,227,877	43	1,338,049	43
CSC Solar Corporation (CSCSOLAR)	1,053,611	55	1,019,672	55
China Steel Resources Corporation (CSRC)	997,036	100	995,460	100
China Steel Machinery Corporation (CSMC)	949,253	74	1,084,456	74
China Steel Power Holding Corporation (CPHC)	858,105	51	4,719	100
Infochamp Systems Corporation (Info Champ)	791,557	100	699,802	100
China Steel Corporation India Pvt. Ltd. (CSCI)	690,435	100	1,063,968	100
China Steel Security Corporation (CSS)	621,975	100	526,997	100
HIMAG Magnetic Corporation (HIMAG)	382,766	69	388,716	69
CSC Precision Metal Industrial Corporation (CPMI)	305,700	100	299,268	100
United Steel International Co., Ltd. (USICL)	292,395	80	254,547	80
China Steel Management Consulting Corporation (CMCC)	17,358	100	17,808	100
China Steel Power Corporation (ZN)	-	-	-	0.002
	175,510,975		175,804,380	
Less: Shares held by subsidiaries accounted for as treasury shares	<u>6,582,556</u>		<u>6,582,556</u>	
	<u>168,928,419</u>		<u>169,221,824</u>	
	<u>\$ 178,454,119</u>		<u>\$ 178,767,607</u>	

The Corporation subscribed for 33,823 thousand shares of its subsidiary CPHC for a cash consideration of NT\$338,230 thousand in February 2020; the corporation's percentage of shareholding decreased from 100% to 51%. In July and November 2020, the Corporation subscribed for 45,900 thousand shares and 22,083 thousand shares of its subsidiary CPHC for cash consideration of NT\$459,000 thousand and NT\$220,830 thousand, respectively; the corporation's percentage of shareholding remained unchanged.

In August 2019, the subsidiary CSAP reduced its capital by NT\$108,328 thousand; the corporation's percentage of shareholding remained unchanged. In July 2020, the subsidiary CSCI reduced its capital by NT\$1,866,285 to offset a deficit; the corporation's percentage of shareholding remained unchanged.

Fair values (Level 1) of the listed companies accounted for using equity method with available published price quotation are summarized as follows:

	December 31	
	2020	2019
CHS	<u>\$ 9,177,102</u>	<u>\$ 6,205,469</u>
CSCC	<u>\$ 7,463,409</u>	<u>\$ 8,426,430</u>
CHC	<u>\$ 2,338,791</u>	<u>\$ 2,479,267</u>
CSSC	<u>\$ 2,174,152</u>	<u>\$ 1,668,845</u>
CEC	<u>\$ 1,927,681</u>	<u>\$ 1,944,299</u>

The above market prices are calculated on the basis of the closing price at the end of the reporting period.

b. Investments in associates

	December 31			
	2020		2019	
	Amount	% of Owner - ship	Amount	% of Owner - ship
Taiwan Rolling Stock Co., Ltd. (TRSC)	\$ 976,757	48	\$ 968,793	48
Kaohsiung Arena Development Corporation (KADC)	529,928	18	519,599	18
Honley Auto. Parts Co., Ltd. (HONLEY)	406,411	35	461,258	35
Hsin Hsin Cement Enterprise Corporation (HHCEC)	367,041	31	359,196	31
Dyna Rechi Co., Ltd. (DRC)	273,915	23	287,626	23
Eminent II Venture Capital Corporation (EVC II)	213,703	46	441,446	46
Overseas Investment & Development Corporation (OIDC)	55,728	6	53,945	6
TaiAn Technologies Corporation (TAIAN)	<u>23,843</u>	17	<u>24,588</u>	17
	<u>\$ 2,847,326</u>		<u>\$ 3,116,451</u>	

The Corporation's total equity in KADC is 29%, including 18% directly owned and 11% indirectly owned through United Steel Engineering & Construction corporation and CPDC. The Corporation's total equity in TAIAN is 22%, including 17% directly owned and 5% indirectly owned through CSCC. The Corporation's total equity in OIDC is 21%, including 6% directly owned and 15% indirectly owned through the subsidiaries CSMC and Union Steel Development Corporation.

The above associates are not individually material. The related summarized information was as follows:

	For the Year Ended December 31	
	2020	2019
The Corporation's share of		
Net loss for the year	\$ (57,047)	\$ (103,014)
Other comprehensive income (loss)	<u>(22,984)</u>	<u>10,818</u>
Total comprehensive loss	<u>\$ (80,031)</u>	<u>\$ (92,196)</u>

Refer to Table 8 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

13. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Current		
Pledged time deposits (Note 30)	\$ 5,850,000	\$ 5,850,000
Time deposits with original maturities more than 3 months	100,000	100,000
Deposits for projects	<u>77,185</u>	<u>6</u>
	<u>\$ 6,027,185</u>	<u>\$ 5,950,006</u>
Noncurrent		
Deposits for projects	<u>\$ 10,003</u>	<u>\$ 2</u>

14. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020

	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, 2020	\$ 51,334,118	\$ 4,756,836	\$ 67,279,304	\$ 371,590,631	\$ 2,202,983	\$ 7,848,483	\$ 6,977,013	\$ 11,655,107	\$ 523,644,475
Additions	-	7,977	733,232	6,098,961	156,919	538,666	852,066	8,526,594	16,914,415
Disposals	-	-	(16,276)	(6,632,391)	(64,536)	(221,805)	(878,297)	-	(7,813,305)
Reclassification	-	-	(13,563)	1,139,607	576	(1,140,182)	-	-	(13,563)
Balance at December 31, 2020	<u>\$ 51,334,118</u>	<u>\$ 4,764,813</u>	<u>\$ 67,982,697</u>	<u>\$ 372,196,808</u>	<u>\$ 2,295,942</u>	<u>\$ 7,025,161</u>	<u>\$ 6,950,782</u>	<u>\$ 20,181,701</u>	<u>\$ 532,732,022</u>
Accumulated depreciation									
Balance at January 1, 2020	\$ -	\$ 4,560,157	\$ 40,209,250	\$ 321,817,754	\$ 1,873,613	\$ 6,058,240	\$ 2,984,308	\$ -	\$ 377,503,322
Depreciation	-	19,900	2,051,148	11,455,907	109,472	537,631	705,915	-	14,879,973
Disposals	-	-	(14,713)	(6,631,652)	(64,452)	(221,084)	(878,297)	-	(7,810,198)
Reclassification	-	-	(1,518)	317,567	230	(317,797)	-	-	(1,518)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 4,580,057</u>	<u>\$ 42,244,167</u>	<u>\$ 326,959,576</u>	<u>\$ 1,918,863</u>	<u>\$ 6,056,990</u>	<u>\$ 2,811,926</u>	<u>\$ -</u>	<u>\$ 384,571,579</u>
Carrying amount at December 31, 2020	<u>\$ 51,334,118</u>	<u>\$ 184,756</u>	<u>\$ 25,738,530</u>	<u>\$ 45,237,232</u>	<u>\$ 377,079</u>	<u>\$ 968,171</u>	<u>\$ 4,138,856</u>	<u>\$ 20,181,701</u>	<u>\$ 148,160,443</u>

For the Year Ended December 31, 2019

	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, 2019	\$ 52,264,108	\$ 4,712,604	\$ 66,926,178	\$ 368,722,658	\$ 2,162,522	\$ 7,884,746	\$ 6,432,588	\$ 9,900,042	\$ 519,005,446
Additions	-	44,232	361,425	4,511,729	81,570	274,824	1,219,706	1,755,065	8,248,551
Disposals	-	-	(4,299)	(1,643,756)	(41,109)	(311,087)	(675,281)	-	(2,675,532)
Reclassification	(929,990)	-	(4,000)	-	-	-	-	-	(933,990)
Balance at December 31, 2019	<u>\$ 51,334,118</u>	<u>\$ 4,756,836</u>	<u>\$ 67,279,304</u>	<u>\$ 371,590,631</u>	<u>\$ 2,202,983</u>	<u>\$ 7,848,483</u>	<u>\$ 6,977,013</u>	<u>\$ 11,655,107</u>	<u>\$ 523,644,475</u>
Accumulated depreciation									
Balance at January 1, 2019	\$ -	\$ 4,530,254	\$ 38,083,297	\$ 310,074,039	\$ 1,801,599	\$ 5,712,128	\$ 2,906,132	\$ -	\$ 363,107,449
Depreciation	-	29,903	2,129,469	13,384,115	113,014	655,860	753,457	-	17,065,818
Disposals	-	-	(1,955)	(1,640,400)	(41,000)	(309,748)	(675,281)	-	(2,668,384)
Reclassification	-	-	(1,561)	-	-	-	-	-	(1,561)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 4,560,157</u>	<u>\$ 40,209,250</u>	<u>\$ 321,817,754</u>	<u>\$ 1,873,613</u>	<u>\$ 6,058,240</u>	<u>\$ 2,984,308</u>	<u>\$ -</u>	<u>\$ 377,503,322</u>
Carrying amount at December 31, 2019	<u>\$ 51,334,118</u>	<u>\$ 196,679</u>	<u>\$ 27,070,054</u>	<u>\$ 49,772,877</u>	<u>\$ 329,370</u>	<u>\$ 1,790,243</u>	<u>\$ 3,992,705</u>	<u>\$ 11,655,107</u>	<u>\$ 146,141,153</u>

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

Land improvements	
Bridge	40 years
Drainage system	40 years
Wall	20-40 years
Wharf	20-40 years
Disposal site	7 years
Buildings	
Main structure	5-60 years
Facility	5-40 years
Mechanical and electrical facilities	10-15 years
Trellis and corrugated iron building	3-20 years
Machinery and equipment	
Power equipment	3-25 years
Process equipment	8-18 years
Lifting equipment	5-12 years
Electrical equipment	3-16 years
High-temperature equipment	3-17 years
Examination equipment	3-10 years
Transportation equipment	
Railway equipment	5-20 years
Telecommunication equipment	5-8 years
Transportation equipment	5-10 years
Other equipment	
Office and extinguishment equipment	5-10 years
Computer equipment	3-10 years
Air conditioning equipment	5-8 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	\$ 836,416	\$ 907,817
Land improvements	347,211	409,226
Buildings	71,460	66,398
Machinery	4,885	13,260
Transportation equipment	<u>9,890</u>	<u>12,920</u>
	<u>\$ 1,269,862</u>	<u>\$ 1,409,621</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 242,965</u>	<u>\$ 147,748</u>
Depreciation charge for right-of-use assets		
Land	\$ 212,435	\$ 207,028
Land improvements	62,015	62,015
Buildings	54,354	44,057
Machinery	8,375	8,375
Transportation equipment	<u>10,090</u>	<u>19,521</u>
	<u>\$ 347,269</u>	<u>\$ 340,996</u>

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	<u>\$ 286,135</u>	<u>\$ 328,823</u>
Non-current	<u>\$ 986,584</u>	<u>\$ 1,084,022</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land (%)	0.70-1.47	0.92-1.47
Land improvements (%)	0.92-0.31	0.92-1.31
Buildings (%)	0.70-0.92	0.92
Machinery (%)	0.92	0.92
Transportation equipment (%)	0.86-0.92	0.92

c. Material lease activities and terms

The Corporation leases land with a total of 261,207.62 square meter from Taiwan International Ports Corporation, Ltd. The rent is calculated by an annual rate of 5% based on the aforementioned

announced land value. The lease term is from January 2008 to December 2027.

The Corporation leases No. 101 berth in Kaohsiung Harbor from Taiwan International Ports Corporation, Ltd. for the use of cargo handling of raw materials, including coal and iron ore, as well as GBFS with a lease term from December 2016 to December 2027.

The Corporation enters into lease arrangements with the subsidiary CSE to cope with shipment of foreign raw materials. The payment terms are calculated based on actual shipping amount and thus classified as variable lease payment.

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	\$ <u>88,280</u>	\$ <u>86,195</u>
Expenses relating to variable leases payments	\$ 2,672,079	\$ 2,512,254
Covid-19-related rent concessions	<u>(4,448)</u>	<u>-</u>
Expenses relating to variable leases payments not included in the measurement of lease liabilities	\$ <u>2,667,631</u>	\$ <u>2,512,254</u>
Total cash outflow for leases	\$ <u>(3,117,545)</u>	\$ <u>(2,954,801)</u>

For land and buildings which qualify as short-term leases and some office and transportation equipment which qualify as low-value asset leases, the Corporation has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the Year Ended December 31, 2020

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 6,466,155	\$ 1,264,162	\$ 7,730,317
Transferred from property, plant and equipment	<u>-</u>	<u>13,563</u>	<u>13,563</u>
Balance at December 31, 2020	\$ <u>6,466,155</u>	\$ <u>1,277,725</u>	\$ <u>7,743,880</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 288,395	\$ 288,395
Depreciation	-	22,714	22,714
Transferred from property, plant and equipment	<u>-</u>	<u>1,518</u>	<u>1,518</u>
Balance at December 31, 2020	\$ <u>-</u>	\$ <u>312,627</u>	\$ <u>312,627</u>
Carrying amount at December 31, 2020	\$ <u>6,466,155</u>	\$ <u>965,098</u>	\$ <u>7,431,253</u>

For the Year Ended December 31, 2019

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 5,536,165	\$ 1,260,162	\$ 6,796,327
Transferred from property, plant and equipment	<u>929,990</u>	<u>4,000</u>	<u>933,990</u>
Balance at December 31, 2019	<u>\$ 6,466,155</u>	<u>\$ 1,264,162</u>	<u>\$ 7,730,317</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ -	\$ 264,163	\$ 264,163
Depreciation	-	22,671	22,671
Transferred from property, plant and equipment	<u>-</u>	<u>1,561</u>	<u>1,561</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 288,395</u>	<u>\$ 288,395</u>
Carrying amount at December 31, 2019	<u>\$ 6,466,155</u>	<u>\$ 975,767</u>	<u>\$ 7,441,922</u>

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

Buildings 5-60 years

The fair value of the investment properties was arrived at on the basis of valuation carried out in January 2013, September 2013, December 2014, April 2015, December 2015, March 2017, July 2017 and August 2019 by independent appraisers, who are not related parties. Lands were valued under market approach, income approach and land developing analysis approach. Buildings were evaluated using Level 3 inputs under market approach, cost approach and income approach. In December 2016, due to the significant change in the present value assessed for several pieces of land, the Corporation, based on the actual land sale prices in the vicinity, reappraised the land value. The important assumptions and fair value were as follows:

	<u>December 31</u>	
	2020	2019
Fair value	<u>\$ 25,042,302</u>	<u>\$ 25,058,287</u>
Depreciation rate (%)	1.90-2.71	1.90-2.71
Discount rate (%)	0.99-2.56	0.99-2.56

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

17. BORROWINGS

a. Short-term borrowings and bank overdraft

	December 31	
	2020	2019
Unsecured loans	\$ 3,900,000	\$ 12,000,000
Bank overdraft (Note 30)	3,179,332	4,835,521
Export bill loans	1,039,114	584,361
Letters of credit	17,428	24,093
Loans from related parties (Note 29)	<u>2,550,000</u>	<u>2,700,000</u>
	<u>\$ 10,685,874</u>	<u>\$ 20,143,975</u>
Range of interest rates p.a. (%)	0-0.75	0-4.75

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 4,000,000	\$ 14,000,000
Less: Unamortized discounts	<u>908</u>	<u>9,362</u>
	<u>\$ 3,999,092</u>	<u>\$ 13,990,638</u>
Range of interest rates p.a. (%)	0.23-0.30	0.52-0.58

The above commercial paper was unsecured, and the financial institutions included Cathay United Bank, Yuanta Bank and E.SUN Bank.

c. Long-term borrowings

	December 31	
	2020	2019
Unsecured loans	\$ 8,961,039	\$ 8,620,425
Less: Financial liabilities for hedging - current	1,625,611	-
Financial liabilities for hedging - noncurrent	<u>335,428</u>	<u>4,620,425</u>
	<u>\$ 7,000,000</u>	<u>\$ 4,000,000</u>
Range of interest rates p.a. (%)	0.24-0.60	0.30-2.65

The amounts of JPY 7.1 billion (NT\$1,961,039 thousand), US\$58,548 thousand and JPY10.38 billion (NT\$4,620,425 thousand), which were included in the above bank loans as of December 31, 2020 and December 31, 2019, respectively, were used to hedge the exchange rate fluctuations and reclassified to financial liabilities for hedging (including current and noncurrent).

d. Long-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 6,900,000	\$ 2,000,000
Less: Unamortized discounts	<u>2,492</u>	<u>1,313</u>
	<u>\$ 6,897,508</u>	<u>\$ 1,998,687</u>
Range of interest rates p.a. (%)	0.20-0.57	0.68

The Corporation entered into unsecured commercial paper contracts with Taishin Bank, CTBC Bank and Cathay United Bank in January 2020, April 2020 and December 2019, respectively. The duration of the contracts is four years. In the fourth year, the contracts can only be issued after negotiating between the counterparties. During the cycle of issuance, the Corporation only has to pay service fees and interests. Therefore, the Corporation recorded those commercial papers issued as long-term bills payable.

18. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured domestic bonds	\$ 71,550,000	\$ 72,350,000
Less: Issuance cost of bonds payable	31,536	36,589
Current portion	<u>10,949,351</u>	<u>6,599,642</u>
	<u>\$ 60,569,113</u>	<u>\$ 65,713,769</u>

The major terms of unsecured domestic bonds are as follows:

Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
July 2013 to July 2020	\$ 6,300,000	1.44	Repayable in July 2019 and July 2020; interest payable annually
December 2020 to December 2025	1,600,000	0.39	Repayable in December 2024 and December 2025; interest payable annually
January 2014 to January 2021	6,900,000	1.75	Repayable in January 2020 and January 2021; interest payable annually
May 2018 to May 2025	6,000,000	0.95	Repayable in May 2024 and May 2025; interest payable annually
October 2018 to October 2025	4,150,000	0.90	Repayable 25% in October 2024 and 75% in October 2025; interest payable annually
December 2020 to December 2027	4,200,000	0.43	Repayable 70% in December 2026 and 30% in December 2027; interest payable annually
August 2012 to August 2022	15,000,000	1.50	Repayable in August 2021 and August 2022; interest payable annually
July 2013 to July 2023	9,700,000	1.60	Repayable in July 2022 and July 2023; interest payable annually

Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
January 2014 to January 2024	\$ 7,000,000	1.95	Repayable in January 2023 and January 2024; interest payable annually
August 2018 to August 2028	5,600,000	1.10	Repayable in August 2027 and August 2028; interest payable annually
October 2018 to October 2028	2,250,000	1.05	Repayable in October 2027 and October 2028; interest payable annually
July 2013 to July 2028	3,600,000	1.88	Repayable 30% in July 2026, 30% in July 2027 and 40% in July 2028; interest payable annually
January 2014 to January 2029	9,000,000	2.15	Repayable 30% in January 2027, 30% in January 2028 and 40% in January 2029; interest payable annually

19. OTHER PAYABLES

	December 31	
	2020	2019
Purchase of equipment	\$ 4,087,580	\$ 3,067,514
Salaries and bonus	2,910,323	3,594,516
Outsourced repair and construction	741,277	554,981
Interest payable	650,642	752,634
Consignment payable	938,563	520,221
Employees' compensation and remuneration of directors	83,596	632,807
Others	<u>6,318,708</u>	<u>4,840,873</u>
	<u>\$ 15,730,689</u>	<u>\$ 13,963,546</u>

20. PROVISIONS - CURRENT

		December 31	
		2020	2019
Onerous contracts (a)		\$ 4,287,537	\$ 2,510,578
Construction warranties (b)		<u>455</u>	<u>455</u>
		<u>\$ 4,287,992</u>	<u>\$ 2,511,033</u>
	Onerous Contracts	Construction Warranties	Total
Balance at January 1, 2020	\$ 2,510,578	\$ 455	\$ 2,511,033
Recognition	<u>1,776,959</u>	<u>-</u>	<u>1,776,959</u>
Balance at December 31, 2020	<u>\$ 4,287,537</u>	<u>\$ 455</u>	<u>\$ 4,287,992</u>
Balance at January 1, 2019	\$ 4,933,298	\$ 455	\$ 4,933,753
Reversal	<u>(2,422,720)</u>	<u>-</u>	<u>(2,422,720)</u>
Balance at December 31, 2019	<u>\$ 2,510,578</u>	<u>\$ 455</u>	<u>\$ 2,511,033</u>

- 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 contracts, less revenue expected to be earned on the contracts, and the difference between the estimated cost in the future to satisfy performance obligation and estimated revenue of the Corporation from non-cancellable construction contracts.
- b. The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties. The estimate had been made on the basis of historical warranty trends.

21. 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. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Corporation has no right to influence the investment policy and strategy. Starting from 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 amount of defined benefit plans included in the standalone balance sheets were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 19,775,621	\$ 21,476,469
Fair value of plan assets	<u>(12,904,754)</u>	<u>(14,395,983)</u>
Deficit	6,870,867	7,080,486
Net defined benefit liabilities - recognized in other payables	<u>(80,818)</u>	<u>(80,390)</u>
Net defined benefit liabilities	<u>\$ 6,790,049</u>	<u>\$ 7,000,096</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 21,476,469</u>	<u>\$ (14,395,983)</u>	<u>\$ 7,080,486</u>
Service cost			
Current service cost	535,439	-	535,439
Interest expense (income)	<u>134,228</u>	<u>(92,032)</u>	<u>42,196</u>
Recognized in profit or loss	<u>669,667</u>	<u>(92,032)</u>	<u>577,635</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(510,094)	(510,094)
Actuarial loss - changes in financial assumptions	292,292	-	292,292
Actuarial loss - experience adjustments	<u>274,075</u>	<u>-</u>	<u>274,075</u>
Recognized in other comprehensive income	<u>566,367</u>	<u>(510,094)</u>	<u>56,273</u>
Contributions from the employer	-	(773,374)	(773,374)
Benefits paid	(2,944,164)	2,874,011	(70,153)
Contributions of employee returning to the Corporation	<u>7,282</u>	<u>(7,282)</u>	<u>-</u>
	<u>(2,936,882)</u>	<u>2,093,355</u>	<u>(843,527)</u>
Balance at December 31, 2020	<u>\$ 19,775,621</u>	<u>\$ (12,904,754)</u>	<u>\$ 6,870,867</u>
Balance at January 1, 2019	<u>\$ 22,454,011</u>	<u>\$ (15,497,311)</u>	<u>\$ 6,956,700</u>
Service cost			
Current service cost	587,028	-	587,028
Interest expense (income)	<u>196,472</u>	<u>(137,652)</u>	<u>58,820</u>
Recognized in profit or loss	<u>783,500</u>	<u>(137,652)</u>	<u>645,848</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(591,643)	(591,643)
Actuarial loss - changes in financial assumptions	316,190	-	316,190
Actuarial loss - experience adjustments	<u>447,720</u>	<u>-</u>	<u>447,720</u>
Recognized in other comprehensive income	<u>763,910</u>	<u>(591,643)</u>	<u>172,267</u>
Contributions from the employer	-	(653,631)	(653,631)
Benefits paid	(2,538,226)	2,497,528	(40,698)
Contributions of employee returning to the Corporation	<u>13,274</u>	<u>(13,274)</u>	<u>-</u>
	<u>(2,524,952)</u>	<u>1,830,623</u>	<u>(694,329)</u>
Balance at December 31, 2019	<u>\$ 21,476,469</u>	<u>\$ (14,395,983)</u>	<u>\$ 7,080,486</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 401,484	\$ 445,102
Operating expenses	176,151	200,696
Others	<u>-</u>	<u>50</u>
	<u>\$ 577,635</u>	<u>\$ 645,848</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate (%)	0.375	0.625
Expected rate of salary increase (%)	2.500	2.500
Turnover rate (%)	0.000-0.100	0.000-0.100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate		
0.25% increase	<u>\$ (292,291)</u>	<u>\$ (316,190)</u>
0.25% decrease	<u>\$ 301,285</u>	<u>\$ 325,651</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 293,164</u>	<u>\$ 316,388</u>
0.25% decrease	<u>\$ (285,978)</u>	<u>\$ (308,854)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 523,306</u>	<u>\$ 658,417</u>
The average duration of the defined benefit obligation	5.7 years	5.9 years

22. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>17,000,000</u>	<u>17,000,000</u>
Shares authorized	<u>\$ 170,000,000</u>	<u>\$ 170,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares (in thousands)	15,734,861	15,734,861
Preference shares (in thousands)	<u>38,268</u>	<u>38,268</u>
	<u>15,773,129</u>	<u>15,773,129</u>
Shares issued		
Ordinary shares	\$ 157,348,610	\$ 157,348,610
Preference shares	<u>382,680</u>	<u>382,680</u>
	<u>\$ 157,731,290</u>	<u>\$ 157,731,290</u>

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
- 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, 2020 and 2019, the outstanding depositary receipts were 634,512 units and 713,607 units, equivalent to 12,690,550 ordinary shares (including 310 fractional shares) and 14,272,450 ordinary shares (including 310 fractional shares), which represented 0.08% and 0.09% of the outstanding ordinary shares, respectively.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset deficit, distribute cash or transfer to share capital (see 1 below)		
Additional paid-in capital	\$ 31,154,766	\$ 31,154,766
Treasury share transactions	7,239,784	7,079,070
Others	8,099	8,099
	<u>38,402,649</u>	<u>38,241,935</u>
May be used to offset deficit only (see 2 below)		
Share of change in equity of subsidiaries	515,257	509,181
Share of change in equity of associates	159,550	126,153
	<u>674,807</u>	<u>635,334</u>
	<u>\$ 39,077,456</u>	<u>\$ 38,877,269</u>

- 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).
- 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) Ordinary share dividends at no more than 14% of par value; and
- 4) 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.

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.

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve. In addition, 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 appropriations of earnings for 2020 and 2019 had been approved in the shareholders' meeting in June 2020 and 2019, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share	
	For the Year Ended December 31		(NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 858,223	\$ 2,445,415		
Special reserve	110,524	154,480		
Preference shares				
Cash dividends	53,575	53,575	<u>\$ 1.40</u>	<u>\$ 1.40</u>
Ordinary shares				
Cash dividends	7,867,430	15,734,861	<u>\$ 0.50</u>	<u>\$ 1.00</u>

The appropriations of earnings for 2020 had been proposed by the Corporation's board of directors on February 26, 2021 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 78,931	
Reversal of special reserve	(272,355)	
Preference shares		
Cash dividends	53,575	<u>\$ 1.40</u>
Ordinary shares		
Cash dividends	4,720,458	<u>\$ 0.30</u>

The appropriations of earnings for 2020 are subject to the resolution of the shareholder's meeting to be held in June 2021.

d. Special reserves

	For the Year Ended December 31 2020	2019
Balance, beginning of the year	\$ 27,803,906	\$ 27,649,488
Appropriation in respect of		
Difference due from the Corporation's shares held by subsidiaries in prices lower than carrying amount	110,524	154,480
Reversal of special reserve		
Disposal of property, plant and equipment	<u>(2,365)</u>	<u>(62)</u>
Balance, end of the year	<u>\$ 27,912,065</u>	<u>\$ 27,803,906</u>

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31 2020	2019
Balance, beginning of the year	\$ (6,838,836)	\$ (5,919,624)
Recognized during the year		
Exchange differences arising from translating foreign operations	(474,314)	(733,134)
Share from subsidiaries and associates accounted for using the equity method	<u>(215,800)</u>	<u>(186,078)</u>
Other comprehensive income (loss) recognized in the year	<u>(690,114)</u>	<u>(919,212)</u>
Balance, end of the year	<u>\$ (7,528,950)</u>	<u>\$ (6,838,836)</u>

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31 2020	2019
Balance, beginning of the year	\$ 2,124,342	\$ 4,410,913

	For the Year Ended December 31	
	2020	2019
Recognized during the year		
Unrealized gains and losses - equity instruments	\$ (2,734,065)	\$ (5,888,537)
Share from subsidiaries and associates accounted for using the equity method	<u>1,188,644</u>	<u>3,617,214</u>
Other comprehensive income (loss) recognized in the year	<u>(1,545,421)</u>	<u>(2,271,323)</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(35,504)</u>	<u>(15,248)</u>
Balance, end of the year	<u>\$ 543,417</u>	<u>\$ 2,124,342</u>

3) Gains and losses on hedging instrument

	Cash Flow Hedges	Fair Value Hedges	Hedges of Net Investments in Foreign Operations	Total
Balance at January 1, 2020	\$ 34,535	\$ 23,945	\$ 3,794,055	\$ 3,852,535
Increase (decrease) in the year	<u>(48,258)</u>	<u>(1,144)</u>	<u>(5,269)</u>	<u>(54,671)</u>
Balance at December 31, 2020	<u>\$ (13,723)</u>	<u>\$ 22,801</u>	<u>\$ 3,788,786</u>	<u>\$ 3,797,864</u>
Balance at January 1, 2019	\$ 290,851	\$ 15,555	\$ 3,797,472	\$ 4,103,878
Increase (decrease) in the year	<u>(256,316)</u>	<u>8,390</u>	<u>(3,417)</u>	<u>(251,343)</u>
Balance at December 31, 2019	<u>\$ 34,535</u>	<u>\$ 23,945</u>	<u>\$ 3,794,055</u>	<u>\$ 3,852,535</u>

a) Cash flow hedges

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	<u>\$ 34,535</u>	<u>\$ 290,851</u>
Recognized during the year		
Foreign currency risk - hedging foreign - currency deposits	8,958	(50,291)
Foreign currency risk - foreign exchange forward contracts	19,683	(25,166)
Tax effect	(5,728)	15,091
Share from subsidiaries and associates accounted for using the equity method	(76,243)	(192,915)

	For the Year Ended December 31	
	2020	2019
Reclassification adjustment		
Foreign currency risk - hedging foreign - currency deposits	\$ 6,340	\$ (3,794)
Tax effect	<u>(1,268)</u>	<u>759</u>
Other comprehensive loss recognized in the year	<u>(48,258)</u>	<u>(256,316)</u>
Balance, end of the year	<u>\$ (13,723)</u>	<u>\$ 34,535</u>

b) Fair value hedges

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 23,945	\$ 15,555
Recognized during the year		
Foreign currency risk - bank loans	<u>(1,144)</u>	<u>8,390</u>
Other comprehensive income (loss) recognized in the year	<u>(1,144)</u>	<u>8,390</u>
Balance, end of the year	<u>\$ 22,801</u>	<u>\$ 23,945</u>

c) Hedges of net investments in foreign operations

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	\$ 3,794,055	\$ 3,797,472
Recognized during the year		
Foreign currency risk - bank loans	<u>(5,269)</u>	<u>(3,417)</u>
Other comprehensive loss recognized in the year	<u>(5,269)</u>	<u>(3,417)</u>
Balance, end of the year	<u>\$ 3,788,786</u>	<u>\$ 3,794,055</u>

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2020					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,765</u>	<u>90</u>	<u>90</u>	<u>320,765</u>	<u>\$8,664,198</u>
For the year ended December 31, 2019					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>320,004</u>	<u>761</u>	<u>-</u>	<u>320,765</u>	<u>\$8,664,198</u>

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 financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - 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.

Refer to Table 3 for the Corporation's shares held by subsidiaries. The subsidiaries acquired and sold 200 thousand shares of the Corporation in 2020, with the disposal amount NT\$4,580 thousand, of which NT\$2,051 thousand based on percentage of ownership. The afore mentioned amount was higher than the book value of treasury shares by NT\$604 thousand, of which NT\$271 thousand was based on percentage of ownership. The above adjustment was transferred capital surplus. As of December 31, 2020 and 2019, the market values of the treasury shares calculated by combined holding percentage were NT\$7,940,725 thousand and NT\$7,668,370 thousand, respectively.

23. OPERATING REVENUE

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (Note 10)	<u>\$ 5,284,823</u>	<u>\$ 3,641,038</u>	<u>\$ 5,881,719</u>
Contract assets			
Construction contracts	<u>\$ 475,313</u>	<u>\$ 37,687</u>	<u>\$ 204,993</u>
Contract liabilities			
Sale of goods	\$ 1,110,181	\$ 960,115	\$ 1,037,999
Construction contracts	90,061	140,981	690,158
Sale of real estate	<u>-</u>	<u>-</u>	<u>60,436</u>
	<u>\$ 1,200,242</u>	<u>\$ 1,101,096</u>	<u>\$ 1,788,593</u>

b. Disaggregation of revenue

For the year ended December 31, 2020

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 177,864,295	\$ -	\$ 177,864,295
Others	<u>-</u>	<u>5,977,231</u>	<u>5,977,231</u>
	<u>\$ 177,864,295</u>	<u>\$ 5,977,231</u>	<u>\$ 183,841,526</u>

For the year ended December 31, 2019

	Steel Department	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 201,535,449	\$ -	\$ 201,535,449
Others	<u>-</u>	<u>5,762,084</u>	<u>5,762,084</u>
	<u>\$ 201,535,449</u>	<u>\$ 5,762,084</u>	<u>\$ 207,297,533</u>

c. Partially completed contracts

As of December 31, 2020 and 2019, the transaction prices allocated to the performance obligations that were not fully satisfied amounted to NT\$6,463,894 thousand and NT\$8,819,068 thousand, respectively. The Corporation will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through November 2024.

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 21,705	\$ 82,874
Others	<u>81,055</u>	<u>111,298</u>
	<u>\$ 102,760</u>	<u>\$ 194,172</u>

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income	\$ 550,558	\$ 620,040
Dividend income	478,481	536,241
Royalty income	173,645	286,737
Others	<u>705,271</u>	<u>344,111</u>
	<u>\$ 1,907,955</u>	<u>\$ 1,787,129</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gain	\$ 340,821	\$ 335,857
Loss on disposal of property, plant and equipment	(3,107)	(7,148)
Gain arising from financial assets at fair value through profit or loss	117,861	14,534
Other losses	<u>(476,917)</u>	<u>(354,918)</u>
	<u>\$ (21,342)</u>	<u>\$ (11,675)</u>

The components of net foreign exchange gain were as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange gain	\$ 800,605	\$ 953,777
Foreign exchange loss	<u>(459,784)</u>	<u>(617,920)</u>
Net exchange gain	<u>\$ 340,821</u>	<u>\$ 335,857</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest of bonds payable	\$ 1,055,388	\$ 1,176,788
Interest of short-term borrowings and bank overdraft	117,393	237,197
Interest of bills payable	93,051	48,710
Interest of lease liabilities	<u>14,120</u>	<u>18,558</u>
Total interest expense for financial liabilities measured at amortized cost	1,279,952	1,481,253
Less: Amounts included in the cost of qualifying assets	<u>186,985</u>	<u>144,262</u>
	<u>\$ 1,092,967</u>	<u>\$ 1,336,991</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized amounts	<u>\$ 186,985</u>	<u>\$ 144,262</u>
Capitalized annual rates (%)	1.09-1.20	1.14-1.40

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 14,879,973	\$ 17,065,818
Right-of-use assets	347,269	340,996
Investment properties	22,714	22,671
Intangible assets	<u>9,956</u>	<u>9,957</u>
	<u>\$ 15,259,912</u>	<u>\$ 17,439,442</u>
An analysis of depreciation by function		
Operating costs	\$ 14,007,500	\$ 16,109,211
Operating expenses	1,120,297	1,115,688
Others	<u>122,159</u>	<u>204,586</u>
	<u>\$ 15,249,956</u>	<u>\$ 17,429,485</u>

	For the Year Ended December 31	
	2020	2019
An analysis of amortization by function		
Operating costs	\$ 9,956	\$ 9,956
Operating expenses	<u>-</u>	<u>1</u>
	<u>\$ 9,956</u>	<u>\$ 9,957</u>
f. Employee benefits		
	For the Year Ended December 31	
	2020	2019
Short-term employee benefits		
Salaries	\$ 12,271,420	\$ 15,459,628
Labor and health insurance	927,313	1,009,288
Others	<u>558,752</u>	<u>570,385</u>
	<u>13,757,485</u>	<u>17,039,301</u>
Post-employment benefits		
Defined contribution plans	327,240	301,139
Defined benefit plans (Note 21)	<u>577,635</u>	<u>645,848</u>
	<u>904,875</u>	<u>946,987</u>
Termination benefits	<u>83,748</u>	<u>57,947</u>
	<u>\$ 14,746,108</u>	<u>\$ 18,044,235</u>
Analysis of employee benefits by function		
Operating costs	\$ 12,120,521	\$ 14,852,995
Operating expenses	2,438,846	3,045,835
Others	<u>186,741</u>	<u>145,405</u>
	<u>\$ 14,746,108</u>	<u>\$ 18,044,235</u>
g. Employees' compensation and remuneration of directors		

According to the Articles of Incorporation, the article stipulates the Corporation distributed employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 0.15%, respectively, of the pre-tax profit prior to deducting employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which have been approved by the Corporation's board of directors in February 2021 and March 2020, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2020	2019
Employees' compensation	\$ 82,057	\$ 622,979
Remuneration of directors	1,539	11,681

Accrual Rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation (%)	7.52	5.84
Remuneration of directors (%)	0.14	0.11

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration of directors (all in cash) for 2019 and 2018 which had been resolved by the board of directors in March 2020 and 2019, respectively, were as follows:

	For the Year Ended December 31			
	2019		2018	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 622,979	\$ 11,681	\$ 1,744,054	\$ 32,701
Amounts recognized in the annual financial statements	<u>621,160</u>	<u>11,647</u>	<u>1,744,054</u>	<u>32,701</u>
Differences	<u>\$ 1,819</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>

The above differences were adjusted to profit and loss for the year ended December 31, 2020.

Information on the employees' compensation and remuneration of directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 10,385	\$ 829,442
Income tax on unappropriated earnings	-	410,818
In respect of prior years	(475,403)	(30,741)
Deferred tax		
In respect of the current year	544,040	(1,333)
In respect of prior years	<u>42,489</u>	<u>17,367</u>
	<u>\$ 121,511</u>	<u>\$ 1,225,553</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before income tax	\$ <u>1,007,376</u>	\$ <u>10,035,108</u>
Income tax expense calculated at the statutory rate	\$ 201,475	\$ 2,007,022
Non-deductible expenses in determining taxable income	16,056	11,656
Tax-exempt income	140,127	(1,113,551)
Income tax on unappropriated earnings	-	410,818
Land value increment tax	-	2,456
Realized investment loss	(1,844)	(66,695)
Investment credits in respect of the current year	-	(12,779)
Unrecognized loss carryforwards	188,284	-
Separate taxation on repatriated offshore funds	10,385	-
Others	(58)	-
Adjustments for prior years' tax in respect of the current year	<u>(432,914)</u>	<u>(13,374)</u>
	\$ <u>121,511</u>	\$ <u>1,225,553</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Corporation used the losses incurred in the first quarter of 2020 to estimate losses for the first six months of 2020 and this amount is deducted from the Corporation's unappropriated earnings for 2018 for filing the additional tax. For the 2020 standalone financial reporting purpose, the tax on unappropriated earnings for 2018 is measured based on the actual profit for 2020, and the current income tax payable is adjusted accordingly.

In addition, in accordance with Rule No. 10904558730 issued by the MOF, the Corporation has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2020	2019
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	\$ 732	\$ 23
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	<u>(732)</u>	<u>(23)</u>
	\$ <u>-</u>	\$ <u>-</u>

c. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Current - fair value changes of cash flow hedges	\$ (5,728)	\$ 15,091
Current - remeasurement of defined benefit plan	11,254	34,454
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	<u>(1,268)</u>	<u>759</u>
	<u>\$ 4,258</u>	<u>\$ 50,304</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit pension plan	\$ 1,416,096	\$ (53,177)	\$ 11,254	\$ -	\$ 1,374,173
Unrealized loss on inventories	1,090,372	(478,867)	-	-	611,505
Unrealized loss on cash flow hedges	13,523	-	(6,996)	-	6,527
Provision	136,695	444,688	-	-	581,383
Unrealized gain on the transactions with subsidiaries and associates	179,803	27,872	-	-	207,675
Unrealized settlement loss on foreign exchange forward contracts for hedging	64,271	(12,965)	-	-	51,306
Unrealized construction loss	801,892	-	-	-	801,892
Estimated preferential severance pay	20,886	1,147	-	-	22,033
Foreign investment loss	654,359	(534,164)	-	-	120,195
Others	108,050	(48,372)	-	-	59,678
	<u>\$ 4,485,947</u>	<u>\$ (653,838)</u>	<u>\$ 4,258</u>	<u>\$ -</u>	<u>\$ 3,836,367</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Difference between tax reporting and financial reporting - depreciation method	541,986	(69,425)	-	-	472,561
Unrealized exchange gains, net	71,199	4,498	-	-	75,697
Unrealized gain on revaluation increment	38,421	-	-	(732)	37,689
Others	10,226	(2,382)	-	-	7,844
	<u>\$ 10,673,748</u>	<u>\$ (67,309)</u>	<u>\$ -</u>	<u>\$ (732)</u>	<u>\$ 10,605,707</u>

For the Year Ended December 31, 2019

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit pension plan	\$ 1,391,338	\$ (9,696)	\$ 34,454	\$ -	\$ 1,416,096
Unrealized loss on inventories	765,655	324,717	-	-	1,090,372
Unrealized loss on cash flow hedges	-	-	13,523	-	13,523

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Balance, End of Year
Provision	\$ 510,583	\$ (373,888)	\$ -	\$ -	\$ 136,695
Unrealized gain on the transactions with subsidiaries and associates	207,454	(27,651)	-	-	179,803
Unrealized settlement loss on foreign exchange forward contracts for hedging	74,483	(10,212)	-	-	64,271
Unrealized construction loss	801,892	-	-	-	801,892
Estimated preferential severance pay	22,534	(1,648)	-	-	20,886
Foreign investment loss	607,095	47,264	-	-	654,359
Others	<u>119,053</u>	<u>(11,003)</u>	<u>-</u>	<u>-</u>	<u>108,050</u>
	<u>\$ 4,500,087</u>	<u>\$ (62,117)</u>	<u>\$ 47,977</u>	<u>\$ -</u>	<u>\$ 4,485,947</u>
Deferred tax liabilities					
Temporary differences					
Land value increment tax	\$ 10,011,916	\$ -	\$ -	\$ -	\$ 10,011,916
Difference between tax reporting and financial reporting - depreciation method	584,250	(42,264)	-	-	541,986
Unrealized exchange gains, net	71,507	(308)	-	-	71,199
Unrealized gain on revaluation increment	38,444	-	-	(23)	38,421
Unrealized gain on cash flow hedge	2,327	-	(2,327)	-	-
Others	<u>13,737</u>	<u>(3,511)</u>	<u>-</u>	<u>-</u>	<u>10,226</u>
	<u>\$ 10,722,181</u>	<u>\$ (46,083)</u>	<u>\$ (2,327)</u>	<u>\$ (23)</u>	<u>\$ 10,673,748</u>

e. Income tax assessments

The Corporation's income tax returns through 2016 have been assessed by the tax authorities.

26. 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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Net profit for the year	\$ 885,865	\$ 8,809,555
Less: Dividends on preference shares	<u>53,575</u>	<u>53,575</u>
Net profit used in computation of diluted earnings per share	<u>\$ 832,290</u>	<u>\$ 8,755,980</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Weighted average number of ordinary shares used in computation of basic earnings per share	15,414,073	15,414,667
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>10,450</u>	<u>42,045</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>15,424,523</u>	<u>15,456,712</u>

Preference shares were not included in the calculation of diluted earnings per share for the years ended December 31, 2020 and 2019 because of their anti-dilutive effect.

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. 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, interest rate fluctuation, strategies for development, etc.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial instruments that are not measured at fair value, such as cash and cash equivalent, receivables and payables approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
Financial assets at fair value through profit or loss				
Foreign unlisted preference shares	\$ -	\$ -	\$ 843,818	\$ 843,818
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 10,252,633	\$ -	\$ -	\$ 10,252,633
Foreign listed shares	1,495,004	-	-	1,495,004
Domestic unlisted shares	-	-	853,478	853,478
Foreign unlisted shares	-	-	25,625,541	25,625,541
	<u>\$ 11,747,637</u>	<u>\$ -</u>	<u>\$ 26,479,019</u>	<u>\$ 38,226,656</u>

	Level 1	Level 2	Level 3	Total
Financial assets for hedging Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>22,946</u>	\$ <u>-</u>	\$ <u>22,946</u>
Financial liabilities for hedging Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>37,859</u>	\$ <u>-</u>	\$ <u>37,859</u>
<u>December 31, 2019</u>				
Financial assets at fair value through profit or loss Foreign unlisted preference shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,651,895</u>	\$ <u>1,651,895</u>
Financial assets at fair value through other comprehensive income Equity instruments				
Domestic listed shares	\$ 12,098,209	\$ -	\$ -	\$ 12,098,209
Foreign listed shares	1,925,597	-	-	1,925,597
Domestic unlisted shares	-	-	969,454	969,454
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>25,967,461</u>	<u>25,967,461</u>
	\$ <u>14,023,806</u>	\$ <u>-</u>	\$ <u>26,936,915</u>	\$ <u>40,960,721</u>
Financial assets for hedging Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>599</u>	\$ <u>-</u>	\$ <u>599</u>
Financial liabilities for hedging Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>35,195</u>	\$ <u>-</u>	\$ <u>35,195</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

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

For the year ended December 31, 2020

	<u>Equity Instruments</u>		
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 1,651,895	\$ 26,936,915	\$ 28,588,810
Disposals	(841,779)	-	(841,779)

	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Recognized in profit or loss	\$ 33,702	\$ -	\$ 33,702
Recognized in other comprehensive income	<u>-</u>	<u>(457,896)</u>	<u>(457,896)</u>
Balance, end of the year	<u>\$ 843,818</u>	<u>\$ 26,479,019</u>	<u>\$ 27,322,837</u>

For the year ended December 31, 2019

	Equity Instruments		
	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at Fair Value Through Other Comprehensive Income	Total
Balance, beginning of the year	\$ 1,651,808	\$ 34,340,750	\$ 35,992,558
Recognized in profit or loss	87	-	87
Recognized in other comprehensive income	-	(7,403,351)	(7,403,351)
Disposals	<u>-</u>	<u>(484)</u>	<u>(484)</u>
Balance, end of the year	<u>\$ 1,651,895</u>	<u>\$ 26,936,915</u>	<u>\$ 28,588,810</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement.

Derivative instruments - A discounted cash flow analysis was performed using the applicable yield curve for the duration of the derivative instruments for foreign exchange forward contracts. 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.

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement
- For domestic unlisted shares and some foreign unlisted shares, fair values were determined based on industry types, valuations of similar companies and operations.
 - For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected return by using discounted cash flow model. Significant unobservable inputs were as follows; if the long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	December 31	
	2020	2019
Long-term pre-tax operating income rate (%)	7.98-54.07	10.65-50.76
Discount rate (%)	7.62-10.69	10.79-11.01

If the below input to the valuation model was changed to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the equity investment would increase (decrease) as follows:

	December 31	
	2020	2019
Long-term pre-tax operating income rate		
Increase 1%	<u>\$ 268,384</u>	<u>\$ 187,755</u>
Decrease 1%	<u>\$ (270,220)</u>	<u>\$ (189,229)</u>
Discount rate		
Increase 1%	<u>\$ (479,780)</u>	<u>\$ (365,524)</u>
Decrease 1%	<u>\$ 652,297</u>	<u>\$ 452,460</u>

- c) For the remaining few foreign unlisted shares, their fair values were measured under the market approach. In particular significant unobservable inputs included discount for lack of marketability and control premium. If discount for lack of marketability decreased or control premium increased, the fair values of the investments would increase.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at fair value through profit or loss	\$ 843,818	\$ 1,651,895
Financial assets for hedging	515,971	687,085
Financial assets at amortized cost 1)	20,234,891	24,657,905
Financial assets at fair value through other comprehensive income	38,226,656	40,960,721
Financial liabilities		
Financial liabilities for hedging	1,998,898	4,655,620
Financial liabilities at amortized cost 2)	123,028,535	135,220,285

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including loans to related parties), 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, accounts payable (including related parties), other payables, refund liabilities, bonds payable, long-term bank borrowings, long-term bills payable and deposits received.

d. Financial risk management objectives and policies

The Corporation places great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation was equipped with sufficient and cost - efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the

accountability and related financial risk control procedures required by the Corporation for executing financial projects. 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 purchases, construction undertaking, 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 end of the reporting period were referred to Note 32.

The Corporation was mainly exposed to the USD. The following table details the sensitivity to a 1% increase in NTD against the relevant foreign currency.

	USD Impact	
	For the Year Ended	
	December 31	
	2020	2019
Pre-tax profit or loss	\$ 13,051 i	\$ 18,901 i
Equity	(2,385) ii	15,857 ii

i. These were mainly attributable to the exposure of cash, outstanding receivables, other financial assets and payables and short-term borrowings which were not hedged at the balance sheet date.

ii. These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges and financial liabilities for hedging that were designated as hedging instruments in foreign equity investments and 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 year.

Hedge accounting

The Corporation's hedging strategies were as follows:

i. The Corporation's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure of its foreign currency capital expenditure. Those transactions are designated as cash flow hedges.

ii. The Corporation has designated certain long-term foreign currency borrowing as a hedge to manage its foreign currency risk:

i) Currency risks on foreign equity investments are accounted for as fair value hedge. Changes in the fair value of hedging instruments are recognized, based on the nature of hedged items, either in other gains or losses or other comprehensive income. The Corporation performs assessment of hedging effectiveness and it expects that the value

of long-term foreign currency borrowing and the value of the foreign equity investment will systematically change in opposite direction in response to movements in the underlying exchange rates.

- ii) Foreign currency risk on investments in foreign operations is managed by using long-term foreign currency borrowing as a hedge instrument to hedge the investment in subsidiary CSVC, which has USD as their functional currency.

The following tables summarize the information relating to the hedges of foreign currency risk.

December 31, 2020

Hedging Instruments/ Hedged Items	Currency	Contract Amount (In thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	NTD673,884/ USD22,461	January 2021 - March 2023	28.573-30.654	Financial liabilities for hedging	\$ -	\$ 36,532
	NTD/EUR	NTD636,339/ EUR18,838	October 2021 - December 2022	33.640-35.677	Financial assets/ liabilities for hedging	22,946	410
	NTD/JPY	NTD25,764/ JPY89,600	April 2021 - March 2023	0.2851-0.2906	Financial liabilities for hedging	-	917
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	\$ 8,377	NA	NA	Financial assets for hedging	238,549	-
	EUR	7,267	NA	NA	Financial assets for hedging	254,476	-
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	3,814,000	December 2021 - November 2022	NA	Financial liabilities for hedging	-	1,053,808
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	3,283,500	June 2021	NA	Financial liabilities for hedging	-	907,231

Hedging Instruments/ Hedged Items	Currency	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items* Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
				Continuing Hedges	Discontinuing Hedges		
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	\$ (17,318)	\$ 17,318	\$ (36,532)	\$ -	NA	NA
	NTD/EUR	29,933	(29,933)	22,536	-	NA	NA
	NTD/JPY	7,068	(7,068)	(917)	-	NA	NA
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	(9,921)	9,921	(11,219)	-	NA	NA
	EUR	24,841	(24,841)	(6,504)	-	NA	NA
	JPY	378	(378)	-	-	NA	NA
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	-	-	(177,876)	3,966,662	NA	NA
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	(1,144)	1,144	22,801	-	\$ 1,495,004	\$ (50,321)
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	(985)	1,000	NA	NA	843,818	(97,386)

December 31, 2019

Hedging Instruments/ Hedged Items	Currency	Contract Amount (In thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Foreign exchange forward contracts/Forecast purchases and construction contracts	NTD/USD	NTD1,201,595/ USD39,992	February 2020 - March 2023	28.573-31.375	Financial assets/ liabilities for hedging	\$ 599	\$ 19,813
	NTD/EUR	NTD149,276/ EUR4,192	January 2020 - December 2021	35.443-35.856	Financial liabilities for hedging	-	7,397
	NTD/JPY	NTD232,172/ JPY806,400	August 2020 - March 2023	0.2839-0.2917	Financial liabilities for hedging	-	7,985

Hedging Instruments/ Hedged Items	Currency	Contract Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount	
		(In thousands)				Asset	Liability
Hedging foreign-currency deposits/Forecast purchases and construction contracts	USD	\$ 5,658	NA	NA	Financial assets for hedging	\$ 169,619	\$ -
	EUR	15,196	NA	NA	Financial assets for hedging	510,436	-
	JPY	23,300	NA	NA	Financial assets for hedging	6,431	-
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	58,548	April 2021	NA	Financial liabilities for hedging	-	1,755,269
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	3,814,000	December 2021 - November 2022	NA	Financial liabilities for hedging	-	1,052,664
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	6,567,000	June 2021	NA	Financial liabilities for hedging	-	1,812,492
Hedging Instruments/ Hedged Items	Currency	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity		Fair Value Hedge - Hedged Items' Carrying Amount Asset	Fair Value Hedge - Accumulated Amount of Fair Value Hedge Adjustments Asset
				Continuing Hedges	Discontinuing Hedges		
Cash flow hedge							
Foreign exchange forward contracts/ Forecast purchases and construction contracts	NTD/USD	\$ (16,143)	\$ 16,143	\$ (19,214)	\$ -	NA	NA
	NTD/EUR	(1,038)	1,038	(7,397)	-	NA	NA
	NTD/JPY	(7,985)	7,985	(7,985)	-	NA	NA
Hedging foreign-currency deposits/ Forecast purchases and construction contracts	USD	(7,396)	7,396	(1,298)	-	NA	NA
	EUR	(45,912)	45,912	(31,345)	-	NA	NA
	JPY	(777)	777	(379)	-	NA	NA
Net investment hedge in foreign operations							
Foreign currency bank borrowings/Investment in foreign operations	USD	43,033	(43,033)	(172,607)	3,966,662	NA	NA
Fair value hedge							
Foreign currency bank borrowings/Financial assets at FVTOCI	JPY	8,390	(8,388)	23,945	NA	\$ 1,925,597	\$ (51,465)
Foreign currency bank borrowings/Financial assets at FVTPL	JPY	14,447	(14,667)	NA	NA	1,651,895	(196,801)

For the year ended December 31, 2020

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Foreign exchange forward contracts	\$ 19,683	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	15,298	-	-	-	-
	<u>\$ 34,981</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Net investment hedge in foreign operations					
Foreign currency bank borrowings	<u>\$ (5,269)</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2019

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge					
Foreign exchange forward contracts	\$ (25,166)	\$ -	-	\$ -	\$ -
Hedging foreign - currency deposits	(54,085)	-	-	-	-
	<u>\$ (79,251)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Net investment hedge in foreign operations					
Foreign currency bank borrowings	<u>\$ (3,417)</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>

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	
	2020	2019
Fair value interest rate risk		
Financial liabilities	\$ 76,790,275	\$ 87,716,894
Cash flow interest rate risk		
Financial liabilities	26,544,421	30,763,087

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, 2020 and 2019 would have been lower/higher by NT\$265,444 thousand and NT\$307,631 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% lower/higher, the other comprehensive income for the year ended December 31, 2020 and 2019 would have been lower/higher by NT\$117,476 thousand and NT\$140,238 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

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 of 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 no concentration of credit risk was observed.

As of December 31, 2020 and 2019, the maximum credit risk of off-balance-sheet guarantees provided to subsidiaries and investees of co-investment for procurement and investment compliance was NT\$36,147,590 thousand and NT\$38,136,226 thousand, respectively.

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	1-5 Years	Over 5 Years	Total
<u>December 31, 2020</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 20,288,172	\$ -	\$ -	\$ 20,288,172
Lease liabilities	295,038	636,557	387,511	1,319,106
Variable interest rate liabilities	12,377,323	14,262,601	-	26,639,924
Fixed interest rate liabilities	16,527,524	38,165,006	25,385,730	80,078,260
Refund liabilities	1,914,682	-	-	1,914,682
Financial guarantee liabilities	<u>7,456,748</u>	<u>23,826,554</u>	<u>4,864,288</u>	<u>36,147,590</u>
	<u>\$ 58,859,487</u>	<u>\$ 76,890,718</u>	<u>\$ 30,637,529</u>	<u>\$ 166,387,734</u>
<u>December 31, 2019</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 19,623,569	\$ -	\$ -	\$ 19,623,569
Lease liabilities	344,346	643,583	503,508	1,491,437
Variable interest rate liabilities	20,278,438	10,690,380	-	30,968,818
Fixed interest rate liabilities	22,360,739	41,845,111	27,655,608	91,861,458
Refund liabilities	2,054,213	-	-	2,054,213
Financial guarantee liabilities	<u>113,924</u>	<u>32,922,647</u>	<u>5,099,655</u>	<u>38,136,226</u>
	<u>\$ 64,775,229</u>	<u>\$ 86,101,721</u>	<u>\$ 33,258,771</u>	<u>\$ 184,135,721</u>

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 end of the reporting period, the Corporation considers that it is more likely than not that none of the amount

will be payable under the arrangement.

29. TRANSACTIONS WITH RELATED PARTIES

- a. The name of the company and its relationship with the Corporation

Company	Relationship
C. S. Aluminium Corporation (CSAC)	Subsidiary
China Steel Express Corporation (CSE)	Subsidiary
China Steel Chemical Corporation (CSCC)	Subsidiary
China Steel Global Trading Corporation (CSGT)	Subsidiary
CHC Resources Corporation (CHC)	Subsidiary
China Ecotek Corporation (CEC)	Subsidiary
China Steel Structure Co., Ltd. (CSSC)	Subsidiary
Chung Hung Steel Corporation (CHS)	Subsidiary
China Steel Machinery Corporation (CSMC)	Subsidiary
Gains Investment Corporation (GIC)	Subsidiary
China Steel Security Corporation (CSS)	Subsidiary
China Prosperity Development Corporation. (CPDC)	Subsidiary
InfoChamp Systems Corporation (Info Champ)	Subsidiary
Ever Wealthy International Corporation	Subsidiary
China Steel Management Consulting Corporation	Subsidiary
Himag Magnetic Corporation	Subsidiary
Magnpower Corporation	Subsidiary
Dragon Steel Corporation (DSC)	Subsidiary
China Steel Nippon Steel Vietnam Joint Stock Company (Renamed from China Steel Sumikin Vietnam Joint Stock Company) (CSVC)	Subsidiary
CSGT (Singapore) Pte. Ltd.	Subsidiary
CSE Transport Corporation	Subsidiary
CSEI Transport (Panama) Corporation	Subsidiary
Mentor Consulting Corporation	Subsidiary
Steel Castle Technology Corporation	Subsidiary
Union Steel Development Corp.	Subsidiary
Betacera Inc.	Subsidiary
Wabo Global Trading Corporation	Subsidiary
Universal Exchange Inc.	Subsidiary
United Steel Engineering & Construction Corporation (USEC)	Subsidiary
Thintech Materials Technology Co., Ltd.	Subsidiary
CSGT International Corporation	Subsidiary
CSGT Metals Vietnam Joint Stock Company	Subsidiary
CSC Steel Sdn. Bhd.	Subsidiary
CSGT Japan Co., Ltd.	Subsidiary
CSGT Hong Kong Limited	Subsidiary
CSGT (Shenzhen) Co., Ltd.	Subsidiary
CSGT (Shanghai) Co., Ltd.	Subsidiary
Gau Ruei Investment Corporation	Subsidiary
Chiun Yu Investment Corporation	Subsidiary
Taiwan Intelligent Transportation Co., Ltd.	Subsidiary
Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Subsidiary
China Steel Corporation India Pvt. Ltd. (CSCI)	Subsidiary
China Steel Precision Metals-Qingdao Co., Ltd. (CSMQ)	Subsidiary
China Steel Precision Metals Kunshan Co., Ltd. (CSMK)	Subsidiary

Company	Relationship
Hung Kao Investment Corporation	Subsidiary
White Biotech Corporation	Subsidiary
CSC Precision Metal Industrial Corporation (CPMI)	Subsidiary
China Steel Resources Corporation (CSRC)	Subsidiary
CK Japan Co., Ltd.	Subsidiary
China Steel Management and Maintenance for Buildings Corporation	Subsidiary
Kaohsiung Rapid Transit Corporation	Subsidiary
Kaoport Stevedoring Corporation	Subsidiary
Pao Good Industrial Co., Ltd.	Subsidiary
CSC Sonoma Pty Ltd	Subsidiary
CSC Solar Corporation	Subsidiary
Sing Da Marine Structure Corporation (SDMS)	Subsidiary
China Steel Power Holding Corporation (CPHC)	Subsidiary
China Steel Power Corporation (ZN)	Subsidiary
CSGT Trading India Private Limited	Subsidiary
HC&C Auto Parts Co., Ltd.	Associate
TaiAn Technologies Corporation	Associate
Hsin Hsin Cement Enterprise Corporation	Associate
TSK Steel Company Limited	Associate
Fukuta Electric & Machinery Co., Ltd.	Associate
Honley Auto. Parts Co., Ltd. (HONLEY)	Associate
Taiwan Rolling Stock Company Ltd.	Associate
Eminent II Venture Capital Corporation	Associate
Overseas Investment & Development Corporation	Associate
Kaohsiung Arena Development Corporation	Associate
Changchun CECK Auto. Parts Co., Ltd. (CCCA)	Subsidiary of associates
Formosa Ha Tinh (Cayman) Limited (FHC)	Other related party
Formosa Ha Tinh Steel Corporation	Other related party
CSC Educational Foundation	Other related party
CSBC Corporation, Taiwan	The Corporation as key management personnel of other related parties
CDIB Bioscience Ventures I, Inc.	The Corporation as key management personnel of other related parties
Rechi Precision Co., Ltd.	The Corporation as key management personnel of other related parties
East Asia United Steel Corporation	The Corporation as key management personnel of other related parties
Taiwan High Speed Rail Corporation	The Corporation as key management personnel of other related parties

Company	Relationship
Tang Eng Iron Works Co., Ltd.	The Corporation as key management personnel of other related parties
Taiwan International Wind power Training Corporation	The Corporation as key management personnel of other related parties
Sakura Ferroalloys Sdn. Bhd.	The Corporation as key management personnel of other related parties
TCL Rechi (Huizhou) Refrigeration Equipment Ltd.	The Corporation as key management of parent company
Rechi Refrigeration (Dongguan) Co, Ltd.	The Corporation as key management of parent company
CSC Labor Union	Director of the Corporation
Ministry of Economic Affairs, R.O.C	Director of the Corporation

b. Operating revenue

Account Items	Related Parties Types /Names	For the Year Ended December 31	
		2020	2019
Revenue from sales of goods	Subsidiaries		
	CHS	\$ 17,233,140	\$ 20,637,270
	Others	17,323,138	17,737,923
	Others	<u>2,094,759</u>	<u>2,936,000</u>
		<u>\$ 36,651,037</u>	<u>\$ 41,311,193</u>

Sales to related parties were made at arm's length and applicable to similar transactions in the market except for terms of sales to CSCI and CSVC, in which the receivables were collected by account receivable factoring, for terms of sales to CSGT Metals Vietnam Joint Stock Company, CSCM and CSVC, in which the receivables were collected within 14 days after shipment, for terms of sales to CSMQ, in which the receivables were collected within 60 days after shipment date, terms of sales to CSMK, in which the receivables were collected within 85 days after shipment date and term of sales to some subsidiaries without similar transactions with other unrelated parties.

c. Purchase of goods

Related Parties Types/Names	For the Year Ended December 31	
	2020	2019
Subsidiaries		
DSC	\$ 13,713,145	\$ 17,209,793
Others	9,808,828	13,065,330
Others	<u>158,299</u>	<u>215,379</u>
	<u>\$ 23,680,272</u>	<u>\$ 30,490,502</u>

Purchased from related parties were made at arm's length applied to similar transactions in the market except for terms of purchases from some subsidiaries without similar transactions with other unrelated parties.

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

Account Items	Related Parties Types /Names	December 31	
		2020	2019
Notes and accounts receivable	Subsidiaries		
	CSMK	\$ 776,853	\$ 166,127
	Others	1,178,177	687,785
	The Corporation as key management personnel of other related parties	147,529	307,023
	Others	<u>63,488</u>	<u>37,395</u>
		<u>\$ 2,166,047</u>	<u>\$ 1,198,330</u>

No guarantee had been received for receivables from related parties. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for receivables from related parties.

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

Account Items	Related Parties Types /Names	December 31	
		2020	2019
Accounts payable	Subsidiaries		
	CSE	\$ 473,670	\$ 1,044,396
	DSC	240,761	-
	Others	331,125	375,545
	Others	<u>21,429</u>	<u>26,183</u>
		<u>\$ 1,066,985</u>	<u>\$ 1,446,124</u>

The outstanding accounts payable to related parties are unsecured.

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

		December 31	
Related Parties Types/Names		2020	2019
Subsidiaries			
CSAC		\$ 3,600,000	\$ 3,600,000
CSRC		944,000	810,000
SDMS		700,000	-
CHS		-	2,450,000
Others		<u>450,000</u>	<u>2,410,000</u>
		<u>\$ 5,694,000</u>	<u>\$ 9,270,000</u>

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, 2020 and 2019, the interest rate was 0.40%-0.51% p.a. and 0.68%-0.69% p.a., respectively.

Loans to the Corporation's subsidiaries were unsecured loans with interest income of NT\$52,469 thousand and NT\$64,031 thousand for the years ended December 31, 2020 and 2019, respectively.

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

Related Parties Types/Names	December 31	
	2020	2019
Subsidiaries		
CPDC	\$ 2,350,000	\$ 2,300,000
Others	<u>200,000</u>	<u>400,000</u>
	<u>\$ 2,550,000</u>	<u>\$ 2,700,000</u>

The rate of loans from subsidiaries is calculated at the latest 30-day average rate of the Corporation's short-term loans in the same currencies from ordinary financial institutions and adjusted based on the circumstances. As of December 31, 2020 and 2019, the interest rate was 0.41%-0.46% p.a. and 0.69% p.a., respectively.

Loans from the Corporation's subsidiaries were unsecured loans with interest expense of NT\$11,363 thousand and NT\$8,461 thousand for the years ended December 31, 2020 and 2019, respectively.

- h. Other related parties transactions

- 1) The Corporation signed brokerage contract with its subsidiary DSC. For the years ended December 31, 2020 and 2019, the commission revenue was NT\$457,746 thousand and NT\$478,600 thousand, respectively.

The balances of consignment payable to related parties, which were included in other payables, were as follows:

Related Parties Types/Names	December 31	
	2020	2019
Subsidiary		
DSC	<u>\$ 938,563</u>	<u>\$ 520,221</u>

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

Related Parties Types	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 1,914,200	\$ 1,541,802
The Corporation as key management personnel of other related parties	658,366	497,976
Other related parties	151,620	278,125
Others	<u>4,983</u>	<u>8,885</u>
	<u>\$ 2,729,169</u>	<u>\$ 2,326,788</u>

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

Related Parties Types	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 8,296,100	\$ 8,678,357
Associates	945,946	167,066
Others	<u>97,639</u>	<u>18,959</u>
	<u>\$ 9,339,685</u>	<u>\$ 8,864,382</u>

4) Capital expenditures

Related Parties Types/Names	For the Year Ended December 31	
	2020	2019
Subsidiaries		
CSMC	\$ 3,623,363	\$ 1,526,973
CEC	5,019,288	1,158,025
Others	<u>1,596,579</u>	<u>937,239</u>
	<u>\$ 10,239,230</u>	<u>\$ 3,622,237</u>

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

Related Parties Types	December 31	
	2020	2019
Subsidiaries	<u>\$ 1,227,214</u>	<u>\$ 364,804</u>

5) As of December 31, 2020 and 2019, guarantees provided to the related parties for investment compliance were as follows:

Related Parties Types/Names	December 31	
	2020	2019
Other related parties - FHC		
Amount endorsed	\$ 33,904,899	\$ 36,978,426
Amount utilized	<u>(33,904,899)</u>	<u>(36,978,426)</u>
	<u>\$ -</u>	<u>\$ -</u>
Subsidiaries		
Amount endorsed	\$ 2,580,000	\$ 2,580,000
Amount utilized	<u>(1,308,952)</u>	<u>-</u>
	<u>\$ 1,271,048</u>	<u>\$ 2,580,000</u>
The Corporation as key management personnel of other related parties		
Amount endorsed	\$ 1,329,520	\$ 1,502,038
Amount utilized	<u>(933,739)</u>	<u>(1,157,800)</u>
	<u>\$ 395,781</u>	<u>\$ 344,238</u>

i. Compensation of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 52,960	\$ 74,111
Post-employment benefits	<u>1,368</u>	<u>1,439</u>
	<u>\$ 54,328</u>	<u>\$ 75,550</u>

30. ASSETS PLEDGED AS COLLATERAL OR SECURITY

As of December 31, 2020 and 2019, time deposits pledged as collateral for bank overdraft was both NT\$5,850,000 thousand.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2020 were as follows:

- a. The Corporation provided letters of credits for NT\$3.6 billion guaranteed by financial institutions for several construction, lease contracts and payment.
- b. Unused letters of credit for importation of materials and machinery amounted to NT\$2.7 billion.
- c. Property purchase and construction contracts for NT\$5.5 billion were signed but not yet recorded.
- d. The Corporation entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, China, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 5 years. Contracted annual purchases of 7,270,000 metric tons of coal, 13,970,000 metric tons of iron ore, and 2,160,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of December 31, 2020 were US\$3.3 billion (including 3,130,000 metric tons of coal, 19,890,000 metric tons of iron ore, and 720,000 metric tons of limestone).
- e. The amount utilized for guarantees provided to related parties and investees of co-investment for procurement and investment compliances was NT\$36,147,590 thousand.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2020			
Monetary foreign currency assets			
USD	\$ 97,242	28.4800	\$ 2,769,421
JPY	4,957,119	0.2763	1,369,652
CNY	251,557	4.3770	1,101,066
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	845,533	28.4800	24,080,774
JPY	5,410,800	0.2763	1,495,004
MYR	227,523	6.7895	1,544,767
Investments accounted for using the equity method			
USD	373,863	28.4800	10,645,842
AUD	949,559	21.9500	20,842,831
INR	1,795,671	0.3845	690,435
Monetary foreign currency liabilities			
USD	134,692	28.4800	3,836,034
JPY	8,463,676	0.2763	2,338,514
December 31, 2019			
Monetary foreign currency assets			
USD	76,501	29.9800	2,295,371
JPY	7,234,354	0.2760	1,996,682
Non-monetary foreign currency assets			
Financial assets at fair value through other comprehensive income			
USD	810,290	29.9800	24,292,484
JPY	6,976,800	0.2760	1,925,597
MYR	238,160	7.0330	1,674,977
Investments accounted for using the equity method			
USD	364,732	29.9800	10,901,478
AUD	939,953	21.0050	19,743,722
INR	2,535,672	0.4196	1,063,968
Monetary foreign currency liabilities			
USD	195,517	29.9800	5,771,088
JPY	11,810,242	0.2760	3,259,627

It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity. Please refer to Note 24 for information relating to net foreign exchange gains and losses.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (Table 1) (Please refer to Page 352-354)
- 2) Endorsements/guarantees provided (Table 2) (Please refer to Page 355-356)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3) (Please refer to Page 357-380)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4) (Please refer to Page 381-382)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5) (Please refer to Page 383)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6) (Please refer to Page 384-391)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7) (Please refer to Page 392)
- 9) Trading in derivative instruments (Note 28)
- 10) Information on investees (Table 8) (Please refer to Page 399-405 Table 9)

c. Information on investments in mainland China

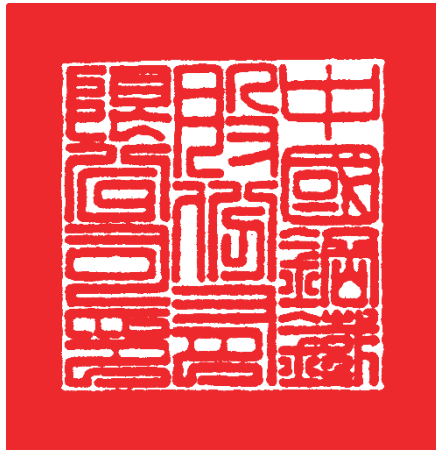
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investee, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9) (Please refer to Page 406-407 Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6) (Please refer to Page 384-391)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6) (Please refer to Page 384-391)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2) (Please refer to Page 355-356)
 - e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1) (Please refer to Page 352-354)

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 10) (Please refer to Page 408 Table 11)

34. SEGMENT INFORMATION

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

China Steel Corporation



Chao-Tung Wong
Chairman

Chao-Tung Wong